D YOUNG & CO PATENT NEWSLETTER no.74

December 2019
In this issue:

Plus: late-filed claims at the EPO, Revised EPO Guidelines for Examination in force and your invitation to our 2020 patent webinar programme

Shanks v Unilever
Not "too big to pay"

Invitation
European patent prosecution & litigation webinars Page 12

Editorial

We can enter the New Year having left the uncertainty over whether Brexit will happen and embrace the uncertainty of how it will happen. We will continue to update you on developments as we progress through 2020 and conclude this year with two articles touching on this topic. The leading article in this issue summarizes the conclusion of a long-standing dispute concerning employee inventions and the assessment of "outstanding benefit". The Supreme Court ruling will hopefully provide the clarity for future employees to receive adequate recognition. On behalf of the whole of D Young & Co, I wish you and your families an enjoyable festive season and best wishes for the New Year.

Editor:
Neil Nachshen

Events

21 January 2020
Patent prosecution & litigation webinar programme
Our afternoon programme of three webinars will be presented by European Patent Attorneys Garreth Duncan, Bénédicte Moulin and Catherine Keetch and Solicitor Advocate Antony Craggs.

Topics covered will include SPCs, the amended Rules of Procedure of the Boards of Appeal, UK patent litigation cases Shanks v Unilvever, BDI Holding v Argent, Actavis v ICOS and Unwired Planet v Huawei plus Enlarged Board decisions G1/18, G2/19, G3/19 and G1/19. See page 12 of this newsletter for further information.

www.dyoung.com/news-events/events

Subscriptions

Sign up to receive our patent and trade mark newsletters by post or email, update your mailing preferences or unsubscribe:
subscriptions@dyoung.com

Read online and view previous issues:
www.dyoung.com/newsletters

Our privacy policy is published at:
www.dyoung.com/privacy

Follow us

LinkedIn: **dycip.com/dyclinkedin**
Twitter: **@dyoungip**

Inventor compensation

Shanks v Unilever
Not "too big to pay"

UK law[1] provides that in certain circumstances an inventor is entitled to compensation in respect of an invention which is owned by their employer and for which a patent is granted. Two scenarios are considered:

i. the invention automatically belongs, as-of-right, to the employer (for example, because it arose as a normal part of the employee's role); and

ii. the invention initially belongs to the employee, but is subsequently assigned to the employer.

This case, heard by the UK Supreme Court[2], was brought under provisions for the first scenario. These provisions provide for compensation to be paid to the employee if the benefit arising to the employer is "outstanding", having regard to "among other things … the size and nature of the employer's undertaking"[3].

Professor Shanks was the sole inventor, in 1982, of a technique which became widely used in the field of home blood glucose testing kits, and for which various patents were granted.

> The benefit to Unilever of the patents in question was around £24m, coming from licences and the sale of the patents.

However, Unilever argued that in the context of its turnover and profits, this did not constitute an "outstanding" benefit, and this argument had prevailed at hearings at the UKIPO[4], the English High Court[5] and the English Court of Appeal[6].

Some 13 years after the initial application by Professor Shanks for compensation, the Supreme Court has overturned the decision of the lower tribunals, finding that in fact the benefit was "outstanding", and awarding Professor Shanks a 5% share of the £24m, uplifted to account for inflation since the 1990's when the benefit accrued to Unilever.

Together with the earlier judgments, this provides useful guidance on assessing applications for employee compensation.

The benefits

Although not in dispute by the time the case reached the Supreme Court, assessment of the benefits was a matter of dispute in earlier hearings, and the judgments from these provide useful guidance. The law applicable to this case considered only the benefit arising from the patent, but was amended by the Patents Act 2004 to refer to "the invention or the patent (or the combination of both)".

It was held that the benefit was to be assessed net of directly associated costs – that is, in this case, excluding costs which arose only as a result of the patent. The hearing officer held that costs which would have been incurred whether or not a patent application had been filed could not be deducted. Accordingly, patent application and maintenance fees were deducted, but research and development costs related to the field of the invention were not taken into account, there being no evidence that these activities occurred only because of the patent[7].

Similarly, benefits which are not directly attributable to the patent are not to be taken into account. In this case, this was straightforward: since licensing income was dependent on the existence of the patents, the benefit was equal to the licence fees received, less costs.

It may therefore be helpful for companies to record when decisions to carry out future work (for example, R&D and marketing) result directly from, or are dependent on, a particular invention or patent, in order to facilitate any subsequent assessment of the associated costs and benefits.

The Supreme Court also gave guidance on the effect of tax (holding that it is not to be considered in assessing the benefit) and the time value of money (finding

Related events

Antony Craggs will discuss Shanks v Unlilever during our programme of patent prosecution & litigation webinars on Tuesday 21 January 2020. Please see page 12 of this newsletter for further information and registration details.

Notes

1. *UK Patents Act 1977, sections 40-43.*
2. *[2019] UKSC 45.*
3. *UK Patents Act 1977, section 40(1).*
4. *BL O/259/13.*
5. *[2014] EWHC 1647 (Pat).*
6. *[2017] EWCA Civ 2.*
7. *OL/259/13 at 179-183 and [2014] EWHC 1647 (Pat) at 58.*
8. *[2010] EWCA Civ 1283 at 27-28.*
9. *[2019] UKSC 45 at 79.*
10. *[2019] UKSC 45 at 48.*
11. *[2019] UKSC 45 at 54.*
12. *[2019] UKSC 45 at 51.*

that in assessing the benefit for the purpose of determining compensation, inflation should be taken into account).

"Connected persons" and the paradigm case

Professor Shanks' employer was a company within the Unilever group called Central Resources Ltd. After Central Resources Ltd assigned the rights in the invention to Unilever plc for a nominal sum, Unilever plc filed applications for the patents.

Section 41(2) sets out how to assess the "fair share" (the compensation to be awarded) when there has been an assignment between "connected persons". The Court of Appeal considered that the intended effect of section 41(2) was to map the facts of the case onto a "paradigm" scenario in which the same company was both the employer of the inventor and the recipient of the benefits, and that the actual benefits received by the connected assignee should be taken into account. This applies also for the assessment of the benefits for the purposes of the "outstanding" test in section 40[8]. It is important to note that this does not follow directly from the language of section 41(2).

This provides much-needed clarity and can (as in this case) avoid the need for the assessment of the terms of a hypothetical "arms-length" transfer. Instead, by considering the "paradigm scenario", the actual benefits received by the assignee can form the basis of the assessment.

The commercial facts of the case also led to difficulties in determining what was to be considered "the employer's undertaking", the nature and size of which is required to be taken into account for the purposes of section 40(1). Here, although the group received the licence fees, the Supreme Court held that it was wrong to consider the group to be "the employer's undertaking"[9].

In assessing whether the threshold ("outstanding") test was satisfied, the Supreme Court held[10] that in this case, it was necessary to consider how the benefit of the patents to the **group** compared with the benefits derived by

Professor Shanks was the sole inventor of a technique used in blood glucose testing kits

the **group** from other patents arising from the work of the **subsidiary** (Central Resources Ltd). This reflected both the commercial reality (that the benefit accrued to the group) and the requirements of the law to consider the employer (Central Resources Ltd in this case).

On the facts of this case, Unilever had achieved a very high rate of return at a very low risk, and for little effort, from the Shanks patents. In fact, all but one of the licensees had approached Unilever to request a licence. Other Unilever patents were exploited through product manufacture, which required high expenditure and generated much lower relative returns. The Shanks patents thus "stood out" from other patents.

The Supreme Court was highly sceptical of a simple comparison of the benefit to the overall turnover or profits of a group, Lord Kitchin writing "I find it hard to see how a failure materially to affect the [overall turnover/profit of the business] could, in and of itself, justify a finding that the benefit of a patent has not been outstanding"[11].

Instead, the Supreme Court held that the benefit was indeed outstanding based on a comparison of the benefit from the Shanks patents with benefits resulting from other patents for Central Resources Ltd inventions.

Conclusion

Corporate structures seldom correspond to the "paradigm scenario" considered by the Court of Appeal, and the present case illustrates the challenges in scenarios where the benefit accrues to a legal entity which is not the inventor's employer, but is somehow connected. Nevertheless, the UK courts and the UKIPO will now be less afraid to seize this particular challenge to arrive at a pragmatic outcome.

The Supreme Court has firmly dismissed as inappropriate a simple comparison of patent benefits against overall company financial figures, endorsing a broader assessment which may include factors such as the risk and rate of return associated with the patent and the employee's duties[12]. This judgment thus removes a significant hurdle for employees claiming compensation in similar circumstances.

Author:
David Hole

Advocate General points the specific way Supplementary protection certificates

Related events

Garreth Duncan will be speaking about these cases during our programme of patent prosecution & litigation webinars on Tuesday 21 January 2020. Please see page 12 of this newsletter for further information and registration details.

In this article we consider three important supplementary protection certificate (SPC) cases before the Court of Justice of the European Union (CJEU): C-650/17, C-114/18 and C-239/19.

C-650/17 and C-114/18 – Advocate General points the specific way

The Advocate General's (AG) opinion has issued on two cases before the CJEU regarding SPCs. While not binding on the full court, if followed it may make it more difficult for applicants to obtain SPCs based on certain basic patents in the EU.

Article 3(a) of the SPC Regulation requires that, to be entitled to an SPC, the product must be "protected" by a basic patent in force. However, since the CJEU issued its decision in Medeva (C-322/10) in 2011, there has been considerable uncertainty in Europe about precisely what is required for this criterion to be fulfilled, over and above the product simply falling within the claims of the patent.

In 2018, the CJEU provided a little more clarity on this issue in its decision in Teva (C-121/17). In that case, relating to a combination drug, the CJEU ruled that Article 3(a) was met if (1) the combination of actives necessarily, in the light of the description and drawings of that patent, fall under the invention covered by the patent, and (2) each of those active ingredients must be "specifically identifiable", in the light of all the information disclosed by the patent.

However, what the CJEU meant by this two-part test was still unclear: in addition, it was uncertain whether the test applied to an authorized product which was a single active ingredient.

> In particular, did part (2) of the test mean that the authorized product must be specifically disclosed in the patent, or would it be sufficient that the product fall under a functional claim or Markush claim?

Both of these issues were at stake in the above joined cases, both of which related to SPCs for single actives. In both cases, it was common ground that the product covered by the SPC was not specifically disclosed in the patent, but was not developed until after the filing date of the patent. However, both parties agreed in each case that the product fell under the functional definition in the claim (C-650/17) or a Markush claim (C-114/18).

C-650/17, C-114/18 and C-239/19

The AG confirmed that, in his view, the Teva test should apply both to combination medicinal products and those consisting of a single active. He also opined that Article 3(a) does not, in principle, prevent SPCs from being granted for actives based on basic patents having functional definitions or Markush claims, provided the Teva test is met.

However, the AG considered that part (1) of the Teva test was not met by a product if at the filing date of the basic patent, the claims in a patent in relation to that product are not required for the solution of the technical problem disclosed by the patent. Although the AG did not elaborate on what was meant by the claims being "not required" it appears that this is something different from the "core inventive advance" test adopted by previous case law, which the AG opined as "of no relevance" in assessing whether Article 3(a) is met.

Of greater concern is the AG's consideration of part (2) of the Teva test. The AG opined this was not met if, in the light of all the information contained in a patent, a product or constituent element of the product remains unknown to a person skilled in the art on the basis of the prior art at the filing date of the patent. The "remains unknown" test, if followed by the full court, may preclude an active ingredient from SPC protection if the basic patent does not specifically disclose that active, but it is only disclosed after the filing date. This would make it much more difficult for applicants to obtain SPCs on any patent which does not disclose the specific active ingredient.

We will report the full decision as soon as the CJEU issues it and advise in more detail on how it may affect SPC applicants.

C-239/19 – CJEU ducks issue of "third party" SPCs

In spring 2019, we reported that the UK Patents Court had referred a question to the CJEU regarding the grant of SPCs to a party which does not have the consent of the marketing authorisation (MA) holder – so-called "third party SPCs", see https://dycip.com/thirdparty-spc.

Regrettably, the CJEU has ruled the referral inadmissible. The CJEU considered the question referred "hypothetical" and not necessary to decide upon the dispute in the referred case. The CJEU also considered the UK's planned departure from the EU irrelevant in deciding whether to accept the referral.

This is a disappointing outcome for all in the pharmaceutical industry, as it will mean for now that the uncertainty will continue on whether "third party" SPCs are allowable. However, it is likely that the issue will be raised again in other cases where it is material to the outcome of the case, and that the CJEU will finally consider the issue in full.

Author:
Garreth Duncan

No deal Brexit
Changes to UK patent & SPC law

Related articles

For more information regarding post-Brexit practice in patents and SPCs, as well as other intellectual property rights, please refer to our online guide: https://dycip.com/post-brexit-ip

Our latest UPC and UP update is featured on page 06 of this newsletter.

If the UK leaves the EU without a deal, the Patents (Amendment) (EU Exit) Regulations 2019 will enter into force on the UK's day of exit. This legislation allows the majority of EU law relating to patents and supplementary protection certificates (SPCs) to be retained in the UK.

Importantly, the UK will remain a contracting state of the European Patent Convention (EPC), because this treaty is separate from the EU. Therefore, following Brexit, there will be no change to the way UK and European patents can be filed and prosecuted, or to the rights obtained after grant of a patent. Accordingly, UK patent protection will continue to be available via the European Patent Office (EPO) and the UK Intellectual Property Office (IPO). Similarly, European patent attorneys based in the UK, such as the D Young & Co patent team, will still be able to represent clients before the EPO.

However, in the event of a no deal Brexit, there will be some changes to patent and SPC law in the UK. Updated guidance regarding these changes has recently been published by the UK Government . Notable updates and changes that are likely to impact patent and SPC practice in the UK are summarised below.

SPC manufacturing and stockpiling waiver

A new SPC manufacturing and stockpiling waiver regulation entered into force in the EU on 01 July 2019, to encourage the competitiveness of generic and biosimilar manufacturers. The regulation provides an SPC infringement exemption for (i) manufacturing for export outside of the EU; and (ii) stockpiling in the final six months of the SPC term, for entry to the EU market immediately after SPC expiry. The waiver regulation entered into force after the Patents (Amendment) (EU Exit) Regulations 2019 were prepared. However, legislation will be passed through Parliament to retain this waiver in the UK after Brexit, subject to potential fixes to confirm it is working properly.

Security for costs

For proceedings before the UKIPO, an order for security for costs may be granted against certain parties when there is reason to believe that they would be unable to pay costs if ordered to do so. Currently, such an order cannot be made against a European Economic Area (EEA) resident. However, in the event of a no deal Brexit, any person resident outside the UK may be subject to an order for security for costs for proceedings before the UKIPO.

Paediatric extensions

The maximum term of an SPC is usually five years from expiry of the basic patent. However, this may be extended by six months for medicinal products for which agreed paediatric studies have been carried out. The existing EU legislation requires evidence of marketing authorisations covering the product across the EEA for a paediatric extension to be granted, and existing extensions can be challenged on this basis. This requirement will still apply to paediatric extensions that are pending or granted when the UK leaves the EU. However, even in the event of a no deal Brexit, such evidence will not be required for new UK paediatric extension applications: it will be sufficient to show that the product is authorised in the UK.

Orphan medicines

Existing EU legislation aims to provide incentives for developing treatments for severe diseases that affect no more than five in 10,000 people in the EU (so-called "orphan medicinal products") in the form of 10-year market exclusivity. This will be replicated in the UK national legislation when the UK leaves the EU, and the term of protection (ten years from the date of the marketing authorisation) will remain the same – but this will be calculated from the first marketing authorisation in the UK or EEA, whichever occurs first. When the UK leaves the EU, the Medicines and Healthcare Products Regulatory Agency (MHRA) will review applications for UK orphan designation, and will apply some UK-specific criteria, including limited prevalence of the disease and a lack of satisfactory alternatives to the medicine in the UK. Such applications will be examined in parallel to the corresponding UK marketing authorisation applications.

CJEU judgments

In the event of a no deal Brexit, existing judgments of the Court of Justice of the European Union (CJEU) will continue to apply. CJEU judgments issued after the UK leaves the EU will not be binding, but may be taken into account. Also, the UK courts will no longer be able to refer questions to the CJEU regarding interpretation of SPC legislation.

Unified Patent Court

If the Unified Patent Court (UPC) comes into force, it will hear cases relating to European patents and SPCs, and unitary patents (UPs). In the event that the UPC comes into force and the UK needs to withdraw from the UPC and the unitary patent, UK and EU businesses will be able to use the UPC and unitary patents to protect inventions in the EU. Accordingly, UK businesses will also be open to litigation within the UPC based on their actions in the EU. However, UK and EU businesses would not be able to use the UPC and unitary patents to protect inventions in the UK. Instead, they must use national rights obtained via the UKIPO or the EPO.

Author:
Laura Jennings

G1/19
Comments by the President of the EPO

In our previous issue, we discussed the G/19 referral on simulation inventions to the Enlarged Board of Appeal at the European Patent Office[1]. As discussed in the article, G/19 is of potentially huge significance in the field of computer-implemented inventions due to the potential effect on clarifying the boundary between excluded and non-excluded inventions. That this field is extremely "hot" right now is demonstrated by the large number of *amicus curia* briefs submitted in respect of this referral, at last count over 20.

While some level of third party amicus curiae interest is common for referrals in front of the Enlarged Board of Appeal, for the present referral we have the unique situation of additionally having "Comments" direct from the President of the EPO.

Background

By way of background, the application in question concerns the modelling of "pedestrian behaviour" through a simulated environment. Crucially, the claims did not contain either direct "input" from a real-world environment/building or "output" to the real-world, for example, using the modelling to inform a design of an environment/building.

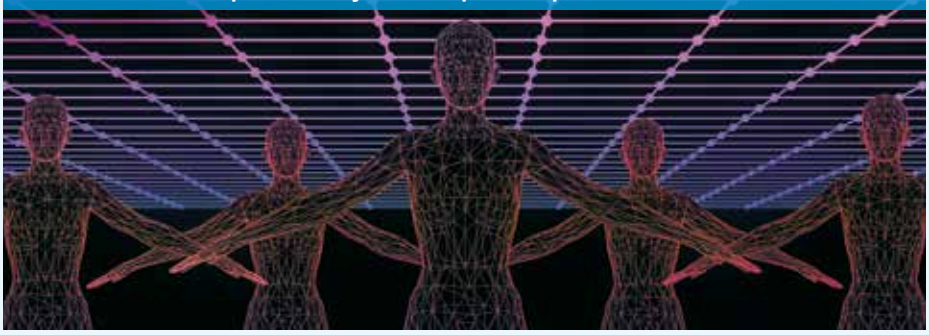
In the decision of the first instance Technical Board of Appeal (T489/14), the Technical Board of Appeal found that: "a technical effect requires …a direct link with physical reality, such as a change in or measurement of a physical entity."

Accordingly, the Technical Board of Appeal found that modelling pedestrian behaviour through a simulated environment, as it had no link with physical reality, was non-technical and hence excluded from patentability. The Technical Board of Appeal did, however, acknowledge that there was a divergence in the case law and for that reason referred three questions to the Enlarged Board of Appeal which form the basis of G1/19.

Question 1

In the assessment of inventive step, can the computer-implemented simulation of a technical system or process solve a technical problem by producing a technical effect which goes beyond the simulation's implementation on a computer, if the computer-implemented simulation is claimed as such?

G1/19 concerns the patentability of a computer-implemented simulation



In answering this question, the President began by immediately criticising the "direct link with physical reality" finding, noting that the EPO Examination Guidelines are littered with examples of inventions which have previously been found to be technical despite having no obvious link to physical reality. Examples occur in the fields of computer graphics, speech synthesis and cryptography.

The President went on to confirm that, in his assessment, the standard problem and solution approach coupled with the COMVIK[2] guidance on how to tackle mixed technical/non-technical inventions is the appropriate approach to answering the referral questions.

In applying this approach, the President noted that a crucial factor is whether the design of the claimed invention "requires the technical knowledge of a person skilled in the technical field". The President considered that it was unfair to allow technical knowledge to be included in the requirements specification provided to the notional skilled person, as this would prevent technical aspects from supporting an inventive step under the COMVIK guidance

The President went on to comment that simulations which reflect technical principles underlying the simulation actually provide an approximate imitation of the simulated operation, irrespective of any direct input or output, and hence gives information about the technical properties of the simulated system.

As such, the President concluded that the first question could be answered as follows: "a computer-implemented simulation of a technical system or process claimed as such solves a technical problem by producing a technical effect going beyond the computer-implementation when it reflects, at least in part, technical principles underlying the simulated system or process."

Question 2

If the answer to the first question is yes, what are the relevant criteria for assessing whether a computer-implemented simulation claimed as such solves a technical problem? In particular, is it a sufficient condition that the simulation is based, at least in part, on technical principles underlying the simulated system or process?

In the comments, the President states that he considers this question largely answered by his detailed discussion of question 1. In brief, however, the President summarises his stance on question 2 as: "A sufficient condition for a computer implemented simulation of a technical system or process claimed as such to solve a technical problem going beyond the simulation's implementation on a computer is that the simulation method reflects, at least in part, technical principles underlying the simulated system or process."

Unified Patent Court & unitary patent
End of year update

Question 3
What are the answers to the first and second questions if the computer-implemented simulation is claimed as part of a design process, in particular for verifying a design?

Finally, in respect of the third question, the President merely states that "In view of the answers proposed in these comments to the first and second questions, the third question does not appear to require a separate answer."

Conclusion
It is very encouraging to see the EPO President taking an active role in helping to ensure that the Enlarged Board of Appeal comes to a well-reasoned decision in such an important area. Regarding the President's motivation for taking such an active role it is interesting to note that over the last year Andrei Iancu, the Director of the USPTO, has produced some detailed guidance for US patent examiners on subject matter eligibility which may have acted as a source of inspiration and recognition that this is an important topic on both sides of the Atlantic.

The Enlarged Board of Appeal is presently considering the appeal but we are hopeful that they will reach their final decision in early 2020.

Author:
Anton Baker

Notes
1. See "G1/19: Enlarged Board of Appeal to consider the patentablity of computer-implemented inventions " by Simon Davies, 24 October 2019: https://dycip.com/g1-19-eba-cii.

2. The COMVIK approach was first introduced in the landmark decision T 0641/00. Only the features in the patent claim which contribute to the solution of a technical problem are taken into account in the inventive step assessment, whereas the non-technical features are ignored.

After months of silence on the Unified Patent Court (UPC) and unitary patent (UP), we have seen some interesting news and developments in recent weeks.

European Parliament UPC & UP analysis
First, on 05 November, the European Parliament issued an in-depth analysis on the possible scenarios for the future of the UPC and UP in the event that the UK leaves the EU with or without a withdrawal agreement. In particular, this analysis tried to clarify the question of how Brexit may affect the entry into force of the UPC Agreement (UPCA) including what amendments to the agreement would be required in order for the system to continue without the UK, and whether the UK could in fact remain a part of the system even after leaving the EU. The cautious conclusion of the analysis is that:

> "it seems not *per se* legally impossible that the UK can stay within the UPCA, even when not an EU member state".

This conclusion seems to align with the UK's ratification of the UPCA on 26 April 2018 in that there is a political will to remain part of the system. In addition, there is a general feeling in the profession that the attraction of the UPC and UP may be negatively impacted by the UK not being part of it.

Currently the only legal step preventing the UPC and UP from coming into effect is the ratification of the UPCA by Germany, and this is being held up by the constitutional challenge lodged on 31 March 2017 (discussed further below). Both France and the UK have ratified, along with 14 other EU member states.

Consequently if the constitutional challenge is dismissed and Germany ratifies before the UK leaves the EU, there is a possibility that the UPC and UP would come into effect before Brexit. In view of the timelines involved, this situation seems, however, unlikely.

More likely is that the UK will leave the EU, and there will then need to be a decision on whether the UPC and UP can come into effect when/if Germany ratifies. The European Parliament analysis explains how the UPCA will need to be amended (and approved by all parties) to remove the mention of one of the UPC Central Divisions being in London, but if the UK voluntarily withdraws from the agreement, it could be possible for the UPC and UP to come into effect because the three remaining member states with the highest number of patents (France, Germany, and The Netherlands) would have ratified.

Regardless of the order and outcome of these significant events – namely Brexit, the German constitutional challenge and German ratification - continued UK involvement in the UPC and UP will depend on political negotiations and acceptance of EU law supremacy and CJEU decisions if the UK remains a part of the system. There would also need to be discussion about the UK's membership to the single market because the UPCA is an instrument for the benefit thereof, and yet the current withdrawal agreement involves the UK leaving the single market (although this of course may change following the UK election and future negotiations of any withdrawal agreement).

The analysis by the European Parliament summarises the position with its comment: "What happens to the agreement is hard to predict". Unfortunately we just have to wait and see.

German constitutional court complaint
The second development relates to the German constitutional challenge. On 20 November 2019, the judge overseeing this challenge denied any rumours that the court has been delaying the decision until the outcome of Brexit is clear. The judge also confirmed that he intends to decide the case in the first quarter of 2020. Given that Brexit is currently scheduled for the end of January 2020, the start of 2020 should be an interesting one for those awaiting more information on the UPC and UP.

Author:
Rachel Bateman

Case details at a glance
Case T-532/18: https://dycip.com/t-532-18

EUIPO appeals
The full facts, evidence and arguments

An invalidity action was filed at the EUIPO against a granted registered Community design (RCD) and the Invalidity Division declared the contested RCD to be invalid based on a prior art design in the form of an earlier RCD which had been published in the year preceding the filing date of the contested RCD.An RCD usually benefits under EU design law from a grace period which excuses disclosures into the public domain of the design in question by the applicant or related parties such as the designer in the twelve months preceding the filing date.

On this basis, the owner of the contested RCD might have hoped that the publication on 22 July 2011 of the earlier RCD would be excused from having prior art effect as the publication occurred in the twelve months preceding the filing date of 29 April 2012 of the contested RCD. However, the earlier RCD had itself been invalidated based on yet-earlier prior art disclosures, originating from the owner of the contested and the earlier RCDs, in the form of designs illustrated in screenshots of washing sponges taken from videos uploaded to a website in January and April 2010.

The Invalidity Division decided that the invalidity of the earlier RCD meant that the contested RCD should not benefit from the twelve-month grace period, and that the contested RCD was invalid in view of the identicalness or very close similarity (lack of novelty or lack of individual character) relative to the washing sponge of the earlier RCD.

The owner of the contested RCD filed an appeal at the EUIPO. In their appeal submissions they referred to the decision that had held the earlier RCD to be invalid, but their appeal submissions did not specifically reference or identify the screenshots of washing sponges taken from videos uploaded to the website in January and April 2010 and which had been relied on in the reasoning of the decision relating to the earlier RCD.

In the appeal relating to the contested RCD, the Board of Appeal decided that the disclosures of January and April 2010 would not be taken into account, and that only the earlier RCD would be taken to be a sufficiently-identified prior art design, but that the earlier RCD was excused by the twelve-month grace period and thus the contested RCD was not rendered invalid by the earlier RCD, and the decision of the Invalidity Division relating to the contested RCD should be reversed.

The earlier RCD
RCD No. 001890492-0001.
Published on 22 July 2011 (having been filed on 13 July 2011).

Owner of the earlier RCD:
REFAN BULGARIA EOOD.

The earlier RCD was depicted with only a single view and it showed (and thus claimed) the red, pink and white colour schemes of the layers.

The contested RCD
RCD No. 001333223-0001.
Filed on 29 April 2012.

Owner of the contested RCD:
REFAN BULGARIA EOOD

The contested RCD was depicted with only a single view and it showed (and thus claimed) the red, pink and white colour schemes of the layers.

The proceedings then moved up to the General Court (GC) of the EU, which maintained the decision of the Board of Appeal. The GC said that the appeal which had been filed at the EUIPO should have stated the complete case that was being relied upon, and should not have attempted to import evidence into the case indirectly by simply referring to the invalidity decision relating to the earlier RCD. In particular, the GC said: "Therefore, it must be concluded that it was for the [invalidity] applicant, not only to identify and reproduce clearly the prior designs [of January and April 2010] which had been used as a basis for the [invalidity decision relating to the earlier RCD], but also to refer to the evidence examined in [that decision]. [The] EUIPO was therefore correct to take into consideration, during the examination of the application for a declaration of invalidity [of the contested RCD], only those designs which were expressly relied on by the [invalidity] applicant. Consequently, the Board of Appeal carried out a proper examination and did not infringe the principles of sound administration and equal treatment." (Case T-532/18; decision issued on 17 September 2019; Aroma Essence Ltd (appellant and applicant in the invalidity action) v European Union Intellectual Property Office (EUIPO).)

The message from the GC therefore emphasises the importance of stating one's complete case when filing an appeal at the EUIPO, and ensuring that the appeal submissions in themselves contain all facts, evidence and arguments that the appellant wishes to rely upon.

Author:
Paul Price

Late-filed claims at the EPO Opposition Division
A new hope

In T0688/16, the Board of Appeal held that new claim requests can be filed during opposition proceedings **if** there is a change of opinion by the Opposition Division during proceedings. The Board of Appeal held that such new claim requests cannot be considered "late-filed".

It is often a frustration experienced during opposition and appeal proceedings to have new claim requests, facts, objections or evidence considered as late-filed and therefore not admitted into proceedings. The EPO is keen to reduce its backlogs and in recent years it has been trying to find ways of streamlining matters[1].

As we previously reported[2], from 01 January 2020 the procedural rules of the Board of Appeal (RPBA) will be amended with the aim of improving the efficiency of the appeal process. In summary, it will become much more challenging to have new claim requests, facts, objections, or evidence admitted into proceedings at the appeal stage which were **not** admitted during the first instance proceedings, unless it is decided that the decision not to admit them was an error or unless the circumstances of the appeal justify their admittance (Article 12(6) RPBA). Further, the new rules state that a Board of Appeal shall **not** remit a case to the department of first instance unless there are special reasons for doing so (Article 11 RPBA).

T0688/16[3] is an appeal directed to the decision by the Opposition Division to revoke the dishwasher patent EP2053959[4] belonging to the manufacturer Meiko.

Following a positive preliminary opinion by the Opposition Division prior to oral proceedings, after oral proceedings the Opposition Division held that: the main request contained added subject-matter; Auxiliary Request 1 lacked novelty and that Auxiliary Requests 2 and 3 **could not be admitted** under Article 114 (2) EPC because they were considered **late-filed** by the Opposition Division. The Opposition Division revoked the patent.

The proprietor appealed the decision and requested maintenance of the patent in a form which corresponded to Auxiliary Request 3. As mentioned above, this request had not been admitted during opposition proceedings.

The Board of Appeal held that the Opposition Division had applied the incorrect law in **not** admitting Auxiliary Request 3 into opposition proceedings. The Board of Appeal admitted the claim request, considered the position on novelty (which the Opposition Division had considered) and then remitted the case to the Opposition Division.

For the following reasons, the Board of Appeal considered that the inadmissibility of Auxiliary Request 3 was not at the discretion of the Opposition Division.

In reaching its conclusion, the Board of Appeal considered Article 114(2) and Rule 116 (2) EPC. Article 114 EPC concerns the discretion the EPO has concerning the examination of facts, evidence and arguments provided parties to a proceeding. In particular part (2) reads: "The European Patent Office **may disregard** facts or evidence which are **not submitted in due time** by the parties concerned."

Rule 116 EPC concerns preparations before Oral Proceedings. Rule 116 EPC reads: "(1) When issuing the summons, the European Patent Office shall draw attention to the points which in its opinion need to be discussed for the purposes of the decision to be taken. At the same time a final date for making written submissions in preparation for the oral proceedings shall be fixed. Rule 132 shall not apply. **New facts and evidence presented after that date need not be considered**, unless admitted on the grounds that the subject of the proceedings has **changed**. (2) If the applicant or patent proprietor **has been notified** of the grounds prejudicing the grant or maintenance of the patent, he may be invited to submit, by the date specified in paragraph 1, second sentence, documents which meet the requirements of the Convention. Paragraph 1, third and fourth sentences, shall apply mutatis mutandis."

The Board of Appeal noted that Article 114(2) EPC refers to the discretion to admit facts or evidence. However, the Board of Appeal held that the **discretion to refuse late-filed requests** is based on Rule 116(2) EPC but that Rule 116(2) EPC can only be applied if the patentee **has been informed** of the reasons preventing the patent from being maintained. The Board of Appeal considered that new facts and evidence will **only** be considered **if** they are **due to change**s in the **facts** underlying the proceedings.

The Board of Appeal held that because there had been **no negative preliminary opinion** from the Opposition Division and the **change of opinion** by the Opposition Division **only occurred at oral proceedings**, the patentee **should be given the opportunity to respond** by filing new requests. The Board of Appeal held that such new requests **cannot be refused admission** on the grounds that they are late filed.

The Board of Appeal went on to consider novelty which had been considered by the Opposition Division. The Board of Appeal held the claims were novel over the cited prior art. The Board of Appeal then remitted the case back to the Opposition Division to consider objections which the Opposition Division had not considered.

Practical points

- For proprietors, if there is a change from the Opposition Division's preliminary opinion then it is worth citing this decision when filing claim requests later on in proceedings before the Opposition Division.
- It will be interesting to see if the Board of Appeal will proceed in a similar manner after the introduction of the amended procedural rules of the Board of Appeal.
- We still strongly recommend filing any claim requests, evidence data or arguments supporting your case as early as possible. Nevertheless it is always worth filing new claim requests, evidence data or arguments supporting your case after summons to oral proceedings especially if there is a change in the facts underlying proceedings.

Notes & related articles

1. *See, for instance, "EPO streamlines patent applications to grant" (https://dycip.com/requirements-filing) and "EPO speeds up opposition proceedings" (dycip.com/opposition-speed-2016).*
2. *See "Reduced flexibility for EPO appellants" (https://dycip.com/patent-streamlined).*
3. *The full text of the decision is not yet available in English, the following is based on a machine translation of the decision: https://dycip.com/t0688-16.*
4. *See https://dycip.com/ep2053959.*

Author:
Stephanie Wroe

European Patent Office
Revised Guidelines for Examination in force 01 November 2019

The revised EPO Guidelines, for Examination provide guidance for examiners and applicants on European patent law and procedure. The revisions clarify, in a number of important areas, how applications should be treated before the EPO. Some of the most notable changes are discussed in this article. Guideline references of the form A-IV, 2 refer to Chapter A, part IV, section 2.

Reasoned objections (C-III, 4.1.1)

An amendment has been made regarding reasoned objections to clarify that when raising patentability objections against an application, the burden of proof lies with the Examining Division. They must provide evidence and facts to support their objection (T 655/13). Prior art documents must be cited so that these conclusions can be checked without difficulty. This change ensures that examiners cannot raise unsubstantiated objections.

Divisional applications (C-IX, 1.1)

The Guidelines as amended clarify that proceedings for grant of a divisional are separate and independent from that of a parent. Adjournment of examination of a divisional application by the EPO of its own motion, or on request, is not possible pending opposition/appeal hearings concerning the parent/other family member. Allowable reasons for a stay or interruption of proceedings are set out in E-VII, 1, to E-VII, 3.

International applications in the regional phase (E-IX)

Further details have been included in the Guidelines regarding the treatment of an international application during the European regional phase and procedures to be completed when entering the European regional phase. These are largely taken from the Articles and Rules of the PCT. This extra information in the Guidelines makes them a useful reference for applicants in particular situations such as restoration of priority or review and rectification of errors by the Receiving Office/International Bureau.

Inclusion of parameters in the claims (F-IV, 4.11)

Further details have been included in the Guidelines regarding the use of parameters/characteristics in the claims. Specifically, the Guidelines state that characteristics in the claims may be specified by parameters related to the physical structure of the product. The parameters must be clearly and reliably determined by objective procedures which are usual in the art. In order to fulfil the requirements of Article 84 EPC for the characterisation of a product by parameters:

- The claims must be clear in themselves when read by the skilled person (not including knowledge derived from the description);
- The method for measuring a parameter (or at least a reference thereto) must appear completely in the claim itself; and
- the skilled person must be able to easily and unambiguously verify whether they are working inside or outside the scope of the claim.

The Guidelines then go on to state that if the description of the method for measuring a parameter is so long that it would obscure the clarity of the claim, then a reference to the description can be included in the claim. Alternatively, if there is only one method of measuring the parameter or all methodologies yield the same result, it does not need to be included in the claim.

Product claims with process features (F-IV, 4.12.1)

The Guidelines as amended now include a section (F-IV, 4.12.1) directed specifically to product claims with process features. This section states that a claim defining a product **and** comprising product features and process features does not contravene Art. 84. The novelty assessment is the same for these claims as product-by-process claims. Specifically, process features establish novelty only if they cause it to have different properties from the products previously described. The burden of proof regarding this lies with the applicant.

Interpretation of means-plus-function features (F-IV, 4.13.2)

The Guidelines as amended now include a section (F-IV, 4.13.2) directed specifically to the interpretation of means-plus-function features. The section states that means-plus-function features ("means for ...") are functional features and therefore do not contravene Article 84 EPC. When considering patentability of these features, any prior art features which are suitable for carrying out the function of a means-plus function feature will anticipate that feature of the claim.

The Guidelines then highlight an exception to this in which the function of the means-plus-function feature is carried out by a computer. In this situation, the means-plus-function features are interpreted as means adapted to carry out the relevant steps/functions, rather than merely means suitable for carrying them out. Thus, in order to anticipate a claim, a prior art document must disclose an apparatus which carries out the claimed steps rather than merely an apparatus suitable for carrying out the steps. This is likely to have an effect on the patentability of computer implemented inventions which are often claimed as methods for carrying out a purpose.

Mathematical methods – technical implementations (G-II, 3.3)

The updates to the Guidelines include an additional comment regarding the technical effect of mathematical methods. If a mathematical method produces a technical effect when applied to a field of technology and/or adapted to a specific technical implementation, the computational efficiency of the steps affecting that established technical effect are taken into account when assessing inventive step. Therefore the efficiency of an algorithm will contribute when assessing inventive step. The EPO therefore seems to be acknowledging the effects that efficient algorithms can make. This may make it easier to argue the patentability of inventions in this field.

Mathematical methods – AI and machine learning (G-II, 3.3.1)

Further comments have been included with respect to AI within the section on mathematical methods. Previously, the expressions "support vector machine", "reasoning engine" or "neural network" were written as referring to abstract models devoid of technical character. The Guidelines now state that these expressions may, depending on the context, merely refer to abstract models or algorithms and thus do

not, on their own, necessarily imply the use of a technical means. The Guidelines then state that this has to be taken into account when examining whether the claimed subject matter has a technical character as a whole. It therefore seems that the EPO are recognising the potential for patentable inventions in this area.

Programs for computers (G-II, 3.6)

As for section (G-II, 3.3), updates have been made to state that if a further technical effect of the computer program has already been established, the computational efficiency of an algorithm affecting the established technical effect contributes to the technical character of the invention and thus to inventive step. An example of this is provided where the design of the algorithm is motivated by technical considerations of the internal functioning of the computer (for example the efficient functioning of the computer). As with the changes to the mathematical methods section, these may make it easier to argue the patentability of inventions in this field.

Plant and animal varieties (G-II, 5.4)

Further information has been included in the Guidelines relating to the patentability of plant and animal varieties. Specifically, the Guidelines state that for living matter to be patentable, it must be reproducible in a way that has exactly the same technical features. Reproducibility can be assured by:

- Deposit of the living matter (this must be publically available and the skilled person must be able to reproduce the invention starting from it).
- Disclosing in the application the gene sequence responsible for the claimed trait and instructions on introducing altered sequence in a target organism.

Additional information has also been included regarding exclusions from patentability. Controlled hybrids with inbred parents are excluded from patentability as they define either a seed or a plant which necessarily belongs to a particular plant grouping within the meaning of plant variety pursuant to Rule 26(4). Plant varieties are excluded under Article 53(b) EPC and this exclusion cannot be avoided by drafting a claim to a large number of varieties. If a claim comprises at least one embodiment which does not constitute a variety, it is allowable under Article 53(b) EPC.

Selection inventions (G-VI, 8)

Previously, in order for a subrange selected from a broader numerical range to be novel, the following three criteria needed to be satisfied:

- the selected sub-range is narrow compared to the known range;
- the selected sub-range is sufficiently far removed from any specific examples disclosed in the prior art and from the end-points of the known range; and
- the selected range is not an arbitrary specimen of the prior art, that is, not a mere embodiment of the prior art, but another invention (purposive selection, new technical teaching).

In the updated Guidelines, the third requirement has been deleted. Thus the test for novelty of sub-ranges has been simplified and has moved away from the previous inventive step-like assessment required due to the third step of the test. Thus it will likely be easier to demonstrate the novelty of the claim with a sub-range. This is likely to have a particular effect on the chemistry and pharmaceutical field.

Inventive step in biotechnology (G-VII, 13)

Additional information has been included regarding the inventive step of biotech inventions. Inventions are considered obvious when results are predictable and when there is a reasonable expectation of success. To render a solution obvious, it is sufficient for the examiner to establish that the skilled person would have followed the teaching of the prior art with a reasonable expectation of success.

The Guidelines also state that "a reasonable expectation of success" is not the same as the "hope to succeed". If researchers are aware when embarking on their research that, in order to reach a technical solution, they will need not only technical skill but also the ability to make the right nontrivial decisions along the way, it is stated that this cannot be regarded as a "reasonable expectation of success". This clarifies the application of the could-would approach.

Deletion of claimed subject matter (H-V, 3)

The old Guidelines defined a three step test for the allowability of amendments by removal or replacement of features. This was as follows:

- the replaced or removed feature was not explained as essential in the originally filed disclosure;
- the skilled person would directly and unambiguously recognise that the feature is not, as such, indispensable for the function of the invention in the light of the technical problem the invention serves to solve; and
- the skilled person would directly and unambiguously recognise that the replacement or removal requires no modification of one or more features to compensate for the change.

The wording "directly and unambiguously" has now been taken out of the third step. Thus, this step now reads "the skilled person would recognise that the replacement or removal requires no modification of one or more features to compensate for the change". It is likely that this will make it easier to make amendments by removal or replacement of features.

The Guidelines have also been updated regarding the deletion of alternatives from more than one list. Under the revised Guidelines this is now allowable only if this does not result in the creation of new technical information that is not directly and unambiguously derivable from the application as originally afiled. Furthermore, if a limitation does not result in the singling out of a particular combination of specific features, but maintains the remaining subject-matter as a generic group which differs from the original group only by its smaller size, it is stated as also usually being allowable. A combination of specific features may be allowable if the application as filed provides a pointer towards that particular combination, for example, by reference to preferred embodiments. These principles also apply to the combination of features resulting from dependent claims.

Author:
Alice Stuart-Grumbar

And finally...

European patent prosecution & litigation webinar programme
Tuesday, 21 January 2020

We are delighted to announce that we will once again be running our January programme of European patent prosecution & litigation webinars. We will provide an update on case law and procedure from an eventful year at the EPO, the Court of Justice of the European Union and the UK courts. This programme of webinars will be of interest to in-house counsel and associates who are involved or interested in European prosecution and litigation. Each webinar will run once on 21 January and then be available on-demand.

Speakers

The three webinars will be presented by IP specialists Garreth Duncan (European Patent Attorney), Antony Craggs (Solicitor Advocate), Bénédicte Moulin (European Patent Attorney) and Catherine Keetch (European Patent Attorney).

2pm GMT: UK patent litigation

- Shanks v Unilever (inventor compensation).
- BDI Holding v Argent; Prosyscor v Netsweeper (patent entitlement).
- Regen Lab v Estar; Eli Lilly v Genentech; Technetix v Teleste (the doctrine of equivalents and potential defences).
- Actavis v ICOS (the application of 'reasonable expectation of success' when assessing obviousness).
- Unwired Planet v Huawei (the English court's jurisdiction to determine the terms of a FRAND licence).

3.30pm GMT: SPCs

- C-650/17 and C-114/18 (Advocate General points the specific way, with an important update from the CJEU expected at the end of December 2019).
- C-239/19 (CJEU ducks issue of "third party" SPCs).

4.30pm GMT: EPO case law and procedure

- The amended Rules of Procedure of The Boards of Appeal.
- Enlarged Board Decision G1/18 (reimbursement appeal fee).
- Enlarged Board Decision G2/19 (third party's right to oral proceedings).
- Enlarged Board referral G3/19 (plants produced by an essentially biological process).
- Enlarged Board referral G1/19 (computer implemented simulations).

To register please visit our website event page:
dycip.com/patent-webinars-2020

Contact details

London
Munich
Southampton

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

mail@dyoung.com
www.dyoung.com

Contributors

Partner, Patent Attorney
Editor
Neil Nachshen
njn@dyoung.com
www.dyoung.com/neilnachshen

Associate, Patent Attorney
Anton Baker
amb@dyoung.com
www.dyoung.com/antonbaker

Partner, Patent Attorney
Rachel Bateman
reb@dyoung.com
www.dyoung.com/rachelbateman

Technical Assistant
David Hole
dph@dyoung.com
www.dyoung.com/davidhole

Associate, Patent Attorney
Paul Price
pp@dyoung.com
www.dyoung.com/paulprice

Technical Assistant
Alice Stuart-Grumbar
asg@dyoung.com
www.dyoung.com/alicestuart-grumbar

Associate, Patent Attorney
Stephanie Wroe
sfw@dyoung.com
www.dyoung.com/stephaniewroe

Our latest Brexit updates, including our most recent 'IP Post Brexit' guide, can be found on our website: www.dyoung.com/knowledgebank/ip-brexit or email brexit@dyoung.com with any specific Brexit questions.