

D YOUNG & CO

PATENT

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Autumn begins with the extremely good news that we have once again been ranked as a top tier UK patent service firm by The Legal 500. With this newsletter a big thank you to our clients and trusted professional associates who have given such positive feedback. We hope you find this bumper edition an informative and enjoyable read.

Editor:
Neil Nachshen



Events



05 October 2016

MIP IP Enforcement Forum, London UK

Anna Reid will be participating in a panel discussion concerning strategies to counteract the continued rise of counterfeiting and online infringements.

14 October 2016

EPLIT Mock UPC Trial, London UK

Catherine Mallalieu will attend this European Patent Litigators Association mock trial before the Local Division of the Unified Patent Court in London.

18-21 October 2016

ESGCT & ISSCR Congress, Florence Italy

Tamara Milton will be attending the European Society of Gene & Cell Therapy and International Society for Stem Cell Research congress.

03 November 2016

Innovate UK 2016, Manchester UK

Garreth Duncan will be attending this event, promoting the UK Government's support for business and organised by the Department for International Trade and Innovate UK.

18-20 January 2017

Rothamsted Open Innovation Forum, Harpenden UK

Aylsa Williams and Garreth Duncan will be participating in the ROIF, an event designed to accelerate collaboration for the development of game-changing innovations addressing global food and nutrition security challenges.

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Patent privateers Plain sailing or time to jump ship?

Smartphone litigation has attracted a lot of media attention over the past few years. As a result of this, the media has chosen some quite imaginative names.

One famous name is 'patent troll' to refer the rather less cool sounding 'non-practising entity' or NPE. Another name that has been adopted over the last couple of years is the rather swashbuckling name of 'privateer'.

As with patent troll, a privateer is not as glamorous as it sounds. Basically, a privateer is a company that assigns its standards essential patents (SEPs) to an NPE so that the NPE can monetise the patent. The NPE does not pay much for the patent, but instead agrees to give a proportion of the money received from the patent to the privateer. Two recent cases at the UK Patents Court have involved privateering.

A Standards Essential Patent?

'Standards' define the mechanism by which a smartphone will communicate with the cellular network. Where the mechanism defined in the standard is the subject of a patent, (sometimes called a standard essential patent or SEP), then all smartphone manufacturers will need to obtain a licence of the patent to be able to operate, otherwise they will be infringing the standard essential patent. The agreement governing the use of the standard stipulates that the licence will be given on fair, reasonable and non-discriminatory (FRAND) terms. However, a definition of a FRAND term has not been provided and is open to interpretation.

Vringo v ZTE

The first dispute involving a privateer was between Vringo and ZTE. In this case, Vringo was an NPE to whom Nokia had assigned a number of its standard essential patents. Vringo brought an action against ZTE alleging infringement of its standard essential patents. The dispute ultimately centred around what constitutes a FRAND royalty as the validity of the patents was decided at an earlier hearing and as the patents were deemed essential to the standard, infringement of the patent was not in doubt. Many commentators were looking forward to receiving guidance around a FRAND royalty rate.

Vringo's position was that a FRAND royalty rate was 2% on the eNodeB (which communicates with the smartphone). Since the price of the eNodeB is around £120,000, this amounted to a royalty of £2,400-£3,000 per eNodeB. Unsurprisingly, ZTE did not agree with this and said that the royalty rate should be calculated with reference to the smallest saleable compliant part of the product. On this basis, ZTE argued that the royalty rate should be £2.40 per eNodeB – 1,000 times smaller than the rate argued by Vringo.

Unfortunately, in December 2015, a global settlement was signed between both parties. Accordingly, there was no opportunity for the UK Court to comment on what constitutes a FRAND royalty.

Unwired Planet v Huawei and Samsung

This dispute in the UK courts is of great interest to the standards industry as the case will decide issues central to validity and infringement of standards essential patents, the impact of EU competition law and a definition of a FRAND term.

Ericsson transferred a number of patents relating to various standards (including GSM, UMTS and LTE) to Unwired Planet. The terms of that transfer agreement allowed for Ericsson to receive a proportion of the revenue generated from monetising these patents. Unwired Planet brought various actions for infringement including cases against Huawei, Samsung and Google.

The UK judge split the case into five technical trials (where both infringement and validity are heard), followed by a non-technical trial to decide what constitutes a fair, reasonable and non-discriminatory licence and the various competition law issues.

Technical trials

The first technical trial concluded that the first patent was upheld as being valid and, as the patent was essential to the LTE standard, infringed.

The second technical trial concluded that two of the patents were invalid for obviousness.

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IP knowledge site



The third technical trial concluded that a fourth patent was valid and, as the patent was essential to the GSM standard, infringed.

Competition law

The defendants rely on a defence against infringement based on EU competition law. The terms of that claimed defence relate to:

- a. the legitimacy of the transfer of rights from Ericsson to Unwired Planet and specifically that the obligation to licence on FRAND terms had not been transferred;
- b. by dividing the portfolio into two parts (some parts with Ericsson and some with Unwired Planet), this was anti-competitive as unfair higher royalty rates would be earned and competition would be restricted; and
- c. certain terms in the agreement were anti-competitive and infringed Art. 101 of the Treaty of the Functioning of the European Union.

The Court of Appeal has decided that all three competition law defences will be heard at full trial.

If the competition law defence raised by Samsung is successful it is possible that the privateering arrangement between Ericsson and Unwired Planet may render the patents unenforceable. The court's final judgment will obviously shape future commercial decisions as to whether or not to use a privateer arrangement when monetising and enforcing a patent.

We await the outcome of this trial with interest.

Author:
Jonathan Jackson



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IP & Brexit

Unified Patent Court & Brexit UK participation in the UPC post Brexit legally possible

Contact us with your brexit / UPC related questions at brexit@dyoung.com



Following the UK referendum on membership of the European Union, a number of stakeholder organisations in the UK sought advice on the legal obstacles to the UK participating in the Unified Patent Court (UPC) and unitary patent (UP) post Brexit. In the immediate period post the Referendum, a number of commentators and stakeholders had been calling for the UK to ratify the UPC Agreement in any event, while it still remained a member of the EU. Other stakeholders expressed considerable concern at that approach, bearing in mind the uncertainty involved in taking that approach.

CIPA, IPLA and IP Federation

As part of the process of exploring the possible continued participation of the UK in the UP & UPC project, barristers Richard Gordon QC and Tom Pascoe, experts in Constitutional and EU law, were instructed to advise on the issue by the Chartered Institute of Patent Attorneys (CIPA), the Intellectual Property Lawyers Association (IPLA) and the IP Federation.

Their opinion was provided on 12 September 2016, and a link to that opinion is here: <http://dycip.com/cipabrexitupc>.

The opinion states that it is legally and constitutionally possible for the UK to participate in the UPC and UP post Brexit although it notes that a number of steps would be necessary to achieve this, including a new agreement between the UK and the participating EU member states and

amendments to the UPC Agreement. It also notes that there will be political issues to address, which could be significant.

We understand that the opinion has been presented to the UK Government for their consideration. As soon as we hear any more news on this, we will report it.

IP & Brexit FAQ

We are monitoring Brexit developments closely and are providing updates and answers to your IP & Brexit related questions in our dedicated 'IP & Brexit' website pages.

Your 'Brexit' questions or concerns

Please do get in touch with any questions or concerns regarding IP & Brexit by emailing us at brexit@dyoung.com.

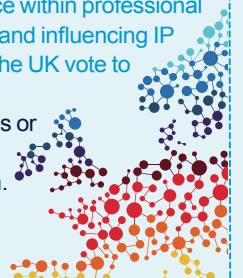
Author:
Richard Willoughby



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Share your questions or concerns with us at brexit@dyoung.com.



The patent box is dead Long live the patent box!

The new patent box scheme received royal assent on 15 September 2016. On 30 June 2016, the patent box scheme was closed to new entrants (although those already in the scheme can continue to make use of it until June 2021). The closure was precipitated by objections from several EU member states that the existing scheme amounted to preferential tax treatment in the absence of rules that sufficiently co-located tax reductions with the activities generating the original income.

In its place we have a new scheme that provides a modified version, in principle effective since 01 July 2016 having obtained royal assent on 15 September 2016 as clause 64 of the Finance Act 2016.

The new scheme is summarised neatly by a flowchart published by the government (see useful link, above right), and in essence updates the old scheme to reflect the new internationally harmonised framework for preferential tax schemes based on the so-called 'Nexus approach'.

The Nexus approach

The key point of this approach is that for a business to gain the benefit of a preferential tax regime in a given state, it should have conducted the substantial activities which generate the income benefiting from that regime within that same state. For the patent box, the agreed approach uses R&D expenditure as an indicator of substantial activity, and links benefits to the requirement to have undertaken the R&D expenditure incurred to develop the IP.

The patent box and R&D

What this means for the new scheme is that it reduces the benefits of the patent box by an 'R&D fraction', which is based on the proportion of research and development incurred by the business (in-house or contracted to 3rd parties) as opposed to that outsourced to related parties (eg, other businesses in a group). Consequently this may require some businesses to restructure their R&D activities to recover similar benefits to those under the old scheme. Similarly, the R&D fraction discounts the

The new patent box scheme received royal assent on 15 September 2016



proportion of research and development represented by any acquired IP. Notably though, transitional provisions will allow income from acquired IP that qualifies under the old scheme to be 'grandfathered' into the new scheme. Originally the cut-off for this was 2 January 2016, but fortunately this was pushed back to 30 June 2016.

Streaming patent box discount calculation

To calculate the discount, the simpler 'standard method' of calculation is no longer available, and so businesses will have to use the 'streaming' approach. The impact of this change is exacerbated by the fact that the length of time for which a rights holder must track and trace R&D expenditure to the IP has been extended from 15 years to 20 years, and is at the patent (or alternatively product or product family) level; meaning in turn that each represents a sub-stream requiring its own R&D fraction, making the process more administratively complex.

Whilst these changes would appear to place a greater administrative burden on

SMEs, the government's argument is that in general SMEs are UK-based with only in-house R&D, making these new rules comparatively simple to implement in practice.

Benefits of the patent box

Finally, although the regulations have been tightened by the above changes, the option to reduce the tax burden on products, services and licences covered by patent rights is still clearly beneficial. With this in mind, we are pleased to note that the basic principles governing what patented products, services and royalties can contribute to income eligible for the scheme remain largely unchanged.

Contact us for further advice

If you wish to investigate whether an existing patent, or a new patent application, could make income from a product or service eligible for the patent box, please feel free to contact Doug Ealey or a member of the D Young & Co patent group.

Author:
Doug Ealey



Unjustified patent infringement threats

Pending patent applications

Notes and case details

1: The threat in *Brain* acknowledged the fact that the rights were from a patent application.

Court: High Court of Justice

Chancery Division Patents Court

Parties: (1) Global Flood Defence Systems Ltd and (2) UK Flood Barriers Ltd (claimants) and (1) Johan Van Den Noort Beheer BV, (2) Johann Heinrich Reindert Van Den Noort and (3) Flood Control International Limited (defendants)

Citation: [2016] EWHC 1851 (Pat)

Date: 26 July 2016

Full decision: <http://dycip.com/ewhc1851pat>

Unjustified threats remain an odd quirk of intellectual property law in the UK for patents, trade marks and designs. The underlying reasoning behind Section 70 Patents Act 1977 (PA '77) is to prevent what amounts to mere 'sabre-rattling' by a patent proprietor against commercial entities and end users who may be unaware of the potentially infringing nature of their goods.

The provision remains to provide a clear link between law and commerce, and also an understanding that proceedings are costly and would be better avoided.

Background

This appeal arose from an Intellectual Property Enterprise Court (IPEC) judgment relating to cases where a threat to sue for infringement is made on the basis of a pending patent application, and in particular concerned the questions:

1. Can a threat for infringing a **patent** on the basis of a **pending application** be justified?
2. If so, when should a trial (where such justification could be considered) be heard?

The defendants made several threats (and it was agreed that these were threats) which made specific references to starting proceedings on the basis of a patent.

Section 70(2A) PA '77 provides that a threat can be justified if the defendant proves that "the acts in respect of which proceedings were threatened constitute or, if done, would constitute an infringement of a patent". Thus, a literal interpretation should lead to a conclusion that a threat based on an application alone must *prima facie* be unjustifiable as there is no patent to infringe.

However, Section 69(1) PA '77 allows patent proprietors to sue retroactively for acts infringing of the claims as published, as long as the acts would also infringe the claims as granted.

The decision

1. The threat can be justified

One previous decision (*Brain v Ingledew*)

Brown Bennison & Garrett [1995] FSR 552) related to this matter, where Jacob J ruled that it was indeed possible to justify a threat based on an application, as Section 69(1) PA '77 effectively gives a contingent right to sue. The claimants in the present case attempted to distinguish from *Brain*, stating that the threat issued by the defendants here referred to **imminent** proceedings for infringement of a **granted patent**¹.

The defendants argued that Section 70(2A) PA '77 did not require that the threat be justified; the wording only required that the acts would constitute infringement of a patent (it was also pointed out the wording did not even require that the same patent was infringed, and that it allowed for justification of a threat if it was found that the acts would infringe a different patent).

Arnold J, while agreeing that the cases can be distinguished, sided with the defendants, stating that an object of the provision was not to examine the manner in which the threat was made, or whether the author was careful enough to consider what rights were being infringed.

He also stated that the court should not be quick to reach a construction which would effectively make entire classes of communications as unlawful under Section 70 PA '77, as this would necessarily limit commercial dialogue and negotiation, which should be preferred with infringement proceedings being saved as a last resort.

2. The judge was right to use his discretion to adjourn the trial

Following *Brain v Ingledew* *Brown Bennison & Garrett* (No. 2) [1997] FSR 271, it was accepted that justification of the threat would rely on the patent being granted at the time of trial; the fact that this might not happen was the risk the threatening party was taking. However, in this case, the date the trial was set for was the first available. The case management conference was to assess the progress of the application (which the defendants had attempted to accelerate the prosecution of at the EPO), and it was heard there that grant should be imminent, and it was hoped it would happen before the trial date.

Arnold J was of the opinion that there was no error in this decision, as the absence of any flexibility in this matter could result in situations where the defendant would not be able to justify the threat even if they would imminently be in a position to do so.

Conclusion

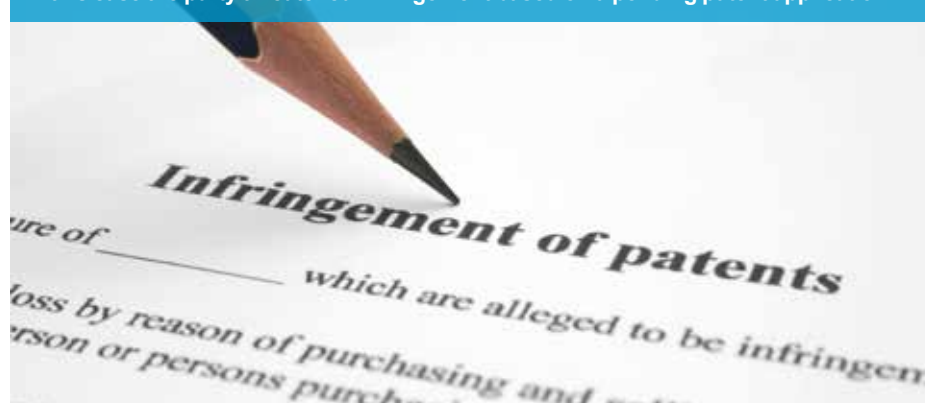
This decision makes it clear that threats made to assert rights under a patent application can be justified by virtue of Section 69(1) PA '77, provided the application is granted by trial. It also suggests that there may be discretion for a stay of proceedings to allow for situations where grant of the patent is imminent, with the implication that this would not happen if grant still looked remote.

Author:

Feng Rao



In this case the party threatened infringement based on a pending patent application



CP6 Convergence Project

Improvements to the quality and legal certainty of EU registered designs

> Useful link

EUIPO guidelines for examination of registered Community designs:
<http://dycip.com/euiporcdguide>

One of the dilemmas when preparing up a registered design application as a first filing is how to depict the design in the application within the constraints and practice of the relevant IP office at which the new application is to be filed.

In Europe, at the EU level when filing a registered Community design (RCD) application at the European Union Intellectual Property Office (EUIPO) or at the national Intellectual Property Office (UKIPO), the substantive law relating to novelty and the like is harmonised, but the practical matters of how to depict the design have varied.

The situation has now improved however, with the conclusion of a European project to provide a recommended set of depiction standards that are being adopted by the EUIPO and the national IP offices.

The project has had the formal name of the “CP6 Convergence Project on Graphic representation of designs” and has been conducted by the European Trademark and Design Network. It issued its common practice document in April 2016, and since then it has been gradually adopted by the EUIPO and the national IP offices including the UKIPO.

The EUIPO incorporated CP6 into its practice for RCD applications by issuing updated Examination Guidelines on 01 August 2016.

The Examination Guidelines provide applicants and their representatives with useful, updated guidance on, in particular, the vexed matter of how to disclaim features in a registered design application.

In an RCD application, it is not possible to use a written statement to disclaim features. The disclaiming must be done visually

in the views (the figures) which illustrate or depict the design in the application.

The visual disclaiming techniques have traditionally included: dashed (broken) lines to depict the excluded features; blurring or colour shading to obscure the excluded features; and the use of a boundary to surround the features for which protection is sought and to indicate that the features outside the boundary are excluded from protection.

These disclaiming techniques are now described in the Examination Guidelines in a manner consistent with CP6, and they have also been given a hierarchy with the preference being stated that...

dashed (broken) lines are to be used wherever possible, and that the other techniques should only be used when dashed (broken) lines cannot be used for technical reasons

...such as that the views depicting the design are rendered or photographic views which, inherently, are not suited to incorporating any dashed (broken) line depiction. In these circumstances, the other techniques of blurring, colour shading and boundaries may be used.

CP6 has also caused the updated Examination Guidelines to make it clear that:

so-called aspect views (a perspective view and the six orthogonal views) should be the starting point when depicting a design.

Some of these aspect views may be omitted if they are not needed for the purpose of clearly illustrating the features for which protection is sought, and alternative views may be included if they are needed to satisfactorily

depict the design. For example, a second perspective view might be needed, such as one showing the product in an alternative configuration (e.g. with some part of the product moved to an open position).

It may be useful to include a magnified view showing part of the product at an enlarged scale, but CP6 requires that the part which is magnified must be visible in at least one of the other views, so that the context of the magnified part can be understood. The same is also required if a sectional view is included.

The discussion of what makes a satisfactory “neutral background” in the views has also been updated in the Examination Guidelines in the light of CP6. For example,

the background colour and the design must not be similar and must not melt or blend partly into one another, as this would mean that it is not clear where the product finishes and the background starts.

Care must also be taken regarding shadows and reflections which interfere with or hide parts of the design of the product.

The overall intention of CP6 as implemented in the updated Examination Guidelines is that it should be clear from the views of the granted Registered Community Design exactly what it is that makes up the protected features of the design, and this should benefit RCD owners by reducing problems when enforcing the RCD as there should be less scope for the alleged infringer to argue about what exactly is the design protected by the RCD.

For further advice regarding your design application, please do contact a member of the D Young & Co designs team: www.dyoung.com/designs.

Author:
Paul Price



UK patent litigation in the light of Brexit

What will the future look like?

In the months since the UK Referendum on membership of the EU there has been much discussion about the impact on IP rights in the UK. Part of this discussion concerns patent litigation, bearing in mind that prior to the Referendum the UK had been a major driver of the UPC/UP project. So what does the future look like for patent litigation in the UK?

Can the UK continue to participate in the UPC?

An immediate response to the Referendum result was to examine whether the UK can stay in the UPC regardless of Brexit. This derives from the fact that the UPC Agreement is not an EU Treaty, even though as currently drafted it is only open to signature by EU Member States. At the same time, there were calls for the UK to ratify the UPC Agreement in any event, to enable the long awaited system to begin, as planned, early in 2017.

As the realisation sinks in that the legal and political position is very complicated, ideas of early UK ratification have faded. Industry organisations such as IPFed have expressed a clear view to the UK Government that without a guarantee of UK participation in the UPC post Brexit, the UK should not ratify the UPC Agreement. Such a guarantee requires legal certainty, which is simply not the case at the moment. It is likely to take some considerable time to assess that, leaving the future of the UPC, and its form, unclear for the time being.

UK patent litigation with or without the UPC

With the UPC at least delayed, and participation by the UK in doubt, focus has shifted to UK national patent litigation. As the second largest economy in the EU and with a highly regarded legal system (including specialist courts), the UK has always been an important forum for patent litigation. This is particularly true for larger value cases in both the pharma and tech sectors, which typically take place in the context of a wider dispute across a number of jurisdictions in Europe and beyond. The UK courts have a well-deserved reputation for thorough and detailed analysis in patent cases, and their decisions are respected and observed outside the UK. This will not change with Brexit, whether the UPC goes ahead or not, with or without the

UK patent litigation in the light of Brexit



UK. Indeed, if the UPC goes ahead without the UK, national UK litigation may be necessary to enforce rights in a major European market, or as a strategic step in a multinational dispute involving the UPC. In that sense, the position is essentially the same as it is now where there may be parallel national litigation.

The importance of keeping costs under control

It is also true however that the UK is perceived to be an expensive jurisdiction, especially when compared to the civil law jurisdictions on the European continent. Historically this perception has been largely correct, at least as regards the 'senior' Patents Court in London. There are various reasons why the UK has been expensive but mostly it derives from the different systems involved. The UK's common law, adversarial system, tends to lead to labour intensive litigation, although arguably with a more thorough analysis and assessment compared to a civil law, inquisitorial systems.

However, this perception is already out of date. For a number of years the UK courts have been striving to reduce costs. There have been streamlined procedures and active case management in the Patents Court for several

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years, which have closed the gap costs-wise with continental litigation in many cases. Increased competition in the legal marketplace, with a greater number and diversity of firms conducting litigation, has also helped to drive down costs. That trend will continue.

In addition, since October 2015 the Patents Court has been participating in shorter and flexible trials schemes. These are aimed at cases with short trial estimates or which are suitable for a flexible approach, where the expensive parts of UK litigation – disclosure (discovery), oral evidence and lengthy trials – are restricted.

The growing and renewed importance of the Intellectual Property Enterprise Court

Perhaps the most significant development in fact happened as long ago as 1990 when the Intellectual Property Enterprise Court (IPEC) was created (known then as the Patents County Court). The IPEC was intended to provide a forum for smaller entities, and therefore had to be inexpensive. After a disappointing beginning, it has become very successful, especially following major reforms in 2010. It is now efficient, effective and popular. Interestingly, the UPC might have negatively affected the IPEC but with focus shifting back to national UK procedures, the IPEC is firmly back in the spotlight.

The procedure in the IPEC is very streamlined, with most of the case in writing and very short trials, making it much less expensive than the Patents Court. Crucially, costs recovery is limited to a maximum of £50k, which significantly reduces the risks for claimants. The principal drawback is a damages limit of £500k but if an injunction is the desired remedy, which it often is, these are available from the IPEC.

Conclusion

The UK will remain an important market regardless of leaving the EU. With the possibility that the UK may not participate in the UPC should it go ahead, it is reassuring that national UK patent litigation will remain high quality as well as offer increasing flexibility and cost efficiency.

Author:
Richard Willoughby



Amendments to the Patents Rules 2007

Changes taking place October 2016 & April 2017

On 02 August 2016 the UK Intellectual Property Office (UKIPO) published the UK Government's response to a consultation seeking views on a number of proposed amendments to the Patents Rules 2007.

The amendments were proposed with the intention to simplify the patent application process, improve the clarity of the legislation and reduce the procedural burden upon applicants.

It is expected that the amendments coming into effect in October 2016 and April 2017 will lead to an increase in the efficiency of the application process, as well as a closer alignment of UK patent law with that of foreign jurisdictions.

In view of the responses received from businesses, patent attorney firms and representative organisations regarding the proposals, the government has decided to implement each of the proposed amendments, with the first group of changes coming into effect on 01 October 2016.

These amendments, and the consequences of their introduction, are discussed below.

Proposal 1 (effective 01 October 2016) Introducing a notification of intention of grant, thereby removing the need for applicants to foreshadow divisional applications.

This is perhaps the most significant of the amendments, as it provides a guaranteed notice period in which a divisional application may be filed. As divisional applications must be filed before grant of the parent application, this amendment addresses the problem of an application granting before the applicant has the chance to file any desired divisional applications.

Previously, it has been the practice to request (when replying to an office action) that grant be delayed to allow an opportunity to file a divisional; however this is not an ideal solution for a number of reasons. For example the applicant may not remember to request a delayed grant, or the request could simply be missed by the examiner who would then proceed with the grant process. In either case, the grant of the patent would need to be rescinded in order to allow the filing of a divisional; this is a cumbersome process that both the applicant and the UKIPO would prefer to avoid.

Having a well defined period in which the applicant has the opportunity to file divisionals before grant simplifies the process and reduces the amount of correspondence that may be necessary between the examiner and the applicant. A notice period of two weeks was initially suggested, but it has been agreed that four weeks or a month is more appropriate upon review of the received responses.

While it is noted that this will result in a delay of the grant of an application, this is not regarded as a major issue as the delay will be a maximum of one month and infringement or the discovery of new, citable prior art documents is unlikely to occur in such a short period.

Proposal 2 (effective 06 April 2017) Prohibiting the use of omnibus claims except where absolutely essential.

Omnibus claims are claims that refer to portions of the specification to define a scope of protection, rather than defining the subject matter directly.

This amendment is not expected to affect a large proportion of applicants; for example, the majority of granted patents in the UK originate from European filings (where omnibus claims are also only allowed where absolutely necessary) and no requests to add omnibus claims to European-originating applications when entering the UK national phase have been received since 2011.

In view of this amendment, omnibus claims will only be allowed where technical

features of an invention cannot be clearly defined by words, mathematical/chemical formulae or any other written means.

Proposal 3 (effective 01 October 2016) Simplifying the period in which reinstatement of a patent application can be requested.

This proposal contained two options for simplifying the reinstatement process; an administrative option and a legislative option.

Reinstatement is a mechanism for the recovering of an application that has been terminated as a result of an unintentional failing to meet a deadline on the part of the applicant. The previous deadline for requesting reinstatement was the earlier of two months from the removal of the cause of non-compliance or 12 months from the date of termination; therefore the applicant may often benefit from a longer reinstatement period under the amended rules.

The proposed administrative option was an update to Patents Form 14 to allow the user to declare the date on which the cause of non-compliance was removed, a date which would be relied upon unless evidence suggests this date is incorrect, while the proposed legislative option was that Rule 32(2) would be amended such that requests for reinstatement must be made within 12 months of termination of the application.

It was decided that the legislative option was the best way to proceed; this was the option that was seen to provide the most clarity and legal certainty for both applicants and third parties. The simplification of the time period for reinstatement is beneficial to third parties, for example as it will be easier to determine when an application has lapsed and the invention may therefore be worked without the risk of a patent for the subject matter later being granted.

Proposal 4 (effective 01 October 2016) Allowing extensions to the period for filing an address for service.

A two month extension may now be requested for filing an address for service if the deadline is missed, an amendment

➤ Useful link

UKIPO guidance note 'Changes to Patents Rules on 01 October and 06 April', published 01 September 2016:
<http://dycip.com/ukipopatentrules>

The amendments to the Patents Rules 2007 should introduce a simplified and streamlined patent application process in the UK



that adds some flexibility to addressing a minor administrative issue and provides a fairer application process for applicants.

Proposal 5 (effective 01 October 2016)
Relaxing the formal requirements for drawings to allow applicants to provide shaded drawings and photographs.

This amendment simply brings the legislation into alignment with current practice; examiners at the UKIPO have commonly accepted these formats so long as they are clear and reproducible for some time now.

Proposal 6 (effective 06 April 2017)
Removing the requirement for patent holders to notify the UKIPO each year of the address they wish to use to receive renewal reminders.

The UKIPO will now continue to use the address currently on record unless notified of a change, removing the need to contact the UKIPO with the address each year even if it does not change.

Proposal 7 (effective 01 October 2016)
Clarifying when applicants can make amendments to international patent applications entering the UK national phase.

This amendment has no substantive procedural effects; a new Rule 66A will be introduced that clarifies when

PCT applications may be amended upon entry to the national phase.

Proposal 8 (effective 01 October 2016)
Clarifying the requirements concerning changes of names and addresses.

This is another amendment that has no substantive procedural effects; Rule 49 will be amended to clarify its meaning without modifying current practice.

Patents Form 20 will also be updated so that the user can specify whether they are correcting an error or updating information in view of a change in circumstances.

Proposal 9 (effective 01 October 2016)
Correcting the drafting of the rule concerning advertising amendments made during infringement and revocation proceedings.

This is an amendment that will bring Rule 75 into line with Section 75(1) of the Patents Act. As a result of this amendment, it is made clear that the UKIPO may exercise their discretion in advertising amendments made to a patent during infringement or revocation proceedings. Guidance will be provided in the Manual of Patent Practice as to which amendments should be advertised; it is anticipated that only amendments so insignificant that no-one could be expected to

want to oppose them will not be advertised.

Proposals 10 & 11 (effective 01 October 2016)
Removing the requirement for triplicate copies of international applications when filed with the UKIPO in its function as a receiving office for PCT applications & removing the requirement for duplicate copies of Patents Form 51.

Each of proposals 10 and 11 are amendments that reflect the nature of electronic filing methods – no longer are multiple physical copies required to be kept by different parties as digital copies are used instead.

Benefits to applicants

These amendments should be welcomed by applicants, as they appear to constitute a clear improvement to the application process in terms of clarity, simplicity and the amount of work required.

The fact that UK legislation will be more closely aligned with foreign jurisdictions is also advantageous to applicants, as this will streamline the application process further when applying for patent protection in multiple regions.

Author:
Ryan Lacey

EU supplementary protection certificates

The question of valid marketing authorisation

Case details

Court: High Court of Justice

Chancery Division Patents Court

Parties: Merck Sharp & Dohme (applicant) and the Comptroller General of Patents, Designs and Trade Marks (respondent)

Citation: [2016] EWHC 1896 (Pat)

Date: 29 July 2016

Full decision: <http://dycip.com/ewhc1896pat>

There are a number of requirements which must be met in order to be granted a supplementary protection certificate (SPC) in a member state of the EU.

One of these requirements is that, in the member state in which the application is made and at the date of that application, a valid marketing authorisation (MA) has been granted for the relevant product (Article 3(b) of the SPC Regulation). There must also be a basic patent still in force in that state which covers the product.

This case concerned the question of what constitutes a 'valid marketing authorisation' under the SPC Regulation.

Refusal by UKIPO in first instance

In the first instance, the UKIPO had refused Merck Sharpe & Dohme's (MSD) application for an SPC on the ground that MSD did not have a valid MA within the meaning of Article 3(b). MSD had contended that they did have a valid MA, and also contended that, if it were held that they did not have a valid MA at the date of the application, this was an irregularity which was capable of being rectified after filing the application, and which was rectified subsequently.

The SPC application in question was filed in respect of MSD's product Atozet. MSD had applied for MAs in a number of member states, including the UK, under the decentralised procedure in which an applicant applies simultaneously to the national competent authorities (NCAs) in multiple member states, with one state nominated as the reference member state (RMS). Upon agreement of the RMS and each of the other NCAs that the documents are approved, the RMS records the agreement and closes the procedure. The applicant then receives an end of procedure (EoP) notice, and each of the NCAs then have 30 days from this notice to grant the MA in that country.

MSD were the owner of the basic patent covering their product Atozet. The basic patent expired on 13 September 2014. MSD filed applications for MAs in a number of member states, designating

The SPC application concerned Merck Sharpe & Dohme's product Atozet



Germany as the RMS, in early 2014.

The application for the SPC was filed on 12 September 2014, the day before expiry of the basic patent. At that time, MSD did not have a granted UK MA for Atozet. However, they had received an EoP notice from the German NCA. MSD contended that the effect of the EoP was that all affected member states, including the UK, had agreed to grant MAs for Atozet, and that each member state would now carry out the formal step of granting the MA.

The UKIPO did not agree, and refused the application.

The MA was granted in the UK on 10 October 2014, and MSD subsequently filed a copy of the MA at the UKIPO asserting that the submission of such documentation rectified any irregularities in the application. However, the UKIPO disagreed, noting that the fact that MSD had not had a valid MA at the time of filing the application was not an irregularity that could be rectified post-filing.

Decision of the UK court

Upon appeal, the UK court agreed with the UKIPO and held that the application did not comply with the requirement of Article 3(b). A number of reasons were provided for this decision, including that an EoP Notice has no legal effect – it remained for each member state to actually grant an MA – and that, since a product cannot be placed on the market until the MA was granted, it is the grant of the MA which is the key event. Indeed, the SPC Regulation

repeatedly refers to the grant of an MA, and makes no reference to an EoP notice. The UK court also agreed that the fact that MSD did not have a valid MA at the time of making the SPC application was not an irregularity that could be rectified after filing. The UK court held that, even if MSD were permitted belatedly to submit the MA, this could not cure the impossibility of satisfying a mandatory condition for the grant of an SPC.

Divergent decisions

The UK court noted, however, that MSD's SPC applications for Atozet have given rise to divergent decisions amongst the member states. Applications have been refused in Portugal and Sweden on the same grounds as in the UK. In contrast, applications have been granted in Denmark, Greece, Italy and Luxembourg.

The UK court has therefore referred the following two questions to the CJEU for a preliminary ruling:

1. Is an end of procedure notice issued by the reference member state equivalent to a granted MA for the purposes of Article 3(b) of the SPC Regulation?
2. If the answer to question (1) is no, is the absence of a granted MA at the date of the application for an SPC an irregularity which can be cured once the MA has been granted?

Author:
Sophie Blake



UK design rights

Fee reductions for design applications and renewals

Changes to UK design application and renewal fees came into effect 01 October 2016. The new official fees represent a dramatic reduction in the cost of protecting designs in the UK, and will no doubt be hugely welcome to businesses. In particular, the much cheaper rates for multiple designs will ease the financial burden of protecting whole collections of designs and enable more parts and features of a design to be registered.

Financial benefits of the electronic design registration service

The UKIPO launched its online design application service in September 2015. The introduction of the electronic registration service has brought about cheaper and more efficient administration of registrations when compared with the (still operational) paper-based application process.

Financial savings have been passed on to users, with application fees via the online system set lower than the corresponding fees for paper applications, with particular benefit being offered for applications comprising multiple designs.

Online applications and improved arrangements for multiple design applications compare favourably with the application process for registered Community designs

Registration fees from 01 October 2016

Application	Old fee (paper)	New standard fee (paper)	New electronic fee
Single application	£60 for one design	£60 for one design	£50 for one design
Multiple application	£60 for first and £40 for any subsequent design included in the application	£60 for first and £40 for any subsequent design included in the application	£70 for up to ten designs £20 for up to (and including) ten subsequent designs included in the application
Reduction in application fee for deferred publication	-£20	Removed	Removed

(RCDs) run by the European Union Intellectual Property Office (EUIPO, formerly OHIM).

Single design application savings

Users of the electronic service now pay £50 instead of £60 for a single design. The fee for registering one design in paper format remains unchanged (£60).

Benefits of multiple design applications

Users of the online electronic application service can benefit from significant reductions in application fees. A fee of £70 for multiple applications of up to 10 designs has been introduced, with an additional fee of £20 for every additional 10 designs (eg, 11-20 designs, 21-30 designs).

The UKIPO gives the example of a registration of three or fourteen designs using the paper-based service compared with the online electronic service.

- Paper-based service (3 designs) = £140
- Online electronic service (3 designs) = £70 (£70 cost saving)
- Online electronic service (14 designs) = £90 (£490 cost saving)

Multiple design registration via one application

In the UK, a multiple design application can contain totally unrelated designs. This is in contrast to the EU route using a multiple RCD application, where the EUIPO requires that all of the designs in the multiple application must be in the same class of the Locarno classification. Thus, the UK route is more “applicant friendly” as only one

multiple design application will ever be needed irrespective of the number and nature of the designs that are to be protected. This is however subject to a practical, technical restriction as to how many designs can be contained in a multiple UK application at the present time, and the UKIPO advises applicants to refer to the start page of the application for current limits.

In addition, as reported in our July newsletter, a decrease in design renewal fees has been implemented, with the total cost of maintaining a design for the maximum term of 25 years being significantly reduced.

Renewal fees from 01 October 2016

Relevant period	Old fee	New fee
First renewal (at 5th anniversary)	£130	£70
Second renewal (at 10th anniversary)	£210	£90
Third renewal (at 15th anniversary)	£310	£110
Fourth renewal (at 20th anniversary)	£450	140

Design searching and invalidity savings

In addition to savings outlined above for renewals, applicants will also welcome a reduced fee of £24 (from £25) for a request for a search of the UK designs register. The fee for applications for a declaration of invalidity has also been reduced from £50 to £48.

Author:

Rachel Daniels



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And finally...

Nike v Adidas In brief - knitted footwear war runs on

The Rio Olympics may now be a memory, but over the past few years two sportswear manufacturers have been battling it out in court, with patents being the field of play. Nike and Adidas both released their first knitted running shoe in 2012. Nike released their product, Flyknit, in February 2012 claiming that the production of the shoe's upper was the result of 10 years development. In July 2012, just before the London Olympics, Adidas released their product, the Primeknit, hailing this as "a first-of-its-kind running shoe".

Soon after release of the Primeknit, Nike filed a patent infringement lawsuit in Germany to try and stop Adidas from making and selling the Primeknit in Germany (where of course Adidas is headquartered). In August 2012, the German Court granted Nike's injunction ordering Adidas to halt the sale and production of its knitted footwear. Adidas successfully challenged the validity of the patent and Nike's patent was revoked for not being novel over a technique for knitting uppers developed in the 1940s.

The battle then moved to the US where both parties started selling their respective footwear. In a seemingly pre-emptive move, Adidas challenged the validity of Nike's patent in late 2012 by filing a petition at the US Patent Trial and Appeal Board (PTAB) alleging that one of Nike's patents for the flyknit design was invalid over a technique described in a 1991 patent application. This patent was ultimately held invalid as being obvious over

the technique. The PTAB did not allow Nike to amend the claims to overcome this art.

Nike filed an Appeal against this decision to the US Court of Appeals for the Federal Circuit in 2014 to challenge this decision. The US Court of Appeal remitted the case back to the PTAB after finding that the PTAB did not consider Nike's non-obviousness evidence and should have allowed the motion to amend.

The battles between these two companies continue. In April this year, Adidas filed three additional petitions at the PTAB to try and invalidate three utility patents held by Nike. These three patents protect various aspects of footwear that has a textile upper and methods of manufacturing the textile upper.

With such innovative techniques used in the design and manufacture of footwear, it seems that patents may be a useful tool. Last year, Nike was awarded around 500 US patents last year bringing their total to around 5,010 US patents. This is more patents than some larger traditionally technology companies such as Lockheed Martin and even the Ford Motor Company.

Given this number of patents held by Nike, and the length of time for which this dispute has raged, it seems the PTAB may be kept busy for years to come.

Author:

Jonathan Jackson



Contact details

London
Munich
Southampton

T +44 (0)20 7269 8550
F +44 (0)20 7269 8555

mail@dyoung.com
www.dyoung.com

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Contributors

Partner, Patent Attorney
Editor

Neil Nachshen
njn@dyoung.com
www.dyoung.com/
neilnachshen



Partner, Patent Attorney

Jonathan Jackson
jaj@dyoung.com
www.dyoung.com/
jonathanjackson



Partner, Patent Attorney

Doug Ealey
dre@dyoung.com
www.dyoung.com/
dougaley



Partner, Solicitor

Richard Willoughby
rww@dyoung.com
www.dyoung.com/
richardwilloughby



Associate, Patent Attorney

Paul Price
pp@dyoung.com
www.dyoung.com/
paulprice



Technical Assistant

Sophie Blake
ssb@dyoung.com
www.dyoung.com/
sophieblake



Technical Assistant

Feng Rao
fxr@dyoung.com
www.dyoung.com/
fengrao



Technical Assistant

Ryan Lacey
rjl@dyoung.com
www.dyoung.com/
ryanlacey



Marketing Communications
Manager

Rachel Daniels
rjl@dyoung.com
www.dyoung.com/
racheldaniels

