Trade Marks Patents and Designs Federation

TMPDF Review of Trends & Events in Intellectual Property

April 1998 – March 1999

Putting Industry's view on Intellectual Property since 1920

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Introduction & Overview

Trends & Events TMPDF

This must have been one of the most active years in the Federation's history as a quick review of this issue of Trends & Events ***will reveal. There has been a continual interest in Intellectual Property of one form or another by the European Commission, the European Parliament, the UK Government, the UK Parliament and, not least, the press. While there has been high profile activity in connection with exhaustion of rights, counterfeiting and piracy there has also been continuous activity on the part of the various law-making bodies to which the Federation has responded.***

Because of this increased legislative activity we have made contact with a number of MEPs, in particular those on the Legal Affairs Committee of the European Parliament who during the course of the year have considered Grace Periods and Utility Models.

We have also had the pleasure of meeting Mr Tam Dalyell MP. We initially wrote to him in his role as Thistle diarist of the New Scientist; subsequent to that he was instrumental in getting us an interview with Dr Kim Howells MP, Parliamentary Under-Secretary of State at the DTI. We are most grateful to Mr Dalyell for his interest and we hope that we shall continue to inform each other of developments relating to things technical.

One of the consequences of this activity in the IP front is that it has brought home to us once again the shortage of Patent and Trade Mark Attorneys and thus the need for some way of augmenting the training which is provided by both professional institutes. We are glad to report that the ad-hoc committee of the Federation and the Chartered Institute of Patent Agents, which was set up at the instigation of the Federation to look at ways to provide training for new entrants to the patent profession, has been successful in that the first course will be run in May of this year. While the course is in the early stages and may have to be altered as we learn from experience, it is a great achievement on the part of both the Federation and CIPA and we hope that this will lead to more qualified Patent Attorneys. Our thanks are due to those members of the Federation who have taken a special interest in this project.

The Federation maintained its contacts with the Japanese Intellectual Property Association via a meeting between members of the Federation and JIPA in Brussels. Matters discussed included the Grace Period, Patent Law Harmonisation, machine translations, the Designs directive, and enforcement of IPRs.

During the year the Federation and its members lobbied strongly against the proposed move of SRIS (the "Patent Office Library") to Boston Spa. Fortunately this move did not come to pass, but as this is written the Library is in the process of moving to the British Library site at St Pancras. Despite the Internet and all the on-line search facilities which exist, these are no replacement for the "Patent Office Library" and we hope against hope that when all the material is located in the British Library we shall find it as user-friendly as before.

The Federation organised or assisted in the organisation of two seminars during the year. The first concerned the proposed harmonisation of Utility Model protection in the EU; and the second seminar concerned IP rights in Hong Kong and China. ■

Exhaustion of Rights

Perhaps the hottest trade mark topic of the year was initiated by the eagerly-awaited opinion of AG Jacobs in the Silhouette case, followed later by the decision of the ECJ itself, broadly supporting the AG's position. The case gave new powers to trade mark owners to take action against the unauthorised imports of their goods from countries outside the EEA, and evoked much outcry in the popular press. It was alleged that UK consumers were paying over the odds for designer jeans, audio CDs, cars and motorcycles. Some enterprising retailers joined in the debate by offering for sale cut-price imported goods, and the new government was called upon to do something about the situation.

In its judgement the Court held that trade mark rights in EEA member states are exhausted only in relation to first sales within the EEA. They can be exercised against "parallel" imports of marked products first sold outside the EEA. There has been considerable hostility to the use of rights to prohibit parallel imports from consumers and traders. In the UK, a meeting of the DTI Standing Committee on Industrial Property (SACIP) took place early this year to discuss the issue. There was a very large attendance with many representatives of parallel traders present, arguing in favour of "international exhaustion", i.e., a national right should not enable its owner to prevent the import of products first sold elsewhere with the consent of the right owner. The Federation representatives put the arguments against (see below). A Parliamentary Trade and Industry Select Committee (TISC) has been set up to enquire into "Trading, Trade Marks and Competition", and is examining in particular whether it would be desirable to move to a system of international exhaustion.

The issue is also under consideration by the European Council of Ministers and a study on exhaustion regimes by National Economic Research Associates (NERA) has recently been completed for the European Commission in order to inform the European debate. The NERA study concludes that in the short term, international exhaustion will tend to lower prices to a greater or lesser degree, depending on market sector, but the effects would be small in macro-economic terms. The longer term effects are more important and may involve relocation of production (to outside the EEA) and changes in pricing, product and distribution strategies, with consequent economic impacts (by implication, these are likely to be adverse).

The Federation has submitted a paper to the TISC arguing against the introduction of an international exhaustion regime and will be giving verbal evidence in the near future. Although the debate has concentrated on trade marks so far, it is clear that many of the same arguments will be applied to other intellectual property rights and that any change of EU policy will affect all categories of rights. The Federation's paper points out the many legitimate reasons for the price differences between different markets and draws attention to the following disadvantages of an international exhaustion regime for the EU (particularly including the UK) and its industry:

- Loss of sales at the "innovation price" (i.e., a price which covers research development and promotion, as well as normal production and distribution costs) in the EU will lead to a downturn in research and development. Technology transfer to the EU will be chilled.
- Loss of direct sales volume in the EU by EU based industry will weaken the EU economy and employment.
- Some companies will react by opting out of foreign markets or increasing prices in those markets. Either way, a loss of production and increase in prices within the EU will result.
- Other companies will be encouraged to relocate production outside the EU, with consequent loss to the EU economy.
- The main beneficiaries will be trading companies, many of which are not based in the EU. These will not devote profits to research and development or promotion of new products.
- Guarantees and after sales service are unlikely to be provided by parallel traders. They are not the responsibility of the rights owner, since the products will have been resold in a market for which they were not intended, but nevertheless will be a burden.
- Entry of counterfeits to the EU will become easier.

At the time of writing, all the signs are that Silhouette will represent the high-water mark, although it will, of course, continue to set a precedent in the ECJ – see our comments on the Sebago case on page 8. There are apparently moves afoot within the Council of Ministers to revert to a regime of international exhaustion, with the UK in particular having changed its position in this regard. ■

Courts & Legal

Commission Green Paper on the Community Patent and the Patent System in Europe: Judicial Arrangements

The Federation, through UNICE, has remained active in seeking to persuade the Commission that a unitary Patent Court of First-Instance is a prerequisite for a Community Patent Regulation that will be acceptable to industry. A Federation paper provided the basis for a UNICE submission on this subject to the Commission in October 1998 and Federation members are CBI representatives on a UNICE Task Force set up to develop European industry proposals for the structure and procedure of such a unitary Patent Court. Members of the Task Force pressed the UNICE viewpoint at a meeting with the Commission in December 1998 but, in spite of advice to the contrary, the Commission continues to believe that national first instance courts can provide a satisfactory forum for the litigation of Community Patents. The Task Force is producing a series of briefing papers for the Commission, setting out the present diversity of practice and procedure in patent courts of the various Community member states.

Judicial Arrangements: General

IP Court

The Federation believes that the interests of industry would be best served if all areas of Intellectual Property Right (IPR) litigation were to be handled by a specialist court, rather than merely the Patents and Registered Designs areas as at present. A number of judges within the Chancery Division have significant expertise in non-patent IPR disputes, but the way in which cases are handled in the Chancery Division makes it difficult to assign judges to non-patent IPR cases at an early stage in the proceedings.

With the support of the Judges who handle IPR work, the Bar and Solicitors' representatives, the Federation is proposing an initiative to the judicial authorities that would secure specialist handling of non-patent IPR litigation without disturbing the current case allocation arrangements within the Chancery Division.

The Reform Of Civil Justice

The Federation has continued to participate in and contribute to discussions on the implementation of the reforms proposed by Lord Woolf which are due to take effect in April 1999. Amongst issues that have been the subject of representations by the Federation are the reform of the Court of Appeal, the new Rules of Civil Procedure and the Application of the Woolf Reforms to practice before the Patent Office. The last named issue was the subject of a special SACEPO meeting on 25 September 1998 at which the Federation was represented.

ECJ Cases

Case no: C-383/98 The Polo/Lauren Company v PT Dwidua Langgeng Pratama International Freight Forwarders

In this case, tee-shirts unauthorisedly bearing Polo/Lauren trademarks were taken into Austria, where the trademarks are protected, with the intention of exporting them to Poland or other non EC countries. They were detained by Austrian customs at the request of Polo/Lauren. (whose registered office is not within the EC). The matter came before the Austrian courts and was referred to the European Court of Justice on the question of whether Council Regulation (EC) No. 3295/94, which concerns measures to prohibit the release of goods suspected of being counterfeit which are "entered for free circulation, export or re-export", can be applied to counterfeit trademark goods in transit between two non-Community states through a Community state, at the request of a trademark owner whose registered office is not within the EC.

The Federation considers this to be an important case and has recommended to HMG that it should intervene, to argue in favour of suspension. The situation of goods in transit seems to fall within the scope of Regulation (EC) 3295/94.

It was argued before the Austrian courts that the Regulation only applied to goods for circulation in the internal market. On this point, the Federation has pointed out that the Regulation was established under Article 113 of the Treaty concerning the common commercial policy of the Community, which includes trade agreements (such as TRIPs, concerned inter alia

with anti-counterfeiting measures) and measures to protect international trade. The Regulation therefore can legitimately be applied to counterfeit goods "entered for export" which are not intended for intra-Community trade. It is irrelevant that neither the rights owner nor the trader in the counterfeit goods have registered offices in the Community. The Regulation should be used to enable the Community to play its full part in eliminating international trade in counterfeit trademark goods.

HMG has declined to intervene. We await the outcome of the case with interest.

Case No: C-173/98 Sebago Inc. and Ancienne Maison Dubois et Fils SA v GB-Unic SA

The Advocate General's Opinion in this case was published on 25 March. It confirms the judgement reached by the Court in the Silhouette case (C-355/96), European Economic Area (EEA)-wide exhaustion rules until the law is changed.

Sebago concerned the marketing in Belgium of shoes purchased from within the EEA, but made outside it (in El Salvador). These shoes were undisputedly genuine, the dispute concerned the fact that Sebago had not consented to the sale of that particular batch. GB-Unic operates hyper-markets and sold the El Salvador made shoes in these during the summer of 1996. Sebago claimed that this was contrary to Article 7(1) of the EC Trade Marks Directive (89/104 /EEC) as incorporated into Benelux Trade Mark Law, which only provided for Community (subsequently extended to EEA) wide exhaustion. It argued that GB-Unic should have obtained consent in relation to each defined batch of goods. However, GB-Unic argued that Sebago consent was not required because the shoes had already been put on the market within the EEA under the Sebago trade mark.

The Advocate General felt that the fact that the EU Trade Marks Directive provided for EEA-wide exhaustion (following the extension of the Directive to the countries of the EEA by virtue of the Agreement of 2 May 1992) had been settled by the Silhouette case. The only remaining point at issue was therefore whether or not this applied to a product line or to one particular batch of goods bearing the trade mark? The Advocate General considered that it was abundantly clear, at least as regards the purely intra-EEA context, that the Community law principal of the exhaustion of trade mark rights related to individual goods or batches of goods, not whole product lines. He held that the Court could not be expected to stand legislation on its head in order to achieve an objective, even were it to be considered desirable. If the Directive was found to have effects which were unacceptable, the correct remedy was to amend the Directive, or, as the Court had observed in its judgement in Silhouette, to enter into international agreements in order to extend the principle of exhaustion to products put on the market in non-member countries, as was done in the EEA Agreement.

The Federation submitted written comments to IPPD on this case. The opinion of the full Court is awaited with interest!

High Court Cases

Account of Profits Proceedings in the Hoechst Celanese Corp. v BP Chemicals Ltd. et al case (UK Patents Court)

On 26 October, 1998, Mr Justice Laddie delivered the first UK Judgement on an account of profits in an infringement action for over 100 years in Hoechst Celanese v BP Chemicals Lt. et al. - [1999] R.P.C. [No.6] 203-252.

Pre-trial press speculation put the potential award at $100 million. In the event, Hoechst Celanese was awarded only £567,840 less tax, emphasising the uncertainty with which plaintiffs have traditionally viewed this approach to an award of damages.

One reason for this uncertainty has been the lack of precedent. Mr Justice Laddie has now laid down the legal principles and steps to be adopted in an account:

- determine the "total profits pot" of the business activity, taking the defendant as you find him;
- if appropriate, apportion to determine the "base allocated profit";
- weight up or down depending upon the relative value of the infringement;
- deduct tax.

Other aspects dealt with in the Judgement include allocation of costs including (a) costs common to non-infringing processes, (b) R & D costs, (c) costs between co-products and (d) finance charges. The Judgement also addresses the situation where one of two infringing processes is loss making and the other profitable - the Plaintiff being award nothing in respect of the loss-making infringement.

This Judgement is unlikely to lead to an increase in elections for an account of profits in UK patent infringement actions. ■

Trade Marks

OHIM

The Office has set up a users' group, the OHIM Trade Mark Group. Its first meeting was in Alicante in July, and the Federation was represented via UNICE.

One of the topics discussed was the vexed issue of EU enlargement and its effect on the CTM system. This was subsequently tabled at a UNICE meeting attended by Eric Nooteboom of DG XV, who produced a discussion paper for the occasion. As a result of this, David Tatham has produced a paper which sets out all the issues and gathers together the various options. We will follow this debate with great interest.

UNICE wrote to the Office about the review of the search procedure, due to be carried out after five years of operation, pursuant to Article 37(7). UNICE argued for deletion of the search entirely, a position which the Federation supports. However, the Federation also recognises that the political reality is that abandonment of the search is unlikely to be acceptable, and therefore it will support more recent moves to make the search optional. The issue has repercussions for the search carried out by the UK Trade Mark Registry within the process of examination on relative grounds (see below).

During the year under review, the Office continued to make good process, especially in terms of clearing the backlog of unexamined applications. Also, the first decisions of the Boards of Appeal began to appear. The issuance of the filing date was merged with that of the receipt.

However, the Office was finally forced to admit officially that the examination of seniority claims had been abandoned until further notice, since the difficulties of the process had been completely underestimated. Since the seniority system was one of the original great selling points of the CTM, its non-operation is deplorable. As a result, owners of CTMs are after all forced to retain their existing national registrations, and the expected savings have not materialised.

Control of the Office's budget was wrested back by Brussels, perhaps as a result of the Office's unilateral approach to its new office building. The Federation joined with others in resisting the change of budgetary control, but it has to be said that, thus far at least, there do not appear to have been any adverse consequences.

Madrid Protocol

There was surprise and disappointment at the Spanish government's objection to Articles 147 (languages of publication) and, in particular, 154 (the "opting back" clause), the latter objection effectively undermining the much hoped-for link between the Protocol and the CTM. The Spanish objections were hard to understand and some Federation members lobbied the Spanish government directly via their Spanish subsidiaries in an attempt to effect a change of heart, but to no avail. Later, it emerged via DG XV that the whole procedure was considered to be in conflict with the Protocol and might be ultra vires. Further, Belgium, Italy and the Netherlands had joined in the criticism of Article 147. Thus, currently, there seems to be no prospect of movement on the issue, although paradoxically it appears that this may have the effect of turning the spotlight once more on to the voting rights issue which has so far prevented the US from joining the Protocol.

A party from JETRO, the Japanese trade delegation to Europe, met members of the Federation in February in order to discuss the various issues that would arise if Japan were to decide to join the Protocol. The meeting went well and all the indications are that Japan will now join the Protocol, without waiting for the US to do so first as had originally appeared to be the case.

A steady stream of countries continued to join the Protocol, some 36 countries having ratified by the end of 1998.

The Trade Marks Registry

The Federation made written comments on the Patent Office's final proposals to apply the reforms advocated in the Woolf Report. Since the Woolf Report emphasised the speed of resolution of legal procedures, it came as no surprise that the Registry had taken the opportunity to tighten up on various procedures and time limits, many of which seemed to be with the Registry's budget in mind rather than the interests of the users. In particular, the Registry seemed not to appreciate the point that if both parties wanted delay, they ought to be given the time to effect a commercial solution. Only where one side wished to delay was there a case for intervention. Nevertheless, the outcome was a series of practice directions throughout the year.

Discussion of the CTM search regime prompted the Federation to consider the UK search as well, in the light of remarks made by Peter Lawrence, the then new Director of Trade Marks, at the Trade Marks Committee meeting in May. He reminded us that the 1994 Act gave the power to stop the search for objections on relative grounds. He also thought that OHIM was likely to abandon its search at the earliest opportunity. If so, there was a good case for saying that it was not viable or practicable for one national office to search and raise objections on relative grounds when the EU did not do so. Denmark had reached the same conclusion and had resolved to abandon examination on relative grounds as of 1st January 1999.

The Federation concluded that a consideration of the matter in the UK should not be delayed until 2004 (the 1994 Act provides for a review after ten years) but should be begun now. As a catalyst for those discussions, it produced a paper setting out the current position in the UK and under the CTM, giving the arguments for and against, and suggesting a number of options.

The Federation continued to participate regularly in the Registry's Registration Practice Working Group.

Look-Alikes

Another vexed question, and one on which the Federation has on two separate occasions failed to come to a consensus view. SACIP discussed the subject in November and the President, Liz Cratchley, attended. A number of groups were in favour of specific new legislation, based on the WIPO model law covering unfair competition, but equally there were those who contended that the present law was adequate.

Counterfeiting

The Commission's Green Paper, published in October, set in motion a consultation process until March 1999. Recognising that not all members are affected by the scourge of counterfeiting, the Federation set up a sub-group to deal with the issue and to form a view which could be remitted to its Council in early '99. The Commission held a Hearing on the Green Paper in Munich on 2-3 March 1999, and the Federation was one of over 250 organisations attending. Most represented particular sectors of industry; the copyright area was particularly well represented. 120 organisations were able to speak, but even so the time for each was severely limited, and no one had more than 5 minutes. The Hearing was broken down into four sessions, the intention being that these should cover different aspects of the problem. However, since speakers were only allowed one slot each, they all covered the whole range of issues.

The Commission appeared to be well aware of the problems of enforcement, but noted that there was little they could do in this area since the criminal law was still a matter for the Member States. Some of those present gave staggering figures for the cost of counterfeiting to their industry. Many speakers argued that slavish copying was in effect unfair competition, and should be dealt with as such. Once the 15 year term of protection allowed by design law had ended, owners should be able to obtain permanent protection under unfair competition law in this way. Some concentrated on the need to protect witnesses from intimidation. Many argued for the removal of the derogation in EU law covering the personal import of counterfeit goods. There was a certain amount of enthusiasm about the use of electronic devices to prevent counterfeiting, but many countered by pointing out that these were easily copied and thus only of limited value. Quite a few speakers mentioned parallel imports and were hostile to the idea of international exhaustion. We were the only organisation to mention the idea of using Customs officials to intercept counterfeits in inter-Community trade. However, it was gratifying to hear a German Customs official speak about the problems caused by counterfeits passing through Germany, and the inability of customs to do anything about it.

As expected, few Member States were represented at Ministerial level, and when Ministers were present they put the matter firmly back into the hands of the

rights owners. At the end of the Hearing Erik Nooteboom summed for the Commission up by saying that they would monitor the problem, and would offer help with training, technical developments and research. Money would be put into the EU's research budget. The greatest problem was the demand to improve sanctions and enforcement. The Commission would wait for the European Parliament's opinion before producing a follow-up document. We understand that the European Parliament will not look at the issue until after the elections, which probably meant September or October. The Commission were to set up a Web site to advise on dealing with counterfeiting.

DTI Company Law Review

The DTI launched a review of company law entitled Modern Company Law for a Competitive Economy. Its primary objective is to ensure that the UK has a modern and effective legal framework for the next century, but the Federation took the opportunity to submit a letter highlighting the continuing unsatisfactory relationship between company names and trade marks, and suggesting also that Companies House should be given greater powers to refuse proposed company names which are confusingly similar (as opposed to merely identical) to other names already on the Register.

Domain Names

It is said that the Internet and its World Wide Web are fast moving media, but establishing the right institution(s) to govern it are moving less speedily. At the time of last year's Trends & Events we were grappling with the sudden appearance of a Green Paper from the US Government which, at a stroke, had appeared to extinguish all the patient effort of the previous 18 months and to start us off again with a clean piece of paper. Since then the following events have occurred:

- The publication of a White Paper in June 1998 from the US. Inter alia this proposed the end of NSI's (Network Solutions Inc) monopoly of the ".com" top level domain name.
- The death on October 16 of Jon Postel, described as the "father of the Internet".
- Bitter disagreements between various factions over the type of organisation that should replace IANA (which at that time was the only institution authorised by the US.
- Government to run the Internet) and how it should be run.
- Eventually these disagreements were put to one side by the formation of ICANN (the Internet Corporation for Assigned Names and Numbers). ICANN is 'advised' in its operations by 3 Supporting Organisations, one of which is of major interest to trade mark owners, namely the DNSO (Domain Name Supporting Organisation).
- Acceptance by the US Government of ICANN as the replacement for IANA and the appointment of an Interim Board for ICANN. None of the Board members appeared to have any in-depth knowledge of the Internet, and only one of them had a business background and so could appreciate the very real concerns of industry - which increasingly was becoming the major user of the Internet - or trade mark owners whose rights were constantly under threat from cybersquatters and domain name pirates.
- Meanwhile WIPO was continuing with its work, requested in the White Paper, of preparing a Report to: "Develop a uniform approach for the resolution of disputes between trade mark owners and domain name holders; to recommend a process for protecting well-known and famous trade marks in the generic top level domain names; and to evaluate the consequences of establishing new top level domain names". The latest draft of its Report (RFC-3)was published in December 1998 and responses were due before 19 March 1999.
- ICANN held its first Board Meeting in Singapore from March 2-4 1999 at which 3 draft proposals were tabled relating to the structure of the proposed DNSO. The Board accepted none of these in its entirety, but did establish certain principles which were generally perceived as being inimical to business and trade mark interests. ICANN has now proposed an amendment to its Bylaws which will accommodate these concepts. ▸▸

Thus, the Internet does now have an agreed body to govern it but without as yet any of its advisory bodies. However the thorny issues that have dominated the thoughts of trade mark owners throughout the discussions are still not resolved, namely:

- Will their voice be heard loudly enough in the councils of the Internet governing bodies and their concerns given the recognition they deserve?
- The activities of domain name pirates have still not been sufficiently curbed and there is still no alternative to embarking on lengthy and costly court procedures to stop them.
- No one yet seems to have addressed the increasingly common problem of trade mark infringement in e-commerce.

Well-Known Marks

WIPO held two meetings of its Standing Committee on the Law of Trade Marks Industrial Designs and Geographical Indications in July 1998 and March 1999. Despite the long title of this body, the meetings were both devoted almost exclusively to discussing well-known and famous marks.

At the March meeting, the wording of the document that had been discussed by the Standing Committee and its predecessor on four previous occasions was agreed although the final wording will need to be 'approved' by the Standing Committee at its next meeting in July 1999. The document is now in the form of a Resolution which will be put to the next meetings of the Governing Bodies of the Paris Union and WIPO. If adopted by them, every member state will be 'recommended' to protect well-known marks in accordance with the provisions of the document. These are contained in a few Articles which -

- determine the factors to be taken into account when deciding if a particular sign should be classified as being well-known or not, and
- protect well-known marks against: Bad Faith, Conflicting Marks, Conflicting Business Identifiers, and Conflicting Domain Names.

OHIM: "British Forum" at Alicante

The third "British Day" was held at Alicante on 26 February 1999. The British delegation was lead by Peter Lawrence, Director of Trade Marks, and comprised the 4 secondees from the UK Registry, as well as representatives of TMPDF, ITMA and CIPA. The OHIM delegation comprised Jean-Claude Combaldieu (for part of the time), Alex von Mühlendahl (Vice President, Legal), Vincent O'Rielly Head of Examination Division), Alberto Cassado Cervino (Head of Administrative Division) and Panayotis Geroulakos (Head of Opposition Division).

During the discussion on examination the Federation and ITMA raised the question of evidence of use and inconsistencies and were told that many of the problems experienced came down to the difficulty of operating in several languages. OHIM was reluctant to tell applicants or their agents how to prosecute a case. On the thorny issue of the examination of seniority claims, OHIM advised that 10% of applications claimed seniority, and they were only able to note these, they could not examine them yet owing to lack of resources.

As regards opposition proceedings, OHIM had now officially changed its practice to notify the applicant of an opposition as soon as it is received (rather than only when deemed admissible, formerly). There was also discussion of the costs of opposition proceedings, and of deposit accounts at OHIM.

General impressions of the meeting were that OHIM continued to be receptive of suggestions for improvement, and the meeting was beneficial.

Patents

The European Patent

From the users' point of view one of the more important changes this year has been the reduction in the Official Fees. The designation fees were substantially reduced from 1 July 1997 and made payable on requesting examination. Secondly the search fees will be substantially reduced from 1 July 1999 and the designation fees will be capped at 7 designations. The combined effect is a reduction of 30%. The fees on filing a direct European application before 1 July 1997 could be as high as DM8100 (17 designations). After that date up to the end of June this year the fees on filing are DM1950 followed on requesting examination by a deferred payment of the designation fees (DM2400 for 17 designations). On 1 July 1999 this is reduced to DM1600 and DM1050. The designation fees payable on requesting examination from 1 July 1998 could be as high as DM2400, but after that date are DM1050. There are corresponding reductions for PCT cases.

Turning to the question of the future of the European patent itself, there has been a long debate over the introduction of the "package solution" to the problem of translations at grant. Under the package solution the claims but not the description are translated at grant. The description is translated when the patent is enforced. However, attention is paid to the information function of the patent application at 18 months publication by providing an expanded abstract, which is translated into the languages of the designated countries. Industry supports the package solution. The EPO Administrative Council's Patent Law Committee proposed this solution some years ago, but it was rejected for reasons of "national culture" and the Patent Law Committee was asked to make other suggestions. Many alternatives have been suggested but do not satisfy the users (see below).

The French government appears to have realised that the patent system in Europe will remain ineffective or too expensive until the language problem has been satisfactorily solved. French industry has made this very clear for the Community patent and the same arguments apply to the European bundle patent as EU countries increase their economic importance. The French government is to host an intergovernmental conference on 24/25 June with the following main topics - cost of patents, length of the procedure, cost of translations, improvement of European patent litigation including the creation of an advisory appeal court, modernising the decision systems of the European Patent Organisation, patentability of computer software, adapting the EPC to the Biotechnology Directive, and the EPO BEST procedure. The list of revisions to the EPC does not include the items studied in depth by the SACEPO and the Administrative Council's Patent Law Committee. The list should be extended to include the items discussed in the SACEPO and Patent Law Committee for amendments to the EPC. The more important subjects for further discussion agreed by the SACEPO are the following:

- Adapt the Protocol on Centralisation and the EPC to the BEST project.
- The Board of Appeal members not to be bound by TRIPs or European Convention on Human Rights.
- Amend Article 52 to allow patentability of computer programs.
- Bring Article 53a into line with TRIPs. Consider deletion of Article 52(4) (exclusion of medical treatment claims) and Article 54(5)(first indication product claims).
- Delete Article 53b and/or reflect the Biotechnology Directive.
- Extend the priority right to all WTO countries and those giving reciprocity.
- Transfer the formal requirements for priority documents to the Implementing Regulations.

- Retain the filing of priority documents (and their translation) with the application.
- Make all time limits to be eligible for further processing and broaden restitution possibilities.
- Adopt the footnote solution to obviate the Article 123 trap.
- Separate Register and Bulletin and define their content in the Implementing Regulations.
- Stay proceedings when a case is referred to the Enlarged Board of Appeals.
- Eliminate the requirements for claims to obtain a date of filing and for the request to designate contracting states. Remove the requirement for an applicant to confirm his request for examination if made before the search report was sent to him.
- Introduce central limitation and surrender proceedings before the EPO.
- Transfer EPC requirements to the Implementing Regulations where this would not undermine the substantive law provisions of the EPC.

The Administrative Council at a special meeting on 29 January, invited the eight candidate countries for entry to the EPC: Hungary, Poland, Czech Republic, Slovak Republic, Slovenia, Romania, Bulgaria and Estonia to accede to the EPC with effect as from 1 July 2002. These countries have agreed not to seek status as PCT international search or preliminary examining authorities, not to join the Eurasian Convention and to accept the EPC as it stands on accession in late 2001.

At a **meeting of the Administrative Council Patent Law Committee** (16-17 March), the majority of delegations said the Implementing Regulations should be amended now to obtain quick implementation of the Biotechnology Directive by the EPO. The relevant Article of the EPC should be amended as well for essential matters (such as interpretation of the EPC to harmonise with the Biotechnology Directive). The relevant Directive articles should be incorporated into the EPC as well as into the national laws. The EPO's suggested new Rules 23b and 23c were approved with amendments to rely on exact wordings. The Biotechnology Directive has to be implemented by the member states by July 2000. The EPC does not require modification if the Enlarged Board of Appeal in the Novartis case confirms the interpretation of the EPC up to 1995. In case it does not, the Patent Law Committee has adopted the proposed new Rules 23b and 23c. New Rule 23b (1) states that the Convention is to be interpreted in accordance with the provisions of Rules 23b and 23c and the Biotechnology Directive 98/44/EC of 6 July 1998 is to be used as a supplementary means of interpretation. Subsections (2), (3), (5) and (6) define "biotechnological inventions", "biological material", "essentially biological process for the production of plants or animals" and "microbiological process" as in the Directive.

Rule 23b(4) defines "plant variety" as in Article 5(2) of the Plant Variety Rights Regulation. Rule 23c(1) defines patentable biotechnological inventions in accordance with Articles 1(1), 3(2), 4(2) and 4(3) of the Directive. Rule 23c(2) defines the exclusions from patentability of the human body and its elements as in Article 5 of the Directive and Rule 23c(3) defines exclusions such as cloning human beings, modifying germ line genetic identity, use of human embryos and processes for modifying the genetic identity of animals as in Article 6 of the Directive.

The SACEPO comments were summarised and reviewed without dissent. EPO will make a proposal for the June Administrative Council. The EPO line of not making TRIPs and European Convention on Human Rights binding under Article 23(3) was accepted. Also accepted was the EPO proposal to word Article 52(1) as in TRIPs 27.1 and delete 52(2) and (3). Regarding methods of Treatment - (Articles 52(4) and 54(5) there were misgivings about the deletion of Article 52(4). The users asked for Article 54(5) to be retained. Many delegations were concerned about the position of doctors and veterinarians. The infringement laws would have to be reviewed.

It was agreed that Article 53a should be amended to align with TRIPs by deleting the reference to publication. It was agreed that Article 87(5) should be amended to allow priority rights for WTO countries. Regarding the PCT a detailed proposal for amendments to Rules 104b and 104c was agreed subject to editing, correction and circulation for comment. The EPO made a presentation on electronic filing. There are security problems which might not be realised by the applicant and articles 55, 87 and 89 no not afford adequate redress.

The Commission's views on the European Patent

Oppositions take too long. Integrating the EPO into EU institutions would be cumbersome, complex and provide no added value but strengthening Commission/EPO co-operation is desirable. Improvements to the EPC are needed to reflect EU law (ie Biotechnology Directive, TRIPs), bring EPC on priority into line with TRIPs, reform the EPC generally. The Commission should become a contracting party to the EPC. It is necessary to reduce national validation fees, harmonise national renewal fees, and desist from raiding renewal fees for non-patent purposes. The Commission will support the EPO to find a balanced solution as soon as possible to the problem of translations and notes the package solution is the best according to the majority of users. But the solution cannot be that for the CPC; central filing of translations with the EPO should be explored. It is desirable to maintain the national patent offices. A pilot action in support of the national offices should promote IP, strengthen patent information activity, undertake invention evaluation, and define protection strategy.

European Commission Green Paper on the Community Patent and the Patent System in Europe

In last year's Trends & Events, we reported in some detail on the Green Paper. Work has continued throughout the year, with reports issuing from the European Parliament and the House of Lords, and culminating during February 1999 in a Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee. This communication lists a number of urgent actions to be carried out at Community level, as follows:

- Community patent: prepare a draft Regulation based on Article 235 EC.
- Patentability of computer programs: prepare a proposal for a Directive based on Article 100A EC.
- Patent agents: draw up an Interpretative Communication.
- National patent offices: launch a pilot action designed to back their efforts to promote innovation.
- "Legal protection" insurance for legal action in connection with patents: organisation of a European conference.
- Convention on the European patent: launch the procedure for Community accession.
- Better dissemination of information on patent law among inventors, researchers and SMEs: prepare a communication from the Commission.

The Communication also recommends support for proposals to reduce EPO fees and translation costs; encouragement for the revision of EPC, in particular regarding technological developments, Community legislation and international agreements; consideration of Community accession to EPC; and support of ongoing training for patent agents.

The Communication concludes that any Community patent must be unitary, affordable and guarantee legal certainty. National patents and the European patent should co-exist with the Community patent at least for a transitional period, and Community patent applications should be capable of being converted into European patent applications. Rights of prior use must be harmonised at Community level. And finally, inventions made or used in space must be properly provided for.

The two subjects of translations and judicial arrangements for a Community patent continue to generate the most heat. On translations, a draft report in September from the Legal Affairs and Citizen's Rights committee of the European Parliament concluded that patent documents must be fully translated into all European languages. However, a subsequent proposal from the European Parliament suggests that applications may be filed and granted in the applicant's own language, with full translation only being required on enforcement. This proposal has received some support in interested circles, and is being looked at in detail by the Commission. ▸▸

Grace Period

The possible introduction into European laws of a "grace period" following the publication of an invention by the inventor, during which the inventor or assignee would be able to make a valid application for a patent, has been the subject of considerable discussion. In the belief that the grace period would help small and medium sized enterprises (SMEs), the European Parliament has become involved with the subject. In July 1988, the European Commission circulated a questionnaire seeking information on the advantages and disadvantages to interested groups. A meeting to hear views was held by the Commission in Brussels in October. TMPDF replied in detail to the questionnaire and a representative participated in the hearing.

The Federation's position was that the disadvantages of a grace period in any of the forms currently envisaged outweigh the advantages. The grace period would cause substantial problems for competitors and other 3rd parties, because the period of uncertainty following a published disclosure about whether the disclosure was in the public domain or whether there would be a patent application, and of what scope, would be greatly increased, from the present 18 months to 30 months (assuming a grace period of 12 months, the usual figure suggested in proposals). This would have an adverse effect on innovation and investment decisions by competitors.

The grace period would destroy the clarity and simplicity of the "first to file" system as inventors rushed to publish something, to secure the earliest possible publication date for their inventions. There would inevitably be more and difficult disputes, for example about the sufficiency of a graced publication or about whether a patent application filed by a competitor during a grace period was derived from it. The grace period would be dangerous for those inventors who relied on it in present circumstances, because in many countries it would not be recognised, either at all or, as in the USA, if it ran before the priority filing date in another country. Competitors would be able to use and develop the ideas in the graced publication in those countries and even make publications about or file patent applications on the developments, while the original inventor would be unable to obtain a valid patent.

In the view of the Federation, if there is to be a grace period, the period should be very short, say 3 months, an applicant intending to rely on the grace period should identify the earlier graced publication in the application, the onus must always be on the beneficiary of the grace period to prove her/his connection with the graced publication, only a publication by the inventor, or by someone who acquired all the published information from the inventor should be graced and anyone making use of the published information before the filing date of the corresponding patent application should be free to continue to do so. A grace period should only be introduced as part of global harmonisation involving not only Europe but also, at least, the USA and Japan. Prior user rights should be harmonised.

The Federation recognises the need, particularly of SMEs, for early discussion with potential partners and for trials that might have to be in public. The way forward is for all those involved in technology to be better informed about the patent system and to make greater use of internal priority arrangements, such as exist in the UK and other patent systems.

At the hearing, it was accepted on all sides that a grace period would only be workable if harmonised in an international context and the Commission concluded that it should be left to WIPO to take the issue forward. Meanwhile, the Commission said that it would study whether the present categories of non prejudicial disclosures, (at certain exhibitions, or resulting from an abuse) should be extended and whether internal priority systems should be more closely harmonised.

At the time of writing, it is understood that the European Parliament has recently debated a detailed proposal for a directive on a Europe-wide grace period, modelled on provisions which appeared in the aborted 1991 WIPO Patent Law Treaty. While voting in favour of the general concept, the Parliament rejected the proposal's detailed provisions. It is to be seen whether the new Parliament to be elected this year will take up the issue.

UK Patent Office

Informal Patents Practice Working Group

Discussions in this group have ranged fairly widely over a number of topics connected with the day to day operation of the UK Patent Office. including search reports, Patent Office Charter, bringing UK into line with the EPO on biotechnology (Rule 17), the Millennium bug, response dates, PCT national phase, assignments, address for service, software patents,

and a variety of minor topics. On search reports the Patent Office stated that it would be more specific in identifying claims, and would consider offering additional searches on a single case. They would only try to quote technical background documents if the search failed to produce more relevant art. On assignments the Office admitted they had been slow in certain areas, and would try to do better. On address for service they admitted that a (small but significant) number of agents had been named without their knowledge. These agents would be allowed to resign and the papers then sent directly to the applicant. This would create a problem if the latter was outside the UK, and the Office had not yet decided what to do about this. On software patents the Office was to follow the EPO's line. It thus appears the an EPO practice change is in sight, but the problem will come if the Courts decide that a patent filed before this change was invalid, whereas one filed after it was valid. ■

Biotechnology

EC Biotech Patents Directive

On 12 May 1998 the Directive was finally passed by Parliament without further amendment. Following formal adoption of the Directive in June, it was published in July from which date the Member States have two years to implement in national laws.

The Dutch Government, later joined by the Italian Government, filed a challenge in the ECJ to the Directive, on the grounds that the legal basis for the Directive was wrong (not an internal market matter) and hence an incorrect legal procedure was used (an unanimous Council vote should have been obtained). Commentators predict that the Dutch case is likely to fail but the lengthy legal process (min. 2 years) will lead to uncertainty. The legal action should not, in principle, hinder national implementation, but it is in practice causing considerable distraction. Finland has joined the case on the side of the Parliament and Commission. At the time of writing the UK government had not indicated its willingness to openly support the Parliament and Commission before the ECJ.

The Commission is likely to pressure Member States into adopting the exact wording of, in particular, Art 5 relating to gene patents, and the UK Patent Office proposes a Statutory Instrument in 1999 to deal with the numerous changes it sees necessary. In the EPO, the Technical Board of Appeal has ruled against plant patents with an interpretation of the EPC which appears in conflict with the provisions of the Directive. Resolution is hoped for in the referral to the Enlarged Board of Appeal by Novartis (see our comments on EPO matters above). The preferred outcome would be for the Enlarged Board to find that there is no conflict, but it is possible that the Technical Board decision is upheld and the EPC will require revision.

The Directive provides for an Ethics committee but the mechanisms through which the committee will work are unclear at present, particularly with regard to which bodies will be able to refer questions to the committee for their consideration. The Directive also provides for regular reports by the Commission on the development and implementation of patent law in the biotech field. The first report will be due July 2001.

The Dutch action also asserts conflict with the Convention on Biodiversity (CBD). The Commission takes the view that there is no conflict but this is an area of great controversy at present and the question of how to implement the requirements for declaration of (human) consent and (animal/plant) origin in the Directive have been raised. Assertions have also been made of incompatibility between the CBD and TRIPs. In preparation for the 1999 TRIPs biotech review the EU Commission is drafting its negotiating position.. The "biopiracy" issue is acquiring increasing public prominence and seems likely to be the focus of green activity during 1999.

Commission Proposal for a European Parliament and Council Regulation on Orphan Medicinal Products COM (1998) 450

The cost of discovering and bringing new pharmaceutical products to the market is notoriously high, and the success rate low. This is true whether the drug is intended to treat a widespread disease or a rare disease. Pharmaceutical companies therefore tend to

invest their R&D budgets in disease areas where the sales potential is high enough to justify the risk. To encourage investment in drugs for rare diseases, the USA introduced in 1983 an "Orphan Drug Act" which provided various incentives to encourage such research, including tax breaks for the R&D costs and a period of marketing exclusivity for the eventual orphan drug. Japan, and Australia have since introduced similar legislation.

Somewhat belatedly, the Commission has proposed a Regulation in this area. The proposal, presently before the European Parliament would, if adopted, apply to drugs for the treatment of diseases affecting less than five per ten thousand persons (0.05%) in the EU, and for which the drug represents a superior treatment to that previously available. A committee would be set up in the European Medicines Evaluation Agency to adjudicate on whether a drug meets these criteria. If it does, and if it is authorised for marketing within the EU, the sponsor of the drug would be granted 10 years marketing exclusivity. During those 10 years no EU Member State would be permitted to authorise someone other than the original sponsor, or someone approved by him, to market that drug, or a similar drug, in respect of the same or a similar indication. Various criteria of "similarity" are listed which are intended to guide decision makers.

The European Parliament has completed its study of the draft Regulation, and the proposal is now back with the Commission and Council for consideration of the Parliament's amendments.

The Regulation would provide for some derogations from the 10 year exclusivity principle. After the 5th year, it would become liable to be reduced to 6 years if it can be shown that the orphan criteria are no longer met (e.g. the disease has become more widespread) or if the sponsor can be shown to earning an "unreasonable" profit. Further, a second supplier could be authorised if his "similar" product was superior, or if the first sponsor was not meeting demand.

While this proposed Regulation will be welcomed by the industry as a step in the right direction, the 10 year limit may prove too short for R&D costs to be recovered in the case of a low volume product, and it remains to be seen how liberally the derogations will be interpreted in favour of the would-be second supplier. Also, although the Regulation would make orphan drugs eligible for Community and national incentives, it does not mandate them. Without concomitant tax relief for investment, it seems unlikely that the Regulation alone will trigger the increased research which the Commission rightly wants. ■

Copyright & Designs

Electronic Commerce Directive

In February 1999, the European Commission published the text of a proposed Directive on the legal aspects of electronic commerce [COM (1998) 586 final]. The Directive seeks to regulate the provision of any service which is normally provided for remuneration, is provided by electronic means, and is at the request of the recipient of the service. The main thrust of the Directive is to harmonise the national legislation of Member States in respect of electronic commerce so as to encourage the development of electronic commerce. Consequently, the Directive covers the establishment of service providers, defines what constitutes a commercial communication, the on-line conclusion of electronic contracts, and the liabilities of intermediaries who transmit communications. An important part of this Directive is to be found in an Annexe II that provides that copyright, neighbouring rights and industrial property rights are excluded from an Article (Article 3) drafted to ensure that a service provider established in the territory of a Member State complies with the national provisions of that Member State. This exclusion does not apply to the Articles dealing with liabilities of intermediaries. The Federation has some concerns about how copyright and possibly other intellectual property rights will be matched with this Directive particularly since the parallel Directive on Copyright in the Information Society has not yet been finalised.

Information Society Directive

The proposed Directive on Copyright and Related Rights in the Information Society was launched at the end of 1997, and passed its first reading in the European Parliament in February 1999. Much of the discussion has centred on the exceptions that are provided for the proposed broad reproduction right which, as in the UK, would apply to works in digital as well as more conventional forms. The original proposal included a mandatory exception for reproductions that are part of a technological process enabling use of the work; this exception was intended to provide shelter for network operators and service providers who unwittingly forwarded infringing copies, but was amended in the Parliament so that it would apply only to copies incidental to an authorised use. The Commission has announced that it will not accept this amendment. The other exceptions are optional, but the list is closed in that extra national exceptions would not be permitted. Not for the first time in European initiatives in the copyright area, the general approach is in conflict with the British tradition of exceptions based on the concept of fair dealing, and unless the current wording can be changed, the possibility of an exception for fair dealing for research for commercial purposes will disappear. The Parliament's amendments have distinguished between digital and analogue copies, with private copying of the latter permitted only when the work is not subject to technical measures protecting the work against copying. The Parliament has added requirements that many exceptions would be accompanied by an obligation to provide the right-holder with "fair compensation", which is generally interpreted as meaning the imposition of levies on equipment and media, as applies in most Continental countries but not so far in the UK.

Technical measures protecting the work are seen as an important part of the practical armoury of the copyright owner, and there is a provision against the manufacture and sale of devices intended to circumvent technical protection. In the Parliament's version the language follows closely a similar provision recently introduced in US law, but without some of the checks and balances to be found there.

The Commission is understood to have an amended proposal in preparation, but the proposal has not been fully considered Member States in the Council's Working Group and the adoption of a common position still seems some way off.

Database Strategy Group

The Federation is represented on an official Database Strategy Group to consider the workings of the Database Directive as implemented in the UK. An inaugural meeting has been held.

Conditional Access Directive

The Conditional Access Directive was adopted on 20 November 1998. It aims to prevent the manufacture or sale of illicit devices such as pirate decoders which allow users to gain free access to services for which payment is normally required, including satellite or cable television and information-society services. The beneficiary of the new right is the provider of the service. The fraudulent use of such devices by the user is not covered by this Directive but remains a matter for individual member states.

WIPO Initiatives

Discussions at WIPO saw no new initiatives completed in the copyright area, with several topics left to be further developed in 1999, including in particular further discussions on a database treaty.

Industrial Designs

In 1998 the proposed EC Directive on Industrial Designs entered into the conciliation process between the Council and the European Parliament and this eventually resulted in a compromise. The main difference between Parliament and the Council was over the right to repair a 'complex product'. The compromise reached was that member states must maintain in force their existing legal provisions relating to the use of the design of a component part used for the purpose of the repair of a complex product so as to restore its original appearance. The only change to the legal provisions which member states could make is to introduce provisions that would liberalise the market for such spare parts.

The Directive entered into force 18 November 1998 and member states have until 28 October 2001 to implement the Directive into their national law. Three years after the implementation date, the Commission shall submit an analysis of the consequences of the

transitional provisions, in particular relating to spare parts.

The Commission is reviewing the Regulation on the Community Design and this is expected to be published in the next few months.

WIPO: Hague Agreement on Designs

WIPO is to hold a Diplomatic Conference from 16 June to 6 July this year to deal with the adoption of a New Act of the Hague Agreement concerning the International Deposit of Industrial Designs.

The WIPO Committee of Experts has been working on a draft text for the New Act for some while now. The driving force behind the proposal for a New Act of the Hague Agreement is the desire to widen the geographical coverage of the current Hague Agreement, thus giving designers in a greater number of countries access to an international system for protecting their designs. To achieve this it is necessary for the New Act to provide for not only those countries that register their designs without examination, but those (such as UK) that examine before registration.

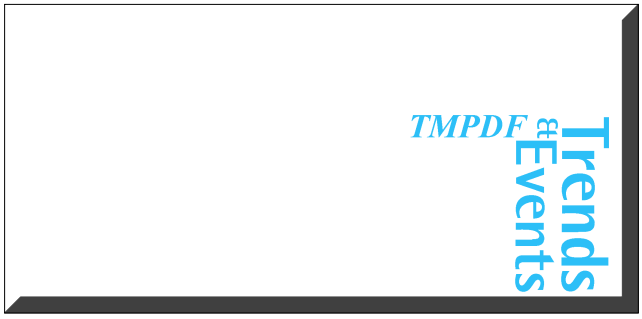
If (as is hoped) UK adheres to the New Act of the Hague Agreement it will be procedurally easier for foreign designs to be protected in the UK. The UK is already a member of a number of international and/or regional systems which make it procedurally straightforward for foreign companies to secure trade marks, copyright or patents protection here. The overall consequences, for example in relation to technology transfer, inward investment and availability of products to UK consumers are generally favourable, and UK companies benefit form simplification in obtaining protection in foreign countries. There is no reason to suppose that this would not apply in the case of designs.

UK Designs Registry

The changes mentioned above are going to have a considerable effect on the way in which the UK Patent Office handles the registration of designs. Under the existing law (Section 3(3) of the Registered Designs Act 1949, as amended under Schedule 4 of the Copyright, Designs & Patents Act 1988) the search conducted is optional rather than mandatory, and even the Designs Registry admits that it has long been of questionable value. This does not mean that what the Designs Registry have been doing in this area has been deficient; it is simply that the database they have to use only covers designs registered in the UK. It does not cover designs published here but not registered. The Patent Office has known for some while that the number of published designs far exceeds the number of those actually registered, and that novelty is judged against the former. The implementation of the Designs Directive in UK will mean that the "novelty" test will have to be based on designs published in the EU. It is simply not possible for the Designs Registry to do a meaningful search across these.

Because of this the Patent Office has for some while intended to drop the search under Section 3(3) and, as a *quid pro quo*, provide access for the public to the design images on their Web Site. The necessary work has been under way for some while, and the intention is to create access to both registered designs and those which have been registered on the Patent Office Web Site from 1 May, simultaneously dropping the search. There is to be no charge for this service. Nevertheless, if when receiving a new application for registration, the Designs Registry realises that a design is not novel, it will continue to raise objections on novelty grounds.

TMPDF members looking at the new designs search on the Patent Office Web Site have found it relatively easy to use (all things being relative to the user's experience!) and informative. As long as you know the designs registration number you can get a print out from the register. Even if you do not know the number you can search via the Locarno classification using key words or look up a known design. The resulting images are not of an extremely high quality, but they are adequate for the purpose. No doubt the Patent Office will continue to develop this service and introduce improvements.



Licensing & Competition Law

Competition Act 1998

The Competition Bill has completed its passage through Parliament and is now an Act. It will come fully into force on 1 March 2000. The aim of the Act is to bring UK law on anti-competitive practices into line with EU law.

In the course of its passage through Parliament, an opposition peer was briefed by TMPDF via CBI, and his amendment to the bill was accepted by the government. His amendment was to repeal Sections 44 and 45 of the Patents Act 1977. The effect of this repeal will be to remove the double jeopardy presently experienced, especially by UK-based companies, in their exploitation and licensing of patented technology. Once the repeal occurs, a patent licensing agreement that confirms to EU law will be safe for the first time from invalidity or penalties under UK law. This is of advantage especially in negotiating some types of patent licensing agreements linked with supply of products to the licensee.

Arco and Repsol

Arco and Repsol, respectively US and Spanish oil companies, were in dispute before the European Commission. The issue was the use by Repsol of technology which had been used previously by a joint venture between the two companies, now terminated.

While it would have been wrong for TMPDF to take a view on the merits of the particular dispute (which in any case was settled by the Parties), it was felt appropriate for the TMPDF to write to the European Commission to express concern about some rather sweeping statements of legal opinion that it had made in the preliminary stages of the case. The Commission had seemed to take the view that "site licences" were anti-competitive, whereas the truth is that in some industries it is only on this basis that technology can be transferred on a commercially viable basis. Also, the Commission had suggested that the scope of the existing technology transfer block exemption was narrower than every one had assumed in respect of the protection of a licensor's confidentiality. TMPDF expressed the view that if the Commission were to adhere to its position, it would be commercially riskier for companies to license technology than it already is.

The response received from the Commission was remarkably receptive on both these points, so we hope that the Commission is unlikely to persist with the opinions it expressed. ■

About the Federation

The Trade Marks Patents and Designs Federation was founded in 1920 in order to co-ordinate the views of industry and commerce in the United Kingdom, and to make representations to the appropriate authorities on policy and practice in intellectual property matters.

Objects

The Federation's object is to bring about improvements in the protection afforded by intellectual property rights throughout the world, to the advantage of inventors, manufacturers and consumers alike. Today the Federation has about 80 members, among which are many of the largest companies in the UK, as well as smaller companies.

Most if not all industrial and commercial firms use or are affected by intellectual property rights, even if they are not particularly concerned with innovation protected by patents and designs. Nearly all firms own trade marks and copyright material. All are affected by competition law and the rights of others. The work of the federation is therefore of value to everyone. While many firms leave day to day matters concerning the acquisition of rights to professional attorneys, it is still important to take a direct interest in the policy background, to ensure that proper rights are available, can be secured in a straightforward and efficient way and can be litigated without unnecessary complexity and expense. The Federation is very active in pursuing these needs.

Contacts

The Federation initiates proposals and follows all developments at national, European and international levels across all fields of intellectual property. The Federation has a close relationship with the Confederation of British Industry (CBI) and provides much of the professional input on intellectual property matters to the Confederation, as well as representing it in meetings of the European Employers Association (UNICE) concerning intellectual property.

TMPDF is represented on the Standing Advisory Committee on Industrial Property which advises the UK Government on patents, trade marks and designs matters; the Federation is also represented on other bodies which advise the European Patent Office.

The Federation has good contacts with parliamentarians both in Westminster and in the European Parliament, something which is becoming more important with the increasing involvement of the European Parliament in EU legislation on intellectual property.

Membership

The Federation has a Council, which approves the actions taken, and five technical committees, to which detailed consideration of issues is delegated. These deal with Trade Marks, Patents, Copyright and Designs, Licensing and Competition Laws, and Biotechnology. All ordinary members are entitled to join one of these committees and, on payment of the appropriate annual subscription, Council and the other technical committees.

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