

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

When I took on this job, I don't think I expected to be publishing an article that started "2004 is proving to be an exciting year", even if it is qualified as being "in the world of trade marks". However, this statement is no exaggeration: in less than 12 months, two of the largest trade mark systems have expanded significantly. The enlargement of the EU has seen the scope of the CTM grow by two-thirds, and the two biggest trade mark institutions in the world (OHIM and the USPTO) have now signed up to the Madrid Protocol. With these jurisdictions on board, the popularity of international filings looks likely to leap, with the potential knock-on effect of even more countries signing up.

When talking about European Patent applications, however, many applicants will be more familiar with delays than progress. The EPO is constantly trying to balance efficiency and growing workload with the desire for a high quality of examination. We take a look at some of the procedures that are being implemented to try to address this issue, and the prospects for success.

Staying with the EPO, we review the reference of questions relating to the exclusion from patentability of diagnostic methods in more detail and look at the prospects for current cases.

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Much has been made in recent months of the demise of the Community Patent Regulation. However, the silver lining to this particular cloud may come in the form of a renewed desire to implement two voluntary agreements on the very sticking points that derailed that project: the "London Agreement" on translations of European Patents and the European Patent Litigation Agreement. Several countries, including Germany, have already ratified the former and several more, including the UK, have recently started the ratification process.

A far less voluntary project for European legislators in the coming years is implementation of the "Enforcement Directive", aimed at harmonising sanctions for IP infringement across the EU. The Directive came in for much criticism in its initial draft both for going too far (in the area of criminal sanctions) and not going far enough (by giving a potentially broad proviso to its application in civil sanctions). Both these areas appear to have been addressed in the final version.

In other news, Serbia and Montenegro's withdrawal of their reservation under Article 22(1) PCT means that the extension of Chapter I of the PCT to 30+ months is essentially complete. The remaining seven countries which have not yet withdrawn their reservations are all available through regional patent applications, and so the days of filing a Demand simply to delay the entry to the national/regional processing stage appear over.

diagnostic methods

The President of the EPO has asked the Enlarged Board of Appeal to consider questions concerning the allowability of claims related to methods of diagnosis. This has arisen as a result of conflicting decisions from two Boards of Appeal. The referred questions were reported in our last issue.

“Diagnostic methods practised on the human or animal body” are excluded from patentability under Article 52(4) EPC, as they are not regarded as inventions which are susceptible of industrial application. The two Boards of Appeal in the conflicting decisions agree that the reason for this exclusion is to protect practitioners who carry out such methods as part of a medical treatment from being inhibited by patents. However, despite agreeing on the underlying policy, the two decisions give greatly different scope to the exclusion.

the decisions

The application in **T385/86** related to a method of measuring conditions inside the human body (e.g. temperature and pH) using local magnetic resonance. The Board found that this was a method of data collection providing only interim results rather than a final diagnosis, and thus was not excluded.

The Board in T385/86 held that a method of diagnosis had to include *all of the steps* involved in reaching a medical diagnosis, namely the steps of data collection, detecting a deviation from the norm (a symptom) and attributing the deviation to a particular medical picture. They also found that both the data and the deviation from the norm had to be directly discernable from the body.

T964/99 related to a non-invasive method of extracting a metabolite from the human body. In contrast to T385/86 and the line of case law developed from it, the Board in T964/99 found that the EPC was meant to exclude from patentability methods practised on the living human or animal body comprising *any one* step which relates to diagnosis or which is of value for the purpose of diagnosis. Metabolite sampling was found to be such a step, and since all claims recited the step of sampling, the application was refused.

the effect of the decisions

Under T385/86, the exclusion of methods of diagnosis from patentability would apply in only a small number of cases. Methods that could be described as mere “data gathering” would be allowed, as would methods of collecting a sample, since this would not even be providing data. If the reasoning of T385/86 were applied, the application which was the subject of T964/99 would almost certainly have been allowed.

However, as pointed out in T964/99, a strict application of this approach would not exclude typical diagnostic methods such as percussion, auscultation or palpitation, since they do not give rise to immediate diagnosis. These manual methods are seemingly exactly the sort of activity which should be excluded from patentability under policy considerations.

In an attempt to overcome these problems, T964/99 explicitly rejects the approach of T385/86 and excludes from patentability methods which include even one step relating to an essential diagnostic activity and are carried out on the human or animal body. This brings the test for methods of diagnosis into line with the test for therapeutic and surgical methods.

The Board in T964/99 stated that the reasoning was not intended to exclude NMR methods and the like from patentability, since these methods only define steps which concern the internal control and operation of a technical device, and no specific step of diagnostic character can be recognised. Hence, the method of T385/86 would presumably still be allowable under the reasoning of T964/99. Even so, it remains unclear how a specific step of diagnostic character is to be recognised, particularly when the patent application discloses non-diagnostic applications of the method. Some of the questions addressed to the Enlarged Board of Appeal are aimed at clarifying this point.

consequences

At present, it does not appear that the pending decisions will affect the patentability of laboratory tests on tissue samples, which have previously been allowable on the basis that they are not carried out on the human or animal body and which are likely to remain so.

However, applications relating to methods of taking measurements or taking samples from the body are likely to be affected by the outcome of the Enlarged Board of Appeal decision and first instance proceedings relating to such cases will be postponed.

We will report again once the Enlarged Board of Appeal decision has issued.

RXT

workload and backlogs at the epo

Patent prosecution at the European Patent Office (EPO) is generally regarded as being extremely slow. The EPO has long been aware of this perception. Here we review the steps that have been taken to address it, and assess how successful these steps have been.

An intergovernmental conference in 1999 set productivity targets for the EPO. Broadly, it was said that the examination procedure should take an average of two years. Nine months to a year was allowed for the search process, where necessary. The EPO aims to achieve these targets by the end of 2007 by various means including increased examiner recruitment and training, reforms of the PCT system and changes to the EPO's internal workings.

pct changes

The EPO prioritises its PCT work because International Search Reports (ISRs) and International Preliminary Examination (IPE) reports must be established within fixed time limits which the EPO is contractually obliged to meet (although it often fails to do so).

Now that the deadline for national/regional processing of PCT applications is 30/31 months whether or not a Demand for IPE is filed, the number of Demands filed with the EPO has fallen considerably. The number of IPE reports issued in 2003 was almost 30% lower than in 2002. Of those produced, approximately one third were computer generated with no examiner input, leaving examiners with more time for European prosecution work. The number of Demands may well fall further in future years, now that substantially all PCT states have complied with the amended regulations.



The EPO also believes that the recent incorporation of a preliminary assessment of patentability into the ISR will increase efficiency of its IPE process, and also reduce the number of Demands filed. However, the need to produce such assessments will inevitably mean an overall increase in workload, as the EPO is now obliged to produce an "examination report" as well as a search on every PCT application for which it is the International Search Authority (ISA). A pilot programme to provide a similar Extended European Search report for direct European applications is also under way.

restructuring

The search and examination divisions of the EPO, originally separate entities, have been restructured to reduce undesirable duplication of work. Under the EPO's "BEST" (Bringing Examination and Search Together) procedure, the same examiner carries out both search and examination with consequent increases in efficiency. This procedure also allows the production of combined searches and examination reports of the types discussed in the previous paragraph. By the end of 2003, the BEST regime covered approximately 80% of the EPO's examiners and it is intended to be office-wide by the end of 2005. Thus the old distinction between search and examination effectively no longer exists.

results

So, are these measures working? In 2000 the picture looked bleak. The number of applications filed was increasing annually, with the number of granted patents declining year on year. Since then, figures from the EPO's annual reports show that the number of applications filed has continued to rise (with a brief downturn in 2002). However, the number of patents granted has increased every year since 2000, reaching approximately 60,000 in 2003: more than any year since the EPO was founded. The number of search and examination reports issued is also increasing annually, and the EPO insists that the backlog is being cleared. The main bottleneck seems to be at the search stage. PCT-derived applications requiring a supplementary search seem to be the most badly affected.

Our experience over the last year or two seems to support the official figures. We have certainly seen a considerable increase in output from the EPO, although we still have a number of older applications on which there has been no action for several years. The challenge for the Office is to maintain the higher levels of productivity without compromising the quality of work. Whether this will be achieved remains to be seen.

GRF

the community trade mark office joins the madrid protocol

2004 is proving to be an exciting year in the world of trade marks.

On 1st October the CTM Office joined the Madrid Protocol. Under the Madrid Protocol, applicants who belong (e.g. by virtue of nationality, residency or commercial establishment) to one of the members of the system can seek trade mark protection via an “International Registration” for all or a selection of countries and organisations that are members of the system, based on a “home” registration or application.

As previously reported, 1st May saw the enlargement of the European Union (EU), with the existing fifteen countries being joined by Cyprus (South), Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Consequently a Community Trade Mark (CTM) now covers the twenty-five countries of the enlarged EU (and also Jersey), subject to safeguards for existing rights in the enlargement countries in relation to existing CTM applications and registrations.

what does this mean?

A CTM can be applied for via the Madrid Protocol.

A CTM can be used as the basis for an International Registration under the Madrid Protocol.

why apply for a ctm via the madrid protocol?

If an application for International Registration is already being filed (perhaps to cover for example Norway, Switzerland and the United States) the marginal cost of the CTM through this route will be less than a direct filing.

Because the Madrid Protocol sets down time limits for issuing notices of refusal, directly filed CTM applications may go to the back of the queue at the CTM Office and so not be granted as quickly as Protocol applications.

If the CTM designation is refused, it can be converted to national designations under the Madrid Protocol for the countries not giving rise to the refusal (except for Malta, which is not in the Madrid Protocol). If conversion is for a number of countries, this will be less costly than converting into nationally filed applications (which would be the situation for the conversion of a failed directly filed CTM).

why apply for a ctm directly?

A directly filed CTM is not dependent on any other trademark; an International Registration (and therefore the designations under it) is dependent on the “home” registration or application on which it is based for its first five years. If the “home” registration is invalidated or limited in the first five years, the International Registration will suffer the same consequences.

The International Registration and consequently the designation of a CTM (and indeed any other designation) cannot include any goods or services not in the “home” registration or application upon which the International Registration is based.



ctm - direct or via madrid? general conclusions on cost

- 1 If more than a few EU countries are required, designating them individually is not cost effective. (Of course there may be other reasons for doing this, e.g. a bar in one or more EU countries.)
- 2 If protection is just required for the EU and there is no “home” application or registration in existence, a directly filed CTM is more cost effective as regarding filing and grant costs. (However the “safety net” of conversion into national applications is much more costly than if the CTM was applied for via the Madrid Protocol.)
- 3 If a UK trade mark already exists and coverage for just the EU is required, an International Registration designating the CTM is about the same cost as a directly filed CTM, and is probably to be preferred because of the more economical “safety net”.
- 4 If an International Registration is being filed in any event, utilising it to seek a CTM is clearly less costly than a directly filed CTM.

the community trade mark office joins the madrid protocol (continued)

but note...

Each set of circumstances needs to be looked at in its own right, as the number of classes, type of mark (e.g. graphical, colour, etc.) and countries of actual interest may affect the relative costs of different routes: we can advise on this. And of course there may well be non-cost considerations.



basing an international registration on a ctm?

This is probably only advisable if you have an existing CTM *registration* that you are certain is strong. CTM applications are quite often opposed and sometimes objected to on absolute grounds. With the increase in the number of countries in the EU such events have become more rather than less likely. Any limitation or invalidation of the CTM on which an International Registration is based will have a knock-on effect on the International Registration.

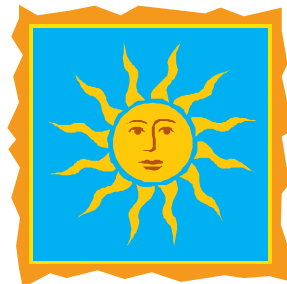
conclusions

The ability to designate the CTM under the Madrid Protocol is a very valuable and useful new route for trade mark protection; in some circumstances the ability to base an International Registration on a CTM may be helpful.

If you have any questions relating to this topic, please speak to your regular Mewburn Ellis LLP contact.

MGF

2005 summer course on the european patent



The Mewburn Ellis summer course will take place again in 2005, from 6th to 17th 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), with an optional visit to the EPO in München at the end of the course on Monday 20th June.

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.

The format and content of the course were recently revised to further emphasise practical advice and case studies. This aspect in particular has received very favourable comments from recent attendees.

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.

epla and the london agreement

With the apparent demise of the Community Patent Regulation (see issue 8), the attention of law makers and users of the European Patent system has shifted to the European Patent Litigation Agreement (EPLA) and to the London Agreement, voluntary conventions which address the two main sticking points of the Community Patent: the judicial system and translations after grant.

The EPLA proposes a centralised European Patents Court with its own Appeal Court for handling infringements and validity trials relating to European Patents. The judgements of the court will be recognised and legally binding in all countries that are party to the Agreement. The system is being developed by the EPO, but was essentially put “on hold” whilst negotiations on the Community Patent appeared to be reaching a conclusion. A text has been finalised and the EPO is now considering whether there is sufficient support for the project to convene an intergovernmental conference with a view to adoption of the EPLA.

The London Agreement (“the Agreement”) was signed in 2000 and provides that countries party to the Agreement will forgo their right to require a translation of a granted European Patent into an official language of that country, provided that the Patent was either granted in or translated into an official language of the EPO (English, French or German) nominated by that country. Countries will still be able to require that translations of the claims into one of their official languages are provided after grant. However, in contrast to the Community Patent proposals, these translations are not legally binding except where they confer a narrower scope of protection. Such translations can be corrected at any time in the life of the patent. Full translations may still be required before infringement can be alleged or in any court proceedings.

To come into force the Agreement requires ratification of eight EPC contracting states including France, Germany and the

UK. To date only Denmark, Slovenia and Monaco have ratified, although Germany has recently adopted law amendments which will allow ratification.

The UK Patent Office has recently published a consultation document, which is the first stage in amending UK law to allow ratification. With translation costs often accounting for more than 25% of the cost of obtaining a European Patent, moves to bring the London Agreement into force are generally being welcomed by European industry and it is expected that the UK will be in a position to ratify the Agreement at some point in 2005.

If the UK ratifies the Agreement, attention will switch to France as the remaining country effectively having a veto on entry into force. It is expected that once Germany, France and the UK have ratified the Agreement, obtaining the eight ratifications required will be a formality. Indeed Sweden and Switzerland are also believed to be currently in the process of ratifying, which will provide the necessary numbers.

Since both the EPLA and the London Agreement are voluntary agreements, the issue of unanimity which dogged the Community Patent is avoided. If these agreements prove successful in practice, it is expected that more countries will sign up and they may even become universal as a result.

SXH

eu enforcement directive

The EU Enforcement Directive was passed on 29th April 2004. This Directive implements a minimum standard of sanctions for intellectual property infringement, and seeks to adopt “best practice” from existing measures across the EU countries. The original restrictions to infringements committed for commercial purposes and which caused “significant harm” to the right holder have been removed, as have the controversial proposals which related to criminal proceedings.

In the UK the changes are likely to be small, although remedies such as publication of an infringement decision by a court in national newspapers (at the infringer’s expense) and a new “right of recall” of infringing goods will be made available once the Directive is implemented. The Directive will also extend the right to bring proceedings to licensees and collecting societies. The Directive must be implemented by April 2006.

news

pct news

Serbia and Montenegro (YU) has withdrawn its reservation under revised Article 22(1) PCT and, for all PCT applications filed on or after 1st January 2004, the deadline for entering the national phase is now 30 months from the priority date.

As a result of this move, the only remaining "reservation countries" are those for which regional protection can also be obtained (through the EPO or the ARIPO). Thus there is no longer any need to file a Demand by 19 months from the priority date solely to delay the national/regional phase.

european patents

The EPO is hoping to sign an extension agreement with Bosnia and Herzegovina in the near future. Once this agreement enters into force, it will be possible to extend European Patent applications to Bosnia and Herzegovina.

Malta, Iceland and Lithuania have recently completed their parliamentary process and will soon become contracting states to the EPC. It is also anticipated that Latvia will become a contracting state in the near future. Once Lithuania and Latvia have acceded, these countries will become available as designated states in a European Patent Application rather than extension states. The accession of these countries will mean that all members of the enlarged EU are contracting states to the EPC.

stop press

Since the last *Mewsletter*, Andrew Fearnside, Stephen Gill and Rebecca Tollervey have qualified as European Patent Attorneys.

in-house news

We are pleased to announce that Sofia Arenal, Matthew Naylor and Stephen Carter became partners on 1st October 2004.

Sofia is a Registered Trade Mark Attorney and Representative authorised to act before OHIM and works in our London office. She joined Mewburn Ellis in 1996.



Matthew is a Chartered and European Patent Attorney and specialises in materials technology and medical devices. He works in our London and Cambridge offices and in addition to this promotion has also managed to move house and get married in the last month! He has been with Mewburn Ellis since 1999.

Stephen is also a Chartered and European Patent Attorney. He worked for Mewburn Ellis from 1994 to 2000 before leaving to join a law firm, where among other things he gained experience in IP litigation and due diligence work for corporate transactions and IPOs. He rejoined Mewburn Ellis to take up the partnership.



useful information

european patent convention (epc) contracting states

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

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	

* New EU members since 1st May 2004. Existing Community applications and registrations are automatically extended to cover these countries.

epc extension countries

Albania	Lithuania
Croatia	Macedonia
Latvia	

epo holiday dates 2004/2005

1st November	16th May
24th December	26th May
31st December	15th August
6th January 2005	3rd October
25th March	1st November
28th March	26th December
5th May	

ohim holiday dates 2004/2005*

1st November	5th May
6th December	16th May
24th to 31st December	1st November
6th January 2005	26th December
25th March	to 30th December
28th March	

* OHIM has yet to confirm the dates for 2005

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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