

United Kingdom

Selected IP highlights for 2012 in the United Kingdom

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The United Kingdom saw a number of significant developments in IP law during 2012. This chapter looks at some highlights that may be of general interest. It focuses on court decisions from the smartphone wars; new legislation relating to tax relief on products protected by IP rights; the use of the Patents County Court to resolve trademark, design and copyright cases; and selected biotech and supplementary protection certificate (SPC) judgments.

Decisions from the front line in the smartphone wars

Nokia v IPCOM

Judgment was issued by the Court of Appeal in relation to IPCOM's European patent relating to allocation of channel access rights. The Court of Appeal upheld the first instance decision that the patent was valid in amended form and was infringed by some of Nokia's mobile phone devices.

Apple, Inc v HTC

This UK Patents Court judgment concerned four European (UK) patents held by Apple. Three of the patents were found to be invalid, and HTC was found not to infringe the other.

The first of Apple's patents, EP 2 098 948 for the linking of touch events to defined software activation, was found to be invalid because the claim related solely to excluded subject matter. The patent's downfall lay in the fact that the claim of this patent, unlike the claims of the other three, was not tethered to a real-world effect, such as responding to a gesture or sending a short message service (SMS).

Conversely, the subject matter of the second patent, EP 1 964 022, which related to the slide-to-unlock feature, was not excluded from patentability; because it was considered to offer a real-world effect in the form of an improved switch. However, this patent was held to be both anticipated by an earlier publication and obvious from a conference video and paper and an earlier available handset with slide-to-lock features, so was ultimately deemed invalid.

In regard to the third patent, EP 2 059 868 for the interface's 'bounceback' feature, the claimed subject matter was not considered to be excluded from patentability because it provided a real-world effect – helping manipulation of a zoomed image involving gestures having different effects. This patent was found valid but not infringed.

Finally, EP 1 168 859 concerned a method of changing the language assigned to keys in order to offer multilingual SMS services. Again, the subject matter of this patent was not considered to be excluded from patentability because the SMS capability provided an effect outside the computer itself. However, the claimed subject matter was found to be obvious in view of the combination of a standards document relating to an Arabic SMS service and an earlier handset.

The judgment in this case reaffirms the high standard of patentability required for patents in the United Kingdom.

Samsung v Apple

This case, heard by the High Court of England and Wales, was the first substantive hearing in the European Union between the two parties regarding the issue of infringement of Apple's registered Community Design 000181607-

0001. Samsung sought declaration that its Galaxy Tablet computers did not infringe the registered Community design, while Apple counterclaimed for infringement. The validity of the registered Community design was not at issue; it is currently being disputed before the Office for Harmonisation in the Internal Market, the trademarks and designs registration office of the European Union.

The judge's view was that although the similarities between the Samsung tablets and the registered Community design were striking initially, they would not be so striking to the informed user. Hence, the Samsung tablets were held not to infringe the registered Community design. In a final statement, which made many headlines, the judge concluded that the Samsung tablets "are not as cool" as the Apple design.

Apple subsequently appealed this decision and a further decision of the High Court compelling Apple to publicise the fact that Samsung did not infringe. However, the Court of Appeal, led by Sir Robin Jacob, upheld the High Court decisions, and subsequently rebuked Apple for breaching the publicity order. These decisions reinforce the view that registered design protection can afford its owner a distinctly narrow scope of protection, particularly in fields as saturated as the current smartphone climate, owing to the extensive design corpus.

Decisions in the biotechnology field

Novartis v MedImmune

The Patents Court decided on the validity of patents jointly owned by MedImmune and the Medical Research Council relating to methods of generating antibodies by phage display, and their alleged infringement by Novartis's sale of ranibizumab (a treatment for wet age-related macular degeneration). The claimed inventions were ultimately found to be obvious over a talk given at a conference in early 1990. Further, Novartis was found not to have used a method according to the asserted claims in developing ranibizumab, based on the judge's construction.

In case this finding was wrong, however, the judge also considered infringement under Section 60(1)(c) of the Patents Act. As the process to manufacture ranibizumab was not performed in the United Kingdom, infringement

of the claim could have occurred only under this provision, which provides that, among other things, importation of a product infringes a process claim if it is obtained directly by means of that process. The judge concluded that if his construction was wrong, ranibizumab would have been considered the direct product of the process because the claimed method included a conventional step of expressing the product of the phage display selection.

Regeneron v Genentech

The Patents Court was called on to assess infringement and validity of a Swiss-type medical use claim directed to the use of proteins which were vascular endothelial growth factor (VEGF) antagonists for the treatment of diseases in which there is increased growth of new blood vessels but wherein the condition is not cancerous.

Regeneron asserted that the patent was invalid for lacking novelty and inventive step over a journal publication on an anti-VEGF antibody which suggested its use in therapy. The High Court found Claim 1 to be novel on the basis that this suggestion did not provide the specific feature of a treatment of disease. Inventive step turned on whether it was obvious to try to target VEGF in order to treat the relevant diseases. The judge concluded that it was not, because there was no teaching in the prior art that would cause the skilled person to select VEGF as a target in preference to other proteins that were being proposed as mediators of neovascularisation.

On infringement, the question was whether a hybrid protein comprising portions of two of the naturally occurring receptors for VEGF found in humans and the fragment crystallisable region of an antibody, fell within the term 'an isolated VEGF receptor'. As the patent spoke in general terms about variants and truncated forms of VEGF receptors, this was sufficient for a finding of infringement. The argument that Regeneron's product was developed only after a major research project was dismissed. The court restated that for infringement: "it is no part of that exercise to embark on a consideration of whether the specific construct alleged to infringe was contemplated by the patentee, or on an analysis of the route or amount of effort involved in arriving at the construct."

Supplementary protection certificate decisions

Towards the end of 2011, a number of decisions were issued by the European Court of Justice (ECJ), each addressing a separate issue stemming from SPCs, and the UK courts are now beginning to implement these decisions. In *Medeva/Georgetown* (C-322/10 and C-422/10) the ECJ ruled on three important issues relating to combination medicines, holding as follows:

- under Article 3(a) of the SPC regulations, an SPC can be granted only for a combination if those active ingredients were “specified in the wording of the claims”;
- under Article 3(b)), an SPC can be granted for a single ingredient when that ingredient has been authorised in a combination, provided that this authorisation is the first time that the ingredient has been authorised; and
- an SPC for a single ingredient can be infringed by sales of a drug containing this ingredient in combination with other active ingredients.

Following this, the ECJ issued a number of reasoned orders in several decisions which broadly follow the *Medeva/Georgetown* cases.

Novartis v Medimmune

In *Novartis v Medimmune* a key issue was whether Medimmune’s patent, which was to a method of “producing a molecule with binding specificity for a particular target”, contained within its claims the required ‘specific’ language for the ranibizumab monoclonal antibody in the medicine Lucentis. The court ruled that the language of the generally applicable method claims did not contain the degree of ‘specification’ required to cover Lucentis. In particular, it noted that there was “nothing at all in the wording of the claim, or even the lengthy specification of the Patent, to identify ranibizumab as the product of the process in question”. Accordingly, the SPC was ruled invalid.

Queensland/CSL

This case was the first time that any of the ECJ cases was back before the referring UK court. The parties agreed that the ECJ’s decisions

meant that Queensland/CSL’s SPC applications for individual active ingredients in the Gardasil combination vaccine were allowable based on the basic patents. Notably, the UK Intellectual Property Office did not object to the allowance of multiple SPC applications from a single basic patent, despite some commentators stating that there appeared to be an indication that only one SPC could be granted a patent in the ECJ’s judgments.

Actavis v Sanofi

In the most recent case considered by the Patents Court, Sanofi had been granted two SPCs from the same basic patent. The second SPC was for CoAprovel, a combination of irbesartan and hydrochlorothiazide. The basic patent contains a claim directed to a combination of irbesartan and a diuretic, but the claims do not explicitly recite that the diuretic is hydrochlorothiazide. The grant of this SPC has been challenged by Sanofi. The court has referred two questions to the ECJ, the first asking for clarification on the criteria for deciding whether “the product is protected by a basic patent in force” in Article 3(a) of the regulation. The second question asks whether the grant of multiple SPCs based on the same basic patent is permitted in the situation in which multiple products are protected by (the claims) of a basic patent.

The Patent Box

From April 1 2012 the UK government introduced a reduced taxation structure for those parts of a company’s profits derived from patented inventions.

A number of sources of income qualify for reduced taxation under the scheme, including:

- the sale of patented products;
- the sale of products incorporating a patented product;
- royalties from licensing a patented product;
- the sale of the patent; and
- damages or account of profits resulting from a successful court action asserting the patent.

Patent applications are not eligible for the relief if a company with a pending application enters the regime; however, the tax reduction may be back-dated up to six years before grant.

To qualify for reduced taxation, the company must be the owner or an exclusive

licensee of at least one patent granted by the UK Intellectual Property Office, the European Patent Office or by one of a number of national patent offices. It must also show that the company alone or as part of a group conceived or was considerably involved in the creation of the invention or is involved in developing a product or process incorporating the invention (the development condition). Where the company is a member of a group and another member is fulfilling the development condition, the company must demonstrate 'active ownership'. This requires the company holding the patent rights to engage in a significant amount of 'management activity' seeking to develop or exploit the invention.

Trademarks, copyright and unregistered design right actions in the Patents County Court

The most significant development in the past year in the field of trademarks (including the law relating to passing off), copyright and unregistered design right has arguably been the introduction of a small claims track for litigation involving these rights in the specialist London-based IP court, the Patents County Court.

For the first time, it has become possible for owners of registered UK and Community trademarks, copyright, unregistered design rights and goodwill in the United Kingdom to bring a claim seeking damages, an injunction and other remedies where neither side will be liable for the other's costs, other than for relatively small court-related fees and a maximum of a few hundred pounds in representation costs. Under the small claims procedure, where a party is found to have infringed the claimant's rights or to have committed passing off the infringing party will be liable to pay a maximum of only £5,000 in damages.

This new, more streamlined procedure for dealing with small claims means that lower value, relatively simple and straightforward claims should now be within reach of almost every business. For those companies needing an injunction and an order for destruction or delivery up of infringing goods against a small-time infringer or counterfeiter, this represents a big step forward in the options for brand, copyright and design protection.

These moves have been accompanied by a

more streamlined qualification process for experienced trademark attorneys seeking to become litigators and advocates. In 2012 Nottingham Law School passed a number of new trademark attorneys seeking to become trademark attorney litigators and advocates, meaning that there is now an expanded pool of experienced attorneys able to assist companies with medium and lower value claims.

Where a claim for damages is between £5,000 and £500,000, or where the issues in play are slightly more complex and are likely to involve more substantial evidence or cross-examination of witnesses or where the validity of a registered trademark is in issue, then the relatively new (but now well-established) rules of procedure at the Patents County Court (introduced in late 2010) provide an excellent alternative to 'big ticket' High Court litigation.

Under the standard Patents County Court rules, the costs exposure of a losing party is capped at £50,000 (excluding interest), although in reality costs awards rarely exceed £30,000. To date, over 250 cases have been commenced in the Patents County Court since the new standard rules were introduced in October 2010. These claims have been predominantly in the field of copyright, trademarks and passing off. Again, the presiding judge of the Patents County Court has strongly encouraged trademark attorney litigators and advocates to take advantage of their rights to assist companies in these lower-medium value claims.

One further implication for companies and brand owners of the newer, lower-cost litigation forums is clear. With greater access to justice, the need to clear a trademark and company name properly for use increases even further, as claims for the infringement of third-party rights or passing off can now be brought more readily by the owners of such rights. In addition, registration of a company's trademarks can, as always, be critical to establishing its ability to stop or prevent their unauthorised use, and to preventing others from obtaining trademark registrations that could be turned against their rightful owner. *iam*

The author would like to thank senior associate Jonathan Thurgood and associates Stephen Duffield, Richard Newell and Angela Quinlan for their additional research.

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