

mewburn ellis llp's review of recent developments in ip law

It is, perhaps, the nature of laws and lawyers that no sooner has one contentious area apparently been "put to bed", than another arises, often caused by a decision of the same courts/Boards of Appeal that resolved the first issue.

The long-running dispute over the patentability of the "Oncomouse" has finally been resolved, with the EPO Board of Appeal managing (just) to reach a final decision before the patent reached the end of its 20 year term. However, the conclusions on the interpretation and application of the "morality" and "animal variety" exclusions in the EPC are likely to shape future decisions and applications in this area for some time.

Similarly, the decision of the EPO Board of Appeal in T1020/03 sets out a very detailed analysis of the law relating to second medical use claims, and will be welcomed by many in the pharmaceutical industry in that it adopts a broad interpretation of this important provision.

Sadly, when it comes to procedural matters, it appears that the interpretation of the formal requirements for filing applications by the EPO Boards of Appeal is still subject to some confusion. The current "hot topic" is divisional applications, which already have to comply with a number of additional requirements, but some Boards of Appeal appear to feel that even more restrictions should be applied. The questions raised have now been referred to the Enlarged Board of Appeal, so hopefully a consistent picture will emerge.

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The progress (or lack thereof) of the EU Directive on Computer Implemented Inventions has been the subject of much international debate, informed and uninformed, and even more hype. The eventual outcome might be seen as a compromise or an agreement to disagree, with supporters of both "camps" voting against the final proposal, but the reality is that little has changed, and the EPO (and other European patent offices) will continue to operate exactly as they did before.

Some things however, do change, and the second batch of changes to the UK patents law has now been brought in, providing the new possibility of obtaining, relatively quickly and cheaply, a non-binding opinion from the UK Patent Office on the validity or infringement of a UK patent. It remains to be seen whether the demand for this service exists. There have also been changes to the CTM Regulation, in particular to provide an absolute limit of 24 months for the cooling-off period, and to allow divisional applications to be filed.

Finally, it is hardly surprising that a recurring theme in European intellectual property is language. The latest problem stems from different language versions of the Designs Directive setting out different requirements for protection by Unregistered Community Design rights, and has consequences that do not appear to have been intended.

divisions over divisional applications

An applicant for a European patent may decide, during the application procedure, to pursue some of its subject matter in a new application “divided out” of the original application. The new application (a “divisional” application) keeps the filing date of the original application (“parent” application). A divisional application may be filed at any time up to the grant or refusal of the parent application.

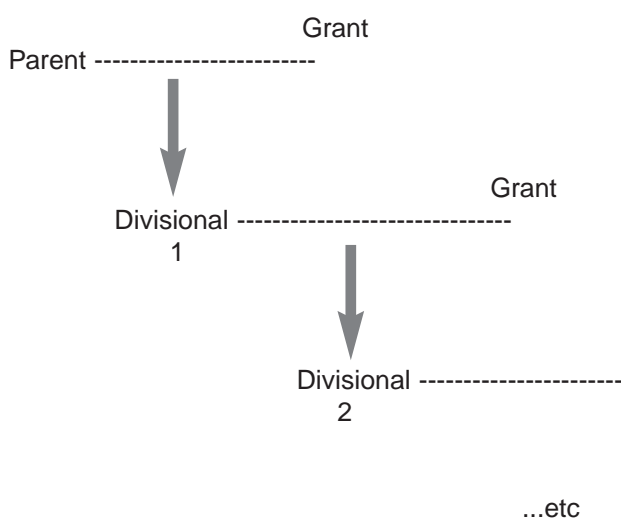
It is possible to file a divisional application from an existing divisional application, so in theory an applicant could keep the subject matter in an application pending indefinitely by filing consecutive divisional applications (sometimes known as “cascading” divisionals). In practice this does not seem to happen, not least because it would be extremely expensive as renewal fees equivalent to all back renewal fees paid on the original application must be paid when filing a divisional.

A divisional application may not contain any subject matter that was not present in the original application (Article 76(1) EPC). The test for this is very strict, akin to that used to determine whether an amendment made to a specification adds subject matter (Article 123(2) EPC). If a divisional application is considered to contain subject matter not present in its parent, it is current EPO practice to require that the applicant removes this subject matter. If the applicant does not do so, the application is deemed invalid and may not proceed.

new developments

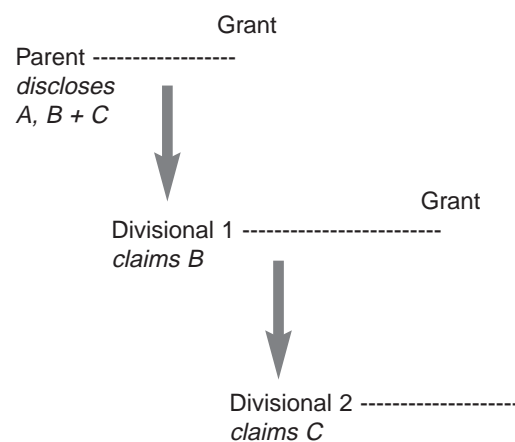
The established practice relating to divisional applications has recently been thrown into uncertainty by a series of EPO Board of Appeal decisions.

“Cascading divisionals”



A decision issued last year, *T797/02*, took issue with the established practice of permitting divisionals of divisionals (i.e. “cascading” divisionals). The Board thought that this practice was not fair on third parties, who would be unsure about the scope of protection that would eventually be obtained - or even sought - by the applicant, right up until the “final” divisional was granted. The Board sought to limit this effect by stating that a “cascading” divisional application may only claim subject matter that was present in the *claims* of the application it was divided out of. This runs contrary to a long line of decisions which held that a divisional application may claim *any* subject matter disclosed *anywhere* in its parent. Furthermore, it makes an artificial distinction between first generation and “cascading” divisionals, a distinction for which there is no basis in the EPC or in case law.

The decision in *T797/02* stated that this would not be possible:



T797/02 was not really taken seriously until earlier this year when another decision which relied on it, *T90/03*, was published. *T90/03* stated that “according to case law, e.g. *T797/02*, the invention ... defined in the *claims* of a divisional application determines the *content* of the divisional application”. This was doubly alarming, firstly because it seemed to give credibility to the “rogue” decision in *T797/02*, and secondly because it extrapolated the conclusion of *T797/02* to apply to *any* divisional application, not just “cascading” divisionals.

divisions over divisional applications (continued)

The saga continued in August of this year with the publication of a further decision, *T39/03*, in which the Board questioned the long-established EPO practice of requesting that an applicant remove from a divisional application any subject matter that was not present in its parent. The Board thought this was unfair to third parties, because the issue of whether subject matter had been added was often not considered for some time. This could mean that a divisional application which contains additional subject matter could be made retrospectively “valid” by amendment long after it was filed.

The Board considered that this problem was particularly grave given the possibility of filing “cascading” divisionals, as this meant that a divisional application could be filed from a divisional application which was in fact invalid.

The Board also thought that the practice of allowing “late amendment” was unfair on third parties because it could permit the applicant to change the invention claimed in the divisional application, even long after the parent was granted.

For these reasons, the Board thought that it would be preferable to refuse outright a divisional application that contained subject matter not present in its parent.

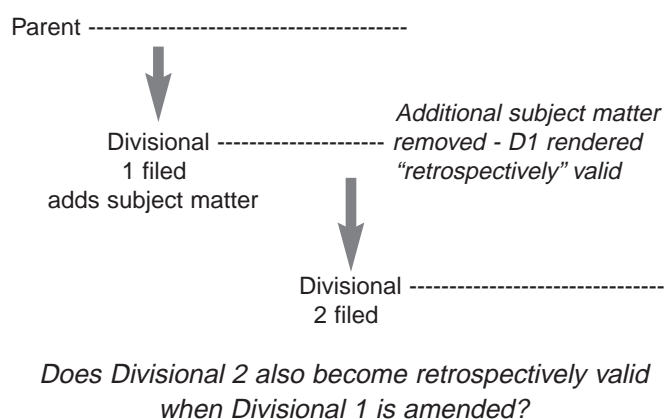
The Board thought these issues were sufficiently serious to be put to the Enlarged Board of Appeal (EBA), which makes decisions on points of law that are considered to be unclear, and in particular where Boards of Appeal give conflicting decisions. The questions the Board put to the EBA were:

- (1) Can a divisional application which does not meet the requirements of Article 76(1) EPC because, at its actual filing date, it extends beyond the content of the earlier application, be amended later in order to make it a valid divisional application?
- (2) If the answer to question (1) is yes, is this still possible when the earlier application is no longer pending?
- (3) If the answer to question (2) is yes, are there any further limitations of substance to this possibility beyond those imposed by Articles 76(1) and 123(2) EPC? Can the

corrected divisional application in particular be directed to aspects of the earlier application not encompassed by those to which the divisional as filed had been directed?

The final question appears to relate to the decision in *T797/02*, as we have written to the President of the EPO about *T797/02* and his reply directed us to the questions referred to the EBA in *T39/03*.

The problem the Board considered in *T39/03*



how does this affect you?

We believe the decision in *T797/02* is wrong and should not be followed. The decision does not appear to be based on the EPC or on case law, but solely on considerations of public policy and certainty for third parties. It is not the job of Boards of Appeal to make law in such a way - this is the job of the Administrative Council of the EPC. The Council has not decided that cascading divisionals are undesirable. Indeed, when preparing EPC 2000 they made explicit that it is possible to file cascading divisionals. Similarly, the Board's concerns in *T39/03* about divisional applications being made retrospectively valid appear to lack any basis in the EPC.

We therefore think that the eventual outcome should be that the current practice of the EPO is maintained. However, until these issues are resolved, we recommend great caution when filing divisional applications. We recommend that when filing a divisional application the same description is used as in the parent and that extreme care is taken not to make changes that could be considered to add subject matter. It would also be prudent to include all the claims of the parent in the divisional. Where this is impractical, for example where this would involve paying heavy claims fees, at least the independent claims of the parent should be included in the divisional application.

CPS

oncomouse only for mice

The “Oncomouse” patent EP0169672, belonging to the President and Fellows of Harvard College, claimed transgenic animals having an activated oncogene sequence inserted in their chromosomal DNA, which pre-disposed them to tumours. The Oncomouse was the first transgenic animal for which a European patent was granted, and has been the test case through which the EPO has developed its interpretation of Article 53 EPC on morality and animal varieties. Following lengthy proceedings at the EPO (see box below), the case has now concluded with the final Board of Appeal decision taken in the final year of the patent's life. Here we summarise the legal principles surrounding patentability of transgenic animals as discussed by the Board of Appeal in the Oncomouse case.

morality

the law

Article 53(a) of the European Patent Convention prohibits patenting of “inventions the publication or exploitation of which would be contrary to ‘ordre public’ or morality”. Article 53(a) EPC is especially relevant to inventions relating to transgenic animals where the nature of the genetic modification is likely to cause suffering to the animal. During examination of the Oncomouse patent application at the EPO, the Board of Appeal in case *T19/90* indicated that the Examining Division should weigh up the suffering of animals and possible risks to the environment on the one hand, and the invention's usefulness to mankind on the other. This “balancing test” was later formalised as Rule 23d(d) EPC, which prohibits

patenting of “processes for modifying the genetic identity of animals which are likely to cause them suffering without any substantial medical benefit to man or animal, and also animals resulting from such processes”.

The Board of Appeal in the final decision *T315/03* emphasised that the balance is between the likelihood of any suffering by animals and substantial benefit to man or animal. Any suffering, however minor, brings Rule 23d(d) EPC into play, and a patent should only extend to those transgenic animals whose suffering is balanced by a substantial medical benefit.

effects on oncomouse patent

During opposition, the Oncomouse patent had been limited to rodents, since the Opposition Division had considered the balance of suffering to be outweighed for “test animals” (normal laboratory animals). Although not all rodents are “test animals”, the Opposition Division considered that accidental generically claimed non-allowable subject matter under Article 53(a) EPC could be tolerated, it being more important that representative categories of the claimed animals were allowable.

The Board of Appeal interpreted the law more strictly, and decided that the claims extending to rodents other than mice were contrary to morality. It noted that suffering would be present in every animal in the order Rodentia, since they were required by claim 1 to have “an increased probability of developing neoplasms”.

timeline of epo proceedings in the oncomouse case

24th June 1985	European patent application no. 85304490.7 filed. <i>Claims to transgenic eukaryotic animals.</i>
3rd October 1990 remitted	Decision on Appeal from refusal of application by the Examining Division. Application for further examination (<i>T19/90</i>).
3rd April 1992	Application allowed by Examining Division, with reasons published as <i>V6/92</i> .
13th May 1992	Patent granted. <i>Claims to transgenic non-human mammalian animals.</i>
16th January 2003	Decision of Opposition Division maintaining patent in amended form. <i>Claims limited to transgenic rodents.</i>
6th July 2004	Decision on Appeal from Opposition Division (<i>T315/03</i>). <i>Claims limited to transgenic mice.</i>

oncomouse only for mice (continued)

The question to be decided was:

- (a) whether there was also a likelihood of substantial medical benefit; and
- (b) whether that benefit was obtained in the case of all the animals that were likely to suffer.

On considering the evidence before it, the Board held that whilst advances in cancer studies offered by the oncomouse were a substantial medical benefit, no substantial medical benefit was likely to be derived from applying the process to rodents other than mice. For instance, there was no evidence that any contribution to cancer studies could be derived from an oncosquirrel, oncobeaver, oncoporcupine, etc. Therefore those animals had to be excluded from the claim scope.



No patent coverage for Oncorats?

The time at which Rule 23d(d) EPC applies is the effective date (filing or priority date) of the application, but later evidence may be taken into account. This is analogous to considerations of enablement, whereby an invention must be enabled at the filing or priority date of the application, but evidence can be produced later to demonstrate that the disclosure in the application was enabling.

Rule 23d(d) EPC does not replace the more general requirement of morality under Article 53(a) EPC, and other relevant factors may be considered when assessing morality. For example, the Board of Appeal considered the possibility of non-animal alternatives for cancer studies, and environmental risks from escape/release of oncomice from laboratories, although none of the evidence presented by the opponents on these points was considered to be persuasive.

animal varieties

Article 53(b) EPC prohibits patenting of “plant or animal varieties or essentially biological processes for the production of plants or animals”. The final Board of Appeal decision *T315/03* followed the logic of previous decision *T19/90* and held that the principle adopted in *G1/98* for plant varieties should be followed in the case of animals. So a patent may not be granted for a single animal variety, but can be granted even if varieties may fall within the scope of its claims. The Board noted that the widest definition of “animal variety” that can be given to the animal exclusion under Article 53(b) EPC is “species”. Since mouse (*Mus*) is a genus, which is a taxonomic category higher than “species”, claims directed to transgenic mice were not considered to be excluded by Article 53(b) EPC.

enablement

Inventions relating to transgenic animals are just like any other inventions insofar as the specification of the patent application must sufficiently disclose the claimed subject matter. The Oncomouse appeal decisions held that the invention was sufficiently disclosed because there were no “serious doubts, substantiated by verifiable facts, that the claimed subject-matter could be reproduced”. This is welcome support for patent applicants or proprietors against examiners or opponents who merely allege, in the absence of reasoning or evidence, that an invention is not sufficiently disclosed.

conclusion

The Board of Appeal decision *T315/03* provides useful guidance on how the relevant legal provisions are interpreted and applied, and is a point of reference for those considering applying for patents in this area.

hmk

medical use claims in the epo

Mewburn Ellis LLP partners Adrian Brasnett and Ian Armitage recently represented clients in a landmark decision of the Board of Appeal relating to medical use claims. The decision, *T1020/03*, has clarified the extent to which medical therapies may be claimed in “second medical use” format under the EPC. The decision runs to nearly 70 pages and contains a detailed analysis of the law in this area. The decision will be welcome to many in the pharmaceutical industry in that it sets out a broad interpretation of the law as to what may be claimed as a new medical use.

background

Under the EPC, claims to methods of medical treatment of a human or animal subject are excluded from patentability (Article 52(4) EPC). The policy behind this exclusion is to prevent patents directly impinging on the freedom of a physician to treat a patient. The exclusion is narrow to the extent that the EPC also allows, under Article 54(5) EPC, claims to substances or compositions for use in such methods. This is the so called “first medical use” provision. Thus pharmaceutical compounds can be claimed for a first medical use even if they were known in the art, provided no medical use had previously been recognized. The law permits a first medical use claim to be stated in broad terms - in particular, it is not necessary to specify any medical indication.

Article 54(5) does not apply to products known for a first method of treatment where a new method of treatment using that product has been invented. In an early landmark decision of the EPO Enlarged Board of Appeal (EBA) Decision, *G5/83*, it was held that the lack of statutory provision for such situations did not signify an intention of the legislators to exclude second or further medical uses from patent protection. The EBA approved the so-called “Swiss form” of claim, which is commonly written as:

“Use of X for the manufacture of a medicament for the treatment of Y.”

In their ruling the Board observed that:

“... the Enlarged Board considers that it is legitimate in principle to allow claims directed to the use of a substance or composition for the manufacture of a medicament for a specified new and inventive therapeutic application, even in a case in which the process of manufacture as such does not differ from known processes using the same active ingredient.”

A key part of this ruling is the reference to “therapeutic application”. This is apparently a broad term, not limited to new disease indications.

Initially, some Boards of Appeal did take a broad interpretation of *G5/83*. More recently, some retreat from this practice appeared to be suggested by the Boards. In *T317/95* one Board discussed what might represent “the possible limits of what could indeed be recognised to be a further medical indication (new therapeutic application) within the meaning of *G5/83*”. In relation to a claim (held unallowable for other reasons) directed to administration of two compounds within five minutes of each other, the Board in *T371/95* questioned whether this was really a “medical indication” which was allowable under the principles of *G5/83*. The *T371/95* Board suggested that the determination of a treatment schedule should be left to the discretion of the physician. A number of other decisions also suggested a rethinking of the more liberal interpretation of *G5/83* by earlier Boards.

the decision under appeal

T1020/03 stems from an appeal from an examining division’s decision to refuse a second medical use claim. The invention claimed relates to the use of the protein IGF-1 for treating chronic diseases, characterized in that the treatment involves repeated cycles of administration of the protein. The claim sets out rules as to the timing of the cycles. Following the reasoning of *T371/95*, the Examining Division held that such a claim went beyond the limits of *G5/83*. It was also held that the claim would impinge upon the right of the physician to determine the precise cycles of treatment in each individual case.

the appeal

The patentee appealed based on a number of arguments. These included:

- The novelty of any medical use claim (whether a first or second medical use) lay in the development of a new means of treating a patient. The subject matter which could be claimed was not that treatment as such, but either the product “for use” in that treatment, or the use of the product for a manufacture of a medicament.
- Earlier decisions of the Boards had confirmed a broad view of what constituted a further medical indication; e.g. in a new route of administration (*T51/93*) or in a new subgroup of subjects (*T19/86*). It was inconsistent to permit these types of further

medical use claims in the epo (continued)

medical indications and refuse the present type.

- If the claims of the application were written as method claims to treating patients with the novel dosing pattern, they would be refused under Article 52(4) EPC. This must mean that the dosing pattern was a method of treatment. Thus, the claim written in a second medical use format had to be acceptable.



the board's decision

The Board's decision is notable not only for the very strong terms in which it endorsed the patentee's appeal, but also in the very blunt criticism of *T371/95* and four other decisions which purported to limit the scope of second medical use claims.

The Board set out a detailed analysis of *G5/83*, pointing out that the decision refers to a "specified" new therapeutic use. The Board concluded that the term "specified" should be interpreted broadly, meaning anything other than the unspecified therapy allowable in the case of a first medical use claim. In criticizing an earlier decision which attempted to lay down guidelines on what might be specified, the present Board stated that this would be "an exercise in futility".

The comments of *T371/95* were also criticized. The Board observed that the comments in *T371/95* that the determination of a treatment schedule is the task for a physician (and thus should not be covered by claims) applied whether a medical use invention was a first or

second use, and was irrelevant when the actual scope of first and second medical use claims were considered. This was because the claims related to the manufacture of the product, not the subsequent use of the product by the physician.

the future (epc 2000)

The non-statutory basis for "Swiss form" claims has long troubled many in the pharmaceutical industry. National courts in the UK and the Netherlands have also criticized this claim format, as noted by the Board in the present case.

In a revision to the EPC, which is expected to come into effect within the next two years, statutory basis for medical use claims for specific novel purposes will be allowed. This will be regardless of whether there are existing medical uses for the product(s) whose use is claimed.

Thus under new Article 54(5) EPC, claims will be permitted to products for any specific use in methods for treatment of the human or animal body. It was also argued by the patentee that the claims under appeal related to a "specific use" of a product which would, once EPC 2000 comes into effect, be allowable under new Article 54(5). The legislative history of EPC 2000 indicates that Article 54(5) is intended to codify, rather than extend, practice under *G5/83*, and so any claim allowable under the new statutory provisions should be allowable now in the "Swiss form".

The Board reviewed the provisions of new Article 54(5) which was held to be even more clearly in support of the present decision. The Board noted that the reference in *G5/83* to a "specified" therapeutic use was clarified further in the new law by reference to a "specific" use. The two terms should be regarded as equivalent.

possible reference to the enlarged board

In reaching its decision, the Board did have the opportunity to refer the question of law to the EBA. The Board declined to do so for both legal and pragmatic reasons. Legally, the Board held that *G5/83*, if properly interpreted, made the views of *T371/95* and other similar cases untenable. As a practical matter, to make a referral in relation to a part of the EPC which is likely to have been revised by the time the EBA would reach a decision appeared to be unattractive to the Board. It thus appears likely that, at least until EPC 2000 comes into effect, the present decision can be taken as a definitive statement of the current law in the second medical use area.

AHB

nanotechnology patents

Over the past few years, nanotechnology has attracted large amounts of scientific and public attention. Although there is undoubtedly a lot of hype surrounding this field of research, advances made recently have been significant and the continued growth of research and funding available in this area indicates that nanotechnology is here to stay. Indeed, the US National Science Foundation estimates that the worldwide market for products utilising nanotechnology will grow to around \$1 trillion by 2015.

The increased research activity in nanotechnology fields has had the knock-on effect of a growth in the number of patent applications filed in this area. The European Patent Office database of patent applications published worldwide (Esp@cenet) shows about a fivefold increase in the number of applications published with the term “nano” somewhere in the title or the abstract between 2000 and 2004, and figures to date for this year indicate no let-up in this trend.

Difficulties arise in this area due to the interdisciplinary nature of nanotechnology which has applications in such diverse areas as materials science, chemistry, physics, biotechnology, and electronics. This is likely to provide problems for all patent offices both in classifying and searching prior art from different technical backgrounds. Additionally, as with any quickly developing technical field, finding examiners with the requisite level of knowledge in the relevant technical areas to perform a thorough examination is likely to prove difficult.

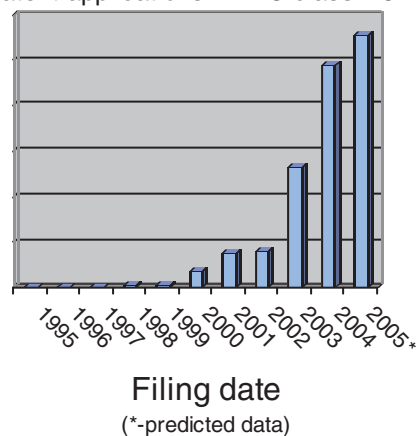
This was recognised in an OECD (Organisation for Economic Co-Operation and Development) report in 2004 entitled “Patents And Innovation: Trends And Policy Challenges” (available from www.oecd.org). This report noted the potential problems of patenting in new areas of research and related the challenges faced in the patenting of nanotechnology and nanoscience to those previously experienced in the pharmaceutical and biotechnology fields. In order to reduce the likelihood of highly relevant prior art being overlooked in the early stages of nanotechnology patenting, the OECD report recommended setting up a database of prior art documents and recommended clarification of the criteria for patentability in relation to nanotechnological inventions.

The classification of prior art in the nanotech arena is likely to provide a further headache for all patent offices. The 7th edition of the International Patent Classification (IPC) index, which is used by many patent offices for searching published patent applications, introduced class B82 relating to

nanotechnology when it came into force on 1 January 2000. However, the present small number of sub-classes (1/00 Nanostructures and 3/00 Manufacture or treatment of nanostructures) and no further sub-divisions within these must make effective searching difficult, especially with the increasing number of published patents in this field. The year-on-year increase in patent applications classified in the B82 class supports the view put forward by many that the number of patent applications in this technical field is increasing rapidly and that, perhaps, the B82 classification is beginning to bite, providing a real prior art resource for patent offices and for innovators.

In a 2005 communication, a European Commission report pledged to support moves towards establishing a nanoscience and nanotechnology patent monitoring system as well as the harmonisation of patent practices in processing patent applications in this field between the EPO, United States Patent and Trademark Office (USPTO) and the Japan Patent Office (JPO).

Patent applications in IPC class B82



In the same report, the Commission calls on EC member states to reach agreement as soon as possible on the adoption of the Community Patent and to take account of the importance of harmonising the processing of nanoscience and nanotechnology patent applications to work towards a more efficient global patenting system.

With the relatively slow pace of examination at the EPO, we are yet to see trends developing in how nanotech inventions are examined. However, in drafting nanotech patent applications, we need some ideas as to any

nanotechnology patents (continued)

special patentability criteria that are likely to be applied to patent applications in this field.

EPO case law seems to suggest that a product can be considered novel solely by virtue of its scale (e.g. *T06/02*). Of course, the important question will then be one of inventive step. One important case (*T70/99*) set out that a mere reduction in size of a product would be considered obvious over prior art disclosing a larger version of the same product in the absence of a technical effect indicating an inventive step. Therefore, in order for a nanoscale product to be inventive over prior art showing a macroscale version of the same product, it will probably be necessary to show a different or surprising effect as a consequence of the reduction in scale. Examples of this may include effects such as improved catalysis due to increased surface area to volume ratio, improved uptake of a drug into the body due to reduced particle size, or, possibly, difficulty in manufacturing the product.

Additionally, EPO examiners are likely to be wary of granting very broad patents in the absence of close prior art. We can expect examiners to apply similar objections to those seen in similar circumstances in biotechnological inventions, namely that broad claims must be supported across their scope by the embodiments in the patent application and that broad claims must also be inventive across their scope.

Overall, the patentability of nanotech inventions at the EPO will likely be determined by the nature of the technical effects provided by the invention compared to the prior art and by the perceived scope of the claims in comparison to the supporting disclosure of the specific embodiments.

SRB

unregistered community designs - does the first disclosure have to occur in the eu?

Unregistered Community Designs were brought into existence by the Community Design Regulation on 6 March 2002. They provide protection against copying of the design for a restricted period of three years.

In most circumstances, the best protection for a new design will be offered by filing an application for a Registered Community Design before the design is made public in any way. However, there are situations where the Unregistered Community Design will be useful, for example in protecting transitory designs and for protecting designs where use is being made of the grace period before an application for Registered protection is filed.

Ever since Unregistered Community Designs came into being there has been discussion of whether a disclosure within the boundaries of the European Union is needed to start the three year period of protection running. The law is unclear due to differences in the various language versions of the Community Design Regulation. Changes made to the Regulation on the accession of the ten new member states in 2004 have reinforced the view that a disclosure within the

boundaries of the European Union is needed and a recent decision of the German Regional Court in Frankfurt was based on this assumption.

What is more concerning is that in that decision the Court decided that the disclosure of the same design five months earlier in the US destroyed the novelty of the Unregistered Community Design. This decision appears to have been based on a careless paraphrasing of the Community Design Regulation and leads to the position that unless the "first" disclosure of a design is made within the European Union, then "no" Unregistered Community Design will exist.

Although this decision is thought to be wrong, we strongly advise that if reliance is going to be placed on Unregistered Community Designs, then the first disclosure of that design should be made in the European Union. This does not affect UK Unregistered Design Right, as this comes into existence on creation of the design, not when the design is made public.

RJW

software patents are dead! long live software patents! (continued)

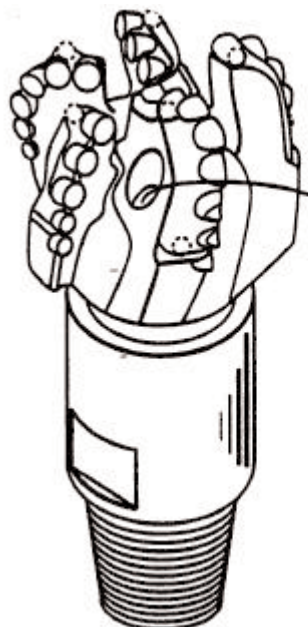
did not fall foul of the exclusion for computer programs as such. They went on, however, to consider whether the method and system involved an inventive step, a necessary requirement for the grant of a patent, in the sense that they were not obvious over what was already known in the relevant field. Importantly, in answering this question they only paid attention to the technical features of the method and system. Once the non-technical auction-related features were stripped away all that was left were conventional technical features and there was therefore no inventive step. In effect, what they were looking for was a technical solution to a technical problem. They did not find one and the application was rejected.

So what might lend the necessary non-obvious technical character to a software related invention where the application of the invention is in a field of economics or business? There is no complete answer to this question but based on the patents that have been granted in this field by the EPO we can suggest types of advance that are likely to be considered sufficiently technical. These include improved user interfaces, more efficient use of resources such as memory, displays and communications links, improved reliability, quicker operation, improved control and improved access to or management of data. It was also suggested in the “dutch auction” case that new steps in a business process that are included specifically in order that the process is suited for performance on a computer might lend the process the necessary technical character.

the uk

Two recent decisions from the UK High Court, both handed down on the same day in July 2005, confirm that patents are available to protect software innovations that have the necessary technical character.

Halliburton Energy Services Inc. v. Smith International (North Sea) Ltd. and others related to a computer system for designing drill bits for drilling in rock. It was held that the design process alone was too abstract to be considered sufficiently technical in character for a patent, but that a process including manufacture of a drill bit to the design would have been suitable subject matter for a patent even though the innovation would lie essentially in the design process (implemented in software).



Drill bit from EP1117894 (Halliburton)

In CFPH LLC's Application the Judge upheld a decision of the patent office to reject two patent applications relating to networked wagering methods. In doing so, he explained that the way to approach the question of deciding whether something is a patentable invention is to:

- i) “identify what is the advance in the art that is said to be new and non-obvious”; and
- ii) “then to determine whether it is both new and not obvious under the description ‘an invention’”.

There is no definition of “an invention” given by the relevant statute, but what we do have, as at the EPO, is a list of things that are said not to be inventions, including programs for computers and business methods as such.

The Judge pointed out that it will often be possible to short-cut the two steps above by asking “Is this a new and non-obvious advance in technology?” (i.e. in those non-borderline cases where something clearly is or clearly is not technology).

Considering business methods, and to use the Judge's words again, “A new advance in business methods, of itself, cannot supply that element of novelty and non-obviousness that is required to support a patent claim.” Significantly, however, the Judge also made it clear that a patent claim is not excluded merely because it relates to an invention in the field of commerce. Moreover, he said that “if it is possible that the claim is capable of being supported on other grounds [i.e. the advance that is said to be new and non-obvious can be considered ‘an invention’], the business context is not irrelevant. It may well be relevant background on

software patents are dead! long live software patents! (continued)

obviousness". So, the specific business context of a technical invention, in particular the common practices and prejudices in that field, may be very relevant to deciding whether a patent is granted or not.

On computer programs, the Judge also made it clear that the mere presence of a computer program as an element of a claimed invention does not of itself preclude the grant of a patent. He explains that, "There are many artefacts that operate under computer control (e.g. the automatic pilot of an aircraft) and there are many processes that operate under computer control (e.g. making canned soup). A better way of doing those things ought, in principle, to be patentable".

Soon after these two decisions, the UK Patent Office issued a Practice Notice stating that their practice would be changed to follow the rulings in the decisions. We can expect, therefore, to see examiners at the Patent Office applying the two-step test set out in the CFPH judgement or the suggested "shortcut".

practical strategies

Given the still far from clear backdrop to patenting software related inventions in Europe, what strategies should businesses adopt?

First, those businesses who have in the past sought, for good strategic reasons, to patent their software developments in Europe should not be put off doing so by the rejection by the EU Parliament of the Directive. This rejection will not affect whether patent offices grant patents. Care is needed, however, in the drafting and prosecution of patent applications in this field to ensure that a good, technical invention that is implemented in software does not inadvertently fall to the wrong side of the tests that are now being applied by the EPO and UK Patent Office.

Second, for those businesses that have not historically sought to protect their software innovations with patents, now might be the time to re-visit their strategy in this regard. In this regard, it is important to remember that patent portfolios can have uses other than the aggressive pursuit of competitors. A portfolio of patents can be a useful shield against others and for a small, growing business can be invaluable in helping to attract investment and gives the potential to create revenue streams at an early stage through licensing.

Of course, patents are expensive and, particularly for small and medium sized enterprises, budgets will not necessarily stretch to building large portfolios of patent applications. Therefore, thought also needs to be given to other defensive strategies such as publication of development work to spoil the chances of others later obtaining patents that hinder commercial enterprises and, particularly in those cases where commercial sensitivities preclude publication, it may be

prudent to watch the patent activities of at least close competitors so that possible problems can be flagged up and proactive steps taken to mitigate them as early as possible.

the future?

It seems unlikely that there will be any appetite in the near future for legislators to attempt to address the question of whether or not patents should be available for software innovation.

We can expect the number of patents being filed and granted in Europe to continue to increase, probably at a rapid rate. As a result, we may see more patent disputes, but it is only ever a very small percentage of granted patents that are enforced, so this does not point to some impending patent Armageddon in the software world as some might have us believe.

Perhaps we will see more sharing of patents, perhaps caused by the presence of more "defensive portfolios". We may well see more patents being 'donated' to the open source community as we have seen big players like IBM, Novell, Sun Microsystems and Nokia do during the course of this year. As in a number of other hi-tech industries, perhaps we will see more organised cross-licensing and patent pooling, although to play this game you need patents of your own to contribute.

Whatever the future brings, patents for software are here to stay and businesses need strategies that acknowledge this reality. In a world where software is increasingly at the heart of much that we do and in which software patents are becoming more prevalent in Europe, a strategy that involves burying your head in the sand is not one to be recommended.

SC

This article is an abbreviated version of an article appearing in The World IP Review published this autumn.

changes to the community trade mark regulation

Various amendments to the Community Trade Mark Regulation came into force on 25 July 2005. The most significant are set out below:

- A CTM application or registration can now be divided into two or more divisional applications. The divisional applications need to cover different goods and services. An application cannot be divided until an application number has been issued nor once the request for payment of the registration fee has been issued. It is not possible to divide an application during the three month opposition period. An opposed application can be divided into two or more divisional applications. However, only those goods and services against which no opposition has been filed can be divided off into a separate application.

Although division incurs additional costs, it can allow a trade mark to proceed to registration for those goods and services to which no objection has been raised either by the Office or by a third party. Once an application has been divided, it cannot be merged.

- The rules governing opposition have been redrafted. One of the major changes is to put a limit on the number of times the cooling off period can be extended. Following the amendments, the cooling off period can last for a maximum of 24 months.

- There is now a time limit for the applicant to ask the opponent to prove use of the mark(s) on which the opposition is based. Proof of use needs to be requested at the latest by the deadline for the applicant's response to the opposition. This is usually four months after the expiry of the cooling off period.
- Any Notices of Opposition are now immediately sent to the applicant, before the Office has checked them for admissibility. If the opposition is deemed admissible, the Office then writes to the applicant, confirming the dates for expiry of the cooling off period and for the applicant and opponent to file facts, evidence and arguments in support of their respective cases. If the opposition is found to be inadmissible, the Office notifies the applicant accordingly.
- Documents submitted in opposition proceedings need to be filed in the language of proceedings, within the time limit set by the office for filing the originals. There is no longer an additional one month period for filing a translation into the language of proceedings. The only exception is for the Notice of Opposition itself, a translation of which can be filed within one month of the expiry of the opposition period.
- On 25 July 2005, the official fee for recording an assignment at OHIM was abolished.
- There is now a "continuation of proceedings" procedure. Where certain time limits have not been met, it is possible, upon payment of an official fee of €400, to continue with the proceedings. The request for continuation of proceedings must be made within two months following the expiry of the unobserved time limit.

KJM

2006 summer course on the european patent

The Mewburn Ellis LLP summer course will take place again in 2006, from 12th to 23rd June. The two-week course provides an in-depth study of the legal and practical aspects of working with the European Patent Convention (EPC) and European Patent Office (EPO).

The course is aimed at attorneys and patent practitioners from Japan and other Asian countries, and assumes a basic knowledge of patent law and practice.

We place particular emphasis in the course on practical advice and case studies. This aspect has received very favourable comments from recent attendees and will be expanded further for the 2006 course.

For further information about the course and a booking form, please refer to our website - www.mewburn.com. To be added to the mailing list, please e-mail sarah.lewis-morgan@mewburn.com. With any additional queries, please e-mail the course director, chris.denison@mewburn.com.

uk patents act 2004 - more changes introduced

The Patents Act 2004 introduced several changes to UK patents law, most of which took effect from 1st January 2005 (see *Mewsletter* issue 10). However, some further changes were introduced on 1st October 2005, the most significant of which are outlined below.

renewals

The last date by which a renewal fee for a UK patent can be paid has been moved to the end of the calendar month in which the anniversary of the filing date falls. This brings the UK system into line with the EPO and most other European countries.

withholding inventors' details

A request can now be made to the UK Patent Office for the address, or name and address, of an inventor not to be published on a patent application or specification. Such a request must be made before preparations for publication have been completed, and can be withdrawn at any time. Requests for withholding the name of an inventor will only be allowed if reasons are given.

However, this change has no effect on the publication of inventors' details by other patent offices, and so appears to be of little practical significance at the moment.

patent office opinions

There is now the option for any person to apply to the UK Patent Office to obtain an opinion in relation to a question of either infringement or validity of a UK patent. The opinion given is non-binding, and will only be based on the evidence and facts provided with the request. Requests for opinions can be made "anonymously" through an agent.

The proprietor (and any registered exclusive licensee) will be notified of the request if they are not the person requesting the opinion. Each request is also advertised on the UK Patent Office website and in the Official Journal, and anyone (including third parties) may submit comments on any aspect of the request within a short period after advertisement. Any comments filed will be considered by the Examiner producing the opinion. At least to start with, opinions will only be handled by the most senior and experienced Examiners in the UK Patent Office.

There is an option for a proprietor or exclusive licensee to request a "review" of an opinion which is unfavourable to them.

The object of these opinions is to provide a cheap (£100s depending on the costs of assembling the evidence and arguments) and quick (a few weeks) answer to specific questions of infringement and validity, which may allow points of contention between parties to be resolved without resort to litigation. The UK Patent Office envisages the opinion system as being helpful in resolving patent disputes between parties who are unable to afford the costs and potential risks of litigation.

However, the non-binding nature of these opinions means that their value as anything other than a bargaining tool in negotiations (e.g. between the patentee and potential infringer/licensee) is difficult to determine at this stage. We will, of course, keep you informed of any developments in this area.

SXH

in-house news

Since the last *Mewsletter*, Stephen Hodsdon, Richard Johnson, Hilary King, Catherine Sampson and Jeremy Webster have all qualified as European Patent Attorneys. Richard, Hilary and Catherine have also qualified as UK Patent Attorneys.

We are also pleased to welcome six new associates who have recently started their training with the firm.



Our newly qualified European Patent Attorneys, clockwise from bottom left: Catherine Sampson, Hilary King, Richard Johnson, Stephen Hodsdon and Jeremy Webster



top tips

paying additional search fees at the epo

Where the EPO considers that the claims of a patent application lack unity of invention, either on their face or because the Searcher considers that a prior art document discloses all of the common features of the claims, the applicant will initially only receive a "Partial European Search Report". This partial search report is a search on one of the groups of claims identified by the Searcher, and is accompanied by an invitation to pay additional search fees to have the other groups of inventions searched. It is not possible at the search stage to argue against the finding of lack of unity.

The decision as to whether or not to pay the additional search fees will depend on a number of interlinked factors. One of the most prominent is the expense, particularly given the increase in the EPO search fee for applications filed since 1st July 2005. The paragraphs below set out the various options that are available.

pay no further search fees

The partial search report will be re-issued as a final search report. During examination it is possible to argue against the finding of lack of unity. If successful, then either the partial search report will have covered all the claims of the application anyway, or the EPO will conduct a further search as it deems necessary, without charge. However, if the lack of unity finding is maintained by the Examining Division, then it will not be possible to amend the claims of the application to include any features which were contained in the unsearched claims, or which were only disclosed in the specification in embodiments which relate to those claims (Article 86(4) EPC). Such subject matter can only be pursued in a divisional application.

pay one (or more) further search fees

The EPO will search those groups of inventions for which further search fees are paid (note that it is possible to pay only some of the extra search fees - those groups of inventions for which no further fees are paid will be treated as set out in the previous section), and the combined search will be issued as a final search report. Again, it is possible to argue against the lack of unity finding during Examination. If the arguments are successful, then any extra search fees paid on groups of inventions that are found to be unified will be refunded. If the arguments are unsuccessful, then only one of the searched groups of inventions can remain in the present application, and the further groups of inventions can only be pursued in divisional applications. However, the applicant has the choice of which group of inventions is pursued and features from those groups of inventions which have been searched can be combined with the claims that are pursued (subject to the added matter restrictions of Article 123(2) EPC).

If divisional applications are filed directed to the claims on which a search fee has already been paid, then the search fee due on that application will be refunded after filing.

in summary

Paying further search fees on the original application provides the applicant with significantly more flexibility in the prosecution of that application. However, particularly where several groups of inventions are involved, it can be very expensive, and the search fees are only refunded if the unity objection is overcome (which is relatively rare), or a divisional application filed, which may not be until several years later.

useful information

european patent convention (epc) contracting states

Austria	Hungary	Poland
Belgium	Iceland	Portugal
Bulgaria	Ireland	Romania
Cyprus	Italy	Slovakia
Czech Republic	Latvia	Slovenia
Denmark	Liechtenstein	Spain
Estonia	Lithuania	Sweden
Finland	Luxembourg	Switzerland
France	Monaco	Turkey
Germany	Netherlands	United Kingdom
Greece		

epc extension countries

Albania	Macedonia
Bosnia & Herzegovina	Serbia & Montenegro
Croatia	

epo holiday dates 2005/6

26th December 2005	5th June
6th January	15th June
14th April	15th August
17th April	3rd October
1st May	1st November
5th May	25th - 26th December
25th May	

eu member states (community trade mark and community designs)

Austria	Greece	Poland
Belgium	Hungary	Portugal
Cyprus	Ireland	Slovakia
Czech Republic	Italy	Slovenia
Denmark	Latvia	Spain
Estonia	Lithuania	Sweden
Finland	Luxembourg	United Kingdom
France	Malta	
Germany	Netherlands	

ohim holiday dates 2005/6

26th - 30th December 2005	25th May
6th January	5th June
14th April	24th June
17th April	15th August
27th April	12th October
1st May	1st November
9th May	6th December
	25th - 31st December

website addresses

UK Patent Office:	www.patent.gov.uk
EPO:	www.european-patent-office.org
World Intellectual Property Organisation (WIPO):	www.wipo.org
OHIM:	www.oami.eu.int
Mewburn Ellis LLP:	www.mewburn.com

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Mewburn Ellis LLP is a Limited Liability Partnership registered in England (no. OC306749). Registered Office at York House, 23 Kingsway, London WC2B 6HP

LONDON
York House
23 Kingsway
London WC2B 6HP
Tel: 020 7240 4405
Fax: 020 7240 9339

BRISTOL
No. 1
Redcliff Street
Bristol BS1 6NP
Tel: 0117 926 6411
Fax: 0117 926 5692

MANCHESTER
Bridgewater House
Whitworth Street
Manchester M1 6LT
Tel: 0161 247 7722
Fax: 0161 247 7766

CAMBRIDGE
Newnham House
Cambridge Business Park
Cambridge CB4 0WZ
Tel: 01223 420383
Fax: 01223 423792

Email: mail@mewburn.com

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