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THE PIED PIPER OF MUNICH

**The EPO's in Munich,
A famous Bayern city;
The river Isar, deep and wide,
Washes its wall on the southern side;
Finer patent-grantors you never spied;
When first they opened their door.
But they are all sad with regret
At abusive rights we beget,
And patents they now abhor.
(With apologies to Robert Browning).**

Fear not. The remedy awaits. Foul and rotten rat-like rights will be led shrieking and squeaking to their demise, dancing to the Commission's tune. As Shakespeare wrote in *As You Like It*:

*Blow, blow, thou winter wind,
Thou art not so unkind
As man's ingratitude;*

*Freeze, freeze, thou bitter sky,
That does not bite so nigh
As benefits forgot.*

Prepare for wintry discontent. Patenting inventions is not, anymore, as the lawmakers like it.

Before our credits were crunched, there was some respect for the benefits of IPR. On launching the new A6, in 2007, Audi proudly declared that 9,621 patents went into the making of the car - more, they claimed, than NASA's entire portfolio. Now all that is indeed forgot. Manufacturers are well advised to keep their heads below the parapets and say nothing about their patent policies. Too much protection is likely to draw accusations of 'abuse' through 'evergreening', or 'thicketing'. Alison Brimelow, the British head of the EPO, approved the 2007 fall in the number of patent grants, on the basis that this represented an admirable move towards improved 'quality'. Apparently, Patent Offices need to 'raise the bar' and avoid the grant of 'rotten' patents. The European Commission (DG Competition) has just given its preliminary report of a Pharmaceutical Sector Inquiry. It heavily criticizes the industry for using a 'tool box' of strategies, including 'patent clusters', to keep generics at bay. At the US Patent Office, 'crowdsourcing' is contemplated to avoid granting poor software patents of benefit to 'trolls' and 'strategics'. At least one field of inventive activity is alive and well. To paraphrase C. Northcote Parkinson: the amount of devised anti-patent jargon expands to fill the media space available for its use.

The Commission report was presented at a public meeting in Brussels at which our Appeal Court judge, Sir Robin Jacob, spoke eloquently in favour of pharmaceutical patents. In making his case, he quoted eruditely from the Pied Piper of Hamelin, recited a proverb in French, and referred to medicines costing 'tuppence a bucket'. He also drew comparisons between two of the historic English counties, Yorkshire and Middlesex, which no longer exist on present-day maps. Chastisement by the simultaneous translator did nothing to restrain him, nor the next two British speakers, who gloried in their Celtic origins and asked, tongue-in-cheek, if Scottish presented a translation problem. Our European difficulties, or should it be benefits, are all a matter of language.

But perhaps the criticisms we now see of IPR are a legitimate response to past excesses. As Sir Robin said, 'evergreening' and 'rotten' patents are not unique to pharma; they are also well established in the mobile phone industry, and the term 'abuse' features frequently in relation to popular discussions of patents for business methods, software, and other 'mental' inventions.

In 1998, as the stock market entered its biggest boom since 1929, the US Federal Appeals Court, on an action

taken by the State Street Bank, confirmed patentability of an invention of the Signature Financial Group, for a computerized accounting system for managing a mutual fund. The Court agreed that 'anything under the sun made by man' should be patentable if it met the holy trinity requirement of a 'useful, concrete and tangible result'. This jargon stream opened Pandora's Box and unwisely let the bankers out. A cornucopia of business method patents ensued, many in the names of Lehman Bros, Morgan Stanley, and other financial organizations seeking to protect their latest roads to riches.

Little Dorrit, the Charles Dickens' work that has recently graced our TVs and iPlayers, charts the misfortunes of a worthy inventor exploited by an unscrupulous banker. Dickens famously took up cudgels on behalf of inventors but failed to press for safeguards against financiers.

Patent applications for financial strategies, computer programs, and games have also proliferated throughout Europe, although with less success than in the USA. The UK Patent Office, having gone intellectual and dropped all references to 'patent' from its trading style, has valiantly exceeded the call of duty in resisting attempts to obtain protection. In last year's Symbian case, patentability for a software technique for handling DLL files on a computer was at issue and the Office went on record as saying "If a court tells us we should grant something that's fine". But it wasn't. When the High Court decided in Symbian's favour, they appealed, and, not satisfied with the resulting Appeal Court decision, which supported the High Court, they girded their loins to go to the House of Lords. They only backed off when the EPO Enlarged Board of Appeal was asked by Alison Brimelow to review patentability of software inventions. They will await the outcome of this, licking their wounds and biding their time.

The US *State Street* decision was recently revisited in the *Bilski* case - relating to a commodity hedge fund invention. Twelve judges of the US Federal Court, sitting en banc, cranked up their jargon-generator and said that business methods would no longer be 'patent-eligible' unless there was a 'machine or transformation'. Since Mr. Bilski's invention did not even require a computer, it failed this test, and his patent was rejected. This sent shockwaves through the patent world. The decision neatly coincided with the collapse of the DOW JONES and the FTSE, and the start of the coldest winter since 2000, the year of the last big stock market crash. It is ironic that the financial boom started with the *State Street* decision allowing patentability of financial strategies, and has ended with the collapse of Mr. Bilski's hedge-fund patent. Days now seem numbered for protection of those inventions on which developed western societies depend, namely: software, pharmaceuticals, games, and business methods. We are, however, in safe hands. The UK Intellectual Property Office, charged with the task of promoting innovation, has found inspiration in Heath Robinson. Treading in the footsteps of Wallace and Gromit, the admirable 'Cracking Ideas' section of the Office's web site ardently seeks inventions comparable with Wallace's remote controlled trousers. That is what is needed. Perhaps 2009 will see a return to reality, patents for real-world (or even Second Life) inventions, and prosperity.

Barry Quest
Wilson Gunn





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President's Diary

The economic downturn continues to dominate the media, and indeed the minds of most of us - whether in our business or private lives. Considerable uncertainty remains, making predictions for the coming year difficult. However, as I said in my last column, I remain optimistic about the prospects for those of us working in the licensing/intellectual property field, and am pleased to see my optimism shared in the articles by Barry Quest and Darren Olivier elsewhere in this edition. I join them in encouraging all members to adopt a similarly positive attitude as we move into the New Year.

The last few months of 2008 has seen continued activity in terms of meetings, Committee activities and Council actions.

There was a good turn out for our London evening meeting on 13 November. The speaker was Ian Jackson from KPMG, and the title "Managing and monitoring licensees". His presentation, and following discussion, covered a range of aspects from initial set-up and contracting to monitoring performance and compliance with the negotiated terms. A fuller report appears later in this edition.

Earlier that afternoon, your Council discussed a number of important issues. First, Council approved the excellent paper from Mark Wilson (Vice-President) setting out his plans for meetings over the coming 12-18 months. These were summarised in the paper which accompanied your membership renewal form, and will hopefully encourage you to complete it with even greater enthusiasm than usual. Secondly, we decided to consider phasing out the paper copy of NewsExchange. We discussed a very helpful paper on the topic by Mary Elson, which reviewed the advantages and disadvantages; and agreed that, for the time being, we would continue with the paper version as well as starting to circulate an electronic version.

We plan to consult members in the autumn of 2009 on whether they want to continue to receive a hard copy, and take those into account when deciding on how to proceed. So please let us have your views. Thirdly, we reviewed the progress that Anne Lane and her team are making in preparing for London to host the 2011 meeting of LES International. My thanks to Anne and her team for their continued hard work on this critically important project. The other more routine matters discussed included reports from various committees, and the identity of society's international delegates for LES International meetings during 2009 (including the meetings in Delhi in January, Manila in June and San Francisco in October). We also confirmed the decision that was made some time ago that Minutes of the Council meetings should appear on the website - and this will now be acted on.

In terms of committee activities the EC Laws Committee continues to monitor developments at European level and consider preparing submissions on our behalf. This includes commenting on the recent interim report of the European Commission on its investigation into the pharmaceutical industry, and its proposals on R&D

agreements. There was also a very successful visit arranged by the Renewables Committee to British Sugar's plant in Whittington - on which a fuller report will appear in the next issue of NewsExchange. My thanks to Robin Nott, Meredith Lloyd-Evans, the other committee chairs and active committee members for their continued efforts on our behalf.

Looking ahead, the first few months of 2009 will see the Burns night supper hosted by LES Scotland (on 3 February at the new club, Edinburgh - book early to avoid disappointment), a series of meetings in London (see the list of forthcoming events for 2009 which accompanied your membership application) and around the country, our annual meeting in Leeds in June, and various meetings of LES International, including a pan-European Conference in Copenhagen in May and the main LES International Conference in Manila in June. If you are interested in speaking at any of these meetings, please let me know. So - much to look forward to, despite these difficult times. I hope you will renew your membership, (if you have not already done so), register for the forthcoming meetings (both here in Britain and Ireland and internationally), and include on your list of New Years Resolutions a continued commitment to contributing to and getting most out of your membership of our society. I hope that 2009 brings health, happiness and prosperity to you, your businesses and your families.

And, as the festive season will be upon us by the time you read this: Seasons Greetings to you all!

Nigel Jones
president@les-bi.org

Three former Presidents of LESI

L-R: Rodney DeBoos (LESANZ), Jean Marc Portier (LES France) and Des Ryan (LESANZ) had a reunion with a former secretary, Renate Siebrasse (LES UK/Ireland) at her house in the south of France in September. Renate, Des and Rodney then attended the Pan European meeting in Amsterdam.



A POTENTIALLY DRAMATIC AND UNEXPECTED CHANGE IN IP LICENSORS' LIABILITY

THE BACKGROUND

There is a case currently going through the European Courts that is deciding whether an intellectual property licence is a "service". Should the ECJ decide it is then intellectual property agreements would need to be drafted differently and many current agreements could be wholly inadequate with regards to licensor's liability.

THE LAW

Whilst there is no legal authority on the subject, it is currently widely assumed that intellectual property is neither a good nor a service for the purposes of the Unfair Contract Terms Act 1977 (the "Act"). If this is correct, the large majority of the Act, which applies to contracts for goods or services, has no effect on intellectual property agreements, or at least on the parts of them that deal with intellectual property. In addition, given that intellectual property agreements are not considered agreements for goods or services, they are also assumed to avoid other terms being implied by either the Sale of Goods Act 1979 ("SGA") or the Supply of Goods and Services Act 1982 (the "SGSA").

Where the Act, the SGA and/or the SGSA have no effect then liability can be excluded under an agreement. For this reason intellectual property licences tend to have very wide exclusion clauses which are not generally tailored to deal with exclusion of liability relating to goods and services.

Finally, ss2 and 4 of the Act (which apply to all contract terms) are expressly stated not to extend to "any contract so far as it relates to the **creation or transfer of a right or interest in** [intellectual property], or relates to the **termination** of any such right or interest" (Schedule 1(c) of the Act). This, in turn, means that liability can be excluded for death and personal injury arising from negligence in intellectual property assignments and licences (but not from associated goods and services such as prototypes and consultancy). This is crucial for licensing in areas such as pharma and automotive.

CASES TO DATE

The closest that case law has ever come to addressing the issue of whether intellectual property is a good or service, has been in the following two cases:

- The Salvage Association v CAP Financial Services Ltd (1993) (9 July 1993, unreported)

Although, the issue of whether intellectual property was a good, a service or neither was not directly addressed, the case did at least confirm the distinction between intellectual property and related goods and

services. In this case a software supplier tried to claim that provisions of the contracts between the parties involved fell under the intellectual property exemption in Schedule 1(c). However, the supplier was unsuccessful in its argument as the court narrowly interpreted the exemption to apply only to provisions of a contract that **create or transfer a right or interest** in intellectual property. The exemption does not extend generally to all the terms of a contract simply because the contract includes the provision of a service, performance of which would give rise to the creation of some intellectual property rights.

- St Albans City and District Council v International Computers Ltd [1997] FSR 251

In the non-binding part of the judgement, the judge commented that if called upon to decide whether intellectual property was a good or service, he would probably hold that software would be a good for the purposes of the Act. However, his comments did little to solve the debate: firstly, they did not form the binding part of the judgement, and secondly, they considered only the example of software and not intellectual property as a whole.

THE POTENTIAL STORM AT THE ECJ

Recently, the Oberster Gerichtshof (Austria) has referred the case of Falco Privatstiftung and Thomas Rabitsch v Gisela Weller-Lindhors to the ECJ for a preliminary ruling.

The first of the three questions referred is, in summary:

"1. Is [a licence agreement] a contract regarding 'the provision of services' within the meaning of Article 5(1)(b) of Council Regulation (EC) No 44/2001 of 22 December 2000?"

Should the ECJ rule that a licence agreement be a contract regarding the provision of services, the consequences for agreements concerning intellectual property could be staggering; with existing liability clauses proving to be entirely insufficient. We sit and wait with baited breath.

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BRAND FOCUS: RECESSION, WHAT RECESSION?.. & THE INTEL DILUTION JUDGMENT

A quick review of the trade mark filing statistics in the US and EU illustrates that there is not (yet) evidence of a slowdown in the investment in trade mark filings. The USPTO 2008 Annual Report reflects that over 300,000 trade marks were filed in the US for the financial year ending 30 September - another record year. The EU stats released by OHIM and accurate to 12 November 2008 reflect that Community Trade Mark filings are on course to match last year's figures - a record year too.

Of course, it is difficult to discern filing trends since the turmoil in September from these figures as there will inevitably be a lag period if filings drop in the face of adverse economic conditions. However, it is not as if there has been upbeat financial news since October 2008, particularly in the States, leading one to think that filings are quite robust. If this growth continues despite the poor economic outlook for 2009 then perhaps it is a sign that companies are preferring to spend their money on defensive filings (as opposed to litigation) or that brands are being squeezed into new categories through licensing initiatives (requiring news filings) to generate revenue or that simply, the trade mark business just keeps growing. That said, as GDP growth levels drop (even into negative territory) one cannot help but feel that trade mark filings (traditionally symptomatic of growth) will do so too. The dot com crash, for example, saw a 15% drop in filings in the EU which took a three full years to recover, between 2000 and 2004. Surely, this time round there will be a significant drop too? Indeed a quick check of the EU stats just before print, shows a relative drop in filings during the three weeks ending 4 December 2008.

Meanwhile, other notable news to hit the trade mark circuit recently is the ECJ ruling in Intel v CPM. This decision handed down in late November follows a request from the Court of Appeal of England and Wales, on what is required to prove a "link" and "unfair advantage/detriment" for the purposes of the trade mark dilution provision - Art.4(4)(a) of the Harmonization Directive. The decision was eagerly awaited and received with mixed feelings. The main contentious part of the findings (set out in part below) is the need for a claimant to show *"evidence of a change (or a serious likelihood that such a change will occur) in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark"*.

In practice such a change may be difficult to actually prove or otherwise easy to defend. For example, evidence of a drop in sales figures may be sufficient to show a change in economic behaviour but it may then be difficult to show that that drop is necessarily caused by the use of the later mark, especially since most pure dilution cases there is no confusion on the part of the consumer and the effect of the use of the later mark often has a subtle slow-release damage effect engineered by savvy marketers. The ECJ also refers to "uniqueness", "huge" and "serious" to describe a "mark", "reputation" and "likelihood" respectively. These words, although common, do not form part of settled trade mark nomenclature and could confuse as a result. Nonetheless, despite the criticism and the apparent difficulties that this decision may create for lawyers and brands looking to enforce the provision, it is expected that the Courts will take a pragmatic approach in much the same way as they approached the global appreciation test for infringement laid down in the Sable v Puma judgment in 1997. Here is what they had to say in Intel v CPM:

1. The fact that, for the average consumer, who is reasonably well informed and reasonably observant and circumspect,

the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link between the conflicting marks.

2. The fact that:

- the earlier mark has a huge reputation for certain specific types of goods or services, and
- those goods or services and the goods or services for which the later mark is registered are dissimilar or dissimilar to a substantial degree, and
- the earlier mark is unique in respect of any goods or services, does not necessarily imply that there is a link between the conflicting marks.

3. The fact that:

- the earlier mark has a huge reputation for certain specific types of goods or services, and
- those goods or services and the goods or services for which the later mark is registered are dissimilar or dissimilar to a substantial degree, and
- the earlier mark is unique in respect of any goods or services, and
- for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark to mind, is not sufficient to establish that the use of the later mark takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the earlier mark.

4 Article 4(4)(a) of Directive 89/104 must be interpreted as meaning that:

- the use of the later mark may be detrimental to the distinctive character of the earlier mark with a reputation even if that mark is not unique;
- a first use of the later mark may suffice to be detrimental to the distinctive character of the earlier mark;
- Proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.

Darren Olivier
Bowman Gilfillan Inc

New Service for Members

From February 2009 members can choose to have their copy of News Exchange as an e-flyer instead of a paper newsletter.

Please contact **Jennifer Kirkcaldy** if you prefer to have an e-flyer: les@glasgonf.demon.co.uk

PATENTABILITY OF COMPUTER PROGRAMS: A CASE OF RECONCILIATION

In October 2008 the Court of Appeal in Symbian revisited the uncertainty surrounding the patentability of computer programs. It was hoped the case would reconcile the approaches of the UK IPO and EPO towards the exclusion of 'computer programs as such'. A subsequent referral to clarify the exclusion was made to the Enlarged Board of Appeal of the EPO but, whilst calling for certainty, it will delay any significant progress on this point of law until an opinion is reached by the Board. In the meantime it is likely that the prospect of a successful application for a software patent in the UK has only marginally improved.

SYMBIAN CASE

Symbian created a computer program which stores and sorts a library of functions common to a number of different applications within a computing device; the dynamic link library ("DLL"). The alleged invention provided a way of indexing existing and additional functionality in such a way that they could be called on by a number of different applications running on the computing device at any given time. This was said to improve the operation of the computing device.

Although the EPO had indicated that it would grant a European patent, the UK IPO rejected the patent application on the basis that it was a computer program and therefore fell into the exclusion for 'computer programs as such' under s.1(2)(c) of the Patents Act 1977. The High Court overturned this decision and the Court of Appeal upheld the High Court's judgment stating that the program produced a better computer and was therefore patentable:

"A computer with this program operates better than a similar prior art computer. To say "oh but that is only because it is a better program - the computer itself is unchanged" gives no credit to the practical reality of what is achieved by the program. As a matter of such reality there is more than just a "better program", there is a faster and more reliable computer."

The UK IPO is not currently seeking to appeal the case on the basis that it would be premature to do so if European practice will be settled shortly by an opinion of the EPO's Enlarged Board of Appeal (the "Board"). Alison Brimlow, the current President of the EPO, has subsequently referred a number of questions to the Board in the hope that an opinion will clarify the computer program exclusion. Although an opinion is only binding on the EPO and not the UK IPO or the UK courts, it has persuasive clout on UK patent law.

LEGAL CONSEQUENCE

Symbian continues the UK courts' drive to align the UK IPO's interpretation of the computer program exclusion with the EPO's more open approach to patenting software. The judgement attempts to draw comparisons between case law of the European and UK courts, and concluded that a 'technical contribution' must be found in order to fall outside the exclusion (irrespective of whether it is implemented by hardware or software). However, the precise meaning and boundaries of this expression remains unclear following Symbian.

It is now a matter for the Board to consider but the opinion could take over a year. In the meantime, the IPO has signalled that it will continue to use the more restrictive Aerotel/Macrossan four stage test when considering the patentability of software. The EPO has been critical of this test in the past, and following the referral to the Board there is now a possibility that the authority of this test in the UK courts will be challenged sooner rather than later.

PRACTICAL CONSEQUENCE

The pressures on the global economy are likely to be an incentive for companies to secure a competitive advantage and consolidate the

value of their intellectual capital. Whilst the EPO remains a favoured route for software applications, post-Symbian, an application to the UK IPO should be more carefully considered as it generally offers a cheaper and quicker set of procedures. It should be noted however that under the London Agreement, which came in to force in May of this year, contracting states to the EPC have agreed to either entirely or partially waive the requirement for post-grant European patent translations. Therefore patentees should be able to save significant costs once a European patent has been granted.

Of course, an applicant must still demonstrate that his invention is novel, involves an inventive step, is capable of industrial application and is not specifically excluded from protection before a patent can be granted. So, although the scope of the computer program exclusion has been narrowed, the UK IPO may apply these requirements more strictly in order to restrict the effect of Symbian.

CONCLUSION

Following Symbian, software inventions which technically improve the way a computing device operates should now be patentable in the UK. The manner in which this technical contribution is assessed will follow the more restrictive Aerotel/Macrossan test for now, but this approach may be set to change once the Board has delivered its opinion on the computer program exclusion.

Therefore in the short term it seems the impact of Symbian will be slight. The IPO will remain reluctant to adopt a more lenient approach equivalent to that of the EPO until there is clear authority for doing so either from a decision from Board or from our own House of Lords. Despite this, it is likely there will be a heavier emphasis on the existence of a technical contribution when drafting patent claims and an increased number.

Alexa Hooper and Matthew Godfrey-Fausett
McGrigors LLP

London Meeting 13 November 2008 - Report

KPMG hosted the LES evening meeting in November; it was attended by a record number of members and their guests and was a variation to the regular format of an evening meeting.

The subject of the event was how companies manage and monitor their licensees; Ian Jackson, Director of Intellectual Property and Contract Governance at KPMG, gave the keynote presentation. The presentation covered such topics as partner selection - where we heard about the importance of well executed due diligence, the negotiation of the agreement, monitoring and auditing the third party and some of the issues that have arisen out of KPMG's experiences; this could be anything from the wrong royalty rates used in calculations to disallowable deductions from gross sales, but always conduct an audit as a "business as usual" activity. The slides from the presentation can be found in the members only section on the LES B&I website, please forward any questions you may to Ian, ian.jackson@kpmg.co.uk. It was an interesting and interactive meeting and after the presentation there was a 20 minute round table discussion encouraging all participants to share their experiences of managing and monitoring and the discussions then continued over a glass of wine.

All in all it was a very successful evening and enjoyed by everyone that attended.

Anita Roberts, KPMG

INTEL v. INTEL MARK: TRADE MARK DILUTION

SUMMARY

The ruling given by the European Court of Justice ("ECJ") in Intel Corporation Inc. v CPM United Kingdom Ltd., on 27 November 2008, gives guidance on the factors necessary to establish "dilution" of a trade mark. The ECJ judgement largely followed Advocate General Sharpston's opinion, but added a significant requirement that the owner of the earlier mark has to show an effect on the economic behaviour of consumers to establish detriment to the distinctive character of its mark.

THE LAW

Article 4(4)(a) of the Trade Marks Directive ("Directive") provides that:

"Any Member State may ... provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

the trade mark is identical with, or similar to, an earlier national trade mark ... and is to be, or has been, registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State concerned and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark".

Section 5(3)(a) of the Trade Marks Act 1994 ("Act"), which transposed the Directive into the United Kingdom, transposed Article 4(4)(a) of the Directive into UK law.

THE FACTS

Intel Corporation Inc. ("Intel") owned a national word mark in the UK and various other national and Community trade mark registrations which consisted of or included the word INTEL in classes 9, 16, 38 and 42 for computers and computer-related goods and services. The registration of the INTEL trade marks pre-dated 1997.

CPM United Kingdom Limited ("CPM") registered the trade mark INTEL MARK in 1997 in class 35 for marketing and tele-marketing services.

Intel sought a declaration of invalidity from the United Kingdom Trade Mark Registry and the High Court on the basis that the use of INTEL MARK would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier INTEL trade mark within the meaning of Section 5(3) of the Act.

Both the Hearing Officer and the High Court dismissed the application on 1 February 2006 and 26 July 2006 respectively. Intel appealed the decision to the Court of Appeal, arguing that a mere "bringing to mind" of the earlier mark was sufficient to establish a "link" between the two marks.

The Court of Appeal referred to the ECJ for a preliminary ruling under Article 234 EC on inter alia, whether, in light of the fact that the earlier mark is unique and has a huge reputation for certain specific types of goods and services, which are dissimilar to the goods and services of the later mark, and the fact that the earlier mark would be brought to mind by the average consumer when he or she encounters the later mark used for the services of the later mark, is there a "link" and/or unfair disadvantage and/or unfair detriment within the meaning of Article 4(4)(a) of the Directive?

And, in determining whether there is a "link" made by the public between the earlier and later registered marks, what significance is to be attached to the goods and/or services in the specification of the later mark? And, is a first conflicting use of the mark sufficient to establish detriment to distinctive character or is it necessary to prove an effect on the economic behaviour of the consumer?

ECJ RULING

The ECJ stated that the question of whether dilution of a trade mark has taken place will have to be assessed by national courts on the basis of the facts of each case.

"LINK"

The ECJ held that while the existence of a link in the mind of the public between the use of the marks was a necessary condition under Article 4(4)(a) of the Directive, it was not sufficient to establish breach of that Article, without proof of detriment to the distinctive character of the mark. Where the later mark would call the earlier mark to mind for the average consumer, this would be tantamount to the existence of such a link.

"DILUTION"

The ECJ held that detriment to the distinctive character of the mark, that is, "dilution" of the mark, would be caused if there was a weakening of the mark's ability to identify the goods/services for which it is registered and used as coming from the owner of that mark, by a later mark, the use of which led to dispersion of the "identity and hold" that the earlier mark had on the public mind.

The ECJ held that it was necessary to show a change in the average consumer's economic behaviour or a serious likelihood that such a change would occur in the future, to establish detriment. However, the court stated that it is immaterial whether the owner of the later mark had drawn any commercial benefit from the distinctive character of the earlier mark.

The connection between "link" and "dilution"

The ECJ stated that the stronger the link between the marks, the greater the likelihood of unfair advantage or detriment to the distinctive character of the mark.

CONCLUSION

The case is now to be decided by the Court of Appeal. The requirement that the owner of the earlier mark must show an effect on the economic behaviour of the average consumer in order to establish detriment to the distinctive character of its mark is likely to be difficult in practice. This could potentially limit the effectiveness of the Directive's dilution provisions. Nonetheless, the ECJ afforded an element of flexibility to national courts in deciding whether a link or detriment is established by stating that the national court must take account of all factors relevant to the circumstances of each case.

Peter Bolger and Gemma Neylon

Mason Hayes+Curran

The content of this article is provided for information purposes only and does not constitute legal or other advice. Mason Hayes+Curran (www.mhc.ie) is a leading business law firm with offices in Dublin, London and New York.

1. First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40).

OBITUARY - SIR HUGH LADDIE

Few lawyers can claim to have contributed significantly to a piece of development in the practice of the law. Hugh Laddie, who has died of cancer aged 62, was certainly one of that exclusive breed. He relished the opportunity for creativity and as a barrister and a member of the patent bar in the early 1970s, he invented means of helping recording companies and artistic performers protect their rights. Record pirates had begun to be a significant problem. They made, or imported, pirate copies, out of sight and reach of rights' owners - or so they thought. Suing the pirates was ineffective; before the court could make any order they surreptitiously and speedily disposed of infringing material and documents. What was needed was a procedure whereby the right holder could gain access to the pirate's premises before he could destroy or make away with documents and pirate copies. The order which was needed had to be made ex parte - made without prior notice to the defendant.

Hugh Laddie, first made a vast search of 19th century cases, then boldly tried out the pre-emptive strike, asking judges to make ex parte orders requiring the pirates to give immediate access to their premises and to allow an instant search. After a number of successful such orders at first instance, the Chancery Judges wondered whether this deceptively enchanting advocate had beguiled them. So an order was refused and Laddie had to take the point on appeal. It succeeded. The case is known around the world as Anton Pillar, even to this day. Laddie's inventiveness also aided performers - who had no explicit property right in their performances, to gain protection for their work in an equally groundbreaking case called Island Records. It is worth recording that he did all this as still quite a junior member of the Bar.

Hugh Laddie was educated at Aldenham School and St. Catherine's College, Cambridge, where he read medicine before turning to the law, called to the Bar by Middle Temple in 1969 (bencher 1993), taking silk in 1986. He was made a High Court Judge in 1995 as one of the then two patent judges in the Chancery Division. His ten years as a judge of first instance were never tranquil, although in the early years he continued with his creative approach. Possessed of a profound sense of justice he found the procedural rules inhibiting and bewailed the restrictions they placed on a trial judge's ability to do justice. He found the Woolf reforms of 1998, that were intended to make the justice system fairer, "not very impressive." He thought the reforms merely gave new names to old procedures: "...my view is you don't turn a dog into a cat by calling it 'kitty'".

He found access to justice for the citizen insufficiently bold to enhance and cost-effective

resolution of their disputes. The restraints of judgeship became more and more irksome. This led him to resign from the Bench in 2005. No one since Sir Henry Fisher, in 1970, had done such a thing. He declared publicly that he had become bored. Boredom, in a judge, he explained, was the best reason for standing down, if only because the public could not be assured that justice in his court could be seen to be done. He made his departure as public as possible, which may explain why the legal establishment received the manner of his departure coolly. But many in the legal profession quietly applauded the honesty and integrity of Mr Justice Laddie.

Hugh's devotion to the promotion, and proper control of, of intellectual property law was kept very much alive with his dual position as a consultant to a firm of solicitors (itself considered by many to be inappropriate for an ex-High Court Judge) and Professor of Intellectual Property Law at University College (an appointment which was inspirational idea coming from Lord Woolf). At UCL Hugh set about creating a department unlike anything that had been seen before so far as UK academia is concerned. He shamelessly canvassed and received considerable sums of money from the legal profession. He exploited his friendships in this country and around the world to make the new "Institute of Brand and Innovation Law" not only a reality but also the leading academic centre for the subject in this country. No one he roped in resisted. His friendship was beguiling, his geniality and warmth were the more noticeable once the aura of the judicial robes had faded.

Outside the law Hugh Laddie had a remarkable appetite for knowledge. His father-in-law once observed that he had never met anyone who could pick up a book and learn its content and meaning so powerfully.

A tragically early death has deprived the intellectual property world of an outstanding thinker and reformer. But his contribution to the law will always be remembered by his link to Anton Pillar and similar innovations.

Notwithstanding all his public achievements, Hugh Laddie's family was the core of his life. He leaves a widow, Stecia, two sons and daughter. His mother has survived him.

- Hugh Ian Lang Laddie, born 15th April 1946, died 28th November 2008.

Louis Blom-Cooper and Robin Jacob
(The Rt Hon Lord Justice Jacob is the current Honorary President of LES B&I)

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LES London Region

14 January 2009

Speechly Bircham
6 New Street Square
London EC4A 3LX
"Advanced Corporate Uses of Patent-
Based Intelligence"
Speaker: Ilian Iliev, Cambridge Intellectual
Property Ltd
17:30 - 18:00
For further information contact:
les@glasconf.demon.co.uk

LES Scotland Branch

- book early for this popular event -

3 February 2009

Burns' Supper
The New Club
86 Princes Street
Edinburgh EH2 2BB
"Does IP make for Burns' madness or
enrichment?"
Speakers: Barry Quest of Wilson Gunn;
Patrick Harvie, Green MSP for Glasgow
18:00 for 18:30 start
Stretch your imagination and invent
appropriate 17th C merchandising for
Burns, could IP have helped him - the
challenge will be led by Stephen Taylor,
Burns' enthusiast and member of the
Technical and Commercial Team at
McGrigors, prizes for the winning table!
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Institute of Directors
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Fundamentals of Intellectual Asset
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9-11 March 2009

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LES Pan-European Conference

11-13 May 2009

Copenhagen
"Environmental & Energy Technology
Licensing in Tomorrow's Society"
For further information contact:
jonas.gulliksson@gulliksson.se or see:
www.les-scandinavia.org

LESI Annual Conference 2009

7-10 June 2009

Makati, Shangri-La Hotel
Makati city, Metro Manila
Philippines
"Licensing in Emerging Economies"
For further information see:
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James Lonsdale, Centurion House; **Angus
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