

Welcome to the latest edition of *Mewsnews*, which features highlights of a few of the news items and developments in European and UK intellectual property. If you would like more information on any of the topics covered, or on a specific area of interest, please get in touch with your regular Mewburn Ellis contact.

Community Patent

In the last *Mewsnews* we reported disagreements within the EU over proposals for a Community patent. Unexpectedly, agreement has now been reached on the main problems, namely the language requirements and some jurisdictional issues.

Languages

The current EPO language regime will be retained, with English, French or German being the language of the application procedure.

Before grant, the claims must be translated into the other two of these languages. After grant, translations of the claims into *all* official EU languages must be filed at the EPO. At present there are eleven EU official languages. The present proposal sets the time limit for filing the claims translations at two years from grant.

The draft Regulation proposes that *failure to file claims translations within the time limit will result in the patent being deemed to be void*. A safety net is proposed, whereby conversion back into a normal European patent will be possible at this stage.

Jurisdiction

First instance litigation of Community patents will take place before a Community Patent Court (CPC) consisting of three judges. Appeals will be heard by a specialist chamber of the Court of First Instance of the EU. Both courts will be located in Luxembourg. It is planned that the CPC will be in place by 2010. Any gap between the Community patent coming into force and the setting up of the CPC will be filled by national courts.

Effects of the Agreement

The jurisdictional agreement preserves the concept of a central court for deciding on issues of infringement and validity at the same time. This should lead to a uniform development of case law.

The languages agreement is a political compromise. The translation costs for a Community patent will be less than the cost of validating an equivalent European patent in all states, but may be more than the cost of validating in only a few states. However, the option to take either route will remain.

It appears that the political impetus is now strong enough to finally bring a Community patent into force.

LONDON
York House
23 Kingsway
London UK
WC2B 6HP
tel +44 (0)20 7240 4405
fax +44 (0)20 7240 9339

BRISTOL
No. 1 Redcliff Street
Bristol
BS1 6NP
tel 0117 926 6411
fax 0117 926 5692

CAMBRIDGE
Newnham House
Cambridge Business Park
Cambridge
CB4 0WZ
tel 01223 420383
fax 01223 423792

MANCHESTER
Bridgewater House
Whitworth Street
Manchester
M1 6LT
tel 0161 247 7722
fax 0161 247 7766

NEWCASTLE
41 Grainger Street
Newcastle upon Tyne
NE1 5JE
tel 0191 232 8685
fax 0191 222 0126

European Patent Litigation Agreement (EPLA)

Separately and in parallel to the development of the Community patent, some EPC member states are negotiating an optional agreement, the EPLA, to govern litigation of European patents in their territories. If brought into force, the agreement would allow a single decision of a central court to have effect in each member state party to it.

The driving forces behind the proposals are the potential reduction in the overall cost of litigating a European patent and the need for uniform decisions in different EPC countries where the same patent and infringement are at issue.

The proposed system would have a central court, with its own appeals court, for deciding litigation issues in respect of the states party to the agreement. A panel of judges would hear infringement and validity claims in the same proceedings.

The EPLA is an optional agreement. If a state does not sign up then it can still come into force between the other states. This avoids the common European problem of one state vetoing a proposal agreed by all others.

There are still obstacles to be overcome. In particular, there are disputes over the language regime for litigation. Work is continuing to try to find common ground on these issues.

In some respects, these proposals clash with the proposals for a Community patent system. Indeed, the development of the EPLA may provide the necessary stimulus to bring the Community patent system into force. It is possible that the two systems could co-exist, perhaps even using the same court structures and judges. However, the EU Commission opposes the EPLA, in the belief that the entire EU should be covered by any such agreement.

“Used” Or Simply “Confused”?

Two apparently contrasting views have recently issued from the UK Courts as to whether a defence of “non trade mark use” of a registered mark (i.e. use other than as an indication of the origin of the goods in question) is available to an infringing party.

Firstly, the Court of Appeal in the continuing saga of *Arsenal v Reed* overturned the decision of the first instance. The earlier decision had held that Mr Reed did not infringe because his use of the “Arsenal” marks was not “trade mark use”. The Court of Appeal held that the question which the ECJ had answered, and therefore the judge should have asked, was not whether the use in question was “trade mark use” as such, but whether the use complained of was liable to interfere with the *essential function* of the trade mark - that of a single source of origin for the goods in question. The Court of Appeal concluded that in Mr Reed’s case it did.

However, only a day later, the House of Lords (the highest appeal court in the UK) came to somewhat contrasting conclusions in the case of *R v Johnstone*. The respondent was alleged to have possessed and sold unauthorised recordings of CDs of famous groups such as U2. The CDs featured the groups’ names, which were registered trade marks. The respondent was charged with criminal offences under the Trade Marks Act 1994 (“the Act”), relating to acts commonly known as “counterfeiting”.

The respondent submitted that, to establish an offence, the Crown had to prove civil infringement of the trade mark in question. He then sought to rely upon a defence that use of the groups’ names on the CDs was “descriptive use”, (i.e. merely an indication of the identity of the groups) and not “classic trade mark use” (i.e. an indication of the trade origin of the goods). The judge at first instance ruled against the respondent’s submissions but the

Court of Appeal allowed them. The Crown appealed to the House of Lords.

Having considered the decision of the ECJ in *Arsenal v Reed*, their Lordships found that use “in a trade mark sense” is required for there to be infringement of a mark. Use in an *exclusively* descriptive sense is therefore a potential defence. The appeal was therefore dismissed. However, the case was only concerned with whether or not the defence was available, and did not consider whether Mr Johnstone would have managed to come within the scope of it.

At the moment Mr Reed is petitioning the House of Lords for leave to appeal the decision in his case in view of the apparent inconsistency between the judgements. However, the factual situations are very different, and it seems unlikely that the Lords will take the case, unless they wish to clarify their position.

EU Enlargement

On 1st May 2004 the present countries of the European Union will be joined by Malta, Cyprus, Slovenia, Slovakia, the Czech Republic, Poland, Hungary, Estonia, Latvia and Lithuania (the “new member states”).

Enlargement will affect Community Trade Marks (CTMs) and registered and unregistered Community Designs (CDs). The equivalent Community patent is not yet in existence (see over), and there will be no direct effect on the European patent system as this is not an EU organisation. However, a number of the new member states either have already joined, or will soon join, the EPC.

All CTMs and CDs registered or applied for before 1st May 2004 will be automatically extended to the new

member states without any formalities. Unregistered Community Designs are automatically extended from the same date. However in some cases the extension to a given country may not be enforceable, for example against a third party with prior rights or if a mark is descriptive in the language of that country.

Examination of CTMs and CDs filed on or after 1st May 2004 will take into account absolute grounds arising from new member states. This will probably not have any effect as regards designs but could be significant for trade marks, e.g. if a mark is considered descriptive in Polish.

CTMs filed on or after 1st November 2003 can be opposed on or after 1st May 2004 on the basis of earlier

rights in the new member states. **If you are planning to apply for a CTM, we would recommend that if possible it be submitted by 31st October 2003 so as to avoid possible oppositions arising from prior rights existing in the new member states.**

Until enlargement takes place, the automatic extension of rights to the new member states should not be relied upon for the obtaining or maintaining of rights in those states. Almost certainly it will be less costly and more certain to have applied for, or renewed, a mark or design in the new member states than to have to take action against a third party who applied, in the period up to enlargement, for the same mark or design in those countries.

Disclaimers

Following the Board of Appeal decision in case T323/97 (see issue 4 of this *Mewsnews*), there has been considerable uncertainty about the allowability of disclaimers in the claims of European patent applications. This uncertainty will now hopefully be resolved by the Enlarged Board of Appeal as a result of references in two appeal cases. The EPO has announced that Examination and Opposition proceedings in cases *entirely* dependent on disclaimers will be suspended pending the outcome of these references. We will keep you updated on the progress of these cases.