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PATENT

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2016 will see great change in the patent landscape. The UK is well on track to have the necessary Unified Patent Court (UPC) implementing legislation in place by spring 2016, and to then be in a position to ratify the UPC Agreement. The final Rules of Procedure and Court Fees arrangements are also expected to be formally agreed by the spring, allowing the possibility of a provisional but inactive start of the UPC in the second half of the year, followed by actual commencement in early to mid-2017. The EPO President has also voiced his expectation that the unitary patent will be delivered by the end of this year. We will be publishing a guide to the UPC and unitary patent as soon as the final details of procedure and costs are agreed, and the commencement timing is a little clearer, which we expect to be no later than summer 2016.

Editor:
Anthony Albutt



Events



22-26 February 2016

Mobile Phone Congress, Barcelona

Jonathan DeVile and Jonathan Jackson will be attending this year's congress.

15-16 March 2016

Nordic Startup Conference, Copenhagen

Anthony Albutt will be moderating at the Nordic Startup Conference (see page 08).

15-16 March 2016

Wearable Technology Show, London

Jonathan Jackson will discuss the wearable technology IP landscape at the Excel. Alan Boyd will join the panel of judges at the business start up competition.

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Trade secrets

Trade Secrets Directive Directive expected to come into force in 2016

The Trade Secrets Directive was initially proposed by the European Commission in November 2013. It followed two studies published in November 2011 and April

2013 that found a divergence in national laws, some of which inadequately protect businesses and act as a deterrent to cross-border innovation activities. The agreed text of the directive was published in December 2015 and a provisional date of 08 March 2016 has been set for the European Parliament to vote on it. Assuming the Council and European Parliament approve, the directive will be published in the EU Official Journal and come into force 20 days later. Member states will then have two years to implement it.

The object of the directive is to "harmonise the existing diverging national laws on the protection against the misappropriation of trade secrets so that companies can exploit and share their trade secrets with privileged business partners across the Internal Market, turning their innovative ideas into growth and jobs." The directive seeks to achieve this by setting minimum standards for protection of trade secrets across Europe.

General provisions

'Trade secret' is defined in Article 2 of the directive as information that:

- is secret ie, not generally known among or readily accessible to persons in circles that normally deal with the kind of information in question;
- has commercial value because it is secret; and
- has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

Article 3 of the directive gives details of infringing acts including unlawful acquisition, use or disclosure and production, offering or placing on the market of infringing goods.

Remedies are detailed in Article 11 and include common remedies for IP infringements such as:

- injunctive relief preventing the use, production or sale of the trade secret;

- destruction or delivery of infringing articles; and
- corrective measures including recall of the infringing goods from the market and depriving infringing goods of their infringing quality.

Current UK position

There is currently no concept of a 'trade secret' in the UK. The equivalent is the common law concept of 'confidential information'.

The leading case of *Coco v AN Clark (Engineers) Ltd* [1969] RPC 41 established that information is confidential if:

- it has the "necessary quality of confidence";
- it was imparted in circumstances importing an obligation of confidence; and
- there has been unauthorised use of the information to the detriment of the communicating party.

Confidential information therefore appears to be a wider concept than a trade secret under the directive. This is especially so since there is no requirement for confidential information to have commercial value. The existence of commercial value was considered in *Douglas v Hello! (No 3)* [2008] 1 AC 1 in which the majority of the House of Lords concluded that the commercial value of the photographs in question was a contributing factor in establishing the necessary quality of confidence, though not a necessary one.

It is not currently clear whether the UK will expressly implement these provisions of the directive. The UK Parliament's European Scrutiny Committee has commented on them in previous drafts of the directive and stated that they are already given effect in national law.

Mobility of Labour

The provisions of the directive relating to labour mobility were the subject of much debate in the most recent round of negotiations involving the text of the directive. Initially they were widely drafted meaning that employees leaving a company could have been entitled to use information that was known to them in the normal course of employment regardless of its confidentiality.



Useful link

European Commission trade secrets
webpage: <http://dycip.com/ectradesecrets>

The Trade Secrets Directive was proposed by the European Commission in 2013



The agreed Article 1(2a) provides that movement of employees shall not be restricted by the directive and in particular that the directive shall not:

- limit employees' use of information not constituting a trade secret; or
- limit employees' use of experience and skills honestly acquired in the normal course of their employment.

Rather than allow a blanket ban on trade secrets being enforced against former employees, this prevents enforcement in relation to information (trade secret or otherwise) that is part of the employee's "experience and skills honestly acquired". However it recognises that information can be a trade secret and not be part of the employee's experience and skills honestly acquired (the Coca Cola recipe for example) and the directive applies to such information.

Current UK position

The current UK approach developed in *Faccenda Chicken Ltd v Fowler* [1987] Ch 117 prevents former employees from using or disclosing information which is of a sufficiently high degree of confidentiality so as to amount to a trade secret. The obligation does not extend to all information obtained by the former employee during employment and in particular may not cover information which is only confidential in the sense that disclosure would amount to a breach of good faith. There is an argument that "use of skills honestly acquired in the normal course

of employment" implies a wider ban on enforcement than under *Faccenda Chicken* making it unclear whether Article 1(2a) of the directive requires implementation in the UK. In any event, references to the Court of Justice of the European Union (CJ) are to be expected in particular on the meaning of "experience and skills honestly required".

Recital 27(a) of the directive says that the directive is not "intended to affect the possibility of concluding non-competition agreements between employers and employees, in accordance with the applicable law". This leaves issues in relation to restrictive covenants and non-compete clauses up to national law and the applicability of Article 1(2a) will be subject to such restrictive covenants and non-compete clauses.

Public interest defence / whistleblowing

Another hotly debated provision of the directive is Article 4 which provides exceptions to the alleged acquisition, use or disclosure of a trade secret including Article 4(b) when such disclosure was carried out "for revealing misconduct, wrongdoing or illegal activity, provided that the respondent acted for the purpose of protecting the general public interest".

As drafted this provision implies that there is no limit to the scope of the disclosure in question, its audience or the type of wrongdoing, provided that the disclosure is made in the public interest.

Current UK position

Currently in the UK disclosure of confidential

information will be excused if it is justified in the public interest. Whilst the court does apply the maxim "there is no confidentiality in iniquity", it is generally quite narrow in construing it, especially where disclosures are made in an unnecessarily wide manner or to inappropriate audiences.

The directive therefore appears to widen the defence available when compared to the position under UK law which again is likely to require clarification by the CJ.

Confidentiality of trade secrets during and after legal proceedings

Importantly Article 8 of the directive requires that judicial authorities are provided with mechanisms to preserve the confidentiality of trade secrets disclosed for the purpose of litigation both during and after the litigation. These mechanisms are to include at least:

- the restriction of documents containing trade secrets or alleged trade secrets to a limited number of people;
- the restriction of access to hearings in which trade secrets or alleged trade secrets may be disclosed; and
- the requirement to make available to any other person non-confidential versions of judicial decisions in which the passages containing trade secrets have been removed or redacted.

When applying these provisions the court must assess their proportionality taking into account the need to ensure the right to a fair trial, the need for justice to be seen to be done (ie, hearings in open court) and any potential harm resulting from the granting or rejection of such measures.

Current UK position

The UK courts currently have a wide discretion in regard to the confidentiality of proceedings and are used to dealing with confidential information in particular in respect of the concerns that the mechanisms in Article 8 of the directive seek to address.

Author:

Emily Mallam



Will designers say “yes, please” to cheaper intellectual property? UKIPO consults on fee reduction for registered design rights

Do you have a design you want to protect in the UK? There are several forms of protection available, but designers may eschew the free security of copyright and unregistered design rights for the more robust protection of official registration. If this is your choice, there are two options: a UK registered design giving a nationwide intellectual property right, or a registered Community design (RCD) giving protection across the European Union.

If you have multiple designs to register, the official fees for an RCD may be less than for UK registration. Combining this with the greater geographical coverage and a slightly faster registration process can make a RCD more attractive.

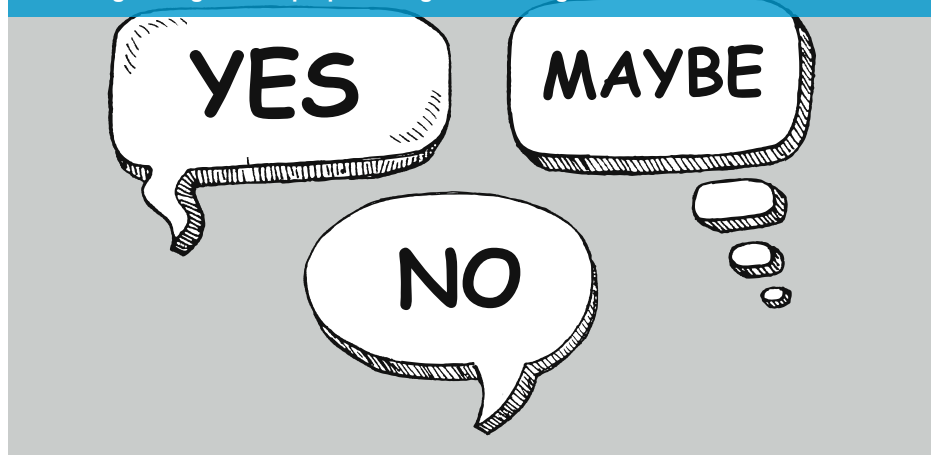
This may not remain true, however. The UK Government has an ambition to make the UK the best place in Europe to base a business, including innovating and protecting IP. Design is recognised as significant to the UK economy, and the 2011 Hargreaves Review of Intellectual Property highlighted the importance of an adaptable, accessible IP system supportive of the design industry. In response, the UK Intellectual Property Office (UKIPO) developed an online application service for registered designs, launched in September 2015, to run alongside the existing paper-based application process.

Proposed reduction of official fees

As a next step in improving the registered designs service, reductions in official fees for obtaining and maintaining registered designs are proposed. The UKIPO published a “Proposal for changes in Registered Design Fees” to support an open consultation on the matter. Three motivations for the fee reductions are cited:

- The online service is less costly to administer than the paper-based service, and it is proper that this saving is passed on to the users. This follows the government’s “Managing Public Money” approach to fees, which requires that charges are set to cover costs.

Will designers agree with proposed registered design official fee reductions?



- Designers report that current fees can be prohibitive so they choose to rely on unregistered design rights instead. These are less beneficial, with a narrower scope of protection and not being covered by the criminal offence of deliberate design copying.
- The lower fees for an RCD may prompt designers to obtain pan-European protection they neither want nor need, thereby cluttering the design space with rights that block competition and inhibit innovation.

Online applications

The main proposed reduction is in fees for online applications. The current application fee, for both paper and online filings, is particularly costly for applications including multiple designs. While maintained for paper applications, a new lower online application fee more favourable to multiple designs would be introduced. As examples, an online application for one design would be reduced from £60 to £50, for three designs would be halved from £140 to £70, and for 14 designs would be reduced from £580 to just £90. Curiously, the present lower filing fee for applications with a deferred publication request would be scrapped while the fee for subsequently requesting publication is maintained.

Renewal fees are also in line for significant

cuts. UK design rights require renewal at five yearly intervals, up to a total of 25 years. Total renewal fees for 25 years of protection could be reduced from £1,100 to £410. The structure of increasing fees, where each renewal costs more than the previous one, is to be retained, for the usual reason common across many IP systems that this discourages rights holders from renewing rights that are no longer of interest.

Small reductions are proposed in various fees applicable post-registration. A notable exception is a suggested increase from £22 to £30 for a certified copy (a paper copy of an application certified as true and typically required to support applications filed abroad for the same design). Apparently the current fee does not cover the cost of this service, and so the increase is in accordance with the “Managing Public Money” approach.

Consultation process

By the time you read this, the brief consultation period (07–29 January 2016) for commenting on the proposed fee changes will have expired, so you cannot respond if you have not already done so. It is difficult to see why any interested party should object to the proposals, and so no doubt we will see the suggested reduced fees, or something similar, come into force in due course.

Author:

Cathrine McGowan



G1/14

An appealing judgment

The European Patent Office's (EPO) Enlarged Board of Appeal issued a judgment on the G/14 referral on 19 November 2015. This case relates to the question of whether an appeal, which was filed and paid for after the deadline for filing an appeal passed, is considered to be inadmissible or deemed not filed.

The question may at first appear academic. However, the significance of the question is whether or not a refund of the appeal fee is available. If an appeal is deemed to be not filed, then there is no basis in law for the EPO to accept the appeal fee. In contrast, if the appeal is deemed to be inadmissible, then the appeal was filed, and so the appeal fee will not ordinarily be refunded.

Background

The decision for European patent EP2122134 to be revoked was made on 25 April 2013.

The decision was handed over to delivery company UPS for delivery to the patentee's representative. According to the UPS tracking information, the decision was received on 26 April 2013. The representative signed the receipt (EPA Form 2936) on 07 May 2013, and this was returned by fax on 08 May 2013. Notice of appeal was subsequently filed (and the appeal fee was paid) on 08 July 2013.

Article 108 EPC gives a time period of two months from notification of the decision for filing the notice of appeal and paying the appeal fee. However, according to the patentee, Rule 126(1) EPC, which was in force at the time, was not compiled with:

"Decisions incurring a period for appeal or a petition for review, summonses and other such documents as determined by the President of the European Patent Office shall be notified by registered letter with advice of delivery. All other notifications by post shall be by registered letter".

According to the patentee, Rule 126(1) EPC was not complied with because the UPS tracking information did not constitute advice of delivery. In accordance with Rule

Does UPS tracking information constitute advice of delivery in compliance with Rule 126(1)?



126(4) EPC, since Rule 126(1) EPC was not compiled with, national (German) law applied and so notification was considered to be 08 May 2013. The appeal was therefore filed (and appeal fee paid) within two months of notification, as required by Article 108 EPC.

The Board of Appeal disagreed and argued that UPS tracking information constitutes advice of delivery. Notification therefore occurred on 26 April 2013. Even taking Rule 126(2) EPC into account (the '10 day failsafe rule'), the appeal was made (and appeal fee was paid) outside the two month deadline required by Article 108 EPC. The Board of Appeal referred a question to the Enlarged Board of Appeal regarding whether this resulted in the appeal being deemed inadmissible or deemed not filed.

Decision

The referred question to the Enlarged Board of Appeal was deemed to be inadmissible.

In particular, the Enlarged Board of Appeal decided that Rule 126(1) EPC, as it currently stood, had not been complied with because Rule 126(1) EPC required notification to take place 'by post' and UPS was not "the post".

Since the Board of Appeal's referral was based on a misapplication of the law, it was not admitted.

Conclusions

The judgment in G1/14 is likely to have little effect due to the changes to Rule 126(1) EPC, which took effect on 01 April 2015 as a result of notification in the EPO's Official Journal 2015, A36. Amended Rule 126(1) EPC now reads:

"Decisions incurring a period for appeal or a petition for review, summonses and other such documents as determined by the President of the European Patent Office shall be notified by registered letter with advice of delivery or equivalent. All other notifications by postal services shall be by registered letter".

According to OJ 2015, A36, these changes are intended to allow the Board of Appeal to use whichever postal service they deem to be appropriate rather than requiring use of "the post". By enabling equivalents of proof of delivery, this presumably allows the use of tracking information as used by, eg, UPS.

It therefore seems that Enlarged Board of Appeal would consider such a referral to be admissible if the same situation were to arise in the future. However, the underlying question regarding whether such an appeal is inadmissible or deemed not filed remains unanswered.

Author:
Alan Boyd



EPO updates PACE procedure

Accelerating European patent application prosecution

> **Related article**

Get in the IP5 Fast Lane - Your Guide to the IP5 Patent Prosecution Highway Pilot Programme: <http://www.dyoung.com/article-ip5>

The PACE programme allows applicants to accelerate the search and/or examination of European patent applications



A revised programme for accelerated prosecution of European patent applications (PACE) procedure came into force at the European Patent Office (EPO) on 01 January 2016.

The key feature of the PACE programme remains unchanged in that it allows applicants to accelerate the search and/or examination of both European applications filed directly at the EPO and Euro-PCT applications (PCT applications that have entered the European regional phase) for no official fee.

The EPO maintains that it is not obliged to accept an application into the PACE programme, and may refuse based on its workload in the relevant technical field. While largely relying on the responsible use of PACE by applicants, the EPO does retain the right to limit the number of PACE requests submitted by an individual applicant, if they ask for a large percentage of their European portfolio to be accelerated.

One of the most significant changes introduced is that a PACE request filed during the search stage will not result in the application automatically being examined under the PACE procedure. Separate requests for accelerated search and examination must be filed at the appropriate time during the prosecution of an application.

Acceleration of search

Since the implementation of the EPO's 'early certainty from search' (ECfS) initiative (under which the EPO strives to issue the European Search Report within six months from receipt of the request) PACE requests for the acceleration of the search procedure have effectively

become redundant and as such are unlikely to be needed. PACE requests filed in respect of older applications where the European Search Report has been significantly delayed are therefore more likely to be accepted. For these older applications, upon receipt of a PACE request the EPO will make every effort to issue the European Search Report within six months of the request.

Acceleration of examination

Applicants who wish to accelerate the examination stage of their application may only file a PACE request once the examining division has been given responsibility for the application (and not before as was previously allowed). Upon receiving a request for accelerated examination, the EPO will attempt to issue its next examination report within three months of the examining division receiving the application, the applicant's response under R70a or 161(1) EPC or the PACE request (whichever is the latest). In addition the EPO will attempt to issue further examination reports within three months of the applicant's response. These are of course only targets and the EPO makes no guarantee that they will be met in every case.

EPC form 1005

Another key change to the PACE procedure is that all future PACE requests must be made using EPO form 1005 which must be filed online. Requests that do not include this form will not be processed.

Removal from PACE

In addition to the procedural changes mentioned above, the EPO have clarified that they will remove an application from PACE if:

1. The PACE request is withdrawn.

2. The applicant requests an extension of time limits.

3. The application has been refused, withdrawn or is deemed withdrawn.

This will apply regardless of any legal remedies available eg, further processing.

In addition, the EPO will 'suspend' the accelerated prosecution of cases where renewal fees are not paid in due time. This indicates that providing the renewal fee is paid within the six-month grace period, accelerated prosecution will be resumed.

PACE programme requests

It is noteworthy that requests to enter the PACE programme can now only be made once during each stage (search or examination) of prosecution. This means that if an application is removed from accelerated processing for any reason, it will not be possible to restore PACE during that stage of prosecution. Applicants should bear this in mind during the prosecution of any applications that are being examined under the PACE programme.

Other opportunities to accelerate European patent prosecution

The PACE programme is only one of a number of ways of accelerating the prosecution of a European patent application.

Other options available to applicants include requesting participation in the Patent Prosecution Highway (PPH) programme (if corresponding applications have granted) and waiving the right to certain official communications.

Authors:

Charlotte Musgrave & Tom Bell



UPC Agreement and UP EU Legislation Draft implementation legislation is laid before UK Parliament

Further information

To keep up to date with all our unitary patent (European patent with unitary effect) and Unified Patent Court articles and commentary, please visit and bookmark our website unitary patent page: www.dyoung.com/unitarypatent

The UK government has concluded its consultation on the legislation required to implement the Unified Patent Court (UPC) Agreement and EU legislation on the unitary patent. It published a response to the consultation on 14 January 2016 and draft legislation has since been laid before Parliament in the form of The Patents (European Patent with Unitary Effect and Unified Patent Court) Order 2016 (the 'draft order'). The order will come into force at the same time as the UPC Agreement.

Amendments to the Patent Act 1977

Article 2 of the draft order makes amendments to the Patents Act 1977. Of particular interest is Article 2(3) which introduces two new exceptions to patent infringement to Section 60 of the Patents Act, based on their presence in the UPC Agreement.

The first exception relates to the use of biological material for the purpose of breeding, or discovering and developing other plant varieties for example, by cross breeding with a plant that has beneficial characteristics but also includes patent characteristics that are not intended to be present in the final variety. It will be implemented in full, in relation to all UK patents.

The second new exception allows someone to (amongst other things) convert a lawfully acquired patented computer programs from one format to another. The rationale behind this exception is apparently to ensure that the presence of a patent does not prevent the lawful use of a computer program under already existing exceptions to copyright.

The origin of this exception and how it found its way into the UPC Agreement is something of a mystery, as it has no basis in any existing European patent law. Given the uncertainty as to its meaning and scope, the decision has been taken to limit application of this exception to unitary patents and European (UK) patents only. It may be extended to purely national GB patents in due course, once the scope of the exception is better understood, possibly through experience in the UPC.

Other provisions of the draft order are to apply provisions of the Patents Act 1977 to unitary patents, as well as to enshrine the exclusive jurisdiction of the UPC in respect of infringement and validity actions relating to unitary patents or supplementary protection certificates based on unitary patents. It also makes provision for the enforcement of decisions of the UPC.

UK ratification

Following the laying of the draft order before Parliament, the UK is well on track to have the necessary implementing legislation in place by spring 2016, and then be in a position to ratify the UPC Agreement.

Finland ratifies the UPC Agreement

Finland has become the latest member state to ratify the UPC Agreement, bringing the total number of countries which have ratified to 9 (Austria, Belgium, Denmark, France, Luxembourg, Malta, Portugal, Sweden and Finland).

In order to comply with the provisions of the UPC Agreement, the Finnish Patents Act was amended by the Finnish Parliament on 08 January 2016.

The instrument of ratification was deposited with the EU Council on 19 January 2016.

As readers may be aware, the UPC Agreement requires a total of 13 member states to ratify the UPC Agreement before it can come into force, and those member states must include France, Germany and the UK. France was one of the first member states to ratify and we now await ratification by the other key member states, Germany and UK, in the coming months.

D Young & Co unitary patent and Unified Patent Court updates can be viewed online at www.dyoung.com/unitarypatent.

Authors:

Verity Ellis & Emily Mallam



Useful links

Draft Patents (European Patent with Unitary Effect and Unified Patent Court) Order 2016: <http://dycip.com/draftupcorder>

Government consultation on secondary legislation implementing the Unified Patent Court: <http://dycip.com/upcconsultation>

The Patents Order will come into force at the same time as the UPC Agreement



D YOUNG & CO INTELLECTUAL PROPERTY

And finally...

Nordic Startup Conference Copenhagen 18 March 2016



D Young & Co patent partner Anthony Albutt will be moderating at the forthcoming Nordic Startup Conference in Copenhagen, Denmark on 18th March.

Nordic Startup Conference will bring together entrepreneurs, startups, CEOs, executives, venture capitalists, angel investors and alike from the most significant internet and technology companies in and beyond the Nordics.

Attendees will meet to discuss future trends,

experiences and share knowledge. The conference provides a unique opportunity for startups to pitch their ideas to potential investors.

More information and registration

The Nordic Startup Conference takes place at the Hilton, Copenhagen on Friday 18 March.

For more information and to register see <http://startupconference.org/nordic>



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