Welcome to the 3rd edition of the International Associates Action Group Newsletter. Special thanks to Brent Jacobs and Susan McGahan for editing all submissions. We are still looking for contributors so please get in touch with me at david@gearhartlaw.com. If interested in becoming an editor or just want to get involved in our Action group please do let myself or Cristina Guerra know. See you next Month!

Yours,
David Postolski

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“CHINA IN BOX”: Brazilian courts recognize secondary meaning

A recent decision rendered by the Brazilian courts recognized the secondary meaning doctrine, which has been a controversial topic in the country.

The company RHS Franchising Ltda., owner of many registrations in Brazil on the trademark CHINA IN BOX (both as a word mark and in a composite form) filed a court action against the Brazilian PTO and Karen Regina Alcon ME, requesting cancellation of Registration No. 825692257 on the composite mark ASIA IN BOX, as reproduced below:

Both the plaintiff’s mark and the defendant’s mark cover services in the same market segment, which are mainly food and restaurant services.

The trial judge decided the court action in favor of the plaintiff and declared the cancellation of the registration on the trademark ASIA IN BOX (composite).

An appeal was filed by the defendant. The Federal Court of Appeals in Rio de Janeiro reversed the decision rendered by the trial judge, thus deciding the appeal on the defendant’s favor and stating that the marks should be allowed to coexist in the market because they are sufficiently distinct and that the term IN BOX is of common use to designate products that are delivered “in a box”.

The decision rendered by the Panel of Judges of the Federal Court of Appeals, however, was not unanimous, which enabled the plaintiff to lodge another appeal at the same Court of Appeals. The plaintiff argued basically that the trademarks are confusingly similar, that its trademark has been in use since 1992 and requested that the defendant’s registration on the trademark ASIA IN BOX (composite) be cancelled.

The second appeal (filed by the plaintiff) was decided on its favor and the most interesting point raised by the judges of the Panel of Judges of the Federal Court of Appeals was the recognition of the secondary meaning doctrine by the Brazilian courts. Because this doctrine has not yet been officially adopted by the Brazilian PTO, the decision rendered by the Federal Court of Appeals in Rio de Janeiro on this matter is important because it shows that Brazilian courts are already recognizing and applying the doctrine.

It should be noted, however, that this still is a controversial issue in Brazil and court decisions have also been rendered on the other way round, in which the secondary meaning doctrine has not been recognized or applied.

The abovementioned decision, which was rendered on favor of the owner of the senior-registered trademark CHINA IN BOX, was based on four major grounds, namely:

That the plaintiff’s mark CHINA IN BOX has acquired secondary meaning and that it is directly associated with the service of Chinese food served in a box, which was firstly created by the plaintiff.

That the adoption of the expression IN BOX by the defendant in its mark ASIA IN BOX indicates the intention of benefiting from the fame of the plaintiff’s mark CHINA IN BOX.

That if the trademarks ASIA IN BOX and CHINA IN BOX were allowed to coexist in the same market segment, there would be a reduction of the distinctiveness of the mark CHINA IN BOX and the defendant would take advantage of the concept of “Chinese food served in a box” created by the plaintiff.
That the similarity between the trademarks ASIA IN BOX and CHINA IN BOX would cause consumer confusion, as consumers might assume that ASIA IN BOX is a variation of CHINA IN BOX.

As a consequence of this decision, the registration on the mark ASIA IN BOX (composite) was cancelled mainly due the recognition of the secondary meaning. Appeals can still be filed before the Superior Tribunal of Justice and the Brazilian Supreme Court.

There have been discussions in Brazil regarding the recognition and appliance of the secondary meaning doctrine. It is undeniable that certain marks, although formed by expressions which can be considered descriptive forming weak marks, have indeed acquired secondary meaning and thus, there is a tendency to adopt this concept on a more regular basis. In spite of this, the Brazilian PTO has not yet formally expressed its position regarding the secondary meaning doctrine in its Trademark Examination Guidelines.


The latest UK instalment in the global Apple and Samsung patent war saw the Court of Appeal (CA) addressing an interesting strategic manoeuvre by Samsung after the Patents Court made findings of invalidity against two of its patents. Samsung had brought proceedings in the UK against Apple in 2011 for alleged infringement by inter alia the iPhone 4 / 4S of the UK designations of three European patents. Of two patents on appeal, both had been found invalid but the revocation order was stayed pending appeal. Unusually, Samsung then filed to amend the claims of the patents at the European Patent Office (EPO) via the central limitation mechanism. This would have the effect of amending the claims across all EP designations, ab initio. Samsung sought a stay of the UK appeal pending the outcome of the EPO examination, arguing the CA could still hear the substantive UK appeal based on amended claims and on the record of the first instance Patents Court proceedings. Apple countered that this was an abuse of process, highlighting Samsung's failure to bring the amendments earlier and asserting that Apple would be prejudiced if Samsung got its way. Apple could see that despite having won on validity once it might have to fight another first instance trial, or fight different claims at an appeal hearing with less than satisfactory evidence in the record. The CA found that the central limitation procedure (Article 105b of the EPC) and UK Patents Act anticipated there could be concurrent proceedings, so the filing was not in of itself an abuse and Samsung could proceed with a central limitation (in contrast, the same amendments to just the UK designation of the EP would almost certainly not have been permitted had Samsung tried to make them under local UK procedure). While the CA stayed the appeal proceedings pending the outcome at the EPO, it also indicated that it remains open to Apple to press its abuse of process allegation against Samsung, subject to the form of claims arising out of the EPO and Samsung’s next steps. So whether Samsung's move is any more than a Hail Mary pass remains to be seen - watch this space.

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THE CHANGING SCENE OF TRADEMARK PROTECTION AND ENFORCEMENT IN IRAN

Foreign brands have long received strong legal protection in Iran. For decades, even trademarks that did not comply with the Priority requirements under Paris Convention, received legal protection from Iranian courts. The courts applied the priority rule well beyond the six-month period. In numerous cases the foreign trademark owners received protection even when they complained against an infringement or hijacking years later.

But increasingly in recent years, the higher courts have reversed such favourable decisions by the lower courts by rejecting such broad application of the priority concept. They have held that if a foreign trademark owner failed to apply for registration in Iran within the six-month period as stated in Paris Convention, it could not receive automatic protection against infringement or hijacking in Iran. The only point of law on which such foreign trademark could rely on is ‘bad faith’.

While ‘bad faith’ can be successfully proved in some cases, in other cases, as various recent cases demonstrate, it cannot be successfully established. I will be writing another article next month to discuss ‘bad faith’ and its application in Iran. But for now, it is vital for foreign trademark owners to understand that if they wish to protect their trademarks in Iran, they must have them registered immediately. The risk associated with failing to file an application and registering foreign trademarks in Iran is rising by the day as the courts become increasingly objective in applying the Paris Convention terms.

Another important development is the reluctance of criminal court judges to prevent unauthorized reselling of original products unless the trademark registration of the complainant also covered the relevant retail, advertising and distribution classes, i.e. 35 and 39. This is a clear departure from the past legal practice of allowing a trademark owner, whether its registration covered these classes or not, to prevent retailers and advertisers from using and abusing its trademark for the goods its trademark was registered for. Today, such broad protection is only accorded against counterfeit products rather than genuine products on sale in the Iranian marketplace. There is therefore a clear incentive for foreign trademark owners in Iran to extend their registration to retail, distribution and advertising classes (i.e. 35 and 39) to prevent the unauthorized use of their trademarks in these areas for original goods.

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European Commission Finds that Seeking Injunctions based on Standard Essential Patents May Constitute Abuse of Dominant Position

On 29 April 2014 the European Commission gave its decisions in two cases concerning suspected abuse by Motorola and Samsung of dominant positions relating to standard essential patents (SEPs) and Fair, Reasonable, And Non-Discriminatory (FRAND) licensing terms in the mobile telecommunications industry. These decisions set forth guidelines on assessing SEP holders’ rights to use injunctions against licensees willing to conclude licensing agreements on FRAND terms in cases in which the SEP holder has committed to licensing on FRAND terms.

In the two cases at hand, the key concerns of the Commission involved circumstances in which the patent holders - Motorola and Samsung respectively - had given advance voluntary commitments to license their respective SEPs - i.e. patents that are essential to implementing a specific industry standard - on FRAND terms. Following the commitments, both Motorola and Samsung had sought injunctions against Apple which was deemed to be willing to enter into a license agreement on FRAND terms. The Commission found that while seeking injunctions before courts is generally a legitimate remedy for patent holders in case of patent infringements, the seeking of an injunction based on a SEP may constitute an abuse of a dominant position if the SEP holder has given a voluntary commitment to license its SEPs on FRAND terms and where the company against which an injunction is sought is willing to enter into a license agreement on such FRAND terms. Consequently, the Commission came to the conclusion that resorting to an injunction in scenarios involving a willing licensee, such as Apple in the cases at hand, could lead to exclusion of competing products from the market and have an anti-competitive impact on licensing negotiations and thereby be detrimental to innovation and harmful to consumers. As a result, the Commission concluded that recourse to injunction on the basis of a SEP could constitute an abuse of a dominant position.

As to the remedies, with respect to Samsung, the Commission approved commitments whereby Samsung committed not to seek any injunctions in the European Economic Area (EEA) for a period of five years on the basis of any of its SEPs that relate to technologies implemented in smartphones and tablets against any company, “a willing licensee”, that agrees to a particular framework for licensing the relevant SEPs. Said framework provides for a negotiation period of up to twelve (12) months and if no agreement is reached, a third party determination of FRAND terms by a court or by an arbitrator. With respect to Motorola, the Commission found Motorola’s conduct anti-competitive. However, due to the lack of suitable European Union (EU) precedents and the fact that national courts have so far reached diverging conclusions on the question at hand, Motorola was not fined.

The Commission decisions regarding Motorola and Samsung provide clarity to the procedure to be used in Europe in handling disagreements relating to licensing of SEPs on FRAND terms by setting forth limitations on the use of SEP-based injunctive reliefs. These decisions also lay down a structure for a “safe harbor” for potential licensees willing to take a license on FRAND terms. Further guidance on the handling of SEPs is expected to be shed by the European Court of Justice when it renders its decision, possibly already later this year, on a request for a preliminary ruling made by a German Court concerning SEP-based litigation involving Huawei and ZTE.

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UK Patents Act and the Bolar Exemption

Draft UK legislation has been published that effectively extends the so-called “Bolar” provisions in the UK to exempt from patent infringement certain activities related to gaining regulatory approval in any country for innovative as well as generic drugs, particularly activities relating to the carrying out of clinical trials. The exemption will also cover activities involved in health technology assessment (HTA).

In order to market a medicinal product, regulatory approval must first be obtained by conducting clinical trials to prove that the product is safe and effective. However, under the current UK Patents Act, a party carrying out the clinical trials might run the risk of patent infringement if they conduct clinical trials in the UK on a patented product before the patent has expired.

The so-called “Bolar provision” is already included in the UK Patents Act. The Bolar provision provides an exemption for infringement, but this exception is limited to trials carried out in respect of generic drugs only. The current limited scope of the Bolar exemption in the UK has been an issue for stakeholders for some time; with concerns that the current regulatory framework may put stakeholders at risk of patent infringement when carrying out clinical and field trials for innovative or non-generic drugs. In some cases, stakeholders have decided to run some trials in more favorable jurisdictions resulting in a potential loss to the UK economy.

Earlier this year, the UKIPO held a discussion on whether the UK Patents Act should be amended to broaden the scope of the UK Bolar exemption. Most respondents stated they would like the exemption to cover activities carried out to gain regulatory approval of new drugs, and a significant majority wanted the exemption to extend to the studies required for their health technology assessment.

Given the responses, the UKIPO sought to amend Section 60(5) of the UK Patents Act to include a new exemption. This would exempt from patent infringement the activities required to secure regulatory approval to market innovative drugs, as well as activities necessary for health technology assessment (e.g. data to support assessment by the National Institute for Health and Clinical Excellence (NICE)).

Draft amendments to the Patent Act have been published and, if approved, would come into force starting October 1, 2014. Such proposal includes adding a new subsection to the Act stating that “anything done in or for the purposes of a medicinal product assessment which would otherwise constitute an infringement of a patent for an invention is to be regarded as done for experimental purposes relating to the subject-matter of the invention.” As such, these acts would therefore no longer constitute an infringing act. “Medicinal product assessment” is itself defined as any testing, course of testing or other activity undertaken with a view to providing data for a set of specific purposes. The definition of “medicinal product” embraces both products for human and animal use.

Improved clarity on the applicability and broadening of the Bolar exemption to innovative drugs in the UK will no doubt be welcomed.

This update was prepared by Mike Nelson, Partner and Andy Camenisch, Senior Patent Attorney, HGF, UK.
New Zealand patent practice will become more closely aligned with Australian patent practice after the New Zealand Patents Act 2013 comes into full force on September 13, 2014. Harmonizing the patent laws of these two countries makes sense in light of the Single Economic Market (SEM) approach taken by the two governments in order to harmonize the two economies and enable business, consumers and investors to conduct operations across the Tasman in a seamless regulatory environment.

The New Zealand Patents Act 2013 “raises the bar” for the threshold of patentability and patent specification requirements. The threshold is to be substantially the same as provided by the Australian “Raising the Bar” Act 2012.

The changes in both countries are a precursor to establishing a single Trans-Tasman patent application and examination regime for Australian and New Zealand patent applications. The single application process is said to be launched in 2015. A single examination pilot program will commence at that time as well. The single examination pilot program is scheduled to run for 18-24 months before full implementation of the single examination process. Applicants will still be able to elect separate examination of their application in Australia and New Zealand.

The diagram below shows the significance of patentability and specification requirement changes introduced by the New Zealand Patents Act 2013. It also shows how these changes relate to current Australian patent law. Note that applicants must file in New Zealand before September 13, 2014 to obtain the benefits of the lower threshold provisions of the old New Zealand Patents Act.

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The Doctrine of Legitimate Expectations and Industrial Property Rights in Brazil

The Public Administration’s acts, in particular, the ones practiced by the Brazilian Patent and Trademark Office (BPTO), are subject to the requirements of reliability and coherence, based on the principles of legal stability, good faith and the Doctrine of Legitimate Expectations. Accordingly, the BPTO can neither contradict its own acts/omissions with dissenting positions taken in similar pending applications cases, nor abruptly and without relevant justification review its previous positions.

The idea of precedence and the need to respect the legitimate expectations created by past behaviors/decisions is paramount for ensuring the validity of every subsequent acts and decisions issued by the Public Administration. This is the foundation for the legitimate expectation that public acts and policies are in accordance with the laws. It also provides stability, which is the cornerstone of the reliability of the Public Administration.

Unfortunately, the BPTO has, in some concrete and specific situations, ended up either practicing acts that were against previous and consolidated behaviors or deciding identical pending cases with divergent outcomes.

As a result, this lack of consistency and reliability may result in instability for all those involved and prevent companies and the associated parties from planning effectively.

Recently, the Brazilian Courts have been strongly enforcing the Doctrine of the Legitimate Expectations. As such, we highlight some important and recent decisions:

BPTO v. DURECT CORPORATION and others (“Mailbox system Patent”) Process number 0132260-18.2013.4.02.5101 – 25th District Court of Rio de Janeiro

In this case, the BPTO intended to modify the expiration term of agrochemicals and pharmaceutical patents, which, in practice, would reduce the time of protection originally granted.

In a decision issued on April 1, 2014, the Judge of the 25th District Court stated that, due to the long delay in granting a patent, the BPTO did not meet the Doctrine of Legitimate Expectations, which establishes that when an administrative act is perpetrated by the Public Administration, there is an expectation of this act will be continued:

“In other words this principle defends the possibility of maintenance of unlawful administrative acts, perpetrated with appearance of legitimacy and which effects extend in time causing legitimate expectations of stabilization of effects that derivate of the Administrative conduct.”

TIFERET v. BPTO and others – Interlocutory Appeal number 240671 2014.02.01.002875-0 – 2nd Federal Court of Appeals

In this case, the BPTO had allowed registration of three trademarks containing the name “RESERVA.”
Recently, the BPTO denied registration for the Plaintiff’s trademark which also contained the name “RESERVA” even though all of them were in the same class of products. This was done so under the argument that it would violate the aforesaid senior three trademark registrations.

The Federal Court, based on the Doctrine of the Legitimate Expectations granted the Plaintiff’s Preliminary Injunction:

“I consider to be plausible the allegations of the Appellant about the apparent lack of criteria of the BPTO, which would have accepted previous registers for mixed trademarks containing the name "RESERVA" and "RESERVA BRASILEIRA", to subsequently reject the registration for the Appellant’s trademark containing far distinct visual treat, under the allegation of inhibitive priority claim."

YIELDING English School v. BPTO and others – Interlocutory Appeal number 0017485-64.2013.4.02.0000 – 2nd Federal Court of Appeals

The BPTO refused registration for the trademark concerned under the argument that another company had filed its application two months earlier. The BPTO, however, refused to consider that, in other previous lawsuits against third parties, in which the BPTO was a co-defendant, the Courts had already recognized the Plaintiff’s first use, affirming its rights over the trademark.

Therefore, the BPTO could not ignore what was decided in Court and, subsequently, deny Plaintiff’s first use, as affirmed in the preliminary injunction:

“(…) I verify that the question has no innovation, once the precedence of the use of the renowned trademark “YES” by the Appellant to distinguish language courses has been recognized by the Judiciary, in the lawsuits number 2002.51.01.511601-9 and 2005.51.01.522473-5.”

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The observance of the Doctrine of Legitimate Expectations by administrative entities, including the BPTO, is mandatory in Brazil. These examples show the international community that Brazilian Courts are ready to use the Doctrine of Legitimate Expectations as a general principal to protect Public Administration’s reliability and to secure stability to the industrial property system.

The legitimate expectations created by administrative acts are in the same baseline of the general standard of legality. Both are hermeneutical principles. Both deserve the same treatment when a concrete case is considered.

Accordingly, when analyzing a situation or case, the courts must determine what will offend the legal system less: (1) maintaining the effects of a Public Administration’s act/behavior that created a legitimate expectation or (2) cancellation of the act considering its possible illegality or further changing of the Administration’s understanding on the subject matter.

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Apple vs. Samsung: Apple’s Intellectual Property (Patents) Limits. Time to end the thermonuclear war?

Another big episode has come to an end in the ongoing smartphone patent wars amongst the technology industry’s largest players. And this time, at home in California, the verdict is not that rosy for Apple. Recently, a U.S. Federal-court Jury ruled in Apple Inc. v. Samsung Electronics Co. patent lawsuit (case No. C 12-00630 LHK) that some of Samsung devices infringed Apple software patents and ordered Samsung to pay $119.625 million in damages. The jury also found Apple had infringed on one of two Samsung patents but ruled that the infringement was not willful and only awarded $158,400 to Samsung.

The disclosure of an invention in the patent specifications encourages inventors and competitors to invent around or design around the boundaries of the patent claims to avoid patent infringement. "Keeping track of a competitor’s products and designing new and possibly better or cheaper functional equivalents is the stuff of which competition is made and is supposed to benefit the consumer" (Westvaco v. International Paper Co. 991 F.2d at 745). The development of alternatives to a patented invention is crucial in patent lawsuits because it can, among other things, reduce the amount in (past) damages and be the leverage for an injunction. Let’s take a closer look at the patents involved in this case (the ‘647, ‘721, ‘172, ‘959 for Apple; ‘449 and ‘239 for Samsung), and the inventing around “options” available for Samsung.

Some Samsung devices (Admire, Galaxy Nexus and Stratosphere) were found to infringe U.S. Patent No. 5,946,647 for a “System and method for performing an action on a structure in computer-generated data”, aka the "data tapping" patent (claim 9), i.e. a feature that dials a phone number included in an email. During the jury’s deliberation, the U.S. Court of Appeals for the Federal Circuit in Apple Inc. v. Motorola Mobility (known as the “Posner appeal” case No. 11-CV-8540) affirmed Judge Posner’s construction of this ‘647 patent under which an invent around is possible “by reprogramming Motorola’s smartphones to avoid at least one claim limitation, for example by simply creating copies of the code that performs structure detection and linking for each particular program rather than using a common code module for all programs, because if there is no common code there is no ‘analyzer server,’ as required by the patent claim”. Now that this patent can be designed around, any finding of past infringement is not going to hurt Samsung in the future.

Some Samsung devices were found to infringe U.S. Patent No. 8,046,721 for “Unlocking a device by performing gestures on an unlock image”, aka slide-to-unlock image patent (claim 8). On the contrary, in Europe, several judges who had to rule on the European slide-to-unlock patent (Patent No. EP1964022) concluded that Apple did not deserve patent protection for this invention. For instance, in August 2011, the District Court of The Hague (joined cases 396957 / KG ZA 11-730 and 396959 / KG ZA 11-731) found that this feature, if not completely trivial, was at least obvious in light of the prior art "Neonode", a little-known Swedish touchscreen phone. In May 2013, the Court of Appeal for England and Wales in HTC Europe Co Ltd vs. Apple Inc. ([2013] EWCA Civ 451) unanimously affirmed Justice Floyd's decision (in HTC Europe Co Ltd v Apple Inc. [2012] EWHC 1789 July 4, 2012) with respect to slide-to-unlock patent and held that “all the claims of 022 [Apple’s slide to unlock patent] are obvious in the light of Neonode” (paragraph 363). Recently, on April 4, 2013, the Federal Patent Court of Germany stated all claims of the European slide-to-unlock patent invalid.

Some Samsung devices were found to infringe U.S. Patent No. 8,074,172 for a “Method, system, and graphical user interface for providing word recommendation” (claim 18) when customers are typing on a keyboard, a.k.a. the “autocomplete” patent. In a summary judgment on January 21, 2014, Judge Koh already found Samsung's devices to infringe Apple’s patent. It has to be mentioned that the USPTO is now re-examining the validity of some claims of this patent, opening a potential invalidity defense for Samsung.
Concerning the U.S. Patent No. 6,847,959 for an “Universal interface for retrieval of information in a computer system”, a.k.a. the Siri-style unified-search patent (claim 25) and the U.S. Patent No. 7,761,414 for “Asynchronous data synchronization amongst devices” (claim 20), all accused Samsung devices were not found to infringe.

As mentioned before, the jury also found that Apple only infringed one of the two patents claimed by the Korean company. All accused Apple were devices found to infringe U.S. Patent No. 6,226,449 for an “Apparatus for recording and reproducing digital image and speech”; claim 27. For the story, this patent was purchased by Samsung back in 2011. All accused Apple devices not found to infringe U.S. Patent No. 5,579,239 for a “Remote video transmission system”; claims 1 and 15.

This time, the damages only represent about 5.5% of the $2.2 billion claim amount Apple requested. Far less than they got in its last case against Samsung (Apple Inc. v. Samsung Electronics Co. Ltd. et al, case No. C 11-1846 LHK), where two juries in the same courtroom awarded more than $1 billion damages, and rejected all of Samsung’s claims. Unlike the earlier trial, Samsung, which asserted a $6 million damages, was awarded 2.6% of what they were seeking. As always, the amount could easily be reduced on appeal. Although Apple is “grateful to the jury and the court for their service” and believes that the “ruling reinforces what courts around the world have already found: That Samsung willfully stole our ideas and copied our products”, the U.S. is the only jurisdiction in which Apple has been able to score wins. In several European jurisdictions, Apple has been unsuccessful with its patent assertions against Samsung.

After more than 3 years of legal battles, it’s hard to see the benefits of this war and the viable strategy. This kind of lawsuit just demonstrates how Android is getting stronger and Apple’s patents asserted in courtrooms around the world weaker. Pursing litigations and suing for the sake of suing doesn’t seem to be a good strategy. Recently, Apple and Google’s Motorola Mobility unit have agreed to withdraw all patent litigation pending directly between them over smartphone technology. Although it is not a “full peace” agreement, this is definitely a better financial solution that Samsung and Apple should consider too.

By Thomas Dubuisson <tom.dubuisson@gmail.com>
UK Court grants cross border declaration of non-infringement

The UK high court has granted a declaration of non-infringement (DNI) with respect to the UK, French, Italian and Spanish designations of a European Patent.

This is a significant judgment as it confirms that the UK courts will hear non-infringement actions in relation to multiple European jurisdictions in a single court action. This has clear benefits in terms of cost savings for parties wishing to “clear the way” before launch of a product. The judgment also provides a useful summary of the approach to claim construction in different European jurisdictions and the use of prosecution history in UK courts as an aid to claim construction.

The case, Actavis UK Ltd & Others v Eli Lilly & Company [2014] EWHC 1511 (Pat) (15 May 2014) (link to full judgment), concerned pemetrexed disodium as a cancer treatment marketed by Eli Lilly under the brand name Alimta since 2004. Pemetrexed and its pharmaceutically acceptable salts were protected by a now expired European Patent, which was subsequently extended by Supplementary Protection Certificates (“the SPCs”) which will expire on 10 December 2015. Lilly also owned a further European Patent (“the Patent”), which will not expire until June 2021, for the use of pemetrexed disodium in combination with vitamin B12 or a pharmaceutical derivative thereof and optionally a folic protein binding agent.

Actavis planned to launch a generic pemetrexed product, the active ingredient in which will be either pemetrexed diacid, pemetrexed dipotassium or pemetrexed ditromethamine. Actavis intended to obtain regulatory approval for their product by reference to Alimta.

Actavis argued that dealings in their product will not infringe the Patent. This was disputed by Eli Lilly. In order to enter the market without fear of infringement proceedings on expiry of the SPCs, Activis sought a declaration of non-infringement not only for the UK designation of the Patent, but also for the French, German, Italian and Spanish designations.

Both parties agreed that the Actavis product was not within the scope of the claims of the Patent on a literal interpretation. The issue was whether there was infringement of the Patent applying the Protocol on the Interpretation of Article 69 of the EPC. The judge concluded that neither pemetrexed diacid, nor pemetrexed dipotassium, nor pemetrexed ditromethamine fall within the scope of the claims 1 or 12 of the Patent. In doing so, he gave a very detailed and useful review of the approach to claim construction in the UK. The judge, with help from expert witnesses, then analysed the approach to claim construction in France, Spain and Italy and also concluded that the Actavis products did not infringe these designations of the Patent.

In reaching his conclusion, the judge relied on the prosecution history of the Patent and amendments made to the Patent during prosecution. Traditionally, the UK courts have been reluctant to rely on the prosecution history as an aid to construction. However, in this case, the judge decided that there are situations where it makes no sense for the court to “shut its eyes” to the story told in the prosecution history. This recognizes that “in the real world” the prosecution history is often used by patent lawyers to ascertain the scope of a patent.

In a final twist, the German designation of the Patent was not included in the declaration of non-infringement as the Dusseldorf Regional Court held in April 2014 that the Activis product did fall within the claims of the Patent. This decision by the German court was criticized by the UK court as not taking the correct approach to interpretation and treating the claims of the Patent as “mere guidelines”.

This update was prepared by Martyn Fish, Partner, HGF Law, UK
New UK Intellectual Property Act 2014

After months of parliamentary debate and scrutiny, the Intellectual Property Bill received Royal Assent on May 14, 2014 and became the Intellectual Property Act 2014 (the Act). The Act must now pass Secondary legislation to implement the measures contained within the Act, some of which are expected to come into force from October 2014, and the remainder aimed at being implemented by late 2015.

The Act is the result of various design and patent consultations following the Hargreaves review of intellectual property published in 2011. The purpose of the Act is to modernize aspects of the law relating to intellectual property in order to encourage and drive economic growth and innovation and expand the design sector in general. There were concerns that the enforcement process for designs was prohibitively expensive and that the law was over-complicated and was not adequate to address the needs of the design sector. The Act aims to simplify and strengthen design and patent protection, make the IP system clearer and more accessible, especially to small and medium sized enterprises (SMEs), and ensure the UK IP system operates efficiently and in line with the European system.

The Act centers mainly on the design and patent sectors and amends mostly the Registered Designs Act 1949, the Patents Act 1977 and the Copyright, Designs and Patents Act 1988. The Act introduces some key changes that designers, innovators and businesses will need to be aware of as follows:

**Designs**

**A tighter definition of what qualifies for protection for unregistered designs**

The meaning of a 'design' has been amended so that it is no longer the design of 'any aspect of the shape or configuration of the whole or part of an article' that can be protected. The words 'any aspect of' have been removed in order to limit the protection for trivial features and prevent claims being made for very small parts of articles.

The meaning of 'original' has been clarified. Previously an unregistered design was not original if it was 'commonplace in the design field in question'. This has led to uncertainty in the design industry as to the precise geographic coverage, especially given the equivalent concept of novelty for registered designs covers the EU. The new Act has therefore extended the definition to 'commonplace in any qualifying country in the design field in question'. A qualifying country includes the UK and EU member states so an unregistered design will not be original if it is commonplace anywhere in the EU.

**Qualification criteria for unregistered designs**

The law previously specified certain criteria, based loosely on nationality, that determined which individuals and bodies qualified for unregistered design rights in the UK. The new Act maintains the principle of qualification but simplifies and extends it, so that those who are based in and are economically active in the EU and those countries to which qualification has been extended by Order may qualify. Whether a design qualifies on the grounds of first marketing will now depend on the country in which those sales took place, as well as in relation to the 'qualifying person' who did the marketing. The provision ensures that countries that do not offer reciprocal recognition of design rights cannot benefit from recognition of design rights in the UK.

**New infringement exceptions for unregistered designs**

The new Act makes certain acts exempt from being an infringement of unregistered designs – those which are done privately, for experiments or for teaching. These provisions mirror the exceptions already available under EU law for registered designs and brings them closer to the exceptions which exist under copyright law.
Under previous law, someone allowed to use a Community-registered design valid in the UK could be sued for infringement of the associated copyright, whereas users of the equivalent UK-registered design were protected against that. The existing exemption that applies to UK-registered designs will now be extended to a Community-registered design which means that a UK business will now be allowed to use a design registered in the EU, without being held liable for copyright infringement. The exemption will not apply to UK and EU unregistered designs.

**New ownership rules – UK unregistered and registered designs**
Previously, where a UK design was commissioned, the owner of that design was the person who commissioned it, not the designer. The new Act provides that, subject to any contract to the contrary, the owner will be the first designer, not the commissioner. This will apply to both registered and unregistered UK designs and has been amended to align UK designs with EU design law and UK copyright law. This does not alter the law in relation to employers who will continue to own the rights to an employee's design produced as part of the job and under the employment contract.

**Right of prior use for UK-registered designs**
This is a limited defense allowing a third party, who has acted in good faith, to continue to use a design that is subsequently registered by someone else. It means third parties can continue to use the design, or start to use it if they have made ‘serious and effective’ preparations to do so, without fear of later being stopped and risking jeopardizing good faith investments. The protection only applies to the use that a third party has made (or made preparations to make) of the new design. This change harmonizes UK law with EU law, which has an identical measure.

**A new international design registration system (the Hague system)**
The Act creates a power enabling the UK to join the Hague system – the international design registration system which allows designers to register their designs across as many or as few member states as they like, with just one application and one fee. This is analogous to the international trade mark registration system under the Madrid Protocol. The system should significantly reduce costs for businesses wishing to register designs in multiple territories.

**Financial remedies for innocent infringement for UK-registered designs**
Under the previous law, in the case of a UK-registered design, an innocent infringer (someone who proves that at the date of the infringement, he was not aware, and had no reasonable grounds for supposing, that the infringed design was registered) could not be pursued for an account of profits or damages. This was not the case for Community-registered designs where a designer could be pursued for damages and/or an account of profits. This meant that there were different financial liabilities for the innocent infringer of a UK-registered design and a Community-registered design, even though both are valid in the UK. Under the new Act, a UK-registered designer will now be able to seek an account of profits from an innocent infringer, but not any form of wider financial damages, which will bring the law on financial remedies for innocent infringement in line with EU law.

**Appeal process for registered designs**
The new Act provides an alternative avenue for appealing against an unfavorable decision by the UK Intellectual Property Office (UKIPO). In addition to appealing to the High Court, an appeal can be made to an “Appointed Person” at the UKIPO. This brings the routes of appeal for design disputes in line with the system currently available for trademarks. This should provide a quicker, cheaper, more accessible, and less formal way of resolving a design dispute.
A new Design Opinions Service for registered designs
The UKIPO will provide a voluntary, low-cost, non-binding and impartial opinions service on issues such as whether a design is valid, whether a design is infringed or is being infringed and even issues relating to design ownership. This will be similar to the well-regarded Patent Opinions Service. It is hoped this service will assist any decision-making before embarking on formal legal action, or will limit or focus any litigation that does ensue. This service will not cover unregistered designs, but may be extended to cover them in the future.

New criminal sanctions for the intentional copying of a registered design
This has been the most controversial provision in the Act. It will now be a criminal offense to 'intentionally' copy a UK- or EU-registered design by making a product 'exactly to that design or with features that differ only in immaterial details from that design'. This carries with it a maximum 10-year prison sentence and/or a fine. The offence is limited to intentional copying and will only apply to designs that are identical or virtually identical to the registered design - effectively counterfeits. Inadvertent, accidental or unintentional copying will not be caught. There is a defense available where the person charged with an offence can show that they reasonably believed that the registration of the design was invalid. This criminal sanction does not apply to the infringement of unregistered designs (UK and EU).

There are also various general design provisions under Part I of the Act which are part of a wider package of measures to reduce bureaucracy and to generally improve access to the services of the UKIPO, such as, allowing inspection of design documents online, allowing the UKIPO registrar to issue directions (about forms and operating hours) without having to rely on secondary legislation.

Patents

Implementation of the Unified Patent Court Agreement in the UK
The new Act allows for the Secretary of State to make an order to implement the Unified Patent Court Agreement (UPC Agreement) in the UK and allowing for its ratification. The UPC Agreement is the intergovernmental agreement, signed by 25 Member States, which establishes a new specialist patent court in the UK - the UPC. The UPC will hear disputes on European patents (as currently granted by the EPO) and the new unitary patent – a single patent that can be valid in up to 25 countries. The UPC Agreement can only enter into force once it has been ratified by 13 signatories, of which 3 must be France (already ratified), Germany and the UK. Ratification by the UK is expected to be in 2015.

Changes to the current Patent Opinions Service
Currently, if an opinion issued by the UKIPO finds that a patent is invalid (i.e. not novel or lacks an inventive step), it is up to the third party to initiate revocation proceedings if warranted. In the future, in clear-cut cases, the UKIPO will be able to start revocation proceedings, on its own initiative, on behalf of the third party. The UKIPO has made it clear that it will only initiate proceedings where the patent is clearly invalid and a patent holder will be given the opportunity to put forward arguments and amend the patent if necessary. This provision is aimed at benefitting mostly small businesses wishing to challenge a bigger player in the industry with an invalid patent but which can’t afford to challenge it through the courts. The hope is that this will help establish a higher rate of valid patents in force in the UK.

The new Act will also allow for opinions to be requested on the validity or infringement of a Supplementary Protection Certificate.

Marking a patent with an Internet link
The Patents Act 1977 provides for restrictions on the recovery of damages for patent infringement where the defendant proves that "he was not aware, and had no reasonable grounds for supposing that the patent
existed”. Previously, to avoid such a situation, patent owners have been able to give notice of their patents by marking their products with the relevant patent number. The new Act provides an easier way for patent owners to give notice of their patent rights. In addition to being able to mark products with the specific patent number(s), proprietors will also be able to mark their products with a relevant Internet link instead which will lead the user to a website or specific webpage with details on the patented product.

**Sharing patent information with overseas patent offices**
The new Act allows the UKIPO to share information on unpublished patent applications with other national and regional patent offices, so there will be no need to repeat work already completed. Arrangements will need to be put into place between patent offices to protect confidential information. This change has been introduced in order to improve international cooperation and speed up the global patent-granting process.

**Commentary**
During the passage of the Intellectual Property Bill through Parliament, it took on various descriptions - 'small but perfectly formed' was one but by contrast, 'brief and flimsy' was another. But which is it? The Government identified that design law in the UK needed to change – it needed to be harmonized with EU law, simplified and modernized. No one favored a radical overhaul; rather it was decided to focus on the existing regime and update it to provide a more effective and efficient system. Some of the battle will be educating businesses about the new law and the Government has stressed that it is committed to working with businesses to educate them about the changes and what it means for them in practice. In line with this commitment, the UKIPO has produced some helpful guides and there are some comprehensive 'Explanatory Notes' that supplement the Act. But how will the Government measure the success of the Act? The Secretary of State has a duty under the Act to present to Parliament an annual report on the extent to which he thinks the activities of the UKIPO have contributed to innovation and economic growth in the UK and how effective the legislation has been. It will be interesting to monitor progress over the coming years and to see whether the Act produces the desired effect of expanding the UK's design sector in general.

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UK Supreme Court sees color purple decision in black and white: Cadbury's trade mark application for Pantone 2685C rejected after ten year battle

The UK Supreme Court has refused Cadbury's permission to appeal the decision of the Court of Appeal rejecting its trade mark application for "The colour purple (Pantone 2685C) applied to the whole visible surface, or being the predominant colour applied to the whole visible surface, of the packaging of the goods". The goods being "Milk chocolate in bar and tablet form; milk chocolate for eating; drinking chocolate; preparations for making drinking chocolate".

Cadbury had submitted that the matter should be referred to the European Court of Justice (ECJ), but the Supreme Court reasoned that it was not necessary given that the question was irrelevant since the court’s existing jurisprudence already provided a sufficient answer.

This was always the likely outcome after the Court of Appeal looked past Cadbury's century long association with the color purple (so persuasive in earlier proceedings) and focused on whether the subject of the application actually constituted a sign capable of trade mark protection.

The findings of the ECJ in Ralf Sieckmann v Deutsches Patent- und Markenamt back in 2002 introduced criteria that has become the legal standard for trade mark applications. The seven "Sieckmann principles" state that a representation of a sign must be clear (not ambiguous), precise, self-contained, easily accessible, intelligible, durable, and objective.

In effect, the inclusion of the word "predominant" in Cadbury's description of the sign meant the trade mark application failed to meet the above criteria. The description of the sign meant that Cadbury was, in effect, seeking a monopoly for numerous signs with various and ever changing visual forms that could not be identified by competitors, such as Nestlé, inspecting the Register.

Having failed to meet the legal standard established by the "Sieckmann principles", the Supreme Court was satisfied that Nestlé's opposition should be successful and Cadbury's application should be rejected.

It would be premature to conclude that the war is over, but for now, Nestlé appears to have achieved its aim of preventing Cadbury from obtaining a registration that, technically, could have been used to prevent further sales of “The Big Purple One”, an oversized version of the Quality Street favorite in the purple wrapper.

Cadbury, on the other hand, have been quick to issue press releases putting "would-be copycats" on notice that it will assert its common law right to the color purple in a passing off action – based on the longstanding use that ultimately proved ineffective in securing it a monopoly right.

The Birmingham-based chocolate manufacturer has also hinted that it will file further color applications without the now infamous wording "…or being the predominant colour applied to the whole visible surface..." (three applications from 2013 are currently before the Examiners at the United Kingdom Intellectual Property Office) but, like the child who has gorged himself on its products, Cadbury may regret being too greedy in the first place.

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