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April 2018
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Also: tribal sovereign immunity in the US, EPO petitions for review, UK joins Hague system, new UK & EPO patent fees and D Young & Co new appointments and exam success.

Defining FRAND terms
The end of the beginning?

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Editorial

This month we cover a great range of topics across several jurisdictions. From FRAND terms for standards essential patents and tribal sovereign immunity in the US, to assignments, designs, and an EPO Enlarged Board of Appeal in Europe, to fee changes at the EPO and in the UK. We also continue to keep you up to speed on the latest news in UP & UPC matters, as well as on Brexit. We hope you find our updates timely, interesting and informative. Finally I extend my own congratulations to those in our team who have passed various qualifications, and to our new partners, senior associates and associates. Our broad and talented cohort of younger attorneys goes from strength to strength.

Editor:
Nicholas Malden

Events

10 May 2018
Universities & Regional Innovation Conference, London, UK
Catherine Mallalieu will be attending this event.

04-07 June 2018
BIO, Boston, US
Aylsa Williams, Simon O'Brien and Garreth Duncan will be attending this convention.

05-10 June 2018
FICPI World Congress, Toronto, Canada
Jonathan DeVile will be attending this event.

17 July 2018
European Biotech Patent Case Law Webinar
Simon O'Brien and Matthew Caines present all that is new and important in biotech patent case law. Register now to guarantee your place.

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Standard essential patents

Defining FRAND terms
The end of the beginning?

As reported in previous articles in this newsletter (see related articles for links to read these online), last year the High Court of England & Wales handed down a judgment in Unwired Planet v Huawei, which determined the terms of a licence for Unwired Planet's Standard Essential Patents (SEPs) relating to mobile communication technologies on fair reasonable and non-discriminatory (FRAND) terms. That was, at the time, a ground-breaking decision. It is perhaps not surprising that now a court on the other side of the pond in the central district of California has also handed down a judgment settling a licence on FRAND terms between an owner of SEPs, Ericsson, and a manufacturer of mobile communications technology, TCL Communications.

In both the Unwired Planet decision and the decision in TCL v Ericsson, the patents related to 2G, 3G and 4G technologies.

> The issue before the court for the TCL v Ericsson in the central district of California was the same as that in the Unwired Planet decision. Namely, given that at least some of the SEPs owned by patent holder are valid and infringed, what should be the royalty rate for licensing the whole of the patent holder's portfolio to a third party?

In an approach which was consistent with that in the Unwired Planet decision, the court in TCL v Ericsson first applied a "top down" approach, in which it arrived at a realistic estimate of the number of SEPs held by Ericsson and then, after including some weighting factors, determined the number of SEPs attributable to all patent holders in respect of each of the standards concerned.

The top down approach has, as its starting point, an assumption that all SEPs meeting basic objective criteria (such as validity) have equal value. Attempts in the present case by TCL to counter this assumption, based on counting contributions to the 3GPP working groups, an assertion that the top 10% of patents account for 65% of the value, and a forward citation analysis, were all unsuccessful. Ericsson's submissions of survey evidence on the economic value to consumers of various features and a comparison of Ericsson's SEPs against the next-best technical alternative were similarly rejected by the court.

The case clearly demonstrates that a party which attempts to assign an individual value to a given SEP faces numerous challenges:

- any valuation assessment must be fairly applied to not only the patentee's portfolio, but also to the larger comparative set
- the evidence must support both a qualitative and (more challenging) quantitative difference in the valuation of one patent compared with any other.

The court therefore favoured the top down approach and followed a similar approach to that applied by the court in the Unwired Planet decision.

Part of the reason for rejection of Ericsson's approach was the court's view of public statements made by Ericsson before the start of the standardisation process in 2002.

Ericsson's own public statements indicated that it and other SEP holders believed that the total royalty burden applicable to a standard was 5% of sales for 3G and 6% to 10% for 4G SEPs and that they intended to apportion each SEP owner's share of that total royalty burden in proportion to the number of SEPs owned by each individual patent owner. This was regarded as an affirmation of the top down approach.

The court then used a comparable licence approach to confirm the validity of the royalty rate arrived at from the top down approach. In doing so the court unpacked comparable licences with other parties. Although this was a complicated task based on the different

Brexit & patents Business as usual

Unwired Planet v Huawei and TCL v Ericsson relate to 2G, 3G and 4G technologies

terms, such as advanced royalty payments, and the expiration of patents, the submissions of the two parties were "reasonably congruent" with the assessment of the court.

The court in TCL v Ericsson also affirmed the approach taken by the UK court in the Unwired Planet decision by directing that Ericsson should award a global licence beyond the US, although providing a lower royalty rate outside the US jurisdiction because of the relatively smaller number of patents Ericsson held outside the US in each of the patent families concerned.

Earlier in the dispute Ericsson had made two licence offers to TCL, and part of the dispute which had resulted in the proceedings before the US District Court for the Central District of California was that TCL considered that the offers made by Ericsson were not on FRAND terms. The court ultimately considered that the royalty rates under FRAND terms were much lower than those originally offered by Ericsson and so the earlier licence offers by Ericsson were not FRAND. However the court did not conclude that Ericsson had acted in bad faith because, in a similar approach to the court in the Unwired Planet decision, making an offer which was not ultimately determined to be on FRAND terms was not considered in itself to be anti-competitive.

> Are we starting to see the beginning of a convergence on the terms for FRAND licences?

Some commentators have indicated that the judgment in TCL versus Ericsson was not favourable to holders of SEPs, although this still represents a good business model for those contributing to a technology of a particular standard. There may therefore be considerably more to come in terms of judgments determining what a FRAND licence looks like and indeed certainly more academic commentary.

In a rather proactive approach, and without waiting for a dispute to appear before the Japanese courts, the Japanese Patent Office issued a "Guide to Licensing Negotiations Involving Standard-Essential Patents (draft)" on 09 March 2018. The guide includes recommendation on conditions for establishing FRAND terms for a licence and for negotiating in good faith and can be viewed online via this link: dycip.com/jpo-seps.

This no doubt will be a valuable contribution in the global development to establish the terms for FRAND licences and so perhaps we are rather at the end of the beginning of a process which establishes a world view on FRAND terms for licensing SEPs.

Related articles

1. "Unwired Planet v Huawei first technical appeal decision", 16 August 2017, Ryan Lacey: dycip.com/unwiredvhuawei-firstappeal.
2. "Unwired Planet v Huawei: FRAND terms and rate", 06 June 2017, Antony Craggs: dycip.com/unwiredvhuawei-frand.

Authors:
Jonathan DeVile & David Hole

On 19 March 2018 a draft agreement for the withdrawal of the UK from the EU was published. There is no mention of European patents in the draft Agreement because, as previously reported, when it comes to patents in Europe, there is no change.

The UK will continue to be a member of the European patent system, which is governed by EPC, a treaty between contracting states to the EPC that is, and will remain, completely separate from the EU. Patent protection in the UK will continue to be available via the European Patent Office (EPO) by validating granted European patents in the UK after grant, and our European patent attorneys will continue to act in the usual way in all matters before the EPO. The Chartered Institute of Patent Attorneys (CIPA) confirms that "when it comes to patents in Europe, it is business as usual" and has released a short explanatory video "European patent work unaffected by Brexit": dycip.com/cipa-brexit-video.

The provisions of the EU SPC Regulations will continue to apply to UK SPC applications that have been filed prior to the end of the transition period, either for medicines or plant protection products, and any SPC granted based on an application filed within this period will enjoy the same level of protection as under the current EU SPC Regulations. The provisions of the EU medicines SPC Regulation will also continue to apply to applications for the 6-month extension of term of UK SPCs for medicines on which paediatric studies have been carried out in accordance with an agreed paediatric extension plan, provided the paediatric extension application is filed prior to the end of the transition period. Any paediatric extension granted based on an application filed within this period will enjoy the same level of protection as under the current EU medicines SPC Regulation.

For further updates regarding the UP & UPC see page 05 of this newsletter.

Author:
Catherine Mallalieu

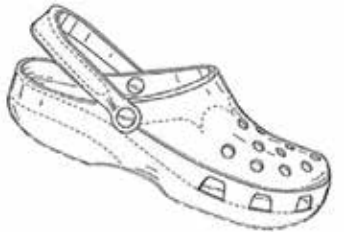
CROCS EU design
Risks of prior disclosure worldwide

Request your copy European Design Law Book

To receive your copy of our European Design Law book please email your contact details to us at subscriptions@dyoung.com.

The invalidation of the EU design for CROCS shoes highlights risks of prior disclosure worldwide. On 14 March 2018, the General Court of the ECJ upheld the 2010 decision of the Board of Appeal and the CROCS RCD is now invalid, notwithstanding arguments by the rights holder which sought to exclude the better evidence as being late filed and inadmissible.

In our book "European Design Law", we highlight (on page 60 for those with a copy) the decision of the Board of Appeal in case R 9/2008-3, in March 2010, which concerned the registered Community design for CROCS shoes. A representation from the registration (Design number 002570001-0001 – the "CROCS RCD") is depicted below:



In that decision, the Board of Appeal at the EUIPO declared the CROCS RCD invalid on the basis of prior disclosures by the design holder of CROCS products, *inter alia* at a nautical trade fair and on its website, more than 12 months before the CROCS RCD had been applied for (hence the grace period for the holder/design applicant could not apply). The Board of Appeal found that these disclosures made the design available to the public for the purposes of Articles 5 (novelty), 6 (individual character) and 7 (disclosure) of the Community Designs Regulation 2002 (the Regulation). Thus the CROCS RCD lacked novelty and individual character because it had, in effect, been prior disclosed by itself.

In so finding, the Board of Appeal rejected the design holder's arguments that these disclosures could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community. This is the so-called obscure prior art provision in Article 7(1) of the Regulation.

The 2010 decision of the Board of Appeal was further appealed to the General Court at the ECJ but that appeal was withdrawn when, apparently, the invalidity action was withdrawn. The CROCS RCD therefore survived.

A further invalidity action against the CROCS RCD was, however, launched by a different entity in 2013, unsurprisingly perhaps relying on the same prior disclosures as had persuaded the Board of Appeal the first time. This invalidity proceeding failed at first instance before the Invalidity Division on what appears to have been something of a technicality (poor quality and/or undated exhibits). This was corrected on appeal, where better evidence was filed, and the CROCS RCD was again declared invalid by the Board of Appeal. On 14 March 2018, the General Court of the ECJ upheld the Board of Appeal and the CROCS RCD is now invalid, notwithstanding arguments by the rights holder which sought to exclude the better evidence as being late filed and inadmissible.

The General Court's decision mirrors the decisions of the Board of Appeal both in 2016 and earlier in 2010. In short, the court found that where there is proof of prior disclosure anywhere in the world, the burden shifts to the rights holder to show that this could not reasonably have become known to the relevant circles in the Community. This is a question of fact. On the facts, which were that the design the subject of the CROCS RCD had been disclosed on the rights holder's website, at a major nautical trade fair and through general sale in the US, the court held that the rights holder had not established these could not reasonably have become known…[etc]. The website was accessible worldwide, the trade fair was a major international event, and no evidence was adduced to rebut the necessary presumption in relation to widespread sales.

Conclusions

The key message to draw from this decision is to make sure that any RCD application is filed within the 12 month priority period extending from any public disclosure of a design by the applicant. The obscure prior art exception is likely to be very hard to establish in relation to a self-disclosure in particular. This is especially important if any EU design protection is desired, including unregistered Community design rights (UCDR). The latter point arises because under the Regulation, UCDR is only available if the first disclosure of a design occurs within the EU: if there is first disclosure outside the EU, no UCDR can arise because that first disclosure will be prior art against such rights (there is no grace period for UCDR). The upshot is that if no RCD filing is made within 12 months of a self-disclosure outside the EU, there can be no EU design protection at all. It may also be worth bearing in mind that after the UK leaves the EU, subject to transitional arrangements a first disclosure in the UK will have the same relevance for these purposes as one in, say, the US.

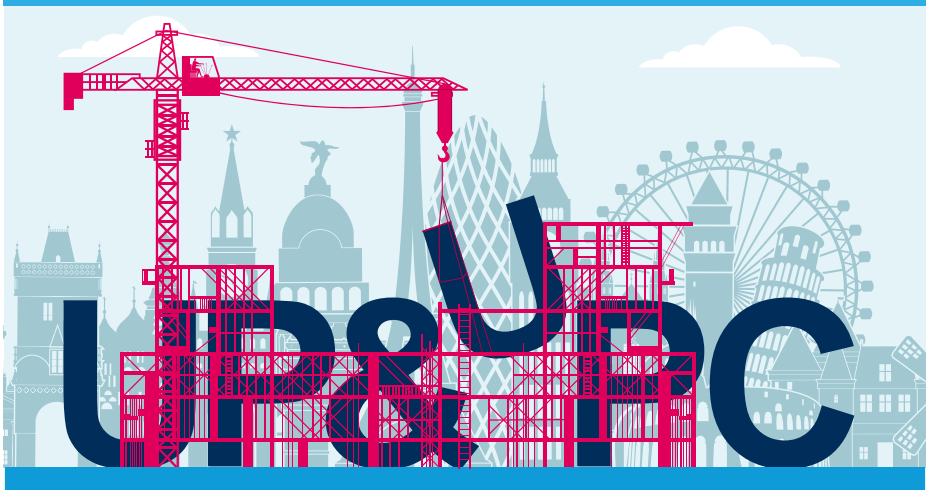
This case concerns plastic summer clogs

Author:
Richard Willoughby

Unitary patent and Unified Patent Court
Latest news

We last reported on the progress of the unitary patent (UP) and Unified Patent Court (UPC) in our October 2017 newsletter. We now report on the developments since then and provide a summary of the status quo.

See www.dyoung.com/knowledgebank/up-upc for our latest UP & UPC updates



Progress on Ratification of the UPC Agreement (UPCA)

So far, 15 countries have ratified. Latvia was the latest country to ratify, which it did on 11 January 2018. The current status of ratifications by the UK and Germany, both of which are necessary before the system can start, is discussed below.

Progress on the Protocol on Provisional Application (PPA)

Readers will recall that the UPC envisages a provisional application period, intended to last between six to eight months prior to actual commencement of the UPC, during which the UPC will come into existence and essential pre-commencement administrative steps can be taken. These include recruiting judges and filing pre-commencement opt-outs during a sunrise period. This requires countries to sign up to the PPA and agree to be bound by it. As things stand, three further signatories are required, including Germany (the UK is already bound by the PPA, as is France). This was the situation in October 2017.

UPCA status in the UK

The UK has recently completed all the legislative steps necessary to enable it to ratify the UPCA. The remaining substantive step is for the Foreign Secretary to sign the instrument of ratification and deliver it to Brussels. He should be in a position to do this by the end of March 2018, so we understand. Whether this happens is still perhaps an open question, as the UK's position in the UP and UPC in the light of Brexit is very much still unclear. By the time this article is published, we may know whether the UK has ratified the UPCA but the post-Brexit position will still be unresolved (as to which, see below).

UPCA and PPA status in Germany

As readers know, there is a constitutional complaint pending before the Federal Constitutional Court (FCC) in Germany, challenging the local implementing legislation's compatibility with the German constitution. Several third parties were invited to, and did, comment on the complaint, the last submissions being due at the end of January. The complaint has since been listed as one of the cases the FCC intends to resolve in 2018 but we understand this does not necessarily mean that it will in fact do so. It also does not necessarily mean the complaint has even been admitted by the FCC.

We do not expect a rapid decision in Germany although it is possible we may hear something in the April-June 2018 time frame. Until the complaint is either determined not to be admissible or is in fact dismissed by the FCC, German signature of the PPA will not happen, and nor will its ratification of the UPCA.

UK and the UPC post Brexit

The other major issue which is having an impact on progress of the UPC and UP is post Brexit participation by the UK. It seems to be generally desired by industry and the other participating countries that the UK should continue in the project post Brexit, and indeed with that in mind several organisations have lobbied the UK Government to proceed with ratification of the UPCA to allow this possibility to remain. Opinions have been published to the effect that post Brexit participation by the UK, in the UPC at least, may be possible (at least legally) but that certain steps will be necessary for this to happen. As things stand, neither the UK Government nor the EU negotiators from the Council, Commission or Parliament, have given any indication as to whether this will be addressed in the pending Brexit negotiations. We are waiting for signs that it will be and as and when we see these, we will report.

Timetable to commencement

With great uncertainty surrounding the position in Germany and the impact of the post-Brexit status of the UK, it is impossible to make any predictions as to when the UPC and UP might be up and running. If the complaint before the FCC is dismissed in enough time to allow the system to begin before the UK leaves the EU (which means as early as possible in 2018), then it is possible that the UPC and UP could be up and running before Brexit in March 2019. However, time is very short given the practical steps still required in any event, and the seeming necessity to address the impact on the system of the UK's departure from the EU, one way or the other.

We continue to monitor the situation and will report on any significant changes as soon as we know them.

Author:
Richard Willoughby

CRISPR patent revoked
Lack of priority for The Broad Institute in Europe

An EPO opposition division recently revoked The Broad Institute's patent EP2771468, which is the first of a number of its patents relating to the CRISPR / Cas system to come before the EPO's opposition divisions.

The opposition division's written decision was published on 26 March 2018 following oral proceedings earlier in the year. Crucially, it was decided that certain of the patent's twelve claims to priority are invalid and as a consequence that the patent lacks novelty in view of a number of intervening disclosures.

Background

EP2771468 relates to the CRISPR gene editing technology, which relies on a nucleic acid guide sequence to direct site-specific cutting of a DNA sequence by the Cas9 enzyme. The CRISPR technology promises improved accuracy over earlier gene editing approaches and has been heralded as a significant development in biology with potential uses ranging from gene therapy to the generation of improved crops.

The Broad Institute is currently engaged in protracted patent disputes with the University of California in this field, although the points at issue in this case differ from those that have affected outcomes in the US.

The patent is one of a number of The Broad Institute's CRISPR-related European patents that have been opposed. Notably, similar objections to lack of priority have been raised against EP2896697, EP2784162, EP2921557, EP2931898 and EP2764103 (according to The Broad Institute's own submissions). Barring a reversal of the opposition division's decision on appeal, a similar fate may await these.

The patent

EP2771468 was filed on 12 December 2013 and claims priority from twelve US provisional applications.

The earliest two priority applications (P1 and P2) listed eight individuals as inventors/applicants, including Dr Luciano Marraffini. On filing, EP2771468 listed four of the same individuals as applicants, in addition to The Broad Institute, Inc and the Massachusetts Institute of Technology, however Dr Marraffini was absent.

The right to claim priority

The right to claim priority for a European application is governed in part by Article 87(1) EPC, which states:

"**Any person who has duly filed** […] an application for a patent, a utility model or a utility certificate, **or his successor in title**, shall enjoy, for the purpose of filing a European patent application in respect of the same invention, a right of priority during a period of twelve months from the date of filing of the first application."

In addition, it is established EPO practice and case law that, in the case of multiple applicants, all of the applicants or their successor(s) in title should be among the applicants of the later application.

Importantly, this was not the case for EP2771468. No evidence was available to prove a transfer of priority right from Dr Marraffini to any of EP2771468's applicants before its filing date.

The decision

The opposition division considered three lines of argument advanced by the patentee to attempt to address this deficiency.

First, the patentee submitted that the EPO should have no power to assess legal entitlement to the right of priority. The opposition division dismissed this, noting that if it were presumed that any person filing a later application is entitled to claim priority, the EPO would grant patents based on an unreliable state of the art (that is, the presumed effective date of an application might be incorrect).

Second, it was submitted that in cases of multiple applicants for a first application, the term "any person" under Article 87 EPC should be interpreted as meaning "one or some indiscriminately" of the co-applicants. The opposition division agreed that the wording of the EPC and Paris Convention do not exclude this interpretation, however the opposition division considered it inappropriate to deviate from the EPO's established practice. The opposition division further noted that doing so could lead to multiple applicants filing separate applications claiming priority from a first application, which may result in multiplication of protection for the same subject matter.

Third, it was submitted that the meaning of "any person who has duly filed" should be interpreted according to national law. In particular, it was submitted that under US law an applicant must have contributed to an application or have derived rights thereto from an inventor. The opposition division also dismissed this, concluding that under the EPC and Paris Convention, the right to claim priority derives from the formal filing of the first application, irrespective of the status of inventors.

Although subject to appeal, this decision emphasises the importance of the formalities of priority claims for European applications.

Commercial sensitivities in this field are clearly apparent: The Broad Institute published a press release immediately following the oral decision stating their disagreement with the assessment of priority and their intention to appeal. Indeed, a notice of appeal has already been filed and acceleration of the appeal proceedings requested in view of the relevance of similar issues for some of The Broad Institute's other CRISPR-related European patents.

We await with interest the Board of Appeal's decision in view of the established case law on this issue.

Author:
Matthew Caines

European Patent Office patent assignment recordal
Signatures and evidence

The EPO's approach to assignment recordal has changed over the last two years. At D Young & Co we have seen that the new approach has required applicants to provide more detailed documentation in support of their request which often results in the recordal taking longer than expected.

The main requirements for an assignment recordal have not changed. Article 72 EPC states: "An assignment of a European patent application shall be made in writing and shall require the signature of the parties to the contract".

Whilst this legal basis has not changed, the level of evidence the EPO now requires has.

Previously the EPO was happy to accept evidence that both parties agreed to the transfer, for example by having the assignor sign the assignment and the assignee request the relevant recordal at the EPO, however this is no longer the case. Assignments for recordal at the EPO are now expected to be in writing and signed by all parties to ensure that they meet the requirements of Article 72 EPC.

The Guidelines for Examination, which came into force on 01 November 2016, confirmed that the signatures of the parties (that is, the assignor and the assignee) must appear on the documents submitted as evidence of the transfer and also stated that a signatory signing on behalf of a corporate owner must give their precise job title.

The latest version of the Guidelines for Examination, which came into force on 01 November 2017, went further and states: "Where a document is signed on behalf of a legal person, only such persons as are entitled to sign by law, by the legal person's articles of association or equivalent or by a special mandate may do so. National law applies in that respect. In all cases, an indication of the signatory's entitlement to sign, for example his/her position within the legal entity where the entitlement to sign results directly from such a position, is to be given. **The EPO reserves the right to request documentary proof of the signatory's authority to sign if the circumstances of a particular case necessitate this**. Where the entitlement results from a special authorisation, this authorisation (a copy thereof, which need not be certified) has to be submitted in every case. The EPO will in particular examine whether the signatory is empowered to enter into a legally binding contract on behalf of the legal entity." (GL E XIV 3) (emphasis added).

Whilst this indicates that proof of a signatory's authority to sign such documents might be requested in exceptional cases, at D Young & Co we have noted that this is being requested as standard, unless the relevant signatory is a director, president or CEO of the relevant company. Our discussions with the officers at the EPO have revealed that this is indeed the case, and that proof of authority for any signatory who is not a director, president or CEO of the relevant company is required.

We have also been informed that such proof of authority should state that the relevant signatory has authority to sign legally binding documents, in particular in relation to the assignment or transfer of patents and patent applications, on behalf of the company.

Whilst we have been able to obtain this guidance from the EPO, an explanation as to why this degree of evidence is now required has not been forthcoming. In any event this new approach is now the standard to which applicants must adhere when requesting recordal of an assignment or transfer at the EPO.

Recommendations

In light of the EPO's new stricter approach, and from the experience of our various attorneys in recording assignments over the past two years, we recommend the following actions:

- Ensure any assignment that might be recorded at the EPO is signed by all parties.
- Ensure the job titles of the signatories are listed on the assignment.
- If the job title of any signatory is not director, CEO or president of the company (or company secretary for US companies), provide proof of authority for that signatory.
- The proof of authority should state that the signatory is authorised to sign legally binding documents on behalf of the company (in particular relating to the transfer or assignment of patents and patent applications).
- The proof of authority could be in the form of a specific document signed by a director, CEO or president of the company, an extract from the relevant commercial register or minutes from a board meeting.

It is hoped that by following these recommendations a request for recordal of assignment at the EPO will be swiftly approved and excessive delays avoided.

Applicants considering filing a request for recordal of assignment should contact their usual D Young & Co patent attorney who will be happy to advise as to whether your documentation will meet the EPO's new requirements and any further steps that should be taken.

Author:
Charlotte Musgrave

Proof of authority for any signatory who is not a director, president or CEO is required

Tribal sovereign immunity in the US Allergan and the Saint Regis Mohawk Tribe

In a keenly awaited decision the Patent Trial and Appeal Board ruled on the allowability of the Saint Regis Mohawk Tribe's motion to dismiss a number of outstanding patent cases on behalf of Allergan.

Background

In our last issue we reported on Allergan's attempt to use tribal sovereign immunity as a shield against proceedings at the Patent Trial and Appeal Board (PTAB) (see our website knowledge bank via this link for the full article: dycip.com/iprs-indian-sovereign-immunity)

> Under US law, certain entities (including state governments and Native American tribes) have a form of "sovereign immunity" which exempts them from the jurisdiction of certain federal "administrative" proceedings.

One such example is the *Inter Partes* Review (IPR) in front of the PTAB.

In an attempt to take advantage of this immunity, Allergan signed an agreement with the Saint Regis Mohawk Tribe transferring six of Allergan's US patents covering its product, Restasis, to the tribe with an exclusive licence of the patents back to Allergan. Upon completion of the agreement the Tribe filed a motion to dismiss a number of IPRs filed by competitors against the patents.

Judgment

On Friday 23 February 2018 the PTAB handed down its judgment on whether sovereign tribal immunity could be asserted in respect of the patents. The core of the PTAB's analysis centred around which party was the "true owner of the challenged patents".

The PTAB followed the nine factors set out in Azure Networks v CSR (2014) for determining true ownership. In its discussion the PTAB declared that the most important factor was who had the right to sue for patent infringement. This is in line with previous court decisions such as Apex Eyewear v Miracle Optics (2006), which found that ascertaining who has the right to sue is a key determinant in whether an agreement results in an effective transfer of true ownership.

#	Attribute	Allergan	Tribe
1	Right to sue for infringement	Yes	No
2	Right to make, use, and sell products or services under the patents	Yes	De minimis
3	Right to sublicense	Yes	No
4	Reversionary rights in patents	Yes	No
5	Right to litigation or licensing proceeds	Yes	No
6	Duration of licensed rights	In perpetuity	Not applicable
7	Right to control prosecution and other PTO proceedings	Yes	No
8	Obligation to pay maintenance fees	Yes	No
9	Right to assign interests in patents	Yes	No

Under the terms of the agreement Allergan retained the exclusively right to sue for patent infringement which was accordingly viewed as a strong indication of true ownership.

Another factor that was considered in detail was who had the right to exploit the patent. Under the terms of the agreement Allergan retained the right to exploit the patents "for all FDA-approved uses in the United States". As the patent claims were directed to pharmaceutical compositions and methods used to treat human medical conditions, the PTAB found that it was unclear what, if any, commercial activity could realistically be practiced by the Saint Regis Mohawk Tribe . Thus, Allergan's exclusive rights were not limited in any meaningful sense.

In their judgment the PTAB produced a helpful summary table (see below left) setting out on where it considered the indications of ownership to lie for all nine factors.

In summary the PTAB held that the terms of the licence-back between Allergan and the Saint Regis Mohawk Tribe transferred "all substantial rights" back to Allergan. Allergan is thus the "patent owner" for the purposes of continuing the IPR. As such, the Saint Regis Mohawk Tribe could not assert its sovereign immunity to dismiss the outstanding IPR challenges.

Conclusion

Given the value of the patents to both Allergan and the Saint Regis Mohawk Tribe it appears highly likely that the tribe will appeal the ruling. The judgment left a number of key questions unanswered. In particular, by finding Allergan to be the "true owner", the PTAB did not definitively rule on whether tribal sovereign immunity could, in principle, be exercised in front of the PTAB. This leaves open the possibility that their may be some intermediate degree of "ownership" whereby a tribe has sufficient ownership to assert immunity, with the original patent owner retaining the majority of the rights in the patent.

Author:
Anton Baker

The right to be heard
Notification by the EPO

Case details at a glance
Jurisdiction: European Patent Office
Decision Level: Enlarged Board of Appeal
Parties: Rhodia Chimie (patent proprietor) and BASF SE (opponent)
Case: R 0004/17
Date: 29 January 2018
Link to full decision: https://dycip.com/2GbWtfR

The EPO recently published a decision of the Enlarged Board of Appeal regarding R 4/17; this was the eighth ever decision granting a petition for review. Petitions for review are the mechanism provided by the EPO (as set out in Article 112a EPC) for allowing parties to review the decisions of the Board of Appeal; if the petition is deemed to be allowable, the Enlarged Board of Appeal will examine the decision of the Board of Appeal and may choose to set aside the decision while reopening proceedings before the Board of Appeal.

Petitions for review may be filed by any party adversely affected by any decision of the Board of Appeal, although the strict requirements and the unwillingness to consider any substantive issues means that the number of petitions for review being filed is rather low. Article 112a(2)(c) EPC states that a petition for review may be filed on the grounds that there has been a fundamental violation of the right to be heard under Article 113 EPC, which requires that all the concerned parties have had an opportunity to present their comments.

This particular case related to the granted patent EP 1490411, claiming methods for stabilising emulsions, which was opposed for a lack of novelty. This opposition was rejected in the first instance, after which an appeal was filed that cited new prior art that was considered by the opponent to be novelty-destroying.

> In line with the appeal procedure, the EPO sent the patent proprietor three letters; the notice of appeal, the statement of the grounds of appeal, and an invitation to respond within four months of notification.

In accordance with the EPC Guidelines for Examination (E-II 2.3), "Decisions incurring a period for appeal or a petition for review, summonses and other documents as decided on by the President of the EPO must be notified by registered letter with advice of delivery or equivalent". However, the three letters sent by the EPO in this case were sent without advice of delivery.

The EPO could not prove that the proprietor had received the letters relating to the appeal

The proprietor did not respond within four months of notification, and in due course the Board of Appeal issued its decision to revoke the patent without holding oral proceedings.

Upon receiving the decision (which was sent with advice of delivery), the proprietor filed a petition for review in which they claimed that they had never received the three earlier letters relating to the appeal.

> As a result of not having received these letters, the proprietor was of the opinion that they had not had an opportunity to comment on the appeal and thus their right to be heard had been violated.

While it was argued that a situation in which all three letters were not received (and yet earlier and later communications were all received without any issues) was rather implausible, the burden of proof lies with the EPO in showing that the communications were received (in line with Rule 126(2) EPC). It was also determined by the Enlarged Board of Appeal that it was unreasonable to expect the proprietor to prove that they had not received the letters, as proving a negative (non-receipt) is difficult at best.

As the EPO could not prove that the proprietor had received the letters relating to the appeal, it was decided that the letters must be regarded as not having been received. While it was possible for the proprietor to access the documents on the electronic file, representatives and proprietors "have no duty to monitor the proceedings themselves by regularly inspecting the electronic file" (in line with the outcome of R 7/09). The availability of the documents was therefore irrelevant to the question of whether the proprietor was informed of the appeal.

As it could not be proven that the proprietor had been properly notified of the appeal proceedings, it was agreed that the proprietor had not been given the opportunity to present their views and so their right to be heard under Article 113 EPC had been fundamentally violated. The case was therefore referred back to the Board of Appeal to continue the appeal proceedings.

Author:
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UK joins Hague system
International registered designs

The international system for applying for registered design protection is taking another step forwards in June 2018, when the United Kingdom (on a national basis) joins the Hague system.

> The Hague system is an international arrangement administered by the World Intellectual Property Organisation (WIPO), which is an agency of the United Nations and is based in Switzerland. It enables an applicant to file an international design application centrally at WIPO with the potential for the application to spread out to become a bundle of separate registered designs in the countries that were "designated" when filing the international application.

Many people are familiar with the international patent system called the Patent Cooperation Treaty (PCT) which is also administered by WIPO and which has been a runaway success in terms of country coverage (152 countries) and in terms of the large number of PCT patent applications that are filed each year.

The international design system is less well-known and has been less popular with applicants. It has had a smaller country coverage (of 67 countries) and for many years the countries available to be designated have not been of overwhelming interest to applicants. In recent years, countries of greater commercial importance have signed up to the Hague system. For example, the US, Japan and the EU have joined. In particular, the ability to designate the EU has been an improvement, because it has enabled the international design application to give rise to a registered design covering all EU countries including the UK.

And the country coverage is about to improve a step further.

> The UK has announced on 13 March 2018 that it will (finally, after much delay) join the Hague system on 13 June 2018, and will become the 68th member of the system.

Thus, an international design application filed on or after that date may include a designation of the UK on a national basis, so that the international application may give rise to a national UK registered design.

With the impending arrival of Brexit, when the UK will leave the EU, the fact that the UK is joining the Hague system will give applicants flexibility over the strategy to pursue when filing an international design application.

Up until the date of Brexit (currently expected to be 29 March 2019, although with little substantive change for IP for a further transitional period until December 2020), an applicant may obtain protection in the UK by designating the EU and/or by designating the UK on a national basis.

After Brexit, the EU designation will only cover the remaining 27 EU countries (excluding the UK), and thus the international design application will need to designate the UK on a national basis to ensure that registered design protection is achieved covering the UK via the Hague system route. Of course, there is currently, and will be in the future (after Brexit), the option of filing a UK registered design application directly at the UK Intellectual Property Office (UKIPO) in order to obtain protection covering the United Kingdom. It is just that, if an applicant is trying to streamline the business of obtaining design protection in many countries by using the centralised procedure of the Hague system, the applicant will have to consider which boxes to tick when specifying which designations the international design application should cover.

The centralised nature of the Hague system applies only initially to an international design application, in the first few months after it is filed online and is being processed centrally by WIPO in Switzerland. The application is then passed over to the national and regional patent offices of the designations for which official fees were paid when the international design application was filed. The national and regional patent offices assess the design in the application against their respective national and regional requirements (for example, relating to the number and type of views to be used to depict a design, and the acceptability of the use of depiction techniques such as using dashed or broken lines in the views to disclaim features from the scope of the design protection), and it is at the stage of the national and regional assessments that a problem can arise with having used the Hague system route.

The problem can be that the design as presented in the international design application when it was originally filed has to try to anticipate the need to comply with all of the differing national and regional requirements that will be required of it in due course. This can lead to a cautious approach having to be adopted, where the design has to be prepared to the strictest of the national and regional requirements that is it likely to encounter, and this can mean that the design misses out on being able to be depicted using the liberalised depiction requirements that some national and regional patent offices will accept.

For example, if an international design application is filed designating the EU, Japan and the US, it may run into problems with the strict requirements expected by the Japanese Patent Office (JPO) and the US Patent and Trademark Office (USPTO), if the design in the application has been prepared to the liberal depiction standards allowed in the EU (eg, with only a few views being used to depict the design, and with any sophisticated use of shading or blurring to disclaim design features). Conversely, if the design is prepared up and filed so as to meet the strict requirements expected by the JPO and the USPTO (eg, with a full suite of a perspective view and six orthogonal

New UK & EPO patent fees April 2018

As reported in our February 2018 patent newsletter (edition 63), a reminder to readers that April brings changes to UK and EPO patent fees.

EPO fee changes effective 01 April 2018

EPO fee changes relate to the fees charged in the international phase where the EPO is the International Search Authority (ISA) or International Preliminary Examination Authority (IPEA). The corresponding reduction in fees then applies on entry to the European phase when filing an appeal and also where documents are filed online in character-coded format.

UK patent fees effective 06 April 2018

There are five main changes, relating to increases in existing fees, and the creation of new excess fees that echo those found in EP and PCT prosecution. These relate to:

1. An increase in the application fee and a surcharge if paid after filing.
2. An increase in the search and examination fees.
3. The introduction of an excess claims fee schedule.
4. The introduction of an excess pages fee.
5. An increase in life-end renewal fees.

Despite these changes, for a typical application, the UK still represents one of the cheapest jurisdictions for official fees in the world.

For further advice regarding short term actions to take in light of these fee changes, please see our previous (more detailed) updates on our website or contact your usual D Young & Co attorney:

Related articles

- dycip.com/uk-patent-fees-April-2018
- dycip.com/epo-patent-fees-april-2018

Authors:
Doug Ealey & Charlotte Musgrave

The Hague system enables the central filing of international design applications at WIPO

views being use to depict the product that is the subject of the design), then the opportunity has been lost in the EU to obtain the broader protection that could have been obtained in the EU if the design had been depicted in a liberalised, modern manner.

WIPO have themselves realised that this "trap" has arisen with international design applications in recent years, since Japan and the US joined the Hague system, and they have run training sessions for the purpose of educating applicants about how to try to optimise the depiction of a design in an international design application to best suit the different national and regional standards that it may be expected to have to meet when it gets to the stage of national/regional processing after the initial centralised procedure.

The design depiction requirements imposed by the UK fall into the liberalised category that is shared with the EU, and thus if an international design application designates the UK in addition to designating the EU it should not be any more complex to devise and file the design in the application compared with if the application were to designate only the EU.

Applicants in the UK have been able to file international design applications in recent years (since the EU signed up to the Hague system in 2008), but they have made only limited use of the system, and this is probably unlikely to change when (on 13 June 2018) the UK joins the Hague system in its own right, on a national basis.

It may be expected that applicants outside the UK (such as applicants in Japan and in the US) will find the Hague system to be incrementally more attractive after the UK joins, as such applicants will then have the option of ticking the designation of the UK, in addition to ticking the EU designation in the application. With Brexit on the horizon, some cautious JP and US applicants may start to do this now (pre-Brexit), as well as thinking that it would be a wise policy to adopt after Brexit has actually occurred.

There is however an anti-Hague system school of thought that, because of the need to prepare up the design on a "one size fits all" basis (with the design having to be prepared up to the "lowest common denominator" – in the form of the strictest national and regional requirements), an applicant with a commercially important design may be better off avoiding the Hague system altogether and should, instead, file directly the desired national and regional design applications with each optimised to suit the relevant national and regional requirements, even if this will incur greater cost.

It will be interesting to see how applicants tackle using the Hague system as slowly but surely more and more countries join. Applicants considering using the Hague system should contact their usual D Young & Co design attorney, who will be happy to advise on the relative merits of the system in individual cases.

Author:
Paul Price

And finally...

D Young & Co News

Congratulations! Appointments and exam success

We are delighted to announce that Anna Reid (solicitor) and Richard Burton (trade mark attorney) have been appointed partners from 01 April 2018. Anna is experienced in handling a broad range of IP matters across diverse sectors, providing clients with strategic advice, including trade marks, passing off, copyright and designs. Richard is a Chartered and European trade mark attorney and European design attorney working with clients in various sectors including retail and luxury goods.

Within our patent electronics, engineering and IT team Alan Boyd and Charlotte Musgrave have been appointed Senior Associate Patent Attorneys and Anton Baker has been appointed Associate Patent Attorney. Tom Pagdin and Antony Latham are now Associate Patent Attorneys in the firm's biotechnology, chemistry and pharmaceuticals team. Also in the biotechnology, chemistry and pharmaceuticals team is Emma Hamilton, now a Patent Attorney having qualified as a European patent attorney in 2017 and becoming fully UK qualified in March 2018. Our trade mark team sees Wendy Oliver-Grey appointed as Associate, Trade Mark Attorney.

We are also extremely pleased to celebrate some fantastic recent exam results. Congratulations to Technical Assistant Andrew Cockerell of our electronics, engineering & IT team who is now UK qualified and to Technical Assistants Toby Willis, David Hole, Thomas Ricketts, William Powell, Matthew Gallon, Ben Hunter and Simon Schofield who have achieved the Certificate in IP Law from Queen Mary University of London. Well done to Simon as the joint highest qualifying candidate. Rosanna White, Jay Unsworth, Bea Walsh and Sophie Nutley have also recently successfully obtained CIPA's Introductory Certificate in Patent Administration.

Well done and congratulations all round to our colleagues!

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