

# D YOUNG & CO

## PATENT

### NEWSLETTER<sup>no.43</sup>

October 2014

In this issue:

**Unified Patent Court update** 03

*Preparatory Committee revises roadmap*

**Legislative Reform Order and IP Act** 04

*UK turns over new leaf with Autumnal IP law changes*

**IP due diligence** 06

*"The patent covers what? You never told me that!"*

**Teva v AstraZeneca** 07

*Redefining the concept of common general knowledge*

**European patent opposition strategies** 08

*Clarity in European oppositions*

*Also: SDL Hair v Next Row groundless threat case and part two of our Tegersee study analysis*

## Iconic design IP rights for graphic user interfaces



Full Story Page 02



Autumn is by no means sleepy season for D Young & Co - we will be out and about in the UK providing IP information and guidance to innovative businesses and individuals at events such as the Southampton Business Show and the Engineering Design Show.

As in previous years, we are proud to support emerging technology at the Institution of Engineering and Technology Awards and to champion the achievements of small businesses in the British Engineering Excellence Awards. We wish all those participating in these awards the best of luck and look forward to celebrating with the category winners at their respective award ceremonies in October and November.

Finally, a reminder that our regular biotech patent case law webinar takes place on the 15th of October - you can register to secure your place via our website ([www.dyoung.com/event-weboc14](http://www.dyoung.com/event-weboc14)).

**Editor:**  
**Anthony Albutt**



## Events



**09 October 2014**

**British Engineering Excellence Awards, London, UK**

D Young & Co proudly sponsors the small company of the year award at the BEEAs.

**15 October 2014**

**European Biotech Patent Case Law Update**

Join us for regular update of recent biotech European decisions.

**22-23 October 2014**

**Engineering Design Show and Electronics Design Show, Coventry UK**

D Young & Co will be exhibiting and speaking at this year's design show in Coventry.

**19 November 2014**

**Business Show, Southampton UK**

D Young & Co will be answering IP questions for local businesses at this Hampshire show.

**19 November 2014**

**Institution of Engineering and Technology Innovation Awards, London UK**

D Young & Co proudly sponsors emerging technology design category in the IET awards.

[www.dyoung.com/events](http://www.dyoung.com/events)

## Subscriptions



**[subscriptions@dyoung.com](mailto:subscriptions@dyoung.com)**

Sign up for our email newsletters.

**Read online and view previous issues:**

**[www.dyoung.com/newsletters](http://www.dyoung.com/newsletters)**

## Follow us



**LinkedIn:** [dycip.com/dymlinkedin](http://dycip.com/dymlinkedin)

**Twitter:** [@dyoungip](https://twitter.com/dyoungip)

## Article 01

# Iconic design IP rights for graphic user interfaces

Over recent times portable devices have developed the capacity to store an increasing amount of information. Users have therefore required new and innovative ways of easily displaying and accessing this information. Many companies have invested huge amounts of time and money in developing graphical user interfaces (GUIs).

The same GUI is typically provided across all of the devices produced by a particular manufacturer, so that the consumer becomes familiar with the particular look and feel of a family of products. For example, Apple's iPad, iPhone and iPod adopt the same GUI. Investment in the GUI should be protected by intellectual property rights to ensure that the look and feel of the products remains distinctive and exclusively associated with the company's products, preventing third party copying.

### One design, multiple products

In Europe, the appearance of the GUI can be protected by registered Community designs (RCDs). The RCD does provide useful protection as it extends to the GUI applied to any device:

**In terms of protection, it does not matter whether the GUI is applied to a competitor's smartphone, tablet or set-top box; if the design is applied to any product, action can be taken.**

### Protecting GUIs - aesthetics

RCDs are particularly useful where the layout of the icons on a screen are aesthetic. Additionally, they are useful when a company wishes to protect the look and feel of the GUI. For example, colour choices, shading and font choices can all be protected.

### Protecting GUIs - operation

Although aesthetics are important in GUIs,

many GUIs also improve the operation of the device. For example, a GUI that improves the precision of icon selection by the user may be capable of patent protection. These utilitarian features are particularly valuable to companies and where these features are independent of aesthetics, it will be worth acknowledging the investment made in advancing the technology by also investing in patent protection.

### Patent protection for GUIs

Obtaining patent protection for a GUI in Europe is sometimes challenging. This is because case law has evolved at the European Patent Office (EPO) to a position where it has been decided that:

**Any aspects of an invention which relate solely to the presentation of information cannot be used to confer inventive character in the invention. As such, these inventions will not be capable of patent protection.**

Of course, many aspects of a GUI do relate solely to the content of the information being presented. As noted, these would not be capable of patent protection in Europe. However, in some instances the structure of the GUI assists the user in selecting content via icons. Patent protection for this type of GUI may have just become easier in view of a recent case decided by the Board of Appeal at the EPO.

### Samsung granted menu icons patent

Case T0781/10 related to a device that had menu icons displayed on a background image. The icon was selectable by moving the focus using a direction button. Specifically, the difference between the invention and a known GUI resided in *"the background screen management unit [being] configured to change a view point of the background screen when the focus is moved, in accordance with a direction in which the focus is moved"*.

# Unified Patent Court update Preparatory Committee revises roadmap

The Preparatory Committee of the Unified Patent Court (UPC) published a revised roadmap on 16 September 2014. This provides an update on progress made in preparation for the commencement of the UPC generally, and reflects the already stated position of the committee that the court will not be ready before the end of 2015. The committee itself recognises that the revised timetable remains ambitious, and that it views the objective of ensuring the quality and efficiency of the new court as far more important than simply getting it ready quickly.

## Key projected UPC dates

- Public hearing on the Rules of Procedure: end November 2014
- Training of UPC judges commences: December 2014
- Further draft on the rules on the litigation certificate for patent attorneys: early 2015
- Consultation on court fees: Spring 2015

## Candidates for mediators and arbitrators

The committee has stated that it will be sending out a request for expressions of interest for possible candidates for mediators and arbitrators, to work in the UPC Mediation and Arbitration Centre which is to be established in Lisbon and Ljubljana.

## UPC start date

Given the indication on timings, and our understanding that certain key member states will not complete the ratification process until the court is ready, even on the ambitious timetable set out in this latest roadmap, the UPC will not be up and running before April 2016 (which allows for the three month period post the final required ratification to have passed, as provided for in Article 89 of the UPC Agreement). In reality, we suspect the court is unlikely to be operational before 2017 although we will keep this under careful review.

Visit [www.dyoung.com/unitarypatent](http://www.dyoung.com/unitarypatent) for our regular UPC updates and guidance.

**Author:**  
Richard Willoughby



A RCD may provide useful protection as it extends to the GUI applied to any device



It was held by the Board of Appeal that the problem with GUIs that this difference addressed was to *"increase the user's awareness of the currently selected menu hierarchy, and thereby achieve a more effective man-machine interface"*. Moreover, this difference enhanced the precision of the input device.

Interestingly, the user's interpretation of the information on the screen resulted in the improved awareness and precision. However, as the invention based the change of view on the direction in which the focus is moved, the contribution was deemed to be technical and assisted in the improved awareness. Accordingly, the invention was more than a mere presentation of information.

It should be noted that in this case, the claimed invention related to how the icon was displayed or changed rather than the form of the icon. As this invention provided a technical contribution over existing GUIs, and because the invention was more than a mere presentation of information, the claimed invention was deemed

to have the required inventive character. Patent protection was therefore granted.

## IP rights for GUI protection

This case shows the importance in selecting the correct IP protection:

- Where the uniqueness of the GUI resides in the aesthetics of the GUI, then RCDs are the most appropriate form of protection.
- Where the uniqueness resides in the utilitarian function of the GUI, patent protection is most appropriate.

If you have any queries or would like to discuss the issues raised in this article, please contact your usual D Young & Co advisor or any member of our patent or design teams.

**Author:**  
Jonathan Jackson



# Legislative Reform Order and IP Act UK turns over a new leaf with Autumnal IP law changes

The Intellectual Property Act and Legislative Reform (Patents) Order come into effect on 01 October 2014 in the UK



**O**n 01 October 2014 two pieces of UK legislation will come into effect: the Intellectual Property Act 2014 and Legislative Reform (Patents) Order 2014.

Designed to modernise IP law and to support UK businesses in the protection of their IP rights in the UK and abroad, the legislation provides a plethora of legal changes. Some are minor and administrative and others more significant, especially from a right holder's or third party's perspective. The main changes are discussed briefly in this article (where 'clauses' refer to the clauses of the IP Act 2014).

## Registered designs

**Criminal sanctions** (clause 13)  
Unquestionably, the most notable change is the introduction of criminal sanctions for wilful copying of registered designs. These sanctions are now aligned with the corresponding provisions for copyright or trade marks.

The intention here is not to catch parties who have inadvertently copied a registered design (and safeguards are provided to that end) but only those who deliberately copy the design.

## Prior use (clause 7)

Prior use provisions will now be introduced which are somewhat similar to those of patents. They will allow someone using in good faith a design which is subsequently registered by another person, to continue using this design with some protection from infringement proceedings.

As for patents, the 'right to continue' remains a narrow right as the prior user will only be able to continue using the same design and alterations to the design would not fall within the exclusion.

## Innocent infringement (clause 10)

Remedies for innocent infringement have been made more consistent for registered UK and Community designs.

## EU design and copyright (clause 5)

A person who uses a valid Community (EU) registered design with permission cannot be sued for infringement of copyright arising from the design.

These provisions are now in line with those for UK registered designs and should reduce the complexity for potential disputes.

## Hague Agreement (clause 8)

The UK will now be able to join the Hague Agreement as a member in its own right. Previously, the UK could only be included for an international design registration through the Hague system if EU-wide coverage was opted for.

## Appeals (clause 10)

A new route for appealing design decisions from the UK Intellectual Property Office

> **Knowledge Bank**  
Scan the QR code below using your internet enabled smart phone to access our ip knowledge site



> **Missed anything?**  
We regularly publish IP case updates and articles between newsletters. For up to the minute IP related articles and news visit <http://dycip.com/iparticles>

(UKIPO) has been provided, namely by appealing to an 'appointed person'.

**The aim is to make design appeals more accessible, in particular to SMEs by providing a less formal route (than via the courts).**

#### **Registered and unregistered designs commissioned works** (clauses 2 and 6)

This change is made to both registered and unregistered design rights and will align the ownership provisions for UK designs with those for the corresponding EU registered and unregistered design rights.

**For commissioned works, the default owner of a UK design will now be the designer, not the commissioner.**

While commissioners were previously automatically the owner, with the new legislation in place, if they wish to own the design rights, they should now ensure that the contractual agreement between them and the designer clarifies that they are the owner of the relevant design rights.

#### **Opinions** (clause 11)

Anyone will be able to apply for the UKIPO to issue non-binding opinions relating to designs.

The intention is to provide relatively inexpensive tools for rights holders and third parties to assess the strength of their cases and to make informed decisions before potentially starting litigation.

#### **Unregistered designs**

##### **Scope** (clause 1)

The definition of scope of unregistered designs has been narrowed slightly and the Copyright, Designs and Patents Act 1988 now recites *"In this Part 'design' means the design of any aspect of the shape or configuration (whether internal or external) of the whole or part of an article"*.

The intention is that the entire design or a part of the design would still be protected, not trivial features of the design.

#### **Private use** (clause 4)

Exceptions from infringement for private use of an unregistered design have now been introduced. These exceptions relate to:

- private non-commercial acts;
- use for experimental purposes;
- reproduction for teaching purposes or purposes of making citations; and
- use on non-UK registered ships or planes.

#### **Patents**

##### **Webmarking of products** (clause 15)

Patent owners can provide a public notice of their patent rights by marking their product with the relevant patent number.

**Patent owners will now be able to mark a product with a web address to a web page which identifies the relevant patent(s).**

This should make it easier for rights holders to provide up-to-date information and for competitors to identify relevant patent rights.

The UK government has issued a guide to webmarking of patented products on their website:  
<http://dycip.com/patentwebmarking>

#### **Medicinal product assessment** (legislative reform)

This order clarifies that the 'experimental purposes' exception to infringement of section 60(5)(b) of the Patents Act 1977 includes medicinal product assessment.

The aim is to allow companies to carry out testing or other activity on a patented medicinal product, either for providing information to the regulatory

authorities giving out marketing authorisations, or to supply information for health technology assessments.

#### **Opinions** (clause 16)

The UKIPO will now be able to deliver opinions on a wider range of issues and will have the power to revoke a patent if it finds that it is clearly invalid. It is expected that this power to revoke a 'clearly invalid' patent will only be used in clear-cut cases but it remains to be seen where the UKIPO set this threshold. Safeguards have however been put into place: patent rights holders will be given the opportunity to defend their rights by providing counter arguments and/or amending the patent.

#### **Unified Patent Court** (clause 17)

This clause will enable the Unified Patent Court (UPC) to be brought into effect in the UK when appropriate.

To follow development of the the UPC and unitary patent please visit the UPC section of our website:  
[www.dyoung.com/unitarypatent](http://www.dyoung.com/unitarypatent)

#### **IP Act 2014**

The IP Act 2014 includes additional measures such as an exception under the Freedom of Information Act 2000 for pre-publication research information.

#### **Author:**

**Bénédicte Moulin**



#### **Useful links**

The act can be read in full at:

<http://dycip.com/ipact2014>

The Legislative Reform (Patents) Order 2014 can be found at :

<http://dycip.com/ilegislation>



# IP due diligence

## “The patent covers what? You never told me that!”

None of us likes to be surprised by what their patent protects or doesn't protect. Two recent news items have again emphasized the need for thorough due diligence of a firm's intellectual property rights (IPR).

### Zephyr and McDermott Will & Emery

In New York, Debra MacKinnon has sued her patent attorney over alleged errors in the patent application he prepared in 2009<sup>1</sup>. MacKinnon had invented a silicone bra insert to elevate, enlarge and enhance cleavage. The device was kidney-shaped which permitted it to be folded to match the natural contour of the breast and thereby enhance cleavage. The effect was dependent on certain ratios that defined the shape of the insert.

### Zephyr and Victoria's Secret

Although MacKinnon's company Zephyr had a successful business relationship with Victoria's Secret to the tune of some \$120 million sales over 10 years, the relationship turned sour. So sour that although a first dispute between them was dismissed by both parties, MacKinnon later sought advice as to whether there were grounds to sue Victoria's Secret and other retailers for patent infringement in respect of their own versions of the silicone insert. The advice was not pleasant. She was informed that not only were there errors in the specification but also that the alleged infringements were not covered and possibly could not be covered by the patent.

MacKinnon then obtained advice as to whether the firm who handled the original drafting were at fault and on the basis of that advice, has sued the original firm. It also appears that Victoria's Secret may have paid royalties under the patent while there was a business relationship with Zephyr. A better understanding of the product and relevance of the patent could have been obtained and money saved.

Irrespective of the merits of this case, the case for thorough IP due diligence can be directed towards all parties.

### IP due diligence can prevent surprises



### Ocado's 'add-on' IP rights

The second news item appeared in The Times on 29 August 2014 (“Ocado shares plunge amid warning over the robot that carries its hopes”) as a press release from the equity brokers Redburn Partners. Redburn Partners' report regarding the potential of Ocado, the supermarket distributor, resulted in £375 million being written off Ocado's share price.

The report provides several reasons that may have justified the down-rating of Ocado but of note are the comments regarding the IP position. It was reported that the patent situation was not as originally anticipated/ presented to the decision makers. It had been understood that Ocado possessed proprietary technology that could possibly place it in an advantageous position with respect to competitors in an effort to monetise their IP. However, further investigation revealed that Ocado's IP was not directed to groundbreaking technology, but an improvement or “add-on” to third-party IP rights: “Investigation of Ocado's patent filings suggests the group's technology is less unique than we previously thought. Ocado's patent appears to be essentially an ‘add-on’ to the Autostore system.”

### Notes

1. New York Daily News:  
<http://www.nydailynews.com/news/national/silicone-bra-insert-inventor-sues-lawyer-flawed-patent-filing-cost-millions-court-papers-article-1.1908880>
2. Ocado Group Annual Report:  
<http://results11.ocadogroup.com/our-responsibilities/principal-risks-and-uncertainties>

Should they have been surprised? In the Ocado's 2011 annual report<sup>2</sup> there was acknowledgement under “Principal Risks and Uncertainties” of the following in respect of IP Rights: “The business, IT systems, bespoke software and intellectual property are not protected by patents or registered design rights which means that the Group cannot inhibit competitors from entering the same market if they develop similar technology independently. In addition, third parties may independently discover Ocado's trade secrets and proprietary information or systems.”

To those of us in the IP profession, the oversight of Ocado's IP position was one that was potentially avoidable. Thorough IP due diligence by either investors or Ocado should have identified the prevailing third party rights. Investors, if principally interested in the technology, could have reduced their investment in Ocado and directed it to the true originator of the perceived advantageous technology.

### The value of IP due diligence

These are just two stories that have hit the headlines. There are likely to be many other board rooms in the UK, Europe and US where investments are reviewed and questioned as IP issues arise.

Both stories support the opinion that IP due diligence, by some dismissed as a ‘necessary evil’, is actually a critical phase of the decision-making process.

The use of appropriately trained attorneys and solicitors (with the correct technological background and day-to-day practice in drafting, prosecuting and enforcing patents and related IPRs) will only increase the chances of obtaining accurate advice. Furthermore, conducting searching for appropriate third party patent rights is essential, despite this being an expensive exercise. The overall investment is minimal compared to the hundreds of millions at stake in both these cases.

Author:  
Neil Nachshen



# Teva v AstraZeneca

## Redefining the concept of common general knowledge

**T**he legal test for inventive step in the UK courts - according to the Windsurfer/Pozzoli approach - involves an assessment of what would have been the common general knowledge (CGK) of the notional skilled person at the priority date of the patent. Once the CGK is decided on, it is combined with disclosures of other prior art document(s) to determine whether or not the invention in question is obvious.

Great importance is placed on CGK in the UK courts, and as such, any re-definition of CGK is likely to have a significant impact on the way in which inventive step is assessed.

In the recent decision handed down in *Teva UK Ltd & another v AstraZeneca AB*, Mr Justice Sales, called for an adaptation and modernisation of the concept of CGK in line with current procedures for dissemination of scientific knowledge in the age of the Internet and digital databases of journal articles.

### Authority on CGK

In *General Tire v Firestone*, CGK was defined as knowledge which is “generally known and accepted” by those in the art, and is part of their “common stock of knowledge”. Laddie J expanded on this definition in *Raychem Corp’s Patents*, stating that CGK is material the skilled person knows exists, would refer to as a matter of course, and would generally regard as sufficiently reliable. In particular, he clarified that “*this does not mean that everything on the shelf which is capable of being referred to without difficulty is common general knowledge, nor does it mean that every word in a common text book is either*”.

Accordingly, until very recently, the view in the UK had been that knowledge must be generally known and accepted as uncontroversial, to form part of the common stock. Caution had been taken by the courts in expanding the scope

### AstraZeneca’s patent concerned drugs for the relief treatment of asthma



of CGK, since if the skilled person is deemed to know more, it follows that fewer inventions will be deemed inventive.

### Redefinition of CGK: *Teva v AstraZeneca*

*AstraZeneca’s* patent concerned the second medical use of a known combination of drugs for relief treatment of asthma. The case turned on whether it was obvious from the CGK to use the same combination disclosed in the prior art for relief treatment.

In his judgment, Mr Justice Sales identified three different classes of CGK relevant to the case in question:

- 1. Conventional CGK:** statements in standard reference texts and a few leading journal articles.
- 2. Primary articles:** academic articles which “were sufficiently prominent in the main academic journals in the field”.
- 3. Secondary articles:** a range of journal articles “which were not in leading journals” and “would not have been likely to have been read by the notional skilled person in the ordinary course of keeping himself up to date” but “would have been quickly identified by any person conducting a literature search and review”.

This third category of CGK appears somewhat incongruous with Laddie J’s definition above. Sales went on to explain that such broadening of CGK is necessary because searches on the internet and online databases are

now part and parcel of the routine sharing of information in the scientific community and are thus ordinary research technique.

### Conclusions from *Teva v AstraZeneca*

It is now apparent that the relevant CGK of the skilled person will include material that would be readily identified by a search in a database of journal articles or on the Internet.

In light of this decision, the test for whether a piece of information is CGK will likely depend on its ease of access rather than its degree of acceptance in the field. This could have significant bearing on the decision of future cases.

A greater emphasis is placed on the role of CGK in the UK courts as opposed to, eg, at the European Patent Office (EPO) or in the US. Thus, to credit the skilled person with a greater stock of knowledge would arguably mean a fundamental alteration to the test for inventive step, making it a higher hurdle to jump.

Such an expansion of the CGK could weigh significantly against the patentee, and in favour of third parties seeking revocation.

On the other hand, advocates of this decision would argue that information is now so readily available at our fingertips that the very concept of CGK is due a welcome overhaul.

**Author:**  
**Antony Latham**



# European patent opposition strategies

## Clarity in European oppositions

> Related articles

*Strategies for challenging and providing prior art, Jonathan DeVile, patent newsletter edition no. 42, August 2014: [www.dyoung.com/patentnewsletter-aug14](http://www.dyoung.com/patentnewsletter-aug14)*

**P**atents are granted for inventions which are new and have an inventive step. That seems simple enough but those familiar with the European patent system will know that things can get more complicated.

### European patent claims

More generally the monopoly provided by a granted patent is defined by the claims. A patent is therefore granted based on the invention as defined by the claims in the patent application which must be novel and have an inventive step with respect to the available prior art.

For a European patent, the claims are expressed in one of the official languages of the European Patent Convention (EPC) which are English, French and German.

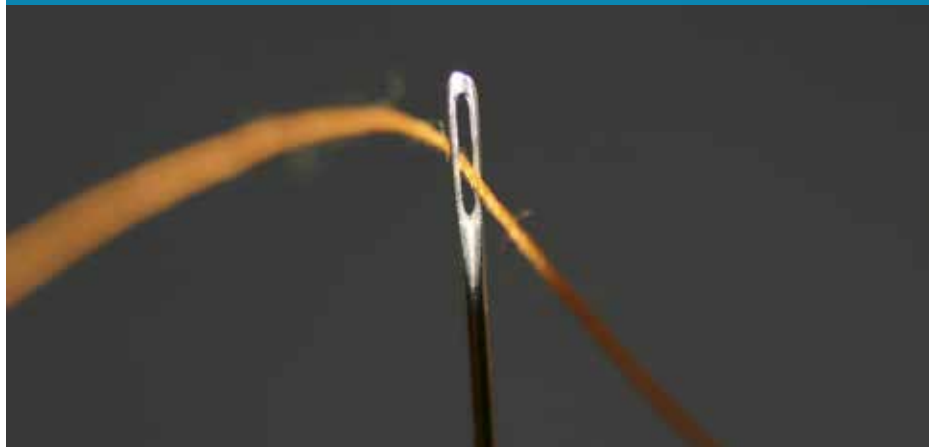
**There can be a conflict between the limitations provided by the written language and the intellectual expression of the contribution made by an inventor with respect to prior art.**

Furthermore, because of the diversity in the languages in Europe, the claimed invention in the European patent must be expressed in a way that the reader can not only understand the scope of protection but also appreciate the new and inventive contribution provided by the invention.

As a result, a requirement for clarity in the claims of the European patent application is particularly carefully scrutinized by European Patent Office (EPO) examiners.

Another reason for the particularly high scrutiny of the expression of the invention in the claims is that whilst Article 84 of the EPC requires that the claims must be clear and concise and supported by the description, clarity is not one of the grounds on which a European patent can be opposed.

### Patents may be granted for claims which are open to interpretation and may lack clarity



Furthermore, under the EPC clarity is not a ground on which a European patent can be revoked by a national court when that European patent becomes a patent right in the state for which European patent has been designated.

The oppositions procedure of the EPC allows parties (opponents) to revoke European patents. Quite often when opposing a European patent the prior art available to the opponent is, shall we say, less than perfect. However sometimes European patents are granted for claims which are ambiguous, open to interpretation, because they lack clarity.

One useful trick an opponent can make is to interpret claims which are unclear in such a way that they read on to a prior art document, so that there is an interpretation of the claimed invention, which is not new or does not have an inventive step with respect to that prior art. Therefore a European patent can be attacked by interpreting the claims in a way which renders the claims not novel or not having inventive step.

However, is there a presumption of validity provided by the EPO when assessing an opposition filed against a European patent which the EPO has granted? I have seen the EPO to be extremely careful to ensure that both sides have a fair hearing during an opposition.

What about clarity? If the examiners have granted a European patent, considering that the claims of European patent do meet the requirements of clarity, how will an opposition division consider an attack on the claims of the European patent based on an interpretation which takes advantage of a lack of clarity?

Every case is different but in my experience the opposition division will make a construction of the claims based on their understanding of the invention. This is done typically before the hearing of the opposition, when both sides present argument in person and judgment is made.

**As such, once the Opposition Division has settled on a construction of the claims, they will not revisit the question of clarity.**

As a result, this can mean that the outcome of opposition can be significantly affected before either party has had an opportunity to present arguments during the hearing, if the opposition division makes an interpretation of the claims, which is adverse to either the opponent or the patent proprietor.

**Author:**  
**Jonathan DeVile**





# SDL Hair v Next Row

## UK court burns Next Row's fingers for groundless threat in heated rollers case

Three letters and an email sent on behalf of Next Row were held to be groundless threats



**T**he UK has specific legislation relating to threats to bring IP infringement proceedings in certain circumstances. Where someone receives a 'groundless threat' of proceedings in the UK, they may be entitled to bring court proceedings against the threat-maker, seeking remedies including an injunction to restrain further threats, a declaration that the threats were unjustified, and damages for losses sustained. Such 'threats actions' may also be brought by any person 'aggrieved' by the threat, such as a supplier whose retailers may have been scared off by receiving letters threatening proceedings if they continue selling a particular product alleged to infringe someone's registered IP rights.

'Cease and desist' letters relating to trade mark, design or patent infringement must be carefully drafted to ensure that the letter does not constitute a 'groundless threat'. It is often very difficult to write an effective letter without its actually being 'threatening' in a technical sense. It is important to take legal advice before writing such letters, as the precise wording used can make all the difference in terms of whether the letter may expose the sender to the risk of a threats action.

It is open to question whether the UK 'threats' laws are compatible with the 'cards on the table' approach to pre-action conduct and the general public interest in discouraging litigation until all alternatives have been explored.

Although reforms are being debated, it seems that threats actions are here to stay for the foreseeable future. The case of *SDL Hair Ltd v Next Row Ltd* is a recent example. The court had to determine the level of damages to be awarded in relation to a series of letters held to constitute groundless threats. Since parties to litigation usually manage to resolve damages issues via settlement (following a court's initial finding of liability), the case gives a rare insight into the court's approach to the assessment of damages in relation to threats actions.

Next Row had a UK patent for an induction heating unit for hair rollers, which they said was infringed by a product of SDL called the 'Ego Boost'. SDL promoted the Ego Boost at a UK trade exhibition in April 2012, and attracted interest from various parties, including the well-known TV shopping channel, QVC, and a distributor named Alan Howard. Various correspondence was sent on behalf of Next Row to QVC and Howard, alleging that the Ego Boost infringed the patent. The court held that three such letters and an email constituted groundless threats. SDL alleged that the threats led to various consequences, including:

- The cancellation of a special promotion by QVC and resultant loss of sales.
- Delay in a second special promotion by QVC.
- The need to re-negotiate lower prices for sales to both QVC and Howard and overall reduced sales to Howard.

The court had to determine how much of SDL's loss was recoverable. Broadly speaking, SDL had to show a causal link between the threats and the loss, on the balance of probabilities. SDL claimed damages in excess of £500,000.

The judge considered (in the case of the cancelled promotional event) that, on the evidence, SDL would not have been in a position to deliver the products in time anyway, and therefore the threat did not cause the relevant loss. However, some damages were allowed for the loss of the chance of enjoying the benefit of more than one special QVC promotion, albeit with a suitable percentage reduction because it was only the loss of a chance (as opposed to a certainty). Based on the evidence, he did not allow any damages for the price renegotiation with either QVC or Howard, as he considered that SDL could have been beaten down on price in any event. As to the reduced sales to Howard, he held that this was more to do with loss of confidence following certain supply issues, rather than the threatening correspondence received. No damages were recoverable for this either.

Overall, the amount awarded to SDL in respect of the groundless threats was £40,500, less than 10% of the amount claimed. Whilst it is interesting to see the court's approach to the quantification of damages, and the case is a reminder of the perils of writing threatening letters, it equally shows why the majority of damages cases are settled between parties rather than going all the way to court.

If you have any queries about threats actions or the risks associated with sending cease and desist correspondence, please do get in touch with your usual D Young & Co contact or any member of our Dispute Resolution & Legal group.

**Author:**  
**Tamsin Holman**



**Useful link**

SDL Hair Ltd v Next Row Ltd full decision:

<http://dycip.com/sdlvnextrow>

# Substantive patent law harmonisation

## TJQ consults Japan, the US and Europe

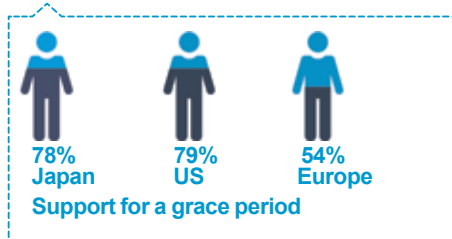
The Tegernsee Joint Questionnaire (TJQ) was the largest, most detailed survey on the four key issues for patent law harmonisation: grace period, conflicting applications, 18 month publication and prior use rights.

In our July patent newsletter, we presented a first review of the TJQ, concluding that the majority of European respondents to the survey would appear to accept an internationally harmonised safety net grace period, including mandatory prior user rights arising until the priority or filing date, as part of a harmonisation package comprising also classical first-to-file, 18 months publication and possibly also conflicting applications. We also noted a certain flexibility within European users for the change that would be required to reach this level of harmonisation.

As promised we return to the finding of the TJQ in order to compare the user data collected in Europe, the US and Japan for each of the four fundamental issues of harmonisation.

### 1. Grace period

Whilst the majority of the respondents in Japan and the US supported a grace period, only a slim majority of European respondents were in favour:

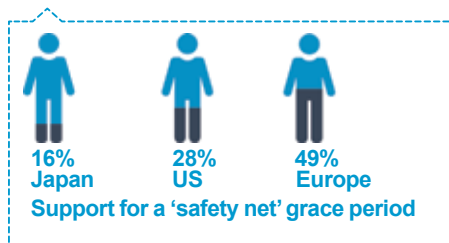


There were also divergences in the understanding of the role, systemic importance and optimal scope of the grace period, across the three regions.

For example, US and Japanese respondents held a positive opinion on the goals of the grace period: namely that grace periods should be established because they are user-friendly for SMEs or because they encourage early publication of inventions.

### 'Safety net' grace period

In contrast, European users held a more negative opinion, finding that grace periods may undermine the legal certainty of the patent system or may complicate the patent system. European users were also in favour of a 'safety-net' grace period, ie, only applying to disclosures emanating from the applicant. Japanese and US respondents were, however, less keen:



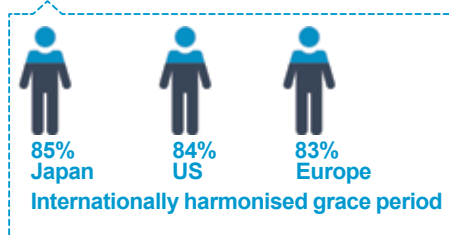
### Duration and start of grace period

Unsurprisingly the preferred duration of a harmonised grace period then reflected the systems that are currently in place: 65% of Japanese and 57% of European respondents favoured a six month grace period, while 65% of US respondents favoured twelve months.

However, the majority supported the term of the grace period being computed from the priority date (63% Japan; 64% US; 71% Europe).

### Internationally harmonised grace period

There was also a convergence in the responses as to whether there should be an internationally harmonised grace period:



This convergence is shown in figure 01 above right (page 11).

Although this does not necessarily indicate that there should be a grace period *per se*: six respondents in Europe stated that

a 'harmonised grace period' should be the absence of such a grace period.

### 2. 18 month publication

Most respondents agreed that all patent applications should be published at 18 months (Europe: 92%; US: 84%; Japan: 86%).

The majority of respondents (Japan 95%; US: 86%; Europe: 95%) also agreed that there should be no opt-out exception as is currently provided in the US.

In addition, the majority of respondents believed that 18 months is reasonable for applicants (Japan: 83%; US: 75%; Europe: 85%). There was, however, a shift for whether 18 months is reasonable for third parties (Japan and Europe only 70% and 49% US). Most respondents indicated that 18 months was too long for third parties.

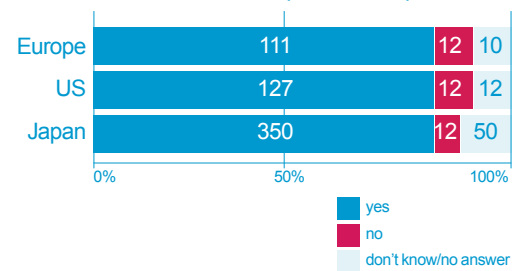
**The vast majority of US (79%) and European (86%) respondents indicated that search and/or examination results should be available in advance of publication.**

Only 46% of Japanese respondents agreed, with those opposed to this requirement highlighting concerns that it may lead to an increase in application fees.

Despite this agreement, respondents attached varying levels of "importance" to the harmonisation of publication. American (62%) and European (56%) respondents were most likely to deem harmonisation as "important", and an additional 24% and 40% respectively deemed it to be "critical". On the other hand, Japanese respondents were fairly evenly split as to whether harmonisation of publication regimes was "critical" (48%) or "important" (47%).

The fact that only 25 of 675 respondents overall signalled that harmonisation of publication regimes was "not important" indicated continued interest in this issue.

➤ **Figure 01**  
Should there be an internationally harmonised grace period? Figure based on an original chart at: [https://www.jpo.go.jp/torikumi\\_e/hiroba\\_e/patent\\_sympo260710/css/pdf/TEG.FINAL.Consol.Report.14.5.14.pdf](https://www.jpo.go.jp/torikumi_e/hiroba_e/patent_sympo260710/css/pdf/TEG.FINAL.Consol.Report.14.5.14.pdf)



As far as the critical date for the accrual of prior user rights is concerned, the majority of respondents in all jurisdictions supported prior user rights being available under the filing, or if applicable, the priority date of the patent application against which they arise, whether or not there is grace period. The majority of respondents in all regions were also opposed to exceptions to prior user rights being provided.

**The vast majority of respondents in all three regions considered the international harmonisation of prior user rights *per se* to be important or critical.**

European respondents considered such harmonisation to be even more important if the international harmonisation of prior user rights is considered within the context of a grace period.

#### Summary

There are clearly a lot of issues to be settled before international harmonisation of substantive patent law can be realised. There are for example many divergences of opinion just between European, US and Japanese users and often a preference for the *status quo*.

There does also, however, seem to be a general agreement that harmonisation of the grace period, 18 month publication, conflicting applications and prior user rights is important if not critical. This should bode well for future consultations on international harmonisation of substantive patent law.

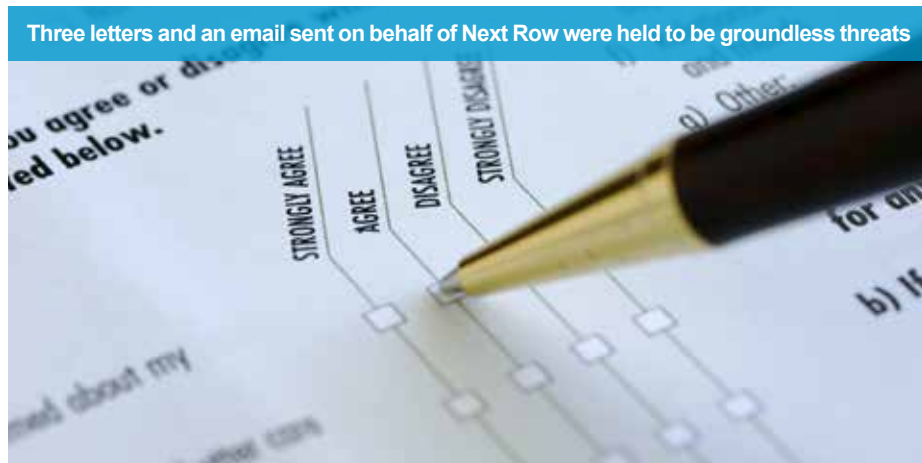
**Author:**  
**Rachel Bateman**



#### Useful link

More information on substantive patent law harmonisation, the Tegensee process and the TJQ can be found on the EPO website:

<http://dycip.com/patentlawharmonisation>



### 3. Treatment of conflicting applications

As discussed in our previous article, Japan, the US and Europe all deal with conflicting applications differently. There are also differences as to the date at which PCT applications enter the secret prior art.

Despite these difference, conflicting applications were found to be relatively infrequent in all jurisdictions: 79% of Japanese, US and European respondents reported frequencies of 1 in 100 applications or less. The rate of self-collision was even lower: 85% Japanese, 81% US and 85% European respondents reported rates of 1 in 100 applications or less.

Nevertheless, the vast majority of respondents in all three regions consider the harmonisation of the rules on conflicting applications to be either critical or important (89% Japan; 91% US; 83% Europe).

The most interesting issue from a harmonisation perspective was exploring the users' perception of best practice.

**As would be expected, most users displayed a marked preference for their own system: 65% of European respondents, 77% of Japanese respondents, and 49% of US respondents.**

In dealing with PCT applications, there was no consensus on the date at which PCT applications should enter the prior art. However, a sizeable proportion of users appeared willing to support policies different from those reflected in their own national law.

### 4. Prior use rights

Prior user rights are provided for by the different national patent legislations, and are considered by some to constitute an essential element of the definition of a safety net grace period. Unfortunately, the empirical data gathered in this section of the TJQ was not considered to be sufficiently reliable to allow the drawing of any detailed solid conclusions.

Generally, however, the majority of Japanese and US respondents believed that inventors making use of the grace period should be shielded from prior user rights accruing to third parties having derived the invention from them, even in good faith. This is in line with the policies of their respective national laws.

Conversely, in Europe a majority of respondents believed that prior user rights should be defined so as to protect third parties in good faith prior to the priority/filing date as well as operate as a disincentive to pre-filing disclosure.

These results therefore suggest that there is a divergence in the understanding of the systemic function of prior user rights in a grace period context.

# D YOUNG & CO INTELLECTUAL PROPERTY

And finally...

Engineering Design Show, 22-23 October 2014, Coventry UK

## ARE YOU PROTECTING YOUR DESIGNS?

**W**e are delighted to announce that this October D Young & Co will once again be sponsoring the 2014 Engineering Design Show and Electronics Design Show.

The Engineering Design Show show takes place over two days at the Ricoh Arena, Coventry UK, and provides an exhibition and free practical workshops demonstrating and promoting cutting edge technology and innovation from market leading suppliers, providing European design engineers with all aspects of engineering design under one roof.

D Young & Co attorneys and solicitors will be available to answer your IP questions and partner Jonathan Jackson will be presenting a practical workshop (1.15pm, Wednesday 22 October) discussing how IP law can protect and enforce designs and products.

### Registration and further information

To be our VIP guest at the show, register for your free entry badge at <http://dycip.com/edshow2014>.

Join us at stand G42 or sign up to secure your seat at our workshop.

### Contact details

**D Young & Co LLP**  
120 Holborn, London, EC1N 2DY  
T +44 (0)20 7269 8550  
F +44 (0)20 7269 8555

**D Young & Co LLP**  
Briton House, Briton Street  
Southampton, SO14 3EB  
T +44 (0)23 8071 9500  
F +44 (0)23 8071 9800

[www.dyoung.com](http://www.dyoung.com)  
[mail@dyoung.com](mailto:mail@dyoung.com)

This newsletter is intended as general information only and is not legal or other professional advice. This newsletter does not take into account individual circumstances and may not reflect recent changes in the law.

For advice in relation to any specific situation, please contact your usual D Young & Co advisor.

D Young & Co LLP is a limited liability partnership and is registered in England and Wales with registered number OC352154. A list of members of the LLP is displayed at our registered office. Our registered office is at 120 Holborn, London, EC1N 2DY. D Young & Co LLP is regulated by the Intellectual Property Regulation Board.

Copyright 2014 D Young & Co LLP. All rights reserved.

'D Young & Co', 'D Young & Co Intellectual Property' and the D Young & Co logo are registered trade marks of D Young & Co LLP.

### Contributors

**Partner, Editor**  
**Anthony Albutt**  
[aja@dyoung.com](mailto:aja@dyoung.com)  
[www.dyoung.com/anthonyalbutt](http://www.dyoung.com/anthonyalbutt)



**Partner**  
**Jonathan DeVile**  
[jdv@dyoung.com](mailto:jdv@dyoung.com)  
[www.dyoung.com/jonathandevile](http://www.dyoung.com/jonathandevile)



**Partner**  
**Jonathan Jackson**  
[jaj@dyoung.com](mailto:jaj@dyoung.com)  
[www.dyoung.com/jonathanjackson](http://www.dyoung.com/jonathanjackson)



**Partner**  
**Tamsin Holman**  
[tph@dyoung.com](mailto:tph@dyoung.com)  
[www.dyoung.com/tamsinholman](http://www.dyoung.com/tamsinholman)



**Partner**  
**Richard Willoughby**  
[rww@dyoung.com](mailto:rww@dyoung.com)  
[www.dyoung.com/richardwilloughby](http://www.dyoung.com/richardwilloughby)



**Associate**  
**Bénédicte Moulin**  
[bxm@dyoung.com](mailto:bxm@dyoung.com)  
[www.dyoung.com/benedictemoulin](http://www.dyoung.com/benedictemoulin)



**Associate**  
**Rachel Bateman**  
[reb@dyoung.com](mailto:reb@dyoung.com)  
[www.dyoung.com/rachelbateman](http://www.dyoung.com/rachelbateman)



**Assistant**  
**Antony Latham**  
[aml@dyoung.com](mailto:aml@dyoung.com)  
[www.dyoung.com/antonylatham](http://www.dyoung.com/antonylatham)

