



Managing IP

Winter 2021 | ManagingIP.com | Issue 292



Victory for Vidal? New era at the USPTO

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Winter 2021

ManagingIP.com
Issue 292



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Ed Conlon
Managing editor

Director delays

A new era beckons at the USPTO as Kathi Vidal, managing partner of Winston & Strawn's Silicon Valley office, looks set to become the office's next director. She would be just the second woman to have held the role in more than 200 years.

However, we are being made to wait – Vidal may have been nominated by President Joe Biden, but she won't be confirmed until the Senate says so. At the time of writing, that date is unconfirmed, and in the meantime the USPTO remains without a permanent leader despite the capable efforts of acting director Drew Hirshfeld, who is also patents commissioner.

With former director Andrei Iancu having departed in January 2021, it could be at least a year before we know whether Vidal will be the next director. That seems far too long.

Nonetheless, she would be a strong pick, at least according to the lawyers we have spoken to. Her leadership, managerial and litigation prowess will stand her in good stead for the role, our sources say, with one even describing her as a "powerhouse".

That's not to say, of course, that there won't be challenging times ahead (assuming she is confirmed). Her biggest challenge will be managing the political turmoil surrounding discretionary denials at the Patent Trial and Appeal Board and the director review mandate set out by the Supreme Court in *US v Arthrex*. She may also have to manage the implementation of the Restoring the America Invents Act, should it be enacted by Congress.

You can read more about Vidal's nomination and the road ahead in the cover story of this issue, which is our first digital-only quarterly. As you may be aware, we announced in October that we would no longer be printing magazines and would instead focus on fully digital products. There were a number of reasons for this change, not least the environmental concerns associated with printing and distributing publications globally.

Having said that, we are still able to offer this excellent issue in PDF form – and beyond the cover story mentioned above, you can find an array of expert analysis articles as well as the usual local insights updates from around the world. We hope you enjoy all of the content we have to offer.

Our next issue will be published in early 2022. The big question, though, is will we have a new USPTO director by then?

Euromoney Trading Limited

4-8 Bouverie Street
London, EC4Y 8AX
T: +44 20 7779 8682
F: +44 20 7779 8500
mip@managingip.com

SUBSCRIPTIONS

Head of subscriptions

Tolu Babalola
+44 (0) 20 7779 8165
tolu.babalola@euromoneyplc.com

CUSTOMER SERVICES

+44 (0) 20 7779 8610

EDITORIAL

Managing editor Ed Conlon

Senior commercial editor

Prin Shashiharan

Commercial editor

Lorraine Yardley

Americas editor Patrick Wingrove

Senior reporter Max Walters

US reporter Rani Mehta

Asia reporter Sukanya Sarkar

Reporter Rory O'Neill

PRODUCTION

UK production manager

Luca Ercolani

Web production editor

Josh Pasanisi

ADVERTISING

Publisher Nicholas Heath

Business development

Asia Matthew Siu

Business development

Americas George Reeves

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Directors Leslie Van De Walle

(Chairman), Andrew Rashbass (CEO),
Wendy Pallot, Jan Babiak, Colin Day,
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ISSN 0960-5002

Managing IP is published 4 times a year for \$2,980 per year by Euromoney Trading Limited.

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Maiwald Patentanwalts- und Rechtsanwaltsgesellschaft mbH

Elisenhof, Elisenstraße 3 | 80335 Munich, Germany

T +49 (0)89 747 266 0 | F +49 (0)89 776 424

info@maiwald.eu | www.maiwald.eu



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PROPERTY

Kathi Vidal is set to become USPTO director – but what do counsel think of her?

Senior IP sources at five companies say the Winston & Strawn litigator could be a ‘powerhouse’ or ‘more of the same’

President Joe Biden nominated Winston & Strawn litigator Kathi Vidal to the position of USPTO director on October 26, leaving intellectual property counsel both elated and disappointed.

In its announcement of key nominations, the White House said Vidal was one of the leading IP lawyers in the country and a recognised thought leader on difficult issues confronting the legal profession and IP law.

Vidal is the managing partner of Winston & Strawn’s Silicon Valley office, a position in which she oversees the work of at least 20 lawyers.

Her nomination would have come as a relief to patent and trademark counsel who had been waiting for a nomination for more than nine months. Former USPTO director, Andrei Iancu, left the position in January.

USPTO patents commissioner Drew Hirshfeld has been performing the duties of the director since then.

Associations and observers were quick to congratulate Vidal after her nomination. Senator Patrick Leahy, the chair of the Senate IP subcommittee, said: “I congratulate Kathi Vidal on her nomination to serve as the next director of the US Patent and Trademark Office.

“Intellectual property is a vital engine for economic



“She’s a powerhouse and a very successful litigator with a ton of leadership experience.”

growth. Now more than ever, it is critical for the agency to have a permanent leader in place who will support its mission of promoting American ingenuity and competitiveness.”

A spokesperson for the Innovation Alliance said: “The Innovation Alliance congratulates Kathi Vidal on her nomination to be director of the USPTO.

“Ms Vidal’s private sector work in patent law, particularly in the area of high-tech, and her efforts to promote gender and racial diversity in the legal profession are both notable and welcome.”

If Vidal’s nomination is confirmed by the Senate, her biggest challenge will be managing the political turmoil surrounding discretionary denials at the Patent Trial and Appeal Board and the director review mandate set out by the Supreme Court in *US v Arthrex*.

She may also have to manage the implementation of the Restoring the America Invents Act, should it be enacted by Congress.

The announcement confirmed reports from earlier in October that Vidal was being floated as a possible USPTO director nominee.

Before working as managing partner for Winston & Strawn, Vidal was the global head of litigation for Fish & Richardson in Silicon Valley.

A ‘powerhouse’ choice

Plenty of IP counsel will have been pleased by the announcement of Vidal’s nomination.

The head of IP litigation at an R&D company in California told Managing IP prior to selection that he would have loved Vidal to become USPTO director for a few reasons – the first being that she has real, hands-on experience in a leadership position, having run Winston & Strawn’s Silicon Valley office for almost five years.

That’s no small feat, he pointed out – Vidal has at least 20 people working under her and has managed a host of clients on the plaintiff and defendant sides comprising Fortune 100 companies and start-ups.

“She’s a real powerhouse,” he said. “She’s a very successful litigator with a ton of leadership experience. I know from experience at a law firm for more than a decade, any real leadership position is a challenge and I’m sure she’s eminently qualified to be USPTO chief.”

The head of IP policy at an R&D company agreed, and added that it was important to have someone in the role with real experience in intellectual property.

“We’ve had directors in the past who were purely political appointees, and that’s never worked out,” she said.

The litigation head added that Vidal’s private practice background could also make her a good mediator between the more pro-patent owner and pro-implementer or access-to-medicine forces in the industry.

“I read an article recently that showed she’d been on the tech side of patent litigation more often than not, but I get the sense that she’s much more measured than that would suggest – which is important for us as a pro-patent company.”

The assistant general counsel at a global pharmaceuticals

company added that Vidal would certainly be a much less radical choice than some of Biden's other picks, noting that US trade representative Katherine Thai had been a thorn in pharma's side when it came to IP.

He pointed out, however, that few people would really know what Vidal would be like as director until she started the job.

'More of the same'

Not everyone would have been so pleased with Vidal's nomination to the role of USPTO director. The chief IP counsel at a company based in Washington DC told Managing IP shortly before Vidal was nominated that her selection would be disappointing because having her in charge would just be "more of the same".

"She is a creature of patent law and a patent lawyer and would probably be just like all the former lawyers who occupied the position, which I don't say kindly," he said.

"They know the law, but if they're inside the system, they cannot see the greater purpose of it – to protect the public from other lawyers or trial lobbies.

"I'm sure she wouldn't be radical and blow the whole thing up, but she probably would make a few small

changes and not make any real amendments for the better, which is not what anyone wants or needs."

He argued that Andrei Iancu, the former USPTO chief who is also a patent litigator, had the same problems.

The IP policy head at a tech company in Washington DC added that he was concerned by what a Vidal nomination could mean for USPTO policy on matters related to the District Court for the Western District of Texas.

Most tech companies dislike the Fintiv rule introduced in 2020 that allows administrative patent judges (APJs) to discretionarily deny institutions at the Patent Trial and Appeal Board (PTAB) based on the speed of parallel district court proceedings.

Alan Albright, the de-facto patent judge for the Western District of Texas, has consistently promised to get through cases faster than the PTAB, leading APJs to deny a lot of inter partes reviews on the basis that his court will complete cases first.

The IP policy head said he was worried that Vidal wouldn't take as strong a stance on the matter as someone with an in-house background might.

Managing IP contacted Vidal for comment on these points but did not receive a reply.



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A guide to updates in four IP hubs

Hogan Lovells' trade secrets team examines the laws designed to tackle rising infringement globally – and explains why cross-border enforcement is crucial

There has been an exponential growth in the number of disputes arising involving misappropriation and/or use of trade secrets, whether involving a disgruntled departing employee joining a rival business, the deliberate targeting of a business by competitor or, state-backed hacking, especially in the field of critical and emerging technologies (such as telecommunications, electric vehicle charging, connected and autonomous vehicles, logistic systems or defence applications).

C-suite managers repeatedly voice that trade secrets are now seen as the most important intellectual property asset, overtaking patent protection.

Accordingly, in recent years, we have seen the legal protections available for trade secrets bolstered, such as through the Trade Secrets Directive, to be implemented from July 2018 across the EU, and in the US, federal protection under the Defend Trade Secrets Act (DTSA) of 2016. Both provide for powerful remedies to prevent theft and/or misuse of trade secrets.

UK

Robust protection

In the UK, the Trade Secrets (Enforcement, etc) Regulations 2018 implemented the EU Trade Secret Directive prior to Brexit, with the directive adopting many

“Given the connected global economy, enforcement needs to be done across borders, recognising that the trade secrets stolen are often used in another jurisdiction.”

familiar concepts under English law. In many ways, the regulations therefore merely mirror the robust protection already available under the common law through the tort breach of confidence through a twin-track statutory approach, while also giving structure to circumstances where acquisition, use or disclosure of a trade secret is unlawful.

However, the regulations do clarify the existing definition of what amounts to a trade secret, over and above other protectable confidential information, emphasising the need for reasonable steps to have been taken to keep the information secret. Further, the regulations have codified a panoply of remedies available to the owner from the courts against the unauthorised use of trade secrets from interim and final injunctions, compensation in lieu by way of damages for sale of infringing products, delivery-up of the trade secrets wrongly misappropriated and destruction of infringing products, as well as the procedural protections available to the parties during the proceedings to maintain confidentiality, such as confidential clubs, holding hearings in private and redacting sensitive material from public judgments.

The UK remains a favourable jurisdiction to enforce against misappropriation of trade secrets, particularly given the ability to secure interim relief, upon an urgent basis, such as by ordering a search order of business premises, the imaging of servers at business premises to secure evidence and the grant of an interim injunction to prevent disclosure or dissipation of the trade secrets or infringing products prior to trial.

We have seen several prominent cases over the last year hit the UK courts, after the marathon battle between Vestergaard and Bestnet which reached the UK Supreme Court in 2016 after a nine-year battle.

External infringement

The regulations introduced for the first time a statutory prohibition of the import into the UK of trade secret-

'infringing' goods. In the first case to consider the new landscape, the England and Wales Court of Appeal had to assess whether the UK courts have jurisdiction in cases where the originating misappropriation and initial misuse occurs outside the UK.

In *Shenzhen Senior Technology Material v Celgard*, a senior engineer called Dr Zhang who had worked in the US in Celgard's lithium-ion battery separator business, and who had access to a body of trade secrets concerning them, moved to the defendant, a competing battery separator maker in China, Shenzhen Senior. Prior to leaving, Zhang told Celgard that he would be joining a different company not in competition with Celgard. After joining Senior he used a false name, and represented to Celgard that he was working in a field unconnected with battery separators. When Celgard discovered that Senior might have an opportunity to obtain a contract for supply of separators to a prospective Celgard customer in the UK, Celgard believed that this could only have been achieved with the assistance of Celgard's trade secrets, supplied by Zhang. In April 2020, Celgard successfully applied for an interim injunction to prevent the importation of battery separator film into the UK by Senior; the Court of Appeal upheld it in October 2020.

Central to the threshold jurisdiction issue was whether English law applied to the question of whether the separator films in issue were 'infringing goods' for the purposes of that term in the regulations. Regulation 11(1)(b) gives the power to prevent importation of infringing goods, and infringing goods are defined in Regulation 2.

Where the 'upstream' events have occurred outside the jurisdiction, a key question is: what law is to be applied to decide whether the trade secret concerned has been unlawfully disclosed. Senior argued that this was Chinese law on the basis that if there had been any irreversible damage to intangible property (the trade secrets), this had happened in China and this pointed away from a connection with the UK for the purpose

of determining whether it was the proper place to bring the claim.

The court disagreed for a number of reasons, but principally because: (a) confidential information is not property; and (b) trade secrets infringement claims arise from an act of unfair competition, affecting a specific competitor. In such circumstances, Articles 6(2) and 4 of the non-contractual choice law Rome II Regulation (which is retained in UK law post-Brexit) apply so as to make the applicable law that of the place where the damage occurs, as it does for tort claims. Here, Senior's alleged act of unfair competition (the importation) affected Celgard in the UK, and accordingly English law applied. Applying that to the 'upstream' events, it was probable that English law applied. Therefore, if Senior's separator films were made in China using Celgard's confidential information, they would amount to 'infringing goods' for the purposes of the regulations. The court emphasised that in assessing the most appropriate forum, it was important to recognise that even though Celgard's trade secrets were not information 'located' anywhere, that did not mean that the legal rights to control that information were not located in the UK.

When employees move

While cross-border cases like *Celgard* are certainly on the rise, trade secret issues more commonly crop up when employees move to competitors closer to home.

A recent example in *Ocado Group v McKeeve* is from the transport/logistics space and concerns claims by online-only supermarket Ocado, which owns a technology platform for online grocery supplies that Ocado uses itself and licenses to other supermarkets. It alleged that a competing business started by one of Ocado's original founders had misappropriated Ocado trade secrets. The allegations were triggered by the announcement in 2019 that a long-time Ocado employee and group transformation director was joining the defendant business as chief operations officer while still on 'gardening leave', and news of a deal between that rival business and Waitrose, with which Ocado had previously had a 20-year relationship. The claim is reported as settled, with an agreed statement of facts.

If it comes to trial, judgment in the *Celgard* case will be eagerly awaited for an analysis by the courts of the substantive provisions of the regulations. In the meantime we have, since Brexit, seen the courts continuing to develop the breach of confidence principles derived from the case law and which remain the foundation of the new statutory enforcement provisions. A recent illustration of this is *Travel Counsellors v Trailfinders*, where the Court of Appeal considered the circumstances in which an equitable obligation of confidence can arise where the recipient of the information does not have actual notice that the information in issue is confidential.

A number of sales consultants employed by the long-established Trailfinders travel agency business in the UK left to join competitor Travel Counsellors (TCL), which operated a franchise model. New franchisees (such as the ex-Trailfinders employees) were positively encouraged to bring their customer contact lists with them, yet TCL did not warn new franchisees that this might risk breach of confidence. In this case, the ex-employees did so after accessing a Trailfinders computer system holding a wide range of client information to compile their lists, before leaving Trailfinders, and afterwards by accessing a client-facing system recording information about specific client bookings. The client information obtained in this way was added to TCL's computer system for use by the franchisees. At first instance, the individual ex-employee defendants were each held to have breached the terms of confidence implied into their contracts of employment with Trailfinders, and both they and TCL were held to have breached equitable obligations of confidence owed to Trailfinders.

Earlier cases had already established that the test for when an equitable obligation of confidence will arise is objective. A recipient will only be subject to an equitable obligation of confidence when: (a) they know or have notice that it has been disclosed in breach of an obligation of confidence (whether contractual or equitable); or (b) where there has been no breach by disclosure, but the recipient knows or has notice that the information is confidential. This is assessed objectively by reference to the reasonable person standing in the position of the recipient. The *Trailfinders* judgment moves this principle on by considering the position of a recipient who does not know that the information is confidential but would find out if they were to make reasonable enquiries about it, but fail to do so. The court said that a reasonable person who thinks the information might be confidential and would make enquiries (the nature of which will be context- and fact-dependent), but fails to make such enquiries, will be under an obligation of confidentiality.

In this case, the Court of Appeal upheld the judge's finding that a reasonable person in the position of TCL management would have been aware that at least a part of the contact information brought by these new franchisees was likely to have been copied from Trailfinders' customer data, because there was too much of it to have been carried in their heads. Furthermore, TCL management knew or ought to have known that Trailfinders would regard the information as confidential; TCL itself maintained that its own equivalent information was confidential. If TCL had made the necessary enquiries it would have discovered that some of the information had indeed come from Trailfinders' client database (assuming that the ex-employees told the truth). TCL was therefore subject to an equitable obligation of confidence to Trailfinders, and the court found that it had breached that obligation because it had used the information for the benefit of its business by storing it and using it to send marketing emails to clients.

“C-suite managers repeatedly voice that trade secrets are now seen as the most important intellectual property asset, overtaking patent protection.”

Although this judgment gives rise to greater risk for businesses taking on new staff or provided with important information by commercial partners, on the flip side it strengthens the hand of businesses seeking to protect their trade secrets in the UK.

It is easy to overlook some of the less glamorous kinds of information protected by trade secrets law – like customer lists – but *Trailfinders* illustrates that many businesses’ most vital trade secrets are not single secret sauce recipes or black box processes, but large aggregations of (individually) less significant information or data.

US

Enhanced protection

In 2016, Congress passed the DTSA supplementing a patchwork of state trade secret laws with a federal civil cause of action for trade secret misappropriation. The DTSA, modelled after the Uniform Trade Secret Act adopted with variations by 48 states and the District of Columbia, provides a framework in many ways consistent with pre-existing state law, including allowing for both monetary damages and injunctive relief.

One benefit the DTSA provides is a unique procedure for the ex parte seizure of misappropriated trade secrets, allowing a court in extraordinary circumstances to issue an order providing the seizure of property necessary to prevent the propagation or dissemination of a trade secret. This option allows a plaintiff to secure immediate interim relief both domestically and abroad to protect their trade secrets in extraordinary circumstances.

But the most significant benefit of the DTSA is the access to federal courts to pursue relief from extraterritorial misappropriation.

External infringement

One of the goals of the DTSA is to provide protection for trade secrets in a globalised and national economy. To that end, the DTSA was written to apply to misappropriation occurring outside the US so long as either (1) the offender is a US citizen, permanent resident alien, or corporation, or (2) “an act in furtherance of the offence was committed in the United States”. US courts have interpreted “an act in furtherance of the offence” broadly, even if the act does not itself use the misappropriated trade secrets, and even where the act is committed by third parties rather than the defendant.

The US International Trade Commission (ITC) further provides for extraterritorial relief, specifically, an exclusion order banning importation of offending products into the country, as long as there is evidence that the importation would substantially injure a domestic industry. The US provides a significant market for a number of technologies and the ITC has quickly become a favourable jurisdiction to enforce misappropriation of trade secrets, even between foreign competitors.

For example, trade secret protection in the US proved critical in resolving a multi-year-long dispute between two Korean competitors, LG Chem and SK Innovations, involving both trade secrets and patents and spanning South Korean courts, US district courts, and the ITC. At the ITC, LG Chem accused SK Innovation of misappropriating its trade secrets in electronic vehicle battery technology by poaching former LG employees and improperly obtaining trade secret information from them. During the investigation, SK Innovation was found to have engaged in a companywide effort to destroy evidence material to the investigation, and the ITC entered a sanction of default judgment against SK Innovation, banning the importation of certain batteries and their components into the US for a period of 10 years,

with some limited exceptions. At the very tail-end of the 60-day presidential review period of the ITC ruling, LG Chem and SK Innovation announced a settlement resolving the parties' pending cases, with SK Innovation to pay LG Chem 2 trillion won (\$1.8 billion).

EU

Netherlands

In the Netherlands, the Supreme Court decided in 2018 in *Organik v Dow* that an ex parte seizure of evidence is possible in trade secret misappropriation cases. A bailiff, accompanied by an IT expert and a technical expert, may enter the premises where relevant evidence is expected to be found and make copies of relevant documents as well as a detailed description of a production process, for instance. The seizure may include copies of digital documents stored remotely, provided that the documents are normally accessible from the seizure location. Subsequently, a separate action for access to the seized evidence must be initiated. The evidence may be used in proceedings in the Netherlands or abroad. This method of evidence collection is now frequently used in trade secret misappropriation cases (see *X v Verizon*).

Courts tend to carefully assess whether the requirements for trade secret protection have been met. In one case the court held that commercial information from several decades ago no longer met the requirement of commercial value (see *IPA v Enschedé* in 2021). In another case, the court held that insufficient trade secret protection measures had been taken (*Wärtsila v X* in 2018). In yet another case, the court was critical that certain protection measures had not been taken but still held that, on balance, sufficient measures were in place (*Future Crops v Certhon* in 2019).

Germany

In Germany, before the implementation of the Trade Secrets Directive by the Trade Secret Protection Act on April 26 2019, it was very difficult (though not impossible) to enforce a trade secret misappropriation before a German court. As a result there is limited case law in Germany, but in recent months the courts have started to issue the first judgments regarding the new law.

These rulings focus especially on the requirements of the "reasonable protection means".

In November 2020 the Higher Regional Court of Stuttgart held that there are certain aspects that can be considered for the evaluation of whether protection measures are reasonable: the value of the trade secret and its development costs, the nature of the information, the importance for the company, the size of the company, the customary secrecy measures in the company, the type of labelling of the information, and agreed contractual provisions with employees and business partners. As a minimum standard, the court held, relevant information may only be entrusted to people who (potentially) need the information to perform their duties and who are bound to secrecy. Before that, the Higher Regional Court held in *Hamm* that it was not sufficient for a trade secret holder to take only a minimum of protective measures in order to maintain reasonableness and that the court also must consider the nature and economic value to evaluate the individual protection.

These decisions from the Netherlands and Germany show the importance of applying proper trade secret protection measures. Such measures not only help reduce the risk of trade secret misappropriation, but also increase the chances of success in litigation.

Cross-border is key

Protection for trade secret theft or misappropriation has been tightened across major jurisdictions in recent years, in response to the increasing value of trade secrets and confidential information and the recognition that significant breaches are on the rise, as employees move increasingly and the trade secrets protected frequently involve data or software that is easily movable once accessed. In addition, given the connected global economy, enforcement needs to be done across borders, recognising that the trade secrets stolen are often used in another jurisdiction.

Hogan Lovells has developed a trade secrets toolkit to help businesses protect their trade secrets and confidential know-how at <https://www.hoganlovells.com/en/publications/hogan-lovells-launches-its-trade-secrets-toolkit>



Alastair
Shaw



Joel
Smith



Joseph
Raffeto



Tej
Singh



Ruud
van der Velden



Anna-Katharina
Friese

Alastair Shaw, Joel Smith (UK), Joseph Raffeto, Tej Singh (US), Ruud van der Velden (Netherlands) and Anna-Katharina Friese (Germany) are all part of the Hogan Lovells global cross-practice trade secrets team.

DABUS around the world

AI has fundamentally and permanently disrupted the invention process, but the impact on patents is still unclear, says [Ed White](#) of [Clarivate](#)

When is an inventor not an inventor? In the new era of artificial intelligence (AI), this question has become one of the most pressing issues the intellectual property world is facing today, as the traditional norms of assigning patent rights only to human creators are being challenged in the courts.

Machine learning and sophisticated AI systems are developing quickly, becoming capable of complex, independent creative processes. So, it was only a matter of time before there were calls for AI machines that are capable of inventing to be recognised as creators in their own right.

Those calls are now too loud for patent offices and IP courts around the world to ignore. But hearing appeals of a similar nature in parallel doesn't guarantee a consistent response across jurisdictions. On the contrary, conflicting answers have already been given to this question in four recent decisions around the world, fuelling continued uncertainty over how soon – if ever – AI machines will be recognised by patent offices as legal inventors of new innovations.

The AI inventorship debate was kicked off in earnest by a team led by Ryan Abbott, professor of law and health sciences at the University of Surrey, and Stephen Thaler, CEO of Imagination Engines, a pioneer of the concept of artificial neural networks. Thaler filed a number of

patent applications with various patent offices including in the US, the UK, the EPO, Australia and South Africa, designating an AI machine known as ‘DABUS’ (Device for the Autonomous Bootstrapping of Unified Sentience) as the inventor behind them. In doing so, they threw into doubt the prevailing orthodoxy that the originator of an AI agent (i.e. a person) should be classed as the inventor for outputs generated by AI.

A blow to the status quo

Such a challenge to the generally accepted position was inevitable. After all, AI is unquestionably playing an increasingly significant role in the innovation lifecycle. A broadening range of AI machines are being devised to solve problems and deliver new and unforeseen advances, resulting in shortening product lifecycles and an acceleration of obsolescence as iterative improvements are made to technology based on continuous feedback loops and machine learning.

Critically this includes developments in AI itself, with the technology starting to design the next generation of itself, with no human involvement required.

In this new world of innovation, the original designer or product manager is becoming further removed from the invented outputs. The link between humans and inventions in such cases is weakened. As this happens, the very concept of what inventorship means is being questioned.

In July this year, the position seemed to shift when two landmark decisions in Australia and South Africa relating to DABUS patent applications paved the way for AI machines to be named as inventors on patents for the first time.

The judgment of the Federal Court of Australia stated: “There is no specific aspect of patent law ... that would drive a construction of the [Patents] Act [1990] as excluding non-human inventors.”

It went on to say: “The word ‘inventor’ is not defined in the act or in the regulations ... the agent can be a person or a thing.”

In South Africa, a decision was made to list DABUS as the inventor in a patent for a “food container based on fractal geometry”, without deferring the question to the courts. The South African patent office, the Companies and Intellectual Property Commission (CIPC), announced the unprecedented decision in the July edition of the South African Patent Journal without providing any explanation, much to the chagrin of critics, many of whom believe the decision to be incorrect in South African patent law.

Having seen the established anthropocentric view rejected twice in quick succession, there was a sense in

the IP sector that a wider ripple effect could follow, especially since the mood music among policymakers appeared to be changing.

In the UK, for example, the UKIPO has for much of the past year been consulting with industry on potential policy options for protecting AI-generated inventions; in March, the government announced a new AI strategy and roadmap.

Meanwhile, South Africa has been engaged in a programme of patent reform and renewed policy support for innovation in recent years, which may well have factored into the decision of the CIPC. To differing extents, governments are coming to appreciate that AI heralds a new technological and economic frontier, one which can still be captured if they act quickly and facilitate innovation in this field. In some ways, AI inventorship is a natural conclusion of this kind of thinking.

Too early to call a new consensus

However, the understandable excitement from AI champions has since been dampened. The Australian case is now going to appeal, the decision by the South African patent office has been called into serious question from both a procedural and legal point of view, while in September the argument that DABUS should be registered as an inventor was rejected by the District Court for Eastern Virginia in the US and in the England and Wales Court of Appeal.

A major stumbling block is that much of patent law in the UK and the US, as well as in Europe, defines an inventor as a person, so AI inventorship would seem to fail this test at a fundamental level. Indeed, the England and Wales Court of Appeal judgment contains a key phrase: “Machines are not persons.” On the basis that only a person (or “legal person”) can have rights, but a machine cannot, Lady Justice Elisabeth Laing said in her judgment that “a patent is a statutory right and it can only be granted to a person”. She also highlighted an important point: with such fundamental change to patent law, any modification to the definition of “inventor” should perhaps be enacted by parliament through a legislative process, rather than deflecting these questions to patent offices or trying to stretch the limits of judicial interpretation.

Some may see the Court of Appeal’s decision as undermining the UK’s bold plans to lead the way on AI regulation. That said, all hope is not lost for proponents of inventive AI. The ruling was not unanimous – the appeal was rejected by a 2:1 majority, with Lord Justice Colin Birss’s dissent providing cause for optimism to those hoping for reform. He stated that because the applicant believes DABUS is the inventor, the derivation of his right to be granted the patent should be allowed. He concluded that “the fact that the creator of the

“There will doubtless be further healthy discussion around how the inventorship requirement will be dealt with in a world where AI becomes more embedded into the inventive process.”

inventions in this case was a machine is no impediment to patents being granted to this applicant”. While that view did not win the day, it does present a significant and notable difference of opinion which may be drawn on in the future should similar cases reach the Court of Appeal or UK Supreme Court.

Similarly, in the Virginia ruling, the judgment found that a machine cannot be classed as an inventor under US patent law in its current form, and that it would be up to Congress to expand the scope of patent law. However, it also made the point that “as technology evolves, there may come a time when artificial intelligence reaches a level of sophistication such that it might satisfy the accepted meaning of inventorship. But that time has not yet arrived”.

What lies ahead?

With AI becoming a major driver of innovation, the prerequisite for a human inventor does not seem to be sustainable in the long term even if it does remain part of traditional patent law. As ever, the law is having to play catch-up with rapid technological development. While it might be far-fetched to say that machines have feelings (yet), there is still a wider ethical question about how and whether inventors and their employers ought to be compensated for developing machine-devised inventions. If AI ‘owners’ are excessively rewarded, this may entrench biases in the patent system even to the exclusion of inventors, especially individuals and small entities, who do not have AI tools at their disposal. There will doubtless be further healthy discussion around how the inventorship requirement will be dealt with in a world where AI becomes more embedded into the inventive process.

Where that debate ends is difficult to predict, but some form of middle ground for patent law may emerge which allows some flexibility around the assignment of inventorship in patent applications – such as assigning

inventorship to a company, or in certain circumstances not requiring an inventor at all.

Looking further ahead we may even begin to see regulators and policymakers consider options for a new IP type. A separate or sui generis IP right could be complementary to the existing patent system, but would more directly facilitate the continued development and utilisation of AI tools for invention. For example, we can see the potential need for a parallel property asset class for “machine-derived” rights. In the meantime, while there is still a lack of international harmonisation on whether AI can be an inventor, we may see companies and individuals turning more towards trade secret protections as the most viable, rational alternative. If this approach were to become standard, it would likely represent a regressive step where the fundamental principle of the existing patent system – that disclosure is necessary for an asset to be granted – is eroded. Such a move would hide innovation behind secrecy barriers, preventing it from being built on by later innovators.

The issues here remain divisive and legal change takes time. However, the necessity for speed and efficiency in innovation is increasing, and as AI takes a key role in delivering the inventions that will power an increasingly dynamic economy, the IP system needs to be ready to respond to the opportunities and tackle the challenges head-on. The reality is that AI has fundamentally, and permanently, disrupted the invention process and it is playing an ever more central role in product design and development. Now people are being forced to re-think what the creative process is, and who (or what) can be responsible for it, including the knock-on effects on patentability itself. It’s a conundrum that hasn’t been solved yet.



Ed White is chief analyst of IP at Clarivate, based in London.

Ed White

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Head Office:

B. Spasskaya Str., 25, bldg. 3
Moscow 129090, Russia
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Fax: +7(495) 937 6104/6123
E-mail: pat@gorodissky.com
www.gorodissky.com

Evolution, but no revolution

Moritz Meckel of Baker McKenzie summarises what are the biggest changes in more than a decade and their impact on litigation strategies

German patent law is undergoing its largest reform in more than a decade. After two years of preparations, Germany's parliament (the Bundestag) passed the Second Act on the Simplification and Modernisation of Patent Law, which applies two rounds of amendments to the Patent Act (PA) and related statutes governing both German domestic patents and German parts of European patents. A first round of amendments entered into force on September 18 2021, while the remaining points will go into effect on May 1 2022.

In patent prosecution, the most relevant change is a number: 31, instead of 30, months for entering the German national phase with a PCT application, effective May 1 2022. For litigation strategies, the following components could have a profound impact.

1. Synchronising the bifurcated system: accelerated preliminary opinion on patent validity

1.1 Bifurcation and its side effects

The so-called injunction gap has always been an unwanted side effect of Germany's bifurcated patent court system. A fast infringement court may render a first-instance decision (including an injunction) within a year from the suit's filing. Meanwhile, the validity of the asserted patent can only be challenged by means of

a nullity lawsuit with the Federal Patent Court (FPC) or – if admissible – an opposition with the (German or European) patent office. Nullity lawsuits can easily take three years (the average pendency at the FPC in 2020 was 32.7 months). Absent a decision, or at the very least a preliminary opinion on the validity of a patent in suit, alleged infringers frequently cannot convince the infringement court to stay its proceedings. Thus, the risk of being convicted for infringement first and the patent being revoked later has been more than just theoretical.

1.2 Accelerated initial phase in nullity proceedings

Lawmakers are now attempting to close the injunction gap by speeding up and repurposing the preliminary opinion to be rendered by the FPC. Effective May 1 2022, an amendment to Section 83, Paragraph 1, PA will set the FPC a target of six months for rendering its preliminary opinion on the merits of patent nullity suits. Service of a nullity complaint will start the clock.

This is intended to provide the infringement court with a timely first opinion on validity by the competent body. The FPC shall even convey its preliminary opinion to the infringement court ex officio if it has knowledge of pending infringement proceedings.

In order to make this early first FPC opinion possible, a new statutory deadline for the patentee to reply to the nullity complaint on the merits (two months upon service) entered into force recently (Section 82, Paragraph 2, PA). A further amendment to Section 83, effective May 1 2022, will expressly give the FPC authority to set the parties further deadlines for filing briefs in preparation for the preliminary opinion.

But what is going to happen if the new deadlines are not adhered to? Section 83, Paragraph 1 will state that the FPC does not have to take any late-filed arguments or requests into account when drawing up its preliminary opinion. However, with respect to the judgment rendered at the end of the proceedings, the parties will not be barred from filing further requests or arguments.

1.3 Impact on strategy

Given the new deadlines and early preliminary opinion, one can expect that future nullity proceedings will start with a lot of energy, both between the parties and on the bench. This might, however, not persist after the rendering of the preliminary opinion, since the new procedure is aimed mostly at the acceleration of the latter.

Will the early preliminary opinion suffice to fix the injunction gap? Much will depend on the FPC's ability to issue a convincingly well-reasoned opinion within the tightened timeframe. It will remain up to the judges at the infringement court to decide whether or not a stay of their case is appropriate. Thus, not just the FPC's

preliminary conclusion will be important but also the underlying reasoning.

Further, the amended regulations will only apply to cases where the FPC is involved, and namely not to opposition proceedings with the German or the European patent office. Note that an infringement lawsuit with the FPC becomes admissible only after the lapse of the nine-month opposition period triggered by the publication of the newly granted patent, or upon final conclusion of the opposition proceedings, whichever lasts longer.

In any case, it is now more advisable than ever for patentees to develop a consistent strategy regarding both patent infringement and validity before filing suit. Otherwise, the two-month deadline for defending the patent on the merits can quickly turn out to be rather short. This holds, in particular, if infringement and validity lawsuits are handled by different attorneys. Bifurcation on the attorney level is still relatively common in Germany due to the traditional work-sharing between attorneys-at-law primarily handling infringement and patent attorneys mainly overseeing nullity proceedings.

2. Trade secret protection in patent cases

The newly introduced Section 145a, PA declares certain regulations of the Trade Secrets Act (TSA) applicable in patent infringement proceedings.

This now allows courts to declare as confidential trade secrets that a party discloses in the proceedings upon party motion (Section 16, TSA). The individuals involved in the court case may face fines of up to €100,000 (\$117,000) or imprisonment of up to six months if they breach confidentiality or use the information outside of court proceedings (Section 17, TSA). Section 18 enables the court to order further measures, such as a restriction of access to the proceedings to certain individuals. The requirements for issuing such an order are rather high, though.

The confidentiality measures are not limited to any particular context within the infringement proceedings. For example, details of the attacked product or process the alleged infringer discloses to counter infringement contentions may be trade secrets and could be declared confidential. Further examples of potential trade secrets include third-party licence agreements (e.g., in fair, reasonable and non-discriminatory (FRAND) cases), or business internals when the amount of damages owed is assessed.

It may seem surprising that such regulation was not in place previously. However, the German Code of Civil Procedure does not foresee any court-supervised fact-finding procedure such as discovery in the US. Thus, there is no per se necessity of confidentiality measures. Instead, each party shall assert those facts that are beneficial for it, or (within limits) decide not to disclose.

“The most hotly debated question in the lawmaking process was whether or not the automatic injunction against patent infringers should remain in place as is, and the answer given by lawmakers is not particularly convenient.”

Lawmakers now – at least to some degree – recognise that parties should not be left with the choice to either disclose trade secrets to a competitor without confidentiality or knowingly lose a lawsuit.

To what extent the infringement courts will grant confidentiality measures in practice remains to be seen. Note that relevant courts developed their own confidentiality procedures when dealing with inspection orders (namely the Düsseldorf procedure) or FRAND cases (e.g. the Munich procedure). These will remain in place if the respective court finds appropriate. Section 145a, PA provides a more generic framework not limited to these special circumstances, though.

3. Injunctions and proportionality – the automatic injunction stays in place

The most hotly debated question in the lawmaking process was whether or not the automatic injunction against patent infringers should remain in place as is, and the answer given by lawmakers is not particularly convenient.

Section 139, Paragraph 1, PA was ‘clarified’ in that an injunction is not available “inasmuch as it would lead to disproportionate hardship for the infringer or third parties not justified by the exclusive right due to special circumstances of the individual case and the principle of good faith”.

However, according to the reasoning in the underlying parliamentary bill, no “softening” of the claim for an injunction was intended with the amendment. The amendment is said to essentially just enshrine in the words of the PA what used to be case law of the Federal Court of Justice.

By default, a patentee still has an automatic claim for an injunction against infringers. It is up to the infringer to argue and prove that an injunction would be

disproportionate under the special circumstances of their exceptional case, and to what extent.

Time will tell whether or not such arguments will have a higher rate of success than they used to. In any case, it seems safe to say that they will be made in court more frequently.

4. Looking ahead

The amendments to the PA show considerable evolution but no revolution.

Germany’s patent court system will remain bifurcated. An alleged infringer still has to file an invalidation action if they want to argue that the patent asserted against them is invalid. If that invalidation action is a nullity lawsuit with the FPC, starting May 1 2022 there will be a chance of obtaining a preliminary opinion within six months. The opinion may or may not compel the infringement court to stay its proceedings. For the patentee, this means that they will have to defend their right from the start of the nullity proceedings, and should be prepared to do so.

Similarly, the new means for protecting trade secrets in patent litigation are intended to close a gap without changing principles.

A point that will likely cause ample case law is the now codified exclusion of an injunction inasmuch as one would be exceptionally disproportionate. However, the principle that a patentee can claim an injunction against infringers unless an exception applies remains unchanged.



Moritz Meckel

Moritz Meckel is a senior associate at Baker McKenzie in Munich and dual admitted as attorney-at-law and patent attorney.



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Fighting trademark piracy in China: a case study from Samsonite

Drew Lamb of **Samsonite** explains how copyright helped the company secure trademark rights for its backpacking brand Gregory after a long legal fight

The Gregory backpack brand is owned by Samsonite and the key trademark is the 'Gregory' and mountain device mark. China's national climbing team members uses the products.

In the US, the mark was applied for by Gregory's predecessor Bianchi on November 16 1992 and registered on May 17 1994.

The China cases

But in China, before trademark registration was commenced by the legitimate brand owner, a Chinese company by the name of Sanriya Crafts Manufactory applied, on November 30 2000, for the combination 'Gregory' and mountain device mark in class 18 (for bags and similar goods). This mark is an exact copy of the 'Gregory' and mountain device mark, now owned by Samsonite.

In 2002, Bianchi filed an opposition against Sanriya's application in class 18 with the China Trademark Office, but it ruled against Bianchi on the grounds of China's first-to-file rule for trademark protection. Bianchi filed an appeal with the China Trademark Review and Adjudication Board (TRAB), but the board also similarly ruled against Bianchi.

Around this time (2006 to 2009), Sanriya and half a

dozen other third-party Chinese companies also applied for the same 'Gregory' and mountain device marks in all 45 classes.

In response, Gregory obtained copyright registration for the mark, and appealed the opposition decision in respect of the class 18 application and opposed the other third-party applications in all 45 classes on the grounds of the copyright in the mark.

The Beijing No. 1 Intermediate People's Court found for Gregory, overturning the TRAB's decision and ruling that Sanriya may not register the mark, on the grounds of Gregory's copyright in the mark.

Gregory similarly won all of the other oppositions in all 45 classes on the copyright grounds.

Sanriya appealed all of the cases. It also obtained a copyright registration for its mark. The other half dozen Chinese companies that had also applied for the mark did not appeal and hence those applications were removed from the Chinese trademark register.

Gregory responded to Sanriya's appeals. In the meantime, it tried to settle the cases with Sanriya. but the Chinese company rejected a settlement offer.

During the appeal proceedings, in 2015, China introduced a new law that required all evidence sourced outside of the country in support of copyright claims to be notarised and legalised (these requirements have now

“Looking beyond the sphere of trademarks and into the copyright realm for support is a new anti-piracy tool in China, but may also be adapted in other jurisdictions.”

been superseded by a new regulation called IP Evidence Rule, which went into effect in 2020 and is discussed below). Consequently, Gregory lost the appeals in class 18 as well as in the other classes.

Gregory went all the way to the highest court in China, the Supreme People's Court (SPC), while notarising and legalising the evidence in support of its ownership of the copyright. The SPC ruled for Gregory in all of the cases on the grounds of Gregory's copyright in the mark. All these cases have now completed and the mark is in the name of Samsonite/Gregory.

Analysis

Article 32 of China's trademark law prohibits the registration of a mark that would prejudice the prior rights of third parties. Copyright, trade name rights, and personal name rights all fall within this category of prior rights.

Copyright may be relied on effectively in China. Under the Berne Convention and the Universal Convention, of which China is a member, copyright is protected in China even without a copyright registration. However, copyright registration is available in China. What's more, it is available inexpensively, efficiently and speedily. Having obtained a copyright registration, many legal processes are simplified and hence less time-consuming and costly. As a copyright registration can be obtained in a cost-efficient way in China, it is an effective tool for fighting piracy.

Under China law, a copyright registration is *prima facie* evidence of ownership of copyright but it is not proof of the copyrightability of a mark. Hence, it is important to ensure that a mark is capable of protection by copyright prior to relying on copyright to protect the mark. A logo mark is usually protectable by copyright. A catchy phrase may be protected by copyright. However, a dictionary word written in block lettering without any style is usually not protected by copyright.

Copyright as sword and shield

Besides using copyright in opposing or otherwise challenging a registration, as in the Samsonite case, copyright may be used by legitimate brand owners in the following ways:

Shield

In case the contested mark proceeds to registration, and the registrant enforces the registration against the legitimate brand owner (for example, via a raid using local Chinese law enforcement), the copyright can at least dull the pain if not totally stopping the raid, as it establishes the prior rights of the legitimate brand owner.

When the Gregory opposition was lost in 2015, the contested mark proceeded to registration. However, Gregory's business in China was partly protected from raids by Sanriya on the grounds of Gregory's copyright in the mark.

Sword

Gregory also had the option to go on the offensive with the copyright by claiming copyright infringement against Sanriya and other third parties that were using the mark before the mark was registered as a trademark in Gregory's name. This included having the court issue a permanent injunction against Sanriya and the other parties.

Evidence In support of copyright claims

Before 2020, all evidence formed outside of China had to be notarised and legalised prior to being admissible in a Chinese court. But those requirements have been removed and now only certain types of evidence, such as that concerning identity (e.g. powers of attorney) or official documents (e.g. documents issued by government agencies or courts outside of China), need to be notarised and legalised. Hence, copyright is becoming a very cost-efficient and effective tool for fighting trademark piracy.

Key takeaways

Brand owners need to continue to be creative in fighting rampant piracy around the world. Looking beyond the sphere of trademarks and into the copyright realm for support is a new anti-piracy tool in China, but may also be adapted in other jurisdictions.



Drew
Lamb

Drew Lamb is vice president of intellectual property at Samsonite and is based in Belgium.

What a kebab shop shows about domain name protection

Tim Brown of **Com Laude** explores the various domain dispute resolution policies available and advises how best to make a case for infringement

When a kebab shop in Gateshead, UK, claimed its home on the web in 2018, it wasn't prepared to be kicked into shape by its can-can dancing namesake. Registering moulinrougewinlaton.co.uk, the Moulin Rouge kebab shop was quickly reported for domain infringement to the UK domain watchdog Nominet by the owners of the iconic Paris nightspot.

Nominet's Dispute Resolution Service (DRS) found in the complainant's favour, transferring ownership of the domain to the 'real' Moulin Rouge. Those seeking a cheap eat in Gateshead would no longer be confused into buying expensive tickets to Paris's most infamous can-can show. And vice versa.

While this humorous example of domain name infringement is more a case of wishful marketing, other examples of 'rip-off' domains provide cover for far more devious, criminal intentions, which can provide serious issues for customers and brands alike.

Taking action correctly

Thankfully, there are ways for brand owners to challenge rogue registrations. Under dispute resolution policies such as the Uniform Domain-Name Dispute-Resolution Policy, DRS and ADReu, enforcement measures can be taken against such sites, taking them

down, recapturing the infringing domains and redirecting their traffic to legitimate use.

Rogue domain name scams cause a mountain of issues for brand owners. While you may take the view that any infringement of a brand is a cut-and-dried case, this is not always so. Acting against rogue domain names can be a complicated endeavour, requiring Sherlock-level detective work alongside in-depth understanding of various policies and regulation. It demands the ability to construct water-tight arguments with the benefit of stringently assessed evidence, gathered chronologically and diligently.

Brand owners often make the mistake of assuming that anything to do with recourse for brand infringement is one for a trademark lawyer – or, failing that, any lawyer! However, this is an area of law and regulation that is not only in comparative infancy, but also develops swiftly as criminals and con artists adapt methods. Trademarks play a part in domain name disputes but are just one crumb on the trail.

It is rare that in-house legal departments or law firms have the specialist technical knowledge required to navigate the differing dispute policies. With varying rules of appeal, putting forward an incorrectly assembled or argued case could see you shut out of further recourse, which is why it is important to ensure you have the right experts on hand.

Beyond trademarks

There is a process you and your chosen expert will need to undertake to ensure your case is solid. It starts with some basics – establishing that you have rights that are at least similar to the domain name at issue; for example, a registered trademark or evidence of unregistered, common-law rights. It is worth saying here how often complainants overlook the need for evidence to support their rights to their name.

Then it starts getting a little more complicated. Even if you have rights to the name, you must prove that the respondent does not have a legitimate interest in that same name. This is often more of a challenge than applicants appreciate and where your experts earn their stripes in foreseeing and countering all arguments the respondent may present in defence.

In this respect, it is again worth making the point that domain name issues go beyond trademark infringement. The focus on domains that are abusive or registered in bad faith makes establishing your case harder than a 'simple' trademark issue. Trademarks are territorial, so if two companies happen to have the same name, it doesn't mean that the registration by one of them is automatically abusive to the other.

Next is where your evidentiary expertise is deployed.

To be successful in most applications you must demonstrate 'bad faith'. In our can-can-ing kebab example, one of Nominet's independent DRS experts agreed that the registration was abusive in that the takeaway was "seeking to associate" with the owner of the trademark, saying that it was a "reckless" and "morally reprehensible" registration.

Not all cases are so clear-cut, and with disputes adjudicated via written submission only, it's crucial to present your case – with all evidence – clearly, logically, and according to the very particular rules set out by the relevant body. Traditional trademark advisers often do not have the expertise in drafting such submissions and may lack knowledge of the relevant evidence-gathering technologies. Similarly, a 'cease and desist' lawyerly route could see you give away too much of your power in early stages when collecting evidence. It's these added complications that make working with a domain name specialist essential.

Getting it wrong

Working with a specialist is important because there is a risk that pursuing a case without the requisite knowledge or on the wrong basis could lead to the domain name remaining in the registrant's hands, which creates a continuing headache for brand owners.

In the worst cases, a poor complaint can lead to a ruling of reverse domain name hijacking against you. This happens when a complaint is brought in bad faith, for instance if a company makes a complaint that was doomed to fail because it knew (or should have known) that the respondent hadn't targeted the brand owner. This is a complicated area, which requires specialist knowledge, and where getting it wrong could have severe knock-on effects for the brand.

Finally, finding yourself in a domain name dispute should not be treated as a standalone issue. It's certainly not advisable to wait until it happens before considering how you will monitor for disputes and act in response.

A strategy for disputes should be considered as part of an encompassing approach to corporate domain name management. If that sparks more confusion, don't leave questions unanswered. Seek out the experts who understand how each thread of domain name management builds a strong web of protection for your brand and its most important assets.



Tim Brown

Tim Brown is head of brand protection at Com Laude, a global domain name services provider, headquartered in London.

Patentable subject matters related to 5G in China

Yanan Deng and Jinlin Chen of [Liu Shen & Associates](#) explain why a good patent portfolio for 5G is so valuable in business

5G communication technology has brought significant improvements to our lives due to its great characteristics such as ultra-high speed and ultra-low delay.

The contributors to the technology reasonably hope to benefit from their contributions in business. An important way is to seek patent protections for their contributions. A good patent portfolio for 5G shall be very valuable in business. Patentable subject matters related to the technology in targeted jurisdictions are usually the first consideration for a patent applicant to obtain a good patent portfolio.

Eligibility of subject matters related to 5G

5G is a new generation of radio communication technology. Similar to 3G or 4G, most subject matters for patent applications relate to 5G involve communication rules, which may appear like rules of mental activity, but the communication rules are usually subject to natural laws such as natural properties of radio resources and thus are generally patentable.

In practice, patent applications related to 4G or 5G are seldom rejected due to eligibility problems. However, it still needs to be understood that rules of mental activity such as pure algorithms or pure business methods

are not patentable in China. For example, some patent applications related to 5G involve charging or management strategies, which may be considered as pure business methods.

According to the Patent Law of China, eligible subject matters for patents are technical solutions. If a subject matter involves technical means using natural laws to resolve a technical problem and thereby obtain a technical effect, the solution of the subject matter falls under technical solutions.

On the contrary, a subject matter not containing any technical features would be considered as a rule of mental activity rather than a technical solution. Pure algorithms or business methods are usual rules of mental activity.

In the field of 5G, for example, if a new transmission frame structure is designed for transmitting signals, when determining whether this invention is patentable, it should be considered whether the designing of the new frame uses natural laws.

Usually, a new transmission frame structure is designed to improve transmission efficiency. Under the circumstance, the frame structure must be designed based on natural properties of the radio transmitting signals. Therefore, the invention with the new transmission frame is patentable. As another example, if a new charging strategy is designed for a 5G system and the new charging strategy charges more for a new user than an



Yanan Deng

Patent attorney

Liu Shen & Associates

T: +86 10 6268 1616

E: yndeng@liu-shen.com

Yanan Deng joined Liu, Shen & Associates in 2013 and became a qualified patent attorney in 2013.

Yanan specialises in patent prosecution, re-examination, patent analysis, patent search and drafting with a focus on image processing technology, wireless communication, computer science, electronics and circuits, etc.

old user, the new charging strategy is actually a business method, which does not use any natural laws and thus is not patentable.

Claim drafting for subject matters related to 5G

According to the Patent Law of China, a claim may be drafted as a product claim or a method claim. A 'product' usually should be a tangible product.

Intangible objects such as radio waves or transmission frames are not allowable subject matters for claims. Therefore, claims for patent applications related to 5G are usually drafted as transmission methods or apparatuses such as mobile stations or base stations.

Taking the above invention of a new transmission frame structure as an example, it is not allowable to draft 'a transmission frame' or 'a transmission frame structure' as a subject matter of a claim, but it is recommended to draft as a transmission method using such a frame structure or a mobile station transmitting signals with such a frame structure.

Further, a large portion of subject matters related to 5G are implemented by software or software in combination with hardware. For those subject matters involving software, according to the current Chinese Patent Examination Guidelines, the claims can be drafted as a method, an apparatus, or a computer

“Patent applications related to 4G or 5G are seldom rejected due to eligibility problems.”

readable medium storing computer programs.

Currently, a program product itself is not an allowable subject matter in China. However, the Examination Guidelines are under revision for this issue. A draft revision for the Examination Guidelines was released on August 10 2021 for the public to offer comments.

In this draft, a program product is added as an acceptable subject matter for claims considering more and more software products are not stored in a local storage but are stored in cloud storage servers or in a form of dynamic bit streams. Such a claim can be drafted as ‘a computer program product comprising computer programs.’

This draft of revision will probably be passed by the end of this year. Then, an invention related to software can be at least drafted as four subject matters. Taking the above invention of a new transmission frame structure as an example, the following four subject matters can be claimed for one side (e.g. the mobile station side):



Jinlin Chen

Attorney at law and patent attorney
Liu Shen & Associates
T: +86 10 6268 1616
E: jlchen@liu-shen.com

Jinlin Chen is an attorney at law and patent attorney with Liu Shen & Associates. He qualified as an attorney at law in 2009 and as a patent attorney in 2011.

Jinlin specialises in patent prosecution, invalidation and infringement dispute resolutions before CNIPA and the courts, and counseling on patent issues in the fields of telecommunication, optics, electrics and electronics, computer science, semiconductor technology among others.

“1. A communication method comprising: transmitting signals with a transmission frame, wherein (the structure of the transmission frame is defined here)...”, “2. A mobile station comprising: a transmission section configured to transmit signals with a transmission frame, wherein...”, “3. A computer readable medium storing computer programs which, when executed by a processor, performing steps of: transmitting signals with a transmission frame, wherein...”, and “4. A computer program product comprising computer programs which, when executed by a processor, performing steps of: transmitting signals with a transmission frame, wherein...”. Similar claims can also be drafted for the base station side and/or a communication system.

In summary, eligibility of subject matters related to 5G is usually not a problem in China because most of the subject matters involve technical features using natural laws such as natural properties of radio resources. Besides, various forms of claiming those subject matters are allowed in China to provide sufficient protection for the 5G technology.

Assessing the inventive step of a crystalline form patent in China

Xiaohui Wu and Jianhui Li of [Wanhuida Intellectual Property](#) discuss the crystalline form patent application when determining the inventive step

Given that China's *Guidelines for Patent Examination* makes no mention in terms of the examination on crystalline form patent application, practitioners primarily rely on judicial decisions and the China National Intellectual Property Administration's (CNIPA) invalidity decisions to fathom the examination criteria adopted by the judiciary and the agency.

Our analysis of a slew of recent decisions leads to the finding that the criteria for assessing the inventive step of crystalline form invention tends to be consistent. The criteria adopted in assessing the inventiveness of a compound sharing a structure similar to a known compound should also be applicable to crystalline form invention, that is, only those inventions achieving unexpected technical effects involve an inventive step.

Once again, with no explicit parameters articulated in the *Guidelines for Patent Examination* as to a crystalline form's achieving of unexpected technical effect, this article aims to unravel the parameters to be considered in establishing the unexpected technical effect of crystalline form invention through analysis of two recent invalidity decisions.

The invention patent No. ZL200780022338.5 relates to the beta crystalline form of vortioxetine hydrobromide. The embodiments of its description prepare and characterise a variety of salts of vortioxetine and different crystalline forms of hydrobromide. The validity of the

patent was challenged in an invalidity proceeding before the CNIPA, which rendered on April 29 2021, an invalidation decision #48337 upholding its validity.

The decision finds that the difference between Claim 1 of the patent at issue and Evidence 1 of the closest prior art is that Evidence 1 merely discloses the free base of vortioxetine, rather than the salt forms and crystalline forms of the patent.

The contention of the case focuses on whether the beta form of vortioxetine hydrobromide brings any unexpected technical effect over the prior art. In assessing the unexpected technical effect, the decision not only compares the data of the melting point, hygroscopicity and water solubility of the crystalline forms of the patent at issue with that of the free base of the prior art, but also extend comparisons to the crystalline forms of other salts disclosed by the patent at issue.

It should be noted that the beta form claimed by the patent at issue is not the most superior among the crystalline forms disclosed by the patent at issue inso-



Xiaohui Wu

Senior patent counsel
Wanhuida Intellectual Property
E: wuxiaohui@wanhuida.com

Xiaohui Wu is a senior patent counsel at Wanhuida Intellectual Property. Her areas of technical expertise are biology, pharmaceuticals, chemicals, and chemical engineering.

Xiaohui's experience as the R&D project director at a local pharmaceutical company has equipped her with a better understanding and anticipation of the needs of the firm's biopharma clients in respect of patent prosecution, enforcement and dispute resolution field.

Xiaohui was one of the lead counsels that helped a pharmaceutical multinational corporation enforce its invention patents against the infringers offering to sell products exploiting the client's patents in two cases, which are selected as one of the National Ten Exemplary Patent Administrative Enforcement Cases in 2019 and 2018 by the China National Intellectual Property Administration.

far as the melting point, hygroscopicity and water solubility. However, the decision opines that apart from maintaining a high melting point (thermal stability), the alpha and beta forms of vortioxetine hydrobromide retain substantially lower hygroscopicity and higher water solubility in comparison to other salts. Such overall performances cannot be expected by the person skilled in the art based on the salt crystals enumerated by the patent at issue.

Invalidation decision #49520, rendered by the CNIPA on April 30 2021, finds that the invention patent No. ZL 200480036184.1, which relates to the crystalline form of lenvatinib methanesulfonate, invalid.

The decision adopts an analogous approach utilised by decision #48337 in ascertaining the unexpected technical effect. It first compares the crystalline form of lenvatinib methanesulfonate (Form C) in Claim 1 of the patent at issue with

the free base of the prior art and then moves on to Form C and the crystalline forms of other acid addition salts disclosed by the patent at issue.

“The criteria for assessing the inventive step of crystalline form invention tends to be consistent.”

Nevertheless, after a comparative analysis of the solid stability, hygroscopicity, solubility and bioavailability of Form C, the free base and other salts, decision #49520 concludes that the said technical features of Form C are superior to those of the free base, but inferior to some other salts, thus the achieved effect is within the expected range.

In the above cases, the effects achieved by other technical solutions disclosed in the description of the patent at issue are used as a benchmark in ascertaining whether the technical effect of the claimed crystalline form can be expected.

Practitioners should be wary of the fact that such an approach is not applicable unless there is evidence showing that the effects achieved by the benchmark technical solutions are equivalent to those to be expected by the person skilled in the art based on the prior art, or else they risk jumping to an erroneous conclusion.

For example, if the exploitation of an invention leads to a single crystalline form, there will be no point of reference in conducting comparison and proving the



Jianhui Li

Paralegal

Wanhuida Intellectual Property

E: lijianhui@wanhuida.com

Jianhui Li is a paralegal at Wanhuida Intellectual Property. Her areas of technical expertise are biology, pharmaceuticals, chemicals and biomedical engineering.

Jianhui assists the firm's senior patent practitioners in patent infringement, patent validity analysis, free-to-operate and other patent legal affairs for a few multinational biological and pharmaceutical corporations both at home and abroad.

unexpected technical effect. However, if the exploitation of an invention simultaneously leads to two crystalline forms with varying properties, by employing the methodology utilised in the aforesaid cases, it seems rational to establish one crystalline form in producing unexpected technical effect.

In case the properties of the two crystalline forms are barely distinguishable, it would be difficult to establish unexpected technical effects, even if both effects are superior. In such a context, the inventive step assessment of a crystalline form over the prior arts, which hinges on the contents disclosed by the invention, may vary if the patentee opts to disclose different contents.

In a nutshell, the technical solutions simultaneously disclosed at the filing date should have no bearing on the objective assessment on the inventive step of an invention over the prior art. Whether it is justifiable to use the technical solutions

achieved by the patent application as a frame of reference in attesting to the level of expectation of the person skilled in the art remains questionable.

Comparative advertising in India: keep it fun!

CA Brijesh and Shubham Shende of Remfry & Sagar describe why the Indian courts seem to be taking a more lenient view of comparative advertising

“Creativity may well be the last legal unfair competitive advantage we can take to run over the competition.” – Dave Trott.

To leave a lasting impression, companies often use comparative advertising to cast their products in a more favourable light than the goods being sold by their competitors. Such advertising is legally permissible as long as it does not portray competing products in a bad light and disparage them.

Statutes in play

A few decades ago, comparative advertising in the Indian market was looked down upon by advertising companies. However, as the Indian market opened up to global products in the 1990s, increased competition fuelled a need to glorify and compare the advantages of one's products with those of competitors. As a natural corollary, brand owners began resorting to hitherto unused tactics of catching consumer attention thereby changing the landscape of advertising dynamics in the country.

To safeguard the interests of both companies and consumers, legislative provisions were introduced first under the Monopolies and Restrictive Trade Practices Act, 1984, that was later replaced by the Competition

Act of 2002. Currently, disparagement by advertising is governed by the Trade Marks Act, 1999 under Sections 29(8) and 30(1), which provide for infringement of a registered trademark by way of advertising (and list the exceptions thereto). The Code of Self-regulation issued by the Advertising Standards Council of India as well as the Consumer Protection Act, 2019 provide alternate remedies.

Judicial trends

Earlier judicial precedents indicated a slight tilt towards regarding plaintiffs as the affected party. Courts were of the view that an advertisement cannot be permitted to discredit the goods of another – as was observed in *PepsiCo v Hindustan Coca-Cola* [2003 SCC OnLine Del 802] by the Division Bench of the Delhi High Court. Here the court stated that both the intention and manner of the commercial and the message which was sought to be conveyed would be taken into consideration to decide disparagement.

In the same context, the 1998 decision of the Calcutta High Court in *Reckitt & Colman of India v MP Ra-*



CA Brijesh

Partner

Remfry & Sagar

T: +91 124 280 6100

E: ca.brijesh@remfry.com

CA Brijesh is a partner at Remfry & Sagar. He is a disputes specialist and leads the IP litigation practice.

Brijesh counsels clients across industries on trademark and copyright infringement, unfair competition issues and domain name disputes. Representing clients before various forums and courts in the country including the Supreme Court of India, his understanding of court procedures and trial complexities make him an expert strategist on brand protection.

Brijesh has a bachelor's degree in academic laws, LLB degree in diploma in management and a post graduate diploma in HR management.

machandran [1998 SCC OnLine Cal 422] is of enormous significance, where the court held that “comparative advertising is permissible, however, a promoter of a product is not entitled to defame the goods of its competitor”. It observed that:

- A tradesman is entitled to declare his goods to be best in the world, even though the declaration is untrue;
- He can also say that his goods are better than his competitors, even though such statement is untrue;
- For the purpose of saying that his goods are the best in the world or his goods are better than his competitors, he can even compare the advantages of his goods over the goods of others;
- He however, cannot, while saying that his goods are better than his competitors, say that his competitors' goods are bad; and

- If there is no defamation to the goods or to the manufacturer of such goods no action lies.

“Increased competition fuelled a need to glorify and compare the advantages of one's products with those of competitors.”

At present, courts not only take into account whether there has been any use of a competitor's trademark but also if the statements made are correct. To simplify, as long as what is being claimed is true and correct, and can be substantiated, say by way of a survey conducted by an independent agency, a claim can be made by a rival even if it has allegedly resulted in loss of reputation of a competitor's brand or product.

In the case of *Havells India Ltd & Anr v Amritanshu Khaitan & Ors* [2015 SCC OnLine Del 8115], decided by the Delhi High Court, it was held that an advertiser can compare only one or more material, relevant, verifiable and representative feature/s of the goods and services in question.

The recent case of *Hindustan Unilever Limited v USV Private Limited* of 2021 caught wide attention. The plaintiff, *Hindustan Unilever Limited* (HUL), filed a suit against the defendant *USV Private Limited* (USV) for disparagement as USV had launched an advertising campaign claiming that its SEBAMED soap had a pH level of 5.5 and seemingly implied that soaps with a pH level higher than SEBAMED were harmful.



Shubham Shende

Associate

Remfry & Sagar

T: +91 124 280 6100

E: shubham.shende@remfry.com

Shubham Shende is an associate at Remfry & Sagar.

Shubham focuses on contentious matters involving trademark, design and copyright infringement; passing off issues; and domain name disputes.

Shubham is also involved in prosecuting intellectual property crimes by way of conducting raids and search and seizure operations vis-à-vis infringing products to secure speedy redressal for clients wherever possible.

USV's advertisements displayed and orally mentioned HUL's bathing soaps 'Lux', 'Dove' and 'Pears' and on the basis of the pH levels of the said soaps being higher than 5.5, insinuated their use on one's skin was akin to using HUL's reputed detergent soap 'Rin'.

The Bombay High Court held that if USV removed the reference to 'Rin', then there would be no disparaging content, as comparison of pH level does not in itself amount to disparagement. USV was further instructed to substitute the categorisation of soaps as 'safe' and 'not safe' on the basis of pH value with the words 'ideal' and 'not ideal'.

Need for clarity

Upon analysis, the courts do seem to be taking a more lenient view in matters of comparative advertising. That said, given that there is no sui generis statute gov-

erning advertising in India, a need is felt for more specific regulations to ensure clarity in the regulatory framework – particularly so in the digital era which has dramatically altered how brands reach and communicate with consumers.

Patent obtainment in Japan: analysis of AI-based drug discovery

Masato Iida of [Shiga International Patent Office](#) explains the patent eligibility of AI-related inventions in Japan

Drug discovery requires long-term research and myriads of money from pharmaceutical companies. As of 2020, the Pharmaceuticals and Medical Devices Agency (PDMA) approved 123 new drug products in Japan. Drug approval takes about 10.6 months on average from submission of application for marketing approval.

Today, artificial intelligence (AI) is expected to be a promising tool even for drug development. AI reduces time-consuming efforts of searching and identifying the most preferable candidate drugs from enormous quantities of experimental data by pharmaceutical companies. The pharmaceutical industry has hastened to implement digital transformation of drug discovery and development in response to a dire need to reform the research process and improve production capability.

For example, Chugai Pharmaceutical created a self-made AI-based antibody discovery technology named 'Malexa-Li' which optimises the antibody discovery process with training data of a machine learning model that was provided by analysing sequence information accumulated from the company's research conducted over many years. Sumitomo Dainippon Pharma completed an exploratory phase of drug discovery within 12 months together with Exscientia, a UK-based AI-drug discovery company. That exploratory research often takes four and a half years on average.

What if a company wishes to file a patent application related to a novel drug derived from AI in Japan? Several case examples are analysed below and some practical tips are given to consider when filing patent applications related to a combination of AI and pharmaceuticals. Generally, an AI-related invention, regardless of drug discovery or computer programs, is deemed to be a computer-related invention in Japan.

The first part of this article explains patent eligibility of AI-related inventions in Japan, and in the latter part, specific case examples are explored.

Patent eligibility of AI-related inventions

Computer/software inventions are categorised into the following four types of inventions in the Japanese Patent Office (JPO) Examination Guidelines.

- Method;
- Computer readable storage medium;
- Computer program;
 - Module, library;
 - Neural network, support vector machine, trained model; and
- Information equivalent to a computer program;
 - Data structure, data having structures

Below are examples of ineligible subject matters:

- A law of nature as such;
- Mere discoveries and not creations;
- Technology in which a law of nature is not utilised; and
- A mere presentation of information

In Japan, the scope of an allowable subject matter, such as a program and its equivalents (data structure, etc.), is broader than in other jurisdictions. To protect such equivalents, specific recitations are required in the claims such that a cooperative process with hardware according to the purpose of use is realised.

According to the JPO, a trained model can be protected as a program at this moment. In research and



Masato Iida

Vice president

Shiga International Patent Office

T: +81 3 5288 5811

E: info@shigapatent.com

Masato Iida is vice president of Shiga International Patent Office. As a patent attorney and technical expert, he is qualified to represent parties in court in IP litigation. He specialises in biochemistry, molecular biology, and pharmaceuticals.

Masato has experience constructing target screening systems and evaluation systems for anti-cancer agents (both cell-based and cell-free systems). He also has detailed knowledge of genome editing and gave a lecture on notes of caution for patent maps and strategies for patent applications on genome editing at a seminar organised by Nikkei Biotechnology & Business.

Masato is a graduate of the University of Tokyo. He has contributed articles to medical magazines based on his wide knowledge and experience in both biotechnology and the IP field.

development (R&D) and drug discovery using AIs, specific characteristics, patterns or rules are detected by AI from massive data stocked in research. If there may be certain patterns which could leverage drug discovery, the relevant algorithm creates and predicts the most favourable research results.

With regard to an invention of a pharmaceutical product which is presumed to have a certain characteristic by using a learned model, at least a description of production and evaluation of an actual product in the specification is required. Otherwise, the application does not satisfy the enablement requirements even if a certificate of experimental results is submitted later.

Case examples of AI-related pharmaceutical applications

There are several patent applications in which AI has been used in drug discovery

and predicting research results. These have been sorted out in this article with keywords: drug discovery, medical compounds, machine learning, neural networks, and other relevant technical terms. Below are three case examples of AI-based pharmaceutical applications.

Case one

Title of invention: Cytotoxic T-cell, cytotoxic T-cell inducer, and pharmaceutical composition and vaccine using thereof

Japanese patent registration number: 5633825

Patentees: NEC Corporation, Kochi University, and Ehime University

Filing date: August 6 2012

Registration date: October 24 2014

Claim 1

A cytotoxic T-cell inducer comprising a peptide,

wherein the peptide is represented by an amino acid sequence consisting of nine amino acid residues of SEQ ID NO: 5, and binds to an HLA-A24 type class-I molecule on the surface of a cell that is a target of a cytotoxic T-cell.

Claim 2

A pharmaceutical composition for treating a disease that is caused by hepatitis C virus, the composition comprising a peptide, wherein the peptide is represented by an amino acid sequence consisting of nine amino acid residues of SEQ ID NO: 5, and binds to an HLA-A24 type class-I molecule on the surface of a cell that is a target of a cytotoxic T-cell.

Claim 3

A vaccine for use in preventing or treating a disease that is caused by hepatitis C virus, the vaccine comprising a peptide, wherein the peptide is represented by an amino acid sequence consisting of nine amino acid residues of SEQ ID NO: 5, and binds to an HLA-A24 type class-I molecule on the surface of a cell that is a target of a cytotoxic T-cell.

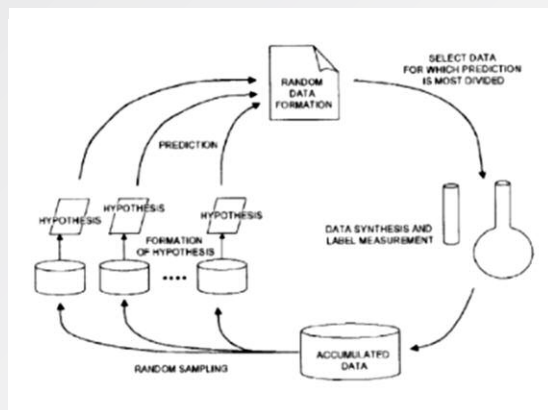


Figure 1: Random data formation

In this invention, new amino acid sequences were determined using the trained model mentioned in the examples in the specification. The experimental results are predicted based upon hypotheses generated by an algorithm and determined amino acid sequences. Example 1 describes a method to identify the experimental data results as follows:

Example 1

[0055]

...Specifically, procedures of prediction, experiment, and evaluation in the present Examples were carried out based on an active learning experiment design described in WO2006/004182, and in general the following steps were repeated, thus creating rules.

[0056]

(1) A trial of a lower-order learning algorithm, which will be described later, was carried out once. That is, a plurality of hypotheses were generated by random sampling from accumulated data...

[0058]

According to such an active learning method, the number of examinations of the binding experiment for peptides consisting of nine amino acid residues, which would otherwise have to be carried out for 500,000,000,000 (=209) or more combination of all the candidates for HLA-binding peptides, could be reduced.

As shown above, although the scope of the claims do not describe a peptide found by an algorithm, the examples describe, in detail, how precise data for the new drug is generated with the active learning model. Furthermore, this application was jointly filed by a Japanese IT giant and universities, and exemplifies a quintessential case of corporate-academic technical collaboration surpassing beyond technical boundaries.

Case two

Title of invention: Generative machine learning systems for drug design

Japanese patent registration number: 6866375

Patentee: Preferred Networks Inc

Filing date: December 2 2016

Registration date: April 9 2021

Claim 1

Computer system comprising a decoder that is realised as a neural network and generates information about compounds from potential representations; wherein the decoder is trained by decoding a potential representation generated by encoding information and labels about a compound with an encoder realised as a neural network and generating a reconstruction of the information about the compound; and wherein training of the decoder is constrained by reconstruction error.

Claim 3

The computer system of claim 1 or 2, wherein the training labels comprise one or more label elements having predetermined values.

Claim 9

The computer system of claim 3, wherein the label comprises one or more label elements selected from the group consisting of bioassay results, toxicity, cross-reactivity, pharmacokinetics, pharmacodynamics, bioavailability, and solubility.

Claim 12

A training method in which the computer is running, wherein in the training method, an encoder realised as a neural network is configured so that a decoder realised as a neural network decodes a latent representation

encoded based on both information about a compound and a label, and wherein the training is constrained by reconstruction error.

This invention is related to generative machine learning systems for drug design. In prior technologies, exploration of lead compounds used to be slow, costly, and less effective when conducting high throughput or virtual screening.

This invention is a method for drug design that directly generates candidate compounds comprising a group of predetermined attributes by encoding information about chemical compounds in neural networks. Training run by computers can predict candidate chemical compounds. The aforementioned claims clearly describe that the method is for predicting drugs utilising AI.

Case three

Title of invention: Effective clustering of immunological entities

Japanese patent registration number: 6500144

Patentee: KOTAI Biotechnologies Inc

Filing date: March 28 2018

Registration date: March 22 2019

Claim 1

A method of analysing a collection of immunological entities, comprising:

- A step providing feature of at least two immunological entities, wherein the step eliminates calculating feature amounts from a three-dimensional model of at least two immunological entities;
- A step making a computer machine learning the analysis of antigen specificity or the binding mode of the immunological entities without specifying the antigen specificity or the binding mode based on the features; and
- A step classifying or determining the difference of the antigen specificity or the binding mode.

Claim 3

A method of analysing a collection of immunological entities, the method comprising:

- A step extracting features for each of at least one pair of sequences of members of the set of immunological entities, wherein the step eliminates calculating feature amounts from a three-dimensional model of at least two immunological entities;
- A step projecting the features into a high-dimensional vector space, wherein the distance of the members in space reflects the functional similarity of the members;
- A step clustering the set of immunological entities based on the distance; and

- A step analysing based on classification by the clustering as necessary.

Claim 9

The method of claim 3, wherein the feature includes at least one selected from sequence information, CDR1-3 sequence length, sequence coincidence, framework region sequence coincidence, total charge of molecules / hydrophilic / hydrophobic / number of aromatic amino acids, numbers of CDRs, framework region charge / hydrophilicity / hydrophobicity / number of aromatic amino acids, number of amino acids, heavy chain-light chain combination, number of somatic cell mutations, positions of mutations, presence / matching of amino acid motif, rarity relative to a reference sequence set, and an odds ratio of bound HLA by reference sequence.

Claim 10

The method according to claim 3 or 9, wherein the immunological entity is a cell comprising any one or more of an antibody, an antigen-binding fragment of an antibody, a B cell receptor, a fragment of a B cell receptor, a T cell receptor, a fragment of a T cell receptor, and a chimeric antigen receptor (CAR).

This invention provides a method for classifying immunological entities based on epitopes, and is related to generating epitope clusters and their application. The claims cover the process of clustering conducted by AI.

Summary

It is assumed that digital transformation of drug development will further accelerate in the years to come. As mentioned above, at present, AI may serve as a tool assisting in drug discovery to predict a combination of peptides that could become a medical compound.

Medical compounds identified and generated by AI are rarely specified in patent applications, but the fact that experimental data is led by AI is described in examples. Under Japanese patent practice, because AI is not eligible as an inventorship, most of the titles of inventions tend to be 'computer system for drug discovery for...'. Even still, it could be said that some applications do not dare describe in the examples that AI discovers medical compounds.

The description of experimental data is a mandatory requirement when filing bio/pharma applications. Hypothetically, if the scope of the claims covering a medical compound of a certain peptide sequence is granted, does it mean that an applicant no longer needs to submit experimental data? Would enablement requirements supported by AI be admitted in the future? Or will process patents of a certain medicine derived from AI be granted? So many questions have come up – an eye has to be kept on the trends surrounding AI-related medical inventions.



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GranTokyo South Tower, 1-9-2 Marunouchi, Chiyoda-ku, Tokyo 100-6620, JAPAN

TEL: +81-3-5288-5811 / FAX: +81-3-5288-5831 and -5832

alp@shigapatent.com www.shigapatent.com

AUSTRALIA

Time to file a user interface patent in Australia?

FB Rice

Beata Khaidurova and
James Coburn

User interfaces (UIs) are with us at almost every part of our day – in the morning when we check our phone for the latest news; at work as we sit to write an email; and even as we exercise and check our heart rate on our smart watch.

Often, the functionality and aesthetics of a UI can make or break the success of a product, app or website. For UI designers and developers, it would seem sensible that the work they put into designing such UIs be protectable. However, many designers seem unaware of the registered IP protection rights available for UIs.

One form of registered IP protection available is the registered design, which protects the overall appearance of a product resulting from one or more visual features. Much UI design does indeed relate to visual aesthetics. Therefore, designers seeking to protect user UIs may consider registered design protection at first instance, rather than claiming that the UI is an invention for seeking patent protection.

However, as already described in our article GUI designs in Australia, despite being registrable, examination of designs filed for graphical UIs has posed problems to applicants under current law, such that these designs are unable to be certified or enforced. If registered designs have efficacy issues protecting UI, are there other avenues for protection?

Patent protection for the UI may be considered another avenue. However, computer-implemented inventions, and thus many UI inventions,

are not categorically considered patentable subject matter (manner of manufacture) by the Australian Patent Office (APO). Such inventions, if considered not a manner of manufacture, will be denied patent protection.

When less is more

In *Aristocrat Technologies Australia Pty Limited*, UI elements of a gaming machine were found to be a manner of manufacture. Paragraph [18] of the decision sets out the claimed invention, which relates to a gaming machine having image elements that allow a particular game and a bet denomination for the game to be selected.

As noted by the delegate in the decision, in the objection originally raised during examination the examiner had alleged that the substance of the claimed invention was to “games characterised by rules for the progress of game play” and therefore that the invention’s contribution was not technical. This caused the examiner to conclude that the alleged invention was not to a manner of manufacture.

Contrastingly, in the APO decision it was determined that the substance of the invention was for a new and improved UI for selecting both a game and bet denomination with a single selection.

The delegate found that a technical advantage lay in an efficiency gain, which was due to a technical effect of a reduction in the number of selections the user had to make to choose a game and bet denomination. Therefore, the invention achieved a “practical and useful result” by “simplifying the use of the gaming machine” and consequently was considered a manner of manufacture.

Clockwork Apple

In line with the *Aristocrat* [2016] decision, an improvement to a UI was also found to be patentable in *Apple, Inc.* [2019]. The *Apple, Inc.* [2019] decision relates to an application claiming particular UI features that displayed UI objects and

caused animation of those objects in a particular sequence.

In this case, the delegate considered that the contribution made by the claimed invention was to do with the manner in which the animation sequences were stored and redisplayed to a user. The claimed invention allowed for a variety of animation sequences to be displayed to a user without needing to store each particular sequence individually. Instead, the individual animations were stored and then displayed in various combinations to produce a large number of different animation sequences.

The delegate held that the method of reusing animation sequences enabled a technical advantage to be achieved. The technical advantage arose because the stored individual animations used less memory than the storing of whole animation sequences, which duplicated the storing of individual animations.

A stitch in time saves nine

A more recent (APO) decision was *Apple Inc.* [2021]. This case related to a UI for editing a clock display on an electronic device, which was also determined by the delegate to be a manner of manufacture.

The delegate in *Apple* [2021] noted that the specification described existing interfaces having similar functionality as “cumbersome and inefficient”, as they required “multiple key presses or keystrokes” to allow editing of the UI. This meant that these techniques “require more time than necessary, wasting user time and device energy”, which was highlighted to be particularly important for battery operated devices.

Claim 1 of the application related to a method for allowing a user to enter a clock face edit mode from a clock face selection mode on an electronic device. The method included detecting a first contact on a touch screen display to cause the device to enter a clock face selection mode, and detecting a second contact on a touch screen display to

The local insights section in *Managing IP* comprises updates contributed by firms on a jurisdictional basis. These updates are sponsored by each correspondent, and all the contact details are listed on the last page. Please contact the firms directly with any queries arising from these articles.

“Consider seeking patent protection for new and improved UIs.”

cause the device to enter a clock face edit mode.

The delegate mentions that the specification noted this allowed “for a single user interface for selecting and modifying images to generate an image-based context-specific user interface”, which results in a reduction of user inputs, “thereby reducing battery consumption and processor power”.

Opportunities for UI patent filings

As discussed above, there are a number of cases in which UIs may be patent eligible in Australia. Therefore, it appears to be worthwhile to consider seeking patent protection for new and improved UIs.

In particular, improvements in UIs that may be patentable include cases where the functionality provided by the UI results in an improvement to the usability of the UI, or where the manner in which the UI is displayed is an improvement in the way that the computing device operates.

Key takeaways for UI patentability

UIs may be patent eligible where:

- The UI is simpler or more efficient to use than previously known interfaces;
- The UI reduces the number of user inputs required, resulting in a saving of battery and/or processing power; and
- The UI elements are displayed in a way that reduces computing power or memory required to store them.

CHINA

SPC confirms mere post-sale confusion can lead to trademark infringement

Lifang & Partners



Zhang Lei and Guo Shouqi

In China, likelihood of confusion is the condition for recognising trademark infringement, and pre-sale confusion is the general principle. However, there has been dispute whether post-sale confusion shall be considered.

Recently, a retrial case ruled by the Supreme People’s Court of China (SPC) extended the determination of the possibility of confusion to post-sale confusion based on the particularity of the product. The SPC held that even if there is no possibility of confusion before sale, it is likely to lead to confusion after sale, it shall be deemed as likelihood of confusion, and trademark infringement can be recognised thereof.

This ruling was issued by the SPC (2020最高法民申4768号), in a declaration for trademark non-infringement litigation brought by Shandong Linyi Kaiyuan Education Equipment Co Ltd (Kaiyuan), against Shanghai Yaoji Playing Cards Co Ltd (Yaoji), the trademark owner. The SPC rejected Kaiyuan’s retrial application and confirmed trademark infringement of Kaiyuan.



The SPC ruled on the ‘joker’ pattern of poker cards

Identical jokers

In September 2017, Kaiyuan filed a lawsuit with the court, requesting confirmation that Kaiyuan’s use of the ‘Joker’ pattern on the poker card, does not infringe on Yaoji’s registered trademark No. 3727456.

The case was heard by the courts of the first instance and the appeal court, with both courts recognising trademark infringement.

Kaiyuan filed retrial to the SPC, claiming that the use of the ‘joker’ pattern on the poker cards shall not constitute a trademark use, and the ‘joker’ pattern cannot be used to identify the source of the goods when consumers purchase the poker cards.

Upon trial, the SPC rejected Kaiyuan’s application, and held that: a deck of poker cards has 54 cards in total, and among them, 52 cards are exactly the same.

Based on consumers’ habits of playing poker cards, the patterns on the joker cards are more recognisable and distinguishable. Therefore, the ‘joker’ pattern has the function of identifying the source of poker cards. Consumers may consider that products with the same or similar ‘joker’ pattern on the cards are related to Yaoji when using the cards, which may easily mislead or confuse consumers. Therefore, the patterns used by Kaiyuan on the poker cards and ace cards infringed on Yaoji’s trademark.

The likelihood of confusion

From this ruling of the SPC, it can be seen that even if the likelihood of confusion occurs only after the process of sale, the SPC holds that this is also a confusion in the context of trademark infringement, and trademark infringement recognition can be based on such post-sale confusion.

While there were already precedents in China that confusion of post-sale was also recognised as likelihood of confusion, the precedents mostly also seek pre-sale confusion as the precondition of

recognition of trademark infringement, which reflect the reluctance of the Chinese courts to base the likelihood of confusion solely on the post-sale. In this case, post-sale confusion is the sole condition for recognising trademark infringement, and the SPC confirmed this conclusion by a binding ruling, this could be a significant change on this issue.

Such recognition will obviously be more preferable to the trademark owners. This also reflects that the Chinese government's determination to increase IP protection has also strengthened international companies' confidence in China's IP protection, which is more conducive to creating a good international business environment.

EPO

Enlarged Board endorses video hearings in appeal proceedings

Inspicos



Jakob Pade Frederiksen

On October 28 2021, the Enlarged Board of Appeal (EBA) issued its reasons for decision G 1/21 on the legality of the conduct of oral proceedings in the form of a videoconference (ViCo). The decision lays down that during a general emergency impairing the parties' possibilities to attend in-person oral proceedings at the EPO premises, the conduct of oral proceedings before the boards of appeal by way of ViCo is compatible with the European Patent Convention even without the consent of all parties to the proceedings. The decision is specifically concerned with oral proceedings at the appeal stage only and is therefore not immediately applicable to oral proceedings at the first instance.

Regarding the parties' right to oral proceedings enshrined in Article 116 EPC, the EBA holds that the

term 'oral proceedings' is not limited to the specific form that was known at the time the EPC was drawn up, and that it would be at odds with the object and purpose of the EPC if the intention of the legislator was to exclude future formats for oral proceedings that might be made possible by technological progress.

In the context of the parties' fundamental right to be heard pursuant to Article 113 EPC, the EBA expresses the view that in-person oral proceedings for now are the optimum format, even though the right to be heard or the right to fair proceedings, according to the EBA, can in fact be respected in the ViCo format. The in-person format should, however, be the default option.

With respect to the conduct of oral proceedings by way of ViCo in the absence of the parties' consent, the EBA notes that there must be circumstances that justify not holding the oral proceedings in person. Such circumstances may, e.g. relate to impairments affecting the parties' ability to travel in case of a pandemic.

Even though decision G 1/21 specifically addresses oral proceedings in appeal, there seems to be nothing that suggests that the reasons of the EBA would not be applicable to oral proceedings within the meaning of Article 116 EPC in general. It remains to be seen if the EPO adopts the findings of G 1/21 in respect of oral proceedings before the departments of first instance.

FRANCE

A closer look at France's patent box regime

Cabinet Beau de Loménie



Francis Declercq

Through financial legislation in 2019, France changed its tax system concerning income derived from the transfer and licencing of patents and similar IP

rights, as well as software. The following is a brief review of this new mechanism, which is accompanied by a reduction in the tax rate to a level of 10%.

IP assets of concern

The IP rights concerned by the new legislation are: patents, analogous rights (i.e. utility certificates and supplementary protection certificates – SPCs), plant variety certificates, software protected by copyright (i.e. fulfilling the condition of originality), industrial manufacturing processes resulting from research activities and which constitute an essential complement to the patent or utility certificate with which they have been transferred or licenced, and inventions whose patentability has been confirmed by the French National Institute of Intellectual Property (INPI).

Applicable tax rate

The preferential tax rate applicable is now of 10%. This rate applies to the net income arising from the granting of licences and sub-licences for assets concerned and the transfer of assets concerned by the legislation.

The new mechanism applies to the tax year from January 1 2019. The mechanism is available for individual companies, as well as corporate groups where they file a consolidated tax return.

Determining the net income subject to the new reduced tax rate

The net income from the licencing or transfer of eligible assets corresponds to the difference between (i) the income, acquired during the fiscal year, derived from the assets; and (ii) the R&D expenditure directly related to the said assets and which was incurred directly or indirectly by the company during the same financial year.

In order to determine the taxable net income, the net income as determined above is multiplied by a standard ratio which takes into account (i) R&D expenses, entered at 130% of their amount, having a direct link to the creation and the

development of the asset concerned – these expenses being incurred by the tax-paying company or by companies having no link of direct dependency with the tax-paying company; and (ii) the full extent of the R&D expenditure having a direct link to the creation, acquisition and development of the asset in question, in the form of direct or indirect expenditure for the tax-paying company.

The ratio is calculated for each fiscal year and takes into account the expenses incurred by the tax-paying company in that fiscal year as well as expenses incurred in previous fiscal years. As an exception, the tax-paying company may, if exceptional circumstances justify an exemption, and after obtaining due authorisation, replace the standard ratio by a new ratio represented that proportion of the value of the asset concerned which has effectively arisen from the R&D activities carried out directly by the tax-paying company or by companies having no link of direct dependency with the tax-paying company.

The net income arising from the licencing and transfer activity and the taxed net income can be calculated separately for each asset or by aggregating the assets contributing to the production of an identified item of goods or services or family of goods or services. Where the tax-paying company chooses to have the situation assessed via an item of goods or services or through a family of goods or services, the company must justify this choice through the impossible nature for the company of following up on the situation, as the case may be, by reference to an individual asset or item of goods or services.

Optional nature of the tax scheme

The new preferential tax system provided for in Article 238 of the General Tax Code in France is not automatic but is applied upon an explicit request filed by the tax-paying company. If the company wishes to opt for preferential treatment, this is to be specified for each asset, item

of goods or services or family of goods or services, in the income tax declaration for the fiscal year with respect to which the choice of the preferential tax regime is requested.

Documentary requirements

The company requesting application of the preferential scheme must be in a position to provide to the administration documentary evidence including a general description of the R&D activities of the company transferring or licencing IP rights, as well as information justifying the calculation made of the taxed net income for each asset, item of goods or services or family of goods or services.

IP Box : a reduced rate for IP-based income, subject to account being taken of the R&D expenditure having given rise to the assets involved

GERMANY

New referral to the EBA: post-filed experimental evidence and plausibility

Maiwald



Stefanie Parchmann

At last – the long-awaited referral to the Enlarged Board of Appeal with respect to one of the most controversially discussed issues in European patent matters in recent times, i.e. plausibility, is here.

In the case, T 116/18, the Board of Appeal decided to refer three questions of law to the Enlarged Board of Appeal regarding plausibility and post-filed evidence (G 2/21).

The referral is made on the background of the long-standing practice of the Boards of Appeal that experimental evidence for the technical effect defined by applying the problem-solution approach may be submitted and taken into account to establish an inventive step, even

though this evidence is not part of the application as filed. This practice was evolved in cases where the problem underlying the invention had to be reformulated as compared to the initial problem named in the application because of prior art found during examination or opposition proceedings.

In the wake of this practice, some boards requested that the said technical effect, even though it was formulated after the filing date of the application in question, and based on hitherto uncited prior art, nevertheless must at least be rendered plausible by the application as filed.

The Board in T 116/18 termed such technical effect rendered plausible by the application as filed as ‘*ab-initio* plausibility’. The Board of Appeal, however, also noted decisions in which this criterion for *ab-initio* plausibility was found to be incompatible with the problem solution approach because the applicant would be forced to cover a potentially extensive number of technical effects of an invention in the original application to ensure that these effects might later be taken into account when discussing inventive step.

The Board identified a further scenario it termed ‘*ab-initio* implausibility’. In this scenario, the question to be asked would be whether there were any reasons based on the common general knowledge to assume that the alleged technical effect was not obtained.

The Board also asked whether it was equitable to allow an opponent to rely on post-published evidence if the patentee was denied reliance on post-filed evidence to support plausibility?

The Board concluded that the following questions on plausibility and post-filed evidence required a referral to the Enlarged Board of Appeal (as summarised):

- (1) Should post-filed data be disregarded if they are the sole evidence for a technical effect?

- (2) Can post-filed data be taken into account if there is *ab-initio* plausibility?
- (3) Can post-filed data be taken into account if there is *ab-initio* implausibility?

It remains to be seen whether the referral is admitted (already, there is a discussion breaking out whether the referral might be inadmissible because there is – contrary to the Board’s finding – neither a point of law of fundamental importance nor diverging case law to be decided upon) and, if so, which path the Enlarged Board of Appeal will cut through the thicket of opinions on plausibility.

GREECE

EUIPO rules on vitamin D trademark dispute

Patrinos & Kilimiris



Maria Kilimiris

A Greek cosmetic and pharmaceutical company filed a European trademark (EUTM) application ‘Frezyderm Sunscreen Vitamin D-Like’ and device for ‘sun tanning and sun care preparations’ in class 03.

An application for cancellation due to invalidity based on absolute grounds was filed before EUIPO against the above EUTM, by a Greek company also active in the pharmaceutical and cosmetic field. The adversary claimed that the EUTM should be declared invalid as it has been registered in such a way that it deceives the public as to the nature or quality of the goods covered.

In particular, the adversary claimed that the phrase ‘Vitamin D-Like’ directly refers to vitamin D, although the products covered by the trademark do not contain such vitamin. Instead, the basic ingredient used for their manufacture is the white peo D, which is not a vitamin.

Moreover, the adversary claimed that it is not clear that there is no vitamin D in this product and that the average Greek consumer cannot realise the meaning of the phrase ‘Vitamin D-Like’.

In addition to the above invalidity action, the adversary had also filed, before the Greek National Organisation for Medicines (EOF), a complaint on a similar basis against the products at issue, as well as a preliminary injunction action before the Greek courts. The adversary’s complaint filed before EOF was rejected and it was decided that the phrase ‘Vitamin-D like skin benefits’ was not misleading and that the adversary’s allegation to the contrary should be rejected.

Regarding the ingredient of white peo D, which is the main substance of the products covered by the contested EUTM, the adversary claimed that this substance does not have the same beneficial effects as vitamin D, whereas the EUTM proprietor claimed the opposite. Both sides submitted scientific articles or expert opinions to support their above arguments.

EUIPO’s Cancellation Division dismissed the above argument raised by the adversary, ruling that this was irrelevant within the framework of Article 59(1)(a) EUTMR in conjunction with Article 7(1)(g) EUTMR because the list of goods does not contain a reference to white peo D.

Furthermore, the Cancellation Division ruled that the part of the relevant English-speaking public will understand the expression ‘Vitamin D-Like’ to mean that the contested products do not contain vitamin D, but rather a substitute. In addition, it was ruled that the list of goods covered by the contested trademark is broad so as to include all types of sun care products containing and non-containing Vitamin D or a substitute.

In such a case it was ruled that, when broad categories of goods are registered and use of the mark could

be deceptive for only some of the goods within the categories but not for other goods within the same categories, the mark as such is not considered to be deceptive and it is in general assumed that the mark will be used in a non-deceptive manner.

Patrinos & Kilimiris acted on behalf of the proprietor of the contested EUTM.

INDIA

FSSAI steps in to regulate advertising for food business operators

RNA Technology and IP Attorneys



Ranjan Narula and Ajay Kumar

The Food Safety and Standards Authority of India (FSSAI) set up under the Food Safety and Standards Act, 2006 was created for laying down science-based standards for articles of food and to regulate their manufacture, stockpiling, circulation, sale and import with an aim to ensure availability of safe and wholesome food for human consumption.

FSSAI has finalised guidelines to regulate claims and advertisements by food business operators in relation to consumable food items. These regulations are aimed at establishing fairness in claims and advertisements of food products and make food businesses accountable for such claims/advertisements to protect consumer interests.

With the COVID-19 pandemic and increased focus of consumers towards health and wellbeing, the attention of consumers has been towards food that provide health benefits. Therefore, during this phase many companies have launched products that claim to provide better nutrition and related health benefits. In this context, the guidelines are timely to balance the interest of consumers and food companies.

The regulations lay down general principles for claims and advertisements; criteria for nutrition claims (including nutrient content or nutrient comparative claims), non-addition claims (including non-addition of sugars and sodium salts), health claims (reduction of disease risk), claims related to dietary guidelines or healthy diets, and conditional claims; claims that are specifically prohibited; and procedures for approval of claims and redressal of non-compliances under these regulations. The post covers a few aspects of the guidelines.

General principles

The general principles to be followed by food business operators and marketers while advertising and publishing communication to promote any article of food including labelling claims are:

- Claims must be truthful, unambiguous, meaningful, and not misleading. It should help consumers to understand the information provided.
- Claims shall not encourage or condone excess consumption of a particular food.
- Claims shall not state, suggest or imply that a balanced and varied diet cannot provide appropriate quantities of nutrients as required by the body;
- Where the claim benefit is related to or dependent on the method of preparation of the food the same shall be provided on the label;
- Claims shall specify the number of servings of the food per day for the claimed benefit;
- The claim that a food has certain nutritional or health attributes shall be scientifically substantiated by validated methods of quantifying the ingredient or substance that is the basis for the claim;
- No to use the words/phrases such as natural, fresh, original, traditional, authentic, genuine, real etc. on the food labels except under specific conditions where the meaning of a trademark, brand name or fancy name contains these adjectives. In such cases if the labelling, presentation, or advertising of a food is such that it is likely

to mislead consumer as to the nature of the food, in such cases a disclaimer in not less than 3mm size shall be given at appropriate place on the label stating that; –

“This is only a brand name or trademark and does not represent its true nature”

- All disclaimers related to a claim shall be conspicuous and legible;
- No claim or promotion of sale, supply, use and consumption of articles of foods shall be made using FSSAI logo and license number;
- Advertisements shall also not undermine the importance of healthy lifestyles;
- Advertisements for food or beverages shall not be promoted or portrayed as a meal replacement unless otherwise specifically permitted as a meal replacement under any other regulations made under Food Safety and Standards Act, 2006 (the Act);
- Claims in advertisements shall be consistent with information on the label of the food or beverage;
- No advertisement shall be made for food products which is deceptive to the consumers; and
- Every declaration which is required to be made on advertisements under these regulations shall be conspicuous and legible.

Prohibited claims

- (1) No claims shall be made which refer to the suitability of the food for use in the prevention, alleviation, treatment or cure of a disease, disorder or particular physiological condition unless specifically permitted under any other regulations made under the Act;
- (2) The label of any package, containing food for sale the words “recommended by the medical or nutrition or health professionals” or any words which imply or suggest that the food is recommended, prescribed, or approved by medical practitioners or approved for medical purpose shall not be used;

- (3) No product shall claim the term “added nutrients”, if such nutrients have been added merely to compensate the nutrients lost or removed during processing of the food;
- (4) Foods for special dietary uses or foods for special medical purposes shall not carry a claim unless specifically permitted under any other regulations made under the Act;
- (5) Claims which do give rise to doubt or suspicion about the safety of similar food or which may arouse fear shall not be made;
- (6) No health claims shall be made for foods that contain nutrients or constituents in quantity that increase the risk of disease or an adverse health-related condition; and
- (7) No advertisements or claims for articles of foods shall be made by any food business operator that undermines the products of any other manufacturer for the purpose of promoting their products or influencing consumer behaviour.

Penal provisions for using misleading words

Any person, including a third party, who advertises or is a party to the publication of any misleading advertisement not complying with the regulations laid down by FSSAI would be penalised with a fine which may extend up to Rs 10 lakh (approximately US \$13,450).

Approval of claims

The food business operator or marketer shall seek prior approval from the Food Authority for reduction of disease risk claims other than those that are defined and for which criteria are laid out under these regulations or any other regulations made under the Act.

The regulation defines ‘reduction of disease risk claims’ to imply claims that state or suggest that consumption of such food, in the context of total diet, reduce the risk of developing a disease or health related condition.

Overall, the guidelines are a good way to keep food companies in check and not indiscriminately use the words ‘natural’, ‘fresh’, ‘original’, ‘traditional’, ‘authentic’, ‘genuine’ on the packaging, and only if it is tangibly justified.

INDONESIA

IP e-filing system now ready for further refinement

Tilleke & Gibbins



Wongrat Ratanaprayul

Indonesia’s e-filing system for intellectual property (IP) was introduced in stages in recent years, and its support of remote filings of intellectual property applications quickly became a vital tool during the COVID-19 pandemic.

With this expanded use came accelerated development, and the increasingly feature-rich system now allows the Directorate General of Intellectual Property (DGIP) to accept all types of IP submissions online.

This has had a very positive impact on the country’s IP activities beyond simply enabling the continuation of the DGIP’s application acceptance during the pandemic, and it will likely be a foundation of the DGIP’s work for years to come. Now that the online system is fully in place and functioning well, it is worth considering which points could be improved in future iterations of the project.

Patents

The e-filing system is especially easy to use for filing new patent applications, and also facilitates the completion of post-filing tasks, such as opposition filings and responses to office actions. In fact, office actions themselves are issued via the system, but this is done without any active notification, leaving it up to the filers to check

on whether any office action has been issued.

Additionally, no receipt is issued after filing a response to an office action. The only way to be certain that a response has been successfully submitted is by logging into the system to check that the office action is no longer listed as outstanding.

Amendments can be submitted at any time prior to the grant of the patent. However, the official fee for excess claims can only be paid when the application status indicates that substantive examination is underway.

Designs

Design applications as well as post-application filings, including rejection responses, can also all be made through the e-filing system. However, there are issues with design applications that have more than one drawing per view. In such a case, the multiple drawings for that particular view must be combined onto one sheet before uploading the application. Otherwise, the extra drawings will be reclassified as ‘reference view’ on the design certificate, likely resulting in a lengthy delay because the e-filing system does not allow correction requests, which can only be made in person at the DGIP office.

Rejection notices are emailed and cannot be found on the e-filing system, which only displays the application status as ‘Director’s approval of rejection decision’. Similar to the office action responses for patents described above, responses to a rejection receive no official filing receipt.

Trademarks

One convenient feature of the e-filing system for trademark applications is its translated list of goods and services in English and Bahasa Indonesia, minimising the risk of erroneous translation. However, the list of goods and services is subject to change from time to time, and it is not uncommon to find either some wordings altered or some goods and services deleted altogether.

If the desired goods or services are missing from the list but are mentioned on the Madrid List of Goods and Services, an application may include a supplemental request to add them. The request process can be time-consuming, and the application will not receive a filing date unless the list has been finalised. Sometimes the request is not automatically forwarded to the classification officer, and the request must then be made to the DGIP’s customer service department.

We have also encountered several other miscellaneous issues related to the e-filing system for trademark matters:

- After an application is submitted, an error sometimes prevents the receipt from being downloaded, requiring further discussions with customer service;
- All notifications for trademark-related applications are issued electronically, but sometimes the notification date displayed by the e-filing system is later than the actual date of the notification letter, because the letters of notification are sometimes uploaded to the e-filing system on a different day from when they were issued by the officer;
- The registration certificate from the e-filing system does not always list the goods or services in the same order as the application. The only remedy for this is to submit a change request;
- The status of applications in the e-filing system is not always up to date; and
- Under heavy traffic, the system can become inaccessible for hours. It can be difficult to reach customer service due to limited availability, and the live chat feature is likewise often delayed or unresponsive.

Conclusion

Indonesia’s adoption of an e-filing system has greatly increased the flexibility and convenience of the country’s management of IP rights – particularly for IP consultants working from home during the COVID-19 pandemic.

The online system has modernised procedures for securing intellectual assets in Indonesia, and with the additional functionality added and refined since the onset of the pandemic, the system has become an integral part of the DGIP's interactions with rights holders and applicants. Once all of the application data from the initial phases of the e-filing system is finished being added to the current system, the e-filing system will be even more useful.

In subsequent phases of the e-filing system's development, the DGIP will be looking to build on its successful implementation of the system by addressing challenges and shortcomings, such as those identified above. Over time, the DGIP will work out these issues and others that may arise, increasing the practicality of the e-filing system as the foremost tool for IP prosecution in Indonesia.

JAPAN

Directors' liability for patent infringement pursuant to the Companies Act

Abe & Partners



Takanori Abe

Summary of the case

On May 1 2015, Medion Research Laboratories Inc (Medion) filed a patent infringement lawsuit against 11 companies including NeoChemir. On June 28 2018, the Osaka District Court ordered NeoChemir to pay ¥111,077,895 (approximately \$1,009,799), and the judgment became final and binding. However, other than Medion's recovery of a total of ¥7 million through seizure of the deposit money, NeoChemir did not make the payment.

Defendant P1 was the representative director of NeoChemir, and Defendant P2 was the director of NeoChemir. On September 24 2020, Defendant P1 established a

new company. Defendant P1 filed a petition for commencement of bankruptcy proceedings against NeoChemir, and on December 7 2020 received an order of commencement of bankruptcy proceedings. Medion claimed damage against Defendants P1 and P2 pursuant to Article 429, Paragraph 1 of the Companies Act.

Judgment of September 28 2021, Osaka District Court

The Osaka District Court (Presiding Judge Tani) ordered Defendants P1 and P2 to pay ¥101,291,485 to Medion, holding as follows.

(1) Criterion

If a director has pointed out that the company's act may constitute infringement of a third party's patent right, he or she should carefully examine the company and opponent's grounds regarding the infringement or the validity. The director should make the most appropriate business judgment in that case, while comprehensively considering the following, which is considered to be the content of the duty of due care of a prudent manager as directors: the infringement or the validity of the patent may not be determined until a judgement is rendered; the judgment may not be advantageous to the company; normal business activities should not be suspended without reason, however a situation where a company infringes a third party's right and incurs damage obligation should be avoided as much as possible; and even in the case of infringement, the damage obligation should be limited as much as possible.

Concretely, several measures are found as follows:

- Cease or change the structure of the product considering the probability of non-infringement or invalidity;
- Set a royalty rate reflecting the company's arguments of non-infringement or invalidity with the patentee and continue the working of the patent by paying a royalty;
- Cease the working of the patent by a provisional agreement so

that the company can obtain compensation for such period after the judgment of non-infringement or invalidity is finalised;

- Continue the working of the patent and reserve the amount equivalent to damages from profits so that the company will compensate immediately after the judgment of infringement and validity is finalised, and the company will not substantially bear the damage obligation.

It is necessary to examine whether the business judgment made by the directors was appropriate according to the characteristics of each case.

(2) Bad faith and gross negligence of Defendant P1

Defendant P1's non-infringement and invalidity arguments lack sufficient basis. Due to lack of understanding of the basics of the patent system, Defendant P1 continued manufacture and sales of the accused products under the misunderstanding that they would not be infringing the patent rights if they were the working of the NeoChemir patent, and explained the same to their trading partners.

It was possible to avoid the infringement of patent rights and the damage obligation on the company by taking the measures (i) through (iv) above. Nevertheless, the Defendant P1 did not take any of these measures and continued manufacture and sales of the accused products.

Furthermore, since NeoChemir had earned profits from the sale of the accused products, it would have been possible to prevent NeoChemir from bearing a definite damage obligation if it had compensated for the damages without delay after the judgment became final and binding by reserving an amount equivalent to damages in the event of patent infringement.

However, Defendant P1 did not voluntarily compensate and filed a petition for commencement of bankruptcy proceedings while leaving NeoChemir in an insolvency.

Practical tips

Defendant P1 obtained non-infringement or invalidity opinions from several attorneys-at-law and patent attorneys. However, the judgment states that Defendant P1's non-infringement and invalidity arguments lack sufficient basis, and due to lack of understanding of the basics of the patent system Defendant P1 misunderstood as non-infringement.

It would be dangerous for the directors to expect that their bad faith and gross negligence will be denied by the fact that they had obtained advantageous opinions from attorneys-at-law and patent attorneys during freedom to operate (FTO) analysis. If this judgment is affirmed by the Court of Appeal, with the recent trend of higher damage amount, it will promote the further use of directors and officers (D&O) liability insurance.

If the defendant chooses to fight against the patentee, it is required under this judgment to take measure (iv) above. Reserving an amount equivalent to damage from profits is equal to reserving the entire amount of profits. Small and medium-sized enterprises may be in a risk of fund shortage. Even in the case of large enterprises, if the company has many disputes on a regular basis, calculating the amount to be reserved for each lawsuit and reserving the said amount may become an undue burden.

MEXICO

A closer look at promoting a nullity action on unfavourable oppositions

Olivares



Santiago Pedroza

In 2021, the opposition system in Mexico celebrates five years since coming into force.

In the course of its development,

the opposition procedure has undergone changes in the interests of better functioning and better protection of the legal sphere of right holders, as well as to consumers of goods and services.

One amendment to the opposition procedure was through the entry into force of the new Mexican Industrial Property Law in 2020. This consisted of a penalty or impossibility to initiate a nullity action in the event of obtaining an unsuccessful opposition claiming the same arguments and evidence.

In this respect, if an opposition has been promoted and it is unsuccessful or unfavourable, namely, it does not prevent the granting of the trademark registration in question, the possibility of filing a nullity action against such a trademark registration is prevented based on the same arguments and evidence as those filed in the opposition.

In simpler words – and as an example in case – an opposition is filed based on likelihood of confusion and it results unsuccessful, the possibility of filing a nullity action against the resulting trademark registration based on likelihood of confusion would be precluded. Consequently, a potential nullity action would have to be necessarily filed on a different basis (e.g. prior use, bad faith, etc.).

Article 259 of the new Mexican IP Law contains the penalty to file a nullity action based on the same arguments and evidence presented in the opposition:

Article 259: A nullity action shall not be admitted, when the opposition provided in Article 221 of this Law has been filed, provided that the arguments asserted in the nullity action, as well as the evidence, are the same as those filed in the opposition and the Institute has already ruled on them.

This new provision is intended to avoid the filing of idle oppositions, tending to delay and hinder the trademark registration process in

Mexico, and consolidates the opposition procedure as a more robust and reliable mechanism in the prevention of the granting of trademark registrations than may affect prior third parties' rights.

NEW ZEALAND

Free trade agreement: New Zealand and the UK reach agreement in principle

AJ Park



Kathleen Henning and Kieran O'Connell

In June 2020, New Zealand started negotiating a comprehensive free trade agreement (FTA) with the UK. On October 20 2021, New Zealand and the UK reached an agreement in principle (AiP) to confirm the parameters of the deal.

The AiP does not create any legally binding obligations but indicates agreement on the key outcomes and parameters of the FTA. The AiP broadly aims to eliminate UK tariffs on New Zealand exports, increase trade and combat climate change. The AiP contains a section on intellectual property (IP), providing that:

- New Zealand will extend the term of protection for copyright by 20 years, and will implement this change within 15 years of entry into force of the FTA;
- The parties will adopt and maintain schemes relating to an artist's resale rights;
- The parties will adopt and maintain a public performance right for performers to cover communication to the public of sound records;
- New Zealand will make all reasonable efforts to join the Hague Agreement on international registration of industrial designs;
- The UK acknowledges that Te Tiriti o Waitangi/The Treaty of Waitangi is a foundational document of constitutional

importance to New Zealand; and

- The UK acknowledges the value of Māori IP and traditional knowledge and will work with New Zealand to identify appropriate ways to advance recognition and protection of the Haka Ka Mate.

Copyright provisions

The Copyright Act 1994 (New Zealand) provides that copyright in literary, dramatic, musical and artistic works lasts for the life of the creator plus 50 years. The FTA will extend this term of protection to 70 years, bringing New Zealand into line with the UK, US, and Australia.

New Zealand has also agreed to introduce a resale rights scheme for artists, allowing artists to receive royalty payments from their work in the same way as authors and songwriters. This right would last for the same period as copyright and entitle creators of original works of art (such as paintings, engravings and sculptures) to a royalty each time one of their works is resold through an auction house or art market professional.

Protecting Māori IP and the Haka Ka Mate

The FTA provides further that the UK will cooperate with New Zealand to identify appropriate ways to advance recognition and protection of the Haka Ka Mate.

The Haka Ka Mate is a ceremonial Māori dance or challenge that was composed by the Ngāti Toa Rangatira chief Te Rauparaha, a descendant of Hoturoa. In New Zealand, the Haka Ka Mate was formally recognised as a taonga (treasure) in 2014 through the Haka Ka Mate Attribution Act 2014 (NZ). The Act acknowledges the significance of Ka Mate as a taonga of Ngāti Toa Rangatira and creates a right of attribution where there is any publication of Ka Mate for commercial purposes or any communication of Ka Mate to the public.

The FTA may therefore require the UK to enact legislation similar to the Haka Ka Mate Attribution Act.

The AiP provides further that the UK will provide a separate letter acknowledging Ngāti Toa Rangatira's guardianship of the Haka Ka Mate.

Next steps

Once New Zealand and the UK conclude negotiations and the full text of the agreement is finalised, the agreement will be signed and ratified. At that stage, the agreement will enter into force and a plan will be developed for legal reform.

PHILIPPINES

Patent infringement committed in 'telmisartan' case

Hechanova & Co



Editha R Hechanova

Section 71 of the IP Code grants to the owner of a patent the right to restrain, prohibit or prevent any unauthorised entity from making, using offering for sale, selling or importing a product covered by the patent into the Philippines.

In the case of *Boehringer Ingelheim Pharma GmbH & Co v Suhitas Pharmaceutical Inc* IPV No. 10-2015-00011, the Bureau of Legal Affairs (BLA), the adjudication arm of the Intellectual Property Office of the Philippines (IPOPHL) issued a decision on June 25 2021, finding Suhitas liable for infringing Boehringer's patent No. 1-1992-43878 ('878') entitled 'Benzimidazoles, Pharmaceutical Compositions Containing These Compounds and Processes for Preparing Them'. The international non-proprietary name (INN) of the 878 invention is telmisartan, a medication used for managing hypertension.

In 2011, upon knowing that Suhitas filed before the Food and Drug Administration, applications for the generic version of telmisartan under the brand names 'Misar' and 'Misar-H', Boehringer notified Suhitas of

its patent and requested for a written undertaking not to import, distribute, market, sell or offer for sale telmisartan until the expiration of 878 on May 5 2022.

Suhitas did not respond and in 2013 started importing telmisartan with the aforementioned brand names into the Philippines. In 2014, Boehringer was able to purchase Suhitas Misar and Misar-H products in various locations in the Philippines, and on its product information leaflet Suhitas indicated that 'Misar' is telmisartan and the Misar tables were available in either 40mg or 80mg formulations. Not getting any response from Suhitas on its various notices, Boehringer filed for patent infringement before the IPOPHL in 2015.

In its defence, Suhitas alleged that:

- Boehringer failed to prove that it sold, imported or distributed anything;
- Telmisartan is not covered by the 878 patent;
- 878 has lapsed;
- The importation is authorised by the Cheaper Medicine Act (RA 9502); and
- 878 is overly broad and lacking inventive step, and submitted as its lone witness Hitesh Sharma.

Boehringer presented five witnesses among which was Nikko P Quevada who was qualified as an expert witness. The trial ensued after which the BLA Director held:

- Boehringer's 878 patent is valid. 878 was granted under the old law RA 165 which provided that the term of the patent is 17 years from issuance, hence, it is valid and effective until May 10 2022;
- 878 patent is novel. Suhitas presented only the unsupported bare allegations of its lone witness Hitesh Sharma which failed to satisfy the degree of proof needed to overcome the presumption of regularity of the substantive examination conducted by the IPOPHL examiner in issuing the 878 patent;

- Suhitas committed patent infringement. The evidence presented showed that Suhitas imported, distributed and sold Misar and Misar-H branded products containing telmisartan. Its corporate name, logo and business address were on the packaging and foil wraps of said products, and admitted by its witness Sharma. Moreover, no controverting evidence was presented by Suhitas;
- The importation of telmisartan is not exempted by the IP Code. Suhitas claims that its importation is exempted from patent infringement on account of the Cheaper Medicine Act which amended the IP Code. This defense is misplaced since Section 72 only exempts importation of a patented product if the latter comes from the patent owner or its licensees, which is a limited exception to the patent holder's exercise of its patent rights, to ensure access by the public to affordable quality drugs and medicines; and
- Telmisartan is covered by the 878 patent. In determining patent infringement, two tests have been developed: literal infringement and the doctrine of equivalents. Boehringer's expert witness, Nikko Quevada, testified that telmisartan is covered by Patent No. 1-1992-43878 and that Misar and Misar-H literally infringed upon Claims 1, 4(a) and 5 of the 878 patent. Suhitas did not present a rebuttal witness.

The BLA stated that considering the overwhelming evidence presented by Boehringer it found the latter was able to prove that Suhitas had committed patent infringement when it imported and distributed Misar and Misar-H drugs which contain the chemical compound of telmisartan patented in the name of Boehringer.

The BLA awarded temperate damages amounting to PHP 5.0 million (\$100,000) and permanently enjoined Suhitas, its stockholders and other persons acting on its behalf

from importing, distributing, marketing, selling and offering for sale its pharmaceutical products with the brand names 'Misar' and 'Misar-H' and carrying the generic name 'telmisartan'.

Suhitas was also ordered to dispose outside the channels of commerce all goods infringing on Boehringer's patent including materials and implements used in committing patent infringement. Both parties appealed this decision to the Office of the Director General where it is currently pending.

RUSSIA

'Firewater' sparks a fiery dispute in Russia Goroditsky & Partners



Vladimir Biriulin

An individual entrepreneur filed a trademark application (No. 2019700445) in Cyrillic for 'ОГНЕННАЯ ВОДА' (firewater) to individualise the goods in Class 33 (alcoholic drinks).

The patent office refused the application because in the opinion of the examiner the word 'firewater' is synonymous with a generic word 'vodka' and is descriptive while it may be confusing for other goods in Class 33. The patent office also noted that firewater in Cyrillic is a jocular word meaning vodka.

The applicant appealed the decision at the Chamber of Patent Disputes. He argued that the combination of words 'fiery water' is a phraseological unit, it is also an obsolete lexical unit, it does not identify a specific product but elicits associations with any alcoholic drink.

"For the sake of justice it should be noted that similar approach may be observed in the English language. Some sources identify firewater as moonshine, Cambridge dictionary defines it as whisky in the first place.

In any case, it is largely understood as a strong alcoholic drink.

In Russia, this word combination is familiar, but indeed, it is not used in day-to-day life though it may be found in print in rare cases. Russian people are familiar with this word combination mostly because the American writer Fenimore Cooper was quite popular among the readers. Firewater could be met in his book *The Last of the Mohicans* (1826)."

In fact, the Chamber of Patent Disputes confirmed isolated use of the designation because it stated that the appellant had not provided information confirming acquired distinctiveness of the designation showing prolonged and intensive use of the designation.

It also stated that the meaning of the word combination is well familiar to the Russian consumer from fiction and historic literature (which is true). Finally, the Chamber of Patent Disputes turned down the appeal.

The applicant went to the IP court with the appeal against the Chamber of Patent Disputes.

He argued that a number of sources show that firewater is an idiom in Russia, it is not in common use and cannot be regarded as a generic word unit. It may only elicit associations with alcoholic drinks in Class 33 through additional associations. Besides, firewater is not featured in any regulatory documents concerning alcoholic drinks.

He also attached copies of pages from phraseological dictionaries where fiery water was one of the entries.

The court agreed that it is not featured in the regulatory documents concerning alcoholic drinks because it is a phraseological unit and somewhat a slangy word. Nevertheless, the court after examining the designation fiery water came to the conclusion that its meaning is understood by every person (which is

true) and is strongly associated with vodka (which may be disputed).

Finally, the court supported the stance of the patent office in that the word combination 'fire water' is not used in the regulatory documents concerning ethanol containing products and in the name of particular alcoholic drinks however it is used metaphorically, is a phraseological unit and has a fixed meaning, i.e. vodka.

The court of first instance also relied on the conclusions of the patent office supported by documents (dictionaries and reference books). In his turn, the plaintiff did not provide evidence of associative links proving that the consumer perceives the disputed designation in relation to alcoholic drinks other than vodka (whisky, rum, etc.).

The plaintiff appealed the judgment of the first instance court at the presidium of the same court in its capacity as cassation instance. He argued that conclusions of the court of first instance are based on sources related to day-to-day colloquial use and in fiction literature and do not concern economic relations.

He noted that the judgment is contradictory in that the court agreed that the disputed word combination is not used in regulatory documents concerning circulation of alcoholic products and is not used as the name of alcoholic drinks.

On the other hand, the court of first instance stated that the word combination is well familiar to the consumer as vodka without additional conjectures. The plaintiff argued that if an element is descriptive it should be freely used and protect the interests of producers with the purpose of using these words in economic relations. However, neither the economic entities nor the state controlling bodies feel the necessity to use the word combination 'ОГНЕННАЯ ВОДА'.

The Presidium of the IP court heard the arguments of the plaintiff and pointed out that a designation

should be evaluated proceeding from perception of the designation by rank and file consumers who are 'addressees' of the given product.

The Presidium also referred to a number of judgments issued by the Supreme Court and the IP court. One and the same designation may be descriptive in respect of some goods and at the same time may be false in respect of other goods. In other words, one may ask a question whether an element of a designation may elicit in the consumer associative ideas about the product which may cause his confusion.

The Presidium did not accept the position of the plaintiff who was of the opinion that the Chamber of Patent Disputes should have considered the meaning of the designation from the point of view of the producers of alcoholic products. The Chamber has no obligation to collect evidence (conducting statistic research, public polls, etc.).

When examining appeals it should limit itself with the arguments in the appeal and the results of information search from the official action of the examining division. Hence, the court of first instance correctly evaluated the situation proceeding from the documents on file submitted by the applicant when he filed the trademark application and when he appealed the official action of refusal.

The burden of proof lies with the persons who are parties in the process (dispute). The court of first instance has no right to collect evidence required for confirming or refuting circumstances having essential importance for correct solution of a dispute.

The Presidium also confirmed that the lower court correctly had applied the provisions of the procedural and material law.

As a result, the Presidium of the IP court supported the judgment of the court of first instance and rejected the complaint of the plaintiff.

SOUTH KOREA

More emphasis on visual comparison in trademark similarity

Hanol IP & Law



Min Son

Reflecting the changes in the current market situation, it is noteworthy that Korean courts' recent cases considered visual appearance more important than sound in determining the similarity of trademarks.

Jurisprudence in determining similarity of trademarks

When determining the similarity of marks, similarly to in other jurisdictions, Korean courts as well as the Korean Intellectual Property Office (KIPO) compare the marks in their entirety, including appearance, sound, and connotation factors.

Even if the marks share any identical factors, but there is no likelihood of confusion as to the source of goods for the marks, the marks would not be considered as confusingly similar to each other. Conversely, even if there are different factors, if the sound or appearance is similar, and thus, there exists likelihood of confusion, the marks compared should be considered as similar trademarks. In determining the likelihood of confusion due to the similarity of the marks, trading circumstances regarding the goods shall be considered.



Sound – once the most important factor

Previously, Korean courts had ruled that 'sound' is the most important factor in determining the similarity of the marks considering the trading circumstances to advertise trademarks and purchase the goods through voice media such as broadcasting or telephone (Supreme Court Decisions 97Hu3050, February 25 2000, 96Hu344, September 6 1996).

Trademarks found to be dissimilar

Case No. Date of decision	Trademarks
Supreme Court Decision 2020Hu10957 December 30 2020	'Urbansys' v 'AVANCIS'
Patent Court Decision 2020Heo4297 May 13 2021	 v 
Patent Court Decision 2021Heo2267 July 2 2021	'Kaloom' v  '(Caroom in Korean)'

Trademarks found to be similar

Case No. Date of decision	Trademarks
Supreme Court Decision 97Hu3050 February 25 2000	'M&S' vs. 'M&M's'
Supreme Court Decision 2006Hu626 June 2 2006	 vs. 'SLock'
Patent Court Decision 2008Heo3391 June 27 2008	 vs. '알엑스-1' (RX-1 in Korean)
Patent Court Decision 2017Heo5009 February 6 2018	'Cartok' and 'Katalk'
Patent Court Decision 2019Heo4468 December 12 2019	'The Ocean' and 'Diocian'
KIPO Final Rejection for IR1527556 August 3 2021	'Pilar' and 'Fila'

This jurisprudence continued until recently, and the hurdles in registration were quite high for trademarks with identical or similar sounds, even when they had dissimilar factors in appearance or connotation.

As examples, Korean courts ruled that the trademarks for 'Asrock' and 'Slock', 'Alex Cosmetic & device' and 'RX-1' in Korean transliteration, 'Cartok' and 'Katalk', 'The Ocean' and 'Diocian' are similar to one another due to the similarity in sound (Supreme Court Decision 2006Hu626, June 2 2006, Patent Court Decisions 2008Heo3391, June 27 2008, 2017Heo5009, February 6 2018, 2019Heo4468, December 12 2019).

Similarity test using Korean pronunciation

With regard to trademarks in foreign words other than Korean, the marks were compared with their phonetic equivalent in Korean. In Korean, 'B' and 'V' are written using the same Korean letter, even though the actual sounds thereof are slightly different. Likewise, the pairs '(soft) C' and 'S', 'F' and 'P', and initial 'L' and 'R' are often respectively written using the same Korean letters.

Therefore, in theory, 'boys' and 'voice' that have the same or nearly identical pronunciation in Korean, can be regarded as similar trademarks according to Korean practice.

In fact, the trademark 'Pilar' (No.1527556), filed by a US company for clothing and footwear, was actually rejected in Korea on the basis of similarity with the prior marks 'Fila' and 'Fila in Korean'. In that case, both 'Pilar' and 'Fila' can be transliterated identically in Korean. The fact that the two marks have clearly dissimilar concepts was not reflected in the examination results.

Recent changes in similarity criteria

Recently, the Korean Supreme Court overturned the original decisions made by the Patent Court and the Intellectual Property Tribunal and Appeal Board (IPTAB) of

“Korean courts’ recent cases considered visual appearance more important than sound in determining the similarity of trademarks.”

KIPO, and remanded the case to the lower court. In that case, Supreme Court ruled that the trademark ‘Urbansys’ is dissimilar to ‘AVANCIS’, notwithstanding the identical Korean pronunciations of the marks, in view of dissimilar appearances and meanings thereof (Supreme Court Decision 2020Hu10957, December 30 2020).

In the Supreme Court judgment commentary, the judicial researcher commented that jurisprudence that was valid at some point in the past may become far removed from reality, necessitating caution when citing past jurisprudence. Thus, rapid changes in market circumstances shall be reflected in the determination of similarity of the marks.

These days, compared to when Supreme Court decision 97Hu3050 is issued, there has been a significant increase in the importance of visual advertisements and methods of transaction such as online stores, social media, and YouTube, where these are accompanied by video or images, and thus, it is necessary to take into account the importance of ‘visual factors’ in determining of the similarity of the marks.

Accordingly, although the importance of phonetic factors in word marks cannot be denied, these may not be absolute criteria. Rather, a similarity test should be made carefully taking all factors into account in view of the general consumers’

perception, so that a reasonable decision can be made for the specific case. In particular, for marks using non-Korean words, in addition to simply comparing the transliterated sounds of the marks as in Korean word marks, the improvement in foreign language skills of the Korean consumers as part of a recently globalised society shall also be considered.

Three noteworthy cases giving more weight to visual appearance

As shown above, in the 2020Hu10957 decision, the trademarks ‘Urbansys’ and ‘AVANCIS’, which are pronounced the same in Korean, were judged to be dissimilar in consideration of differences in appearance and concept.

After the Supreme Court’s 2020Hu10957 decision, the Patent Court subsequently held that the trademarks for ‘Fowi & device’ and ‘Poi Designs’ and those for ‘Kaloomb’ and ‘Caroom & device’ are dissimilar to each other (Patent Court Decisions 2020Heo4297, May 13 2021, 2021Heo2267, July 2 2021).

In the above cases, the Patent Court assigned more importance to visual appearance than to the identical sounds of the marks thereof, in consideration of the recent sales and purchasing channels through visual media, such as smartphones and tablets, given the widespread internet penetration.

The above cases maintain the basic jurisprudence in determination of the similar marks, but clearly show the recent trend toward considering the visual appearance in view of realistic consumer perceptions.

In accordance with the development of similarity criteria in recent cases, it is expected that more reasonable and rational decisions will be made in determination of the similarity of the marks, reflecting specific market circumstances. Accordingly, it is also expected that more trademark applications may be saved from rejection on the basis of similarity of the marks.

TAIWAN

A new interview approach under Taiwan’s patent system

Saint Island International
Patent & Law Offices



Fiona Yin

Under Taiwan’s current patent practice, personal interviews with the examiners are often held at the request of the applicants or patent attorneys. In general, an applicant, when intended, needs to literally express his wishes for an interview in a response.

In tandem with the rapid growth of technology, the IP office is about to introduce a new interview approach into the current patent system entitled ‘IP Office-industry collaboration interview’, under which the examiner may ex officio initiate an interview.

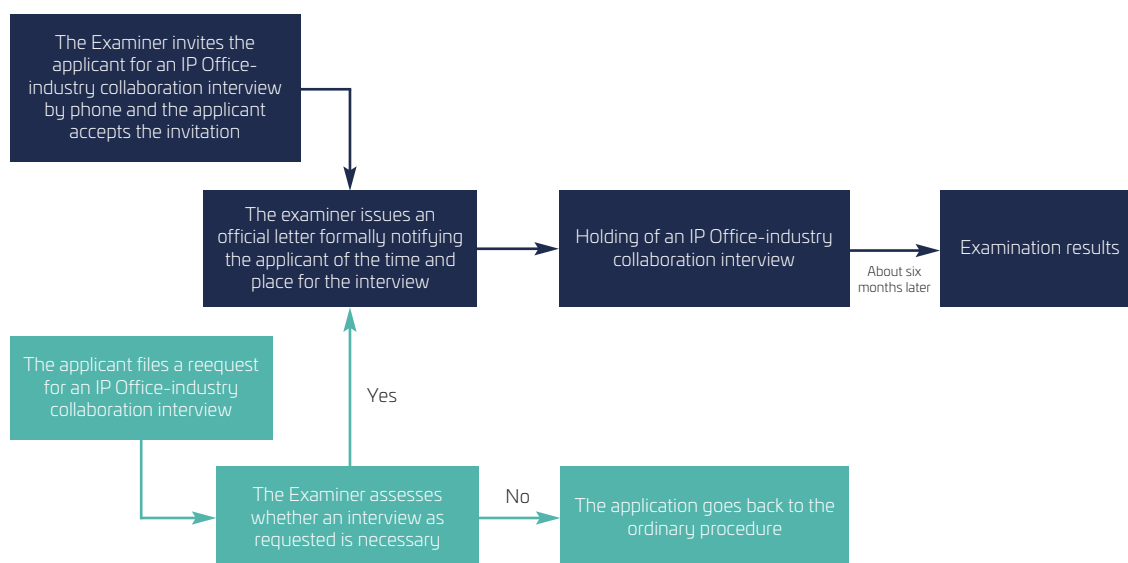
The introduction of this new approach is mostly due:

- To the need for examiners to more rapidly and appropriately search and examine such cutting-edge technologies as stem cell regenerative medicine, quantum dot solar cells, artificial intelligence, big data and 5G with the aid of the applicant; and
- For patent applicants to obtain patents as soon as possible for new technologies being developed.

According to the new approach, when an examiner considers it necessary, the examiner may telephone the applicant, inviting him to attend an IP Office-industry collaboration interview.

If the applicant accepts the invitation, the examiner will issue an official letter formally notifying the applicant of the time and place for the interview. On the other hand, the applicant may also request the examiner to hold such an interview during prosecution provided that his application is:

- Related to an cutting-edge invention;



- An application for which a request for examination has been filed; and
- An application which has not received the results of examination either in the form of an official letter informing the applicant of the tentative reasons for rejection or a formal office action.

The examiner will then assess whether the application itself relates to a cutting-edge technology and whether it is necessary to hold an interview. If the answer is negative, the application will go back to the ordinary procedure. Otherwise, the examiner will inform the applicant of the time and place for an interview. If the applicant is a foreigner or foreign entity, a teleconference interview can be held with the assistance of an interpreter the applicant hires.

In the interview, the applicant would be required to make a full explanation of the relevant techniques vis-à-vis the examiner. Apparently, it is more pragmatic that R&D staff of the applicant or the inventor being well-versed in the technique related to the invention participates in such interview.

Prior to the interview, the examiner would not conduct a search or examination. Generally, the examination results will be available six months after the interview is held.

The applicant may send a representative to attend an interview, including the inventor, or a person hired by the applicant. A patent attorney may attend the interview along with the applicant or his representative only. If the applicant's trade secrets or business secrets are involved, the contents disclosed by the applicant or his representative will not form part of the records for interview.

It is good news that the IP Office will provide an approach for a cutting-edge invention application to be appropriately searched and examined, and thereby rapidly maturing into a patent.

TURKEY

Turkish IP court rules on Red Bull's colour marks in an infringement claim

Gün + Partners



Zeynep Seda Alhas and
Dilan Sila Kayalica

Red Bull, the leading manufacturer and pioneer for energy drinks, encounters many trademarks, designs and trade dresses attempting to gain unfair advantage of Red Bull's tremendous reputation worldwide.

Turkey is one market where Red Bull is the leader, so there has been a significant number of sales and market awareness. Therefore, the Turkish market is monitored carefully for infringing products, and brand protection strategy is applied properly by Red Bull.

In mid-2020, Red Bull determined that the products ('Power Jaguar products') are manufactured, marketed, and sold via both offline and online channels.



With the lawsuit initiated before the Civil IP Court of İzmir ('IP court') on September 30 2020, Red Bull claimed trademark infringement and unfair competition against their products on the market, as well as their registered device and colour trademarks in Turkey, all incorporating a blue/silver colour combination.



One of the defendants, mainly dealing with the marketing of Power Jaguar products, acknowledged marketing these products for four

months in 2019 via its website, but denied trademark infringement and unfair competition allegations, claiming that they never actually sold Power Jaguar products.

The other defendant – the manufacturer of Power Jaguar products – relied on the dissimilarity of the word and graphic elements of the parties' products and further questioned the distinctiveness of Red Bull's blue/silver colour combination marks.

After hearing the parties' arguments and defenses, the IP court allowed Red Bull's request for an interlocutory injunction and decided for the seizure of Power Jaguar products as well as the promotional materials related thereto.

Red Bull enforced the interlocutory injunction wherever necessary and removed the infringing products from the market. The IP court rendered its decision in favour of Red Bull on September 29 2021 – within a year's time, which is quick in comparison to the usual length of infringement actions.

The IP court evaluated that the use of colours on Power Jaguar products are similar to Red Bull's trademarks, mainly to the reproduced Turkish trademark registration no. 2014 03556, and this is likely to cause confusion in the eyes of the average consumer.

The IP court acknowledged that the overall get-up of the Power Jaguar products creates trademark infringement and unfair competition and decided for the prevention of such on the relevant goods, plates, signboards and promotional materials, in addition to the seizure and destruction thereof.



The protection granted to non-conventional trademarks in Turkey is not yet settled but this decision is remarkable as it shows the extent of protection that should be granted to colour combination marks, through Red Bull's blue/silver colour mark.

The IP court's decision has not become binding yet; appeal processes are available.

UK

UK FRAND update: three judgments that change the dynamic of SEP disputes?

Bird & Bird



William Warne

For anyone with an interest in standard essential patents (SEPs), there has been a flurry of activity recently with three important fair, reasonable, and nondiscriminatory (FRAND) judgments handed down, which together may represent the biggest change since Mr Justice Birss's *Unwired Planet* decision in 2017.

A well-trodden path

In the years that have followed, the English court has seen a number of other SEP cases seeking an *Unwired Planet* injunction. However, to date, all have settled before reaching a FRAND trial and so, until recently, there had been little development of the law in this area. However, one point that became apparent was the time it took to reach a FRAND trial.

As an English FRAND trial is considering the question of relief for patent infringement, the established position is that a finding (or admission) of infringement is needed before it can take place, meaning that it will normally be listed after several 'technical' patent trials. This means that it can often take two or more years from issue to reach a FRAND trial.

The question of willingness to take a licence

One of the cases to follow the *Unwired Planet* model is *Optis v Apple*. Optis issued proceedings in February 2019 alleging infringement of eight of its SEPs and, following a judgment of validity, essentiality and infringement in the second trial in June 2021, Optis asked Apple to give an unqualified undertaking to take a licence on whatever terms the English court determine to be FRAND.

Apple refused and, given the FRAND trial is not listed until June 2022, Optis applied to enforce the injunction. Mr Justice Meade's judgment of September 27 2021 held that Optis could have a FRAND injunction now unless Apple gave a suitable undertaking to demonstrate its willingness to take a licence on FRAND terms. He considered that the undertaking being offered by Apple was not sufficient but gave it an opportunity to reconsider what undertaking it was prepared to give.

This judgment has the potential to significantly alter the dynamic in English FRAND cases. As implementers have traditionally resisted giving an unqualified undertaking to take a licence on whatever terms the Court determines to be FRAND, it has meant that patentees have not only faced a significant wait for a FRAND determination, but also no guarantee that it will ultimately resolve the dispute.

Although this judgment does not directly speed up the resolution of the dispute, it may bring certainty at an earlier stage that the case will be determinative, which brings many benefits. In addition, it opens up the possibility of an SEP proprietor suing an unwilling implementor being able to obtain an injunction at an earlier stage than in a normal patent action, where the injunction is often stayed pending appeal.

China enters the fray

A matter of days before the judgment in *Optis* was handed

down, the Supreme People's Court in China published a judgment from the *Oppo v Sharp* SEP dispute ((2020) Zui Gao Fa Zhi Min Xia Zhong No. 57).

Although the parties had reached a settlement before the judgment was published, it confirmed that the Chinese courts not only had the jurisdiction to determine the terms of a global FRAND licensing by way of a freestanding action, not linked to a patent infringement suit, but that in certain circumstances it could do so without all of the parties' consent.

While the judgment is relatively short, it is arguably the most important judgment globally relating to FRAND since *Unwired Planet*, by confirming that China is now a forum that will determine FRAND terms on a global basis but, unlike others, it will do so on the basis of a freestanding action not linked to patent infringement. However, it raised the question of what might happen if there were parallel FRAND actions before the English and Chinese courts.

Recipe for chaos or opportunity to improve the system?

As it turned out, that question was answered fairly swiftly in *Nokia v Oppo*. On July 1 2021, Nokia sued Oppo for infringement of its SEPs in a number of jurisdictions, including England, seeking a determination that the terms of its offers to Oppo were FRAND.

Oppo subsequently commenced proceedings before the Chongqing court, requesting determination of the terms for it to take a licence to Nokia's SEPs, and sought a stay of the English case on either forum conveniens grounds or a discretionary basis.

His Honour Judge Hacon handed down judgment on November 4 ([2021] EWHC 2952 (Pat)), rejecting Oppo's application on both basis by finding that the correct characterisation of the action as one

of UK patent infringement, for which the English Court will always have jurisdiction. In relation to the discretionary stay, His Honour Judge Hacon recognised that such a stay would only be granted in rare and compelling circumstances and considered that none applied in this case.

Where, then, does this leave things? There is another jurisdiction that has confirmed it will, in certain circumstances, determine global FRAND terms. While this choice of forum may result in forum shopping, this has both potential positive benefits to court users, as well as negatives. For example, the competition may drive courts to manage cases in a way that allows them get to trial more quickly and efficiently, which is to the benefit of all parties. However, we will have to wait and see quite how things unfold.

VIETNAM

The registrability of media-hype and sensational marks

Tilleke & Gibbins



Chi Lan Dang and
Linh Thi Mai Nguyen

Given the highly polarised state of US politics, one may find it difficult to imagine a scenario where Donald Trump and Joe Biden appear together outside of a debate stage. Surprisingly, these names were united on a Vietnamese trademark application filed during the heat of the US presidential election in 2020.



Logo for 'Trump-Biden'

“While the Trump inspiration in the faceless image is undeniable, could this mark still be considered registrable?”

This 'Trump-Biden' mark was filed for food, beverages, and restaurants in Classes 29, 30 and 43 — items with no link to the two presidents. The only reason for such filing, obviously, was to gain consumers' attention and to ride a wave of popularity, although in a rather unusual way.

Attention-seeking entrepreneurs are often inspired by celebrities and recent events when seeking new brand names and slogans. They may attempt to register their ideas as trademarks while the influence of the person or event is still strong. Others take a different but similarly sensational approach, crafting marks loaded with double entendre with the hope of sneaking past the gatekeepers.

While the idea of registering celebrity-driven or sensational marks may be beneficial for business, is it possible under Vietnam's IP laws?

Famous people's names

In addition to the 'Trump-Biden' mark mentioned above, a quick search on the public database of the IP Office of Vietnam reveals several dozen 'Trump'-related marks, with most of them filed after Donald Trump's inauguration in 2017. The IP Office's decisions have shown that marks explicitly referring to the former president (such as the full-name trademark 'Donald Trump') will be refused protection, but more

“Investing in thoughtful, sustainable trademarks will always be the right choice.”

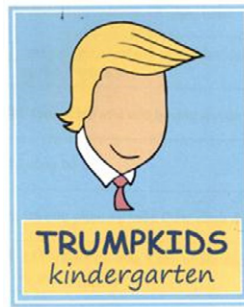
subtle indicators can survive to registration, such as ‘Dontrump’ (Reg. No. 327991), ‘Betatrump’ (Reg. No. 329952), ‘Trump Gold’ (Reg. No. 313441), ‘Trump Water’ (Reg. No. 355166), and even ‘Trump’ by itself (Reg. No. 342771).



The mark for ‘Trump Water’

Under Article 73.3 of the IP Law, “signs identical or confusingly similar to real names, aliases, pseudonyms or images of leaders, national heroes or famous personalities of Vietnam or foreign countries” are ineligible for protection as marks, regardless of the goods/services applied for. This is why the ‘Donald Trump’ mark was refused, but it seems to apply only to obvious cases, such as where the full name of the famous person is exploited. If only a part of the name is used, it could still be accepted. From that view, it is likely that the ‘Trump-Biden’ mark could be considered inherently distinctive, as it includes neither the full names nor the images of the presidents.

Another interesting ‘Trump’-derived mark is found in a pending application for ‘Trumpkids Kindergarten’:



Logo for ‘Trumpkids Kindergarten’

While the Trump inspiration in the faceless image is undeniable, could this mark still be considered registrable? It consists of the name and image of a famous person, but both are stylised and combined with other elements. In our opinion, the mark is likely to get through. If so, this is an example of a clever way to utilise the fame of a person, while skirting the prohibitions of Article 73.3.

On the other hand, names or signs similar to those of well-known people with decidedly negative reputations – war criminals or terrorists, for example – may be refused for being contrary to social ethics and public order as stipulated in Article 8.1 of the IP Law, regardless of how ‘creative’ the marks are. The mark ‘Billaden’ for pesticides in Class 05 was refused for being confusingly similar to the name of Osama Bin Laden. Although the applicant argued that ‘Billaden’ was fanciful and in no way related to the infamous terrorist, the IP Office held that the registration of the mark was against morality and public policy, and maintained its refusal.

Vulgar or sensational slogans

Some companies, especially in youth-oriented sectors like video games or beverages, adopt ridiculous, ear/eye-catching marks in the hope of gaining more attention for their products or services. One of Vietnam’s most popular craft breweries has applied for a series of winkingly raunchy bilingual marks for beer in Class 32, including ‘Bom Vu Du Xai’ (roughly ‘breast augmentation big enough to use’) ‘Fifty-two Triple Z’; ‘Coi Do Ra’ (‘take off your clothes’) ‘Let’s Get

Naked’; and ‘An Banh Tra Tien’ (slang for ‘buy/use prostitute’) ‘No Cookie No Nookie’. While such names are commonplace in the free-wheeling craft beer industry, it remains to be seen if they are registrable in Vietnam.

Although the marks are pending without any issued opinion from the IP Office, a similar case was refused for protection. The stylised mark ‘Nude’ for trading services of food, clothing, household appliances, etc., in Class 35 was refused for again being contrary to social ethics and public order.

The standards for judging this are quite subjective and dependent on the particular examiner’s viewpoint. For example, we found the mark ‘Fascist’ was successfully registered for insecticides in Class 05, while ‘Dap Da’ (literally ‘beat the rock’ but slang for ‘use drugs’) was registered for restaurant services in Class 43. Based on this precedent, it is highly likely that the pending ‘Let’s Get Naked’ mark will be refused but the others will survive to registration, due to their indirect wording.

Our perspective

We respect our clients’ choices, but we maintain certain standards. While some phrases, symbols, and other sensitive components may evoke powerful emotions that increase sales of the goods they designate, limits must also be set. Bearing in mind that Vietnam is an Asian country with high standards regarding social ethics, foreign companies should be mindful in choosing trademarks to be used in the country. The purpose is not only to have their marks registered, but also to have them accepted by mass Vietnamese consumers.

In addition, media-hype trademarks often have short shelf-lives, while the registration procedure in Vietnam is lengthy, normally 20-24 months. If and when the trademark registrations are granted, it may already be too late to draw the public’s attention. In the end, investing in thoughtful, sustainable trademarks will always be the right choice.



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