

D YOUNG & CO

PATENT

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G1/19

Enlarged Board of Appeal to consider the patentability of computer-implemented inventions

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Editorial



I am pleased to share the good news that D Young & Co has once again been ranked as a top tier patent and trade mark firm by Chambers UK. This follows recent top tier rankings in both the IP Stars (Managing IP) and The Financial Times surveys. We are grateful to our clients and peers for the time they have taken to participate in the surveys and for your positive feedback.

Editor:
Anthony Albutt



Events



18 October 2019

EGX 2019, London UK

William Burrell will be attending this London-based video games show.

22 October 2019

Eagle Labs IP, Southampton UK

Arun Roy presents an introduction to IP.

24-26 October 2019

AIPLA Annual Meeting, Washington, US

Antony Craggs, Uli Foerstl, Tamara Milton and Catherine Keetch will be attending AIPLA.

28-29 October 2019

Chemistry Means Business, London UK

Catherine Keetch and Garreth Duncan will be participating in this conference.

12 November 2019

European Patent Biotech webinar

The webinar will be presented by Simon O'Brien and Matthew Caines. See page 08 of this newsletter for more details.

28-29 November 2019

EPLAW Conference, Brussels, Belgium

Antony Craggs will be attending the European Patent Lawyers Association Conference.

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Computer-implemented inventions

G1/19 Enlarged Board of Appeal to consider the patentability of computer-implemented inventions

For the first time in the history of the EPO, the Enlarged Board of Appeal (EBA) has been asked for a decision relating to the patentability of computer-implemented inventions (CIIs).

The present case, G1/19, stems from a referral by an EPO Board of Appeal in the case T489/14 and concerns the patentability of a computer-implemented simulation as described in EP 03793825.5, derived from WO2004023347: "MOVEMENT OF AN AUTONOMOUS ENTITY THROUGH AN ENVIRONMENT". The web-site of the PCT applicant refers to the development of "a phenomenological model tuned to reproduce the movement of individuals in public venues hosting large crowds". This topic has been the subject of academic study; for example, the application itself cites "Simulating dynamical features of escape panic" by Dirk Helbing, Illis Farakas and Tamas Vicsek, Nature, volume 407, pages 487 to 490 (2000).

Claim 1 of WO2004023347 recites the following:

1. A method of simulating movement of an autonomous entity through an environment, the method comprising:

*providing a provisional path through a model of the environment from a current location to an intended destination;

*providing a profile for said autonomous entity;

*determining a preferred step towards said intended destination based upon said profile and said provisional path;

*determining a personal space around said autonomous entity;

*determining whether said preferred step is feasible by considering whether obstructions infringe said personal space.

The "autonomous entity" is typically a pedestrian whose planned route (preferred step towards the destination) might, for example, conflict with the path

of another pedestrian so as to infringe the personal space of the former.

This claim was amended during prosecution to specify that the simulation is computer-implemented and by the addition of further details relating to the simulation method. The former amendment is significant in view of the "narrow interpretation" of the subject matter exclusions of Article 52(2) EPC. In particular, it is established EPO practice that if a claim has at least one technical feature (such as a computer implementation), the claim necessarily avoids the exclusions of Article 52(2) EPC.

However, as set out in Duns Licensing (T154/04) and other similar decisions, there is still a requirement for technicality as part of Article 56 EPC (inventive step). In particular, only features which contribute to the solution of a technical problem are to be considered under Article 56 EPC; non-technical features which do not so contribute are disregarded for inventive step (irrespective of how clever or non-obvious such features might be). The rationale behind this approach is that the patent system is intended for innovations in technology, rather than for innovations in non-technical fields such as business methods.

The focus of the referral from T489/14 concerns whether non-technical features contribute to the solution of a technical problem, or whether such features "equivalently ... bring about a technical effect". T489/14 holds that "a technical effect requires ... a direct link with physical reality, such as a change in or measurement of a physical entity". The Board of Appeal is of the opinion that no direct link with physical reality is present in the claimed computer-implemented simulation of WO2004023347, and this conclusion would normally lead to refusal of the application.

However the applicant drew attention to another decision, T1227/05, which relates to a method for simulating 1/f noise as part of the testing of semiconductor devices by a computer-implemented simulation. T1227/05 is something of a landmark case, overturning (or at least distinguishing) an

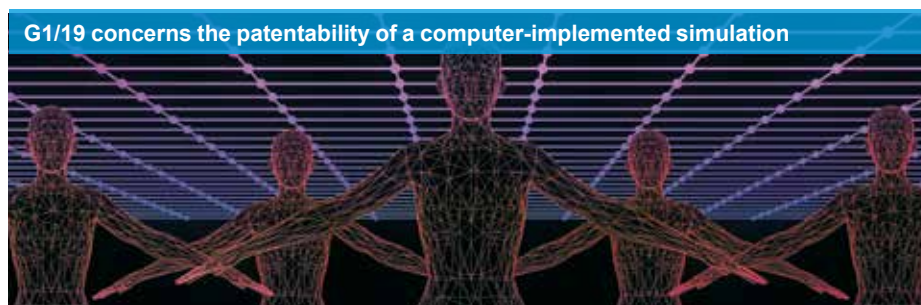
earlier decision, T0453/01 which allowed for computer modelling to be patented providing the claim also included a step of manufacturing a physical product in accordance with the computer model.

T1227/05 departed from this finding of T0453/01 to allow patentability of a computer model providing "it serves a technical purpose". The testing of semiconductor devices with noise was held to be such a technical purpose, and was also held to provide a technical effect. T1227/05 further provides clear policy reasons for this change in approach: "simulation performs technical functions typical of modern engineering work". The approach of T1227/05 has been widely accepted, for example, it has been incorporated into the EPO Guidelines. In addition, similar decisions have been made under national law, such as Halliburton 2011 in the UK and Logikverifikation in Germany.

The Board of Appeal in T489/14 could have reasonably distinguished over T1227/05, for example, by arguing for a difference between the physical nature of a semiconductor device and the subjective behaviour of a pedestrian, or by arguing that the claimed invention in T489/14 is not tied firmly enough to the technical purpose of designing a building (a task which T489/14 acknowledges may be technical). However, T489/14 chooses instead to argue that T1227/05 was, in effect, wrongly decided. In view of this intended departure from T1227/05, the Board of Appeal of T489/14 has therefore referred certain questions to the EBA to resolve the issue.

One suspects that T489/14 is not a 'spur of the moment' action, but rather a more considered step, perhaps after consultation with members of other Boards of Appeal. Certainly, technical effect seems to have played an increasing role over the past few years in appeal decisions relating to computing, and a "direct link with physical reality" would help provide a bright-line test for the presence of technical effect.

On the other hand, there is no clear statutory basis for the position set out in T489/14. Rather, there seems to be a first extrapolation of statute to introduce the requirement for



technical effect, and a second extrapolation of statute to define a technical effect as necessitating a direct link with physical reality. The EBA may perhaps be cautious about departing so far from the specific wording of the European Patent Convention (EPC).

A further concern is that T489/14 fails to set out any policy arguments against the approach of T1227/05 - in sharp contrast to T1227/05 itself, which gives clear policy reasons why it is appropriate to amend the approach of T0453/01. The position of T489/14 may therefore be based primarily on legal theory, compared with the more practical reasoning of T1227/05.

A number of *amicus curiae* briefs have now been filed with respect to G1/19, and these are available on the EPO web-site (<https://www.epo.org/law-practice/case-law-appeals/eba/pending/g1-19.html>). In general, there is widespread support for T1227/05, and little (if any) support for the position of T489/14. Even the President of the EPO has made a submission generally in support of T1227/05 (which, as noted above, reflects current general practice within the EPO).

It is hard to predict the outcome of G1/19. One possibility is for the EBA to agree with T489/14 and in effect overturn the decision of T1227/05. It seems from the *amicus curiae* briefs that such an outcome would not be widely welcomed, and there is also the possibility that national courts might choose not to align with such an approach.

Another option would be for the EBA to accept at least some of the legal position set out in T489/14, but to adopt a broader interpretation of what represents a direct link with physical reality, thereby allowing a

computer-implemented simulation to provide a technical effect. One of the early, seminal EPO decisions on computer-implemented inventions, namely *Vicom* (T208/84), held that images are technical objects, and an image and a simulation might be regarded as two different representations of physical reality.

The EBA might alternatively provide a more fundamental re-think of the approach to computer-implemented inventions. For example, different decisions rely on technical problem, technical solution, technical contribution, technical purpose, technical effect, technical character, technical considerations, etc. Maybe there are too many "technicals", and we should strip back to looking for a solution to a technical problem.

Such a re-think might also consider the amendment of the EPC to incorporate wording from the WTO TRIPS agreement that patents are available for inventions in "all fields of technology". To date, the general EPO feeling is that this amendment merely captures existing practice, and indeed T489/12 dismisses the change "not material". However, it could be plausibly argued that once you have an invention (which is the case for any technical implementation in view of the narrow interpretation of Article 52(2) EPC), such an invention must be eligible for patent protection if it lies in a field of technology, without any other requirements relating to technicality.

The EBA decision is not expected for several months at least. Until then, there will be plenty of speculation, but we will have to wait for the decision itself to be certain.

Author:
Simon Davies



G1/18

Guidance on when appeal fees (and opposition fees!) will be refunded

In view of conflicting decisions concerning the refund of Appeal fees, the Enlarged Board of Appeal considered in G1/18 the distinction between (i) an appeal deemed not to have been filed (and thus the fee is refunded) and (ii) an inadmissible appeal (in which the fee cannot be refunded).

The Enlarged Board concluded that an appeal is deemed **not** to have been filed if the notice of appeal is filed after the two-month limit and/or the appeal fee is paid after the two-month limit. Thus, the appeal fee will be reimbursed.

In a welcome development, the Enlarged Board indicated that this also applies to similar situations such as opposition proceedings.

Background on Appeals

Under EPO practice, decisions from the Examining Division, Opposition Division, Receiving Section and Legal Division can be appealed (Article 106 EPC).

Article 108 EPC concerns the time limit for filing appeals and the form that the appeal takes. It reads:

“Notice of appeal shall be filed, in accordance with the Implementing Regulations, at the European Patent Office within two months of notification of the decision. Notice of appeal shall not be deemed to have been filed until the fee for appeal has been paid. Within four months of notification of the decision, a statement setting out the grounds of appeal shall be filed in accordance with the Implementing Regulations.”

In addition, Rule 101 EPC concerns the rejection of appeals as inadmissible. It reads:

“If the appeal does not comply with ... Article 108... the Board of Appeal shall reject it as inadmissible, unless any deficiency has been remedied before the relevant period under Article 108 has expired”.

At the time of writing, the appeal fee for the majority of appellants is 2,255 Euros. Thus, the refund of the appeal fee is worth having if an appeal has not been correctly requested.

Question referred

The EPO President asked the Enlarged Board of Appeal (the highest judicial authority under the EPC) to determine whether an appeal is to be treated as (i) not filed or (ii) inadmissible in cases of a failure to observe the two-month time limit under Article 108 EPC owing to (a) belated payment of the appeal fee and/or (b) belated filing of notice of appeal; and whether the appeal fee should be reimbursed.

Similar questions had been asked in G1/14 and G2/14. However, both cases were terminated without the Enlarged Board deciding on the question.

Importance of this question

The EPO will only refund fees which are paid without legal basis. Consequently, whether or not the appeal fee should be refunded depends on whether or not the appeal is considered to be legally filed.

If an appeal is deemed **inadmissible** (i.e. it is legally filed) then the appeal fee is **not reimbursed**. However, if an appeal is **deemed not to have been filed** then the appeal fee is **reimbursed**.

Previously different Boards of Appeal had given different decisions on this question. The majority of Boards of Appeal had held that the appeal was deemed not to have been filed and, because no appeal existed, the fee had to be refunded (e.g. T1325/15 and T2406/16).

However, a minority of Boards of Appeal had held that the appeal was inadmissible and thus the appeal fee cannot be reimbursed (e.g. T1897/17). These Boards of Appeal had reached this decision because of Rule 101 EPC.

The Enlarged Board of Appeal's answer¹

The Enlarged Board of Appeal took the view that the consequence in law of a failure to observe the two-month time limit under Article 108 EPC is that the appeal is **deemed not to have been filed**, and not that it is to be rejected as inadmissible; accordingly, the appeal fee

will be reimbursed in such cases. In effect, the Enlarged Board of Appeal has endorsed the majority of the Appeal Boards' view.

The Enlarged Board of Appeal confirmed that the appeal fee will be reimbursed in the following situations:

1. the notice of appeal was filed **within** the two month time limit **BUT** the appeal fee was paid **after** expiry of that two month time limit;
2. the notice of appeal was filed **after** expiry of the two month time limit **AND** the appeal fee was paid **after** expiry of that two month time limit;
3. the appeal fee was paid **within** the two month time limit prescribed in Article 108 **BUT** the notice of appeal was filed **after** expiry of that two month time limit.
4. the appeal fee was paid **within or after** the two month time limit prescribed in Article 108, first sentence, EPC for filing the notice of appeal **AND no notice of appeal** was filed.

Interestingly, the Enlarged Board of Appeal seems to have taken the further view that its answer applies not only to appeals but also, given the similarity of the wording, to similar situations such as opposition proceedings (Article 99(1) EPC)².

Reasoning behind the decision

The Enlarged Board of Appeal gave detailed reasoning explaining how they had reached their conclusions. In essence, the Enlarged Board of Appeal considered that first and second sentences of Article 108 EPC form the first step and, thus both acts need to be performed within the two-month period. Once the existence of an appeal has been established, the second step – namely: admissibility of the appeal – can be considered. This second step is detailed in the third sentence of Article 108 EPC which requires the statement of appeal to be filed within four-months. If this second step is not observed then the

Useful link

Opinion G 1/18 on the distinction between an appeal deemed not to have been filed and an inadmissible appeal, and on the consequences of this:
<https://dycip.com/opinion-g118-july19>

appeal is dismissed as inadmissible in accordance with Rule 101(1) EPC.

Accordingly, Rule 101(1) EPC should only be read as applying to appeals that have been validly filed (i.e. step 1 has been fulfilled).

Author:

Stephanie Wroe



Take home messages

The Enlarged Board of Appeal has endorsed that an appeal is **deemed not to have been filed** if there is a failure to pay the fee and/or file the notice within the two-month time limit set under Article 108 EPC. In such circumstances, the appeal fee will be refunded.

For similar reasoning, the Enlarged Board of Appeal endorsed that the opposition fee will be refunded if there is a failure to pay the fee and/or file the notice (i.e. opposition statement) within the 9-month time limit set under Article 99(1) EPC.

Notes

1. *The full text of the Enlarged Board of Appeal decision is not yet available in English, the following is based on the press release and a machine translation of the decision.*
2. *Article 99(1) EPC reads: "Within nine months of the publication of the mention of the grant of the European patent in the European Patent Bulletin, any person may give notice to the European Patent Office of opposition to that patent, in accordance with the Implementing Regulations. Notice of opposition shall not be deemed to have been filed until the opposition fee has been paid."*

Statements of case (pleadings)

Emtelle v Hexatronic

How much detail is required in patent pleadings?

Traditionally, the statements of case (pleadings) in patent matters before the English Patents Court have been relatively bare. Broadly, in any infringement claim, it was sufficient to identify the patent, infringing product and an act of infringement (for example, manufacture, import or sale). In any revocation action, the grounds of invalidity needed to be asserted (for example, anticipation or obviousness) and the relevant prior art identified. In particular, in both instances, no claim charts were necessary. This contrasted with other jurisdictions, such as Germany, where the pleadings are front-loaded.

This had the advantage of allowing the parties to commence proceedings quickly (potentially at modest cost) and to be flexible enough to tailor their case as the evidence (for example, a product and process description and expert evidence) was developed. It had the disadvantage, however, that in some instances the parties or evidence could be at cross-purposes, necessitating further argument and evidence in due course (potentially at increased cost). It also militated against early settlement of the case.

In 2009, the reformed English Patents County Court (now the Intellectual Property Enterprise Court), a court directed to small to medium sized companies and less complex claims, introduced rules obliging parties to further particularise their statements of case, usually in the form of a claim chart. Whether as a result or by coincidence, a similar practice has developed before the English Patents Court, in the form of Statements of Case on Infringement and Validity.

In *Emtelle v Hexatronic*, the English Patents Court has explored how much detail is required in the supplemental statements. Hexatronic had filed a Statement of Case on Validity which included a claim chart mapping how the prior art anticipated or rendered obvious the integers of the relevant claims of the patents in suit. Where prior art was cited, the relevant section of the document was specified.

While the form and substance of the application was the subject of some debate, ultimately *Emtelle* argued that the Statement of Case was insufficient. In particular, *Emtelle* asserted that, in the circumstances of the case, more was needed

than merely the references by paragraph, page, column and/or line in the document. This was because the items of prior art contained various alternative disclosures. *Emtelle* said it was not clear which particular alternatives, or more significantly, which particular combination or combinations of alternatives, Hexatronic proposed to use as a starting point for an obviousness case. It asserted that this information was necessary in order to be able to instruct an expert as well as conduct any experiments.

The court declined the application. Mr Justice Mann, giving the judgment, reasoned: "I accept that patent litigation is not immune from particularisation at an earlier stage in a case which merits it. I accept that I could order it. I accept that other courts have ordered it, and I accept that in other cases parties have agreed to provide it. If the case is appropriate to have it, and if an appropriate case is made for it, then the court could undoubtedly order it. I should also say that I am sympathetic to the desire to have earlier particularisation of at least certain aspects of patent cases than has traditionally been the case. However, I do not consider that this case, being where it now is, is one in which the particularisation [requested by *Emtelle*] should be provided ...

I do not consider that [*Emtelle*] has made a particularly compelling case about the need to have the material before experiments. [It] has merely floated the possibility of the need for experiments on validity, and has not made a sufficiently positive case to require the sort of deflection from the CMC train of events which would be necessary in order to accede to his application on this basis. Again, if [it] was going to shift [its] position on experiments that required more evidence than [it] actually put in, in this case."

Comment

The judgment acknowledges the ongoing trend for further particularisation in Statements of Case. However, the strong indication here is that the mere principle is not enough and the party requesting further particulars will need to be prepared to show the benefit of them.

Author:

Antony Craggs



Coloplast v Salts Healthcare

Stay of national proceedings pending outcome of opposition

With the parallel systems of patent revocation in Europe (opposition before the European Patent Office (EPO) and revocation/nullity before the national courts), where the opposition runs slower than the national courts, there is a risk that a patent found to be valid and infringed by the national courts is subsequently found to be invalid by the EPO. Ultimately, this risks a defendant being enjoined, delivering up and paying damages in relation to a patent which is deemed never to have existed. Different jurisdictions address this in different ways. In the UK, the court will consider a stay of the national proceedings pending the outcome of the opposition proceedings, applying the criteria in *IPCom v HTC*. This was the situation in a recent case, *Coloplast v Salts Healthcare*.

Background

Here, Coloplast was the owner of European patent (UK) 2,854,723 B1 for a comfort layer around an ostomy bag. Following grant, the patent was opposed at the EPO on 16 April 2018 by a third party, Hollister. A preliminary opinion was given on 18 February 2019, with an oral hearing and decision scheduled for 26 September 2019 (with written reasons to follow), namely within 17 months of issue. Both parties agreed that it was likely that any decision would be appealed to the Board of Appeal, but the time estimates of the length of that appeal varied between the parties from 2021 (if not accelerated) to 2022 and 2024. Further Coloplast argued that there was a risk that following any decision from the Board of Appeal, the issue would be remitted back to the Opposition Division. This is referred to as the “ping-pong” effect. This could extend the proceedings further, potentially up to 2028.

In approximately April 2019, Coloplast commenced national proceedings against Salts Healthcare in relation to the latter’s Confidence BE range. Salts Healthcare denied infringement and counterclaimed for invalidity. It also applied to join the opposition. It was estimated that any first instance decision would be by October 2020 to March 2021, with a decision on appeal by mid-late 2022 to early 2023.

Salts Healthcare sought a stay of the

IPCom v HTC sets out guidance as to when a stay should be exercised



national proceedings pending the outcome of the opposition. While not expressed this way in the judgment, the parties’ positions appeared to be as follows:

- In favour of a stay, Salts Healthcare argued that the validity of the patent could be determined by the EPO by 2021, if not earlier. If held invalid, the cost and time of litigation could be avoided. If held valid (and subsequently infringed), Coloplast could be compensated in damages. Further, such a stay avoided the risk of Salts Healthcare being enjoined and ordered to pay damages and delivery up in relation to an invalid patent if the opposition proceedings did run longer than the national proceedings.
- Against a stay, Coloplast argued that the validity of the patent would not be determined by the EPO until at least 2022-2024, if not later. If held valid, national proceedings would not be determined until 2025/2028. If national proceedings did run shorter than the opposition proceedings, any injunction granted would fall away if the opposition subsequently found the patent invalid. It also

undertook to repay any damages received. This did not, however, address the question of damages suffered by Salts Healthcare for any injunction incorrectly granted.

IPCom v HTC guidance

In *IPCom v HTC* the English Court of Appeal set out guidance as to when a stay should be exercised:

“1. The discretion, which is very wide indeed, should be exercised to achieve the balance of justice between the parties having regard to all the relevant circumstances of the particular case.

2. The discretion is of the Patents Court, not of the Court of Appeal. The Court of Appeal would not be justified in interfering with a first instance decision that accords with legal principle and has been reached by taking into account all the relevant, and only the relevant, circumstances.

3. Although neither the EPC nor the 1977 Act contains express provisions relating to automatic or discretionary stay of proceedings in national courts, they provide the context and condition the exercise of the discretion.

4. It should thus be remembered that the possibility of concurrent proceedings contesting the validity of a patent granted by the EPO is inherent in the system established by the EPC. It should also be remembered that national courts exercise exclusive jurisdiction on infringement issues.

5. If there are no other factors, **a stay of the national proceedings is the default option**. There is no purpose in pursuing two sets of proceedings simply because the Convention allows for it.

6. **It is for the party resisting the grant of the stay to show why it should not be granted**. Ultimately it is a question of where the balance of justice lies.

7. One important factor affecting the exercise of the discretion is the extent to which refusal of a stay will irrevocably deprive a party of any part of the benefit which the concurrent jurisdiction of the EPO and the national court is intended to confer. Thus, if allowing the national court to proceed might allow the patentee to obtain monetary compensation which is not repayable if the patent is subsequently revoked, this would be a weighty factor in favour of the grant of a stay. It may, however, be possible to mitigate the effect of this factor by the offer of suitable undertakings to repay

8. The Patents Court judge is **entitled to refuse a stay of the national proceedings where the evidence is that some commercial certainty would be achieved at a considerably earlier date in the case of the UK proceedings than in the EPO**. It is true that it will not be possible to attain certainty everywhere until the EPO proceedings are finally resolved, but some certainty, sooner rather than later, and somewhere, such as in the UK, rather than nowhere, is, in general, preferable to continuing uncertainty everywhere.

9. It is permissible to take account of the fact that resolution of the national proceedings, whilst not finally resolving everything, may, by deciding some important issues, promote settlement.

10. **An important factor affecting the discretion will be the length of time that it**

will take for the respective proceedings in the national court and in the EPO to reach a conclusion. This is not an independent factor, but needs to be considered in conjunction with the prejudice which any party will suffer from the delay, and lack of certainty, and what the national proceedings can achieve in terms of certainty.

11. The public interest in dispelling the uncertainty surrounding the validity of monopoly rights conferred by the grant of a patent is also a factor to be considered.

12. In weighing the balance it is material to take into account the risk of wasted costs, but this factor will normally be outweighed by commercial factors concerned with early resolution.

13. The hearing of an application for a stay is not to become a mini-trial of the various factors affecting its grant or refusal. The parties' assertions need to be examined critically, but at a relatively high level of generality."

(Emphasis added.)

Decision

Applying these factors, Deputy Judge Stone declined to grant a stay, reasoning as follows:

"In my judgment, the default position of a stay is displaced. In this case, Coloplast has demonstrated that there are other factors which displace the default option:

(a) The refusal of a stay will not irrevocably deprive Salts of a benefit of the concurrent jurisdiction of the EPO and this court - Coloplast has offered to undertake to repay any monetary compensation it receives if the Patent is subsequently revoked (guideline 7);

(b) There is, in my judgment, some commercial certainty that would be achieved at a considerably earlier date in the case of these proceedings (guideline 8). Whilst the parties may not have absolute certainty (or certainty outside the United Kingdom), until the EPO proceedings are finally resolved, it is preferable to obtain certainty at least in the United Kingdom, one of the largest

markets for Coloplast and the largest market for Salts, sooner rather than later;

(c) I have taken into account that the resolution of these proceedings may, by deciding some important issues (including, for example, infringement), promote settlement (guideline 9);

(d) I have considered the length of time that it will take for each set of proceedings, and have concluded that these proceedings are likely to be concluded first. Certainly, if these proceedings are stayed and the EPO does not revoke the Patent, there will be a considerable delay which, in my judgment, causes significant prejudice to Coloplast. Rather, as noted above, I consider that early determination of these proceedings will achieve some certainty for the parties (guideline 10): I do not accept that denying a stay will cause irrevocable harm to Salts;

(e) In this case, there is some public interest in dispelling the uncertainty (guideline 11); and

(f) Whilst there is a risk of wasted costs if no stay is granted and the EPO eventually revokes the Patent, in my judgment, this is outweighed by commercial factors associated with early resolution, as guideline 12 suggests will "normally" be the case."

Comment

While, on its face, a stay of national proceedings is the default position in the UK, the combination of an absolute right of appeal, a minimum of two years to appeal and the potential of the ping pong effect before the EPO means that it is unlikely that a stay will be granted. This gives rise to the risk that a defendant will have to bear legal costs, pay damages, deliver-up and be enjoined in relation to a patent which is deemed never to have existed. Here, Coloplast undertook to repay any damages received and the court intimated that some or all of the remaining issues could be addressed at the form of order hearing after the conclusion of the national proceedings.

Author:
Antony Craggs



Nothing to see here...no, really! Keeping your registered design portfolio away from prying eyes

When it comes to protecting the appearance of a new product, the use of registered designs can often prove an effective means for doing so.

Indeed, at least in respect of the UK and EU design registration systems, it is possible to obtain a design registration in the respective territory in as little as a few days. Normally, the design registration is then fully published at that time in the relevant UK/EU design register, where any interested party can then view the content of the design registration.

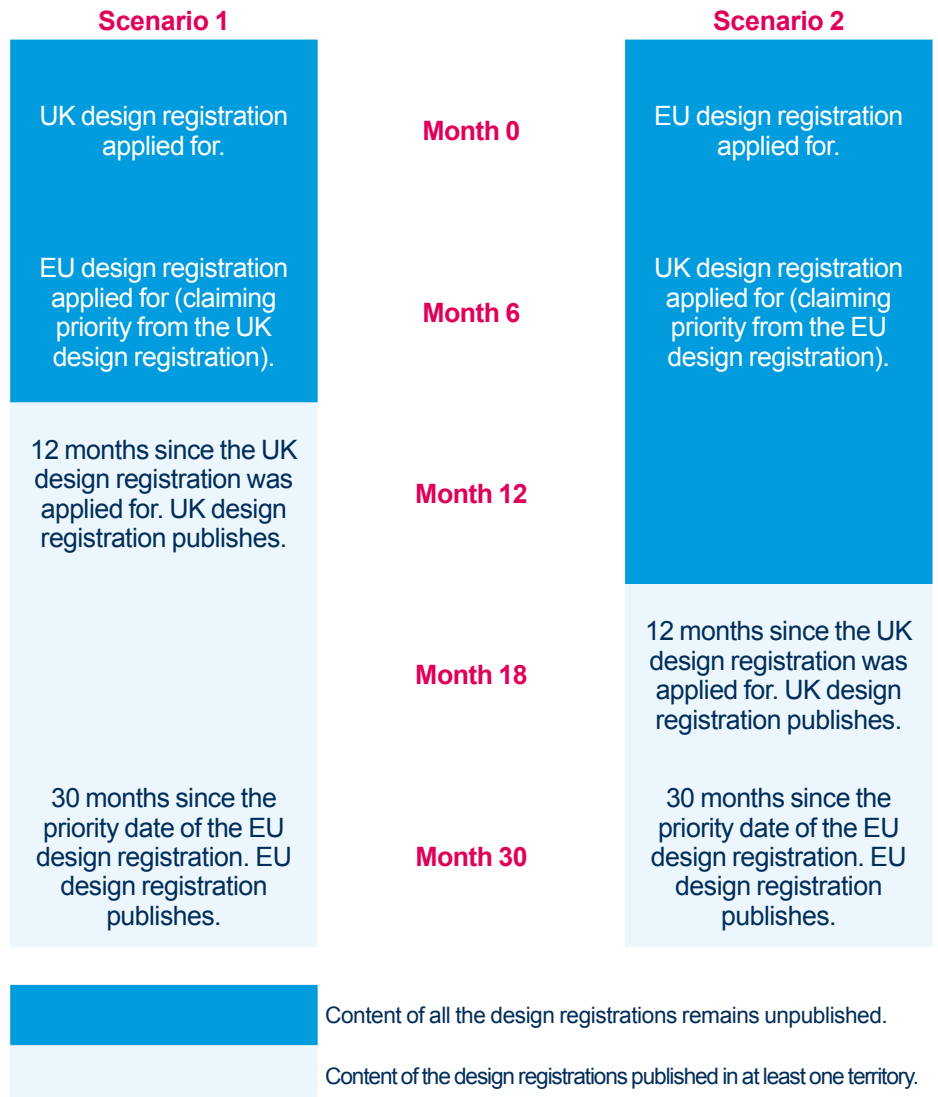
In a number of situations, having the design registration published straight away is acceptable, since third parties are then aware of the content of the design registration, and the fact that this content is protected by the design registration.

However, there are often situations where immediate publication of the content of the design registration may not be desirable, such as when corresponding patent protection is being pursued in respect of the content, or where the content relates to an upcoming product that has yet to be formally publically announced. Conscious of such situations, a number of design registration systems around the world (including those in the UK, Germany, and the EU) allow for the publication of the content of a design registration to be deferred for a specified period of time – often called the “deferment period”.

The length of this deferment period varies between the design registration systems around the world, such that the deferment period in some territories is longer than in others. What this means in practice is that when seeking registered design protection in a number of territories around the world, and where it is necessary to keep the content of these design registrations unpublished for as long as possible, the order in which the design registrations are applied for can make a difference as to the maximum time in which their content can remain unpublished.

For the sake of completeness, when seeking registered design protection in a number of territories around the world, it is possible to apply for a design registration in a first territory, and then validly pursue corresponding design registrations in other territories around the world within six months of applying for the design registration in the first territory. That process is referred to as the later design registrations “claiming priority” from the first design registration, since the later design registrations are then deemed applied for on the date of the first design registration (so called the ‘priority date’ of the design registrations).

Mindful of the possibility for a later filed design registrations to claim priority from an earlier filed design registration, the UK design registration system provides a deferment period of 12 months from when a given UK design registration is applied for, whereas the deferment period in the EU and in Germany is 30 months from the date of the earliest priority date of the design registration that is applied for. That being the case, taking an example where both UK and EU design registrations are applied for, it can be seen that depending on the timing when the two design registrations are applied for, the maximum period of time in which their content can remain unpublished differs:



Quinn Packaging v Linpac Packaging & R Færch Plast

Plastic packaging patents invalid

Thus in the case of scenario 2, the content of the design registrations can be kept unpublished for a total period of 18 months, which is six months longer than the corresponding period from scenario 1.

Author:

William Burrell



In short

In summary, when applying for design registrations in a number of territories around the world, thought should be given to the order in which the design registrations are applied for, so as to maximise, where desirable, the time in which the content of the design registrations can be kept unpublished. This is particularly important to avoid any publication of the content of the design registrations conflicting with other co-pending intellectual property rights, such as corresponding patent applications.

For further information in respect of the above, or for strategic advice in making the most of deferment periods for an upcoming design registration, please do not hesitate to contact one of the attorneys or solicitors in our design team from any of our offices in the UK and Germany.

The IPEC found two patents for plastic food packaging invalid



In *Quinn Packaging v Linpac Packaging & R Færch Plast*, the Intellectual Property Enterprise Court (IPEC) of England & Wales found two patents for plastic food packaging invalid.

The patents related to containers typically used by supermarkets for fruits, vegetables, meat and fish.

The first patent involved the introduction of a flange to the packaging so that polyethylene terephthalate (PET) film could be applied instead of a more costly and environmentally damaging three layer material, both allowing for the preservation of the foodstuff without contamination.

The second patent again proposed the introduction of a flange but instead advocated the application of a multi-layered material (with each layer containing at least 85% amorphous polyethylene terephthalate (APET)).

Quinn cited one piece of prior art, an Australian patent referred to as *Ono*. The court held that there was only one question to answer:

“... would a skilled person who read *Ono* in January 2010 and/or November 2011, knowing of the need for a better sealing solution for plastic food trays, have recognised that *Ono* provided the answer: the idea of creating a flange around the top periphery of the container and putting a suitable adhesive on it?”

Linpac Packaging and R Færch Plast's case was that “... the long felt want proved just how clever the idea of the peripheral flange was in 2010 and 2011 and that *Ono* would have led the skilled person away from it. Quinn argued that the skilled person, fully aware of the gap in the market, would have grasped immediately that *Ono* provided the answer.”

The court found for Quinn Packaging.

Author:

Antony Craggs



Kwikbolt v Airbus

Transfer from IPEC to Patents Court

The English courts offer a two tier solution for the resolution of patent infringement disputes, the Intellectual Property Enterprise Court (IPEC) and the Patents Court.

Broadly, the IPEC is aimed at small to medium sized enterprises (SMEs) and/or non-complex claims, with the Patents Court addressing all other claims.

The principal features of IPEC are its streamlined procedure (including limits on evidence), two day trial, and, if successful, cap on costs recovery (of £50,000) and damages (of £500,000).

There are a number of strategic implications to this, depending on the circumstances.

For patentees who are SMEs, it may mean some costs certainty. The cost of litigation may be lower and the potential exposure to an adverse costs award (if unsuccessful) will be limited to a maximum of £50,000.

For larger companies, the limit on evidence and trial time can be a concern. Further, it may still incur significant costs successfully defending the litigation, but only be able to recover up to £50,000. The limit on damages is also of little solace as it is the injunction which will be of significant cost.

As a result, the SME patentee's choice of the IPEC as the forum for the litigation is often contentious. This is particularly so where the larger company may be incentivised to transfer the litigation to the Patents Court, remove the costs certainty and price the SME out of the litigation. The issue recently arose in *Kwikbolt v Airbus*.

Background

Under UK accounting guidelines, *Kwikbolt* was classified as a micro-entity, with

five employees, a turnover of less than £632,000, and balance sheet total of less than £316,000. By contrast, Airbus was part of the Airbus Group, which had annual revenues of £55.4 billion.

Kwikbolt was the proprietor of GB 2,455,635, which claimed an invention entitled "removable blind fastener", namely a device for fastening one workpiece to another which can be inserted and fixed from just one side of one of the workpieces (rather than a nut and bolt type fastener which requires access to both sides). The single example of their use given in the patent was for applying a skin to an aircraft wing frame.

Airbus used a blind fastener made by a US company called 'Centrix'.

Kwikbolt alleged that the keeping and use by Airbus of the Centrix fasteners infringed the patent. It commenced proceedings in the IPEC. Airbus applied for the claim to be moved to the Patents Court.

Principles

The judge hearing the application, His Honour Judge Hacon, summarised the principles which cover transfer from IPEC as follows:

"... 'When deciding whether to order a transfer of proceedings to or from the Intellectual Property Enterprise Court the court will consider whether –

(1) a party can only afford to bring or defend the claim in the Intellectual Property Enterprise Court; and

(2) the claim is appropriate to be determined by the Intellectual Property Enterprise Court having regard in particular to –

(a) the value of the claim (including the value of an injunction);

(b) the complexity of the issues; and

(c) the estimated length of the trial."

Findings

The court summarised the facts as follows:

- The patent in suit was not complex, with only one independent claim which had twenty-one integers;
- The case for infringement had been pleaded in detail;
- Airbus admitted the relevant alleged infringing acts;
- Airbus admitted that fifteen of the twenty-one integers were present; and
- Airbus' challenge of the validity was confined to lack of novelty and inventive step over three pieces of prior art and common general knowledge as well as a plea of insufficiency.

The court found that such a case could be dealt with within a two day trial, extended to a three day trial if necessary.

In response to Airbus' argument that any judgment awarded would cause significant damage and the claim, therefore, should be transferred, His Honour Judge Hacon held:

"In any event, it seems to me if an injunction would be damaging, it does not follow that this case must be heard in the Patents Court. Exactly the same damage would be caused by an injunction granted in the patents court. As I have already indicated, the effect of an injunction would only be relevant to the issue of transfer if there was a realistic risk that Airbus' ability to argue its defence to the claim for patent infringement would be significantly limited if the case were heard in this court. I have no doubt that it would not."

Conclusion

The court concluded, therefore that the application should be rejected and the claim should remain in the IPEC. In closing, his honour Judge Hacon

Kwikbolt alleged that the keeping and use by Airbus of the Centrix fasteners infringed its patent GB2,455,635



made the following comment:

“There can be no doubt whatever that there is an overwhelming imbalance of resources as between Airbus and Kwikbolt.

Experience also teaches that statements of costs in the Patents Court tend to branch out and blossom marvellously when compared to statements of costs for equivalent proceedings in IPEC. It is not unrealistic to suppose that the costs may increase by some hundreds of thousands of pounds. In fact, this is even part of Mr Ward’s argument. He made a point of asserting that the Patents Court is seen as providing the Rolls Royce of English proceedings, to which Airbus is entitled. Rolls Royces are no doubt reassuringly expensive to run.

A very small enterprise like Kwikbolt is bound to be prejudiced if it has to face the higher costs of the Patents Court.”

Author:
Antony Craggs



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In short

The judgment demonstrates the viability of IPEC as a forum to resolve patent disputes and the judicial commitment to maintaining it as a forum for SMEs to litigate cost effectively.

Case details at a glance

Jurisdiction: England & Wales

Decision level: IPEC

Parties: Kwikbolt Ltd v Airbus Operations

Citation: [2019] EWHC 2450 (IPEC)

Date: 31 July 2019

Related information

England & Wales has two specialist patent courts, the Patents Court and the IPEC. Each has its own procedure and limitations. The former is designed for larger companies with more complex or commercially significant claims; the latter for small to medium sized enterprises, with simpler or smaller value claims. Antony Craggs’ guide to UK Patent Litigation is now available on our website at <https://dycip.com/ukpatlit>.



Our guide to German litigation, written by D Young & Co Rechtsanwalt Uli Foersl, is also available online at <https://dycip.com/depatlit>.

D YOUNG & CO INTELLECTUAL PROPERTY

And finally...

Webinar invitation

European biotech patent case law Tuesday, 12 November 2019



Our regular European biotech patent case law webinars return on Tuesday 12 November at 9am, noon and 5pm GMT with a round up of recent and significant EPO decisions from European Patent Attorneys Simon O'Brien and Matthew Caines.

Speakers

With a MA in Natural Sciences and a PhD in Biological Chemistry and Genetics from the University of Cambridge, Partner Simon O'Brien's patent practice encompasses both biological and chemical subject matter including the fields of molecular biology, biotechnology, biochemistry, food technology and nutrition, plant physiology, diagnostics,

pharmaceuticals and polymer chemistry. Simon is joined by Senior Associate Matthew Caines who has a strong research background with a MChem and DPhil in Chemistry from the University of Oxford. His post doctoral research was carried out at the Medical Research Council Laboratory of Molecular Biology in Cambridge and at the University of British Columbia. His research has been extensively published in peer-reviewed journals.

Registration

You can sign up to attend the webinar at a time convenient to you via our website at <https://dycip.com/webinar-bionov19>.

This is a popular event so we recommend early registration to secure your webinar seat.

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

Anthony Albutt
aja@dyoung.com
www.dyoung.com/anthonyalbutt



Senior Associate, Patent Attorney

William Burrell
wnb@dyoung.com
www.dyoung.com/williamburrell



Partner, Solicitor

Antony Craggs
arc@dyoung.com
www.dyoung.com/antonycraggs



Consultant, Patent Attorney

Simon Davies
srd@dyoung.com
www.dyoung.com/simondavies



Associate, Patent Attorney

Stephanie Wroe
sfw@dyoung.com
www.dyoung.com/stephaniewroe



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