THE INTELLECTUAL PROPERTY REVIEW

SIXTH EDITION

Editor
Dominick A Conde
THE LAW REVIEWS

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Over the past several decades, there has been a major push to provide uniform and harmonised intellectual property coverage worldwide. To date, however, there remain significant differences and gaps in intellectual property coverage globally. As commerce increasingly becomes focused on international trade rather than individual countries, companies and clients must respond by thinking globally while also understanding the differences that remain between jurisdictions.

While jurisdictional differences can be anticipated and addressed, these differences are further magnified by the geopolitical turmoil that persists worldwide. A prime example is United Kingdom’s Brexit vote, which leaves Europe’s quest for a unified patent system in doubt. Another example is the election of President Donald Trump in the United States. As of the writing of this preface, President Trump has not announced his specific views on intellectual property in the United States. However, President Trump has already changed global intellectual property with his withdrawal of support for the Trans-Pacific Partnership. While this partnership would have strengthened intellectual property rights with many of the United States’ trading partners in the Pacific Rim, those partners for now maintain the prior inconsistent rights with the United States and are free to forge agreements without the United States, including negotiating new relationships with China, a country that continues to strengthen and improve its intellectual property system.

To aid practitioners who are navigating this ever-changing landscape of global intellectual property, we now present the sixth edition of *The Intellectual Property Review*. In this sixth edition, we present 31 chapters that provide an overview of forms of the intellectual property coverage available in each particular jurisdiction along with an update of its most recent developments. Each chapter is written and assembled by leading practitioners in that jurisdiction. While all involved have striven to make this review both accurate and comprehensive, we must note that it is necessarily a summary and overview, and we strongly recommend that the reader seek the advice of experienced advisers for any specific intellectual property matter. Contact information for each chapter’s authors is provided at the end of this review.

Finally, as we take over from the past review editor, we would like to thank Robert Baechtold for his guidance over the past five editions.

Dominick A Conde  
Fitzpatrick, Cella, Harper & Scinto  
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March 2017
Chapter 1

UPCOMING CHANGES TO EUROPEAN PATENT LITIGATION

Peter Damerell, Richard Fawcett and Bryce Matthewson

I INTRODUCTION

Following many years of consultation, negotiation and political horse-trading, final preparations are now under way for far-reaching reforms to the European patent system. For the first time, the new Unitary Patent (UP) will allow patents to be obtained in Europe with a degree of pan-European scope. In parallel, the new Unified Patent Court (UPC) will enable UPs to be enforced across much of Europe on a one-stop-shop basis. Importantly, however, the jurisdiction of the UPC is not confined to the new UPs, as existing European Patents are also within its remit. These reforms, which may be in force by the end of 2017, will therefore have a significant impact on patent litigation in Europe.

The establishment of a Europe-wide patent jurisdiction has been a long-standing ambition. The prospect of only having to litigate a single patent in a single court, and all attendant efficiencies and cost-savings, is attractive to patentees that currently have to litigate in multiple European countries to enforce their rights. Indeed, a number of attempts have been made over the years to bring such a system about, including the Community Patent Convention (1975) and the proposed European Patent Litigation Agreement (2004). However, none of these previous projects managed to gain acceptance. Each of them struggled in one way or another to balance the competing interests of the European Union and its Member States, while at the same time accommodating the existing system under the European Patent Convention (EPC). It is against this chequered history that the UP and UPC have emerged.

The EU Regulations needed to allow the grant of a UP were adopted in December 2012, closely followed by the signing of the UPC Agreement in February 2013. Since then, the UPC Preparatory Committee (working on the UPC) and an EPO Select Committee (working on the UP) have been busily consulting with stakeholders, drafting rules and procedures, and setting up facilities – work that is now nearing completion. The last remaining political steps to be taken before the reforms can come into effect are for the UK and Germany to ratify

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1 Peter Damerell is a partner and Richard Fawcett and Bryce Matthewson are associates at Powell Gilbert LLP.
2 Regulation (EU) No 1257/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection (the UP Regulation) and Regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation agreements.
3 Agreement on a Unified Patent Court, signed on 19 February 2013 (the UPC Agreement).
the UPC Agreement. As we discuss later in this chapter, despite the additional challenges imposed by the UK’s decision to leave the EU, it now appears likely that these ratifications will take place this year such that the court may start hearing cases as early as December 2017.

II THE UNITARY PATENT

Patent protection is currently available in all member states of the EU, as well as neighbouring countries that are EPC signatories, either through individual filings at national patent offices, or through a single filing at the European Patent Office (EPO). Each application filed at the EPO results in the grant of a European Patent (EP), which is essentially a bundle of national patents covering all countries designated by the applicant.

The new UP, formally known as the ‘European patent with unitary effect’, will supplement these existing options with a pan-European right. It is set to be introduced initially in respect of the subset of EU states that have so far signed and ratified the UPC Agreement. However, it is hoped that it will eventually have wider territorial scope as more countries proceed with ratification or sign up to the project.

The UP has its basis in EU law but also carries the status of a ‘special agreement’ under the EPC with which it is closely integrated. Indeed the UP Regulation, which establishes the UP as a substantive right, entrusts responsibility for the prosecution and grant of UPs to the EPO – an organisation established under the EPC and that is distinct from the EU. The UP Regulation envisages that UPs will be prosecuted in the same way as other EPs but, once granted, will differ in their territorial scope and by virtue of being subject to the exclusive jurisdiction of the UPC. Applicants will be able to decide during the validation phase whether to designate their EP as a unitary patent, or alternatively to opt for the patent to grant in the traditional ‘EP’ manner as a bundle of patents covering designated territories.

III THE UNIFIED PATENT COURT SYSTEM

The UPC Agreement makes provision for establishing the jurisdiction of the court, and for creating and administering the various UPC institutions. It also provides for a set of Rules of Procedure (UPC Rules), which govern how cases are brought before the court and managed. The UPC Rules are now in near-final form having been under development by a multinational team of lawyers and judges since 2009.

i The UPC’s jurisdiction

The UPC will have exclusive jurisdiction over most actions relating to UPs, including infringement actions, actions for declarations of non-infringement and actions and counterclaims for revocation of UPs. Importantly, however, subject to an initial transitional regime (which will last at least seven years), it also has jurisdiction over existing and newly granted EPs. The provisions relating to the transitional regime are complex, but importantly give owners of EPs the opportunity to opt them out of the jurisdiction of the UPC.

ii Structure of the UPC

The UPC includes a Court of First Instance and a Court of Appeal.

The Court of First Instance is divided into central, local and regional divisions. In very general terms, infringement actions will predominantly be brought in the local and regional divisions, depending on the domicile of the defendant or defendants and the location of
infringing acts, and revocation actions and actions for declarations of non-infringement will be brought in the central division. The UPC Agreement and the UPC Rules set out the options where there are parallel proceedings in different divisions between the same parties in relation to the same patent.

The central division is based in Paris, with sections in London and Munich. Cases will be allocated to different sections by reference to technology areas under the WIPO International Patent Classification.4

Local divisions may be established by request of a contracting member state, with up to four divisions per contracting member state, depending on its level of patent litigation. Where a contracting member state does not want to host a local division on its own, regional divisions may be set up for two or more contracting member states. It is expected that local divisions will be established in Germany (Düsseldorf, Mannheim, Hamburg and Munich), France (Paris), the UK (London), Belgium (Brussels), the Netherlands (The Hague), Denmark (Copenhagen), Italy (Milan), Austria (Vienna), Ireland5 (Dublin), Finland (Helsinki) and Slovenia (Ljubljana). A Nordic-Baltic regional division has been announced, for Estonia, Latvia, Lithuania and Sweden, based in Stockholm. It is also expected that two further regional divisions may be set up: a South-Eastern division, for Greece, Bulgaria, Romania and Cyprus, with the location yet to be agreed, and a Czechoslovakian division, for the Czech Republic and Slovak Republic, likely to be based in Brno.

There is a single Court of Appeal based in Luxembourg.

iii UPC Judges

There are two types of UPC judges, legally qualified judges and technically qualified judges. All judges are required to attain the highest standards of competence, to have proven experience in the field of patent litigation, to be a national of a contracting member state and to have a good command of at least one official language of the EPO (English, French and German). The requisite experience in patent litigation can be obtained by training if required, and a training centre has been established in Budapest (for both the training of candidate judges and for ongoing training of UPC judges). Legally qualified judges must also possess the qualifications required for appointment to judicial office in a contracting member state. Technically qualified judges must also have a university degree and proven expertise in a field of technology, and at least one technically qualified judge per field of technology with the relevant qualifications and expertise will be required at the outset.

All cases before the divisions of the Court of the First Instance will be heard by a multinational panel of at least three judges, unless the parties request the case to be heard by a single judge. The panels of the local and regional divisions will include three legally qualified judges, and a technically qualified judge may also sit on the panel in certain circumstances. The panels of the central divisions will include two legally qualified judges from different member

4 London: Class A (human necessities – agriculture, food, personal and domestic articles, health, life-saving and amusement) and Class C (chemistry and metallurgy); Munich: Class F (mechanical engineering, lighting, heating, weapons and blasting); Paris: Class B (performing operations and transporting), Class D (textiles and paper), Class E (fixed constructions), Class G (physics) and Class H (electricity).
5 The future participation of Ireland in the UPC is unclear, as a referendum is required before it can ratify the UPCA Agreement. However in the event that Ireland does enter into the UPC Agreement, a local division will be hosted in Dublin.
Patent Litigation

states, as well as a technically qualified judge. Except in limited specified circumstances, the Court of Appeal will sit as a panel of five judges, three legally qualified judges from different contracting member states and two technically qualified judges.

Staffing of the Court of First Instance is from the pool of all legally and technically qualified judges. The judges will be allocated to the various divisions of the Court of First Instance by the President of the Court of First Instance having regard to their expertise and linguistic skills, with a view to ensuring that all panels are able to provide high-quality decisions. The technically qualified judges will also be available to the Court of Appeal.

At the time of writing, the recruitment of the UPC judges has begun, but the official appointment of UPC judges has not taken place. It is difficult to estimate the number of judges that will be required at the outset, given uncertainties surrounding how many local and regional divisions will be set up and the number of cases that will be brought. However, following receipt of judicial applications in July 2016, the intention was to appoint 45 legal and 50 technical judges in permanent positions, and a similar number as ‘reserve’ judges.

iv Role of the CJEU
The role of the Court of Justice of the European Union (the CJEU) in relation to both the UP and the UPC has been one of the most controversial aspects of the new system through its development.

The UP and UPC were both established under the EU’s enhanced cooperation procedure. This mechanism allows a group of Member States to establish legislation between themselves, and also with the involvement of the EU, in certain areas where the EU does not have exclusive competence. The UP is established by way of EU Regulations. The UPC Agreement, however, is an intergovernmental agreement, rather than an instrument of EU law, and so the UPC is not itself an EU institution. Nevertheless, as a result of the history of its development, the UPC Agreement provides that the UPC will apply EU law in its entirety, respect the primacy of EU law and make referrals to the CJEU in the same manner as national courts.

v Language of proceedings
The language of the proceedings will depend on the court in which the proceedings are heard, and there are relatively complex rules governing which languages may be used:

a proceedings in the central division will be in the language in which the patent was granted;

b in the local and regional divisions, the default rule is that the language of proceedings will be an official EU language that is the official language (or one of the official languages) of the contracting member state hosting the division, or one of the official languages designated by contracting member states sharing a regional division. However, local and regional divisions can also designate one of more of the official languages of the EPO (English, German and French), and it is expected that many divisions will permit proceedings to be conducted in English. There are also a number of circumstances where the proceedings can instead be conducted in the language in which the patent was granted; and

c appeal proceedings will be in the language of the proceedings before the Court of First Instance, unless the parties agree to use the language in which the patent was granted.
vi Overview of procedure

The procedure of the UPC is a combination of features taken from various European jurisdictions creating a unique system. It is designed to limit the costs of litigation, ensure that parties bring their best case as soon as possible and achieve first instance decisions within one year. However, it is also flexible, giving the judges the discretion to allow a number of procedural tools to be applied if justified for any particular case.

The procedure in the Court of First Instance includes three phases – written, interim and oral:

- **a** the written phase requires ‘front-loaded’ pleadings, which include substantive evidence;
- **b** the interim procedure is governed by a judge on the panel nominated as the ‘judge rapporteur’. The judge rapporteur will consider what further steps need to be taken to prepare the case for the oral stage, which could include, for example, disclosure, experiments, inspections and further factual or expert evidence. An interim hearing will generally be held, as part of which the possibility of settlement should be explored. The judge rapporteur may also meet with any witnesses to determine what oral evidence should be permitted; and
- **c** the oral stage is governed by the presiding judge and will generally consist of an oral hearing, usually limited to a single day, which provides the parties the opportunity to explain their case and, where appropriate, to hear oral evidence from factual and expert witnesses (although this can also take place during a separate hearing before the oral hearing). Because of the time restrictions, the opportunity to cross-examine witnesses will be severely limited.

Although the UPC is supposed to apply a uniform procedure across all divisions, there is the potential for different divisions of the Court of First Instance to apply aspects of the procedure differently and for forum shopping to develop as a result. For example, it is possible that certain local or regional divisions could develop reputations for being particularly patentee-friendly or to be more likely than others to allow interim procedural steps, such as inspections and disclosure.

Whether this happens will be governed by the practice of the judges in the local and regional divisions. Even though local divisions in jurisdictions with high levels of patent activity currently (such as the UK and Germany) will have panels with two legally qualified judges from those countries, and so may be more likely to apply traditional national practices in the UPC courts, there are a number of aspects of the system that should guard against this. For example, UPC judges will move around between courts and will attend conferences and training with other UPC judges at which the application of the procedural rules will be discussed. In addition, early procedural decisions are likely to be appealed, so the Court of Appeal will be likely to play an active role in developing consistent case law.

vii Fees and costs recovery

The UPC is intended to be self-financing. However, a major incentive for the UPC was the difficulties of SMEs to enforce their patents in the current national system, so it was recognised that UPC fees should not be prohibitively high so as to deny SMEs access to the UPC.

The fees depend on the nature and value of the action. There are fixed fees, which vary depending on the type of action – for example, €20,000 for revocation actions and €11,000 for infringement actions. In addition, value-based fees will also be payable for
actions where the value of the action exceeds €500,000, on a scale starting with €2,500 for cases where the value of the action is up to and including €750,000, up to a maximum fee of €325,000 for a value of over €50 million. The value of the action will be determined by the judge rapporteur during the interim procedure.

Fee reductions are available for SMEs and microenterprises, as are partial fee reimbursements where cases are settled or withdrawn prior to the hearing.

As a general rule, the unsuccessful party will bear the reasonable and proportionate legal costs and other expenses incurred by the successful party. However, this is usually limited to a ceiling set out in the UPC Rules.

VI  HOT TOPICS

i When will the UPC start hearing cases?
The UPC Agreement will not come into force until four months after it is ratified by at least 13 UPC states, including the UK, France and Germany. As at mid-May 2017, 12 states, including France, have deposited their ratification instruments. Therefore, only ratification by the UK and Germany is required, both of which are expected in the next few months.

The UPC Agreement envisages that the court will be fully operational on the day that it comes into existence. To allow this to happen, a Protocol to the UPC Agreement has been signed, which allows some parts of the UPC Agreement to be applied early. Provided the UK and German ratifications take place as expected, this provisional application phase may start as early as June 2017, allowing the court to open before the end of December 2017 or, failing that, in early 2018. In addition, a ‘sunrise period’ is expected to start in around September 2017, to allow for opt outs to be registered before the UPC commences.

This presupposes that all of the practical requirements will be in place by December 2017, including the appointment of judges and the finalisation of the IT system. The UPC Preparatory Committee met on 15 March 2017 for the final time before the provisional application phase begins, agreeing a final suite of legal, HR and financial documents and agreeing a state of readiness for provisional application.

ii What will the impact of ‘Brexit’ be?
When the UK voted in June 2016 to leave the EU, many commentators considered that this would cause the UPC to fizzle out, or, at the very least, that because of the integral role of EU law and the CJEU, that the UK would no longer be part of it.

However, on 28 November 2016, the UK confirmed that it was proceeding with preparations to ratify the UPC Agreement, and the UK signed the UPC Protocol on Privilege and Immunities shortly afterwards. Since then, representatives of the UK government have confirmed that the ratification process is continuing. As explained above, it does, therefore, seem very likely that the UPC Agreement will come into force.

Significant concerns remain, however, as to the UK’s continued involvement in relation to both UPs and the UPC when the UK actually leaves the EU. It is clear that, as matters currently stand, only members of the EU can take part in UPs. For the UK to remain a part of

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6 Austria (August 2013), Belgium (June 2014), Bulgaria (June 2016), Denmark (June 2014), Finland (January 2016), France (March 2014), Italy (February 2017), Luxembourg (May 2015), Malta (December 2014), the Netherlands (September 2016), Portugal (August 2015), Sweden (June 2014).
either or both systems when it leaves the EU, amendments to the underlying legislation and agreements will need to dealt with as part of the Article 50 ‘Brexit’ negotiations. A number of commentators believe that it is legally possible for non-EU members to be part of the systems. However, a key issue will be whether there is the political will in the UK to be part of a system in which EU law has primacy and referrals can be made to the CJEU.

iii What is the likely uptake of the new system?
In terms of future patenting strategies, UPs are likely to be popular, at least for companies that currently seek protection in multiple EPC states, provided that there is confidence in the new UPC system. This is because (1) the renewal fees for maintaining UPs will correspond to the total sum of the renewal fees currently paid for the four countries in which EPs are currently most frequently validated (Germany, France, the UK and the Netherlands) and (2) UPs can only be litigated in the UPC. Applicants may, however, be put off in the short term by uncertainty regarding how granted UPs will be affected by the UK’s departure from the EU.

For the UPC system, a key issue is the extent to which owners of traditional EPs decide to opt their patents out of the system. As explained above, such opt outs can be filed during the ‘sunrise’ period before the UPC comes into force, to try to ensure that the patents are opted out from day one. If such opt outs are not effective from day one of the new system, and revocation actions are filed in the UPC, it will no longer be possible to opt such patents out. If patents are opted out, then it will be possible for owners to opt the patents back in later on, provided that such patents are not litigated in the national courts. Current expectations are that the extent to which patents are opted out is likely to vary by industry, with the life sciences industry in particular being likely to opt out ‘crown jewel’ patents. However, the practical development of the procedure of the UPC is likely to be shaped by the early cases in the system, so it is hoped that such cases will reflect a broad range of industry sectors.

vi Will these reforms simplify European patent litigation?
The ultimate aim of these reforms is to simplify patent litigation in Europe, in order to reduce the costs and complexity that exists under the current system of parallel national actions. If UPs prove popular and the UPC system is successful, these aims should ultimately be achieved.

However, in the short term, with the UPC system and existing national systems running in parallel, it is likely that patent litigation in Europe will become more complex rather than simpler. Patentees will need to decide whether to file applications nationally or with the EPO and, if they go down the EPO route and are successful, whether to seek unitary protection or not. For patentees looking to enforce their patents, they will need to consider the features of the current system and the UPC, and it is likely that litigation strategies for complex products covered by multiple patents will include a combination of both systems.

Whatever the pros and cons of the new system, patent litigation in Europe is on the cusp of fundamental and exciting changes, and users of the patent system in Europe need to be getting to grips with the reforms now.
Chapter 2

BRAZIL

Philippe Bhering and Jiuliano Maurer¹

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Intellectual property protection and enforcement in Brazil is highly influenced by international treaties and multilateral agreements, such as:

\(a\) the Berne Convention for the Protection of Literary and Artistic Works;
\(b\) the Paris Convention for the Protection of Industrial Property;
\(c\) the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS);
\(d\) the Patent Cooperation Treaty (PCT);
\(e\) the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations;
\(f\) the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks;
\(g\) the Strasbourg Agreement Concerning the International Patent Classification;
\(h\) the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks;
\(i\) the UPOV Convention; and
\(j\) the World Intellectual Property Organization (WIPO) Convention.

Brazil has structured a legal framework that provides for intellectual property protection in all its most relevant forms (i.e., copyright, trademarks, patents, industrial designs, trade secrets and software).

In Brazil, the provisions of trademark, patent, industrial design and unfair competition law are collectively set out in the Brazilian Industrial Property Law (BIPL). Of note regarding copyright and software law are the Brazilian Copyright Law (BCL) and the Brazilian Software Law (BSL), respectively.

i Copyright and neighbouring rights

Copyright and neighbouring rights are governed in Brazil by the BCL, which establishes that the intellectual works that are protected are creations of the mind, whatever their mode of expression or the medium in which they are fixed, tangible or intangible, known or susceptible to invention in the future. The BCL broadly defines literary, artistic and scientific works as being the subject matter of copyright.

¹ Philippe Bhering is a partner and Jiuliano Maurer is an associate at Bhering Advogados.
The BCL guarantees authors’ ‘moral’ rights (e.g., the right to claim authorship of the work at any time, and to keep the work unpublished), as well as ‘economic rights’ (the right of economic exploitation of the work), which include exclusive rights to, among others, reproduce, distribute, adapt, perform and display the work.

The economic rights of the author are protected for 70 years from 1 January of the year following his or her death. The ‘moral’ rights involved are inalienable and irrevocable (i.e., they cannot be transferred, licensed or waived).

On the other hand, the Brazilian copyright system presents legal limitations of the author’s exclusive rights. An example of such is the provision of Item VIII, Article 46 of the BCL, which states that it does not constitute violation of copyright to reproduce in any work short extracts from existing works, regardless of their nature, on condition that the reproduction is not in itself the main subject matter of the new work and does not jeopardise the normal use of the work reproduced or unjustifiably prejudice the author’s legitimate interests.

Registration is optional for purposes of protection. Assuming that the work is original, it will be afforded copyright protection irrespective of registration.

Although not mandatory, copyright registration is still recommended as a way to evidence authorship, especially in light of the Brazilian government’s choice to adopt a first-to-create system of copyright protection.

ii Trademarks

The BIPL establishes that any distinctive, visually perceptible sign may be registered as a trademark, provided it does not fall within the prohibitions set out in the law. The requirement of visual representation excludes from the scope of protection non-traditional trademarks such as olfactory, sound and gustatory marks. On the other hand, the protection of three-dimensional signs has been admitted in Brazil since the enactment of the current BIPL.

The BIPL sets out, in its Article 124, a list of examples of signs that are not registerable as trademarks. The list includes:

a signs of a generic, necessary, common, usual or merely descriptive character, when related to the product or service to be distinguished, or those commonly used to designate a characteristic of the product or service with respect to the nature, nationality, weight, value, quality and moment of production of a product or provision of a service, save when the sign is presented in a sufficiently distinctive manner;

b signs or expressions used only as a means of advertising;

c colours and their names, except when arranged or combined in an unusual and distinctive manner; and

d names, prizes or symbols of sporting, artistic, cultural, social, political, economic or technical official or officially recognised events, as well as imitations likely to cause confusion, save when authorised by the competent authority or entity promoting the event.

Trademark protection in Brazil is based on the first-to-file system. The BIPL states that the ownership of a mark is acquired by means of a validly granted registration, following which the title-holder has an established right to exclusive use of the trademark throughout the national territory.
Nevertheless, the BIPL also provides protection for the owners of trademarks not yet registered with the Brazilian Patent and Trademark Office (BPTO). One example of this protection is the right of prior use. This right applies to any person who, in good faith, at the date of priority or the filing date of the application, has been using an identical or similar mark for at least six months, in Brazil, to distinguish or certify a product or service that is identical, similar or akin. Such person has a preferential right to registration.

Another example is the protection afforded to trademarks that are well known in their field of activity, as per Article 6 bis (1) of the Paris Convention. Well-known trademarks are given special protection, independently of whether they have been previously filed or registered in Brazil. The BPTO has powers to reject ex officio a trademark application that wholly or partially reproduces or imitates a well-known trademark. On the other hand, in the event of the owner of a well-known trademark filing an opposition or an administrative nullity action based on its well-known trademark, it has a period of 60 days commencing with the filing of the opposition or administrative nullity action in which to file an application for the registration in Brazil of its well-known mark.

The BIPL also prescribes that signs that imitate or reproduce, wholly or in part, a third-party mark of which the applicant could not be unaware, owing to the commercial activity in which he or she engages, are not registerable as trademarks, if the sign is intended to distinguish a product or service that is identical, similar or akin to that covered by the existing mark and is likely to cause confusion or association with such third-party mark. As a consequence, the BIPL enables the owner of a trademark that has not yet been filed or registered in Brazil to challenge third parties who attempt to register similar or identical trademarks. Similarly to the situation mentioned in the above paragraph, the owner of the trademark has a 60-day term in which to file an application for registration of his or her mark in Brazil, with said period commencing upon the date he or she filed the opposition or administrative nullity action.

When applying for registration in Brazil there is no need to claim prior use or to submit proof of use of the trademark. Of note is that multi-class applications are not allowed in Brazil.

The trademark registration remains in effect for 10 years commencing with the date of its grant, and may be renewed for equal and successive periods.

iii Patents

The BIPL of 1996 establishes two types of patents: patents of invention and utility models. Further to Article 8, an invention is eligible for patent protection if it satisfies the requirements of novelty, inventive step and industrial application.

An invention will meet the novelty requirement if it is not part of the state of the art. The state of the art consists of everything that became known or accessible to the public prior to the filing date of the patent application, by use or by any other means, in Brazil or abroad, with a few exceptions provided by the BIPL. In addition, an invention is endowed with inventive step if, for a person skilled in the art, the invention does not derive in an evident or obvious manner from the state of the art. Lastly, an invention is capable of industrial application if it can be used or produced in any kind of industry.

An object of practical use or any part thereof is patentable as a utility model, provided it is capable of industrial application, presents a new form or arrangement and involves an inventive act that results in functional improvement in its use or manufacture. The requirement of inventive step in utility models requires a lesser degree of inventiveness.
The term of protection of patents of invention is 20 years and of utility models 15 years, commencing with the filing date of the respective application before the BPPTO. The law prescribes, however, that the term will not be less than 10 years for a patent of invention and seven years for a utility model, commencing with the date of granting, save where the BPPTO is prevented from carrying out the substantive examination of the application owing to a duly evidenced judicial dispute or for reasons of force majeure.

Inventions that are contrary to morality, customs or public safety, policy and health are not patentable. Neither are the following:

a. discoveries, scientific theories and mathematical methods;
b. purely abstract concepts;
c. commercial, accounting, financial, educational, advertising, raffling and inspection schemes, plans, principles or methods;
d. literary, architectural, artistic and scientific works or aesthetic creations;
e. computer programs per se;
f. presentation of information;
g. games rules;
h. surgical techniques and methods, as well as therapeutic or diagnostic methods, for application to humans or animals;
i. all or part of natural living beings or biological materials found in nature, even if isolated therefrom, including the genome or germoplasm of any natural living being, and the natural biological processes;
j. substances, materials, mixtures, elements or products of any kind, as well as the modification of their physical-chemical properties and the respective processes for obtainment or modification, when resulting from the transformation of the atomic nucleus; and
k. all or part of living beings, save for transgenic microorganisms that satisfy the three requirements of patentability and that are not mere discoveries.

According to the BIPL, a person who, in good faith, prior to the filing or priority date of an application, was using the object of the patent application, is allowed to continue the use, without onus, in the same manner and under the same conditions as before.

A patent confers on its title-holder the right to prevent third parties from, without his or her consent, producing, using, offering for sale, selling or importing a product that is the object of the patent, and a process or a product directly obtained by a patented process.

Finally, the BIPL authorises the patent applicant or title-holder to request a certificate of addition in order to protect an improvement or development introduced into the claimed invention that is the subject of a patent application or a granted patent, provided the same requirements for inventiveness are satisfied.

### iv Industrial designs

An industrial design is an ornamental plastic form of an object or an ornamental arrangement of lines and colours, which may be applied to a product, providing a new and original visual result in its external configuration, and that may serve as a model for industrial manufacture.

The industrial design is considered new when it is not included in the state of the art. The state of the art consists of everything made available to the public prior to the filing date of the application, in Brazil or abroad, by use or by any other means, with a few exceptions provided by the BIPL.
The industrial design is considered to be original when it results in a distinctive visual configuration, in relation to other prior objects. The original visual result may be derived from the combination of known elements. An application for an industrial design registration must refer to a single object. Multiple designs, however, are admitted under the BIPL. An application may include a plurality of variations provided that they are destined for the same purpose and retain the same predominant distinctive characteristic.

Creations of purely artistic character are not considered industrial designs. Furthermore, the necessary common or ordinary shape of an object or shapes, essentially determined by technical or functional considerations, cannot be registered as industrial designs.

Similarly to patents of invention and utility models, prior rights to users in good faith are also granted in connection with industrial designs.

The term of registration of an industrial design is 10 years from the filing date of the application, extendable for three successive periods of five years each.

v Trade secrets
The nature of trade secret protection in Brazil differs from the protection of trademarks and patents. Whereas owners of trademarks or patents have a property right, the owner of a trade secret has a right against acts of unfair competition. Trade secrets include confidential information related to business or administrative strategies, data submitted as part of an application for approval for the sale of certain types of products, and industrial and technological information.

To prove violation of a trade secret it is necessary to assert that the alleged infringing conduct is exactly that described in the statute, particularly in the BIPL of 1996.

The Brazilian Criminal Code also provides penalties for undue disclosure of a trade secret, and Brazilian employment law entitles employers to dismiss employees for 'just cause' (i.e., without compensation) if said employees expose trade secrets. A trade secret remains enforceable for as long as the information remains secret.

vi Software
The BSL states that the protection system for software is the same as that granted to literary works by the copyright statute. Nonetheless, this provision does not preclude a computer program from patent or trade secret protection.

Software is protected for a term of 50 years as from 1 January of the year following its publication or creation. As with any copyright work, software rights arise from creation regardless of registration, although registration is advisable.

vii Other intellectual property statutes and regulation
The regimes described above are the foundation of Brazil's intellectual property regime. Perceived gaps in the availability of protection for certain creations of the human endeavour have given rise to specific legislation. For instance, Brazil has enacted a law that provides for the protection of intellectual property of integrated circuits (Law No. 11.484/2007), and a Plant Variety Protection Law (Law No. 9.456/1997).

Trade dress can also be protected in Brazil under the unfair competition provisions of the BIPL.

In order to regulate the exclusivities related to intellectual property rights, the Brazilian government created certain administrative bodies. Of particular note related to the pharmaceuticals industry is the National Health Surveillance Agency (ANVISA), the
agency that regulates, controls, and inspects products and services that involve public health. ANVISA issues marketing authorisations for the sale of drugs in Brazil. Additionally, ANVISA is responsible for the examination of pharmaceutical patent applications, along with the BPTO, with regard to safeguarding human health.

II RECENT DEVELOPMENTS

i Brazilian Superior Court of Justice decides on the application of the right of precedence

An important decision was issued by the Brazilian Superior Court of Justice, on the Special Appeal No. 1,464,975, regarding the right of precedence. The BIPL (Law No. 9,279/96), in paragraph 1 of Article 129, prescribes that every person who, in good faith on the priority or filing date of a trademark application in Brazil, has been using an identical or similar mark in Brazil for at least six months to distinguish or certify an identical, similar or alike product or service, and shall have the right of precedence for the registration of such mark. From such wording, the BPTO understands that the right of precedence can only be argued before a trademark matures to registration (i.e., in an opposition). Following its rationale, the BPTO appealed a decision of the Federal Regional Court of the 4th Region that maintained a decision of the first instance that declared the nullity of a registration using as basis the right of precedence.

The BPTO sustained in its special appeal the understanding mentioned above, namely that the right of precedence can only be argued before a trademark matures to registration, and also argued that the nullity of a registration cannot be declared by judicial power, only by the BPTO itself as it is the entity responsible for the granting of trademark registrations in Brazil. The Brazilian Superior Court of Justice rejected the BPTO’s arguments and recognised that the right of precedence can be used as basis for contesting a trademark administratively, that is, in an opposition against a trademark application and in an administrative nullity action against a trademark registration, and also can serve as legal ground for a judicial nullity action, should the owner of the right of precedence opt to discuss the matter in court, whether or not he or she previous argued such right administratively in the BPTO.

ii The Apostille Convention enters into force in Brazil

In July 2015, the Brazilian National Congress approved the Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, which was enacted by Decree No. 8,660 on 29 January 2016. The Convention entered into force in Brazil on 14 August 2016.

Adopting the Convention is an important step to Brazil in view of eradicating delays related to the validation of foreign documents. Until 14 August 2016, in order to legalise a public document, one had to obtain diplomatic or consular legalisation. After the Convention entered in force in Brazil, the apostille, which unifies in one document all the information required to validate a public document issued in any of the countries that are members of the Convention, eliminates the need for the consular authentication process. The apostille certifies the signature, the position or title of the signer of the public document and also the authenticity of the seal or stamp attached to the document.

The certification process brought by the Apostille Convention simplifies the international circulation of public documents between Brazil and other countries that signed the Convention and, consequently, facilitates cross-border commercial and legal transactions.
and strengthens Brazil’s international credibility. According to the Brazilian government, the main purpose of entering the Hague Convention is to reduce the time spent and the costs borne by individuals and businesses on legalising documents, saving public funds as well.

### iii Priority examination of ‘green patents’ becomes a permanent procedure at the BPTO

After four years as a pilot programme, the BPTO decided to make the priority examination for ‘green technology’ a permanent service and published, on 6 December 2016, Resolution No. 175/16, which regulates such procedure.

This priority examination may be requested by applicants of patents related to the technologies listed in the Annex of Resolution No. 175/16, namely (1) alternative energy; (2) transportation; (3) energy conservation; (4) waste management; and (5) sustainable agriculture. In addition, there are requirements that must also be met in order for the applicant to enjoy the priority examination for his or her patents, which are (1) the application must have been published and in the event it is still within the secrecy period, an anticipated publication needs to be filed; (2) the technical examination must have already been requested but not yet initiated by the BPTO; and (3) the set of claims must contain at most 15 claims, with no more than three independent claims. Regarding any possible voluntary amendment that may be presented, the applicant will need to comply with the rule prescribed in Article 32 of the BIPL (i.e., the applicant may make changes to the patent application until the time of the request for examination, provided these are limited to the subject matter initially disclosed in the application).

### iv The BPTO’s New Guidelines for the examination of patent applications involving inventions implemented by computer program

The BPTO, in order to maintain transparency in the examination of patent applications, published, on 6 December 2016, Resolution 158/2016, which brings new guidelines for the examination of patent applications involving inventions implemented by computer programs.

First of all, it must be clarified that Brazil does not grant software patents – software referring to the literal elements of the source code, according to Article 10, item V, of the BIPL. Therefore, it should be noted that the Resolution correctly used the term ‘patents for inventions implemented by computer programs’.

It is important to mention that the BPTO has been granting patents for inventions implemented by computer programs for a long time, since an invention cannot be excluded from patent protection only because it is implemented by modern technical means such as software. Such understanding is corroborated by the fact that the BIPL authorises the granting of patents to products and processes and, therefore, a ‘process patent’ cannot be excluded from protection just because it is implemented by software. In addition, TRIPS also determines in its Article 27(1) that patents be granted for any product or process, in any technological area, provided that it meets the requirements of novelty, inventive activity and industrial application.

What needs to be evaluated for the protection a particular invention is ‘the means by which the technical problem is being solved’. Thus, if a process falls within the prohibitions of Article 10 of the BIPL, it is irrelevant whether it is implemented by software or not. Thus, by examining the claimed object, if a mathematical method is used as a solution to the
technical problem, it may be considered an invention, provided that it is not purely abstract. Therefore, methods that optimise hardware resources and confer greater reliability or security are patentable.

Hence, the use of a computer program is no longer a criterion for classification in the prohibitions of Article 10 of the BIPL. Accordingly, it is expected that, with the publication of Resolution No. 158/16, the technical examinations made by the BPTO will become more agile and easier, that is, less cautious in relation to the protection of the object of the invention, when it involves a computer program.

v The end of an impasse between the BPTO and ANVISA in relation to the granting of pharmaceutical patents

After years of an impasse between the BPTO and ANVISA, both entities have recently reached an understanding regarding the procedures to be followed by each one in the analysis of pharmaceutical patent applications.

Said impasse began when a statutory provision allowed ANVISA to get involved with the processes for the granting of pharmaceutical patents (the ‘prior consent’ after the patent examination by the BPTO). The justification for the prior consent was that the analyses done by ANVISA would be more thorough and more critical than the one made by the BPTO.

However, the inclusion of a second federal entity (ANVISA) for the analysis of pharmaceutical patents has greatly delayed the examination of patent applications.

The situation got worse when, in 2009, the Office of the General Counsel for the Federal Government published an opinion limiting the acting powers of ANVISA. Such opinion determined that ANVISA was to be limited to the evaluation of the safety and efficacy of medicinal products claimed in a patent application.

In 2012, the flow of examination was reversed in the sense that all processes in the pharmaceutical area would be first analysed by ANVISA, and then analysed by the BPTO. This measure, despite being put into practice, did not generate effective results in the granting of patents (i.e. the queue of unresolved applications only increased).

The impasse came to an end when, on 14 March 2017, the BPTO and ANVISA reported that a Joint Decree is soon to be published, defining the roles of each body in the evaluation of pharmaceutical patent applications. In short, the analysis of data related to health will be tasked to ANVISA, and the evaluation of data pertaining to patentability (novelty, inventive step and industrial application), to the BPTO.

vi Patent Prosecution Highway (PPH) pilot programme between Brazil and Japan

The Patent Prosecution Highway (PPH) is a project in which a patent application with claims that have been determined to be patentable in the Office of First Filing is eligible to go through a fast-track examination in the Office of Second Filing with a simple procedure upon the applicant’s request.

The President of the BPTO, Mr Luiz Otávio Pimentel, and the President of the Japanese Patent Office, Mr Yoshinori Komiya, signed on 16 March 2017, in São Paulo, Brazil, a Joint Undertaking to formalise a pilot project for a PPH between Brazil and Japan. The document was signed during a conference about intellectual property cooperation between the two countries.

Through the PPH, Brazilian patent applicants will be able to use the examination results of their patent applications in order to expedite the analysis in Japan and, in the same way, Japanese patent applicants will be able to use the examination results of their
patent applications in order to expedite the analysis in Brazil. During the pilot phase, which started on 1 April 2017 and will extend for a period of two years, a maximum of 200 patent applications will be accepted via PPH between the two countries.

In the pilot PPH, the BPTO will accept patent applications only related to information technology – a dynamic area that requires speedy analysis. On the other hand, Japan will accept patent applications in all fields.

The International Patent Classifications (IPC) accepted by PPH pilot programme will soon be announced, together with the Resolution that will regulate the pilot programme in the BPTO.

It is important to mention that Brazil already has a PPH pilot programme with the US, which started on 11 January 2016, and was also created to last two years (or until it has received 150 patent applications). Through this PPH pilot programme, until the time of writing, 40 patent applications have been included, with 38 via the BPTO and two via the USPTO.

Furthermore, discussions have begun in order to create a PPH pilot programme with the European Patent Office (EPO) and with countries of PROSUR (cooperation among intellectual property offices in South America).

III OBTAINING PROTECTION

The BIPL establishes two types of patents: patents of invention and utility models.

To be patentable, an invention must satisfy the following criteria: novelty, inventive step and capability for industrial application. An object of practical use or any part thereof is patentable as a utility model, provided it is capable of industrial application, presents a new form or arrangement, and involves an inventive act that results in functional improvement in its use or manufacture.

An invention will meet the novelty requirement if it is not part of the state of the art. The state of the art consists of everything that became known or accessible to the public prior to the filing date of the patent application, by use or by any other means, in Brazil or abroad, with a few exceptions provided by the BIPL.

An invention is considered obvious in view of prior art when it is considered that a person skilled in the art would naturally reach the solution proposed in the invention. The basic criteria involves identifying the nature of the problem for which a solution is sought, analysing the solution proposed by the invention in question and determining whether said solution is reached by way of a new or unexpected technical effect. Examples of aspects to be considered include the type of problems encountered in the art, the prior art solutions to these problems, the movement of persons skilled in the art in a different direction from that taken by the inventor, the new technical effect that can be achieved by the invention and commercial success.

The disclosure of an invention will not be considered to be state of the art if it occurred during the 12 months prior to the date of filing or of priority of the patent application, if made by the inventor; by the BPTO, by means of official publication of the patent application filed without the consent of the inventor, based on information obtained from him or her or as a results of his or her actions; or by third parties, based on information obtained directly or indirectly from the inventor or as a result of his or her actions.
IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

The BIPL provides that infringement of trademark, design, patent and geographical indication rights and acts of unfair competition constitute both a civil wrong (tort) and a crime. Hence, the injured party is entitled to rely on both civil and criminal measures in order to enforce its rights.

In addition, it is possible to file nullity actions against trademark, design or patent registrations or against administrative acts that annul trademark, design or patent registrations.

Border control mechanisms also feature as part of the Brazilian system of enforcement of IP rights. Federal Decree No. 6759 of 5 February 2009 includes authorisation for the customs authority to seize any products that it considers to bear altered or imitated marks. Furthermore, a trademark owner who has sufficient evidence of the planned import or export of counterfeit goods may request (setting out the facts or circumstances that give rise to suspicion) the seizure of such goods by the customs authority.

ii Requirements for jurisdiction and venue

Infringement actions must be filed before state courts, as the BPTO does not participate in such proceedings, whereas the nullity actions are heard by federal courts. This is because the BPTO is automatically a party to all nullity actions, and whenever a government agency is a party to a lawsuit, the action must be filed before federal courts.

The entry level (first instance) of the Federal Court of Rio de Janeiro has four courts specialising in intellectual property. At the appeal level, the Regional Federal Court of the Second Region, with jurisdiction over the states of Rio de Janeiro and Espírito Santo, has two specialist panels for intellectual property.

As for the civil proceedings, the injured party may file a lawsuit seeking the cessation of the infringing act, coupled with a claim for damages. The lawsuit may also include an ex parte preliminary injunction request, with a view to immediate cessation of the harmful conduct until a decision on the merits is rendered, subject to specific requirements of the Civil Procedure Code (CPC). In order to obtain a preliminary injunction, the plaintiff must demonstrate a prima facie good case (i.e., that there is a likelihood of success on the merits of the case, and that delay in granting the relief sought would be likely to give rise to harm that is irreparable or very difficult to redress).

The plaintiff may also seek the imposition of a daily penalty for failure to abide by the preliminary injunction. If the interim relief sought is granted, the defendant will be restrained from practising the infringing act pending a final and definitive ruling on the substantive lawsuit. In some circumstances, a court will only grant interim injunctive relief if the petitioner posts a bond or a fiduciary guarantee to cover any losses incurred by the respondent.

A criminal action requires the filing of a criminal complaint, save in the case of the crime against armorial bearings, crests or official public distinctions, be they national, foreign or international, in which case the criminal action will be public (i.e., commenced by the public prosecution service).

In terms of criminal proceedings, one very important provision is the possibility of filing a preliminary criminal search and seizure action, aimed at gathering evidence of acts of infringement and avoiding the destruction or hiding of evidence by the infringer. Pursuing a preliminary criminal search and seizure action is normally more straightforward than
undergoing the more complicated civil proceeding of early production of evidence. Given that it is possible to rely both in civil and criminal proceedings on the evidence obtained under search and seizure warrant, an application for preliminary criminal search and seizure is frequently a useful starting point for civil infringement proceedings as well as for criminal proceedings per se.

iii Obtaining relevant evidence of infringement and discovery

The CPC states that the plaintiff may draw on all legal and morally legitimate means of proving the existence of the rights asserted. It makes specific reference to ‘personal deposition’ (the giving or oral evidence by the person or persons asserting the rights); the exhibition of documents or other material; witness testimony; expert evidence and court inspections.

In addition, the CPC permits the court to direct early production of evidence. A party is therefore entitled to make an application for the production of expert evidence prior to the filing of the substantive lawsuit (or, post-filing, at an early stage of the proceedings). The plaintiff must demonstrate solid reasons for the application, for example, that there are reasonable grounds for fearing that, in the absence of an order for early production, the evidence in question may be lost or destroyed.

Discovery, in the form that exists in common law systems as a pretrial phase in a lawsuit, is not provided for in the Brazilian legal system.

iv Trial decision-maker

Infringement and nullity actions are heard by a single judge in the first instance. The appeal courts (second instance) consist of panels of three judges.

Experts can be appointed by the judge to assist with any technical issues involved in the case.

v Structure of the trial

Once the initial complaint is filed, the defendant is notified to present his or her response within 15 days. The plaintiff may respond to the defendant’s answer within 10 days. There are usually two hearings at first instance: a conciliatory or preliminary hearing, in which the parties try to settle the case amicably; and an evidentiary hearing, in which the expert and the parties’ technical assistants may be cross-examined as to their findings, in the event of a dispute between them (the relevant questions having been filed and responded to in writing prior to the hearing – the scope of the cross-examination being issues that remain in dispute); depositions are taken from the parties and the witnesses listed are heard. It is important to note that this second hearing occurs only in cases where there is a need for evidence to be produced.

At the close of the hearing, the judge may immediately make a final order (final decision of the first instance) or may direct that the parties submit final briefs. In the latter case, the judge will make the final order following the submission of the briefs and its consideration.

It is possible to file an appeal against this order to a state court of appeal. The final order on appeal of the state court of appeal may be challenged, provided certain legal requirements are met, by a further appeal, known as a ‘special’ appeal, to the Superior Court of Justice, or an ‘extraordinary’ appeal to the Federal Supreme Court.

A final decision on infringement and nullity actions may take between one and two years at first instance. A final decision on second instance may take up to two years. These
time frames will vary according to the complexity of the case, and the state and court in which the lawsuit is filed. Preliminary injunctions may be granted immediately, provided the legal requirements are met.

vi Infringement

Patent infringement can be literal or by equivalence.

According to Article 41 of the BIPL, the scope of the protection conferred by the patent shall be determined by the content of the claims, and interpreted on the basis of the specifications and drawings.

Article 42 of the BIPL states that a patent confers on its title-holder the right to prevent a third party from, without his or her consent, producing, using, offering for sale, selling or importing a product that is the object of the patent, and a process or a product directly obtained by a patented process.

The title-holder is further assured the right to prevent third parties from contributing to the perpetration by others of the acts described above.

vii Defences

In a civil infringement action, the defendant in its reply may assert facts that impede, modify or terminate the plaintiff’s right. In addition to its reply, the defendant may also file a counterclaim against the plaintiff, if the legal prerequisites are duly met.

In relation to criminal actions, an allegation of nullity of the registration on which the action is based may be relied upon as a defence. Acquittal of the defendant, however, will not automatically lead to nullity of the registration, which can only be requested in an action before the competent courts.

The most common defences to patent infringement are patent invalidity (e.g., lack of novelty, or part of the state of art) and non-infringement.

With regard to non-infringement, Articles 43 and 45 of the BIPL provide exceptions to patent infringement, such as:

a private acts without commercial purpose, that do not jeopardise the economic interests of the patent holder;
b acts of experimental purposes in connection with scientific and technological studies and research;
c preparation of a medicine in accordance with a medical prescription for individual cases;
d a product manufactured in accordance with a process or product patent that has been introduced onto the domestic market directly by the patent holder or with his or her consent;
e non-economic use of the patented product as an initial source of variation or propagation to obtain other products, in the case of patents related to living material;
f production of data and results of tests with the purpose of obtaining the authorisation for commercialisation of the patent product after the term of the patent expires; and
g use, in good faith, of the object of the patent prior to the priority or filing date of the patent application.

viii Time to first-level decision

A final decision on infringement and nullity actions may take between one and two years at first instance. A final decision at second instance may take up to two years.
will vary according to the complexity of the case, and the state and court in which the lawsuit is filed. Preliminary injunctions may be granted immediately, provided the legal requirements are met.

ix Remedies

Civil remedies include: an order for the immediate cessation of the infringing act and damages. The lawsuit may also include an *ex parte* preliminary injunction request, with a view to immediate cessation of the harmful conduct until a decision on the merits is rendered, subject to specific requirements of the CPC.

In order to obtain a preliminary injunction, the plaintiff must demonstrate a *prima facie* good case (i.e., that there is a likelihood of success on the merits of the case, and that delay in granting the relief sought would be likely to give rise to harm that is irreparable or very difficult to redress). The plaintiff may also seek the imposition of a daily penalty for failure to abide by the preliminary injunction.

If the interim relief sought is granted, the defendant will be restrained from practising the infringing act pending a final and definitive ruling on the substantive lawsuit. In some circumstances, a court will only grant interim injunctive relief if the petitioner posts a bond or a fiduciary guarantee to cover any losses incurred by the respondent.

In relation to the quantum of damages payable for infringement, the BIPL applies a triple criteria calculation, so that damages are fixed on the basis of the criterion that is the most beneficial to the injured party, chosen from the following list: the benefit that the injured party would have obtained if the violation had not occurred; the benefit actually obtained by the author of the violation of the rights; or the remuneration that the author of the violation would have paid to the proprietor for a licence for use of the protected rights.

Criminal remedies include: preliminary criminal search and seizure measures, imprisonment of the infringer and fines. The BIPL also establishes that anyone who manufactures a product that is the subject matter of a patent of invention or of a utility model patent without authorisation from the owner, or uses a means or process that is the subject matter of a patent of invention without authorisation from the owner, shall be subject to imprisonment for a period of three months to one year, or a fine.

Additionally, the BIPL establishes that anyone caught exporting, selling, displaying or offering for sale, keeping in stock, concealing or receiving to use for economic purposes a product that is manufactured infringing a patent of invention or an utility model patent, or that is obtained by a patented means or process; or caught importing a product that is the subject matter of a patent of invention or a utility model patent, or obtained by a means or process that is patented in Brazil, to use for an economic purpose, which has neither been placed on the foreign market directly nor with the consent of the patent owner, is subject to imprisonment for a period of one to three months, or a fine.

The same penalty applies to anyone caught supplying the component of a patented product or material or equipment with which to carry out a patented process, provided that the final application of the component, material or equipment of necessity leads to the use of the subject matter of the patent.

x Appellate review

The CPC sets out various avenues of appeal, to which parties may resort. There are both appeals on the merits (substantive issue) of a case and appeals on procedural grounds or relating to questions other than the substantive issue. The possible forms of appeal include
motions based on conflicting case law, motions for clarification of the ruling and appeals based on internal court rules. The final decision of the first instance court, for example, may be challenged on appeal before the state court of appeal. From the appeal court, a further appeal is possible on issues pertaining to federal law, to the Superior Court of Justice or, in the event of a constitutional issue arising, to the Federal Supreme Court.

The appeal courts consist of panels of three judges. A final decision on second instance may take up to two years. This time frame will vary according to the complexity of the case, and to the court and panels handling the matter. Appeals to the Superior Court of Justice or to the Federal Supreme Court are estimated to take between two and four years to be analysed and have decisions issued.

xi Alternatives to litigation
The BIPL does not have any provision related to ADR. Arbitration proceedings are governed by the Arbitration Law. Although arbitration is not commonly used in trademark and patent infringement cases, the parties may agree to arbitration instead of resorting to the courts. Among the possible benefits of using arbitration are the comparative speed of proceedings and their confidentiality.

V TRENDS AND OUTLOOK
With the objective of reducing the great internal backlog of work that has been delaying the examination of all applications and petitions, the BPOT created, through Normative Ruling No. 66, of 14 February 2017, a working group that started its activities on 6 March 2017. The group will analyse and prepare technical reports for approximately 50,000 appeals filed against the rejection of trademarks in order to support the decisions to the issue by the President of the PTO on the appeals. According to official information provided by the BPOT, it is currently analysing appeals filed in 2008.

On 15 July 2016, the BPOT issued Resolution No. 170 regarding the ‘e-CONTRATOS’ system, which allows the user to file any petition and document regarding contracts online. One of the innovations brought by Resolution No. 170 is that documents must be submitted as a copy of the original, sparing the need (and costs) to obtain certified copies, except when specifically requested by the BPOT. On the other hand, it will be a burden on the petitioner to keep the original of any document submitted, in the event the BPOT asks to verify the original. Between the transitional period of 15 July 2016 and 31 December 2016, in addition to the online filing through e-CONTRATOS, users were able to file form petitions as well. However, as of 1 January 2017, the BPOT has only accepted petitions and documents filed through the e-CONTRATOS system.

Decree No. 8,854 was published on 23 September 2016, establishing a new organisational structure for the BPOT. The main objective is to optimise the administration and improve the operational development of the BPOT. One of the relevant measures brought by the new structure is the extinction of the contracts directory, and the determination that the General Coordination of Technology Contracts, which is responsible for the registration of contracts involving the transfer of technology and franchising, and the recordal of contracts that licence and assign industrial property rights, is now a singular specific organ subordinated to the presidency of the BPOT.
CANADA

Adam Haller and Kristin Wall

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Canada provides statutory protection for patents, trademarks, copyright and industrial designs, and common law protection for trade secrets and against passing off. The relative importance of each of these rights depends primarily on the type of protection that is required and the kinds of third-party activities that are of concern.

i Patents

Pursuant to the Patent Act, an inventor may obtain a patent for any new, useful and non-obvious art, process, machine, manufacture or composition of matter or any new, useful and non-obvious improvement thereof. Patents are issued by the Canadian Intellectual Property Office (CIPO) and are presumptively valid for 20 years from the date of filing with, historically, no ability to renew or extend. Amendments to the Patent Act brought to implement the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU would permit an extension of up to two years for certain pharmaceutical patents in certain circumstances.

A patentee has the exclusive rights to make, use and sell their patented invention. Any act that interferes with these rights constitutes an act of infringement. Infringers are liable for any damages to the patentee or any person claiming under the patentee, as well as for potential equitable relief, such as a permanent injunction or disgorgement of profits.

ii Trademarks

Trademarks find their origin in both common law and statute. Pursuant to the Trademarks Act, the holder of a registered trademark can take action against any person using the trademark or a confusingly similar trademark. A registered trademark may be enforced anywhere in Canada. A registered trademark holder is not required to establish goodwill or a reputation as a prerequisite for enforcement. This is not the case where a party relies on unregistered common law rights and must show a reputation in order to enforce its rights.

A registered trademark holder can also bring an action where use of its trademark by a third party depreciates the goodwill associated with that trademark even in the absence of confusion. This may apply where unauthorised use of the trademark stands to tarnish or dilute its value and is typically alleged in cases of comparative advertising or spoof products.

1 Adam Haller is an associate and Kristin Wall is a partner at Norton Rose Fulbright Canada LLP.
2 RSC, 1985, Chapter P-4.
3 RSC, 1985, Chapter T-13.
Trademark registrations are valid indefinitely, as long as the appropriate renewal fees are paid. If a registered mark is not used in the marketplace for an extended period of time, however, a third party can seek to expunge the registration for non-use.

### iii Copyright

The Copyright Act\(^4\) prevents the unauthorised copying, performance or publication (where not already published) of original artistic, dramatic, musical and literary creations. Registration of copyright is not a prerequisite for enforcement but provides the registration holder with the presumption of ownership and subsistence of copyright in any eventual enforcement proceedings.

In general, the term of copyright protection is the life of the author plus 50 years. Where the author is unknown, the term is restricted to 50 years after the first publication of the work. In neither case is the term extendable or renewable.

The Copyright Act also grants moral rights to the original author of a work. These rights comprise the right of attribution in association with the work and the right to the integrity of the work, which includes: the right not to have the work altered in some cases; and the right not to have the work associated with a product, service, cause or institution. Moral rights cannot be assigned and remain in the hands of the author even if the copyright has been assigned.

The Copyright Act also contains a reversion provision under which, with some exceptions, any assignment or grant of interest in copyright ends 25 years following the author's death with the rights reverting back to his or her estate.

### iv Industrial designs

The Industrial Design Act\(^5\) allows for the registration of original visual features of shape, configuration, pattern and ornament that appeal to and are judged solely by the eye applied to a manufactured article. Designs must be registered within 12 months after being published and are valid for 10 years provided that the appropriate maintenance fees are paid. The 10-year term of industrial design registration cannot be extended or renewed.

### v Trade secrets

There is no trade secret legislation in Canada. Instead, these rights are protected by contract law (e.g., confidentiality agreements) and in some cases according to the common law relating to fiduciary and related obligations.

### vi Other IP statutes and regulations

The regimes described above are the foundation of Canada’s IP landscape. Perceived gaps in the availability of protection for certain technologies have given rise to speciality legislation. For example the Plant Breeders’ Rights Act\(^6\) provides protection for new plant varieties, while the Integrated Circuit Topography Act\(^7\) covers the three-dimensional configurations of electronic circuits embodied in integrated circuit products or layout-designs.

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\(^4\) RSC, 1984, Chapter C-42.
\(^5\) RSC, 1985, Chapter I-9.
\(^6\) SC 1990, Chapter 20.
\(^7\) SC 1990, Chapter 37.
vii Pharmaceuticals

Canada has adopted a number of regulations that play an integral role in the protection of IP relating to pharmaceuticals.

The Patented Medicines (Notice of Compliance) Regulations\(^8\) (the PM(NOC) Regulations) link the patent status of brand-name medicines with the regulatory approval process for generic drug products. The PM(NOC) Regulations provide a mechanism whereby a ‘first person’ (typically a brand-name manufacturer) who has received approval to sell a new drug is permitted to identify and enforce certain types of patents against a ‘second person’ (typically a generic drug manufacturer) that files a drug submission for authorisation to market a bioequivalent product. The regulations set out a scheme for: the listing of patents in relation to a drug product on a patent register (akin to the US Orange Book); the service of a notice of allegation (akin to a US certification letter) in which the generic manufacturer can make allegations of non-infringement, invalidity or both; the commencement of court proceedings by the first person to prevent the Minister of Health (the Minister) from approving the generic product; the exchange of evidence and cross-examinations; and a hearing on the merits.

Upon making such an application to the Federal Court, the Minister is automatically prohibited from issuing market authorisation to the generic manufacturer until the application is dismissed or two years have passed, whichever is sooner. If the first person is unable to prove that the generic manufacturer’s allegations of invalidity or non-infringement are not justified, the court will refuse to issue a prohibition order and the Minister will be free to approve the generic drug. A successful generic drug manufacturer has a cause of action against the first person for damages (referred to as Section 8 damages) caused by the delay in its market approval.

Also particular to the pharmaceutical field is a statutory period of data exclusivity under the Food and Drugs Act and Regulations available for eligible innovative drugs that contain previously unapproved medicinal ingredients.\(^9\) Under this scheme, a generic drug manufacturer is prohibited from relying on data submitted for the innovative drug directly or indirectly for eight years from the date of first approval of the innovative drug. The data exclusivity period can be extended for a further six-month term for paediatric studies in some cases.

II RECENT DEVELOPMENTS

i Jurisprudence

The Federal Court of Appeal has recently ruled on a number of important issues in trademark law including:

\( \quad \text{a} \) the non-registrability of a trademark that is merely descriptive of the place of origin of the goods;\(^10\)

\(^{8}\) SOR/93-133, as amended.
\(^{9}\) Food and Drug Regulations, SOR/2006-241, Section C.08.004.1.
\(^{10}\) MC Imports Inc v. AFOD Ltd, 2016 FCA 60.
b the appropriateness of using the Federal Court’s summary trial procedure in certain circumstances (this particular case included clear counterfeiting with a defence that the Court described as ‘specious’);\textsuperscript{11}

c the availability of accounting of profits in a trademark case; and\textsuperscript{12}

d the jurisdiction of the Federal Court to order the transfer of a domain name from an infringing party.\textsuperscript{13}

The British Columbia Court of Appeal also recently held that confusion may arise from the use of a confusing domain name alone, without reference to the underlying website.\textsuperscript{14}

In February 2017 the Federal Court granted a request for a interlocutory injunction in a trademark case concerning alleged infringement of a well-known slogan.\textsuperscript{15} Based on the evidence presented, the court held that in the absence of an injunction pending trial, the plaintiff would be irreparably harmed by confusion leading to loss of distinctiveness and depreciation of goodwill that would be impossible to quantify. Interlocutory injunctions have historically been difficult to obtain in intellectual property cases. This case may provide a path for those seeking similar relief.

In March 2017, the Federal Court released its first decision substantively applying the Copyright Act provisions that prohibit the circumvention of technological protection measures.\textsuperscript{16} Nintendo of America Inc brought the case against a corporate respondent that sold products allowing users to play illegally downloaded games on Nintendo game systems. These products worked in a number of different ways including by: (1) mimicking the physical characteristics of genuine game cards; (2) mimicking computer code and encryption/scrambling circuitry of genuine game cards; and (3) modifying or disabling certain software and security routines on the consoles.

The court held that sale of these devices constituted a breach of the Copyright Act’s prohibitions on the circumvention of technological protection measures. The court agreed with Nintendo that Nintendo’s use of special physical configurations on its consoles and game cards (game cards having a specific shape, size and arrangement of electrical connections designed specifically for use with each respective console) constituted a technological protection measure for the purpose of the Copyright Act. The court also accepted Nintendo’s approach to damages and awarded statutory damages based on the number of game titles to which the defendant’s devices permitted access (585 individual titles) rather than the number of technological protection measures that were circumvented. The total damages awarded for the circumvention came to over C$11 million (C$20,000 for each of the 585 titles) as well as an additional $1 million in punitive damages.

iii Legislative developments

In mid-2016, amendments to the Patent Act and the Trademarks Act came into force creating a statutory privilege for communications between patent or trademark agents and

\textsuperscript{11} Kwan Lam v. Chanel S. de R.L., 2016 FCA 111.

\textsuperscript{12} Philip Morris Products SA v. Marlboro Canada Ltd, 2016 FCA 55.

\textsuperscript{13} Michaels v. Michaels Stores Procurement Company, Inc, 2016 FCA 88.

\textsuperscript{14} Vancouver Community College v. Vancouver Career College, 2017 BCCA 41.

\textsuperscript{15} Sleep Country Canada Inc v. Sears Canada Inc, 2017 FC 148.

their clients in certain circumstances. These provisions also apply to communications with a patent or trademark agent outside of Canada where such communications are privileged in that jurisdiction.

In October 2016, Canada signed the Comprehensive Economic and Trade Agreement (CETA) and quickly introduced legislation (Bill C-30)\(^\text{17}\) to implement changes to Canada’s IP laws. Some of the most dramatic changes are in the area of pharmaceutical patents. The proposed changes include: patent term restoration (via ‘certificates of supplementary protection’) of up to two years for time spent under regulatory approval, a right of appeal from unsuccessful applications under the PM(NOC) Regulations and replacing the current summary proceedings conducted under the PM(NOC) Regulations into full actions resulting in final determinations of patent infringement and validity. The legislation leaves a number of important details to be worked out in regulations that have yet to be released. Bill C-30 is in its final stages of government approval, having been passed in the House of Commons and the Senate.

### III International developments

In early 2017, the NAFTA arbitration tribunal released its decision in a case brought by Eli Lilly and Company against the Government of Canada in relation to the loss of certain patent rights under the utility and promise doctrines. The tribunal dismissed the claim holding that Eli Lilly and Company did not demonstrate that its loss of certain patent rights was a result of a ‘fundamental or dramatic change’ in Canadian patent law.

### III Obtaining protection

#### i Patents

Patentable subject matter is circumscribed by Section 2 of the Patent Act, which defines an invention as any new and useful art, process, machine, manufacture or composition of matter. Higher life forms, such as plants and animals, are not patentable. Compounds, microorganisms, peptides, proteins or other biological material and their uses are generally patentable, provided that the conditions of novelty, non-obviousness and utility are met.

Similarly, the Patent Act dictates that no patent will be granted for any mere scientific principle or abstract theorem. There is no *per se* exclusion for business method patents in Canada.\(^\text{18}\) However, a mere practical embodiment or application is not a sufficient basis for patentability. Claims to an unpatentable novel formula or abstract idea will not be saved by the fact that they contemplate the use of a physical tool (e.g., a computer) to give the formula a practical application.

At one time, methods of medical treatment were excluded by statute. While that provision was repealed many years ago, courts have continued to invalidate claims to methods of medical treatment, often on the basis that they are in essence directed to the unpatentable exercise of professional skill. These ‘methods of medical treatment’ include surgical techniques and dosing ranges but do not typically capture diagnostic methods. Recent case law and corresponding guidance from CIPO suggest that fixed dosages and fixed dosing schedules

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\(^{17}\) Bill C-30, *An Act to implement the Comprehensive Economic and Trade Agreement between Canada and the European Union and its Member States and to provide for certain other measures*, 1st Sess, 42nd Parl, 2016.

\(^{18}\) *Canada (Attorney General) v. Amazon.com, Inc*, 2011 FCA 328.
are patentable subject matter. In the context of novel pharmaceutical compounds, or old compounds for which a new medical use has been discovered, the prohibition on patenting methods of medical treatment can sometimes be accommodated by claiming the use of the compound for the treatment of a disease or as a Swiss-style use claim.

The Patent Act provides a one-year grace period in which disclosures made by an inventor or a person who received information directly or indirectly from the inventor will not be citable as anticipatory prior art against the inventor’s own application for the same invention. Any other public disclosure made prior to the filing date (or priority date if applicable) is citable.

ii Trademarks
Statutory trademark rights are obtained through registration. An application for trademark registration may be based on prior use of the trademark in Canada, proposed use in Canada (with the registration being issued once use has been confirmed) or use and registration abroad. For goods, a trademark is ‘used’ when it is marked on the goods or their packaging, or associated with the goods in any other manner such that notice of the association between the mark and the goods is given at the time of transfer. For services, a trademark is ‘used’ if it is used or displayed in the performance or advertising of the services.

While the majority of registered trademarks are either words or two-dimensional designs, recent amendments specifically contemplate and facilitate the registration of non-traditional trademarks such as scents, sounds, textures and 3D shapes.

The Act prohibits the registration of certain trademarks, for example, trademarks that are:

a a word that is primarily merely the name or surname of an individual;
b clearly descriptive or deceptively misdescriptive of the goods or services for which registration is sought;
c the name in any language of the goods or services; or
d confusing with a registered trademark.

Third parties may oppose an application on a number of grounds including that the trademark is not registrable or that the trademark is confusing with a trademark or trade name previously adopted by the third party.

iii Copyright
Copyright automatically subsists in all original literary, dramatic, musical or artistic works subject to certain requirements relating to the author or creator’s citizenship or residency. Copyright protection attaches to the concrete form of expression and does not extend to protect ideas, opinions, plans, schemes, or methods underlying the particular written expression thereof.

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19 Abbvie Biotechnology Ltd v. Canada, 2014 FC 1251.
20 Amendments to the Trade-marks Act, which have received royal assent but have not yet been implemented, eliminate ‘use’ as a prerequisite to registration.
The requirement of originality has been interpreted to mean that the work required the exercise of skill and judgement. Originality may be found in the selection or arrangement of existing works, such as in a compilation. In such cases, copyright may exist in the constituent parts and separately in the compilation as a whole.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement
The Federal Court of Canada shares jurisdiction with the provincial superior courts in most enforcement matters. However, the Federal Court has exclusive jurisdiction to invalidate a patent or trademark *in rem*, or to issue a declaration of non-infringement. The Federal Court also has exclusive jurisdiction in other special cases, such as certain stages of litigation under the PM(NOC) Regulations.

While most IP cases are heard in the Federal Court, it has no jurisdiction to hear claims based solely in common law. Therefore, actions related to trade secrets and breaches of confidential information, or ownership of intellectual property, must be brought in one of the provincial superior courts.

ii Requirements for jurisdiction and venue
A patentee or ‘person claiming under the patentee’ may sue for patent infringement. The term ‘person claiming under the patentee’ has been held to include both exclusive and non-exclusive licensees.

While any person sued for patent infringement can allege in defence that the patent is invalid as between the parties, the Patent Act also provides that any interested person can seek a declaration of invalidity that will be effective *in rem*.

Similarly, if a person has reasonable cause to believe that their actions or proposed actions may constitute patent infringement, that person may seek a declaration of non-infringement in the Federal Court.

iii Obtaining relevant evidence of infringement and discovery
Typically, evidence is collected from opposing parties through documentary and oral discovery proceedings. Whether a party is entitled to documentary or oral discovery, or both, depends on whether a proceeding is brought as an action or an application.

*Anton Piller* orders (i.e., civil search warrants for the purpose of preserving evidence that is in danger of being destroyed) are available in Canada, but the threshold to obtain them is high. Also, the orders must be executed carefully to avoid later scrutiny from the court. These orders are primarily used in the context of counterfeit goods.

iv Trial decision-maker
All matters before the superior courts and Federal Court are heard by a single judge. None of these courts have specialised judges to deal with intellectual property matters. As a result of the focused nature of the Federal Court’s jurisdiction, however, many of the judges of that court have developed considerable expertise in dealing with complex intellectual property matters.
v  Structure of the trial
As patent trials are typically complex, the liability and validity issues may be separated from the quantification of damages. If this type of bifurcation is ordered, then document production, examinations for discovery, and the hearing are restricted to issues of validity and liability. If the patent is held to be valid and infringed, then damages are quantified in the second phase of the case.

The general rule in civil litigation is that the party that makes an allegation must prove it on a balance of probabilities. A plaintiff in an infringement action must establish all of the facts on which its claim is based. A defendant raising a positive defence must establish all of the facts on which its defence is based.

Patents and other intellectual property registrations benefit from a presumption of validity. In the case of patents for example, a plaintiff in an infringement action need not prove that the patent is valid as a prerequisite to asserting it.

Expert witnesses are typically called upon to testify in complicated IP cases. While the role of an expert witness is to assist the court, experts are retained by the individual parties. Parties are limited to five experts in most cases.

The Federal Courts Rules allow for jointly appointed experts, conferences of experts before trial and a practice sometimes referred to as ‘hot-tubbing’, wherein experts give their evidence at trial concurrently.

vi  Infringement and defences

Patents
Patent claims must be read purposively in light of the entire specification. The description portion of the specification cannot be used to expand or limit the scope of the claims and extrinsic evidence is inadmissible. The courts have rejected an approach to claim construction based on the spirit or substance of an invention, as this would run counter to the public interest in being put on notice by the patent claims. An unnecessary limiting element in a patent claim may be considered a self-inflicted wound on the part of the patentee. There is no doctrine of file wrapper estoppel in Canada.

Infringement must take place in Canada to be actionable. Infringement is deemed to take place in Canada when an imported product is made abroad by a process covered by a Canadian patent. Similarly, if an important intermediate in a manufacturing process is covered by a Canadian patent, the importation of the final product into Canada will be considered an infringement. A party that knowingly induces another party to infringe a patent is liable for infringement.

A defendant is entitled to allege patent invalidity as part of its defence. While lack of novelty and obviousness are common grounds of invalidity, cases based on lack of utility or sufficiency of disclosure have become more prominent in Canadian jurisprudence.

Other defences to patent infringement provided for in the Patent Act and by common law include prior use, experimental use and repair, and exhaustion of rights, among others.

Trademarks
Infringement under the Trade-marks Act is deemed to take place when a person sells, distributes or advertises goods or services in association with a confusing trademark. In determining whether the use of the trademark would likely lead to confusion, the Court will consider: (1) the inherent distinctiveness of the trademarks and the extent to which they have
become known; (2) the length of time the trademarks have been in use; (3) the nature of the goods, services or business; (4) the nature of the trade; and (5) the degree of resemblance between the trademarks in appearance or sound or in the ideas suggested by them.\textsuperscript{21} Other statutory and common law causes of action relate to the goodwill associated with a trademark and damage caused to such goodwill by virtue of another party’s use of the exact trademark, or a confusing trademark.

\textbf{Copyright}

It is an infringement of copyright for any person, without consent, to do anything that under the Copyright Act only the owner of the copyright has the right to do. As the set of rights varies depending on the precise type of work, what constitutes infringement varies from case to case. In general, infringement occurs where a party copies an original work or a substantial part thereof. There are a number of exceptions and defences available, notably fair dealing for the purpose of research, private study, education, parody or satire.\textsuperscript{22}

\textbf{vii Time to first-level decision}

The time to a first-level decision depends on a number of factors, including: the venue in which the case is brought; the manner in which it is brought (action or application); the scope and complexity of the allegations and defences; and most notably, the conduct of the parties.

Patent cases tend to be complex and are typically decided within 24 to 36 months of the day the case is filed. Applications and other summary proceedings proceed to hearing faster than actions, typically in the range of 12 to 18 months.

\textbf{viii Remedies}

\textbf{Pretrial remedies}

Interlocutory injunctions are seldom issued in IP cases as a person must be at risk of irreparable harm to warrant the grant of an injunction pending trial. This has been very difficult to establish in IP cases. Two recent cases, however, show that in certain circumstances, the Federal Court will grant interlocutory relief.\textsuperscript{23}

\textbf{Post-trial remedies}

Post-trial remedies typically include damages, permanent injunctions or both, which unlike interlocutory injunctions are consistently awarded in IP disputes.

Damages are intended to compensate the plaintiff for its lost profits arising from the infringement of its rights. Damages for convoyed sales and other losses may be recoverable in some cases. In most cases, the court has the discretion to award the plaintiff an accounting of the defendant’s profits in lieu of damages.

Punitive and exemplary damages can be awarded in certain IP disputes. While these remedies are generally considered rare, the Federal Court of Appeal recently upheld an award

\textsuperscript{21} Trade-marks Act, RSC, 1985, Chapter T-13, Sections 6, 20.

\textsuperscript{22} Copyright Act, RSC, 1984, Chapter C-42, Sections 27, 29.

of punitive damages in a patent case in which the Court held that a ‘sophisticated’ defendant had exhibited ‘deliberate and outrageous’ conduct by making an infringing product that it ‘knew or should have known’ was the subject of a patent.24

Other common remedies include: declarations of infringement, non-infringement and invalidity of the applicable registration; delivery up or destruction of offending goods; and pre- and post-judgment interest on any monetary awards.

In general, a successful party is entitled to its costs of the litigation on a partial indemnity basis, plus compensation for reasonable disbursements.

ix Appellate review

Decisions of the superior courts and the Federal Court can be appealed as of right to the provincial courts of appeal or the Federal Court of Appeal respectively, all of which typically sit in three-member panels. As in the courts of first instance, there are no specialised appeal panels that deal exclusively with IP matters.

The standard of review varies depending on the nature of the decision under appeal. On determinations of fact, trial judges are given significant deference. A factual determination will only be overturned on the basis of a palpable and overriding error. In contrast, legal determinations made by the trial judge are assessed on a standard of correctness. With few exceptions, new evidence is not admissible on appeal.

Appeals from the courts of appeal are available with leave to the Supreme Court of Canada. Leave is only granted in cases of national and public importance.

x Alternatives to litigation

While there are alternatives to litigation, they are limited in scope. The Patent Act does not include a formal opposition procedure. A party wishing to oppose an application may file prior art in protest to an application. Re-examination may also be requested on the basis of prior art. In neither case does the objecting party play an active role.

By contrast, the Trade-marks Act provides for pre-registration opposition proceedings. These oppositions can be far more cost-effective than litigation before the Federal Court. At the opposition stage, the legal onus is on the applicant to establish that its application is in compliance with the Act, whereas once registered, the onus is on the challenger to establish that the registration should be expunged.

V TRENDS AND OUTLOOK

i Legislative amendments

A number of legislative amendments have already passed and received royal assent over the past few years particularly in the area of trademarks. The stated purpose of many of these amendments was to ensure compliance with Canada’s obligations under the Singapore Treaty on the Law of Trademarks, the Nice Agreement and the Madrid Protocol. Many of these amendments, while passed, are not yet in force and are expected to be implemented over the next 24 months.

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ii Jurisprudence

There are two decisions pending from the Supreme Court of Canada with potential to significantly impact IP rights in Canada. Both cases were heard in the autumn of 2016 with decisions expected shortly.

In November 2016, the Supreme Court of Canada heard arguments in *AstraZeneca Canada Inc v. Apotex Inc* (36654). This case is an appeal from a decision of the Federal Court of Appeal upholding the invalidation of a patent owned by AstraZeneca on the basis of lack of demonstrated or soundly predicted utility. One of the most hotly debated issues in patent law is whether a patent is or should be invalid where an otherwise useful invention fails to live up to statements in the patent that the invention will achieve a particular result. The distinction between a ‘promise’ and a statement of potential advantage or hope is often difficult to predict. Many in the field hope that the Supreme Court will take this opportunity to provide guidance on many contentious issues regarding the doctrine of the ‘promise of the patent’ and the utility requirement.

In December 2016, the Supreme Court of Canada heard arguments in *Equustek Solutions Inc v. Google Inc* (36601). The issue in the case is whether a Canadian court had jurisdiction to require Google to remove an entire website from its search results anywhere in the world. In the underlying case, Equustek, a manufacturer of networking devices for industrial equipment, brought an action for violation of trade secrets and trademarks against a number of defendants. Equustek obtained orders against the defendants, prohibiting them from carrying on business through any website. Notwithstanding the orders against them, the defendants continued to operate through a ‘complex and ever expanding network of websites’. While Google agreed to remove specific URLs from its search results from searches originating in Canada, Equustek sought the broader order, which was granted by the Supreme Court of British Columbia in a decision upheld by the British Columbia Court of Appeal. The Supreme Court of Canada’s decision will have a significant impact on the manner in which rights holders will be able to enforce judgments in their favour.

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25 Trial decision paragraph 7.
I  FORMS OF INTELLECTUAL PROPERTY PROTECTION

The main types of intellectual property protection in Chile are the following: patents, trademarks, utility models, industrial designs, new plant varieties and copyright. In addition, there is also legal protection for microorganisms, undisclosed information (in the pharmaceutical and agro-chemical fields), appellations of origin and trade secrets.


In addition, Chile is a party to most of the main international treaties and agreements on intellectual property, such as the Paris Convention on Industrial Property, the Berne Convention on Copyright, the Patent Cooperation Treaty (PCT), the WIPO Convention, the TRIPS Agreement (1994) as well as to several trade treaties containing extensive chapters on intellectual property, such as, the free trade treaties with the United States (2004), Canada (1993), Mexico (1999), Australia (2009), Japan (2007), China (2006), South Korea (2004) and the Economic Cooperation Agreement with the European Union (2003).

Until last year Chile was one of the negotiating parties of TPP, which finally did not get through owing mainly to the withdrawal of the United States. In addition, Chile is one of the current members of the Pacific Alliance, in which IP has been one of the subjects under discussion.

During the present year, INAPI,2 which is the Chilean patent and trademark office, has executed several pilot agreements for a patent prosecution highway (PPH), in order to accelerate the prosecution of patent applications under determined conditions. At the time of writing this chapter, PPHs have been agreed and executed between Chile and Japan, Canada, Peru, Mexico and Colombia.

The following is a summary of some of the main types of intellectual property forms included in the Chilean legislation and practice.

i  Patents

Chilean law contains fairly strong protection for patents.

Patents can be obtained for inventions and these are defined in the law as ‘any solution for a technical problem resulting in an industrial activity’.

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1 Marino Porzio is founding partner of Porzio Ríos García, a firm that was founded in 1993 as Porzio, Ríos & Asociados.

2 Instituto Nacional de la Propiedad Industrial.
Patents are granted for products and for processes related to a product. Inventions applying for a patent can refer to any field of technology and are supposed to comply with the traditional patentability criteria of novelty, inventive step and industrial applicability.

Patent applications are subject to examination as to substance which is a mandatory phase of the proceedings and they are also subject to the possibility of opposition after the publication of the application in the Official Gazette.

Patents are granted for a 20-year term counted from the date of application. Extension of the protection term is possible in very specific cases. Although patents may be granted for inventions in any field of technology, there are certain cases that Chilean law does not consider ‘inventions’ and therefore they cannot be patentable or, while having all the characteristics of an invention, the law does not allow the granting of a patent.

The main cases of no patentability are the following:

a. discoveries, scientific theories and mathematical methods;

b. plants and animals, except microorganisms. However, it is to be noted that while plants cannot be the subject of a patent, they are nevertheless the subject of special protection under a special law on new plant varieties;

c. systems; methods; and economic, financial, commercial or business principles or plans and those referring to purely mental or intellectual activities or gambling;

d. methods for surgical or therapeutic treatment for human beings or animals, as well as diagnosis methods for the human or animal body with the exception of products designed for implementing these methods; and

e. new uses; changes of shape, dimensions or proportions; changes of material of products. However, the new use of already known articles, objects or elements, can be the subject of patent protection when such new use may solve a technical problem, which did not have previously an equivalent solution, provided this new use may comply with all patentability requirements. In these cases, the new use is to be proved with experimental evidence included in the patent application.

The Patent Law provides for a special 12-month grace period in favour of novelty and inventive step, when a possible disclosure of the invention or elements of same results directly or has been authorised by applicant or when disclosure results from possible attempts of unfair competition infringement against applicant.

Chile is a full member of the Paris Convention, TRIPS and the PCT.

ii Trademarks

 Trademarks are protected by Chilean law upon registration. Registration has a duration of 10 years and it can be renewed indefinitely.

Any sign can be registered as a trademark in Chile; provided it can be represented in a graphic form and it may able to distinguish products or services in the market. Chilean law provides also that marks can be applicable as a distinctive sign to commercial and industrial establishments.

Signs that can actually be registered as trademarks may consist of words, including names of people alive or dead, letters, numbers, figurative elements such as images, symbols, graphics, combinations of colours, slogans, sounds, as well as any combination of these.
Essential requirements for a mark to be registered in Chile are mainly originality and the capability of distinctiveness.

Moreover, there are signs that cannot be registered as trademarks. This is the case of the names of states, flags and other symbols of any state or international organisations; the name or portrait of a person without authorisation; expression or signs indicating gender, nature or origin of a given product; marks, which are identical or confusingly similar with marks already registered in Chile for the same goods or services, and, if registered abroad, when they enjoy fame and notoriety in the public sector that normally makes use of those products or services in the country of the original registration.

Chile has adopted the Nice International Classification of Goods and Services for the Registration of Trademarks.

Applications for the registration of trademarks may include several classes and will result in a single registration covering all classes, which are the subject of the grant of registration.

Chilean law does not provide for the protection of three-dimensional trademarks.

Chilean law also provides for the registration of collective and certification marks.

It is interesting to note that Chilean law does not provide for the mandatory use of registered trademarks. Therefore, there is no possibility of initiating a legal action against a registered trademark based upon this circumstance.

### iii Utility models

Utility models may consist of instruments, tools, devices, mechanisms, where the shape is instrumental and may thus be claimed either because of its external aspect or because of its working and provided this shape may be useful by providing a contribution to the function they are intended for or an advantage or new technical effect.

Utility models are subject to rules similar to patents although much simpler.

The law provides for a 10-year protection period from the date of filing.

### iv Industrial drawings and industrial designs

These two forms on industrial property protection is provided for two-dimensional and three-dimensional shapes, with or without colours, of any industrial article that may serve as a model for the manufacture of similar products, when their shape, geometry, ornamentation or the combination of these may produce a special appearance, resulting in a new physiognomy.

The law further provides that containers can be protected as an industrial design and cloth printing and stamping as industrial drawings.

Protection for these two figures will be granted for a term of 10 years from the date of filing.

### v Plant varieties

Plant varieties are not patentable in Chile. In fact, the Chilean Industrial Property Law especially provides among the clauses of ‘non-patentability’, the impossibility of obtaining a patent for a plant. However, the same provision of the Law makes reference to the rights provided for in the Plant Breeder’s Rights Law.

The Plant Breeders’ Rights Law (Law No. 19.342) provides a sui generis kind of protection, plant variety protection, which consists of the registration of the protected plant in the National Register of Protected Varieties, administered by the Seeds Department of the Ministry of Agriculture.
Chile is a member of the UPOV, and adopted the 1978 Act in 5 January 1996, but has not yet acceded to UPOV 1991.

As a member of the UPOV 1978 Act, Chile has adopted all its provisions regarding priority rights (12-month term), novelty (no offer for sale in Chile for more than 12 months, and no offer for sale abroad for more than six years for tree and vine species and for more than four years for other species), term of protection (minimum of 18 years for vines and trees and 15 years for other species), and scope of protection (restricted to the reproductive material of the variety).

vi Copyright
Copyright in Chile is governed by Law No. 17,336, originally enacted in 1970, which has been successively amended. The last amendment was made in 2010 and this is the text actually in force.

The law protects those rights, which, by the sole fact of the creation of a particular work, are acquired by their authors in the field of literature, art or science, regardless of their form or expression. According to the Berne Convention, no formalities are required to obtain protection.

Copyright covers moral and economic rights that protect ownership, exploitation and the integrity of a particular work.

The law covers the rights of Chilean authors, performers and producers as well as those of foreign nationals residing in Chile. Foreign nationals not residing in Chile have their protection recognised by the treaties Chile is a party to. These are, among others, the Berne Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention (UCC), the Inter-American Convention on Copyright and the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome Convention on Copyright Related Rights) (1961).

The law especially protects books, leaflets, periodicals, reviews, articles and writings; lectures, speeches, lessons or similar works, either written or recorded versions; dramatic and musical works; paintings, drawings, photographs, engravings; architectural projects, sculptures and works of figurative arts, adaptations, translations; video and slide shows and software, among others.

The protection of copyright in Chile lasts for the author’s life and 70 years thereafter.

The law provides for some limitations and exceptions to copyright for institutions of higher education, high schools and schools, in respect of courses taught in any form, provided they are not partially or wholly published without the authorisation of their authors. The same is applied for the reproduction of architectural works through photography, cinema, television or other similar process, as well as for the publication of the corresponding photographs in newspapers, periodicals, reviews, books and texts intended for educational purposes.

In Chile there is an official Copyright Registry, where rights and connected rights may be registered, although actual protection is granted without need of registration.

The owner of copyrights or related rights is entitled to file civil or criminal judicial actions in case of infringement and request the ceasing of the infringer’s unlawful activity, as well compensation for the economic and moral damage suffered. Infringers may be condemned to fines and in certain cases even to imprisonment.
vii Microorganisms

Chile is a member of the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure of 28 April 1977, since the publication of Decree No. 81 from the Ministry of Foreign Affairs on 18 November 2011.

According to the provisions of the Budapest Treaty, on 26 March 2012, the Chilean Collection of Microbial Genetic Resources operative unit of the Agricultural Research Institute acquired the status of International Depositary Authority (IDA), being the first one in Latin America.

The Budapest Treaty ensures that an applicant for a patent need not deposit the biological material in all countries where patent protection is sought. The applicant needs only to deposit the biological material at one recognised institution, and this deposit will be recognised in all countries party to the Budapest Treaty.

Having accepted a microorganism for deposit, tested its viability and issued the receipt and viability statement, the IDA is obliged to maintain the microorganism according to the provisions of Rule 9, which states:

Any microorganism deposited with an international depositary authority shall be stored by such authority, with all the care necessary to keep it viable and uncontaminated, for a period of at least five years after the most recent request for the furnishing of a sample of the deposited microorganism was received by the said authority and, in any case, for a period of at least 30 years after the date of the deposit.

viii Undisclosed information

Discussion in the past 10 years has focused mainly on pharmaceutical and agrochemical inventions and their protection, and led to the inclusion of provisions for the protection of undisclosed information in the Industrial Property Law and its several amendments.

This was also the result of more serious and detailed examination related to the issuance of marketing authorisations for new pharmaceutical and agrochemical products by the government authorities in charge, such as the National Health Institute – part of the Health Ministry – for pharmaceuticals and similar services for agrochemical products by the Ministry of Agriculture. Submission of new products to marketing authorisation implies the filing of sometimes complex, voluminous and expensive scientific or clinical data, normally containing highly sensitive and confidential information, which is essential for the production of the products to be sold. Moreover, this information refers to aspects of a particular product that are not normally disclosed and whose knowledge provides their owners with a competitive advantage that often exceeds the product for which authorisation is requested and may extend to similar products as well.

The law provides several definitions and rules the normal conduct in these cases and, in particular, eventual misconduct.

Probably the most important aspect of these provisions is that they provide for the obligation to the authorities of not disclosing the information filed in the context of the authorisation proceeding for a particular product, for five years for pharmaceutical products and 10 years for agrochemical products.
ix Appellations of origin

Appellations of origin and geographical indications are subject to special protection. In both cases the law protects a name that identifies a particular product as originating in a country, region, territory, when the quality, reputation or other characteristics of the product can be linked to the geographical origin of the same.

The Industrial Property Law has included these two figures in the last amendments of the same and has provided a very similar definition for each without elaborating on the differences or rather, on the rather very special characteristics of each.

Although appellations of origin can be considered an old form of industrial property protection originating mainly in European countries (France, Germany, Italy, Spain, Portugal, etc.) and used mainly for wines, although also for other agricultural products, it was a subject of international discussion at the TRIPS negotiations where it was accepted by some countries but not by others. The compromise seems to have resulted in an attempt to protect geographical indications and to avoid any conflict or confusion with the protection afforded to trademarks.

The international discussion has not yet been concluded.

Chilean law has thus maintained both legal figures, which have been useful in particular for registering a number of new local appellations of origin, as well as for the recognition of well-known foreign appellations of origin and besides, to permit to lawfully deny their registration in Chile as local trademarks.

x Trade secrets

Trade secrets were included for the first time in Chile in Industrial Property Law 19,039, and called 'enterprise secrets'. A trade secret is any knowledge of products or industrial processes that when maintained a secret, gives its holder a competitive advantage.

There are few other provisions directed mainly at the violation of the secret and the unlawful acquisition of the same.

The Criminal Code of Chile contained a provision since its very first version, namely the 1874 text (Criminal Code, Article 284). The application of such a provision together with the provision contained in the Industrial Property Law, is the subject of litigation, especially in cases of actions related to labour law and specifically to cases where an employee has left a company. Most of the cases, however, end up in settlement, and do not reach final decision of the Courts.

II RECENT DEVELOPMENTS

In the past 10 years, intellectual property policy and administration has reached a good professional level in Chile. Decisions and policies when in line with the obligations of the TRIPS Agreement and thereafter with the several negotiations Chile has undertaken in the framework, in particular of new free trade agreements, has certainly resulted in an important modernisation of the country's intellectual property system in every respect.

This can be noticed in amendments to legislation, in the strengthening and improvement of the administration, in the incorporation of the customs authorities in the struggle against counterfeiting, and in the creation of special branches of the national police to address counterfeiting. These measures have certainly contributed to create better knowledge at the national level of intellectual property and its importance for development, trade and have provoked a broader public discussion on the main intellectual property issues.
On the improvements of the administration of intellectual property, it is interesting to point out two significant facts.

Chile acceded to the PCT in March 2009. On 4 October 2012, the Chilean Patent and Trademark Office was designated as International Searching Authority of Patents and International Preliminary Examining Authority of Patents by the Treaty’s General Assembly in Geneva.

When Chile acceded to the Budapest Treaty for the Protection of Microorganisms, the operative unit of the Ministry of Agriculture in charge of the Chilean Collection of Microbial Genetic Resources acquired the status of IDA, being the first in Latin America to be entrusted with these responsibilities.

The above two facts have and are certainly contributing to the further improvement of the country’s administration and also to the improvement of the general atmosphere for the respect of intellectual property.

Finally, as indicated above, Chile has agreed several PPH protocols in order to accelerate the examination of patent applications.

### III OBTAINING PROTECTION

As explained in the section on patents, Chilean law provides for the protection of inventions in all fields of technology, with the exception of cases where the law does not consider the subject matter an invention or does not consider the subject matter as patentable.

Moreover, in connection with certain specific matters where sometimes laws may differ, we can perhaps add the following:

- genetic material and notably isolated DNA sequences are normally patentable in Chile provided they have a function or they are associate to a function;
- genetically altered cells are patentable in Chile since they are considered similar to living beings;
- methods of production in cells, plants animals are normally patentable except in cases when they are essentially biological;
- business methods are not patentable;
- computer software is not patentable in Chile, although it can be protected through copyright;
- methods for treating patients are not patentable; and
- patents of use (Swiss-style claims) are accepted and normally used in Chile for protecting ‘use’ claims in patent applications comprising chemical or agro-chemical compounds, compositions or formulations.

### IV ENFORCEMENT OF RIGHTS

One of the most important innovations of the last amendment of the Industrial Property Law was the inclusion for the first time of the possibility to file civil actions in case of breach of rights protected by the Industrial Property Law. In effect, the last two laws on industrial property, the first dating back to 1931, only established the possibility of filing criminal proceedings that proved to be ineffective for the type of problems arising from the field of industrial property. This happened in part as a result of the drafting of the legal provision as well as of the lack of interest and sophistication of the courts in dealing with these cases. The provisions on the matter were further weakened by the modification introduced by Law
19,039 of 1991 that imposed on the claimant the obligation to prove the breach itself and also the fraud incurred by the defendant, which unnecessarily hindered the possibility of an effective proceeding.

If these matters were less important in the 1930s, when the above first law was promulgated, the development of the industrial and commercial activities in recent years urgently required more efficient legal provisions for the enforcement of industrial property rights.

The provisions of the new law represent evident progress in this field and the practical application thereof should result in the more effective protection of industrial property rights in relation to the increased number of infringements.

The legal framework established by the new law is discussed below.

i  Civil actions

In case of infringements to industrial property law rights, according to Article 106 of the new law, holders of these rights shall be entitled to file a civil complaint requesting:

- a  cessation of the acts that breach their rights;
- b  recovery of damages; and
- c  the adoption of necessary measures to avoid the continuance of the breach.

The legislator included a complete array of measures to provide a solution to the problems resulting from a breach. In this respect, the possibility to claim damages is established, which in the past was impossible unless the defendant had first been convicted or at least indicted after a long criminal proceeding.

In order to improve the effectiveness of these actions, in Article 107 of the new law the legislator provided that these actions will follow the rules of a ‘summary proceeding’ stipulated in the Code of Civil Procedure that is submitted to substantially shorter terms than those of an ordinary proceeding, and whereby results would be obtained within a reasonable time. This aspect is especially relevant when considering that breaches are normally related to economic or commercial activities, when a late decision, even if it is favourable, can become completely useless.

Regarding compensation of damages, Article 108 of the new law entitles the claimant to elect one out of three possible systems for determining its amount, namely:

- a  the profits that the claimant has ceased to receive as a consequence of the breach;
- b  the profits obtained by the infringing party as a consequence of the breach; or
- c  the price that the infringing party would have had to pay to the holder of the right by the granting of a licence, considering the commercial value of the infringed right and the contractual licences that could already have been granted.

The new law also contemplates the possibility of obtaining all kinds of precautionary measures in these proceedings; this involves a clear signal regarding the importance the legislator attaches to this matter that should serve as a support to the courts. The law especially refers to five precautionary measures:

- a  order for the immediate cessation of the acts constituting the alleged breach;
- b  seizure of the product that is the object of the alleged breach and the materials and means used to commit it. In the case of trademarks, this measure would comprise the seizure of packaging, labels and advertising material containing the trademark that is the object of the alleged breach;
c appointment of one or more auditors;
d prohibition to advertise or promote the products that are the cause of the alleged breach in any manner; and
e retention by a loan institution or a third party designated by the court of the assets, funds or securities originating in the sale or marketing of the products that are the cause of the alleged breach.

The precautionary measures can be required within the framework of the same breach proceeding or as prejudicial measures; in addition, with the same character and by express decision of the law the measures set forth in the Code of Civil Procedure can be applied for.

This set of provisions, which is entirely new in the industrial property legislation, constitutes a sound basis for ensuring the observance of rights regulated by this law and its practical application is expected to demonstrate its effectiveness.

In view of the extremely positive preceding picture, it is difficult to understand the need for the inclusion in the new law of a provision such as its Article 109, which stipulates: ‘Without prejudice to the other actions contemplated in this title, the persons having marketed products that infringe an industrial property right shall not respond for damages, unless the same persons has manufactured or marketed the products being duly aware that they were committing a breach of an industrial property right.’

In effect, in the modern business world it seems incredible that a person is able to infringe a patent, trademark or any other industrial property right, without knowing exactly what he or she is doing.

ii Criminal actions

Following the model of the previous laws, the new law also provides rules for a criminal action in case of infringement of property law rights.

As in Law 19,039, the application of these provisions requires in most cases the existence of fraud or the intention to defraud on the part of the assumed infringing party as a circumstance that the holder of the infringed right should first prove, in addition to the breach itself.

As has been mentioned, it is difficult to imagine cases of infringement of industrial property rights, especially patents and trademarks, wherein the assumed transgressor is not clearly aware that his or her action constitutes a breach of a third party’s right.

In addition to the above situation, it is pertinent to state that the fines being contemplated, which can be between approximately US$1,700 to US$57,000, are virtually symbolic in the business and industrial world, even if the court applies the highest stipulated bracket.

Notwithstanding the foregoing, the new law includes some additional provisions that improve those previously existing and that, in view of their strictness, the absence of exceptions and material consequences could have some dissuasive effect in these cases. There is an express provision in the hypothesis of a breach of patents, whereby the objects illegally produced shall be destroyed and, assuming infringement of a trademark, the objects bearing the forged trademark shall also be destroyed.

However, as already pointed out, the introduction of the possibility to file a civil action and an immediate claim of damages in cases of breaches of industrial property rights are likely to limit the application of the above-described penal actions to cases of a criminal nature.
V TRENDS AND OUTLOOK

Chilean intellectual property law is undergoing major revision. In fact, on 26 April 2013, the government submitted a new draft Law on Industrial Property to Congress, covering every aspect of the law and introducing several entirely new matters. Discussion on this new draft took place mainly during 2014 and 2015, but it is still uncertain when it will be completed. In fact, the discussion during 2016 was almost non-existent, and the draft is still waiting in Congress for further discussion.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Almost all kinds of intellectual property rights are available in China except some minor aspects that may not be fully recognised and protected, such as data exclusivity.

China joined the World Intellectual Property Organization (WIPO) in 1980 and the Paris Convention in 1985, and is now a member of TRIPS and all other major IP conventions and treaties.

The current Trademark Law entered into effect on 1 May 2014 (i.e., the third amendment of the 1982 Trademark Law, which replaced the early 1950 trademark regulations and was modified twice in 1993 and 2001). Approximately 200,000 trademark applications were filed in 2000, and about 3.691 million trademark applications were filed in 2016, of which 3,526,827 were domestic, with foreign applications possibly being 164,173 (less than 6 per cent), and the total valid registrations were 12,376 million, of which 11,143,475 domestic registrations remain valid. For comparison, in 2015, the total number of trademark applications was 2,876,048, including 2,699,156 domestic (93.85 per cent) and 176,892 foreign (6.15 per cent), bringing the total number of accumulated trademark applications to over 18,402,700; and the 2015 added registrations were 2,226,441, including 2,077,037 domestic and 149,404 foreign, pushing up the total registrations to over 12,253,900, of which 10,343,900 registrations remained valid by the end of 2015. China is a member of both the Madrid Protocol and the Madrid Agreement, and had 60,205 Madrid International applications entered into China in 2015, and the China-originated international applications totalled 3,014 as filed in 2016.

The Patent Law was adopted in 1985 and was modified in 1992, 2000 and 2009, and a further amendment is still on the way. The Law includes three categories of patents: patent for invention, patent for utility model and patent for industrial design. 3,464,824 patent applications were filed in 2016, of which 1,338,503 were inventions (1,204,981 domestic and 133,522 foreign, about 9.98 per cent), 1,475,977 were utility models (1,468,295 domestic and 7,682 foreign, only 0.52 per cent), and 650,344 designs (631,949 domestic and 18,395 foreign, about 2.83 per cent). By the end of 2016, total valid invention patents are 1,772,203 (of which 614,000 are foreign, 34.6 per cent), total valid utility models 3,154,485 (3,118,410 domestic and 36,075 foreign, about 1.1 per cent) and total valid designs 1,358,550 (1,250,570 domestic and 107,980 foreign, about 7.9 per cent), and still the retention rate of foreign-owned Chinese patents is higher. China is a member of the Patent Cooperation Treaty (PCT) and had 44,992 PCT applications filed in 2016, of which about 42,200 were
domestic and about 2,800 foreign. More than half of the PCT applications (i.e., 23,574) were from Guangdong Province, while Beijing had 6,657, Jiangsu had 3,213, Shanghai had 1,560, Shandong had 1,399 and Zhejiang had 1,214 PCT applications, respectively, filed in 2016. These six provinces and municipalities took about 90 per cent of PCT filings in China, and are the only ones having over 1,000 PCT applications in a year.

The Copyright Law was adopted in 1990 and modified in 2000. Copyright registration is optional under the Berne Convention but good evidence is needed to prove authorship and ownership, which is now especially useful in challenging some trademark disputes. The Protection of Integrated Circuit Layout-Design Regulations were adopted in 2001, and since then, a total 15,535 applications were filed and 14,043 certificates issued, of which 2,360 applications were filed and 2,154 certificates issued in 2016.

The Law Against Unfair Competition was adopted in 1993 and includes a provision for trade secrets, and a provision for restriction of using registered or well-known marks (e.g., in corporate names). The Regulation of Customs Protection of Intellectual Property was adopted in 2003, after China joined the World Trade Organization in 2002, and was modified in 2010; it offers protection of IP rights at the border.

The Anti-monopoly or Antitrust Law was adopted in 2007, providing regulatory means for a better environment of commerce and trade, under which a few cases were concluded preventing some transactions from going through, and there were various antitrust cases involving foreign parties, in areas of beverages, auto parts, telecommunications, and the imposed administrative fines may be as high as US$0.8 billion. The Technology Import and Export Regulations (2001) specify requirements for prohibited, restricted and normal technology in cross-border technology transactions, which require local recordation of normal technology transfers (which should mean both of assignment and licence), even if they are not prohibited or restricted (as seen in a list being updated from time to time). At least Chinese licensees may need such approvals of recordation of technology transfers as one of the documents for sending out the royalty payments in foreign currency from Chinese banks.

Hong Kong standard patents may be based on the corresponding Chinese patents, as well as UK patents and European patents designating the UK, through two-step processing. Hong Kong short-term patents and design patents are also available and can be filed directly there. Macau patents may be based on the corresponding Chinese patents, which need to be requested for registration after grant of the Chinese patent.

Further, the Supreme Court has occasionally issued judicial interpretations of various laws, for example, Provisions regarding Several Issues of Application of Laws in Handling Patent Dispute Cases (2001), which was amended in 2013 and 2015; Measures for Civil Disputes of Registered Trademarks, Trade Names with Prior Lawful Rights (2008): Interpretations of Several Issues of Application of Laws in Handling Infringement of Patent Right Cases (2009, effective 2010), which is the first such Interpretations; and Measures for Administrative Appeal Cases of Determination of Registrability of Trademarks (2010). These provisions, measures or interpretations provide more guidance for resolving disputes that are not clearly provided for in the laws.

Intellectual property is recognised as an asset or commodity. Regulations of Patent Pledge Registration were adopted in 2010, replacing the previous Measures for Registration of Patent Pledge Contracts of 1996. Likewise, trademarks may also be pledged as collateral for security interests as specified in the Regulations of Registration Procedures of Registered Trademarks of 2009.
II RECENT DEVELOPMENTS

Under the current Trademark Law of 2014, the Trademark Office does expedite the office procedures to about nine months. After 14 March 2016, modification of descriptions of goods or services and the evidence for use in several cases may have become easier for foreign applicants, although there are still some troubles; but notarisation and legalisation are still required for further appeals to the court for proper identity or authorisation or entitlement for execution of documents. The new Trademark Examination Standards was adopted in December 2016, as being modified from the 2015 version, which has set forth: (1) the examination standards for sound marks; (2) issuance of official action before the refusal or rejection, giving a chance of rebuttal or communication; (3) standards for prohibited marks under Article 10 of the Trademark Law; (4) prohibiting trademark agencies from registering marks in any other classes than trademark agency services; (5) specified a term of one year for not allowing registration of any same or similar mark after the mark becoming withdrawn, invalid or expired under Article 50, and within the one-year term permitting citation of such withdrawn, invalid, or expired marks against others, but not the cancelled marks for three-year non-use; (6) the standard for determining parties with any prior dealing or business relationship in a bad faith registration situation; and (7) the standards for determining parties with special interests, such as licensees and successors, etc.

The Supreme Court Second Interpretations of Several Issues of Application of Laws in Handling Infringement of Patent Right Dispute Cases 2016 has been effectively applied to the cases by the Beijing IP Court, especially the principles of claim construction (Articles 4–13 thereof); the concept of contributory and inducement infringement (Article 21); and the calculation damages and evidence associated therewith (Articles 18, 19, 27, 28). The Beijing IP Court granted a 50 million yuan damages award in its judgment for patent infringement of Chinese Patent No. ZL200510105502.1 in December 2016, the highest since its establishment on 6 November 2014, including 49 million yuan damages calculated based on the formula of calculation of profitability offered by the plaintiff while the defendant could not prove actual profitability; and 1 million yuan attorneys’ fees, which was calculated based on the hours of attorneys’ work for the first time ever. In another judgment for patent infringement of Chinese Patent No. ZL02139508.X in March 2017, the Beijing IP Court granted a damage award of 9.1 million yuan, calculated on the basis of three times reasonable royalties, and the judgment touched upon the indirect infringement as well, while denying a joint infringement claim. In particular, the court said:

Article 9 of the Law of Infringement Liability sets forth: ‘a person who teaches and assists others to perform infringing acts should be jointly liable together with the actors’. If the person provides others with products to perform patent infringement acts, without authorisation of the patentee, for the purposes of production and business operation, with knowledge that the products are materials, equipment, parts and intermediate articles used specially for the exploitation of the patent, such acts of the provider belong to assisting others to perform infringing acts under Article 9 of the Law of Infringement Liability. Normally, indirect infringement should rely on, as prerequisite, the existence of direct infringement. However, it does not mean the patentee shall prove that the other party or parties have actually performed the direct infringement acts; and it should be sufficient to just prove that the users’ usage of the alleged infringing products in according to the prescribed

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2 The Trademark Office's measures to facilitate trademark processing.
manner of the products would fully cover the technical features of the patent right; and the finding of indirect infringement would have nothing to do with whether or not the users should be liable for infringement. The reason for such interpretation is because the parties who carried out the technical features ‘fully covered’ by the patent claims at issue are mainly users, and the users may not constitute patent infringement because they are not for the purposes of production and operation, with respect to certain method of use patents. Hence, it would result in inadequate legal protection for the patents relating to methods of use, if mechanically applying the rule that ‘indirect infringement should rely on, as prerequisite, the existence of the direct infringement’, and this would be against the initial intention of granting patents for such methods of use.

After the establishment of three special intellectual property courts in Beijing, Shanghai and Guangzhou on 6 November 2014, more special intellectual property tribunals were established, respectively, in the intermediate courts of Nanjing City and Suzhou City in January 2017 owing to the increase of intellectual property cases, and in 2016, by mid-November, the Beijing IP Court alone had received 9,196 cases, among which 1,581 cases were patent disputes, 5,028 trademark disputes, 385 copyright disputes, etc., for the first instance cases, and for the second instance, seven patent, 109 trademark, and 1,698 copyright disputes, etc.; and the Court had concluded 5,739 cases during the same period.

More important for patent matters is the modified Examination Guidelines, which are effective from 1 April 2017. The 13 modified parts may refer to the following aspects:

a. leaving the possibility open for computer software-related inventions, by stating that any e-commerce related claim containing not only business rules and method, but also technical features, shall not be precluded from being considered for patent, that it is the computer program per se as only embedded on a computer-readable medium be non-patentable subject matter (as being distinguishable from a computer-readable medium with computer program-related invention), and that a computer program-related system may be defined with ‘program module’ rather than ‘functional module’ in claims;

b. sufficient support should be determined in light of the specification and claims, but post-filing experiment data shall be examined, and the technical effects to be proved by the post-filing data shall be obtained by the person skilled in the art from the disclosure of the application (for chemical or pharmaceutical inventions);

c. during the invalidation procedure, the petitioner may submit additional invalidation reasoning and detailed comments for the patentee’s claim amendment with further limitations (rather than cancellation) within the specified term by the Patent Re-examination Board, because it is now possible to amend claims not only by cancelling claims or a technical solution from claims or simply combining the existing claims, but also allowing adding further limitations and correcting obvious errors; the further limitation should refer to adding one or more technical features from the other existing claims to narrow the scope of protection;

d. it is now possible to search and copy the files of a pending patent application even if the application has not been allowed and fully granted; and

e. the Patent Office should assist the courts for preservation of property according to a temporary restraining order for a specified term, which may be extended or continue for a further term if the court requests again before expiration of the current term.
III OBTAINING PROTECTION

This section focuses on major issues related to obtaining patent protection in China, namely patent preparation and prosecution, and also briefly touches on trademark applications and prosecution.

i Patentable subject matter limitations

Article 25 of the Patent Law specifies non-patentable subject matters in China, which include scientific discovery; rules and methods of mental activities; methods of diagnosis or treatment of diseases; animal and plant varieties; and substances obtained by means of nuclear transformation.

Accordingly, computer software or business method-related inventions are limited to the extent that they may not be viewed as ‘mental activities’ as so claimed. Generally, it requires the ‘3T test’ for determination, to see if a claimed subject can be defined as a technical solution, resolving a technical problem and achieving some technical effects. Pure computer software or a recorded medium is not patentable subject matter, but a claim may pass if a claimed method (based on flow charts) meets the 3T test, or a claimed system (based on functional modules, not necessarily hardware) meets the 3T test. This is similar to European practice, but much stricter. With the modified Examination Guidelines (effective as of 1 April 2017), a claim may contain computer software or program, or business method, features, and will not be rejected right away as non-patentable subject matter (it would have been rejected in the past), and the claimed subject matter will be examined as a whole to see if any of the inventive features as identified over the prior art are technical features or directed to resolve a technical problem, or both, with technical effects under the current practice. A medium only with a recorded or embedded computer program per se will still be non-patentable subject matter, but any other technical feature may render it a patentable subject matter.

A method of diagnosis or treatment of diseases claim is not acceptable, but a Swiss-style claim may be.

Animal or plant varieties are not patentable subject matter, but a separate Regulation for Protection of New Plant Varieties (1997) offers protection for plant varieties, which are registered at an office under the Ministry of Agriculture.

Generally, biological material (meaning any material containing genetic information and being capable of reproducing itself or reproduced in a biologic system) is a patentable subject matter. A microorganism may be patentable only if it is isolated into pure culture and has an industrial use, while a natural microorganism without any artificially induced treatment is not patentable.

A gene or DNA fragment and a process for obtaining the same may be patentable subject matter if it is isolated or extracted for the first time from nature, and its base sequence is unknown in the prior art and can be definitely characterised. Further, a gene (or DNA fragment), vector, recombinant vector, transformant, polypeptide or protein, fused cell, monoclonal antibody, inter alia, may be patentable if it involves technology for manipulating genes artificially through, for example, the recombination of genes or cell fusion.

In any event, both an embryonic stem cell from human beings and the preparation thereof are not patentable subjects. The following are also not patentable: the human body at various stages of formation and development, including germ cell, oosperm, embryo and the entire human body.
Deposition of genetic material must be made before filing the first patent application anywhere in the world and the resulting certificate should be submitted in the Chinese patent application.

**ii Sufficient disclosure and support (enabling requirement)**

Sufficient disclosure or support objections often appear in Chinese patent prosecution. Such objections are not easy to overcome because no substantial amendment can be made, nor can any embodiment or example or experimental data be added once the application has been filed, even if it was first filed in a foreign country. Therefore, it has drawn the attention of patent practitioners around the world to find some strategy to overcome this when preparing the first or home-country filing.

One aspect is formal support as some examiners may require the same language of claims to be used in the description or specification, which may be known as literal support. Another aspect is sufficient disclosed embodiments or examples, not just one, in order to support any broader term used in the claims, which may be known as substantive support. This means a person skilled in the art may foresee any extension of the embodiments as so disclosed, which may not be the same as the enabling requirement in the United States though it is similar. It is the foreseeability that matters, namely any broader term or terms or descriptions in the claims may be directly or unambiguously derived from the disclosed embodiments or contents. The other aspect is the experimental data for chemical and pharmaceutical-related inventions, that is, qualitative and quantitative data are both required, in addition to any statement of properties of compounds or composition. If any experimental data is left out, it may result in a final rejection. The claimed invention may be limited to whatever has been disclosed, narrowing down to the disclosed embodiments only, if experimental data or examples are not sufficiently presented to prove any technical effects so stated. Affidavit (or inventors’ or experts’ declaration) may now be accepted for consideration of any foreseeable effects. Under the new Examination Guidelines 2017, it is required that the examiner shall examine the supplemental experiment data submitted after the filing date (i.e., post-filing data), but the technical effect or effects the supplemental experiment data tend to prove shall be obtainable or derivable by the persons skilled in the art from the disclosed contents of the patent application. Again, it should still be foreseeable.

**iii Absolute novelty and limited grace period (lost novelty exception)**

China adopted the ‘absolute novelty’ standard on 1 October 2009 (the effective date of the third amended Patent Law), and the Law has a definition of ‘prior art’, taken from the previous Implementing Regulations, as such the ‘double or dual filing’ of a Chinese invention and utility model patent applications by the same applicant must be filed on the same day, otherwise, one would be ‘prior art’. It means that any public disclosure, as well as publication anywhere in the world, will constitute ‘novelty bar’ for late-filed applications. In consideration of the absolute novelty standard, applicants should be careful about making any initial disclosure or release of information in trade shows or websites or even sending blueprints for casting modes or for samples or further development. We recommend that firms keep any possible records, which may be relied upon later, and do not release information regarding the invention without restrictions.

There is no unrestricted grace period for claiming the lost novelty exception as there is in some countries, such as the 12-month grace period in the United States, or a relatively unrestricted grace period of six months, such as in Japan and Korea. For disclosure
in exhibitions or conferences to qualify for the lost novelty exception, such exhibition or conference must be sponsored or recognised by the Chinese government, which requires proof of a high-level government official document, certificate of the organiser of the exhibition or conference, and supporting documents. The third possibility is unauthorised disclosure, which requires proof that a party learning of the invention confidentially should have kept it in confidence, but instead disclosed the invention without authorisation of the applicant (the owner). The period for lost novelty exception (grace period) is six months.

iv Utility model patents
China is known for its large number of utility model patents, which make up more than one-third of its total new filings (1,468,205 utility models, 42.37 per cent of the total of 3,464,824 in 2016); and the total of valid utility models was 3,154,485 (3,118,410 domestic and 36,075 foreign) by the end of 2016. The proportion of utility model patent applications from non-Chinese entities applicants has reduced to 0.5 per cent of the total, but the number still increased, mainly because of the increasing level of interest from foreign-owned entities in China. The uses of utility model patents may vary, but technically they protect any ‘tangible’ subject for its structural improvement, and the requirement for inventive step is lower than that of invention patents. Registration may be completed, without actual substantive examination, in about six months, thereby offering quick patent protection. Nonetheless, some kind of novelty check may be carried out to avoid certain apparent copying and so on, at least as so proposed. Also, utility models may serve as preliminary patent protection for an invention if there is a dual filing (on the same day) of both, up until the grant of the invention patent, at which time the utility model patent is required to be expressly withdrawn as a condition for granting the invention patent. Therefore, there should be some value for utility models. The patent term for utility models is 10 years from filing as opposed to 20 years for invention patents. A Chinese utility model patent can be based on a regular foreign patent (such as a utility patent in the United States), and it can be filed, on the same day, together with an invention application from the same foreign patent application within the 12-month conventional priority term so long as the subject matter is suitable for both. A PCT application can be chosen to file as a utility model patent application in China rather than a regular invention patent application so that it may be granted quickly without substantive examination. However, the Chinese invention patent and utility model patent cannot be converted from one to the other. Nonetheless, a first-filed Chinese invention or utility model patent application can be replaced by a later-filed Chinese invention or utility model application, claiming ‘domestic priority’ within 12 months from the ‘first filing date’ and before the publication of the first-filed utility model application because a utility model patent may be granted within approximately six to nine months. It still leaves certain possibilities to have both a utility model patent and invention patent from the same application, as long as the filing procedure is complied with, and the claimed subject matters of the two applications are different although the two applications originate from the same application document (either from China as a domestic filing or from the same foreign application), such as apparatus claims versus process or method claims, or apparatus claims defining different inventive aspects of the disclosed invention.

v Other prosecution tips
Other prosecution tips are as follows:
Divisional application may be filed voluntarily or required by the examiner, and voluntary filing of any divisional application is limited by the termination (either granted or rejected) of the first parent application. A further divisional application may be filed only if the examiner raises a unity objection to the already filed divisional application. Therefore, it may limit the possible use of the divisional application as a ‘continuation’ practice as in the United States, once the first parent application is terminated.

Information disclosure is not required in China as it is in the United States, but the examiner may require any material that is not readily available or the translation of any foreign language prior art reference.

A translation error cannot be corrected after filing a Chinese application, unless it is an obvious clerical error that the persons skilled in the art may recognise and know the correct alternative, nor may any missing elements be submitted late, such as sequence listing.

Late filing of formal documents is permitted, such as power of attorney, certified copy of priority document and any assignment for claiming priority (applications of US origin), which term is roughly within three months from filing or within the term specified in the official notification of missing parts. At present, an electronic copy (rather than original) may be acceptable if the application is filed electronically, but the original one should be kept on file for any possible verification. Actually, almost all patent applications are filed electronically at least by professional firms.

vi Secrecy examination

Under the Patent Law, any invention (or utility model) should be subject to secrecy examination before filing a patent application in foreign countries, if substantive contents of the invention or utility model are made or completed in China regardless of the nationality of the inventors. It can be an absolute ground of invalidation of any Chinese patent granted from such an invention, if so challenged. At present, no retroactive secrecy examination is formally or officially recognised in order to make up ignorance (i.e., unintentional filing of a foreign application without a secrecy examination). Therefore, it is advisable to request secrecy examination before any foreign filings. In case of a joint invention, it is also advisable to do so even if an inventor outside China contributes to any content of the invention to be claimed, or even if it is hard to determine the percentage of contributions to the claimed subject or subjects from inventors in China or outside China. This is similar to ‘foreign filing licence’ practice in the United States. Such secrecy examination request should be supported by a relatively detailed description of the subject invention, more than just an abstract, but not necessarily the full specification of a patent application, and the inventors’ names should be furnishing as well. Now, it may take up to two to four weeks to get approval.

vii Trademark practice – short period to reply or to act

Chinese trademark examination involves a lot of work with respect to the description of goods or services in accordance with the Chinese version of the International Classification Table that lists goods or services as translated, with some additions of Chinese goods or services. It uses subclass headings and has indications of similar subclasses among certain subclasses that may be used to determine the ‘similarity’ of goods or services, and it does not require too much detailed description of goods or services or allow too much derivation from the standard terms unless they can be proved as very specific unambiguous terms of goods.
or services. Subclass headings cannot be used as a description of goods or services as they are viewed as overly broad. Electronic filing of trademark applications for registration was available after 1 May 2014, and the descriptions of goods or services are limited strictly to the listed goods or services on the Classification Table for electronic filings. An application for multiple classes may make the formality examination of descriptions of goods or services even stricter. It is now limited to just one official action dealing with the description of goods or services or formalities, while there could be several official actions of formality examination in the past (i.e., objecting to the goods or services, with a non-extendable one-month term to reply), because the Trademark Law requires the various office procedures to be finished in nine or 12 months and the application will be rejected if the amended goods or services are still unacceptable. This means less chance to modify any ‘non-standard’ or ‘overbroad’ terms or descriptions. Therefore, the practice (as of March 2016) indicates that an official action for modification of the terms of goods or services may contain an explanation of what the examiner wants or even suggestions as to how to modify the terms. Moreover, the examiner may issue an official action before refusal or rejection as set forth in the new Trademark Examination Standards, which may be the case for some applications, and through which the examiner may communicate with the applicant any explanation or reasoning, etc. We will see how this practice will develop from now on.

Some restrictions are introduced for using names or logos of countries or international organisations as trademarks or parts of trademarks, unless there is some permission or authorisation, and restrictions on using names or logos of well-known foreign geographic places, or geographic symbols that may be misleading. Sound marks have been open to registration in China from 1 May 2014, along with 3D and colour marks, where the colour marks are at least two colours in combination rather than a single colour or blended or mixed colours. The new sound mark requires it to be distinctive in the relevant fields as specified in the new Examination Standards of 2016.

Once a trademark application is rejected outright or partially, there are only 15 days to submit a review request to the Trademark Review and Adjudication Board instead of submitting a response with arguments to the Trademark Office for reconsideration. For refusal of an international application, the time is 15 days from receipt (proof required), or 30 days from the mailing date on the WIPO notification, whichever is longer. A division of a multi-class application is only available when it gets partial refusal for one or more classes in such a multi-class application so that a registration may be made for those non-refused classes, and those refused classes may be appealed or requested for review as a divisional application with the Trademark Review and Adjudication Board with a new application number. It should be noted that there will be just one registration certificate for all classes of a granted multi-class application, and a new registration certificate may be issued in case one or more classes of such a registration are declared invalid. Registration of multiple classes may be inconvenient in case of assignment if only some of the classes are subject for assignment, but not all of them. This is because of the specific requirement to assign all similar marks together in China.

IV ENFORCEMENT OF RIGHTS

The Chinese court system has four levels, the Supreme People’s Court, the high people’s courts (one in each province), the intermediate people’s courts (for regions or districts) and the basic people’s courts. Out of approximately 400 intermediate courts, about 80 or
China

more are designated as trial courts for patent cases (including invention, utility model and design patents), and a few basic courts are designated as trial courts for design patent cases. Increasingly there are special IP tribunals within the courts for civil cases. A case can be tried at a higher-level court if the damage claim reaches a higher amount depending on the nature of the case and local rules.

Since 6 November 2014, three special IP courts started working, respectively, in Beijing, Shanghai and Guangzhou. The IP cases of the first instance for the new IP courts include: (1) patent, new plant variety, integrated circuit layout, technical know-how, and computer software, either civil or administrative cases, (2) administrative cases (i.e., appealed from the administrative decisions of the departments or agencies of the State Council or local government authorities above county level regarding copyright, trademark, unfair competition, etc.), and (3) civil cases relating to recognition of well-known trademarks. The intermediate courts in Beijing and Shanghai no longer accept new IP cases (i.e., serving trial court), and all IP cases there should be filed directly with the new IP courts. Guangzhou IP court now has jurisdiction over Guangdong Province, but for the subject matter of IP cases in points (1) and (3), while other intermediate courts therein will no longer accept new IP cases of these types, those intermediate courts (or basic courts for some cases) should have almost finished cases that were accepted earlier. The Beijing IP court has the special subject matter jurisdiction over the administrative decisions made by the agencies of the State Council (i.e., the State Intellectual Property Office and Trademark Office, as well as the Patent Re-examination Board), regarding the granting or determination of rights of patents, trademarks, new plant varieties, integrated circuit layout, decisions about compulsory licences or royalties thereof; and any other administrative decisions relating to the determination of IP rights.

A patent trial is a bench trial in China, consisting mostly of a panel of three judges, and maybe five judges if it is an important case. The trial will be conducted, according to the Civil Procedure Law, briefly in an order of opening statement, examination of any evidence for truthfulness and relevance, case presentation and argument and a closing statement. The chief judge of the panel guides the progress of the trial. The panel will not normally deliver the judgment at the end of the trial, but have parties review and verify the trial records by signing the record papers at the end of trial, and it may take one or more months for the court to either mail the judgment, or to have another court session for delivery of the judgment.

The alternative to the aforesaid judicial route, the local administrative authorities for patent affairs (AAPAs), may have the power to receive and try various patent cases, not only infringement cases, but also disputes of patent ownership, via quasi-legal proceedings, similar to the above judicial trial procedures. AAPAs are local governmental agencies. AAPAs will not decide any compensatory or monetary damage at present, (but possible monetary damage may be awarded by such authority as specifically set forth in the proposed amendment of the Patent Law), but AAPAs will issue injunctive orders. However, if compulsory execution of the administrative orders is required, the party or AAPA should submit a petition to the local court for enforcement of the administrative order (but the proposed amendment of the Law may give the authorities more powerful means to enforce their administrative order). The documentation and formalities of AAPAs are similar to trial courts and proceedings may be a little quicker.

The modified Patent Administrative Enforcement Regulations came into force on 1 July 2015 in order to strengthen the administrative enforcement. Basically, they target patent infringement acts at trade shows or exhibitions and at the e-commerce platforms, as
well as ‘passing-off’ patent acts. They require the administrative authority to conclude a case within three months of the case being accepted for processing and arranging a mediation session promptly (i.e., within five working days of receipt of a written statement from the party expressing willingness of settling the case). And at the trade show, the enforcement officer may order the exhibitor to remove the infringing products on display; destroy or seal any promotional material; and exchange or cover up the corresponding display board or panel at the show, and as to the e-commerce platform, the enforcement officer shall order the e-commerce platform provider to take necessary measures to cancel the relevant website or block or remove the relevant links. In the case of a ‘passing-off patent’, the administrative enforcement authority may impose a fine on the infringer once the infringement is confirmed in addition to the aforesaid measures at the trade show or on the e-commerce platform.

i Possible venues for enforcement
A patent case should be brought to a court where one or more defendants reside or are located, and where any infringing act occurs, which means making, using, selling, offering to sell, or importing a patented product; or using a patented process; or using, selling, offering to sell, or importing a product that is directly obtained from a patented process, for business purposes, without authorisation of the patentee (Article 11 of the Patent Law). Likewise, the requirements of venues for AAPAs are the same. The same rules of jurisdiction or venue apply to other IP cases. The modified Supreme Court Interpretation regarding patent infringement of 2015 specifies (Article 5, Paragraph 2) that the places of infringement include: (1) the places of manufacture, use, offer for sale, sale, importation of the infringing products (for invention and utility model patents; (2) the place the patented process or method is used, offer for sale, sale, importation of the products directly made from the patented process or method; (3) the place of manufacture, offer for sale, sale, importation of design patent products; and (4) the place of the infringing act of passing-off another's patent, as well as the infringement results of the aforesaid infringing acts. It also defines that the offer for sale means advertising, display in store windows, or display or demonstration at any exhibitions or trade shows with any indication that the products or goods are for sale.

ii Requirements for jurisdiction and venue
A declaratory judgment case can be brought to a court where the alleged infringer resides, or where any alleged infringing act occurs. Article 18 of the Judicial Interpretation of the Supreme Court of 2009 for patent infringement cases (see Section I, supra) requires that a party being warned of a potential infringing lawsuit or an interested party send a written demand of non-infringement in reply to the patentee (or other holder of rights) who sent the warning or cease-and-desist letter. The party being warned or an interested party may start a declaratory judgment case at the court, if the patentee or other holder of rights does not withdraw the warning or bring a lawsuit within one month upon receipt of the demand.

A more practical issue is to determine what act constitutes an ‘infringement’ that would qualify for proper jurisdiction away from the residence or location of an alleged infringer. Such an act should be at the place of the direct infringement. The act of making the patented products is direct infringement, and the place of making is where the alleged infringer is, and thus it is not a desired venue. Moreover, the act of making and providing parts for use by others in a patented process or to make the patented products is likely to be indirect infringement, and the place of making the parts may not be a proper venue. The place of using the parts is a proper venue, but not a convenient one because it would bring an end
user into a lawsuit that did not necessarily aim to sue a potential end user. An ‘offer to sell’ is direct infringement, and it may be on a website or on paper or simply over the telephone and may, therefore, not be readily affixed in tangible form to qualify as admissible evidence, and, thus, it may not secure a proper venue.

The act of ‘selling’ or ‘importing’ may not be just a single act but several acts and the several acts may not always occur at the same place. For instance, placing an order or signing a purchase agreement and acts of remitting and receiving a payment would constitute the complete act of selling or importing. Therefore, it would be at the judges’ discretion to determine whether or not all the acts need to be present at the same place to qualify for proper jurisdiction. Most courts may require that the payment element should be present. In any event, this was not always clear, and each of provincial-level high courts may have their own guidance for local courts with respect to the jurisdiction and venue issues.

The Second Interpretations of 2016 (Article 19) says, however, that the court should confirm that a lawfully formed purchasing and sales contract should qualify as an act of ‘sales’ under Article 21 of the Patent Law. It may mean that the place of formation of such a sales contract may be a proper venue, and it may indicate that the complete or series acts of contract formation and remittance or payments may be no longer required to be present for determination of proper venue.

### iii Obtaining relevant evidence of infringement and discovery

There is no US-style discovery procedure in China, and, thus, it is always advisable to obtain some admissible evidence that may secure a chance of winning an infringement case before starting the lawsuit or even before sending a cease-and-desist letter to the alleged infringer as alleged infringers may hide their infringing acts once they learn that a potential lawsuit is imminent. The prospect of a case may become relatively clear through investigation in advance and secured evidence that may be obtained as witnessed by notaries public who should not be identified as such.

For any evidence that may be difficult to obtain or may be lost, one can petition the court to conduct a preservation of evidence action before filing a complaint. The court should decide whether or not to issue such an order within 48 hours of receipt of the petition. Within 15 days thereafter, the plaintiff must start the case, and if not, the order will be void (Article 67 of the Patent Law).

Some of the evidence may need technical tests or an appraisal report from a competent authority if the actual substance or contents of the products of the evidence cannot be determined directly. The court may decide or designate an authority if the credibility of a test or appraisal report submitted by a party is challenged.

In view of the difficulty of collecting evidence, the proposed amendment of the Law has added certain power to courts (and perhaps also to the administrative authorities) to order the alleged infringer or infringers to provide or furnish bookkeeping or accounting records and any relevant material, and may impose sanctions for hiding, transferring or destroying evidence. Recent developments show that the Chinese judicial authority and legislators are indeed taking such issues seriously and trying to institute rules to impose more severe sanctions against anyone who commits perjury or otherwise creates obstacles or resists the process of collecting evidence, or any other act that would be disruptive or destructive towards the evidence.


iv Trial decision-maker

Trial is by a panel of judges without a jury, and normally there are three specially trained IP judges in a panel. It would be much better now for the cases before the new special IP courts in Beijing, Shanghai, and Guangzhou since the judges there are all experienced IP judges. Usually the court will not accept party-appointed technical experts. When the court has technical questions, the court may ask each party to explain, or some courts may ask independent experts for their opinion. If the parties so request, the court may introduce a technical appraisal agency to give reports for specific technical questions. In any event, the judges will decide for themselves after considering all the facts and experts' opinions.

v Structure of the trial

Most trials last just one day or less as the chief judge controls the progress of the trial, and usually the trial may be held within six months of, or at the latest a year after, the filing of the complaint, unless there are complications. Sometimes there may be a pretrial hearing for examination of evidence if there is too much to check during a one-day trial.

The exhibiting of evidence may be by various means, such as a projector for slides or movies, or a display of real articles, but most of the time the judges will consider documentary evidence, rarely relying on expert witnesses. The burden of proof is on the party making the claim. There is no clear rule as to what evidence may not be admitted. Both parties may raise an objection to any evidence as to the truthfulness and relevancy of the evidence for the judges to consider. The evidence may not be admitted if truthfulness or relevance are missing or doubtful, but usually the judges may not give their opinion clearly about the admissibility of any particular evidence during the trial, or any analysis of a presumption the parties may present in the arguments.

The aforesaid procedural matters and issues or similar things should apply to other IP cases, and basic people's courts may have jurisdiction over trademark and copyright cases, if the amount of damages claimed is low. Similar to patents, administrative routes for enforcement are available, respectively, for trademarks and copyrights. However, the trend is that the Supreme Court may designate more courts to be first instance or trial courts for patent infringement cases, and it means some basic courts may be designated as patent trial courts too.

Trademark infringement cases or any dispute relating to trademarks can be handled by local offices of the Administration of Industry and Commerce (AIC), where all local business should obtain registration, and thus local AICs are quite powerful with respect to trademark cases. AIC procedures are very quick and AICs have the power to investigate infringing acts, seize infringing goods and, most importantly, impose fines on infringers. An AIC injunctive order is very effective because the local AIC may suspend the business registration if the infringer does not obey the order. In practice, the new Trademark Law that came into force on 1 May 2014 may have changed some aspects of trademark enforcement.

vi Infringement

Almost all principles of claim construction are available in China, or at least may be considered by Chinese judges if they have received suitable training. To determine the scope of a claim or claims, the first approach must always be that of literal construction. The language in Chinese claims is often vague in various aspects, for example the words for singular or plural are not always present. Also, some technical terms are new or not customarily used or not standard. In these cases, the judges may look at whether there is a definition or description
in the specification, or whether there is any description implying some meaning. This means the description may be used to construe any ambiguous claim language, and thus may also be used to limit further expansion of the claim scope. The Supreme Court Second Interpretations of 2016 make it even more clear regarding the construction of the claim or claims that the preamble and characteristic portions of independent claims and dependant claims should all read together as limitations (Article 5); and, in case of any ambiguity in the claims, description or drawings, the only possible understanding an ordinary person skilled in the art may get through reading should be adopted by the court (Article 4).

Further, the disclosed embodiments may also be used to limit the expansion of any claim construction if there is a question as to the sufficient support of a broad term used in the claims, while there is only a limited number of examples or embodiments, namely the insufficient disclosure or support issues the examiner may have missed during the prosecution. If the alleged infringing technical solution has additional features as compared with those defined in a close-end composition claim, the court should confirm it does not fall within the scope of the claim, unless the additional features are such unavoidable or inevitable normal impurity (Article 7 of the Second Interpretations).

File wrapper (prosecution history) estoppels are also known in China and so is the doctrine of equivalents. File wrapper estoppels may be more likely to be considered by judges than the doctrine of equivalents, regarding which there were differing opinions among the judges and members of the IP community in China. The 2015 amended Supreme Court Provisions for patent infringement cases states that the scope of patent protection should be determined on what the claim or claims state as a whole (i.e., including all technical features thereof) and may also include any equivalents of those technical features, and the equivalent features means substantially the same technical means, realising substantially the same functions, and achieving substantially the same effects, which may be conceived by ordinary persons skilled in the art without any inventive work or effort, at the time the infringement occurred. The judges are likely to use the doctrine of equivalence from now on.

Now, the Supreme Court Second Interpretations of 2016 makes both doctrines more specific, that is, the court may consider any records of patent examination files of any divisional applications, the effective judgment confirming the grant of the patent to construe the claims and the patent examination files include any written documents submitted by the applicant or patentee during patent examination, re-examination, invalidation proceedings, etc. (Article 6); while any functional features should be those technical features that have functions or effects on the claimed invention in connection with structures, ingredients, steps, conditions, and the relationships thereof, except those that cannot be directly derived or understood through reading, in view of the ordinary skilled person in the art at the time of the alleged infringement (Article 8). Further, in case any restrictive amendment made by the applicant or patentee to the claims, specification and drawings was denied or refused during the prosecution, as a rightful owner may prove so, the court should confirm that such restrictive amendment has not lead to an abandonment of the technical solution (Article 13).

The Second Interpretations of 2016 also specify the construction of the scope of design patent in view of ordinary consumers in consideration of ‘design space’ (Article 14), meaning how much further design may be done in a particular area, and the court should confirm that the alleged infringing design falls within the patent scope if it is considered similar to: one of the patent designs of a set of products (Article 15); the patent design of the only possible assembled product (Article 16); and the dynamic state of the patent design (Article 17).
Moreover, Article 21 of the Second Interpretations of 2016 specifies that the court should confirm the act of assisting another to infringe, under Article 9 of the Law of Infringement Liability, if a supplier provides, knowingly without authorisation of the patentee, any material, equipment, parts, intermediate components, etc., to the other to carry out the infringement for the purpose of production and business; and likewise, the court should confirm the act of instigating others to infringe, under Article 9 of the Law of Infringement Liability, if someone knows the patented product or process and still induces, without authorisation of the patentee, the other to carry out infringement for the purpose of production and business.

The indirect infringement acts are now more specified as contributory and inducement, but it is not clearly specified as to whether such an indirect infringing act may be actionable alone (i.e., without bringing the direct infringer, and, therefore, an indirect infringer may be a joint defendant). In the infringement case of Chinese Patent No. ZL02139508.X, it found the indirect infringer liable regardless the user or users, that is, the direct infringer should be liable so long as the direct infringement existed.

As to any act during the provisional protection period from the publication of the application to the grant of the patent, the court shall confirm that the subject invention has been exploited (i.e., infringed), so long as the alleged infringing technical solution falls within both scopes of the claim as published and granted, even if the two scopes may not be consistent; otherwise it should be considered that the subject invention has not been exploited, provided the alleged infringing act falls only in one of the aforesaid claim scopes (Article 18, paragraphs 1 and 2 of the Second Interpretations of 2016).

vii Defences

The available defences in patent infringement cases are: (1) non-infringement, (not within the scope of claims as construed and using a process different from the patented process (Article 61 of the Patent Law)); (2) using prior art technology (Article 62); (3) exceptions to infringing acts listed in Article 69; and (4) innocent user or seller with proof of obtaining products legitimately and not knowing about the unauthorised manufacture of the patented products (Article 70).

The Supreme Court Second Interpretations of 2016 set forth the following situations under which an alleged infringing technical solution may not fall within the scope of the claims: (1) if it is not suitable for use in the environments as defined as environmental limitations in the claims (Article 9 thereof); (2) the process for making the alleged infringing products is not the same as, nor equivalent to, the process as defined in the product by process claims (Article 10); and (3) any method steps are different in sequence or order from the sequence or order of the method steps that can be directly derived and clearly confirmed from the description, etc., that set forth the limitations to the claimed process, even if the claim itself is not so clear about such order (Article 11). Still further, such terms of “at least” or “no more than” should be construed as the ordinary person skilled in the art may understand them through reading of the application, and any contradicting explanation offered by any patentee should not be accepted (Article 12 of the Supreme Court Second Interpretations).

Invalidity of a patent is not a defence in China, as patent invalidation is handled by the Patent Re-examination Board, not by any courts, and the Board decision of validity or invalidity used to be appealed to the first Beijing Intermediate People's Court before 6 November 2014, and now should be appealed to the Beijing IP court because the State Intellectual Property Office is located within its jurisdiction and can be further appealed to the Beijing High People's Court.
Accordingly, no prior art references may be considered by other courts for validity of a patent, but may be considered by the courts for the prior art defence to determine if the alleged infringing product or process is closer to the prior art references. In the case of invention patents, the prior art will most likely be a combination of one or more new prior art references since the patent is granted after full examination, and in case of utility models or design patents, the alleged infringing product may be completely based on a single piece of prior art, and in this case, the utility model or design patent is apparently not novel, or at most two pieces of prior art references for inventive attack against a utility model patent as specified in the Examination Guideline, and the court will likely stay the court proceeding, waiting for the invalidation decision of the Board, in most infringement cases of utility model and design patents if either the patent is clearly invalid or there is a likelihood of non-infringement.

The Supreme Court Second Interpretations of 2016 states that the prior art defence should refer to the prior technology or design at the time of filing the patent application (Article 22 thereof), and it should not be a non-infringement defence by claiming own later obtained patent rights so long as the alleged infringing technical solution or design, even patented, falls within the scope of the prior patent at issue (Article 23).

As to the innocent user or seller defence, the Second Interpretations of 2016 states that the court may still order to stop a party from using, offering to sell or selling the infringing products, if the patentee demands so, if the party uses, offers to sell or sells the infringing products for the purpose of production or business, actually not knowing the products were made and sold without the authorisation of the patentee and may prove a legitimate source of products, unless it can be proved that reasonable fees have been paid (Article 25).

viii Time to first-level decision
Patent litigation in China moves relatively quickly since the trial will usually be held about six months after the filing of a complaint as mentioned above. The trial normally lasts just one day and only some complicated cases (such as chemical or pharmaceutical cases) may have several days of trial, either consecutively or separately. In terms of the trial decision, however, it may take a few months for most cases and potentially much longer for some important cases, of which the three judges of the panel may need to consult with other judges or even a committee formed specifically for such cases.

ix Remedies
Pretrial or pre-lawsuit injunction is available as a preliminary measure to prevent the alleged infringer from continuing the infringing acts. A petition may be filed before filing a complaint and the court needs to decide whether to issue a preliminary injunction within 48 hours and whether a bond should be paid, which could be a rather large amount, likely 1 million yuan, mostly in cash, with no bank guarantee note or any kind of collateral. The complaint must be filed within 15 days, if the preliminary injunction is issued, otherwise the injunction will be released (Article 66 of the Chinese Patent Law). The third amendment of the Trademark Law has introduced a similar procedure for trademark cases.

Reasonable compensatory or monetary damages may be awarded if the plaintiff wins, including reasonable ‘litigation cost’ and certainly some of the attorneys’ fees. The compensation will be calculated or determined on the basis of: (1) actual loss of the plaintiff, if proved; (2) the illegal gain or profits of the infringer, if quantifiable; (3) a multiple (perhaps three times) of the ‘reasonable’ royalty (consideration may be given for applicable royalties in
the relevant fields in China), if any; or (4) statutory damages from 10,000 to 1 million yuan, as provided in Article 65 of the Patent Law. The third amendment of the Trademark Law has introduced a similar way to calculate damages. The principle for damages is compensatory and thus there are no punitive damages for patent cases in China at present. However, punitive damages (of up to three times) have been mentioned in the proposed amendment to the Patent Law, and the triple damage has been written in the new Trademark Law, as mentioned above.

Moreover, Article 62 provides for the confiscation of goods passing-off as patented products, and imposes fines of up to four times the illegal profits, or if there are no goods to be confiscated, imposes fines of up to 200,000 yuan, as well as possible criminal sanctions, if the infringing acts are serious and subject to criminal law. A similar provision is introduced in the third amendment of the Trademark Law.

The 2015 amended Supreme Court Provisions regarding several issues of handling patent dispute cases states clearly the way damages are calculated:

a the actual loss of the patentee may be based on the total of reduced sales of the patentee times reasonable profit of each patented product or the total of sales of the infringing products times the reasonable profit of each patented product, if the reduced sale of the patentee cannot be easily determined;

b the illegal gain or infringing profit may be based on the total of sales of the infringing products times reasonable profit of each infringing product, and the profit obtained by the infringer from the infringement is normally calculated according to the business operation profit of the infringer, or may be the sales profit, if the infringement is the only business; and

c if both the actual loss or illegal profit can be hard to determine, the damage may be based on multiple times the patent royalty, if there is a royalty to be used as a reference, in consideration of factors such as, the type of the patent, nature and situation of the infringement, kind of patent licence, scope and time thereof, and may also be determined based on the factors, such as, type of the patent, the nature and situation of the infringement, if there is no patent royalty as reference or there is a royalty, but unreasonable. In the aforesaid case of patent infringement of Chinese Patent No. ZL02139508.X in March of 2017, the Beijing IP Court granted a damage award of 9.1 million yuan, as calculated on the basis of three times reasonable royalties.

The Supreme Court Second Interpretations of 2016 states that the court may first ask the patentee to prove the illegal profit of the infringement, and then ask the alleged infringer to provide the relevant bookkeeping records or material since those are under the control of the alleged infringer, if the patentee has provided initial evidence of the illegal profits of the infringement, and the court may rely on the evidence submitted by the patentee to decide the monetary damage or compensation if the alleged infringer refuses to provide the bookkeeping records or material (Article 27). In the recent case of patent infringement of Chinese Patent No. ZL200510105502.1 mentioned above, the Beijing IP Court did decide 49 million yuan damages based on the way of calculation offered by the patentee since the defendant could not provide any evidence to the contrary.

Nonetheless, the court shall not support the patentee’s claim for infringement after the grant of patent, if a party used, offered to sell or sold, during the provisional protection period after publication, for the purpose of production and business, without authorisation
of the patentee, the products that were made, sold, or imported by the other, and the other already paid or promised to pay, in writing, any reasonable fees to the patentee (Article 18, paragraph 3 of the Second Interpretations), that is, exhaustion of the patent rights.

The statutory damage may be used if none of the actual loss, illegal profit or reasonable royalty can be determined. Besides, it is stated clearly in the 2015 amended Supreme Court Provisions that the reasonable expenses the patentee incurred in litigation may be calculated separately, in addition to the damage calculation. This has been applied in the patent infringement case of Chinese Patent No. ZL200510105502.1, awarding 1 million yuan attorney fees based on the hourly rate work.

When finding the infringement, the court may enjoin any infringing acts of the infringer. There may, rarely, be judgments where the court considered public interests and did not issue a permanent injunction. However, the Supreme Court Second Interpretations of 2016 make it clear that the court may order for monetary compensation in lieu of permanent injunction in consideration of national or public interests (Article 26).

x  Appellate review
The judgment of the trial court can be appealed within one month to a court of one level up and the appellate court will not only review the legal issues, but also the facts with a procedure similar to the trial. The appellate court’s decision should be final. However, a petition for reconsideration or retrial may be submitted to the Supreme Court, which will review the case and will make a decision as to whether a retrial is necessary with a hearing or without a hearing, and if necessary, remanding the case back to the original court for retrial. Owing to the establishment of the three new IP courts, a judgment of the IP court for the first instance may be appealed to the High Court where the IP court is located; and the IP court shall serve as appellate court (i.e., the second instance) for any of copyright, trademark, technology contract, unfair competition cases handled and tried by basic courts at the city where the IP court is located. For example, in 2016 (according to the mid-November data), the Beijing IP Court received 2,043 appeal cases or second instance cases, among which were seven patent cases, 109 trademarks cases, 1,698 copyright cases, 36 technology contract disputes, 69 unfair competition cases and 124 other IP-related cases; and it concluded 1,536 cases (including two patents, 82 trademarks, 1,285 copyrights, 33 technology contracts, 50 unfair competition and 86 others). Almost all of them were between Chinese parties. This means IP battles are real in China.

xi  Alternatives to litigation
The Chinese legal system lays emphasis on mediation and thus the judges or AAPA officials may first ask the parties whether they are willing to settle and, if they are, the judges or officials may let the parties talk or help the parties to talk to see if they can reach an agreement. This means there may be a private settlement outside the courtroom or a court-monitored and issued mediation, which is recommended because the court mediation may have an effect of judgment, and can be readily enforced.

Arbitration is available if so chosen by the parties. It is advisable for foreigners not to choose local arbitration bodies for lack of language capacity or experience in dealing with foreign parties, but to choose some reputable arbitration bodies, such as the Hong Kong International Arbitration Center (HKIAC) or the China International Economic and Trade Arbitration Commission (CIETAC).
V TRENDS AND OUTLOOK

The proposed fourth amendment of the Chinese Patent Law is still on the way, and awaits approval by the legislative committee. Hopefully, punitive damages (likely triple damages) awards will be available as under the Trademark Law. The enhanced power of the administrative authority to enforce patents is still key, such as the power to conduct investigations and collect evidence as well as the power to issue damages awards as courts do. The proposed amendment may also give more power to courts to, *inter alia*, order alleged infringers to provide records of sales and relevant materials as evidence; impose sanctions in case the alleged infringers hide, destroy or transfer any evidence or assets; impose punitive damages of up to three times in cases of serious infringement and make prompt publication of decisions in any patent invalidation cases so as to speed up litigation and administrative enforcement cases.

Nonetheless, the immediate effects of the Supreme Court Second Interpretations of Several Issues in Handling Infringement of Patent Right Dispute Cases of 2016 were quite obvious as seen in the aforesaid two patent infringement cases. Those definitely suggest more strong enforcement of IP rights, especially patent rights.

With the newly adopted Trademark Examination Standards and the Patent Examination Guidelines, the Chinese IP systems would be improved further, the cause of which may be influence from industries (such as the e-commerce and pharmaceutical areas, or artificial intelligence or robotics) and for the benefit of capital investment with regard to intellectual property assets. IP transactions will be more active than before.
Chapter 6

CYPRUS

Christodoulos G Vassiliades

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

On the surface, there is nothing innovative, unique or different about Cyprus intellectual property legislation compared with other jurisdictions. Like in most EU Member States, Cyprus legislation is a melange of European harmonisation and international treaties. Nonetheless, the fact that the main piece of Cyprus legislation on intellectual property rights are aligned with the EU rules and regulations, renders Cyprus a favourable jurisdiction in which to seek intellectual property protection, where the law is clear, familiar and not cumbrance.

i Copyright

The main piece of legislation for the protection of copyright is the Copyright Law, L59/1976. The Copyright Law provides that copyright consists of: ‘any literal, dramatic, musical or artistic work, sound recordings, films or broadcasts and the typographical arrangement of published editions’. The definition is broad enough to encompass computer software and databases.

In order to invoke such protection, any of the above needs to satisfy two main requirements: (1) to be in written form; and (2) to be an original piece of its creator. Both requirements are interpreted according to the meaning generally ascribed to them.

The duration of protection is defined based on whether or not the author is known, unknown, a physical person or a corporate entity and on the type of work for which the copyright subsists. Copyright protection subsists for 70 years from the end of the calendar year of the author’s death.

As far as infringement is concerned, there are numerous statutory provisions. However, there are no specialised courts for intellectual property disputes. Such claims are decided
by regular judges, whose judgments confirm the importance ascribed to the protection of intellectual property and marketable rights in Cyprus. Nonetheless, the relatively low volume of such cases does not necessarily reflect the commercial value of intellectual property rights within the Cyprus commercial framework. This is illustrated in the case of *Costas Socratous v. Gruppo Editoriale Fabbri-Bompiani and others.* In this case, the Supreme Court of Cyprus upheld the universal principles of copyright law; however, the absence of national case law on the matter resulted in the court being referred to English case law in order to determine the application of such principles.

The year in which the decision was issued is also indicative of the absence of national copyright-related case law, which continues to be the case.

**ii  Patents**

In 1998, Cyprus escaped the re-registration of UK patents by the passing of the Patent Law L16(I)/1998. The Patent Law provides that a patentable invention needs to satisfy three requirements: novelty, inventive step and industrial application.\(^{11}\)

The duration of protection is 20 years.\(^{12}\) For every year a patent is renewed the relevant fee increases in a proportional manner.

As far as infringement is concerned, the relevant law provides for specific rights for the patent owner.\(^{13}\) Whether or not the rights are infringed depends on the decision of the court.

**iii  Industrial designs\(^{14}\)**

Industrial designs are protected by Law 4(I)/2002, the Paris Convention and the TRIPS agreement.

In order for an industrial design to be eligible for protection, the latter has to be new and present individuality in such a way that the informed user will not consider the design as similar to a design that is already known to the public.

Protection may be renewed for a period of 25 years\(^{15}\) upon payment of a relevant fee.

**iv  Plant varieties**

It is widely acknowledged that Cyprus has a strong piece of legislation in place for the protection of plant varieties, Law 21(I)/2004. The requirements for protection are that the variety be new, distinctive, homogenous, stable and have a name.\(^{16}\)

The duration of such protection is 20 years from the date of grant in case of a creator and 25 years in case of trees and vines.\(^{17}\) However, the validity of the grant of protection remains at the discretion of the Registrar even after its grant. Thus, the Registrar has the right to revoke protection if the variety does not remain homogenous or stable or when the holder has failed to keep the variety for the entire duration of the right of the creator.

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10 (1997) 1 JSC 1204.
12 Patents Law. L16(I)/1998, Article 26(2).
13 Patents Law. L16(I)/1998, Article 27(1),(2),(4).
14 Utility models have no relevance in Cyprus.
16 Plant Variety Law, L21(I)/2004, Article 5(1).
17 Plant Variety Law, L21(I)/2004, Article 17(1).
v Geographical indications and appellation of origin

The law governing geographical indications and appellations of origin is the Law on Appellations of Origin and Geographical Indications of Agricultural Products or Foodstuffs,\textsuperscript{18} and the relevant ministry is the Ministry of Agriculture, Natural Resources and Environment. In turn, the Ministry is responsible for the appointment of a committee of five members whose task is to advise the Ministry on matters related to geographical indications and appellations of origin.

vi Trademarks\textsuperscript{19}

Trademarks are governed by the Trademarks Law, Chapter 268, which has been amended in line with the European Trade Marks Directive (2008/95/EC).

In order for a trademark to be registrable, it has to satisfy both absolute as well as relative grounds that could lead to refusal. Thus, the Trademarks Department needs to be satisfied, \textit{inter alia}, that the applicant mark may indeed ‘function’ as a trademark, namely, that it is capable of distinguishing goods or services of one undertaking from those of another without being identical or confusingly similar to an earlier mark or goods in such a way whereby the relevant public might consider the marks as coming from the same or economically linked undertakings.

Once the \textit{ex officio} examination is successfully completed and the mark is published in the official Gazette of the Republic without opposition, a registration certificate is issued, which is valid for an initial period of seven years. After that, the mark is protected for 14 years each time it is renewed.

II RECENT DEVELOPMENTS

As a result of the modernisation efforts that took place on a national as well as on a European level in the past year or so, the procedures for registering intellectual property rights have become more streamlined and efficient.

We are yet to see the impact of the enactment of the latest European Directive, which came into force on 13 January 2016, on the approximation of laws of the Member States relating to trademarks (Directive 2015/2436)\textsuperscript{20} and of the Regulation (EU) No 2015/2424 of the European Parliament and the Council amending the Community trade mark regulation (the Amending Regulation), which entered into force on 23 March 2016, especially as some parts of the Amending Regulation will only have effect from 1 October 2017, and secondary legislation is also awaited.

\begin{flushright}
\textsuperscript{18} Law 139(I)/2006.
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\begin{flushright}
\textsuperscript{19} Trade names are protected under different legislative provisions, namely the Partnerships and Business Names Law.
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\begin{flushright}
\textsuperscript{20} Directive (EU) 2015/2436.
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III OBTAINING PROTECTION

In as much as Cyprus IP legislation is based on international treaties and EU law, the method of acquiring protection for IP rights in Cyprus will – to a large extent – appear familiar to EU IP practitioners. In this section, we shall concentrate on the steps involved in the acquisition of trademarks, patent and industrial designs protection in Cyprus.

Generally, the procedure by which a mark is granted protection is divided into four main steps, described hereinbelow.

If a potential applicant would like to increase the possibility of a smooth registration procedure, it is usually recommended that he or she, via a representative, submits a request for a search either of the Trademark Department’s database, TMview, or the via e-search plus, the trademarks database of the European Union Intellectual Property Office (EUIPO) (formerly known as the Office for Harmonisation in the Internal Market), in order to be reasonably certain that the applicant’s mark would have a prima facie strong potential for registrability.

The second stage is the submission of the actual application, which requires the details of the owner and a graphical representation of the applicant mark. The application is ex officio examined for both absolute as well as relative grounds of refusal, with the Trademarks Department having discretion to impose registrability requirements it may think fit, having regard to the particular merits of each application. The third stage is publication, which marks the beginning of the opposition period. Any third party may, within two months of the date of publication, oppose the registration of the applicant mark on the basis of the relative grounds of refusal. In the absence of such opposition, the application is approved and a registration certificate is issued, which denotes the official grant of protection status to the mark. The date of protection is the filing date of the trademark application.

Similarly, in patents, the relevant application form requires, inter alia, a description and a summary of the invention and a clear and precise description of the claims involved. In order for an application to be regarded as having been submitted, all relevant documents must be accepted by the Registrar. Once submitted, a search report is required. This is an expert’s report that confirms the patentability of the invention while verifying that a person skilled in the art would not consider the invention ‘obvious’. When these requirements are satisfied, the Registrar proceeds to publication of the application along with the search report in a timely manner, within 18 months of the date of submitting the application. Nonetheless, the relevant legislation provides that a person who – by means of a written statement – requests the publication of an application that has complied with the submission requirements but has failed to satisfy publication requirements, still has an undeniable protection of the patent.

As with patents and trademarks, industrial designs also need to satisfy the particularities of the law as these are found in Article 4(1) of the relevant legislation: namely, that they are novel and have an individual character. An application regarding industrial designs must satisfy formal requirements within four months of the initial submission. The date of filing of the application is considered the date on which all relevant documents have been properly submitted to the Registrar.

IV ENFORCEMENT OF RIGHTS

Traditionally, the courts are the proper venue for claiming infringement. Article 60 of the Patent Law 1998 defines the rights accrued by the protection of a patent, while Article 61 determines the civil actions and remedies available to the right holder. If such an infringement is indeed
proved in court, the court may rule for an injunction, damages, account of profits and other appropriate remedies. Should a court order be disobeyed, the infringer may be found liable for damages for up to €59,850. The burden of proof in such cases is on the plaintiff.

Similarly, with regard to industrial designs, rights conferred upon protection are defined in Article 18 of the 2002 Industrial Designs legislation. The difference is that breach of Article 18(1) confers criminal liability on the infringer, which is punishable with two years of imprisonment or €85,500 fine, or both.

As far as trademark infringement is concerned, the venue for such proceedings is also the courts with the availability of remedies applying mutatis mutandis as in patents and industrial designs.

Enforcement of rights could also encapsulate opposition proceedings during the application stage as well as annulment proceedings, post-registration of a mark.

i Opposition proceedings

If an opposition to a trademark application is filed during the application stage, the parties involved will be invited to present their cases before the Trademark Registrar. Each party has the right to present its respective submissions either in writing, which will have to be accompanied by a sworn affidavit confirming the truthfulness of the content submitted or to present his or her case orally. The Registrar then issues its decision, which may be appealed before the administrative court.

ii Annulment proceedings

The post-registration opposition procedure is the annulment procedure, also known as expungement. The procedure for expungement is identical to the pre-registration opposition procedure, albeit a different form will have to be submitted.

To date, most expungement cases have either been suspended owing to the excessive length of the procedure or are still pending the final decision of the Registrar. The minimum length of time before a final decision is five years, which makes this process very time-consuming, cost-ineffective and not worth pursuing.

V TRENDS AND OUTLOOK

It should be noted that Cyprus has a definite advantage vis-à-vis extrajudicial opposition and cancellation procedures in comparison to countries that have not yet put in place such procedures. Cyprus will be called upon to bring its current practices in line with the wording of Directive 2015/2436. Although the Cyprus legislator has resisted the adoption of practices followed by other European countries (e.g., not to examine applications on both absolute and relative grounds and to grant trademark protection for a term of 10 years instead of seven on registration and for further 14-year periods upon each renewal), it will be interesting to see the impact of Directive 2015/2436. The new Directive will also put pressure on the authorities to draw a robust counterfeit policy, since counterfeit goods in transit will also come into play upon its enforcement.

Last and most importantly, and as elaborated upon further below, the Organisation for Economic Co-operation and Development (OECD) results and the Base Erosion and Profit Shifting (BEPS) Action 5 initiative (BEPS 5) resulted in the Cyprus IP Box Regime being extensively scrutinised and amended on 27 October 2016.
In May 2012, Parliament, recognising the significant potential of intellectual property (IP) marketing, introduced what became known as the Cyprus IP Box Regime (the Regime). Its main provisions consisted of an 80 per cent tax exemption on profits from the exploitation of IP rights, an 80 per cent exemption on profits accruing from the disposal of IP rights and a five-year amortisation period.

The most important advantages of the Regime were threefold. First, it applied to net profits. Second, it was not restricted to patents; IP rights have been broadly defined to include trademarks as well as marketing intangibles. Third, the holder of such IP right did not have to pay the research and development expenses of the right nor to have been actively involved in the management of the right. The acquisition of such rights via an assignment agreement sufficed for the right to fall within the scope of the Regime.

These advantages, in conjunction with the fact that the corporate tax rate in Cyprus was as low as 12.5 per cent, means that any tax-deductible income could be subject to a tax rate of just 2.5 per cent; currently one of the lowest in Europe. It used to be the case that the advantages of the Regime were combined with the fact that dividends distributed by Cyprus companies to non-Cyprus residents are exempt from withholding tax along with the numerous double taxation treaties established over the years.

However, after BEPS 5, the Regime came under considerable scrutiny; it was regarded as having the sole purpose of attracting investment, thereby potentially eroding tax. As a result, the Cyprus tax authorities were called to rectify the situation by adapting the provisions of the Regime to ensure that it is compliant with the OECD guidelines.

In light of the above, the Regime has undergone a transitory period whereby new entrants and current entrants with new IP rights entered the Regime. Those who were eligible and managed to enter the Regime will continue to enjoy the advantages of the Regime up to and including 30 June 2021 – this will be the last day of the Regime as it currently stands, provided that the IP rights satisfy certain requirements. The IP rights must have been acquired before 2 January 2016 or they must have been acquired directly or indirectly from related persons during the period 2 January 2016 to 30 June 2016. If IP rights had been acquired by related parties, they may qualify for the advantages of the Regime from 2 January 2016 to 30 June 2016.

21 A lot of countries have chosen to introduce an IP box regime. The numerous IP box regimes currently applicable lead to doubts regarding their effectiveness and to suspicions of competitiveness between the different countries in soliciting market support. However, the Cyprus IP Box Regime is arguably one of the most attractive currently in force; see Lisa Evers, Helen Miller, Christoph Spengel, ‘Intellectual Property Box Regimes: Effective Tax Rates and Tax Policy Considerations’ (Discussion Paper No. 13-070, Zentrum für Europäische Wirtschaftsforschung Gmbh, Centre for European Economic Research, November 2013 http://ftp.zew.de/pub/zew-docs/dp/dp13070.pdf).


25 Law on International Trust, No. 69(I)/92 as amended by No. 20(I)/2012.

According to the new legislation introduced on 27 October 2016, 80 per cent of the qualifying profits derived from a qualifying intangible asset will be considered as a deductible expense. Qualifying intangible assets include patents, computer software and other protected intangible assets protected by law. As a result the new Regime will not apply to commercially generated rights, such as trademarks and designs. Further, the new Regime is based on the ‘modified approach based on a causal link’ (modified nexus approach). This means that a direct link must exist between the IP rights that generate the income and the activity that contributed to that income. As per the new legislation, certain transitional provisions have been introduced, which enable business with IP assets already within the existing Regime, under certain conditions, to continue benefiting therefrom until 30 June 2021.

As per the new legislation passed, 80 per cent of the qualifying profits derived from a qualifying intangible asset will be considered as a deductible expense. In case a loss arises when calculating the qualifying profits, the amount that can be surrendered and carried forward is restricted to 20 per cent. In case of an intangible asset falling under both the provisions of the existing and the new Regime, the existing regime will apply until this is fully phased out. The taxpayer has the right for every tax year not to claim all or part of the deduction offered by the new Regime. The new provisions of the Law are effective as of 1 July 2016. In order for the new provisions of the Law to be applied effectively, the Council of Ministers has issued regulations in relation to the calculation of the taxable income and has provided definitions for terms such as ‘qualifying intangible assets’, ‘qualifying persons’ and ‘qualifying profits’. A formula has been introduced to calculate what is considered to be qualifying profits. The persons who may benefit from the new Regime are Cyprus tax residents, tax resident permanent establishments of non-tax resident persons and foreign permanent establishments that have chosen to be subject to tax in Cyprus.

Cyprus remains a very attractive destination for intellectual property rights and other business. The island’s legislative and business structures have created a one-stop destination for any type of business. This is in addition to the advantages Cyprus can offer as a result of its membership of the European Union.

ii Cyprus as a one stop-business destination and the accommodation of IP rights

The legislative and business structure of Cyprus has always been commercially oriented. It is no secret that the island’s economy is based on two main pillars: tourism and business services (although new areas of economic growth are currently being explored). In terms of business services, the spectrum of providing services has been considerably shaped by the accession of Cyprus to the European Union in 2004. National legislation was harmonised to give effect to the *acquis communautaire*, such as, for example, the increase of the corporate tax to 12.5 per cent and other new initiatives like the participation on the TMview database and more recently, the platform for online trademark applications and renewals. Further, the European regulations and directives have allowed Cyprus to exploit its geopolitical position in the Mediterranean Sea, thereby becoming a gateway into Europe.

In light of the above, Cyprus has all the elements required to safely be characterised as a one-stop business destination. The corporate environment remains fruitful even after the tightening of money-laundering controls worldwide. This is mainly because companies incorporated in Cyprus enjoy the benefits of a jurisdiction that is well apprehended for the purposes of business. Therefore, Cyprus companies can be a good vehicle to host IP rights and further the branding reputation and goodwill of a business. As a result, the new IP Box regime is only expected to enhance the geopolitical position of the island by attracting
professional tourism, such as medical and pharmaceutical researchers, media and technology companies and other research and development experts. This is effected at a time when public and private universities are further expanding their services, especially into medicine, and when national health is in the political forefront – the Ministry of Health is trying to reach a consensus with doctors and nurses in the public sector for putting in place what is referred to as the ‘general health plan’, which is said to empower the position of private hospitals and medical service providers and researchers in Cyprus.

iii Conclusion

Cyprus is a very promising and constantly evolving business and marketing headquarters. The island’s legislative and business structure and geographic position make it an ideal channel through which a successful business strategy can be realised.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

The most important forms of intellectual property protection available in Denmark are patents, utility models, copyrights, designs and trademarks. Trade secrets are also protected in Denmark, but are not generally (and historically) regarded as being a form of intellectual property right \textit{per se} under Danish law (contrary to the legal practice in many other countries).

The Danish legal system is based on the civil law system. Traditionally, the legislation related to intellectual property rights, including the Danish Patents Act, has been based upon a rather close cooperation between the other Nordic countries. Case law from the other Nordic countries relating to intellectual property rights has therefore played a noteworthy part in determining Danish intellectual property law for many years (and still does).

Denmark has been a member state of the European Union (EU) since 1973. As a consequence hereof, legislation from the EU has been playing an increasingly important role in the intellectual property field of law for quite some time. This is in particular the case in relation to the protection of trademarks and designs as well as in relation to the enforcement of intellectual property rights in general.\footnote{Directive 2004/48/EC.}

Of specific relevance with regard to patents, it should be mentioned that Denmark is a party to several international treaties concerning patents, including The Patent Cooperation Treaty, The Patent Law Treaty and The European Patent Convention. As further commented on in Section V, \textit{infra}, Denmark has also decided to join the European Unified Patent Court system.

On a general note, it seems fair to conclude that the Danish legislative framework for the protection of intellectual property rights is well developed and offers a level of protection that is quite similar to the protections that are offered in comparable civil law legal systems of other countries in Western Europe.

II RECENT DEVELOPMENTS

In terms of legislative initiatives, one of the most important recent developments appears to be the creation of a special enforcement unit as part of the Danish Patent and Trademark Office aimed at strengthening the fight against counterfeiting and piracy. The enforcement unit shall act as a point of contact, where private citizens, businesses and authorities can receive information and guidance in specific cases about the enforcement of intellectual

\footnote{Rasmus Munk Nielsen is a partner at Clemens Advokatpartnerselskab.}
property rights. The new legislation was adopted in December 2016 under the explicit purpose of enhancing the protection and lawful exploitation of intellectual property rights. The new rules came into force on 1 January 2017, and the practical long-term effects of the new enforcement unit, therefore, still remain to be seen.

A number of interesting judgments and orders relating to patents have recently caught the attention of the intellectual property law community. Of particular interest are two recent patent decisions from the Maritime and Commercial High Court (of which one was appealed to the Eastern High Court) given that these decisions were the first to be handed down after the competence to decide preliminary injunction cases in 2013 was moved from the bailiffs’ courts to the Maritime and Commercial High Court (or the district courts in some instances). In both of the cases, the Maritime and Commercial High Court carried out a comprehensive and quite extensive examination of the validity of the patents in question and the evidence regarding prior art submitted to the court even though the cases were being dealt with on a preliminary basis. Therefore, it seems reasonable to expect that preliminary patent cases may receive a more thorough treatment at the Maritime and Commercial High Court compared to the way these types of cases were dealt with previously.

In relation to trademarks, the adoption of Regulation (EU) 2015/2424 by which the EU rules on EU trademarks were reformed in some aspects has been the most notable recent development.

III OBTAINING PROTECTION

i Patent protection

Patent protection is obtained by filing a patent application either directly to the Danish Patent and Trademark Office or by designating Denmark in an international patent application under the Patent Cooperation Treaty. Patent protection in Denmark may also be obtained on the basis of an application to the European Patent Office in accordance with the provisions of the European Patent Convention.

According to the Danish Patents Act, patent protection shall be granted for all inventions that are: (1) new (at the time of filing the application and subject to the principle of global novelty); (2) involve an inventive step (essentially different from the prior art); and (3) are susceptible to industrial application. Inventions may be patented within all areas of technology and may be granted for products, methods, apparatuses and applications.

The Danish Patent and Trademark Office will perform both a novelty search and a patentability examination when examining a patent application.

ii Utility models

Utility models may be obtained through the filing of a utility model application with the Danish Patent and Trademark Office. A creation must be: (1) new (at the time of filing the application and subject to the principle of global novelty); (2) distinctively different from any prior art; and (3) industrially applicable in order to qualify for protection as a utility model. Utility models can be registered for products, apparatuses and applications.

3 The Maritime and Commercial High Court’s decision of 8 July 2014 in case no. A-0017-13 and the Eastern High Court’s decision of 14 August 2015 in case no. B-146-15 (following an appeal from the Maritime and Commercial High Court).
The exclusive right granted via the registration of a utility model applies from the date of filing the utility model application onwards for up to 10 years. The exclusive right granted by a patent applies from the date of filing the patent application onwards for up to 20 years.

iii Trademark rights
Trademark rights may be obtained either through registration or by use. With regard to registered trademarks, protection may be obtained via a national registration, a EU registration or by designating Denmark in an application made via the Madrid Protocol.

iv Design protection
Design protection in Denmark may be obtained through four different channels: (1) by filing an application for a Danish design registration to the Danish Patent and Trademark Office; (2) by filing an application for a EU design to the European Union Intellectual Property Office; (3) as a non-registered EU design in accordance with the provisions of Council Regulation (EC) 6/2002; or (4) via an international application in accordance with the provisions of the Hague Agreement Concerning the International Registration of Industrial Designs.

v Copyright protection
Copyright protection applies from the moment of the creation of a work that is protected under the Danish Copyright Act. It is not possible to register a copyright in Denmark. Examples of protected works under the Danish Copyright Act are literature, music, theatre, film, the visual arts – including photography, architecture, and decorative arts – as well as computer programs (software).

Under the Danish Copyright Act, it is the originator of the work who holds the copyright for that work. Compared to the protection of copyright holders in other countries, it is worth noting that the Danish Copyright Act contains several mandatory provisions that provide protection for the originator in relation to agreements on the transfer of copyright. The copyright protection lasts from the date of the creation of the work in question until 70 years following the death of the copyright holder.

It should be emphasised that an intellectual property right holder must pay special attention if protection in Greenland and the Faroe Islands is relevant, as protection may not automatically be granted in these parts of the Kingdom of Denmark even though protection has been obtained in Denmark proper.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement
The most important venue for enforcement of intellectual property rights in Denmark is by far through the judicial court system. However, administrative departments and agencies also play a part in the enforcement of intellectual property rights (primarily via actions taken by the Danish customs authorities or through administrative proceedings lodged with the Danish Patent and Trademark Office).

In matters relating to the infringement of intellectual property rights, it is often crucial for the right holder that the infringing actions are stopped very quickly. Therefore, right
holders often initiate preliminary measures, for example, in the form of applications for injunctive relief. The Danish courts have many years of experience in dealing with such preliminary measures and are generally quite effective in doing so.

Preliminary injunction applications may be submitted to one of the district courts seated in the district in which the alleged infringer is domiciled or where the alleged infringing actions are taking place. However, unless the parties have agreed otherwise, which seldom would be the case in an infringement case, the right holder may also submit its preliminary injunction to the Maritime and Commercial High Court in Copenhagen in most types of intellectual property infringement cases. In practice, the Maritime and Commercial High Court acts as Denmark’s specialised intellectual property court.

The Danish Maritime and Commercial High Court has specific importance in relation to the enforcement of EU trademarks as well as EU designs given that the court has the sole jurisdiction in first instance to grant provisional and protective measures in respect of these forms of intellectual property rights with effect for all EU member states (the competent court of second instance in these matters is the Danish Supreme Court).

ii Requirements for jurisdiction and venue

As mentioned above, the Maritime and Commercial High Court has specific competences and jurisdiction to deal with intellectual property matters although infringement actions (both preliminary and non-preliminary actions) may also be brought before the district courts. In practice, it will often be up to the right holder to choose whether an action should be initiated before the Maritime and Commercial High Court or one of the district courts.

Infringement actions typically start with the right holder sending a cease-and-desist letter (or warning letter) to the alleged infringer. If the parties cannot reach an amicable settlement at this stage, the case may be left for the courts to decide. In this respect, it is relevant to note that an infringement action may be initiated if an infringement has already occurred or if it seems probable that an act of infringement will soon occur.

In relation to trademarks and patents, both the licensee and the owner of the intellectual property right in question (i.e. the patentee or the trademark licensor) are entitled to bring an infringement action before the courts. If a licensee brings an infringement action, the licensee is obligated to notify the licensor hereof.

While it is possible to initiate court proceedings with a view to obtain negative declaratory judgments (i.e. non-infringement judgments), it is not clear whether a negative declaratory claim may be filed as a preliminary measure.

iii Obtaining relevant evidence of infringement and discovery

There are a number of ways in which a right holder may seek to obtain relevant evidence of an alleged infringement of its intellectual property rights.

For instance, the right holder may apply for a search and seizure order in accordance with the provisions of the Danish Administration of Justice Act. The option to apply for a search and seizure order is available in relation to most types of intellectual property infringement.

The search and seizure provisions were adopted in 2001 as a fundamentally new set of rules for obtaining relevant evidence of infringement in intellectual property matters following an official review in 2000 of Denmark’s fulfilment of its obligations under the
The main purpose of the new rules was to make it possible for the right holder to obtain and secure evidence of an alleged infringement of a very broad range of intellectual property rights by applying for a search and seizure order through the bailiffs’ court (as a preliminary measure). The rules have been amended several times since 2001 – primarily as a result of the implementation of the Directive 2004/48/EC on the enforcement of intellectual property rights in 2006 – and are today being widely used.

Also, the right holder may take advantage of the provisions set forth in the Danish Administration of Justice Act, Chapter 29 a, which apply to almost all types of intellectual property rights. The provisions were adopted in 2006 with the aim of implementing Directive 2004/48/EC on the enforcement of intellectual property rights in the national legislation of Denmark.

It follows from these provisions that an intellectual property rights holder may request the courts to order that information on the origin and distribution networks of the goods or services, which infringe the right holder’s intellectual property right, be provided by the infringer.

The information may comprise: (1) the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers; and (2) information on the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.

It should be emphasised that the neither the preliminary measure of search and seizure nor the order for certain information related to the infringement of an intellectual property right as provided for in the Danish Administration of Justice Act may be used in relation to the violation of trade secrets.

### iv Trial decision-maker

In intellectual property-related proceedings that are being dealt with at the Maritime and Commercial High Court, the panel of judges will typically consist of one legally qualified judge and two technically qualified judges (with specialist knowledge within the intellectual property field in question).

The panel of judges in other courts will most often only consist of one or more legally trained judges (without any technical expertise). This is also the case at the Supreme Court.

The use of court-appointed experts in intellectual property matters is very common in court proceedings, including in proceedings before the Maritime and Commercial High Court. In 2014, the judicial rules regarding the use of court-appointed experts underwent a liberalisation following which the parties are allowed to ask the experts almost any kind of question as long as the subject matter of the question is relevant to the proceedings.

### v Structure of the trial

Civil proceedings are commenced by the plaintiff’s submission of a statement of claims (and payment of the required court fees).

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When the court is satisfied that certain formalities with regard to the submission of the statement of claims have been met, the court will take steps to ensure that the statement of claims is being served on the defendant (accompanied with a letter from the court setting a deadline for the defendant to file a statement of defence).

Shortly after the statement of defence has been submitted, the court will often arrange for a preparatory court hearing (held as a telephone conference) in which a plan for the remaining part of the preparatory process is discussed, including whether or not it is relevant to appoint a survey expert to deal with certain technical matters of the dispute and the extent to which the parties shall submit further written statements to the court. If a survey expert is appointed, which often is the case in proceedings concerning the infringement of intellectual property rights, this will normally result in a considerable extension of the length of the proceedings.

In an intellectual property infringement case, the burden of proof with regard to whether or not the defendant has infringed the intellectual property right in question lies with the plaintiff.

Danish courts follow the principle of free evaluation of evidence and basically all forms and kinds of evidence are admitted – as long as the evidence is relevant to the proceedings in question. Traditionally, the courts do not distinguish between public and private documents in relation to evidence – but the way in which the evidence has been produced or obtained may be taken into consideration by the courts when deciding the case. Unilaterally obtained expert opinions are normally admissible provided that they were obtained prior to the commencement of the court proceedings. However, the courts may be reluctant to rely upon such expert opinions – especially if the evidence of the case also includes a report prepared by a court-appointed survey expert.

The Danish court system is currently undergoing a comprehensive digitalisation process, which ultimately will result in the establishment of a digital platform making digital communication possible for all users of the courts in civil proceedings. The aim is to make the whole preparatory process digital – from the beginning of the process when the statement of claims is filed to the time the court’s decision is handed down and communicated to the parties – and, thus, rendering it possible for a civil case to be handled purely digitally without any physical papers being exchanged between the parties and the court. One of the High Courts and a district court have been acting as frontrunners in the digitalisation reform, and it is expected that all other courts will follow suit in the coming years.

vi  Infringement

As a clear starting point, the burden of proof with regard to whether an infringement has occurred lies with the plaintiff (i.e. the right holder). However, in civil proceedings concerned with whether a specific product has been manufactured by infringing a process patent, the burden of proof is reversed – meaning that the alleged infringer has to prove that the product in question has not been manufactured using the patented process. This is one of very few exceptions to the general rule of the burden proof.

vii  Defences

In intellectual property infringement cases, the first line of defence will often be to question the very existence and protection of the intellectual property rights in question. For instance,
a defendant may argue that a patent is invalid because it is based on prior art, or that the alleged infringing product or process does not infringe the patent claims relied upon by the right holder.

A defendant may also question the plaintiff’s rights to the intellectual property – thus, making it necessary for the plaintiff to produce clear evidence for plaintiff’s title to the rights in question.

viii Time to first-level decision
The Danish courts are generally considered to be quite effective. Following several reforms of the judicial system in the past few years, the courts have been focused on reducing case processing times and achieving consistent processing times in similar cases.

The pendency of an intellectual property case very much depends on the complexity of the case in question, the international aspects of the case (e.g., one or more foreign defendants) and the necessity for the appointment of a survey expert to prepare a report on certain technical aspects of the case.

Civil cases pending at the Maritime and Commercial High Court are on average decided within two years after the statement of claims has been submitted. However, it is far from uncommon that complex intellectual property proceedings last for much longer. Patent infringement cases will almost always involve the appointment of a survey expert and in these situations the average pendency time is more than three years.5

ix Remedies
The remedies available in intellectual property infringement cases are stipulated in the Danish Administration of Justice Act as well as in the different acts pertaining to each of the main intellectual property rights.

The most commonly used remedies include injunctions (both permanent/final or preliminary), financial compensation (in the form of damages and reasonable remuneration) and border control measures.

The rules regarding preliminary measures have recently been revised and now allow the right holder to apply for a preliminary court decision ordering an alleged infringer to actively perform or accept the performance of certain acts as opposed to simply refraining from performing infringing actions.

According to the Danish Administration of Justice Act, there are three fundamental requirements for the grant of a preliminary injunction, namely: (1) that the right holder’s intellectual property right in question is indeed in existence and valid and that the right is being infringed; (2) that the defendant’s actions or behaviour make it necessary to grant a preliminary injunction; and (3) that the right holder’s possibilities for enforcing the intellectual property right in question will be lost if the right holder has to await the court’s decision under ordinary court proceedings.

In line with the legal principles governing preliminary measures in many other countries, a right holder is not compelled to prove that the defendant has infringed its rights in order to succeed in obtaining a preliminary injunction (or other preliminary measures) – it is enough for the right holder to render it probable that an infringement has occurred in order to meet the requirements for the courts to issue a preliminary injunction.

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5 According to the yearly report from 2015 from the Maritime and Commercial High Court.
If the court reaches the conclusion that the conditions for issuing an interim injunction are met, the right holder will have to provide a security (e.g., in the form of a bank deposit or guarantee) for the defendant’s financial loss if it at the conclusion of the following case on the merits becomes clear that the right holder’s intellectual property rights have not been infringed. However, no security is required in those cases where the court finds that the right holder – already at the preliminary level – has proved that an infringement has taken place.

In addition to preliminary injunctions, a right holder may also apply to the court for a search and seizure order.

Search and seizures orders are formally submitted to the bailiff’s courts but in cases where a right holder submits both a search and seizure application and a preliminary injunction application both measures will in practice often be dealt with by the same judge.

In addition to permanent injunctions and financial compensation as briefly mentioned above, the permanent remedies include publication of a judgment regarding infringement, and the return, destruction and withdrawal from the market of the infringing goods and equipment used in the production of such goods.

In severe infringement cases criminal sanctions may also be relevant. Generally, criminal sanctions will be in the form of fines, but imprisonment is also a possible sanction in the most serious cases. As a starting point it will be up to the right holder (as opposed to the public prosecutor) to bring forward a claim for criminal sanctions, which is probably one of the reasons why many intellectual property infringement cases are being decided without the court considering a possible criminal liability.

**x Appellate review**

The Danish court system is based on the principles of a two-tier system meaning that the decisions handed down by a court of first instance in almost all cases may be appealed to a higher court.

Hence, judgments handed down by the districts courts in first instance can automatically be appealed to either the Western High Court or the Eastern High Court.

The Maritime and Commercial High Court’s judgments may be appealed to either the Western High Court or the Eastern High Court or directly to the Supreme Court (depending on whether or not the matter in question is regarded as being of general importance to the development and application of the law or whether certain other special criteria are met).

**xi Alternatives to litigation**

The main alternatives to litigation are arbitration and mediation.

The initiation of arbitration proceedings requires that an agreement hereon have been concluded between the parties. If the parties did not have a contractual relationship prior to the occurrence of the matter in question (e.g. an alleged infringement of a trademark or patent), arbitration will usually not be available (unless both parties agree to arbitration when the dispute arises). However, if the matter in question is concerned with the violation or breach of a license agreement concerning intellectual property rights, arbitration could be relevant as these types of agreements often contain an arbitration clause.

The most popular and important arbitration tribunal in Denmark is the Danish Institute of Arbitration, which is a non-profit private institute. The institute was founded in 1981 and has considerable knowledge and experience in dealing with both national and international arbitration.
Denmark is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, which, *inter alia*, means that arbitral awards handed down by Danish arbitration tribunals may be enforced in other countries subject to the provisions of the convention.

As an alternative to arbitration or continued litigation, the parties to civil court proceedings may agree on making a request to the court to appoint a mediator. This option is, however, very rarely used in the context of intellectual property proceedings (instead it seems to happen more often that the parties reach an amicable settlement without requesting for the appointment of a mediator).

If the parties choose to enter into mediation it is important to note that each party may at any point in time decide to end the mediation in which case the litigation will resume.

V  TRENDS AND OUTLOOK

Most political parties in Denmark acknowledge that Denmark should have a strong competitiveness in order to remain among the wealthiest countries in the world and that a well-developed system for the protection and enforcement of intellectual property rights is a significant element in reaching this goal. Danish businesses rely very much on innovation, creativity and the development of new and complex technologies as opposed to, for instance, the exploitation of natural resources. Therefore, it must be expected that the Danish government and parliament will continue to adopt legislation aimed at enhancing protection for intellectual property right holders and implement new EU legislation swiftly within the field of intellectual property.

In May 2014, a referendum was held in Denmark concerning the question of whether or not Denmark should join the Unified Patent Court (UPC). More than 60 per cent of the cast votes were in favour of Denmark joining the UPC, thus making it possible for the ratification of the agreement on the UPC. The Danish legislation on the UPC is already in place, but will (for obvious reasons) not come into effect until the UPC has come into existence, which will happen when certain criteria set forth in the UPC Agreement are met.

In addition to the expected establishment of the UPC, the European Union’s patent reform also consists of two regulations aiming to facilitate the creation of a unitary patent protection system within the European Union.
Chapter 8

FRANCE

Stanislas Roux-Vaillard

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Intellectual property protection and enforcement in France is heavily affected by international treaties and multilateral agreements.

French law on intellectual property rights is the result of national statutory and regulatory provisions, statutory provisions implementing international and multilateral agreements and European regulations having direct effect in France as a Member State of the European Union.

In this respect, France is a party to the Paris Convention for the Protection of Industrial Property of 20 March 1883, which introduces key mechanisms such as the priority right. France is also a party to the Berne Convention for the Protection of Literary and Artistic Works of 9 September 1886.

Under these two main international conventions, France is a party to a number of special agreements. Some of these allow for an international filing of application for registered intellectual property rights: for patents, the Patent Cooperation Treaty (PCT) of 19 June 1970; and for trademarks, the Madrid Agreement concerning the International Registration of Marks of 14 April 1891 and the Madrid Protocol of 27 June 1989.

France is also a party to regional agreements. The substance of the Strasbourg Convention on the Unification of Certain Points of Substantive Law on Patents for Invention of 27 November 1963, drafted under the authority of the Council of Europe, is found in the Munich Convention on the Grant of European Patents of 5 October 1973, also known as the European Patent Convention and revised in 2000, which entered into force on 13 December 2007. Under these conventions, European patents administered at the European Patent Office (EPO) may designate France and be enforceable in France. Since 1 May 2008, because of the entry into force of the London Protocol, a French translation of the description of the patent is no longer required, provided that it is available in one of three official EPO languages (German, English and French).

As a Member State of the European Union, France implements and enforces EU legislation, for example Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community trademark, which sets a unitary trademark protection for all the Member States. Directives also aim at harmonising national laws and in this respect, Directive 2004/48/EC.

Stanislas Roux-Vaillard is a partner at Hogan Lovells (Paris) LLP.

Other ratified conventions are: regarding designs, the Hague Convention of 6 November 1925; and regarding the filing of microorganisms, the Budapest Treaty of 28 April 1977.

The claims are still available in three official languages of the EPO.
EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights has notably helped improve means of enforcement of intellectual property rights in France. Under the World Trade Organization, France also implemented the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) signed on 15 April 1994. The implementation of these international rules and the articulation of French law and notably French intellectual property law with these international rules is codified with French national substantive law in the French Intellectual Property Code (CPI).

French law as codified in the CPI provides for specific provisions regarding several intellectual property rights, among which are utility patents, supplementary protection certificates for some utility patents, utility certificates, trademarks, designs, semiconductors, plant varieties, geographical indications, manufacturing secrets, authors’ rights, neighbouring rights and database producer rights. The intellectual property rights most commonly relied upon are utility patents, designs, trademarks and authors’ rights.

### Patent protection

Subject to registration, utility patents allow for obtaining exclusive rights over a new invention showing the inventive activity of the inventor and allowing for industrial application. Utility patents are aimed at protecting technical features. National French patents and European patents designating France have effect in France from their date of application and for a period of 20 years. The main counterpoise for granting exclusive patent rights to a patent holder is the disclosure of the content of the patent application and the granted patent to the public. After the 20-year term, the patent rights expire and the patent content falls in the public domain.

### Design protection

Subject to registration, designs allow for protecting new forms showing new and individual character. Designs aim at protecting the appearance of the whole or a part of a product. Registered national, international and Community designs are protected for a period of five years as from the date of the filing of the application. The term of protection may be renewed for one or more periods of five years each, up to a total term of 25 years from the date of filing. Unregistered Community designs are protected for a period of three years from the date of first disclosure of said design. Registered and unregistered designs may also enjoy protection under authors’ rights, given that they meet the specific requirements under authors’ rights in France.

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4 Geographical indications, such as appellations of origin are also widely used almost exclusively for foodstuffs, given that the specificities of the land of their region of origin provide some of their characteristics.

5 According to the statistics made available by the French patent and trademark office (INPI), the EPO and the World Intellectual Property Organization (WIPO), 16,158 national French patents were applied for in 2016. During the same period, French entities applied for 10,486 European patents (directly at the European Patent Office or through the PCT route) of the 159,353 European applications filed. Further, of the 231,500 international applications filed under the PCT, 8,208 were filed by French entities.
iii Trademark protection

Subject to registration, trademark law allows for reserving a sign with distinctive character for identifying a good or a service. National, international and Community trademarks have effect in France and allow for reserving a right over a sign on their date of application and for a term of 10 years renewable without limits. Trademarks may consequently remain valid and enforceable for an unlimited period of time. Trademarks may, however, become generic or be revoked for non-use.

iv Authors’ rights protection

There is no copyright *per se* in France, only authors’ rights. There are no formalities of registration required with any French office to enable an author to protect his or her work and benefit from the exclusive rights over such a work. Authors’ rights result solely from the creation of the work itself. The work must be an original work of authorship. Authors’ rights combine both proprietary economic rights\(^6\) and moral rights.\(^7\) The proprietary economic rights last for the entire life of the author and end 70 years after the year of his or her death.\(^8\) The moral right is imprescriptible. Authors’ rights may be difficult to evidence owing to the lack of formal requirement for their protection.

v Trade secrets protection and other exclusive data

In addition to these main intellectual property rights and other rights codified in the CPI, other valuable assets and information may be protected by civil and criminal law, as well as specific regulatory provisions.

Trade secrets are not subject to a legal definition under French law and no specific provisions relate directly to them yet\(^9\) but they are often recognised and protected in court decisions under French civil or criminal law. The definition of a trade secret as provided by Article 2(1) of Directive (EU) 2016/943\(^10\) will become part of French law once said Directive is duly implemented in France and is already a guide for French courts. Basically, information will qualify as a trade secret if: (1) it is not generally known; (2) it has commercial value because it is a secret; and (3) reasonable steps have been taken under the circumstances to keep it secret.

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\(^6\) Notably the rights to perform, copy, display and adapt.

\(^7\) Mainly the right to disclose the work or right of withdrawal, the right to be named as the author and the right to have the work and its destination unaltered.

\(^8\) Since Law No. 97-283 of 27 March 1997.

\(^9\) With one exception, relating more specifically to the protection of a secret manufacturing process as defined at Article L152-7 of the French Labour Code: 'The fact of revealing or attempting to reveal a manufacturing secret by any director or salaried person of the company in which he is employed shall be punishable by imprisonment of two years and a fine of €30,000. The Court may also order as an additional penalty for a period of not more than five years the prohibition of civic, civil and family rights provided for by Article 131-26 of the Penal Code.'

\(^10\) Article 2(1) of Directive (EU) 2016/943 defines ‘trade secret’ as follows: ‘information which meets all of the following requirements: (a) it is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question; (b) it has commercial value because it is secret; (c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret’.
Other specific regulations allow for protecting specific valuable data such as data found in marketing authorisations.\textsuperscript{11} For medicinal products authorised by the French health authorities with application for authorisation submitted after 30 October 2005, Article 10.1 of Directive 2001/83/EC as amended by Directive 2004/27/EC and as implemented into French law grants the holder of the marketing authorisation of the reference medicinal product at least eight years of data exclusivity: protection over the results of the holder’s preclinical tests and clinical trials from the initial authorisation of the reference medicinal product, which means that the applicant for a marketing authorisation of a generic product cannot rely on them until that period has elapsed.\textsuperscript{12}

\section*{II RECENT DEVELOPMENTS}

The international agreement establishing a European Unitary patent system including a unitary patent and the Unified Patent Court (UPC) has now been ratified by 12 participating Member States. The ratification by Germany and by the United Kingdom (despite Brexit) are still awaited and expected in 2017 for the patent package to enter into force. The UPC is a specific supranational jurisdiction for existing European patents and for future Community patents litigation and this jurisdiction will have its own set of procedural rules.

On 8 August 2016, Law No. 2016-1087 for the recapture of biodiversity was passed, notably modifying Article L611-19 of the French Intellectual Property Code on the exceptions to patentability, to extend the exclusion not only to essentially biological processes for obtaining plants and animals, but also to the ‘products obtained from such processes, as well as their parts and genetic components’.\textsuperscript{13} Distinctly and in accordance with the Nagoya Protocol,\textsuperscript{14} Law No. 2016-1087 also provides that when the use of genetic resources and associated traditional knowledge results in a patent application, the applicant must inform the INPI of this use, which must transmit the information to the authority responsible for verifying the legality of the access to the resources by the user.\textsuperscript{15}

\section*{III OBTAINING PROTECTION}

Article L611-10 CPI provides that inventions that are new, that show inventive activity and that are susceptible of industrial application are patentable. There is, however, no general positive definition of the ‘invention’ under French law.

\textsuperscript{12} The same articles provide for a 10-year period of market exclusivity protection during which the generic product cannot be launched onto the market. The market exclusivity period can be extended to a maximum of 11 years under specific requirements.
\textsuperscript{13} This is in contrast with the decisions rendered by the European Patent Office on 25 March 2015 (\textit{Tomato II} and \textit{Broccoli II}, G2/12 and G2/13), by which the Enlarged Board of Appeals has ruled that the patentability exclusion for essentially biological processes does not extend to the products themselves, obtained through those processes.
\textsuperscript{14} \url{www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=202956}.
\textsuperscript{15} Article L412-18 of the French Environment Code.
In practice, products and processes that provide technical means for solving a technical problem are, as a general rule, patentable. Nevertheless, some subject matters are excluded from patentability.

Article L611-10, Section 2 CPI provides a list of what are not inventions: discoveries, scientific theories and mathematical methods; aesthetic creations; plans, principles and methods applied to intellectual activities, games or business as well as computer programs; and presentations of information. Article L611-10, Section 3 specifies that exclusion should apply only when the subject matter of the patent is one of the above per se. When the same is included in a larger array of patentable means, then the exclusion to patentability does not apply.

In this respect, pure business methods are not patentable in France. However, a larger process including a business method may be patented if the means other than the business method are claimed and patentable.

Similarly, computer software per se is excluded from patentability and is protected under authors’ rights in an amended version as compared to literary and artistic works. However, nothing precludes obtaining a patent for a process including the use of software or a programmed computer to enable its implementation.

Article L611-19 CPI excludes from patentability plant varieties that may be protected by a special title under Regulation (EC) No. 2100/94. Animal breeds are also excluded. Inventions involving plants and animals but not limited to a particular variety or breed are patentable except products obtained from biological processes for obtaining plants and animals, as well as their parts and genetic components. Furthermore, it is stated that processes involving microorganisms and products obtained through such processes are patentable.

In the field of genetics, Article L611-18 CPI states, as a principle, that the human body itself or the mere discovery of a part of the same cannot be patented. Processes for cloning humans, processes for modifying the genetic identity of mankind, the commercial or industrial use of human embryos, and gene sequences cannot be patented. This nevertheless allows for patenting the vast majority of biotechnology-related inventions (both processes and products). As an example, a patent over ‘cloned DNA sequences, hybridisable with genomic RNA of the LAV’ has been held valid.

As to methods for treating patients, Article L611-16 CPI states that they are not patentable. The same Article makes it clear that products for implementing methods for treating patients are patentable.

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16 Law No. 85-660 of 3 July 1985 codified in the CPI allows the application of authors’ rights protection to computer programs.
17 As decided by the Court of Cassation: ‘A process cannot be denied patentability on the sole basis that one or more of its steps are performed by a computer controlled by software.’ Moreover, the court held that ‘excluding the patent field processes involving the execution of a computer program would exclude from the field of patentability most important recent inventions.’ Court of Appeal of Paris 15 June 1981, PIBD 1981. 285, III, 175.
19 Court of Cassation, 23 November 2010, Case No. 1194, Institut Pasteur v. Chiron Healthcare & Novartis Vaccines & Diagnostics.
As to the nature of the rights vested in the patent holder, it is a right to exclude others from doing a certain number of actions, including manufacturing, importing and selling products or processes listed on the claims of the patent.\textsuperscript{20}

Patent rights are granted for 20 years from their date of filing. However, in some limited cases, the protection conferred by the patent may be extended.

In this respect, under Regulation (EC) No. 469/2009 of 6 May 2009 patents over drugs are subject to a possible extension of protection in the form of a supplementary protection certificate (SPC).\textsuperscript{21}

Besides the above tentative list of patentable subject matters, most inventions nowadays are improvements rather than pioneering inventions; in a 2011 decision, the Court of Appeal of Paris\textsuperscript{22} held that an improvement patent is one reproducing an ‘essential feature’ of a prior invention.

\section*{IV ENFORCEMENT OF RIGHTS}

\subsection*{i Possible venues for enforcement}

Patent enforcement in France is for courts to ascertain. Since 2 November 2009, the civil First Instance Court of Paris has exclusive jurisdiction over patent cases.\textsuperscript{23} This allows for some harmonisation of case law in patent cases at first instance level.\textsuperscript{24}

Actions for nullification of a decision of the INPI (an administrative decision) remain the exclusive jurisdiction of the Court of Appeal of Paris.

In theory, upon a showing of intent, patent infringement amounts to an offence,\textsuperscript{25} allowing a case to be brought before the criminal courts. A criminal and a civil case over the same facts may be brought in parallel but the procedural interaction of the two may bring much complexity to the case.\textsuperscript{26}

Patent holders may voluntarily limit the scope of the claims of their title, notably post-grant.\textsuperscript{27} The limited patent retroactively becomes the only patent that ever existed. The

\footnotesize{20 Article L613-3 CPI. \hfill \textsuperscript{21}SPCs allow for compensating the time lost between the filing of a patent and the grant of a marketing authorisation needed to put the drug on the market (up to five years). \hfill \textsuperscript{22}Court of Appeal of Paris, Division 5-1, 30 March 2011, No. 09/06333, Conté, PIBD 2011, 940-III-340.\hfill \textsuperscript{23}Decree No. 2009-1205 of 9 October 2009, which entered into force on 1 November 2009, states that disputes regarding patents are now the exclusive jurisdiction of the First Instance Court of Paris and on appeal the Court of Appeal of Paris. (See Article L615-17 and Article D631-2 CPI.)\hfill \textsuperscript{24}Such exclusive jurisdiction of the Paris courts does not extend to trade secret cases (see Court of Cassation, 16 February 2016, Case No. 14-24.295).\hfill \textsuperscript{25}See Article L615-14 CPI; however, this route is almost never used, mainly because: (1) a criminal case is not controlled only by the parties but also by the French state, which is a party to the proceedings, independently deciding its own behaviour in the case; and (2) criminal courts are not used to grant high damages in patent cases.\hfill \textsuperscript{26}Court of Appeal of Paris, Division 5-1, 12 February 2014, No. 11/01882, Donerre v. BOS.\hfill \textsuperscript{27}Voluntary limitation post-grant was introduced into French law by Act No. 2008-776 of 4 August 2008, which entered into force on 1 January 2009 and Decree 2008-1471 of 30 December 2008.}
application for voluntary limitation has to be filed with the INPI. The INPI decides on
the grant of the voluntary limitation within a few months. Cumulating several voluntary
limitations is allowed.28

When civil proceedings on the merits regarding the validity and possibly infringement
of a patent as granted are pending, the initiation of a limitation procedure at the INPI does
not automatically trigger a stay of the civil proceedings. However, the dual consideration of
the retroactive effect of the limitation and the possibility of an appeal against the decision of
the INPI on the limitation should, in most cases, lead judges to stay civil proceedings on
the merits before ruling on validity. This is the line followed by the Court of Appeal of Paris,29
which also made clear, in one of its first decisions on voluntary limitation post-grant, that
despite statutory uncertainty, voluntary limitation application before the INPI is available
both for national French patents and for European patents designating France.30

Since 2009, voluntary post-grant patent limitation has proved to be a valuable strategic
tool for patent holders involved in litigation over the validity of a patent.

ii Requirements for jurisdiction and venue

Law No. 2011-525 of 17 May 2011 vests exclusive jurisdiction in the civil first instance courts
for all civil actions and requests over patents even when they address a related issue of unfair
competition.31 As regards patents, since 2 November 2009 exclusive jurisdiction had already
been vested specifically in the First Instance Court of Paris. Civil actions over patents include
infringement actions, nullification actions and declaratory suits for non-infringement.

To sue for infringement, a patent holder must notably evidence that it has title,
ownership and that the patent is enforceable by payment of maintenance fees. An exclusive
licensee may also, upon authorisation by the patent holder, initiate a patent infringement
case. A non-exclusive licensee may join the procedure initiated by the patent holder to recover
damages for its own loss.32 To sue for patent nullification a third party must show that it has
a personal interest in seeking patent nullification (e.g., being a competitor on the French
market needing freedom to operate).33 To initiate a declaratory suit for non-infringement, a
party must show that it is using its invention industrially in the European Union or that it is
effectively and seriously preparing to do so.34

iii Obtaining relevant evidence of infringement and discovery

Under French civil procedure, the burden of proof regarding the facts on which a claim is
based lies on the claimant.

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28 Court of Appeal of Paris, Division 5-1, 12 February 2014, No. 12/16589, Anne Duquesnoy v. Hermès
Selier.

29 Court of Appeal of Paris, Division 5-2, 21 October 2011, Ateliers LR Etanco SAS v. SFS Intec Holding AG.

30 Stanislas Roux-Vaillard and Loïc Lemercier, ‘Limitation of patents in France: three years on’, Propriété
Industrielle 2012, étude 2, p. 22; Emmanuel Py: ‘Details on the voluntary limitation procedure of the
patent: the case of the European patent designating France’, Propriété Industrielle 2011, comm 70; Pierre
Véron and Isabelle Romet: ‘Patents: strengthening by limitation – voluntary limitation of granted French
national patents is now possible’, IIC, 31 December 2009.

31 See Article L615-17 CPI.

32 See Article L615-2 CPI.

33 Court of Appeal of Paris, Division 5-2, 17 February 2012, Case No. 11/09940, Omnipharm Limited v. SAS
Merial.

34 See Article L615-9 CPI.
Infringement may be proved by any evidentiary means. This includes bailiff reports, bailiff purchases (i.e., purchases made by an independent party under the scrutiny of a bailiff reporting under oath on the actual sale on the market) and documentary evidence.

There is no equivalent to the US discovery or to the UK disclosure in France, but as regards intellectual property rights, and specifically patents, French law provides for a specific means of obtaining evidence, the infringement seizure. The infringement seizure is a highly effective evidence-gathering mechanism whereby a patent holder, suspecting an infringement of its rights, applies *ex parte* for an order of the presiding judge of the First Instance Court of Paris authorising a bailiff and possibly an independent person knowledgeable in the art, to enter any premises where the evidence of the infringement could be found (notably the premises of a competitor) to seize the allegedly infringing product, or to describe, take pictures or videos and copy any information as listed in the presiding judge’s order.

This evidence-gathering procedure is performed under the liability of the patent holder. Consequently any abuse resulting in gaining access to information not directly related to the seizure of sample products or the description of the allegedly infringing product or process will be penalised: evidence gathered beyond the scope of the presiding judge’s order will be inadmissible and the patent holder may have to compensate the seized party for any loss resulting from the abuse.35

Where the infringement-seizure takes place on the premises of a competitor, the latter will often have any information seized put in sealed envelopes, to protect confidentiality. However, confidential information may be held by a third party. This is the case with seizures of the open and closed (not publicly available) part of drug master files handed to the French health authorities for obtaining a marketing authorisation. In such a case, the Court of Appeal of Paris36 has indicated that confidential information must remain accessible to the plaintiff willing and needing to evidence infringement but that ‘it is necessary to reconcile the conflicting interests of the parties, i.e. the search for evidence of infringement and the protection of confidential information; there is a need to assess proportionality of the [evidence-gathering] measures taken with the necessary protection of confidentiality.’ Consequently, if the French health authorities did not request that information seized on its premises be kept confidential awaiting a sorting ordered by a court, it remains possible for the competitor of the patent holder to seek in court the concealment of such evidence.

In a telecoms case where the seized party was likely to benefit from a licence over the patent at stake, the Court of Appeal of Paris held that when applying *ex parte* for an order of the presiding judge of the First Instance Court of Paris, due process commanded that the patentee let the judge know of the likely existence of a licence.37

In addition or as an alternative to the infringement seizure, it is possible38 to have the court order that an alleged infringer provide some information on the extent and origin of the

35 Court of Cassation, 26 June 2012, Case No. 11-18.971, *Tordo Belgrano & FTI v. Inglese, Metimexco and Morey Production*.


38 See Article L615-5-2 CPI.
infringement. The Court of Cassation has had the opportunity to decide that such right of
information may be applied for and ordered before trial, while a case on the merits is pending
and before trial regarding infringement.39

iv Trial decision-maker

In France, the third chamber of the First Instance Court of Paris specialises in intellectual
property and has exclusive jurisdiction in France for patent cases. The third chamber is
divided into four sections of three judges. These judges do not have a technical background.
There is no jury system in French courts and fact-finding is for the judges to carry out.

At trial, patent cases will usually be heard by the three judges belonging to the section
to which the case was assigned. If necessary, the court may, during the proceedings on the
merits, appoint an expert from the court list of experts to clarify specific issues in a report filed
before trial. This is not, however, often the case.

v Structure of the trial

Since the procedure in civil cases in France is mainly conducted in writing, judges will read
the briefs filed by the parties to understand and decide a case. The trial is an opportunity for
lawyers to emphasise and synthesise the key issues of the case. Judges will usually listen to the
oral arguments of each party one at a time and ask few or no questions. Judges rely heavily
on documentary evidence and information gathered during the saisie-contrefacon. Witnesses
are, in practice, never heard by French courts and party-appointed experts’ affidavits are given
relative weight and experts are never examined or cross-examined.

French civil procedure does not set specific standards of proof in patent cases. Patents
are always presumed valid. In patent nullification cases, the Court of Appeal of Paris40 has
indicated, as regards evidencing insufficient disclosure leading to nullity, that it ‘must be
established beyond a reasonable doubt and that the doubt should benefit the patent holder’.
This should also be applicable to other grounds for judicial nullification of a patent.

vi Infringement

To correctly assess infringement, claims will first be construed. Claim construction is made
in light of the description and drawings.41 Additionally, the Court of Cassation has had the
opportunity to decide that even if there exists no ‘file-wrapper estoppel’ as such in France,
limitations made during prosecution of the disputed patent should nevertheless be taken into
account to assess the scope of the granted patent.42

French law lists acts that when performed without the consent of the patent holder
amount to infringement, including manufacturing, importing and selling the patented
products or processes.43

Infringement may be found by literally reading the claims of the patent or by applying
the doctrine of equivalents. Indirect infringement also triggers the liability of the person
offering essential means for implementing the invention.

41 Court of Cassation, 23 June 2015, Case No. 13-25082, Core Distribution Inc v. Castorama.
42 Court of Cassation, 23 November 2010, Institut Pasteur v. Chiron Healthcare; see also: First Instance Court
of Paris, 20 September 2011, Case No. 10/02548, SEPPIC v. IMCD.
43 Article L613-3 CPI.
Claim construction and infringement (and nullity counterclaims) are all dealt with and decided at the same time.

vii Defences

The most common defence to infringement is the invalidity of the patent, often resulting in a counterclaim for patent nullification. Nullity is most often sought for lack of inventive step and lack of novelty of the patented subject matter. Lack of novelty requires a single piece of prior art determining form and function of the invention and achieving the same result. A demonstration for lack of inventive step allows for the combination of several relevant pieces of prior art and the general knowledge of the person skilled in the art. However, it should also be demonstrated that the person skilled in the art charged with assessing the inventive step over the prior art had good reason to combine the selected pieces of prior art. In assessing inventive step, the Court of Appeal has followed the exact approach of the EPO, from the selection of the most relevant prior art to the ‘could or would’ approach. Other grounds for nullity can serve as defences against infringement, notably undue extension of the granted patent as compared to the application as filed or insufficient disclosure of the invention even if French courts have traditionally been flexible in assessing the latter.

Under French law, ownership is not a defence to infringement.

Other common defences are the personal prior use right developed independently earlier than the priority date of the disputed patent and patent rights exhaustion. As regards the latter, it occurs where the patented product has been put on the market with the, possibly implicit, consent of the patent holder.

A defence specific to the pharma industry is the Bolar provision, construed broadly in France, following which acts even outside of France, to gain regulatory approval for any medicinal products, are exempt from patent infringement.

44 Court of Cassation, 14 May 2013, Case No. 11-27.686, Heidelberg Postpress v. Bobst.
46 Court of Appeal of Paris, Division 5-2, 13 January 2012, Case No. 10/17727, SAS Sandoz v. Eli Lilly & Company.
47 Court of Appeal of Paris, Division 5-2, 13 January 2012, Case No. 10/17727, SAS Sandoz v. Eli Lilly & Company.
49 A dispute over ownership of a French patent gives rise to a specific action for claiming back ownership (Article L611-8 CPI); lack of ownership of a European patent when filed is ruled by Article 138 paragraph 1(e) of the European Patent Convention, which is applied by the Court of Cassation as being actionable only by ‘the true owner of the patent or his successor’ and not any alleged infringer. See Court of Cassation, 14 February 2012, Case No. 11-14288.
50 In a preliminary ruling (Order from the presiding judge of the First Instance Court of Paris, 8 December 2011, Samsung v. Apple), the presiding judge of the First Instance Court of Paris found that owing to the circumstances of the case, an agreement in the mobile technology sector, where parties to the agreement had specified that the document should not be interpreted as a licence, was in fact a licence and had exhausted the rights of the patent holder.
51 Order from the presiding judge of the First Instance Court of Paris, 15 December 2014, Case No. 14/58023, Sanofi-Aventis Deutschland v. Lilly France.
viii  Time to first-level decision

It usually takes roughly 24 months to decide a patent infringement and validity case on the merits on first instance.

ix  Remedies

Patent holders may choose to seek a preliminary injunction in an expedited *prima facie* case before seeking a finding of infringement on the merits.

The requirements for a grant of a preliminary injunction are that the patent holder shows the patent is granted, that it is enforceable at the time the preliminary injunction is sought, that there is a *prima facie* case of infringement or of clear threat of infringement. The defendant to the injunction may challenge the *prima facie* nature of the infringement notably by evidencing a *prima facie* case of nullity of the patent. In a standard-essential patent case where the parties were discussing the FRAND terms of a licence, the presiding judge of the First Instance Court of Paris rejected a preliminary injunction request, since it would have had disproportionate consequences on the business of the defendant. Preliminary injunctions are usually requested in summary proceedings (*inter partes*) but may also be sought on *ex parte* petition. The Court of Appeal of Paris, however, decided that an injunction requested *ex parte* cannot be ordered unless specific factual circumstances make it reasonable not to hear the defendant in inter partes proceedings. Preliminary injunctions are decided within a few months and even within a few weeks where urgency commands it.

On the merits, patent holders will mainly seek a permanent injunction and compensatory damages. There are no exemplary or punitive damages in France. Courts focus on the rightholder’s economic loss to assess damages. Damages mainly amount to lost profits, corresponding to a lost royalty or the gross margin of the patent holder on the infringing turnover. Alternatively account of profits is available and has been awarded by a French court where it allows a greater compensation than lost margin or lost royalty.

52 Article L615-3 CPI.
53 The presiding judge may order that the claimant place a bond to compensate the defendant for any undue negative consequence originating from the preliminary injunction, if the court ultimately finds in favour of the defendant.
54 Order from the presiding judge of the First Instance Court of Paris, 29 November 2013, Case No. 12/14922, Ericsson v. TCT Mobiles; see also: Order from the presiding judge of the First Instance Court of Paris, 8 December 2011, Case No. 11/58301, Samsung v. Apple.
55 Court of Cassation, 16 September 2014, Case No. 13-10189, Sanofi v. Novartis.
56 Court of Cassation, 12 May 2015, Case No. 14-13024, Mr. Pelletier v. Accordiola France.
57 Courts have awarded damages for the ‘springboard effect’, which are included in the calculation of right holder’s loss of profits. The springboard effect allows the court to take into account part of the turnover made by the infringer after the infringing situation stopped, on account of the market share unduly gained during the infringement.
58 Owing to the judicial context of the royalty determination, leaving the infringer with no room for negotiation, French courts increase the contractual rate by a few points.
When given sufficient supporting evidence regarding costs, courts order that attorneys’ fees be fully borne by the defeated party.\textsuperscript{60} Other available measures include the recall from the channels of commerce or the destruction of the infringing products as well as the publishing of the decision in full or in part.

x Appellate review
The Fifth Chamber of the Court of Appeal of Paris has two sections that specialise in patent cases. Each section has three judges. These judges do not have a technical background.

Appellate review in France is \textit{de novo} on both facts and law. New evidence may consequently be added at the appellate level but not new legal claims. Appeal decisions are usually rendered within 24 months.

xi Alternatives to litigation
Alternative dispute resolution is available to reach an outcome in patent litigations. \textit{Ad hoc} mediation allows for reaching a settlement. Additionally, French patent law now clearly states that the exclusive jurisdiction of the First Instance Court of Paris ‘does not preclude the use of arbitration’.\textsuperscript{61} This was in practice already the case as regards patents, but the statutory change clarifies the situation.

V TRENDS AND OUTLOOK
On 8 June 2016, the European Union Commission, the Council and the Parliament agreed upon the text of a Directive on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure. This text was published as Directive (EU) 2016/943.\textsuperscript{62} The proposed Directive notably harmonises the definition and enforcement of trade secrets across all 28 Member States of the European Union. Member States of the EU must implement the Directive into their national law by 9 June 2018.


\textsuperscript{61} Law No. 2011-525 of 17 May 2011, which includes Article 196, notably amending the provisions of Article L615-17 CPI.

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

The most important forms of intellectual property protection in Germany are patents and utility models, trademarks, copyright and design rights.

Under the German Patent Act, patents shall be granted for any inventions that are new, based on inventive activity and susceptible of industrial application. These include all technical inventions, except for mathematical techniques, aesthetic shapes, discoveries or theories, mental acts, games, business methods or computer programs as such. Further, patents for inventions contrary to public policy or morality are not granted. This includes patents on cloning of humans and the use of human embryos for industrial or commercial purposes. The term of a patent is 20 years from the date of filing the patent application. Patents are the property right with the highest commercial relevance for technology driven businesses in Germany.

Utility models are governed by the Utility Model Act. Utility models have identical requirements to patents; however, the subject matter of utility models cannot be a manufacturing or a processing method. In addition, the term of protection is only 10 years from the filing of the application. Utility models are quick to obtain (merely by registration) and a relatively cost-efficient way to protect technical inventions.

The Trademark Act provides protection for any sign that is capable of distinguishing the goods and services of one corporation from those of another entity. Trademarks not only include words, letters, figures and personal names, but also illustrations, three-dimensional designs and sound marks. All natural and legal persons, as well as partnerships with legal personality, may apply for the registration of a trademark. Trademark protection is of high importance in all commercial fields. Trademark protection can be prolonged indefinitely – which is an important difference compared with the other protective rights.

Protection under the Copyright Act is provided for literary, scientific and artistic works if they constitute personal intellectual creations. The Copyright Act lists as examples, *inter alia*, written works, speeches, computer programs, musical works, pantomimes, works of fine art, works of architecture, photographic and cinematographic works and scientific or technical illustrations. The copyright is automatically granted to the creator of the work provided that his creation has a certain level of originality. The copyright expires 70 years after the death of the creator.

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1 Felix T Rödiger is a partner at Bird & Bird LLP. The information in this chapter is accurate as of May 2015.
after the death of the creator. The copyright has the clear advantage that it does not require any formalities, such as registration, since protection is granted based merely on the act of creation.

Design rights are granted under the Design Act for two or three-dimensional designs that are novel and have individual character. Applications with the German Patent and Trademark Office may be filed by all private persons and legal entities. Formal requirements for the application are fairly low. The design right is granted for 25 years.

II RECENT DEVELOPMENTS

A recent significant development concerns the improved protection of sub-licensees in situations in which the main licence expires. In its decisions in the Take Five (GRUR 2012, 914) and M2Trade (GRUR 2012, 916) cases, the Federal Court of Justice held that the expiration of a main licence (under copyright laws) will, as a general rule, not result in the termination of a sublicense derived thereof even if the main licensee had not granted the sublicensee an exclusive right of use but only a simple licence against running royalties. These recent decisions are seen as an important step towards increased protection of licensees in situations in which their licence right is affected by disruptions originating from the ‘sphere’ of the licensor (i.e., scenarios in which the main licence agreement is terminated through no fault of the sublicensee).

A further, very relevant, scenario with practical implications concerns the insolvency of the licensor. Under Section 103 of the German Insolvency Code, the insolvency administrator has the right to choose not to perform the insolvent company’s existing contracts, including licence contracts. Introduction of this provision into the Insolvency Code has produced highly controversial debate as to whether Section 103 should apply to licence agreements and how a licensee can be protected against the insolvency of its licensor. A legislative initiative for the inclusion in the Insolvency Code of a specific provision on licence agreements failed just recently. However, recent case law is showing that, as a rule, improved protection of the licensee is sought despite the absence of a clear legal provision.

A decision that has received a lot of attention in this context is the proceeding Infineon v. Michael Jaffé as insolvency administrator of Qimonda at the Higher Regional Court Munich (Docket 6 U 541/12). The case has just recently become final. The court ruled that in situations in which both parties have fully performed their obligations arising from the licensing agreement (patent cross-licence agreements), the insolvency administrator does not have the right to elect non-performance and the licence right remains enforceable against the insolvency administrator. The court further decided that full performance is met where the licence has been granted irrevocably and without a time limit, and the licensee is no longer required to pay royalties, for instance because the licence is a fully paid-up licence or else a royalty-free cross-licence.

Another recent development of high importance concerns the litigation of standard-essential patents (SEPs) (i.e., patents necessarily used to comply with relevant industry standards and thus active on the relevant market). Following the development of the telecommunications industry in particular, recent years have seen an increased volume of litigation based on SEPs. A landmark development, therefore, has been the acceptance of the FRAND defence regarding compulsory licences by the Federal Court of Justice in its Orange-Book-Standard decision (NJW-RR 2009, 1047). The criteria set out in the Orange-Book-Standard decision are currently at issue again, following a recent decision of
the Düsseldorf Regional Court of 21 March 2013 in the case of Huawei v. ZTE (Docket 4b O 104/12) referring the questions on the available remedies for owners of standard-essential patents to the Court of Justice of the European Union (CJEU). The referral can be seen as a reaction to a recent press release of 21 December 2012 by the European Commission concerning antitrust proceedings initiated against Samsung for alleged abuse of a market dominant position by asserting SEPs against Apple. In its statement of objections the European Commission noted that asserting SEPs can violate competition law in situations where the defendant is ‘willing to negotiate’ over taking a licence. The regional court in this case referred five questions to the CJEU, in particular seeking clarification on whether the rather strict criteria applied to date for a FRAND offer by the defendant, as set out in Orange-Book-Standard, are still applicable. The first and main question is whether it should be sufficient that the defendant shows himself or herself to be ‘willing to negotiate’ or whether the defendant must still make a binding licence offer to the patentee (as has been required under the Orange-Book-Standard decision to date). Further questions deal with the particular requirements under which the willingness to negotiate should be met. In the end of 2014, the Advocate General has delivered his opinion upon which the CJEU will render its decision. This judgment will be highly relevant for all infringement cases in which injunction claims are grounded on SEPs. The announcement of the decision is likely to be expected in summer 2015.

III OBTAINING PROTECTION

To obtain legal patent protection in Germany, it is necessary to file an application with the German Patent and Trademark Office. Extended protection in all member states of the European Patent Convention (EPC) additionally requires an application with the European Patent Office, both organisations being located in Munich. Like other EPC member states, Germany has implemented a first-to-file system, making the date of filing decisive for determining priority and obtaining patent protection. The application has to contain a thorough description of the invention and the patent claims. Although not obligatory, a summary of prior art should also be provided to present the novelty and explain the technical background of the claimed invention. Under German law there is no special disclosure requirement such as that in the US.

Upon application the administrative bodies examine whether the application meets the formal requirements and whether the invention is eligible for patent protection, in particular whether the invention is new and based on inventive activity. Following positive assessment the patent is granted, registered and published.

A third party may oppose the grant of a German patent within three months. For European patents the limit is nine months. After the time period has elapsed a third party may file nullity proceedings with the German Federal Patent Court.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

German courts work according to a ‘dual system’, in which patent infringement and nullity require separate legal actions. The infringement courts are competent for the question of patent infringement but not for counterclaims or defences of nullity. A defendant has to
challenge the validity of a patent in separate proceedings, with an opposition against the grant of the patent at the German Patent and Trademark Office or the European Patent Office, or with a nullity action at the Federal Patent Court.

A defendant may request a stay of an infringement action pending the outcome of an opposition or nullity action. However, the action will be stayed only if the defendant can show a high likelihood that the patent will be nullified.

ii Requirements for jurisdiction and venue
In Germany, patents are enforced in legal actions before the civil courts. In total, 12 regional courts – in Berlin, Braunschweig, Düsseldorf, Erfurt, Frankfurt, Hamburg, Leipzig, Magdeburg, Mannheim, Munich, Nuremberg-Fürth and Saarbrücken – have jurisdiction for patent infringement disputes. The plaintiff can choose a forum from among these according to the jurisdiction rules of the German Code of Civil Procedure. Usually, the jurisdiction is determined by the place where the tortious act was committed, which provides the plaintiff a free choice if the infringing product is offered throughout Germany, for example on the internet.

The above courts have special chambers for IP matters, consisting of panels of three judges. Some of them deal more or less exclusively with patent and utility model proceedings and thus have a high level of expertise; the regional court in Düsseldorf handles most of the patent infringement proceedings in Germany and the greatest number of those in Europe. In response to high case numbers, the Düsseldorf Court recently decided to establish a further (third) chamber specialising in patent matters. Also, the regional courts in Mannheim, Munich and Hamburg are well known for handling patent cases.

The registered patentee is entitled to bring an infringement action without showing any further specific interest. If the patent is owned by more than one person, the co-owners do not have to join the proceedings. Also, an exclusive licensee is entitled to take action on the basis of the licensed patent without any further requirements. A non-exclusive licensee may also bring an action. However, patentees must authorise non-exclusive licensees to enforce the cease and desist claims and assign the claims for accounting and damages accordingly.

The most common response to a patent infringement suit is starting opposition or nullity proceedings to nullify the patent. Such actions may be started by anyone; it is not necessary to show an interest. If the patent has already expired, plaintiffs have to show that their rights are somehow affected by the patent, for example because they had been pursued for alleged infringement.

Regarding declaratory judgments, the plaintiff has to show a special interest in the declaratory decision. A positive declaratory proceeding is generally not admissible, because a full infringement action would discuss the same questions and have legal priority. A negative declaratory action requires a legal relationship between the parties and the plaintiff’s interest in the requested declaration. These requirements are usually met only if the plaintiff alleges patent infringement, for example by way of a warning letter or another binding allegation. In the absence of such activities, a negative declaratory action is inadmissible.

iii Obtaining relevant evidence of infringement and discovery
The German Code of Civil Procedure does not provide pretrial discovery or disclosure proceedings similar to, for example, the United Kingdom or the United States. In principle, each party is obliged to provide evidence for the facts relevant for their claim. However, German law provides some options for inspection of products, methods or documents. Prior
to an infringement proceeding, the patentee may request to inspect products, facilities and documents of the alleged infringer. Another time-efficient way to gain information prior to an infringement proceeding is the ‘Düsseldorfer Praxis’. This combines the independent proceedings for the taking of evidence with an injunctive relief against the defendant to enable the taking of evidence. An independent expert inspects the possible infringement and gives a report on it.

Moreover, during infringement proceedings, it is possible to request the provision of documents that one party has referred to according to Section 142 of the Code of Civil Procedure. However, this request is only very rarely granted, as the courts adhere to the above principle that each party has only to provide evidence for the facts that found their claim.

iv Trial decision-maker
The infringement court judges are legal professionals with no technical background. At the busiest courts, the judges are highly experienced because of the high number of patent infringement cases per year (more than 100). Being highly experienced in patent litigation, the courts rarely appoint expert witnesses.

The nullity senates of the Federal Patent Court consist of two legal professionals and three technical members who are often former examiners of the German Patent and Trade Mark Office or otherwise skilled in the art, and who often have a university degree in technical sciences. The appeal is decided by judges of the 10th Senate of the Federal Supreme Court, comprising five legal professionals who also specialise in technical matters.

Patent opposition proceedings and cancellation proceedings regarding utility models are dealt with by at least two technical members of the Patent Office and one legal professional.

v Structure of the trial
Legal actions begin with the filing of a complaint, in which plaintiffs have to bring forward the facts supporting their claim and offer evidence proving their allegations. After the complaint is filed and a court fee retainer has been paid, the infringement court will serve the complaint on the defendant. The court will then schedule an early first hearing or direct written proceedings. Early first hearings mostly serve as a basis for discussing procedural issues and for setting deadlines, the emphasis being on the written pretrial procedure. Pretrial submissions serve to discuss all arguments and provide evidence (documentary evidence, fact and expert witnesses) for the facts necessary to support or defeat the claim. In patent infringement cases the burden of proof for the infringement is generally on the plaintiff, while the defendant is under no obligation to provide evidence backing up the plaintiff’s claim.

The main hearing usually takes place about nine to 12 months after the filing of the complaint. At the oral hearing the presiding judge will give an introduction to the case and point out which are considered the essential preliminary arguments. This enables attorneys to focus on the most contested issues in their oral pleadings. Evidence such as infringing embodiments may be presented at the oral hearing if, for example, the factual questions such as the specific design of the embodiment are in dispute between the parties. Depending on

\[2\] Bundesgerichtshof.
the complexity at hand, the court might decide to appoint an independent court expert. Following the expert’s opinion, the parties may again file written submissions in preparation for a second oral hearing.

At the end of the hearing the court will announce the date when the judgment will be officially rendered orally, usually about four weeks after the main oral hearing. The written judgment is usually made available within one to four weeks after its oral announcement.

vi Infringement

Claim construction under German patent law relies on the wording of the patent claims, the patent specification and drawings as well as the purpose of the invention. The purpose of the invention is determined against the background of the technical context as described in the patent writ. Moreover, the patent is its ‘own dictionary’ (BGH, GRUR 1999, 909, 912 – Spannschraube), which means that the patent writ can derogate the literal meaning and redefine the claim wording. The claims are construed functionally, for example, they may not be limited to their plain wording. However, the functional construction of claims is limited by the spatial and physical specifications. The prosecution history is in general not permitted for claim construction (no file estoppel).

Besides literal infringement, there is a doctrine of equivalents. Equivalent infringement requires that the allegedly infringing solution has the same effect, is obvious and equivalent. The Federal Supreme Court has set these requirements into three questions (known as ‘Schneidmesser questions’ following its groundbreaking decision in BGH, GRUR 2002, 515 – Schneidmesser I; and GRUR 2002, 2002, 519 – Schneidmesser II):

a) Does the modified embodiment solve the problem underlying the invention with means that have objectively the same technical effect?

b) Was the person skilled in the art, using his or her specialist knowledge, able to find the variant at the priority date as having the same effect?

c) Are the considerations that the person skilled in the art had to apply oriented to the technical teaching of the patent claim in such a way that the person skilled in the art took the variant into account as being an equivalent solution?

However, equivalent infringement is excluded if the modified embodiment is disclosed or obvious in prior art to a person skilled in the art (the ‘Formstein defence’ following the Federal Supreme Court’s decision in BGH, GRUR 1986, 803 – Formstein).

vii Defences

As mentioned above, German courts work on a ‘dual system’, whereby patent infringement and invalidity require separate legal actions. In the event an opposition or nullity action is pending, the defendant may request a stay of the infringement action pending its outcome. In the nullity action, any breach of the basic requirements for granting a patent may lead to its invalidity. These are lack of novelty and inventive step, technical teaching and commercial usability. Further grounds for invalidity are insufficient disclosure, added subject matter and extension of the scope of protection. Additionally, a patent may be declared void if the essential information necessary for the application is taken from the descriptions, models, drawings, etc. of someone else.

However, infringement proceedings are not automatically stayed if an opposition or nullity action is pending. The court has discretion about whether to stay the action upon request of the defendant. The infringement action is only stayed if there is a high likelihood
that the patent in suit will be revoked in the parallel proceedings. The court will generally assess all arguments raised in the nullity proceedings. A stay is most likely in the case of novelty-destroying prior art that has not been reviewed during prosecution. Other aspects the courts may take into consideration are prior unsuccessful nullity proceedings. In general, the courts are reluctant to grant a stay because it interferes with the intention of the patent system to provide the patentee with a limited period of exclusivity.

Apart from a request for stay, there are a number of different defences available in infringement proceedings. Defendants can claim a right to use the patented invention because they hold a prior own patent (positive right of use) or because they have been using the patented invention since before the registered priority of the patent (right of continued use). Also, they may raise the defence that the use of the patent is privileged as occurring only during experiments, for example on the subject matter of the patent or for applying for a pharmaceutical marketing authorisation (exemption of experimental use). Another defence is to allege the exhaustion of the patent, for example that the patented product or even process was brought to market in the EU with the authorisation of the patentee. Finally, the defendants could claim that they are entitled to a compulsory licence due to antitrust law.

According to Section 24 of the German Patent Act, it is also possible to request a compulsory licence if it is necessary in the public interest. Licence terms are settled by the court on the basis of the submissions of the parties. The court may also appoint an expert to determine the licence terms. The grant of compulsory licences is very rare.

Finally, an alleged infringer may, according to recent case law of the German Federal Supreme Court (NJW-RR 2009, 1047 – Orange-Book-Standard), raise the request for a licence as a defence in patent infringement proceedings. The patent owner may be obliged under German and European antitrust law to grant the licence if the patent is essential for the access to the respective market. If the alleged infringer makes a fair and non-discriminatory offer for a licence agreement, the patentee cannot enforce the patent, as he or she would be obliged to accept the offer. The criteria for a successful FRAND defence, as set out in the Orange-Book-Standard decision, are currently subject to a referral to the CJEU (see Section II, supra). To date, alleged infringers, inter alia, have had to make an unconditional offer to the patentee for a licence and show that they are willing to observe their obligations under the licence to successfully raise the defence. Alleged infringers have to render an account regarding use of the patent and pay a fair licence fee. However, they risk the possibility that the court may consider the offer insufficient and may entitle the patentee to determine a reasonable licence fee.

viii Time to first-level decision
Infringement cases usually last about eight to 15 months before a first instance judgment. The speed of the proceedings varies across the venues in Germany and largely depends on the actual caseload of the court concerned.

ix Remedies
German law offers various remedies, injunctive relief and damages being the most frequent ones. A patentee may also claim rendering of accounts, destruction of the infringing goods and materials and devices used for their production, transfer of the infringing goods to the plaintiff, recall of the products from distribution channels, final removal from the distribution channels and publication of the judgment.
In the vast majority of cases, the patentee’s main goal is to obtain an injunction against infringement. Final injunctions are generally granted in main proceedings after the court decides on infringement. The court has no discretion whether to apply an injunction or not. Preliminary injunctions are also available, in very urgent cases, even *ex parte*, without oral hearing. However, they are rare because of the technical complexity of patent actions, which are difficult to consider in summary proceedings. In cases of clear infringement, a preliminary injunction may be granted if the plaintiff can show that an injunction is required to avoid severe disadvantages. This may be assumed if there are no substantial doubts regarding the validity of the patent and the matter is urgent. Such urgency is assumed if the plaintiff has requested the preliminary injunction without any undue delay after obtaining knowledge of the infringement.

Damages are calculated using the accounting information the defendant has to render after a first instance decision finding infringement. Based upon this information there are three calculation methods: licence analogy, loss of profit and infringer’s profit.

According to the licence analogy model, the infringer has to pay damages in the amount of a fictional royalty rate that would have been paid if the parties had made a licence agreement. This is generally considered to be a simple and effective method of damages calculation.

Under the infringer’s profit method, infringers have to pay damages in the amount of profit made by infringing the patent. To calculate this profit a part of the production costs are subtracted from the turnover of the infringing product. This method can be complex as there is little case law yet on which costs are deductible and which costs cannot be subtracted; however, this may result in a fairly high amount of damages.

Plaintiffs can also claim the loss of profit they suffered on account of the infringement. This method is rarely used because it requires the plaintiff to disclose the actual damage they suffered (i.e., cost structure, profit per product, etc.).

There are generally no punitive damages under German law.

Finally, the patentee can prevent the import of infringing products with border control measures. These were introduced by EU regulations and a specific German regime. Under the national legislation the patentee has to file an application to the competent customs authority, the Central Office for the Protection of Intellectual Property Rights\(^3\) in Munich, which belongs to the customs authority’s Nuremberg office. The applicant has to deposit a security, which is usually a bank guarantee. The guaranteed amount has to cover the customs authority’s costs and the potential amount of damages that the affected importer might claim in court. Additionally the applicant has to file documents that support the infringement. Border control measures are a very efficient way to stop an infringer from introducing infringing products into the national market.

Court and attorneys’ fees are calculated according to a fixed statutory fee schedule. The fees are calculated on the basis of the value in dispute as proposed by the claimant and fixed by the court. The losing party bears the court fees and has to reimburse the winner’s attorney fees and expenses under the fee schedule. While arrangements of hourly fees are common, the reimbursement is limited to statutory fees. The value under dispute should reflect the plaintiff’s economic interest in the case. Typical values under dispute in patent infringement

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\(^3\) Zollverwaltung für den Gewerblichen Rechtsschutz.
and nullity proceedings are €250,000 for a minor case and €1 million for a medium case. Larger cases where the economic interest of the plaintiff is higher have respectively larger values under dispute.

In infringement proceedings with a value in dispute of €250,000, the court fees would amount to €6,312 while the lawyers’ fees and patent attorneys’ fees would amount to €11,305 per party. At a value in dispute of €1 million, the court costs would amount to €16,008 while the lawyers’ fees and patent attorneys’ fees would amount to €23,605 per party.

In nullity proceedings before the Federal Patent Court with a value in dispute of €250,000, the court fees would amount to €9,468. At a value in dispute of €1 million, the court costs would amount to €24,012. The combined lawyers’ and patent attorneys’ fees would each be the same as in the infringement proceedings.

x Appellate review

In infringement cases, there is a right to appeal the first instance decision of the regional court to the relevant higher regional court. In the appeal proceedings, the appellant can contest all aspects (fact determinations and legal conclusions) of the first instance decision. However, new facts may only be introduced if the party did not negligently omit to present them in the first instance. There is a further appeal, on legal grounds only, to the Federal Supreme Court if the Higher Regional Court grants leave. If this is not granted by the Higher Regional Court, it is possible to file a non-admission complaint. In invalidity proceedings, judgments may be directly appealed to the Federal Supreme Court.

Appeal proceedings in standard cases usually last 12 to 18 months. However, if a court expert is appointed, the total duration of the appeal proceedings can easily exceed two years. Moreover, at appeal stage the appellate court can stay the proceedings (as may happen at first instance) if a parallel nullity action is pending.

In appeal proceedings with a value in dispute of €250,000, the court fees would amount to €8,416 while the lawyers’ fees and patent attorneys’ fees would amount to €12,657 per party. At a value in dispute of €1 million, the court costs would amount to €21,344 while the lawyers’ fees and patent attorneys’ fees would amount to €26,433 per party.

In invalidity proceedings before the Federal Supreme Court with a value in dispute of €250,000, the court fees would amount to €12,624. At a value in dispute of €1 million, the court costs would amount to €32,016. The combined lawyers’ and patent attorneys’ fees would each be the same as in the infringement proceedings.

xi Alternatives to litigation

One common alternative to litigation in IP disputes in Germany is arbitration. Patents and utility models are generally suitable for German and international arbitration proceedings. The German Institution of Arbitration is the most important national arbitration tribunal. Internationally, arbitration of IP disputes is most commonly brought before the WIPO in Geneva and also, though less frequently, before the International Chamber of Commerce in Paris. However, the vast majority of patent infringement cases are brought before ordinary courts as they are competent for tort. In contrast, arbitration proceedings require a mutual contractual agreement between the parties. Such arbitration clauses are typically incorporated in licence agreements or settlements. Additionally, arbitration decisions only have inter partes effect for the parties to the arbitration. Therefore, arbitration proceedings are not available for decisions on the validity of the patent that have general effect (*erga omnes*). Another means for
resolving IP disputes in Germany is mediation. Although its advantages have been promoted increasingly in the recent past, mediation is still seldom chosen for dispute resolution of patent infringement and, therefore, is of minor relevance.

V TRENDS AND OUTLOOK

Currently one of the most important trends concerns the further harmonisation of patent infringement and validity proceedings in the EU. Recent years have already seen increased harmonisation initiatives, including a strengthened exchange between European patent judges and consideration of relevant decisions, in particular in cross-border cases. Moreover, the long-expected and recently concluded agreement on the implementation of a European patent with unitary effect (unitary patent) may lead to changes in the bifurcated German system of patent litigation.

Regulation EU/1257/2012 on the creation of unitary patent protection and the corresponding Regulation EU/1260/2012 on translation arrangements were adopted and the agreement to create a Unified Patent Court (UPC) was signed by 25 of the current 27 participating states – all except Spain and Poland. The UPC will act as a specialised patent court having exclusive jurisdiction for litigation relating to European patents and unitary patents. The UPC will consist of various divisions including national ‘local divisions’.

The introduction of the UPC will also have a strong influence on German patent disputes although less litigation is not expected to be carried out in Germany. At the moment Germany is the most important venue for patent infringement proceedings in Europe. With over 1,400 cases tried annually, it is far ahead of the other European venues, such as the Netherlands, the United Kingdom and France. Because of the good reputation of German courts, it is very likely that a high percentage of cases concerning unitary patents will still be tried at first instance before the German local divisions of the UPC. The courts of Düsseldorf, Mannheim, Munich and Hamburg have been appointed as local divisions for Germany.

The creation of the UPC and the corresponding Regulations give rise to a lot of follow-on questions as to how each country will deal with its stipulations. As already indicated, in Germany one major issue will be the treatment of countersuits on nullity, which may be dealt with by local divisions with the help of an official technical expert, or may be referred to the central division of the UPC in Paris, London or Munich. Since Germany has a bifurcated system of patent litigation, the option to judge on nullity questions is completely new to German infringement courts and it will be interesting to see whether they will make use of it.

In any event it can be assumed that the continued appeal of Germany as a global venue for patent litigation will not be affected, neither in the short term nor once the UPC becomes effective.
Chapter 10

GREECE

Christos Chrissanthis, Xenia Chardalia and Antonia Vasilogamvrou

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Greece is a market with a population of about 10 million people. In 2016, GDP was almost the same as in 2015, namely US$194.69 billion; more specifically, in 2015, GDP was US$194.85 billion, representing 0.31 per cent of the global economy.

In 2014, GDP was US$235.57 billion, representing 0.38 per cent of the global economy. GDP in Greece averaged US$108.84 billion from 1960 until 2015, reaching an all-time high of US$354.46 billion in 2008 and a record low of US$4.45 billion in 1960. Since 2008, Greece has been undergoing its most serious economic crisis (mainly a public debt crisis) since World War II.

The total number of national trademarks applied for in Greece in 2016 by both nationals and foreigners was 5,539; almost the same amount as in 2015, which was 5,688 trademarks. The same figure for 2014 was 5,550 and for 2013 was 5,078. The total number of international marks extended into Greece through the Madrid Protocol in 2015 was 1,368. The same figure for 2014 was 1,351.

The total number of European patents (EPs) designating Greece, granted by the European Patent Office in Munich within 2016, was 90,153. However, only 3,357 EPs were actually validated in Greece in 2016. This number includes only 16 EPs filed by Greek proprietors in the same year. Further, the number of national patents in Greece filed by Greeks in 2016 was 606, and only 40 national patents were filed by non-Greeks in 2016.

Over the past few years, the total number of EPs designating Greece, granted by the European Patent Office in Munich in 2015 was 62,850. The figure for 2014 was 57,629 and for 2013 was 55,834. However, only a small part of those EPs initially designating Greece were actually and finally validated in our country. The total number of EPs validated in Greece in 2015 was 2,815, while the same figure for 2014 was 2,685 and for 2013 was 2,795. Validation requires the submission of a Greek translation with the local Patent Office, as well as appointment of a local agent to receive a service process.

i Protectable subject matter

The types of intellectual property (IP) rights that enjoy specific legislative protection in Greece are the following:

a copyright and related rights; note that software as well as databases enjoy copyright protection;

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1 Christos Chrissanthis and Xenia Chardalia are partners and Antonia Vasilogamvrou is an associate at Christos Chrissanthis & Partners Law Firm.
Greece

- patents and utility models;
- topographies of semiconductor products;
- plant varieties;
- biotechnological inventions;
- supplementary protection certificates for pharmaceuticals;
- industrial designs, including surface (fashion) designs. Under Greek law, the legal protection afforded to industrial designs includes the type of protection grated to what in other jurisdictions (i.e., the US) is called ‘design patents’. Non-registered designs are also protected, although under different terms than registered designs;
- non-registered distinctive signs and company names are protected under the law of unfair competition;
- other types of intellectual property that are not protected by specific IP legislation, such as know-how, trade secrets, business methods, etc., may enjoy protection under the law of unfair competition; and
- unfair competition. In addition to the aforementioned, Greek law provides protection against unfair competition. The concept of unfair competition is broad and includes any type of business conduct, which is objectively considered to be contrary to good business ethics. Moreover, the concept of unfair competition includes imitation and all forms of passing off. Forms of IP rights, which are not included in the above list and for which there is no specific legislation, are protected under the law of unfair competition (i.e., trade secrets, business methods, non-patentable know-how, as well as business names and non-registered distinctive signs, etc.).

The prevailing view is that protection under unfair competition can be concurrent with protection under any other specific legislation for IP rights; so, if a patent is infringed, the owner may invoke protection under both patent law and unfair competition law.

**Multiple IP rights over the same subject matter**

The same subject matter cannot be protected under more than one specific form of IP rights; for example, an industrial design cannot qualify for both trademark protection and copyright protection.

**Geographical indications and similar protectable subject matter**

There are other forms of quasi-intellectual property rights that do not result in individual rights. These include protected geographical indications (EU Regulation 510/2006), protected appellations (designations) of origin (EU Regulation 479/2008 and EU Regulation 607/2009) and protected traditional specialties guaranteed (EU Regulation 509/2006). In such cases, civil protection is granted through invoking unfair competition against the party who uses illegitimately (i.e., deceptively) such a geographical indication, etc.

**Marketing authorisation for pharmaceuticals**

Filings by pharmaceutical firms that are necessary to obtain a marketing authorisation do not result in any specific and exclusive intellectual property rights. Some of the filings required to obtain a marketing authorisation are confidential, as they contain information that qualifies as trade secrets. Such trade secrets are protected under the law of unfair competition only.
ii Legislation

National legislation
The basic national laws for the protection of IP rights are the following:

a. copyright and related rights: Law 2121/1993 as amended, which protects software and databases as well;

b. patents and utility models: Law 1733/1985 as amended;


d. plant varieties: Regulation (EC) No. 2100/1994, which is directly applicable to national law as well;


f. supplementary protection certificates for pharmaceuticals and plant products: EU Regulations 1768/1992 and 1610/1996, which are directly applicable to national law;

g. industrial designs: Law 2417/1996 as well as Presidential Decrees 161/2001 and 259/1997;

h. trademarks: Law 4072/2012, as amended (which implements EU Directive 2008/95 on the harmonisation of trademarks); and

i. unfair competition: Law 146/1914.

European Union legislation
As Greece is a member of the European Union (EU), it has implemented all EU Directives on IP matters. Moreover, all EU Regulations covering IP aspects are directly applicable to national law. The most notable and widely used EU instruments in local practice are:

a. Directive 2004/48/EC on the enforcement of intellectual property rights; and


The Unitary Patent System, which would make it possible to obtain a single, unitary and EU-wide patent has not been activated yet.

Community trademarks (CTMs) (now called European Union trademarks, as per the new EU Regulation 2015/2424) and Community designs (EU Regulation 6/2002) are also widely used.

The European Union has acceded in the WIPO Madrid Protocol for International Trademarks. As a result, it is possible to file an international trademark application on the basis of an EU trademark application, or to designate the EU in an international trademark application. In connection to designs, the EU has acceded to the Geneva Act (1999) of the Hague Agreement for International Registration of Industrial Designs administered by WIPO. As a result, an international design application may designate the EU, and EU nationals or residents may apply for international design registration.

In terms of unfair competition, Greece, in addition to its local law, has implemented and applies Directives 2005/29 concerning unfair business-to-consumer commercial practices and 2006/114 concerning misleading and comparative advertising.

Among the EU instruments that are of particular importance in local judicial practice, one has to mention EU Regulation 864/2007 (Rome II), concerning applicable law on non-contractual obligations (Articles 6 and 8 containing provisions on the law applicable to acts of unfair competition and infringement of IP rights, respectively), and EU Regulation 44/2001 concerning international court jurisdiction and enforcement of judgments. It is
noteworthy that Regulation 207/2009 (recently replaced by EU Regulation 2015/2424) also contains specific provisions on international court jurisdiction in cases of infringement of CTMs.

**International conventions**

Greece is party to the following international IP conventions:

a. the Paris Convention 1883 (Stockholm 1967 version);

b. the WTO-TRIPS Agreement;

c. the Hague Convention for international registration of industrial designs, known as the Hague System (Geneva Convention 1999);

d. the Locarno Agreement (1968), on the international classification of industrial designs;

e. the Madrid Protocol (1989) regarding international registration of trademarks through WIPO. However, Greece is not party to the Madrid Agreement (1891);

f. the Nice Classification Agreement (1957), now consisting of 45 classes of goods and services for trademark registrations;


h. the Patent Cooperation Treaty (PCT)1990;

i. the Budapest Treaty on the International Recognition on the Deposit of Microorganisms for the Purposes of Patent Procedure (1993); and


It is noteworthy that local practice on patents greatly relies on the European patent system established by the Treaty of Munich. So, this is the route usually followed by non-local patent owners to obtain patent rights in Greece. The PCT system is also available in Greece. International patents filed with WIPO under the PCT system are directed into Greece through the European Patent Office as European Patents, provided that they designate the European Patent Office as well.

In connection to trademarks, most non-local owners prefer either to obtain a CTM or to go through the route of international trademark registration with WIPO under the Madrid Protocol, designating Greece.

**II RECENT DEVELOPMENTS**

The most significant recent development on IP concerns the field of trademarks. EU Directive 2015/2436 on the harmonisation of the laws of the Member States on trademarks has replaced Directive 2008/95. The new Directive has to be implemented into national law by 14 January 2019.

The most notable changes into national trademark law as a result of the implementation of the new Directive will be as follows:

a. Graphic representation will no longer be a formal filing requirement. This is expected to facilitate the process of filing non-traditional marks, such as sounds, smells, tastes, etc.

b. The specification of goods and services will become more precise and specific, as mere reference to the whole heading of the respective class of the Nice Classification system will be insufficient.
Absolute grounds for refusal are likely to be applied more strictly. Functionality (including aesthetic functionality) is given much greater emphasis as an absolute ground for refusal under the new Directive. Moreover, new absolute grounds have been specifically added, such as protected designations of origin and geographical indications, protected traditional terms for wine, protected traditional specialties guaranteed, and protected plant varieties.

Proof of use will become a standard defence in civil proceedings as well. It is already a standard defence in administrative proceedings (i.e., opposition and cancellation proceedings).

An exclusive licensee shall be entitled to initiate their own judicial proceedings before civil courts against infringements.

Arresting infringing goods in transit (including stages of transshipment, warehousing in free zone areas, temporary storage, etc.) shall become possible, even though such goods may have not yet been placed on the local market and are only destined for export.

EU Regulation 2015/2424 has also replaced Regulation 207/2009 and amended the law on CTMs (now called European Union trademarks). The new Regulation came into force on 23 March 2016.

Another recent development concerns the field of trade secrets. EU countries must bring into force the laws and administrative provisions necessary to comply with Directive (EU) 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure by 9 June 2018.

III

OBTAINING PROTECTION

i Copyright and related rights

No registration required

Unlike other forms of intellectual property, copyright is obtained irrespective of any registration, from the moment an author creates a work. Moreover, while other forms of IP follow the territoriality principle (that is intellectual property rights are acquired on a territorial basis, i.e., on a country-by-country basis), copyright is of a unitary nature; so, once copyright is obtained in a foreign country, it exists in Greece as well. Finally, under Greek law (as well as under most jurisdictions in continental Europe) copyright is very closely connected to the moral right of the author, which is part of their right to personality.

The same applies in connection to other IP rights that enjoy copyright-like protection, such as software and databases.

Applied arts

A highly debatable and controversial issue is whether works of the non-traditional applied arts are appropriate for copyright protection, or whether they may qualify for industrial design protection only. This relates to artistic works that are usually destined to be applied in the surface of a product (i.e., designs on the packaging of a product, the artistic shape of a bottle, fashion designs applied in clothing, etc.). The matter is not settled in case law and should be treated with caution. A more conservative and realistic approach is that applied arts qualify for design protection only.
ii Patents


Patent rights in Greece are mostly acquired under the European Patent Convention, that is, through EPs designating Greece. In order to validate an EP in Greece, it is necessary to file with the national Patent Office a translation of all major patent documents (i.e., the B1 or B2 forms of the European Patent Office), including the title of the invention, the abstract, the description, the claims and the drawings, if any. It is also obligatory to appoint a local agent for receiving service of the process. It usually takes 60 days for the Patent Office to grant a national patent title to an EP that has been filed for validation in Greece. Since an EP is granted a national patent title, it enjoys the same legal (civil) protection as national patents. In case of infringement of an EP before it has been validated locally, civil protection is afforded under the law of unfair competition. The same applies, mutatis mutandis, in relation to patent rights acquired through the PCT system. These are addressed to Greece through the European Patent Office as EPs, provided that they designate the European Patent Office as well.

Patents rights acquired either through the EP system or through the PCT system may benefit from the Paris Convention priority.

Review by local courts

Patent rights granted to either national patents, EPs or PCTs are always subject to review by civil courts that can annul the patent. In respect of national patents, it is true that the Patent Office is rather very flexible with requirements, such as novelty and inventive step. As a result, civil courts always thoroughly examine patents in terms of novelty, inventive step and other substantive law requirements, when civil protection is sought. In this respect, civil courts greatly rely on the search report issued by the Patent Office, before the patent is granted.

Types of claims

Greek patent law provides protection for three types of patent claims: (1) product claims; (2) production methods claims; and (3) Swiss-type claims for second, or third, etc., (pharmaceutical) use. Unlike other jurisdictions, other types of claims are not recognised under Greek law. Swiss-type claims are in practice widely used and they appear in connection to various substances; so, they do not relate to pharmaceuticals only. Swiss-type claims have never been contested before a court, but at the same time, there is no local court judgment affirming their legitimacy. It is true that the Greek law on patents refers only to product claims and production methods claims and has no specific or implied reference to ‘Swiss-type use claims’. Moreover, it seems that the existing Greek legal literature has not taken notice of Swiss claim and does not discuss them at all.

In connection to claims for production methods, there is a rebuttable presumption that a third party, producing the same product as the one for which the production method claim is granted, has used the patented method.

Pharmaceutical patents

Until 7 October 1992, Greek law prevented the grant of patents for pharmaceutical products. Any such patents granted, either through the national route or through validating EPs designating Greece, were illegal and Greek civil courts had cancelled such patents in a few cases. Because of the prohibition of patents for pharmaceutical products, it was debated
whether it was legitimate to obtain patents relating to ‘methods claims’ with respect to
the production of pharmaceuticals. Moreover, the legitimacy of Swiss-type claims was
also debated. However, this discussion is now irrelevant, since after 7 October 1992, filing
pharmaceutical patents in all forms (products, methods and uses) has been legitimised.

iii Utility models

Utility models rights are granted in connection to three-dimensional objects with a specific
shape, which are capable of solving a particular technical problem. Novelty and inventive
step are required, but only to a significantly lower degree in comparison to patents. As in the
case of patents, civil courts examine utility models very thoroughly when civil protection is
sought against alleged infringement. Unlike patents that last for 20 years, utility models last
for only seven years, subject to payment of annual renewal fees. What distinguishes utility
models from industrial designs is that the former are destined to provide a technical solution
to a technical problem (i.e., they have some technical functionality), while the latter are of an
aesthetic character. So, fashion and other surface design in clothing, shoes, etc., qualify for
protection under designs and not as utility patents.

iv Industrial designs

Design protection is granted to elements and objects (either two-dimensional or
three-dimensional) with an aesthetic character, provided there is some novelty and individual
character. Another prerequisite is that design protection can be afforded only in connection
with visible parts or elements of a product; so, for instance, the shape of an inside component
cannot qualify for design protection. Design certificates are issued by the Patent Office. Again,
the examination by the Patent Office at the time of granting is not a thorough one, resulting
in civil courts usually being rather reluctant to enforce design rights against third parties
and usually reviewing very closely the substantive law requirements when civil protection is
sought. The time usually required by the Patent Office to grant a design certificate is four
months from filing. There are no legal impediments in obtaining industrial design rights in
relation to fashion design, surface design and other aesthetic elements. However, items that
are purely functional are not capable of obtaining design protection, and their protection is
possible only if they qualify either as utility models, or as patents – that is, if they enjoy some
level of novelty and inventive step. In general, Greek courts are rather reluctant to enforce
design certificates and are usually sceptical as to the level of novelty and individual character
associated to design certificates.

v Plant varieties

Plant varieties are also protected in Greece. The Greek legal framework for plant varieties
is Regulation 2100/1994. This Regulation provides for filing and registration requirements
and procedures, as well as for civil remedies against infringements and international court
jurisdiction. Directive 2004/48 concerning enforcement of intellectual property rights is also
applicable to plant varieties.

Plant varieties’ certificates are granted centrally from the EU Plant Varieties Office in
Angers, France. Such certificates grant EU-wide civil rights. There is no need for national
validation, and the certificates granted by the Office are directly and immediately enforceable
under the local law. The system established by the EU is compatible with the respective
WTO-TRIPS requirements and the International Union for the Protection of New Varieties
of Plants.
Trademarks

EU harmonisation law

Greek law on trademarks is based on EU Directive 2008/95 on the harmonisation of trademarks, now amended by the recent EU Directive 2015/2436, which is to be implemented into national law by January 2019. The process of filing, registration, opposition, etc., before the local trademark office is very similar to the process used by the OHIM (now EUIPO) for granting CTMs (now European Union trademarks).

Advantages of a trademark registration in comparison to non-registered distinctive signs

Trademark rights are obtained through registration. Use in the course of trade without registration results in a non-registered distinctive sign, which is protected against likelihood of confusion and dilution under the law of unfair competition and not under trademark law.

Protection under trademark law is more enhanced for a number of reasons, such as:

- under trademark law, there is no need to prove use in the course of trade every time one applies to civil courts against infringement, as acquisition of rights is evidenced by submitting the trademark certificate alone;
- protection under trademark law is countrywide, while a non-registered distinctive sign is protected only in the geographical territory where it has been used; and
- proving priority is usually easier on the basis of a trademark registration certificate, rather than on the basis of other evidence that has to be produced before the court in relation to when use in the course of trade commenced.

Use requirement

Prior use or intent to use is not a filing requirement. However, if use in the course of trade has not commenced within five years as from registration, the trademark can be cancelled for non-use, if any interested third party files an application for cancellation on this ground. Further, in the event that use in the course of trade of a trademark registration has been interrupted for more than five years, there are grounds for cancellation for non-use, unless there are proper reasons justifying non-use. Pending litigation is considered to be a proper excuse for non-use of a registered trademark. Finally, non-use is a defence in opposition or cancellation proceedings. Currently, non-use is not a valid defence in civil proceedings; however, the new Directive 2015/2436 provides that Member States are compelled to provide in their national laws that non-use will be a valid defence on civil proceedings as well. The Directive has to be implemented until January 2019.

Graphic representation

A mark must be capable of being represented graphically (in an adequately precise and specific way) and able to distinguish the applicant’s goods or services from those of other undertakings. The graphic representation requirement has been abandoned by the new EU harmonisation Directive 2015/2436.

The registration process

In Greece, three types of trademark registration are available: national, Community and international. The domestic registration process is similar to the process used by OHIM and the Community Registry, with the main difference that in Greece there is an ex officio search for prior rights. So, earlier trademark registrations and applications will lead to rejection of
an application, even in the absence of an opposition by the owner of the earlier rights. Each application is examined by an examiner with respect to absolute and relative grounds. If the examiner is satisfied that there are no grounds of rejection, the application is published and remains open for opposition for a three-month period. If the application is rejected, it can be challenged before the Trademarks Committee and can also be appealed before the administrative courts.

Trademark protection lasts for 10 years starting from the application date. Protection can be renewed indefinitely for 10-year periods, if the renewal fees have been paid.

**Peculiarities of Greek trademark law**

A peculiarity of Greek trademark law is that there is a distinction between competence of the administrative and civil courts in trademark cases. Cases regarding the registration process (i.e., relative or absolute ground cases, oppositions and cancellations), are referred to administrative courts, where proceedings are extremely time-consuming (it takes about seven years to obtain a judgment from the First Instance Administrative Court).

Another important peculiarity of Greek trademark law is that civil courts are not permitted to challenge the validity of a registered trademark. So long as a trademark has been registered, civil courts are not allowed to review whether it has been legitimately granted and have to enforce it against third parties; this is so, even if the said registered trademark has never been used in the course of trade, or if it is evidently descriptive or non-distinctive. Challenging the validity of a registered trademark is possible only through cancellation proceedings before the Trademark Office and, on appeal, the administrative courts. This has occasionally caused embarrassment to civil courts and led to complaints, but on the other hand, it makes national trademark registration a very strong right and affords it great legal certainty.

**Word marks (different types)**

Word marks may come in different types, for example, italics, highly stylised, bold, gothic letters, coloured letters, etc. However, the word marks that enjoy stronger and wider protection (if registered) are those printed in simple and common typefaces. If the registration is in a simple and common typeface, the scope of protection granted covers any possible representation of the same word (i.e., in whatever typeface and in any colour, etc.).

**Cases where likelihood of confusion was found**

The following are representative examples of court precedents where likelihood of confusion was established:

- **Coffee Mate and Delta Coffee Mate**, both for non-alcoholic beverages (Trademark Office No. 7673/2005).
- **Pinocide and Delta Pinocide**, both for disinfectants (Supreme Court No. 2394/1994).
- **Aegean Baltic Bank and Aegean Business Bank**, both for banking services (Trademark Office No. 8631/2006).
- **Polar and Aquapolar**, both for water filters and softeners (First Instance Court of Thessaloniki No. 12412/1994).
- **Bodyline and New Body**, both for slimming centres (First Instance Court of Athens No. 194/1997).
Cases where likelihood of confusion was not found

In the following cases, likelihood of confusion was not established:

a. Facadoro and Mecador, both for gold jewellery (Supreme Court No. 5441/1995).
b. PB-rope and Ropex, both for chemicals (First Instance administrative Court of Athens No. 1883/1992).
c. Bake Krispies and Rice Krispies, both for foodstuffs (Administrative Court of Appeals in Athens No. 435/2004).
d. Thalis (for scientific optics) and Thales (for military products), because they were both addressed to expert customers who were not likely to be confused (First Instance Court of Athens No. 10216/2001).
e. Ferrero (for chocolates) and Ferro (for breadsticks) Supreme Court No. 4195/2005; although the same case was decided differently by the EU General Court, T-35/04.

IV ENFORCEMENT OF RIGHTS

i. General aspects of civil judicial proceedings in Greece

Two types of civil judicial proceedings are available in Greece: (1) ordinary proceedings and (2) summary proceedings.

Ordinary proceedings are rather long. It takes about one year from the filing of a legal action to fix a court hearing. It will take about one more year to obtain a first instance court judgment. If the judgment is appealed, it is likely that two more years will follow until a final and enforceable court judgment is issued by the appeal court. A final judgment can be review before the Cassation (Supreme) Court. The review covers only matters of law and not matters of fact.

There are special courts dealing with CTMs with judges that have a level of specialisation in IP matters. If the plaintiff invokes a CTM, it is possible to fix an early hearing in about only three or four months from the filing of the legal action.

Summary proceedings are available if there is some urgency to be dealt with. In IP infringements, urgency is self-explanatory, unless the IP owner has unreasonably delayed in taking judicial action against infringement. For instance, if the IP owner is aware of an infringement for more than six months, an application for summary judgment is likely to be rejected without examining the merits of the case. It takes about three to four months from filing an application for summary judgment to fix a court hearing and a summary judgment is usually issued within six to eight months following the hearing. However, it is possible to apply for an early preliminary and provisional court order, which is usually obtained within 15 days of the filing of an application for summary judgment. This provisional court order remains in force until a summary judgment is issued. It is also possible to obtain a court order to preserve evidence without any prior notification to the defendant (like an Anton Piller order). A summary judgment must necessarily be followed by ordinary proceedings. Therefore, a summary judgment cannot bring litigation to an end without ordinary proceedings, unless there is an extrajudicial settlement.

Legal actions (writs) and applications for summary judgment are long legal documents in Greece. They need to refer to the facts and the evidence in much detail. A customary legal action or application for summary judgment usually exceeds 10 pages.

There are no pretrial proceedings under Greek law. All the evidence is presented to the court in a single hearing, after which the court issues its judgment.
Limitation periods for IP rights are rather long (i.e., five years); however, if the legal ground is unfair competition, the limitation period for a cease-and-desist order is only three years.

Cease-and-desist letters do not result in any adverse legal consequences for the addressee. So, even if an extrajudicial cease-and-desist letter is proved to be unfounded, the addressee runs no legal risk, unless the letter contains evident and exorbitant defamations.

Greek judgments on IP matters greatly rely on precedents set by the European Union Court of Justice (CJEU) and the General Court.

ii Volume of damages

In the past, the law was very cumbersome in relation to establishing the volume of damages in IP infringement. It was almost impossible to prove what the quantum of damages actually was, and the majority of IP owners limited themselves to cease-and-desist orders alone and never attempted to obtain a damages award.

However, legislation has changed during the past few years and has provided for more relaxed alternative criteria for determining the volume of damages. In particular, the plaintiff may quantify loss on the basis of one of the following three criteria:

- the loss caused by the infringement; this is the traditional way to determine the quantum of damages, which raises great difficulties, since actual damage and loss of profits need to be evidenced with accuracy;
- the benefit obtained from the infringement; such benefit usually amounts to the net earnings of the infringer. This criterion may be more straightforward to apply, but, again, difficulties arising from the issue of burden of proof cannot easily be overcome; and
- the customary royalty for a licence, as appropriate in the particular case in question. This is the method that IP owners usually prefer to apply in order to fix the volume of damages requested. It is the criterion that is most straightforward regarding evidence and burden of proof. It is usually possible to produce evidence in court to prove the amount of the royalty that has been agreed by other parties for a licence of a similar IP right to the one infringed.

These criteria apply in connection with infringement of all IP rights (i.e., copyright, trademarks, patents, etc.).

In addition to damages, it is also possible to request psychological (moral) damages against the infringer. Under Greek law, it is up to the discretion of the court to fix a psychological damages award in each and every case involving a tort, and IP infringements are tort cases. Usually psychological damages are justified in IP infringements on the basis of defamation that the owner has suffered from the particular infringement and not on the basis of any psychological stress. It is the defamation and dilution of reputation that is compensated in this way and not any psychological stress. Such awards, however, are usually of limited amounts only (i.e., about €10,000), even if the infringed IP rights relate to particularly strong and famous trademarks.

For copyright infringements, there are very severe criminal sanctions as well. In addition, there are less severe criminal sanctions for trademark infringement, as well as for infringements of unfair competition and non-registered distinctive signs.
iii Customs procedures

Customs procedures are available according to the EU legislation. Customs procedures are available for all IP rights and are particularly efficient. However, they are not addressed against parallel imports.

iv Obtaining and preserving evidence; the EU Enforcement Directive

Greece has implemented EU Directive 2004/48 on the enforcement of IP rights. The Directive offers great assistance in obtaining and preserving evidence during either summary or ordinary legal proceedings, when such evidence is in the possession of the infringer. If the plaintiff provides reasonably available evidence to support an allegation of infringement, a court may issue an order (even without having previously notified the defendant), allowing the plaintiff to obtain evidence in the possession of the alleged infringer. In this respect, the plaintiff may be allowed to make a detailed list of infringing products in the possession of the infringer, to take samples or even to provisionally arrest infringing goods or materials used in the production of infringing goods, or documents and other information relating thereto. Such information may comprise the names and details of distributors, suppliers, customers, quantities produced and manufactured, prices, and even bank account details and payments to third parties. In issuing such an order, courts have discretion to take into account the necessity to preserve legitimate trade secrets of the defendant, as well as the general principle of proportionality. The Directive, in providing such severe measures, aims to deal with the issue of counterfeit products. However, the Directive applies not only to counterfeit goods, but also to innocent (without intent) infringements. Courts do have great discretion in applying the Directive, and they do take into account the factors of proportionality and legitimate trade secrets. In practice, courts are rather reluctant to apply the Directive against long and well-established local companies that would not reasonably raise any suspicions of intentional infringement.

v Copyright

A lot of litigation arises in relation to alleged copyright infringement on the internet. In a recent case, the First Instance Court of Athens (Judgment No. 5249/2014) dealt with the case of a website that provided links, enabling internet users to reach the websites of local television broadcasters and watch films and other content that broadcasters had already uploaded to their own websites. The court held that this act of ‘linking’ and making available to a new public content that has already been uploaded does not establish a copyright infringement. In reaching this conclusion, the Greek court took notice of the rulings of the CJEU in the cases of Svensson (C-466/12) and BestWaters (C-348/13). Hence, what this case seems to suggest is that so long as content has been uploaded to the internet, it becomes freely available to anyone and retransmitting such content, or making it available to others, particularly by way of ‘linking’ does not amount to infringement. Many commentators are very sceptical as to whether such a precedent is satisfactory. ‘Linking’ may be commercially acceptable to television broadcasters, but it is doubtful as to whether it is commercially equally acceptable to other industries, such as the music and film industries.

A difficulty that usually arises in court practice is that, if the plaintiff who invokes copyright protection is a legal entity, the court requires submission of evidence regarding the acquisition of copyright from the author. Courts argue that copyright can be acquired by individuals (natural persons) alone and that it can only be transferred to legal entities by way of assignment. Under Greek law, assignment of copyright is invalid, unless it is documented
in writing. This raises practical difficulties for legal entities seeking copyright protection, as they need to produce to the courts written contracts evidencing acquisition of rights from natural persons.

vi Patents
Patent litigation is rather rare in Greece. The majority of cases relate to pharmaceutical patents. Judges do not have any technical background; so, they greatly rely on expert evidence on technical matters, as well as matters like novelty and inventive step. One of the problems usually encountered in patent litigation is the long delay in the proceedings, because of multiple judicial proceedings in other jurisdictions, as well as before the European Patent Office. For instance, Greek courts are likely to stay local proceedings in case that there are any prior proceedings already pending before the European Patent Office in relation to the validity of the patent, or in case there are any other prior judicial proceedings pending in any other jurisdiction.

The most notable recent cases in Greece relate to the validity of EPs for pharmaceuticals that have been validated by the local Patent Office before 1992, that is, at a time when pharmaceutical patents were not recognised under Greek law. Greek courts (Judgments Nos. 728/09 and 6105/11 of the First Instance Court of Athens) held that any such EPs validated locally before 1992 were illegal and invalid. The same judgments, though, confirmed that EPs validated after 1992 are valid, even if they contain Swiss-type claims, which are considered compatible with Greek legislation. Finally, the courts held that the TRIPS Agreement to which Greece acceded in 1990 has no retrospective effect. The judgment of a civil court holding a registered patent invalid has effect not only between the litigating parties, but also vis-à-vis third parties (erga omnes).

Another important recent judgment of the First Instance Court of Athens (No. 3955/2015) relates to the ongoing litigation among Novartis and Zanofi-Aventis in connection to the use of the drastic ingredient ‘rivastigmine’ for the treatment of Alzheimer’s disease and Parkinson’s disease. Rivastigmine was initially patented by Novartis, but the patent expired and the substance became generic. However, Novartis had also patented with a Swiss-type claim a particular dose of rivastigmine, which is still currently in force. Novartis alleged that its patented dose for rivastigmine has been copied by Zanofi-Avantis. In its preliminary judgment, the court did not challenge the validity of a Swiss-type claim that relates to a new dose (and not to a new therapeutic use) and ordered the submission of additional expert evidence before reaching a final judgment.

vii Trademarks
Most local IP litigation relates to trademarks. Infringement is established in case of likelihood of confusion, dilution and parallel imports from non-EU countries. In assessing trademark infringement, Greek courts consistently apply the jurisprudence of the CJEU and the General Court of the EU. It is worth mentioning that in the EU, unlike the US, it seems easier to establish dilution. This is because, according to the jurisprudence of the CJEU, there is no need to prove actual damage in order to establish dilution; instead, it is sufficient to prove that there is a likelihood of association among the earlier famous mark and the later infringing mark. Unlike other jurisdictions, under both Greek and EU law, parallel imports from not EU Member States are illegitimate and amount to a trademark infringement. This is not the case, though, in connection to parallel imports from other EU Member States.
viii Famous marks
The Supreme (Cassation) Court (Judgment No. 1030/2008) has held that a mark cannot qualify as famous, unless it is unique and has a level of originality. It is submitted that this reasoning contradicts the jurisprudence of the CJEU, which holds that fame depends on the level of recognition of the mark. However, there is a counterargument that states that even under the CJEU jurisprudence, uniqueness and originality are factors to be taken into account for assessing the level of recognition and reputation of a mark. A good example of how these considerations may be applied in practice is a recent judgment of the First Instance Court of Athens (No. 270/2015), which held that the green and white colour combination of the Aspirin packaging cannot qualify as a famous mark because it lacks uniqueness and originality, as based on the evidence, green seemed to be widely used in the packaging of many pharmaceuticals. The judgment was referring to the alleged reputation of the green and white colour combination alone, and not to the reputation of the Aspirin word mark, which was not an issue in this case.

ix ‘Lookalike’ and trade dress cases
The most difficult and controversial cases are ‘lookalike’ cases, relating to the colours and drawings in the packaging of the products. This type of litigation is quite common, particularly in the field of foodstuffs. In a notable recent judgment (Judgment No. 270/15), the First Instance Court of Athens denied protection to the green and white packaging of Aspirin against a similarly coloured pain reliever, on the ground that some colours evoke particular feelings in consumers and this is the case with the green colour, which was found to generate a sense of relief. Further, in Greece, the public closely associates the colour green with medical science.

In another case in 2007, the First Instance Court of Athens (Judgment No. 2275/2007) rejected a lawsuit by Nestlé in connection with the blue, swimming pool pattern of its ice-cream freezers against an equally well-established local ice cream manufacturer, which was using a progressively graduated blue colour pattern for its ice-cream freezers. The leading case relating to the protection of a single colour (not a colour combination) is the Petro gas case (Supreme Court Judgment No. 399/89). It concerned liquid gas for home use traded in purple coloured cylinders. Vitom gas copied the purple colour used by Petro gas. The plaintiff’s action was rejected by both the First Instance and the Appeal Court. In reviewing these judgments, the Supreme Court noted that the copying of a single colour in product packaging should be assessed in the context of the doctrine of ‘overall impression’. In other words, the figurative or word elements, as well as the overall packaging and appearance, should also be taken into account, in order to determine whether there is any likelihood of confusion or dilution. The Court, however, noted that copying of even a single colour alone could suffice to establish likelihood of confusion, if, on the evidence, it could be found that it is the colour that is the prevailing element of the whole packaging and appearance of the product; and if it could be proved that copying of the colour alone could attract the attention of consumers.

However, there are other cases in which plaintiffs were successful in obtaining legal protection for the colours used in their respective packaging. Such was the case with Camper Twins shoes packaging; Camper was successful in obtaining protection for the red colour used in its packaging (First Instance Court of Athens, Judgment No. 6778/2004). Another similar judgment was the Toblerone case. The plaintiff was successful in obtaining legal protection in relation to the triangle shape of its chocolate, which was found by the Court to be particularly
distinctive (First Instance Court of Athens, Judgment No. 1478/2005). Further, the Athens Court of Appeal (Judgment No. 1687/2004) has granted protection to Nestlé, in relation to the colour combination of its Nescafé instant coffee cans. In a more recent, much more controversial case, the Supreme Court seemed to suggest that the ‘cigar-like’ cylinder shape of a chocolate wafer from a particular manufacturer merited legal protection, although wafers with chocolate or another filling commonly come in a cylinder shape that usually resembles a cigar (Judgment No. 486/2015).

x  **Personal names**

The use of personal names as trademarks is quite common in the local market. Hence, trademark litigation often relates to personal names. Such was the recent landmark case involving Mr Panayiotis Nikas. Mr Nikas was the founder in the early 1970s of Nikas SA, which was one of the largest local manufacturers of sausages and other cold meats. In early 2000, he sold his shares in Nikas SA and abandoned the company. After 12 years, he introduced his own new sausages under the brand name ‘Lakoniki SA’, which was his own company. The sausages bore the slogan: ‘With the recipe and care of Panayiotis Nikas’. Nikas SA sued for likelihood of confusion and dilution. The First Instance Court of Athens rejected the claim and reasoned that in such a case, there were good grounds for the limitation of the trademark rights of Nikas SA, as Mr Nikas was using his own name and had made efforts for differentiation and through advertisements to let the public know that he was no longer associated with Nikas SA.

xi  **Community trademarks and earlier national marks**

Conflicts may arise among registered CTMs and earlier national registered trademarks, or earlier national non-registered distinctive marks. In a recent case, the First Instance Court of Athens (summary Judgment No. 12035/14) issued a cease-and-desist order, preventing the circulation in the local market of a constipation product, traded under the registered CTM ‘EVA’ owing to an earlier national registered trademark ‘EVA’, used in medicinal and hygienic products. The court applied Articles 55(2), 53 and 100 of EU Regulation 207/2009 on CTMs and found that a CTM, even if registered, may be prevented from being traded in a local EU market if there is an earlier national registered trademark (or non-registered distinctive sign), and there is the likelihood of confusion as a result. When enforcement of a registered CTM is sought, national courts are authorised to cancel it, if the defendant challenges its validity by way of counterclaim. This has recently started to become a common litigation trend in such cases.

xii  **Unfair competition**

The concept of unfair competition under Greek law is very broad and widely applied. It is based on the concept of good commercial customs and morals. It encompasses the English law concept of ‘passing off’, but it has a wider scope. So, it is used to grant legal protection to non-registered distinctive marks used in the course of trade. However, it is also applied in a greater variety of situations in which the business conduct does not seem to comply with good business ethics. Such situations usually relate to the following types of business conduct:

- exploitation of one’s reputation (i.e., unauthorised use of famous marks);
- misappropriation of one’s work, achievement, methods and system of organisation (including slavish imitation of products or achievements not protected by specific intellectual property law provisions, know-how, etc.);
c destructing business reputation (i.e., defamation);
d deceptive or misleading advertising, emotional advertising, excessive aggressive and annoying advertising;
e intrusion in one’s business activity (i.e., by way of soliciting employees or clients, or threatening to sue, etc.);
f violation of laws and contractual obligations; and
g intrusion with trade secrets of competitors.

Courts have great discretion in applying the law of unfair competition and usually such cases raise great practical and legal difficulties in balancing freedom to compete on the one hand and unethical conduct on the other.

As Greece has acceded to the Paris Convention (1883), Article 10* also applies in Greece. Article 10* of the Convention provides a non-exhaustive list of conduct that is deemed to be contrary to good commercial morals and qualify as unfair competition. Finally, Greece has implemented the EU Directives 2005/29 on unfair business-to-consumer commercial practices and 2006/114 on misleading and comparative advertising.

V TRENDS AND OUTLOOK

Greece has recently introduced a new Code of Civil Procedure, effective since 1 January 2016, which is likely to accelerate judicial proceedings. Courts are likely to consider hearsay evidence as inadmissible and to apply more consistently the parole evidence rule. These new features are expected to have a substantive impact on IP litigation as well.

In terms of trademark law, the implementation of the new EU Directive 2015/2436 on the harmonisation of trademarks is expected to increase the impact of the defences of functionality and proof of use in civil proceedings. Conflicts between registered European Union trademarks and earlier national marks are likely to increase in the future. Finally, market trends seem to suggest that there is an increasing interest in filing and enforcing non-traditional marks.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Intellectual property protection in India covers a variety of subject matter including patents, industrial design, copyright, trademark, geographical indications, plant varieties, trade secrets and confidential information. The law on intellectual property is largely codified, except for trade secrets and confidential information, which are governed by common law principles and law of contract. As India is a common law country, interpretation of the statutes by the courts is an important source of the law and reference to judicial precedents is indispensable for a complete understanding of laws under the Indian legal system.

The key statutes on intellectual property in India are:

a. the Patents Act 1970;
b. the Trade Marks Act 1999;
c. the Copyright Act 1957;
d. the Designs Act 2000;
e. the Geographical Indication of Goods (Registration and Protection) Act 1999;
f. the Semiconductor and Integrated Circuits Layout-Design Act 2000; and
g. the Protection of Plant Varieties and Farmers’ Rights Act 2001.

Intellectual property rights in India are broadly classified into the following categories.

i. Patents

A patent is an exclusive right granted to the inventor of an ‘invention’ that is a novel product or process that involves an inventive step and is capable of industrial application.

The term of a patent is 20 years starting from the date of the patent application. After the term of the patent expires, the invention becomes a part of the public domain and the patentee ceases to have exclusive rights over the subject matter of the patent.

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1 Pravin Anand is a managing partner and Raunaq Kamath is a managing associate at Anand and Anand.
2 Section 53 of the Patents Act 1970.
ii Registered designs

An industrial design\(^3\) may be protected in respect of specific classes of articles under the Designs Act 2000 if it is granted registration by the Controller General of Patents, Designs and Trade Marks.

A design may be granted registration upon an application from a person claiming to be the proprietor\(^4\) of any new or original design that has not been previously published in any country.\(^5\) Upon being granted a registration of the design, the registered proprietor of the design has a ‘copyright in the design’, which subsists for 10 years. The term of the copyright in a design may be extended by five years upon payment of a prescribed fee by the registered proprietor.\(^6\)

iii Layout-designs of integrated circuits

The Semiconductor and Integrated Circuits Layout-Design Act 2000 provides statutory protection to semiconductor integrated circuits layouts for 10 years upon registration under the Act. The Semiconductor and Integrated Circuits Layout-Design Act 2000 was enacted to give effect to Section 6 of Part II of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). A layout-design may be registered if it is original, distinctive and distinguishable from other registered layout-designs. It must also not have been commercially exploited in India or other convention countries.

The registered proprietor of a layout-design has the exclusive right to use the layout-design for a term of 10 years from the date of the application for registration or from the year of its first commercial exploitation anywhere in the world, whichever is earlier.

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3 Under Section 2(d) of the Designs Act 2000, ‘design’ means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two-dimensional or three-dimensional forms or in both, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything that is in substance a mere mechanical device, and does not include any trademark as defined in clause (v) of subsection (1) of Section 2 of the Trade and Merchandise Marks Act 1958 or property mark as defined in Section 479 of the Indian Penal Code or any artistic work as defined in clause (c) of Section 2 of the Copyright Act 1957.

4 Under Section 2(j) of the Designs Act 2000, ‘proprietor of a new or original design’: (1) where the author of the design, for good consideration, executes the work for some other person, means the person for whom the design is so executed; (2) where any person acquires the design or the right to apply the design to any article, either exclusively of any other person or otherwise, means, in the respect and to the extent in and to which the design or right has been so acquired, the person by whom the design or right is so acquired; and (3) in any other case, means the author of the design; and where the property in or the right to apply, the design has devolved from the original proprietor upon any other person, includes that other person.

5 Section 5 of the Designs Act 2000.

iv Copyright and related rights

The Copyright Act 1957 provides for the protection of exclusive rights in reproduction and exploitation of original literary, dramatic, musical and artistic works; cinematograph films and sound recordings. The nature of a copyright varies with the nature of the different works that are protected by it.

A copyright subsists in a work from its very creation. Copyright registration is not a prerequisite to enjoying copyright protection in India. However, registration of a copyright serves as *prima facie* proof of ownership of copyright in a court.

The copyright in a work typically subsists during the lifetime of its author and for 60 years after the year of the author’s death, but there are variations to this rule in different classes of copyrights: for example, the term of a copyright in cinematograph films and sound recordings is 60 years from the year of publication.

The Copyright Act also provides for the protection of ‘broadcast reproduction right’, ‘performer’s right’ and ‘author’s special rights’ (i.e., ‘moral rights of an author’) and ‘performer’s moral rights’.

India is a member of the Berne Convention of 1886 (as modified in Paris in 1971), the Universal Copyright Convention of 1951 and TRIPS. Although India is not a member of the Rome Convention of 1961, the Copyright Act is compliant with its provisions.

v Trademarks

A trademark is defined in the Trade Marks Act 1999 as a visual representation, or mark, that helps the consumer identify the source or provider of any goods or services. A trademark can be represented graphically and is capable of distinguishing the goods and services of one person from those of others and may include the shape of goods, their packaging and combination of colours, among other things. A mark may be a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of a good, packaging or combination of colours or any combination thereof.

Registration of a trademark confers upon the registered proprietor the right to exclusively use the trademark in connection with goods and services in respect of which it is registered, and entitles the registered proprietor to seek relief in respect of infringement. No person is entitled to institute any proceeding to prevent, or to recover damages for infringement of unregistered trademarks, but an action against a person for passing off goods or services as the goods or services of another would still lie.

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7 Under Section 2(f) of the Copyright Act 1957, ‘cinematograph film’ means any work of visual recording on any medium produced through a process from which a moving image may be produced by any means and includes a sound recording accompanying such visual recording and ‘cinematograph’ shall be construed as including any work produced by any process analogous to cinematography including video films.

8 Under Section 2(xx) of the Copyright Act 1957, ‘sound recording’ means a recording of sounds from which such sounds may be produced regardless of the medium on which such recording is made or the method by which the sounds are produced.

9 Section 37 of the Copyright Act 1957.

10 Section 38 of the Copyright Act 1957.

11 Section 57 of the Copyright Act 1957.

12 Section 2(1)(zb) of the Trade Marks Act 1999.

13 Section 2(1)(m) of the Trade Marks Act 1999.

14 Section 27 of the Trade Marks Act 1999.

15 Section 28 of the Trade Marks Act 1999.
Registration of a trademark is valid for 10 years and may be renewed thereafter from time to time upon payment of a renewal fee prescribed under the Trade Marks Act 1999.

vi Geographical indications

Geographical indications are protected under the Geographical Indication of Goods (Registration and Protection) Act 1999. Under this Act, any association of persons or producers or any organisation or authority that represents the interests of producers of certain goods may apply for registration of geographical indication in relation to such goods. A geographical indication is an indication that identifies goods as originating, or being manufactured, from a particular geographical region or territory where a given quality, reputation or other characteristic of such goods is attributed to its geographical origin.

The registration of a geographical indication is valid for 10 years and may be renewed from time to time by way of an application by the registered proprietor. Registration of authorised users is also renewed in the same manner. Only authorised users are entitled to exclusive use of a geographical indication.

A valid geographical indication entitles the registered proprietor of the geographical indication and the authorised user or users thereof to obtain relief in respect of infringement of the geographical indication.

The Geographical Indications Registry is located in Chennai. The Geographical Indication of Goods (Registration and Protection) Act 1999 came into effect on 15 April 2003, and since its establishment, the registry has granted registrations to 238 geographical indications.

vii Confidential information and trade secrets

Indian law on trade secrets and business information has not been codified under statute. Trade secrets are protected in India through contract law and the equitable doctrine of breach of confidence. In cases where confidential information and trade secrets are not protected by a contract, the person seeking to enforce the confidentiality or secrecy of information can do so only if certain conditions are fulfilled:

a the information must be confidential;

b the information must have been disclosed in circumstances from which an obligation of secrecy arises; and

c the confidant should attempt to use or disclose the information.

16 Under Section 2(f) of the Geographical Indication of Goods (Registration and Protection) Act 1999, ‘goods’ means any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes food stuff.


18 Under Section 2(e) of the Geographical Indication of Goods (Registration and Protection) Act 1999, ‘geographical indication’, in relation to goods, means an indication that identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in cases where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.


21 See http://ipindia.nic.in/girindia.
Indian courts have observed that confidential information must be protected because a confidant is under a duty of confidentiality or fiduciary duty towards a confider, which if dishonoured would lead to the confidant gaining unfair advantage over the confider who offered the information in trust.\(^{22}\)

There are no specific statutory provisions that protect trade secrets or confidential information under Indian criminal law. There are provisions under the Indian Penal Code 1860 relating to criminal breach of trust, cheating, burglary, extortion, etc., which might be applied in a case where confidential information is misused.\(^{23}\) For example, it is an offence for a public servant to misuse his or her position with the intent of causing injury to any person. This provision is so broad that if a government officer is given documents containing trade secrets, it is an offence for said officer to misuse his or her position and disclose the secrets, beyond the proper discharge of his or her duty.\(^{24}\)

Similarly, the Right to Information Act\(^ {25}\) prohibits the disclosure of information including commercial confidences, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party. However, the exception to this rule is that the competent authority may disclose such information if the larger public interest warrants the disclosure.

viii Plant varieties and farmers’ rights

The Protection of Plant Varieties and Farmers’ Rights Act 2001 was enacted to comply with Article 27 of TRIPS. The legislation protects plant varieties by establishing the rights of farmers and breeders over the plant genetic resources that are being used to create new varieties of plants. It aims to provide for the establishment of an effective system for protection of plant varieties.

Protection under the Act extends to all categories of plants excluding microorganisms. To be granted registration, a plant variety must be novel, distinctive, uniform and stable. The registrations are to be made to the Protection of Plant Varieties and Farmers’ Rights Authority, which has been established by the central government. An application for registration under this legislation can be made to the Plant Varieties Registry. The Registrar will then advertise the application for oppositions. The Registrar shall then give both parties a hearing before deciding on the application.

The aggregate term of protection in the case of a variety of trees or a variety of vines is 18 years, 15 years from the date of notification of the variety in the case of extant varieties and in all other cases is 15 years from the date of registration of the variety.

The legislation grants provisional protection to a breeder whereby the Registrar shall have power to issue such directions to protect the interests of a breeder against any abusive act committed by any third party during the period between the filing of an application for registration and the decision taken by the Authority on such application.\(^ {26}\)


\(^{24}\) Section 166 of the Indian Penal Code 1860.

\(^{25}\) The Right to Information Act 2005 is a unique Indian statute that provides every Indian citizen with the right to secure access to information under the control of public authorities, to promote transparency and accountability in the working of every public authority.

\(^{26}\) Section 24(5), Protection of Plant Varieties and Farmers’ Rights Act 2001.
A right granted under the legislation is infringed when a non-breeder or a person who is not an agent or licensee of a registered variety, sells, exports, imports or produces such variety without authorisation. Infringement also occurs when any person uses, sells, exports, imports or produces another variety under a name identical or deceptively similar to a registered name so as to cause confusion among the public.

II RECENT DEVELOPMENTS

i Decisions

Merck Sharp and Dohme Corporation & Anr v. Glenmark Pharmaceuticals, CS(OS) 586 of 2013 before Delhi High Court

The Court had rejected the counterclaim seeking revocation of the plaintiff’s patent, and the validity thereof was upheld. Accordingly, a certificate of validity under Section 113 of the Patents Act 1970 was issued by the Court to the patentee.

Sugen v. KV Prakash CS (COMM.) 871 of 2016 before Delhi High Court

Owing to delay of 229 days in filing the written statement and non-payment of costs imposed by the defendant, the Court proceeded to pass an immediate decree of permanent injunction against the defendant under Order 8 Rule 10, Code of Civil Procedure (CPC). The Court noted that there was also a pending contempt application to which the defendants had failed to file a reply and disposed of this with a direction to the defendant to pay costs of 2 million rupees to a cancer research organisation in Madras. The order was upheld in appeal all the way up to the Supreme Court.

ISRA v. Chapter 25 bar and restaurant, CS (OS) No. 2068 of 2015 before the Delhi High Court

The first final decision passed after recordal of evidence where the Indian Singers’ Rights Association’s (ISRA) right to collect royalties on behalf of singers has been recognised. The Court upheld ISRA’s rights on the basis of explanation 3 of Rule 68 of the Copyright Rules, 2013, which provides that the definition of ‘Performance’ under the Act includes visual or acoustic presentation of a performer in the sound and visual records recorded in the studio or otherwise.

Burger King Corporation v. Gurpreet Singh Sekhon & Ors, CS (OS) No. 959 of 2015 before the Delhi High Court

A highway restaurant whose name violated Burger King’s intellectual property continued to use the said name despite the operation of an injunction order. The Delhi High Court appointed a local commissioner to visit the restaurant and physically paint over wherever the name appeared, including all along the highway.

Apple v. Rohit Singh, FAO (OS) COMM 11 of 2016 before the Delhi High Court (Division Bench)

A Division Bench of the Delhi High Court vacated an ex parte injunction granted against Apple for the use of the mark ‘SplitView’ or a deceptively similar variant in relation to software
products. The Bench held that an *ex parte ad interim* injunction in a matter concerning trademark violation should ensue only if a very strong *prima facie* case is made out with respect to a trade mark that is inherently descriptive.

**Allied Blenders Distillers v. Parag Distillers (Delhi High Court Division Bench)**

The Bench decided the question on whether a court will have territorial jurisdiction by virtue of a *quia timet* cause of action. The bench held that in a consideration under Order VII Rule 10, CPC, it is sufficient if the plaint discloses that there is a threat of the defendant selling the impugned goods in Delhi. This would by itself confer jurisdiction on the courts in Delhi. The threat perception would have to be justified later on merits. The averments in the plaint must be taken as true and correct. If these indicate that there is a reasonable and credible apprehension that the impugned product would be launched and sold in Delhi, the ingredients for a *quia timet* action are made out and constitute a cause of action for instituting a suit. Further, just because the defendant had been selling the impugned product in Andhra Pradesh does not mean that when there is an imminent threat of the defendant launching and selling the same product in Delhi, no cause of action, based on such apprehension, could arise.

**Tata Sons v. John Doe (Delhi High Court)**

Tata sought a John Doe order against anonymous entities who were publishing or posting defamatory and frivolous material against one of its officers. In particular, Tata sought an order to trace and block the email addresses that were being used for the dissemination of the defamatory material. There were 35 unidentified email addresses that were circulating allegations questioning the integrity and educational qualifications of Tata’s official. The Court directed three internet service providers who were made defendants in the suit to disclose the identities of those 35 anonymous email addresses, following which these anonymous registrants were impleaded as defendants in the suit and an injunction was passed against them.

**Bridgestone Corporation v. Tolins Tyres; CS (Comm) No. 375 of 2016 before the Delhi High Court**

In a case where the defendant denied exporting BRIDESTONE tyres to Nepal, the plaintiff’s representatives visited the customs port at Raxaul and found that the authorities had records of the defendant’s infringing activities in their possession. The Court granted the defendant one final opportunity to come clean and admit wrongdoings or suffer serious consequences if found to be lying. However, the defendant staunchly maintained that it was not dealing in the impugned products. The Court passed a *Norwich Pharmacal* order and issued notice to the public information officer at the Raxaul customs office (which was not party to the proceedings) to produce documents and details pertaining to the defendants’ exports on the next date. The Court also directed the defendant’s directors to remain personally present on the next date. When the records produced before the Court revealed that the defendant was in fact exporting BRIDESTONE tyres to Nepal, the defendant’s directors admitted the same and were sent to prison at the local police station for the night. The next morning they were produced before court and consented to a decree for permanent injunction and payment of 3 million rupees as damages to Bridgestone and an additional 500,000 rupees to legal aid.
**F. Hoffmann-La-Roche Ltd v. Dr. Reddys and Anr and F. Hoffmann-La-Roche Ltd v. Natco (Delhi High Court)**

The Court held that an expert, even if not in employment of a party, cannot lead evidence beyond the scope of the suit pleadings. For this purpose, it is required that rules be framed that may provide for the particulars to be contained in the pleadings. In the present case, the plaint had detailed pleadings but did not include certain scientific principles, which the plaintiff only learnt of after engaging the expert. Thus, the expert opinion should have been filed at the stage of filing documents, unless the deposition of the expert is within the confines of the pleadings. While the defendant’s objection for striking off those portions of the expert’s evidence that are beyond the scope of pleadings is tenable, owing to lack of clarity of procedure, which resulted in erroneous framing of issues, the plaintiff could not be deprived of an opportunity to defend its patent in its favour. Accordingly the defendants were directed to examine the expert on the additional scientific principles as well.

**Louis Vuitton v. Pankaj Sharma (Delhi High Court)**

In a case filed against e-commerce websites that were offering for sale counterfeit products bearing LV’s trademarks, the Court directed one of the defendants (i.e., HDFC Bank Ltd, Rajouri Garden, New Delhi) to disclose to the plaintiff the particulars of the account holder through which the relevant transactions were being conducted. Similarly, the Department of Telecommunications and the Ministry of Electronics and Information Technology were also directed to file in the Court in a sealed cover the details of the registrants of the impugned websites. The Department of Telecommunications and the Ministry of Electronics and Information Technology were also directed to immediately block access to said impugned websites.

### III OBTAINING PROTECTION

The Patents Act 1970 lays down that an invention may be granted a patent when the three necessary conditions are fulfilled: it should be novel, involve an inventive step and be capable of industrial application. Additionally, in the case of process claims, the manufacture must result in the creation of a tangible end product. This last condition is not a requirement of the Act but an internal and unpublished Patent Office guideline that is adhered to despite court decisions to the contrary (*Thomas Brandt v. Controller of Patents*).

Under the Act, inventions relating to atomic energy, preparation of microorganisms or any other living substance including plants and animals in whole, computer programs or algorithms, and mathematical or business methods are not patentable in India. Medical treatment of humans and animals is also not patentable in India. Chemical substances and compounds including drugs and food *per se*, including alloys, semiconductors, inter-metallic compounds and optical glass, which were not patentable under the old Patents Act, are now patentable following the 2005 Amendment to the Patents Act. However, patenting of new

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27 1990 IPLR 37.

28 Computer programs can be protected under the Copyright Act 1957. Computer programs are protected in India irrespective of the forms in which they occur. Thus, irrespective of whether they are in object code version, source code version or hardware, they are protected. Computer databases are also protected on the basis that even ‘sweat of the brow’ is worth protection.

29 Section 3 of the Patents Act 1970.
forms of already known substances is subject to the patent applicant proving an enhancement in known efficacy of the new form of the existing substance when compared to the efficacy of the known substances.\(^{30}\) Hence, Swiss-style claims are not permissible under the Patents Act. In *Novartis v. Union of India* (2013), the Supreme Court held that the test of efficacy in the case of pharmaceutical substances can only be therapeutic efficacy.

The Act permits both pre-grant and post-grant opposition. Any person\(^{31}\) may oppose a patent application by filing a representation for opposition with the Patent Office. A pre-grant opposition can be filed any time before the patent is granted. In comparison, however, the scope of post-grant opposition is narrower since a post-grant opposition can only be filed within one year of the grant of the patent by any person interested.\(^{32}\) The procedure governing the opposition proceedings is laid out in Chapter VI of the Patents Rules 2003. The Act vests the Controller of the Patent Office with certain powers of a civil court. A party filing a pre-grant or a post-grant opposition has the right to be heard by the patent office before it renders its decision. The decision of the Patent Office in post-grant opposition proceedings can be appealed before the IPAB. The orders of the Patent Office and the IPAB in various opposition proceedings can be accessed on the website of the Patent Office.

In trademark law, any mark, device, brand, heading, label, ticket, name, signature, word, letter or numeral or any combination of these that is used or proposed to be used in relation to any goods may be granted registration if the goods of the proprietor of the said mark are capable of being distinguished in the course of trade from those of another. The term ‘mark’ is broad enough to include the shape of goods, packaging or combination of colours, or any combination of the same. Additionally, the Act also allows service marks to be registered as well. The Act also provides for multi-class applications. The Trademark Registry has also started registering sound marks since 2008.

An application for registration of a trademark is filed at an office of the Trademark Registry, which has its main office in Mumbai with branch offices in Delhi, Kolkata, Chennai and Ahmedabad. Every application is advertised by the Trademark Registry before it is registered. Any person wishing to oppose the mark may do so within three months from the date of registration or within such further period not exceeding one month. The Registrar shall then grant both parties a hearing before deciding on the application.

A design will not be registered under the Designs Act if:
\[\begin{align*}
a & \quad \text{it is not new or original;} \\
b & \quad \text{it has been disclosed to the public anywhere in India or in any other country by publication in tangible form or by use or in any other way prior to the filing date, or where applicable, the priority date of the application for registration;} \\
c & \quad \text{it is not significantly distinguishable from known designs or combination of known designs; or} \\
d & \quad \text{it comprises or contains scandalous or obscene matter.}\(^{33}\)
\end{align*}\]

A copyright subsists in a work from its very creation. Copyright registration is not a prerequisite to enjoying copyright protection in India. However, registration of a copyright serves as *prima facie* proof of ownership of copyright in a court.

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30 Section 3(d) of the Patents Act 1970.
31 Section 25(1) of the Patents Act 1970.
32 Section 25(2) of the Patents Act 1970.
33 Section 4 of the Design Act 2000.
A new plant variety shall be registered Act if it conforms to the criteria of novelty, distinctiveness, uniformity and stability. An extant variety shall be registered under this Act within a specified period if it conforms to such criteria of distinctiveness, uniformity and stability as shall be specified under the regulations. Every application for registration shall:

a. be with respect to a variety;
b. state the denomination assigned to such variety by the applicant;
c. be accompanied by an affidavit sworn by the applicant that such variety does not contain any gene or gene sequence involving terminator technology;
d. be in such form as may be specified by regulations;
e. contain a complete passport data of the parental lines from which the variety has been derived along with the geographical location in India from where the genetic material has been taken and all such information relating to the contribution, if any, of any farmer, village community, institution or organisation in breeding, evolving or developing the variety;
f. be accompanied by a statement containing a brief description of the variety bringing out its characteristics of novelty, distinctiveness, uniformity and stability as required for registration;
g. be accompanied by such fees as may be prescribed;
h. contain a declaration that the genetic material or parental material acquired for breeding, evolving or developing the variety has been lawfully acquired; and
i. be accompanied by such other particulars as may be prescribed.

Any association of persons or producers or any organisation or authority established by or under any law for the time being in force representing the interest of the producers of the concerned goods, who are desirous of registering a geographical indication in relation to such goods, can apply for registration of a geographical indication with the following:

a. a statement as to how the geographical indication serves to designate the goods as originating from the concerned territory of the country or region or locality in the country, as the case may be, in respect of specific quality, reputation or other characteristics of which are due exclusively or essentially to the geographical, environment, with its inherent natural and human factors, and the production, processing or preparation of which takes place in such territory, region or locality, as the case may be;
b. the class of goods to which the geographical indication shall apply;
c. the geographical map of the territory of the country or region or locality in the country in which the goods originate or are being manufactured;
d. the particulars regarding the appearance of the geographical indication as to whether it is comprised of the words or figurative elements or both;
e. a statement containing such particulars of the producers of the concerned goods, if any, proposed to be initially registered with the registration of the geographical indication as may be prescribed; and
f. such other particulars as may be prescribed.

34 Section 15(1) of the Protection of Plant Varieties and Farmers’ Rights Act 2001.
35 Section 15(2) of the Protection of Plant Varieties and Farmers’ Rights Act 2001.
36 Section 18(1) of the Protection of Plant Varieties and Farmers’ Rights Act 2001.
IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

The Supreme Court of India is the apex court of the Indian judicial system. Subordinate to it are the 24 High Courts that together form the second tier of the Indian judiciary. Most of the significant intellectual property case law over the last three decades has originated from the decisions of the High Courts of Delhi, Bombay, Calcutta and Madras. The third tier of the Indian judicial system consists of over 600 district courts.

The trademark, copyright, designs and patent statutes provide for the district court as the court of first instance for infringement proceedings. The High Courts have appellate jurisdiction over the decisions of the district courts. In some jurisdictions, the court of first instance may be the High Court when the value of the suit exceeds the pecuniary limit on the jurisdiction of a particular district court.

The Patent Office essentially is concerned with work relating to the filing of patent applications and their prosecution including examination and proceedings for cancellation of patents. The Trade Mark Registry is concerned with work relating to the filing and prosecution of trademark applications, their examination, oppositions and proceedings relating to rectification or removal of trademarks. The Copyright Office performs similar functions in relation to copyright matters. The Patent Office also looks after design applications through its head office in Calcutta. The Patent Office, Trade Mark Office and Copyright Office function as quasi-judicial bodies. Appeals against the orders of these bodies, with the exception of the Copyright Board, lie with the IPAB, which has been set up under the Trade Marks Act 1999. As of 2007 the IPAB was notified to hear appeals even from the Patent Office, but it has been facing a severe shortage of qualified members to hear patent matters.

The Protection of Plant Varieties and Farmers’ Rights Act 2001 provides for a separate Plant Varieties Protection Appellate Tribunal to hear all appeals from the Protection of Plant Varieties and Farmers’ Rights Authority and Registry.

ii Requirements for jurisdiction and venue

Every civil court exercises its jurisdiction over a territory that falls within the jurisdiction of the court. There may be pecuniary limitations to the jurisdiction of a forum, and some courts exercise exclusive jurisdiction over certain subject matter. Hence, jurisdiction of a court may depend upon the relevant territory, pecuniary value and subject matter of the dispute, and each of these determinants are independently considered for a court to assume jurisdiction.

Under the Code of Civil Procedure, an Indian court would have jurisdiction over a defendant if the alleged infringement took place or the cause of action arises within the jurisdiction of an Indian court, or if the defendant or any of the defendants actually and voluntarily resides, or carries on business, or personally works for gain, within the jurisdiction of an Indian court. Hence, the location of the plaintiff is not a consideration. In Sholay Media Entertainment Ltd v. Yogesh Patel, the Division Bench of the Delhi High Court upheld that even an infinitesimal fraction of a cause of action will form a part of the cause of action in order to confer jurisdiction. In this case, the Court held that the respondent was actively promoting business in New Delhi through CDs distributed along with the December issue of IT magazine, which was extensively circulated in Delhi and that the CD when loaded

38 Section 20 of the Code of Civil Procedure 1908.
displayed the website ‘www.sholay.com’ with prominence such that any user would click on the link to the respondent’s website and in turn could then avail themselves of various services such as e-greetings or e-chat and goods such as DVDs sold by the respondent. Further, the respondent’s website is a virtual store with the ‘essential interactive features’ that permits a visitor to order goods or services and communicate with the respondents via email.

However, in an action for infringement of a registered trademark or for infringement of copyright, the civil court within whose jurisdiction the claimant actually and voluntarily resides, or carries on business or personally works for gain, also has jurisdiction.40

The availability of this additional forum to statutory right holders has been recently diluted by the Supreme Court by virtue of the landmark decision passed in Indian Performing Rights Society Ltd v. Sanjay Dalia & Ors (Civil Appeal Nos. 10643 and 10644 of 2010). The Supreme Court has set out that if there is an overlap in any jurisdiction where the plaintiff resides, carries on business or personally works for gain, with a part of the cause of action, the plaintiff will have to file the suit in a jurisdiction where the overlap exists over a jurisdiction where there is no such overlap. In other words, if the plaintiff is carrying on business in two jurisdictions and a part of the cause of action arises in one of these jurisdictions, the plaintiff cannot file the suit in the jurisdiction where there is no overlap. The Supreme Court has clarified, however, that the plaintiff may also file the suit where the defendant resides or where the infringement takes place regardless of the plaintiff’s place of business.

In Bristol-Myers Squibb Company & Anr v. VC Bhutada & Ors,41 the Delhi High Court held that to determine that a defendant ‘carries on business’, the plaintiff has to prima facie show through facts enumerated in the plaint that there is an apprehension of ‘offer for sale’, which gives rise to a cause of action. The veracity of the apprehension cannot be challenged at the preliminary stage and would have to be determined at trial.

In cases where the validity of the registration of an intellectual property right is disputed, Indian courts will have jurisdiction only if the registration is granted in India. It would therefore not be possible to question the validity of a registration of an intellectual property right granted in a foreign jurisdiction before an Indian court.

However, it would be possible for a foreign entity to challenge the validity or registration of an intellectual property right granted in India. Further, even if rectification proceedings instituted by a defendant in a foreign court are pending, these will not preclude an Indian court from granting interlocutory relief in favour of the claimant in trademark matters.

In intellectual property matters, the district courts of India are the courts of first instance. The district court may be the court of a district judge (civil court) or that of the sessions judge or metropolitan magistrate (criminal court).

There is no special court of first instance for the resolution of intellectual property disputes. Hence, in intellectual property litigations, particularly those relating to patents, right holders are often concerned that a district court may not possess the technical expertise required to fully understand an invention, technology or other things upon which a sound decision would depend.

In some territories of India, the intellectual property statutes that confer jurisdiction upon district courts can be broadly interpreted to include High Courts. This is common in cases wherein the value of the suit exceeds the pecuniary jurisdiction of the relevant district

40 Section 134(2) of the Trade Marks Act 1999 and Section 62(2) of the Copyright Act 1957.
41 Suit No. CS (OS) 2801 of 2012, order of the Delhi High Court dated 11 October 2013.
court of a territory. In such a situation, the suit would be heard by the presiding High Court of that territory. This is not possible in territories where district courts exercise unlimited pecuniary jurisdiction.

A suit for declaration as to non-infringement or a suit for infringement of a patent cannot be instituted in a court inferior to a district court. A party who has already sought revocation of a patent before the IPAB is precluded from filing a counterclaim challenging the validity of the same patent in a suit for infringement of the patent.\(^42\)

### iii Obtaining relevant evidence of infringement and discovery

#### Anton Piller orders

A party in a civil suit may move the court for an Anton Piller order if it seeks detention, preservation or inspection of any property that is the subject matter of the suit. When allowing an application of this nature, the court may authorise any person to enter the property and take samples that may be necessary for the purpose of obtaining full information or evidence.\(^43\) Thus, in a civil action for infringement, the court commissioner can be appointed \textit{ex parte} to visit the defendant’s premises, search and seize the infringing goods. These goods may either be taken into custody or left on trust with the defendants after they are sealed.

Usually, the court appoints a commissioner, who may be a lawyer or a member or employee of the court, to carry out the directions of the court in an \textit{Anton Piller} order. Commissioners may also be appointed for a scientific investigation or for making local investigations that the court may find necessary.\(^44\)

#### John Doe orders

Great care is taken when actions are instituted against fly-by-night operators and other parties that run small concerns in markets where numerous parties are engaged in selling counterfeit goods or other specimens of trademark, copyright or design infringement. This is because often parties such as this work in tandem and in close proximity with one another and if trying to obtain the precise details and identities of one such party leads to suspicion in a market, the entire market of infringers would disappear before the action is even instituted.

Hence, Indian courts also issue orders against unidentified parties, or ‘John Does’. This has proved extremely useful in anti-counterfeiting actions and actions against copyright and broadcast piracy. The court allows the plaintiff to formally implead such defendants into the suit once evidence is obtained by a local commissioner and they have been identified.

#### Norwich Pharmacal orders

A \textit{Norwich Pharmacal} order may be prayed for before Indian courts after proceedings have already commenced; however, the application usually entails a hearing that may last several hours.

In \textit{Souza Cruz SA v. N K Jain},\(^45\) the Delhi High Court directed the Commissioner of Customs and Excise at Hyderabad to disclose the complete details of infringing cigarettes

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\(^42\) \textit{Alloys Wobben v. Yogesh Mehra \& Ors} SLP No. 6456 of 2012 before the Supreme Court of India.
\(^43\) Order 39 Rule 7 of the Code of Civil Procedure 1908.
\(^44\) Order 26 of the Code of Civil Procedure 1908.
being exported to Ukraine. This order has been followed in _Shaw Wallace v. Gemini Traders_, where the customs and excise authorities were directed to disclose details of infringing whisky moving from one state to another in violation of a court order.

In _Bridgestone Corporation v. Tolins Tyres Pvt Ltd_ the Court directed the public information officer at the Customs Office at Raxaul Port to produce records pertaining to the export of tires by the defendants.

**Discovery**

Discovery is possible only after legal proceedings have commenced. Under the provisions of Order 11 Rule 1 of the Code of Civil Procedure 1908, discovery can be by interrogatories, delivered with the leave of the court, for the examination of the opposite parties. So long as interrogatories are relevant, they can be allowed.

iv **Trial decision-maker**

The trial decision-maker varies depending on the forum where the proceedings are pending. In the district courts, the evidence led by the parties is recorded by the presiding judge. In the High Court, however, the evidence is recorded either before a joint registrar (who is basically a junior or subordinate judge), or the parties may opt to request the court to appoint court commissioners to record evidence to expedite the process. In the latter, the High Court appoints judicial officers (local commissioners), typically retired judges, to record depositions of the witnesses of the parties. The local commissioner can then fix consecutive dates for the cross-examination of witnesses and this ensures that foreign witnesses do not have to repeatedly travel to India for depositions, and evidence can be recorded in a short span of time.

Section 115 of the Patent Act 1970 also provides that in any suit for infringement or other proceedings under the Act, the court may appoint an independent scientific adviser to assist the court or to enquire and report upon any such question of fact or opinion that does not involve a question of interpretation of law, as it may formulate for the purpose.

v **Structure of the trial**

The presentation of evidence at the trial is governed by the provisions of the Indian Evidence Act 1872. Traditionally, evidence at a trial is given orally in the form of statements of witnesses or on the basis of documents in cases where the witness producing the documents is not authorised or required to give oral evidence. Third parties such as consumers or dealers, who are desirable witnesses, are rarely willing to give evidence in a court.

Evidence is given on the issues framed by the court with the help of both parties, after the admission and denial of documents. When the issues are framed, it is indicated whether the onus of proof of a particular issue lies with the plaintiff or the defendant and preparation for the trial commences accordingly.

The decision of the judge ultimately depends on the impression created by the witnesses, the calibre of their responses to cross-examination and of course the quality of documentary evidence on record.

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47 CS(OS) No. 375 of 2016 before the Delhi High Court.
Witnesses can give evidence of the existence or non-existence of facts at issue and of relevant facts that are so connected to the facts at issue that they render the latter probable or improbable.

Hearsay evidence is not permitted, and witnesses cannot give an opinion unless they are experts. Oral evidence has to be concise and to the point in response to questions asked in cross-examination.

The contents of documents may be proved by production of the originals or their copies or oral accounts of their contents. Oral evidence, which falls in the category of secondary evidence, is only viable when an original document is absent.

Oral evidence can of course supplement documentary evidence, and a witness can refresh his or her memory by referring to documents while giving evidence.

Expert evidence is allowed in patent and copyright infringement cases or others that involve a complex aspect of intellectual property, for example, to explain the ambit of satellite broadcasting rights.

A trial may often take years if there are numerous witnesses. Therefore, cases in which there are only two or three witnesses on either side have a better chance of early disposal.

The examination-in-chief and cross-examination at trial are based on the pleadings of the parties and affidavits by way of evidence filed in the proceedings. However, the scope of cross-examination is limited only by the requirement of relevance; it may otherwise be wide-ranging, to include questions directed at testing witnesses’ veracity, their identity or position in life and to shake their credibility.

Re-examination of a witness is limited to explanations of matters referred to in cross-examination and a new matter cannot be introduced at this stage except with the permission of the court, and if introduced, the opponent is entitled to cross-examine the witness on that matter.

Leading questions can be asked only with the permission of the court, and these pertain to matters that are introductory or undisputed, or that have in the court’s opinion already been sufficiently proved.

The statements of a witness given in a judicial proceeding or before any person authorised by law to take the same can be used in a subsequent judicial proceeding between the same parties or their representatives or at a later stage of the same proceeding in certain circumstances.

vi Infringement

The Patents Act 1970 is silent on what qualifies as infringement of a patent. Section 48, however, vests certain exclusive rights upon the patentee or his or her agent. Violation of the rights conferred to the patentee under the Act would, therefore, constitute infringement. In a patent infringement suit, the court assesses both the liability of the defendant as well as the quantum of damages. In most cases for infringement of patent, the defendant institutes a counterclaim challenging the validity of the suit patent, which must also be determined by the court in the same trial. In other words, Indian courts are empowered to decide issues of invalidity in infringement actions. In an infringement suit the defendant may raise the issue of validity of a patent in two ways:

\[ a \] as its defence to the plaintiff’s claim of infringement;

\[ b \] Sections 64, 104, and 107 of the Patents Act 1970.

\[ c \] Sections 107 of the Patents Act 1970.
by instituting a counterclaim challenging the validity of the patent.50

**Literal infringement**

The first step in patent infringement assessment requires determination of the rights conferred by the patent. This is ascertained by the construction of the claims. To construe a claim of a patent, the claim is read in the light of the description provided in the patent specification.

The infringement analysis then proceeds with a comparison of the elements of the claim and the elements of the alleged infringer's product or process. If the alleged infringer's product or process reads on the claims as construed, infringement is established.

To understand whether an infringement is present in a particular case, the guidelines that the court follows are:

- read the description first and then the claims;
- find out what constitutes prior art;
- find out what improvement is present over the prior art;
- list the broad features of the improvement (pith and marrow of the claims);
- compare the said broad features with the defendant's process or apparatus; and
- if the defendant's process or apparatus is either identical or comes within the scope of the plaintiff's process or apparatus, there is infringement.51

**Contributory infringement**

The concept of contributory infringement has not been incorporated in the statute, and, therefore, each person or entity taking part in an act of infringement is individually liable. However, a court, if it deems fit in a particular case, may import the common law principles of vicarious liability, abetment and contributory infringement into a patent infringement dispute to impute liability to indirect or contributing infringers.

**Doctrine of equivalents**

Indian courts recognise the doctrine of equivalents. In an infringement suit before the Bombay High Court,52 the doctrine of equivalents was discussed to settle the dispute that related to infringement of a patent for tamper-proof locks. This doctrine was also recognised by the Madras High Court in *Mariappan v. A R Safiullah & Ors*,53 wherein it was held that a person is guilty of infringement if he or she makes what is, in substance, the equivalent of the patented article.

**Defences**

The defendant in a patent infringement suit can take the following defences.

- That the patent is invalid since it lacks novelty, is obvious or is not capable of industrial application. India also specifically bars the patentability of a new form of a known substance.

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50 Sections 64 and 104 of the Patents Act 1970.
52 *Ravi Kamal Bali v. Kala Tech and Kala Tech and Ors* 38 P.T.C. z435 (Bom.).
53 38 P.T.C. 341 (Mad. 2008).
The alleged infringer can also argue that the patentee failed to disclose correspondence applications and foreign jurisdiction for the same and substantially the same invention. In a recent decision, the Delhi High Court has clarified that such non-disclosure must be material and intentional.

The courts have usually taken a strong view against suppression of material facts. Thus, it is better to overstate rather than understate.

The defendant’s acts are for the purposes of developing and submitting information to a regulatory body for acquiring marketing approval.

Common law defences such as laches and estoppel are also available.

While the Indian statute provides a detailed mechanism for the grant of a compulsory licence, the ability of an infringer to obtain a compulsory licence is not a defence for infringement.

viii  Time to first-level decision

The time span for obtaining a decree in suit for infringement of a patent is approximately 24 to 36 months.

ix  Remedies

Reliefs in a suit for infringement of patent

Section 108 of the Patents Act 1970 provides that the reliefs a court may grant in any suit for infringement include an injunction subject to such terms as the court sees fit, as well as either damages or an account of profits. In addition to this, the court may also order that goods that are found to be infringing and implements used in creating the infringing goods shall be seized, forfeited or destroyed, as the court deems fit under the circumstances of the case without payment of any compensation.

Damages and compensation

In suits for trademark infringement and patent infringement, a plaintiff is entitled to seek damages or an account of profits.\(^{54}\)

In a suit for copyright infringement, the claimant may be entitled to damages, accounts and even conversion damages (unless the defendant establishes that they were not aware and had no reasonable grounds to believe that copyright was being violated).\(^{55}\)

In recent years, the courts of India have been more inclined to award damages than they ever have in the past. This is particularly true of the Delhi High Court, which has begun to award punitive and exemplary damages, in matters pertaining to the enforcement of intellectual property rights. This trend of awarding punitive and exemplary damages started with the decision in the Delhi High Court case of *Time Incorporated v. Lokesh Srivastav*,\(^{56}\) in which the court awarded compensatory damages of 500,000 rupees and punitive damages of 500,000 rupees for infringement of the trademark ‘Time’. The court observed that the defendant who had deliberately stayed away from the proceedings and, therefore, been

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54 Section 135 of the Trade Marks Act 1999 and Section 108 of the Patents Act 1970.

55 Section 56 of the Copyright Act 1957.

56 2005 (30) PTC 3 (Del).
proceeded *ex parte* could not derive benefit from the unavailability of their records to assess
the actual damages payable. The court thus deemed it prudent to impose punitive damages
on the absconding defendant, which would also act as a deterrent to other infringers.

A trend of awarding damages has been particularly observed in cases pertaining to
software piracy. In the case of *Microsoft Corporation & Anr v. Mr Amritbir Singh & Anr*, the
plaintiff was awarded damages of 3 million rupees against the defendants for infringement of
the copyright subsisting in the software programs of the plaintiff.

In *Bridgestone Corporation v. Tolins Tyres Pvt Ltd*, the Court directed the defendants
who were manufacturing and exporting infringing BRIDESTONE tyres abroad to pay the
plaintiff 3 million rupees and to also pay 500,000 rupees towards legal aid. In *Sugen v. KV
Prakash* while disposing of a contempt application, the court directed the defendants to pay
2 million rupees to a cancer research organisation in Madras.

**Interim injunctions**

Interim injunctions or temporary injunctions are sought in every suit for a permanent
injunction in an intellectual property case, because of the length of time a case takes to get to
trial. While *ex parte* interim injunctions are granted by courts in the normal course in some
jurisdictions in India, there are courts that tend to be wary of granting this relief. The greatest
number of *ex parte* interim injunctions are known to have been granted by the Delhi High
Court while the Bombay High Court rarely, if ever, grants such an injunction.

Courts have the power to grant *Mareva* injunctions, but they are rarely given in
intellectual property cases. The application for a *Mareva* injunction is naturally heard *ex parte*, as is an *Anton Piller* application.

*Ad interim* injunctions are granted in cases where there is *prima facie* proof of
infringement and the balance of convenience is found to be in favour of the plaintiff owing
to irreparable injury that is likely to follow if an *ad interim* injunction is not granted. The
courts are increasingly influenced by the English decision in *American Cyanamid v. Ethicon*
and are paying less attention to the strength of the plaintiff’s case and more attention to the
balance of convenience.

When an interim injunction is ordered against a party, settlement negotiations become
extremely determinant of how the dispute may be finally settled. Anti-counterfeiting actions
have proved to be very successful in cases where *ad interim* injunctions have been issued against
defendant infringers as the likelihood of a settlement as provided for by the Code of Civil
Procedure 1906, increases tremendously. This reduces the lifespan of an anti-counterfeiting
action by more than half as infringing defendants are reluctant to take the matter to trial.

**Delivery up of infringing material**

Infringing goods, and particularly those that have been seized under an *Anton Piller* order, are
considered case property during the pendency of the suit, and if the suit goes to trial, they are
liable to be forfeited or destroyed. Claimants usually ask for delivery of infringing goods and
in matters in which disputes are settled outside court it is usual for the claimant to seek the

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57 CS(OS) No. 732 of 2010.
58 CS(OS) No. 375 of 2016 before the Delhi High Court.
59 CS (COMM.) 871 of 2016 before Delhi High Court.
60 Order 23 Rule 3.
destruction of the infringing goods as a part of the standard settlement terms. Alternatively, infringing materials such as labels and packaging may also be destroyed, and goods may be returned or donated to charitable organisations.

**Certificate of contested validity and other reliefs**

A successful claimant in a patent, design or trademark proceeding is entitled to a certificate of validity, which may assist substantially in subsequent proceedings not only to establish validity, but also to obtain increased costs.

The court has the power to direct a defendant to change its corporate name or to publish an apology. The court can also order the defendant to disclose the name of its suppliers and customers.

When an appeal is preferred, the court has the power to grant a stay, depending upon the circumstances of each case.

**Appellate review**

**Hierarchy of courts**

In India, a suit for infringement of trademark, copyright or patents can be filed in a court not lower than a district court. Appeals from orders of the district court are heard by the corresponding High Court having appropriate territorial jurisdiction and can be challenged up to the Supreme Court of India subject to grant of special leave by the apex court. The exceptions to this are the High Courts of Delhi, Calcutta, Madras, Bombay, Shimla, and Jammu and Kashmir, which are courts having original side jurisdiction. An appeal against an order passed by a single judge of a High Court having original side jurisdiction will therefore lie with a division bench comprising two judges, followed by an appeal to the Supreme Court of India.

**Standards for appeal**

The Supreme Court has held in an appeal against the exercise of discretion by the single judge that the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, capriciously or perversely, or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. The appellate court will not reassess the material facts and seek to reach a different conclusion different if the one reached by the court was reasonable on the material facts. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a different conclusion.61

**Introduction of new evidence**

The Code of Civil Procedure 1908 permits a party to file additional evidence at an appellate stage in certain circumstances and subject to obtaining leave from the appellate court.62

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61 1990 Supp (1) SCC 727.
62 Order 41 Rule 27, CPC.
Alternatives to litigation

Section 89 of the Code of Civil Procedure 1908 provides mechanisms for alternative dispute resolution (ADR) and stipulates that where it appears to the court that there exist elements of a settlement that may be acceptable to the parties, the court shall formulate the terms of settlement and give them to the parties for their observations, and after receiving the observation of the parties, the court may reformulate the terms of a possible settlement and refer the same for:

- arbitration;
- conciliation;
- judicial settlement including settlement through Lok Adalat; or
- mediation.

In India, the most common form of ADR is mediation, which has been used to great effect, especially in trademark and copyright disputes before the Delhi High Court. The Delhi High Court has also introduced ‘pre-suit mediation’, which enables prospective litigants to have matters referred to mediation before the suit is instituted.
Chapter 12

ISRAEL

Yedidya Melchior

I  FORMS OF INTELLECTUAL PROPERTY PROTECTION

In recent years Israel has been described by many as the ‘Start-Up Nation’. With its rapidly growing high-tech sector and innovation-driven industries, Israel is faced with the challenge of balancing between an increasing level of protection of intellectual property and the free flow and use of information as a driving force for further development.

The protection and enforcement of IP in Israel is influenced by and aligned with the many international treaties and agreements in the field of IP which the country is party to, including (inter alia):

a  the Berne Convention for the Protection of Literary and Artistic Works;
b  the Paris Convention for the Protection of Industrial Property;
c  the Patent Cooperation Treaty;
d  the Madrid Protocol;
e  the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks;
f  the Agreement on Trade-Related Aspects of IP Rights (TRIPS);
g  the International Convention for the Protection of New Varieties of Plants (UPOV);
h  the WIPO Convention; and
i  the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

Many modern Israeli IP laws implement Israel’s obligations as a contracting party pursuant to the forgoing treaties and as part of Israel’s admission into the Organisation for Economic Co-operation and Development (OECD), while others codify unique solutions adopted in Israel. As discussed below, Israel provides statutory protection to all major types of intellectual property. These rights granted by statutes have in large part been broadly interpreted by Israeli courts, and some additional non-statutory rights have been judicially adopted.

i  Patents

The Israeli Patents Law, 5727-1967, has been significantly amended and modernised since its original enactment 50 years ago, to meet Israel’s international obligations. Israel applies

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1 Yedidya Melchior is a founding partner of Lapidot, Melchior, Abramovich & Co.
2 Israeli laws are designated by the year in which the original legislation was enacted (both the year according to the Jewish calendar and according to the Gregorian calendar). Later amendments do not change the numbering.
the ‘first to file’ doctrine, and a patent is granted for 20 years from the date of filing the application, with permissible extensions in specific cases. As further discussed below, a patent may be granted in respect of a ‘patentable invention’.

Pursuant to the Patents Law, a patent owner has the exclusive rights to exploit the invention. Exploitation includes: (1) in respect of an invention that is a product – production, use, offer for sale, sale, or import for such purposes; (2) in respect of an invention that is a process – use of the process, and any of the acts in point (1) above in respect of a product directly derived from the process.

However, any act not performed on a commercial scale and that is not commercial in nature is not deemed exploitation of the invention. In addition, the patent owner may not preclude others from engaging in any experimental act in connection with the invention, the objective of which is to improve the invention or to develop another invention, or which is an effort to obtain a licence to market the product after the patent has lapsed.

The unique exploitation right is not limited to the literal wording of the patent, but also to use ‘in any manner which involves the essence of the invention’. The essence or gist of the invention is determined using both the doctrine of variants and the doctrine of equivalents.

**ii Designs**

Designs are governed by the Patents and Designs Ordinance 1926 (which is no longer applicable to patents after the Patents Law was passed in 1967) and the Designs Rules 1925. Though amended through the years, these are remnants from English legislation. As explained in Section II, infra, a new Designs Law has passed first reading in the Israeli parliament.

Under current legislation, a design is defined as an ornamental element of an object, manufactured by an industrial process or chemical process, that is clearly visible to the unaided eye, and that is not defined by functional considerations *per se*. Design elements that serve a functional purpose or that were dictated by functional requirements are not protectable as registered designs.

The protection of a registered design is granted for five years commencing from the date of application, with two extension periods of five years each.

**iii Trademarks and passing off rights**

The Trademarks Ordinance (New Version) 5732-1972 governs both trademarks and service marks, jointly referred to as marks. Marks are initially registered for a 10-year period and are renewable thereafter for as long as they are in use in Israel and maintain a distinctive character. A mark may be comprised of letter, numbers and other literal elements, stylised literal elements, figurative elements and any combination of the foregoing. In rare cases, marks consisting solely of three-dimensional embodiments, colours or sounds may be approved provided that they have a distinctive character.

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3 Patents Law, Article 9.
4 Patents Law, Article 52.
5 Patents Law, Articles 64A to 64P.
6 Patents Law, Article 3.
7 Patents Law, Article 49(a).
8 C.A. 345/87 Hughes Aircraft Company v. The State of Israel et al., PD 44(4) 45.
9 Patent and Design Ordinance, Article 2.
10 Trademarks Ordinance, Article 2.
The registration of a mark confers upon its owner the exclusive use of the mark upon, and in every matter relating to, the goods or services in respect of which it is registered. Registered marks that are well-known in the relevant sector in Israel (known as ‘famous marks’) enjoy the broadest protection and provide exclusivity even in respect of goods that are not of the same description if use of that mark would be likely to indicate a connection with the registered proprietor of the mark.

Unregistered marks enjoy a limited protection. If they are well-known, the owner of such marks enjoys exclusive use of the mark in respect of goods for which the mark is well known in Israel or goods of the same description. Other unregistered marks can only be protected under the passing-off doctrine (also available for registered mark owners), codified in the Commercial Torts Law 5759-1999, which requires the plaintiff also to prove that the mark has acquired goodwill.

Under the doctrine of ‘exhaustion of rights’, parallel import into Israel of original goods is permitted regardless of the place of first sale. The parallel importer may make use of the manufacturer’s mark subject to not creating the impression that the activity is endorsed by the manufacturer.

**iv Copyrights**

The Copyright Act 5768-2007 consolidated and replaced the core of copyright law into a single document. Copyright subsists in original literary, artistic, dramatic (including audiovisual and choreographic) works, musical works and sound recordings. These terms are defined broadly in the Copyright Act and also interpreted broadly by courts. Computer programs are protected as literary works. However, applied arts that fall within the definition of ‘designs’ pursuant to the Patents and Designs Ordinance are explicitly precluded from copyright protection.

For a work to be protected, it must be original and fixed in any form. The threshold for originality is minimal and requires that its making involved some kind of original creativity. Accordingly, a compilation or database will only be protected if there was originality in the selection and arrangement of the works or of the data embodied therein. Copyright protection lasts from the date of creation until 70 years after the death of the creator, with some exceptions such as sound recordings (recently extended to last up to 70 years from the recording) and state works (receiving a protection period of 50 years from the creation).

Copyright does not extend to any of the following: ideas, procedures and methods of operation, mathematical concepts, facts or data and news; but it does extend to their expression.

The default rule is that the author of a work is the first owner of copyright in the work. This rule also applies to commissioned works (also referred to as ‘work for hire’) unless

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11 Trademarks Ordinance, Article 46(a).
12 Trademarks Ordinance, Article 46A(a).
14 Copyright Act, Article 7.
15 Copyright Act, Article 4(b).
16 Copyright Act, Articles 38–43.
17 Copyright Act, Article 5.
otherwise agreed (expressly or impliedly) between the commissioning party and the author. However, an employer is the first owner of copyright in a work made by an employee in the course of his or her service and during the period of his or her service.\textsuperscript{18}

A copyright owner enjoys exclusive rights to reproduction, publication, public performance and making available to the public (including online or as a rental), broadcasting, and creating of derivative works.

In addition, authors of certain works enjoy non-transferable moral rights during the entire period of copyright in the work. Such rights include the rights of the author to have his or her name identified with his work, and to prevent distortion, mutilation or other derogatory acts in relation to the work that would be prejudicial to the honour or reputation of the author.\textsuperscript{19}

Israel does not maintain a copyright registry, and there are no formal registration or other requirements for obtaining copyright protection. However, a contract for copyright assignment or the grant of an exclusive licence therein requires a written document.\textsuperscript{20}

\textbf{v} Performers’ and broadcasters’ rights

Performers’ and Broadcasters’ Rights are governed by the Performers and Broadcasters Rights Law 5744-1984 and its subsequent amendments. Protection for performers’ rights lasts until 70 years from the end of the year in which the performance took place. Protection for broadcasters’ rights lasts until 25 years from the end of the year in which the original broadcast took place.

\textbf{vi} Trade secrets

In addition to contractual obligations, trade secrets are also protectable under the Commercial Torts Law 5759-1999. The law defines a ‘trade secret’ as commercial information that is not public or that cannot readily and legally be discovered by the public, the secrecy of which grants its owner an advantage over competitors, provided that its owner takes reasonable steps to protect its secrecy.\textsuperscript{21}

Use of a trade secret by a former employee is not deemed a misappropriation of the trade secret if the knowledge constituting the trade secret became part of the employee’s general professional skills.\textsuperscript{22}

The Commercial Torts Law explicitly permits reverse engineering.\textsuperscript{23}

\textbf{vii} Plant varieties

The Plant Breeders’ Rights Act 5733-1973 implements Israel’s obligations as a member of the International Union for Protection of new Varieties of Plants. The registration is managed by the Israel Plant Breeders’ Rights Council, which is a unit under the auspices of the Ministry of Agriculture and Rural Development.

\begin{itemize}
\item \textsuperscript{18} Copyright Act, Articles 33–36.
\item \textsuperscript{19} Copyright Act, Articles 45–46.
\item \textsuperscript{20} Copyright Act, Article 37(c).
\item \textsuperscript{21} Commercial Torts Law, Article 5.
\item \textsuperscript{22} Commercial Torts Law, Article 7.
\item \textsuperscript{23} Commercial Torts Law, Article 6(c).
\end{itemize}
A plant variety is eligible for protection if it is new and its basic characteristics are sufficiently uniform and stable and they are maintained even after repeated cycles of reproduction.

The protection is granted for 20 years from the date of registration. Varieties of vines, fruit trees, forest trees and any other perennial plants are given 25 years of protection from the date of registration.24

viii Appellations of origin and geographical indications

Both Appellations of Origin (AO) and Geographical Indications (GI) are governed by the Appellations of Origin and Geographical Indications (Protection) Law 5725-1965, which was enacted in order to implement Israel’s obligations pursuant to the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

Protection of an AO is subject to registration, is granted for a period of 10 years from the date of the application and is renewable thereafter. Foreign AOs are valid in Israel for as long as their registration is valid in their country of origin. GIs are protected in Israel, but no registration is required.

ix Integrated circuits

The Integrated Circuits (Protection) Law 5760-1999 provides protection to the layout-design (topography) of an independently-developed original integrated circuit (including an original combination of common elements). The owner enjoys the exclusive right to copy the layout-design or part thereof, and to import, sell or otherwise distribute the layout-design or an integrated circuit in which the layout-design is incorporated.

There are no registration requirements, and the protection lasts for a period that is the shorter of 10 years from the first sale, or 15 years from the creation of the layout-design.

x Unjust enrichment

The Israeli Supreme Court has held25 that in certain cases in which a claim does not fit into any existing intellectual property category, but the defendant’s activities using the plaintiff’s work or name were clearly wrong or unfair, the gap may be filled by the doctrine of ‘unjust enrichment’ codified in the Unjust Enrichment Law 5739-1979.

The unjust enrichment doctrine has been most widely used to grant protection to unregistered designs, mainly in cases where obtaining the registration would take longer than the projected term of the product sales (such as fashion designs). The doctrine has also been used to block unauthorised broadcasting of sports events and to grant common law protection for unregistered marks. The introduction of the unjust enrichment doctrine into the world of IP law has caused uncertainty to the practitioners in the field, as the application is somewhat inconsistent and the definitions of the fairness aspects are vague.

24 Plant Breeders’ Rights Act, Article 38(a).
Publicity rights, also referred to as celebrity rights, were judicially created based on the unjust enrichment doctrine. The Supreme Court held that the right of publicity is an independent right, protecting the economic value of using the image, name or voice of another person without his or her authorisation.26

II RECENT DEVELOPMENTS

In recent years, Israel has enacted or significantly revised many of its intellectual property laws. This has resulted in the admission of Israel into the OECD in 2010 and the removal of Israel from the United States Trade Representative’s intellectual property watch list.

Some changes are still pending, most notably the new Designs Law passed first reading in Parliament (out of three readings) on 13 July 2015. The new Designs Law is intended to modernise the protection of designs in Israel, and will introduce significant changes such as protection of unregistered designs and typographic typefaces. The proposed law will also enable Israel to join the Hague Agreement Concerning the International Deposit of Industrial Designs. In addition, a Circular for a new Performers’ and Broadcasters’ Rights Law was introduced by the Ministry of Justice in 2016.

Israel, as a leading centre for research and development, attempting to further incentivise scientific innovation and export of knowledge, has recently reformed the Encouragement of Capital Investment Law 5719-1959, to provide tax benefits for companies that register their IP rights in Israel.

In recent years the Israeli Patent and Trademark Office (ILPO) has achieved international recognition, and as of 1 October 2014, the ILPO was declared an International Searching and International Preliminary Examining Authority for PCT applications filed at the USPTO.

In 2015, the ILPO Commissioner published a Circular presenting the ILPO Rules for three-dimensional trademark registrations. According to the Circular, inherent distinctiveness is insufficient grounds for registration of a three-dimensional packaging or product shape, and the applicant needs to show that: the shape serves as a mark, it has acquired distinctiveness through use, and it is not significantly aesthetic or functional.

On 21 March 2016, Israel became the 16th country to join the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled.

III OBTAINING PROTECTION

i Patents

A patent may be granted for a ‘patentable invention’, a term defined as a product or a process in any field of technology, which is novel and useful, has industrial application and involves an inventive step.27

While this is a broad definition, certain subject matters are excluded, namely methods of therapeutic treatment on the human body; and new varieties of plants or animals, other than microbiological organisms not derived from nature.28 However, this subject-matter

26 C.A. 8483/02, Aloniel Ltd v. Ariel McDonald, PD 58(4), 314.
27 Patents Law, Article 3.
28 Patents Law, Article 7.
exemption has been narrowly interpreted, in order to allow protection of the use of a substance that was not previously used as a therapeutic substance. 29 Biological material is generally patentable, and, if not readily available to the public, the application may reference a deposit made in a designated institution under the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure. 30

As implied by the term ‘field of technology’, non-technological developments (such as those in various fields of social sciences), as well as abstract ideas are excluded from subject matter eligibility. The foregoing distinction is also the basis for the very restrictive approach to business method patents. According to the ILPO, 31 business methods per se are not considered to be in a field of technology. Therefore only ‘hybrid’ inventions in which a business method is coupled with technological elements may fall within the scope of a patentable invention.

Computer software is typically deemed protectable under the Copyright Law, and not as a patent. According to the ILPO guidelines, the use of a computer in and of itself does not render an invention patentable. The invention is to be examined as a whole, without separating software components from hardware components, and must result in changes of physical elements, which are beyond the mere automation of a process by adding a computer. 32 Since the regulations are somewhat unclear, it remains to be seen how case law will develop.

An invention is deemed novel if it was not published (in Israel or abroad) prior to the application date, 33 including by exploitation or exhibition by the patentee, in a manner that enables a skilled person to make it according to the particulars made known in such publication. Since disclosure of the invention as part of the patent process justifies the grant of monopoly powers to the patentee, such powers should not be granted to an invention that is already publicly available. 34

The disclosure of the gist of the invention is deemed to be sufficient prior publication, even if not identical to the invention for which protection is sought. 35 Foreign-language publications prior to the application date (including foreign patent applications), even in languages that are not understood by the patent examiner, are sufficient for determining lack of novelty. 36

The requirement for an ‘inventive step’, usually referred to as the non-obviousness requirement, is defined as a step that does not, to an average skilled person, appear obvious in the light of information published before the application date.

The Supreme Court has held that the requirement for usefulness, also referred to as the utility requirement, only requires that the applicant shows a potential to the utility of the invention, without actually having to prove it, 37 thus allowing patent applications in early stages of the R&D process. It should be noted that gene sequences are patentable, although they may not meet the regular usefulness standard at the time of the application. 38

29 C.A. 244/72 Plantex Ltd. v. The Wellcome Foundation, PD 27(3) 50.
30 Patents Law, Article 12(b).
31 Commissioner Decision 131,733, ex parte in the matter of Eli Tamin.
32 Commissioner Decision 190,125, ex parte in the matter of Digital Layers Inc.
33 Patents Law, Article 4, excluding publications permitted under Article 6.
34 C.A. 345/87 Hughes Aircraft Company v. The State of Israel et al., PD 44(4) 45, p. 103.
35 C.A. 4867/92 Sanitovsky v. Taaman Ltd., PD 50(2) 509, p. 517.
36 Commissioner Decision 123,976 Geser v. Compucraft Ltd.
37 C.A. 665/84 Sanofi Ltd. v. Unipharm Ltd., PD 41(4) 729.
38 Commissioner Circular MN 64 of 6 October 2008.
Except in special circumstances, such as impending infringement, in which expedited examination may be requested, there is no need to request examination, and the application is automatically assigned to the relevant examination department of the ILPO. While the initial notice, detailing the name of invention, application date and priority claimed, is published shortly after the filing, the actual examination only starts a few years after filing, with the timing varying according to the subject matter of the invention. The ILPO recently publicised a multi-year goal to reduce first examination pendency to 24 months by 2018, (compared to a 30.4 months average pendency in 2015).

The ILPO provides expedited examination for ‘green technology’ (i.e. technologies that assist in improving the environment), and an applicant seeking this expedited route must request it upon filing and explain the environmental benefit of the invention.

An additional expedited route is the ‘Patent Prosecution Highway’, which was initially based on a bilateral agreement between Israel and the United States. The Patent Prosecution Highway permits one patent office to base examination of a patent application on a favourable examination conducted by another patent office (including in respect of a PCT application). Following similar bilateral agreements with Japan, Denmark, Canada, Finland and South Korea, Israel was one of the 16 countries that established the Global Patent Prosecution Highway arrangement, which became effective on January 2014. Taking advantage of the highway route is not limited to Israeli citizens or residents, and may be utilised by applicants from other countries.

An applicant may request acceptance of an application based on a grant by an accredited foreign patent office of a corresponding application.39

The applicant may also claim priority pursuant to the Paris Convention,40 or according to the PCT. The ILPO allows for an extension of the period for entering the Israeli national phase under the ‘due care’ standard. The Commissioner has held that when the main subject matter of the application is covered in a US provisional application (even if in less detail than in the later Israeli application), priority may be claimed according to the Paris Convention.41

Patent applications need not be in Hebrew, and may also be filed in English or Arabic. The applicant need not be the inventor, though if the applicant is other than the inventor he or she is required to state how he or she became the owner of the invention.42

The Patents Law requires the applicant to provide comprehensive information about prior art, including a list of all prior art references cited during the prosecution of corresponding applications abroad, or otherwise known to the applicant. This list must be updated by the applicant on an ongoing basis, and the examiner typically requests an update from the applicant prior to the examination.

In the course of examination, the applicant may amend the application, an action usually taken owing to rejections from the examiner. If such changes do not suffice to convince the examiner to grant the patent, or if the applicant otherwise disagrees with the rejection, the applicant may request an ex parte hearing in front of the Commissioner.

Once the examiner is convinced of the eligibility of the application for registration, the application will be published in the Patent Gazette, and opposition may be filed within three months of such publication. A new ILPO study found that in recent years only about

39 Patents Law, Article 17(c).
40 Patents Law, Article 10.
41 Commissioner Decision 136,532 G.D. Searle & Co. v. Trima Israeli Medical Products.
42 Patents Law, Article 11(b).
1 per cent of the total number of allowed patent applications were opposed. However, the study also showed that the duration of the proceedings of the few oppositions litigated through to a final decision was on average almost six years.

If an opposition is filed, the parties litigate in front of the Commissioner or a deputy of the Commissioner, with the right of appeal to the District Court, and may further request an appeal to the Supreme Court. The Commissioner and the courts may impose costs in favour of the prevailing party.

Following registration of a patent, any party may apply for cancellation of the patent, based on similar grounds as those for opposition, except that the party requesting the cancellation carries the burden of proof. Such an action is categorised as a ‘direct attack’ on the validity of the patent. It is also possible to indirectly claim the invalidity of the patent, for example as a defence in infringement proceedings.

ii Designs

Designs are subject to registration and review by the ILPO that examines the eligibility of the applications. A design application should include, in addition to the filing form identifying the applicant, the name of the design and the claimed priority date, line drawings or photographs that show and define the article to be registered from all relevant views.

While the Designs Ordinance only requires novelty on a national level, the ILPO has held that online disclosures, particularly registrations in searchable design databases of other jurisdictions, preclude novelty.

Unlike with patent applications, the backlog of design applications is relatively short, and a first examination is generally conducted within a few months.

iii Trademarks

Trade and service mark applications are filed with the trademarks department of the ILPO. The basic requirement for registering a trademark is that the mark is distinctive. The Trademark Ordinance includes several categories of unregistrable marks, most significantly marks that are descriptive or that are identical or confusingly similar to trademarks of third parties. Among other exclusions are marks making use of national symbols, deceptive marks and marks making use of a person without such person's consent.

In 2010, Israel joined the Madrid Protocol, and as a result Israeli applicants may submit a single trademark application that will automatically apply to all member states. Foreign marks registered in member states also enjoy relaxed disqualification criteria when applying for similar protection in Israel.

According to ILPO, published information, except in cases where expedited examination is requested (for example, because of third-party infringement), the waiting period for first examination is 12 to 15 months from filing.

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43 Patents Law, Article 73B.
44 Trademark Ordinance, Article 8.
45 Trademark Ordinance, Article 16.
IV ENFORCEMENT OF RIGHTS

There are no specialised IP courts in Israel, but the courts are generally IP-friendly, and the Israeli legal system provides litigants with a wide variety of remedies. Some IP laws provide special remedies; the following are the commonly available ones.

i Injunction

Rights owners usually seek an injunction to stop infringing activities. Temporary injunctions may be requested ex parte and are commonly granted when the right holder can demonstrate ownership, likelihood of finding of an infringement and unquantified harm during the period until trial. If an injunction is granted ex parte, a hearing with both parties will be conducted within a few days. The Supreme Court has ruled that an injunction is the primary remedy for IP infringement.46 Even if not granted ex parte, a hearing for the purpose of a temporary injunction will usually be held within two weeks. Most of the cases settle (except in some cases in respect of monetary damages) after the decision on the temporary injunction, as the court’s decision in the interim process (either in favour of plaintiff or defendant) is a strong indicator of the overall projected outcome.

ii Receivership and seizure order

The court may appoint an ex parte receiver with the authority to enter the premises of an alleged infringer and confiscate, in the defendant’s presence, the infringing items, as well as the means used to produce them. This remedy is granted at a preliminary stage only if the plaintiff can demonstrate with substantial evidence that there is a high likelihood that the seizure is required in order to prevent the destruction of evidence or smuggling away of infringing goods. After full trial, if infringement is established, an order for the recovery and destruction of infringing items is typically granted.

iii Damages

After establishing infringement at full trial (which, in contested cases will generally take more than two years), monetary remedies are available.

The plaintiff may recover actual damages computed either as losses incurred by the plaintiff (which usually requires expert accounting testimony) or the gains derived by the defendant from the infringing activity. For the computation of the defendant’s profits, the court may issue, after infringement is established, a subpoena for all relevant accounting records. Even if a plaintiff cannot show damage with sufficient particularity, he or she may be entitled to statutory damages of up to 100,000 shekels, for infringements under the Copyright Law and the Commercial Torts Law. It should be noted that multiple infringements of the same right (e.g., making many copies of a single work) do not entitle the plaintiff to receive multiple statutory damages.

46 R.C.A. 6141/02 ACUM v. Galey Tzahal Broadcasting et al., PD 57(2) 625.
iv Administrative and criminal procedures

As part of the measures against counterfeit goods, customs officials are authorised to seize and detain goods that appear to be in violation of copyright or a trademark, while giving notice to the registered agent of the right owner.47

Many intellectual property laws also include provisions criminalising certain forms of infringement. The criminal offences are enforced by an intellectual property unit of the Israeli police. In addition to criminal proceedings, police officers are authorised to confiscate goods suspected of being infringing.

A unique remedy in Israel is the ability of the IP owner to file a private criminal complaint in a magistrates’ court against the alleged infringer. In such case, the court may impose similar sanctions to those imposed in a criminal proceeding conducted by the state.

V TRENDS AND OUTLOOK

Israeli IP jurisprudence continues to evolve as Israel becomes a more significant player in the global market and party to a growing number of international and bilateral agreements in the field of IP.

In addition to finalising the enactment of the much-anticipated new Designs Law, the main challenges ahead are adapting IP legislation and case law to an ever-evolving digital era. Issues that must be addressed or clarified include: the liabilities and responsibilities of internet service providers in cases of online infringement, patents over software elements, limitations on anti-circumvention measures and more. In addition, there is a need to better define the scope of applying the unjust enrichment doctrine in the IP arena.

47 Customs Ordinance (New Version), Article 200A.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Italy has a developed system for protecting intellectual property rights. The forms of protection of IP include patents, databases, copyright, trademarks, designs, plant varieties, semiconductor topographies, domain names, geographical indications and trade secrets.

The Italian Industrial Property Code was issued in 2005, which incorporated all provisions relating to trademarks, patents, designs, trade secrets, appellations of origin, and biotechnology under one law. Italian law also includes a specific regulation governing unfair competition, which particularly protects products against, *inter alia*, slavish imitation, passing off, disparagement, boycotting, employee raiding and misleading advertising.

Other further particular forms of protection of IP rights provided by European regulations are available in Italy.

Italy is party to the international conventions on priority rights.

i Utility patents

Patent protection is mainly regulated by the Italian Industrial Property Code. A patent confers a powerful exclusive right to exploit an invention in Italy, which is designed to prevent third parties from producing, marketing, importing or otherwise utilising the invention without the patent owner’s permission. The invention must be new, susceptible to industrial application and involve an inventive step. Utility is normally considered within the assessment of inventive step.

The term of protection of a patent is 20 years from the filing date.

Three effective patent protection schemes are available in Italy: national patents, European patents and international patents under the Patent Cooperation Treaty (PCT). Italy notified the European Commission of its ratification of the Agreement on a Unified Patent Court on 10 February 2017. Therefore, European patents with unitary effect provided by Regulation (EU) No. 1257/2012 will be available in Italy as soon as the new European patent system enters into force.

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1 Tommaso Faelli is a partner at Bonelli Erede.
2 Legislative Decree No. 30 of 10 February 2005.
3 Italy is a party to the Convention on the Grant of European Patents of 5 October 1973, as subsequently amended.
National patent applications must be filed with the Italian Patent and Trademark Office (UIBM), and are subject to the ‘first-to-file’ principle. The effects of the patent application start from the date the application is disclosed to the public, which is generally after 18 months.

If a patent is declared invalid, a court can convert that patent into a utility model at the request of the patent owner.

Italian courts assess a patent infringement not only on a literal basis, but also under the doctrine of equivalents.

 ii Utility models
Utility models entail a new shape of industrial product that confers a particular effectiveness, ease of application or use to machines or their parts, tools or utensils, or household items in general.

A utility model may be protected if it is new and confers a particular ease of application or use to an existing product. The term of protection of a utility model is 10 years from the filing date.

The registration procedure for utility models follows rules similar to those of the patent registration procedure. Moreover, an applicant who applies for a utility patent can simultaneously file a patent application in respect of a utility model, to be used should the patent application not be granted. Additionally, if a patent is rejected, a court can convert that patent application into an application for a utility model upon the request of the applicant.

 iii Trademarks
Trademarks in Italy may consist of any signs capable of being represented graphically, particularly words, designs, numbers and letters, numerals, sounds, the shape of a product or packaging, and combinations of colours. Trademarks can be obtained for all products and services included in the Nice Classification that meet the requirements of novelty, distinctiveness and legality. National trademarks, European and international trademarks are available in Italy.

The term of national trademark protection is 10 years from the filing date, and it can be renewed for successive periods of 10 years.

The trademark confers an exclusive right to prevent third parties from using a sign identical or similar to the trademark for identical or similar goods or services, where there is a likelihood of confusion. Moreover, if the trademark has a reputation in Italy, protection is also extended to products and services that are not similar, regardless of the likelihood of confusion, to prevent the use of the sign without good reason that allows unfair advantage to be taken from the distinctive character or reputation of the trademark, or is detrimental to it.

In addition, special forms of protection are provided for collective trademarks, which are special trademarks that certify the origin, quality or nature of the goods or services.

Rights on trademarks are freely assignable or licensed, provided that the licensor and licensee set up measures to ensure uniformity in the quality of the products and services that are essential for the public’s appreciation.

 iv Designs
The design encompasses the aesthetic aspect of a product, or of a part thereof, resulting, in particular, from the features of lines, contours, colour, shape, texture or materials of the product, or of its ornamentation. Design protection, therefore, deals with the external aspects
of a product regardless of the sympathy of the aesthetics, and grants the exclusive right to use the design and to prohibit use by third parties, preventing the manufacture, marketing, import, export or use of a product in which the design is incorporated.

Designs can be registered if the conditions of novelty and individual character are met. A specific ‘grace period’ is provided for design, whereby a prior design disclosure is not taken into account if the design application is filed within 12 months of the prior disclosure.

The term of protection of the design is five years, which is renewable for up to a maximum of 25 years.

Three effective design protection schemes are available in Italy: national designs, community designs and international designs (under the Hague Convention). Designs may be registered for all the classes of the Locarno Convention of 8 October 1968 and subsequent amendments. An application for a registered design can include an unlimited number of design registrations to the extent they apply to the same Locarno class. If a particular design is also eligible for utility model protection, design and utility model registration may be requested simultaneously. Moreover, design protection and copyright protection on industrial design can coexist.

Protection for unregistered designs is also recognised in Italy under EC Regulation No. 6/2002 of 12 December 2001 on community designs. Unregistered designs are eligible for protection from the date the design was first made public, and the term of protection is three years.

v Geographical indications

Geographical indications guarantee the origin of a product from a particular region or area whose quality, reputation or characteristics are because of their particular place of origin, including natural and human factors. They include both designations of origin and protected geographical indications. The term of protection is unlimited. Geographical indications grant the right to prevent third parties from using geographical indications likely to deceive the public by indicating that a product comes from a place other than its place of origin, or that it possesses typical qualities of products from the designated area indicated by the geographical indication.

vi Plant varieties

Plant variety protection is regulated by the Italian Industrial Property Code.

Plant varieties include a plant grouping within a single botanical taxon of the lowest known rank. A breeder has the exclusive right to produce, market and export propagation material or multiplication material of the protected variety. The term of protection of the plant breeder’s right in Italy is 20 years from the date on which it is granted (but 30 years for trees and vines).

vii Trade secrets

Trade secret protection is regulated by the Italian Industrial Property Code, which protects business information and technical-industrial expertise, including commercial expertise, subject to the owner’s legitimate control, if the information is secret in that (1) it is not

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4 If the overall impression it produces on the informed user differs from the overall impression on such a user by any other earlier disclosed design.
generally well known or easily accessible by experts in the field; (2) it has an economic value because it is secret; and (3) it is subject to reasonable measures to keep it secret. This protection also includes data relating to tests or other confidential data, the processing of which involves a significant effort, and the submission of which is a precondition for the authorisation introducing chemical, pharmaceutical or agricultural products into the market, implying the use of new chemical substances. Italian case law has adopted a fairly broad definition of protectable trade secrets, including customer lists and business conditions applied to customers.

Protection of trade secrets prevents third parties from disclosing, obtaining, or using confidential information unlawfully. Such protection in Italy is also granted by unfair competition rules.

viii Copyright

Copyright in Italy protects the form of expression of creative works, from the moment of their creation, and without the need for registration. Copyright protects literary works, musical compositions, choreographic works and pantomimes, figurative works, architectural works, audiovisual works including cinematographic works, photographic works, software and databases.

In addition, industrial design is equally protected by copyright, and this protection can coexist with that provided by design registration. This protection was originally only granted to artistic design drawings; however, after certain amendments to Italian copyright law, copyright currently grants protection to industrial designs of creative character and artistic value.

Creative works published outside Italy are eligible for copyright protection depending upon the country where the work was first published (provided that this country grants equivalent protection to the works of Italian authors, and within the limits of such equivalence). Italy is also a party to the Berne Convention.

Copyright grants the author the exclusive right of economic exploitation of the creative work, as well as broad moral rights. The term of protection of exclusive economic rights is generally the author’s lifetime plus 70 years. Moral rights are not limited in time and cannot be sold or assigned.

ix Unfair competition

Italian law contains unfair competition provisions, which provide protection against certain unfair behaviour. In certain cases this protection applies in tandem with IP rights.

The Italian Civil Code sets out the unfair competition regulations in a general clause, divided in three main provisions, listing three categories of unlawful behaviour that constitute unfair competition. Indeed, under the first provision, unfair competition law prohibits the slavish imitation of competitors’ products, the misuse of competitors’ names and distinctive signs and any other behaviour that may cause confusion with a competitors’ products or businesses.

Under the second provision, unfair competition law prohibits the spreading of false or incorrect news or opinions regarding competitors’ products or businesses that might damage them, and the usurpation of merits or qualities of competitors’ products or businesses.

5 Article 2598 et seq.
Finally, under the third provision, any other unfair acts that may harm competitors are prohibited, including employee raiding, misleading advertising, boycotting, and infringement of public or administrative regulations resulting in the infringing party gaining a competitive advantage.

Unfair competition law, therefore, offers valuable protection to unregistered trademarks and other distinctive signs, as well as to products not eligible for specific IP right protection. Passing off and lookalikes are generally considered as falling within the scope of this clause.

Remedies for unfair competition are not identical but similar to those provided for infringement of IP rights.

II RECENT DEVELOPMENTS

The creation of the specialist Italian IP courts in 2003 improved the efficiency of the Italian IP system significantly, in connection with international and European developments.

Additionally, several decisions have been issued by specialist Italian IP courts, evolving the principles of IP right protection.

i Legislation

New ‘Industry 4.0 national programme: fiscal benefits for innovation’

With the Financial Law for 2017, Italy introduced the Industry 4.0 national programme, which provides, among other things, significant tax breaks (250 per cent hyper-amortisation, 140 per cent super-amortisation and 50 per cent tax credit on incremental spending) for investments in the digital transformation of companies.

New rules on contributory infringement

Italy introduced, with effect as of 25 November 2016, specific rules on contributory infringement mirroring those provided for by Article 26 of the Agreement on a Unified Patent Court. These rules are, however, consistent with the predominant Italian case law.

New ‘IP Box’ reform: fiscal benefits to invest in Italy

With the Financial Law for 2015, Italy introduced a new ‘IP Box’ tax regime based on the recent OECD ‘Nexus Approach’,6 aimed at attracting foreign R&D investments and recalling IP assets from countries with more favourable fiscal regimes. The IP Box is a special and optional tax regime available for all entities conducting business activity in Italy (both national and foreign entities).

Foreign companies may benefit from the regime if their country of residence has entered into a fiscal treaty with Italy (to avoid double taxation), and it permits an effective sharing of fiscal information with Italy.7

Eligibility requirements for the IP Box mainly concern the performance of R&D activities on intangible assets or other promotional activities supporting trademark awareness.

6 The Nexus Approach is provided in the Organisation for Economic Co-operation and Development document ‘Countering harmful tax practices more effectively, taking into account transparency and substance’.

7 See Article 1, paragraph 38 of Law 190/2014 as subsequently amended.
The scope of the exemption applies to the following IP rights: patents; trademarks; registered and unregistered designs; protectable know-how (i.e., trade secrets and technical industrial experiences; see Section I.vii, supra); and copyright on software.

The IP Box regime has a duration of five fiscal years and can be renewed. The tax exemption of the company’s revenues deriving from direct or indirect (i.e., through licence agreements) exploitation of IP assets is 50 per cent.

**Italian Communication Authority Regulation on the protection of copyright on electronic communication networks**

The Italian Communication Authority (AGCOM) issued a regulation on the protection of copyright on electronic communication networks⁸ (the Regulation), which entered into force on 31 March 2014.

The Regulation is divided into two main sections. The first section focuses on online copyright enforcement and allows AGCOM to monitor and supervise copyright infringement on the internet. The Regulation implements a new administrative notice-and-takedown system, in line with the Italian E-Commerce Act⁹ and the EU E-Commerce Directive.¹⁰ It introduces administrative proceedings, which the right holder (i.e., the copyright owner, a licensee, or an association representing either), can request by completing, and submitting, the form available on AGCOM’s website (www.ddaonline.it). AGCOM issues its decision within 35 days in standard proceedings and within 12 days in case of urgency.

According to AGCOM’s latest report,¹¹ it has received 729 requests, mostly in relation to audiovisual works, which led to about 500 proceedings and to the blocking of unlawful access to 277 websites and millions of items of copyrighted content.

ii Court opinions

**Case law on copyright and ISP liability – Reti Televisione Italiane cases**

Reti Televisione Italiane SpA, owner of the Italian TV channels ‘Mediaset’, brought a series of legal actions against internet service providers (ISPs) in relation to the unlawful streaming of copyrighted content, which in particular led to two interesting decisions.

In the first case,¹² the Court of Appeal of Milan held that the Yahoo! video-sharing platform shall be considered a ‘passive’ hosting provider. Thus, it can benefit from the ISP safe harbour regime under the E-Commerce Directive and avoid liability for copyright violations committed by its users. The decision is important because it also extended the safe harbour provisions to ‘evolved’ hosting services. According to the Court, adopting advanced automated functionalities for hosting third parties’ contents is not enough to qualify the provider as an ‘active’ one (which would exclude it from the safe harbour exception). Additionally, the Court held that ISPs may be held liable exclusively if they do not take action upon receiving a detailed takedown notice; and general filtering obligations on ISPs cannot be imposed.

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⁸ AGCOM Decision 680/13/CONS of 12 December 2013.
⁹ Legislative Decree No. 170 of 9 April 2003.
¹¹ See AGCOM, communication of 31 March 2017.
¹² Court of Appeal of Milan, Decision No. 29/2015, 7 January 2015, Yahoo! Italia Srl and Yahoo! Inc v. Reti Televisione Italiane SpA.
Moreover, the Court stressed the need to adopt a reasonable interpretation of these principles with the aim of preserving areas of freedom on the internet and updating legal definitions to correspond with technological developments. Recalling the case law of the European Court of Justice, the Court affirmed that the ISP discipline must seek a fair balance among opposite interests, and copyright protection is not an absolute right and its enforcement shall be measured in light of a ‘proportionality’ principle.

In the second case, the Court of Milan imposed on an Italian telecommunications company a duty to adopt all proper technical measures to block access by its users to the domain name it.rojadirecta.me and all similar future domain names to ‘rojadirecta’. Notwithstanding the prohibition to impose active control duties on ISPs (in this case, an active control on all domain names), the Court considered it fair to require the ISP to block access to each rojadirecta domain name reported from time to time by RTI.

Case law on copyright – users’ rights on social network posts

In a case concerning the use of photos published by a young photographer on their Facebook page, the Court of Rome confirmed that creative contents published on Facebook can be protected by copyright.

In particular, the publishing of users’ contents with ‘public settings’ affects only the information included in the content, but not the content itself. In this regard, the Court considered that according to Facebook’s terms and conditions, the publication of creative content does not entail an assignment of users’ rights on the photos, but only implies granting a non-exclusive and transferable licence to use any copyrighted content posted on Facebook or in connection with Facebook, effective as long as the content is present on the social network.

In light of this, the Court held that users’ creative contents published on Facebook with public settings cannot be used without the author’s consent.

III OBTAINING PROTECTION

i Nature of protection obtainable and the subject matters that can be protected

Utility patents may be the subject of inventions capable of industrial application, such as a method or an industrial process, a machine, an instrument, a tool or a mechanical device, a product or an industrial result and the technical application of a scientific principle, if it gives immediate industrial results.

Not all inventions are patentable, however, and the Industrial Property Code provides certain limits to patentability. Discoveries, scientific theories and mathematical methods, schemes, rules and methods for performing mental acts, playing games or doing business, and computer programs are not patentable. These subject matters or activities may not be patented per se. They therefore require a practical application to be the subject matter of a patent.

13 Court of Milan, Decision (Interim Order) No. 2067/2015, 18 November 2015, Reti Televisione Italiane SpA and Mediaset Premium SpA v. Fastweb SpA.
14 Court of Rome, 1 June 2015.
Furthermore, surgical treatment, therapeutic or diagnostic methods used on humans and animals, animal breeds (not a particular animal) and essentially biological processes to introduce a new breed are not patentable. Microbiological processes or the product of those processes may, however, be patented.

Further, the Italian Industrial Property Code sets out specific provisions for biotechnological inventions, whereby biological material and DNA sequences (including genes and partial sequences of expressed sequence tags and single nucleotide polymorphisms, both natural and mutated) may be patented. These types of patent must indicate the use of the DNA sequence, and protection is granted exclusively for that use.

The Italian system introduced a procedure for the formal and substantive examination of patent applications a few years ago, in cooperation with the European Patent Office. This procedure commences on receipt of a request from an applicant for examination, and is considered withdrawn if no request is received within a certain term.

The application may be amended or integrated during this procedure, but amendments are limited to the extent that the object of the patent can never extend beyond the content of the initial application.

The application is generally made available to the public 18 months after the filing date (patent, utility model and plant varieties) and, as previously explained, the patent takes effect from this date (however, the applicant may require earlier publication after 90 days from the filing date). In addition, remedies for patent infringement may be requested from the date the application is made public.

ii Supplementary protection certificate

In the field of medicinal and plant protection, there are also some special provisions, deriving from EU law, but also directly applicable to Italy, which provide a supplementary protection certificate for certain medicinal and plant products granted marketing authorisation. The supplementary certificate extends patent protection beyond the natural expiry of the patent for a period equal to the time between the filing of a patent application for a new medicinal or plant product and the date of the first marketing authorisation, which may not exceed five years.

iii Prior art and inventor's grace period

The Industrial Property Code adopted a universal notion of the prior art for utility patents, including everything that has been made public in the national territory or abroad prior to the filing date of the patent application by means of a written or oral description, or by use of any other means. Prior art in particular includes patent applications filed in Italy or abroad that have already been published. With regard to unpublished applications, prior art includes only Italian patent applications, or European patents designating Italy, not published.

A grace period is provided only in one particular case; disclosure of the invention is not taken into account if it has been carried out during the six months preceding the patent application date and if it results directly or indirectly from evident abuse against the applicant.

iv Internal priority

The Industrial Property Code includes ‘internal priority’ provisions, whereby an applicant who has filed a patent application in Italy may file a subsequent patent application in respect
of the same subject matter, claiming priority of its previous application. In this event, the subsequent application will be considered effective from the date of filing of the first application.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement
Since 2003, 12 specialist IP sections have been established in Italy to process industrial property and copyright cases, but also cases concerning unfair competition (unless they bear no relation at all to IP rights) and antitrust disputes pertaining to IP rights.

In 2012, these specialist IP sections changed their name to ‘specialised sections in the field of enterprises’, increasing the number to 21 and broadening their jurisdiction.

As previously illustrated, a procedure of opposition against the granting of an application before the UIBM is only available for trademarks.

Actions for non-infringement declaration are also allowed for both proceedings on the merits and preliminary proceedings.

ii Requirements for jurisdiction and venue
There are two possible venues for the enforcement of IP rights. The rights owner may bring infringement actions before the competent specialist IP court (i.e., the specialist IP court of the defendant or the specialist IP court of the region in which the infringement occurs).

In addition, the application or the registration of an IP right entitles customs and border protection whereby an IP right owner can request that customs seize infringing products.

iii Obtaining relevant evidence of infringement and discovery
The Industrial Property Code regulates the discovery procedure, and provides that a party that provides serious evidence of his or her claims can obtain an order to disclose documents, or to reveal information that substantiates such evidence, and additionally, may obtain an order to provide the basis for identifying entities involved in distribution and production of the products or services infringing the industrial property rights. The judge must take all suitable precautions to ensure the confidentiality of the information.

Additionally, the court may deduce circumstantial evidence from the answers, and unjustified refusals by the parties to comply with these orders.

Disclosure of the counterparty’s information may occur with an ex parte description order (before the action on the merits), or with an action on the merits, if the investigation on the validity of the IP right or on the alleged infringement is positive.

iv Trial decision-maker
Judges of the specialised sections are non-technical civil judges specialising in IP. In addition, they can appoint experts to assist them with any technical issues involved in each case.

v Structure of the trial
Two kinds of proceedings are available in Italy for IP rights: provisional proceedings and actions on the merits.
Even before starting ordinary proceedings, in cases of special urgency and when a delay may cause irreparable harm, the IP rights owner may start an action for certain interim injunctions, which may also be granted *ex parte* (no notice to the defendant).

The Industrial Property Code provides a series of provisional and urgent measures in this regard, including description,\(^{15}\) preventive expert testimony, injunctions and seizure. Injunctions may be accompanied by financial penalties in the event of breach or delay of the ordered measure.

These provisional measures are usually granted within a few weeks for trademarks, designs, unfair competition or copyright disputes, and between four and five months for patent disputes involving a technical expertise phase.

After having obtained a preliminary or provisional order, the parties must start the proceeding on the merits within a period determined by the judge who ordered the measures, or within 20 working days or 31 calendar days (if they imply a longer period).

Any subsequent action on the merits is aimed at obtaining confirmation of the preliminary measures, if any, and financial penalties for breach of, or delay in complying with, the order. In addition, the IP right owner may request that the goods made using the infringed IP right be recalled and destroyed, and the decision be published. The IP right owner is also entitled to the award of damages and restitution of profits.

The average time to trial for infringement actions is about two to three years for a first instance decision on trademarks, copyright or design, and two to four years for patents.

### vi Infringement

The scope of patent protection is limited to the claims in the application. Under Italian case law, patent infringement occurs when the invention included in the patent entirely falls within the scope of the claim, or partially, through the doctrine of equivalents. In this regard, the equivalence does not pertain to the problem addressed by the patent, but to the idea of resolving the problem itself. In all these cases, it is necessary to interpret the patent in accordance with the rules set out by the Industrial Property Code, where the claims and the description of the patent play a central role, according to objective parameters.

Remedies are also available for acts of contributory infringement.

The burden of proving the infringement lies with the IP right owner. However, for process patents, the Industrial Property Code sets out an inversion of the burden of proof, whereby each product identical to that obtained by the patented process is assumed as being obtained by this process if the product is new and there is a substantial likelihood that the identical product was obtained using that patented process.

### vii Defences

Defendants commonly object to alleged patent infringement by counterclaiming lack of infringement, ‘exhaustion’ of the patent owner’s right,\(^{16}\) right of prior use, licence agreement

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\(^{15}\) In particular, the description order is aimed at finding and securing conclusive evidence of the illegal activities. The description order is performed by a bailiff at the counterparty’s premises, generally *ex parte* (no notice to the defendant).

\(^{16}\) Under the Italian Industrial Property Code, industrial property rights are exhausted once the products protected by industrial property rights are marketed by the owner or with his consent in Italy or in a Member State of the European community or in a Member State of the European Economic Area.
or patent invalidity. In this regard, invalidity is usually based on lack of novelty of the patent, obviousness, lack of description or invalid claims. The burden of proving the validity of an IP title lies on the IP right owner.

In evaluating patent validity, technical experts follow the European Patent Office approach most favourable to general patentability, while judges usually take a stricter approach.

viii Time to first-level decision
Proceedings for urgent relief, such as preliminary injunction, seizure, recall from market and publication of the orders in the press, usually take one to three months in cases of trademark, design and copyright infringement, and three to six month in cases of patent infringement (since the court normally orders a preliminary technical investigation). First instance decisions on the merits usually take 18 to 24 months in cases of trademark, design and copyright infringement, and 24 to 48 months in cases of patent infringement, including the award of damages.

ix Remedies
Under the Industrial Property Code, remedies for patent infringement, as well as for other industrial property rights, include injunctions (provisional or permanent), seizure, destruction or assignment of counterfeit products, publication of the decision in the media and newspaper, financial penalties for further infringements, reimbursement of legal expenses and, finally, actual damages.

Actual damages include economic damage and lost profits. Economic damage mainly consists of investments wasted by the infringement (e.g., marketing and advertising investments).

Lost profits include any other damage suffered that the IP owner can demonstrate. Such proof is not always easy to demonstrate, and many courts usually use a lump-sum criterion, applying an equitable evaluation. The Industrial Property Code, however, provides a residual criterion, whereby lost profit must be determined in an amount that must be at least equivalent to the royalty that the infringer would have paid to obtain a licence to use the IP right. Generally, the imposed royalties amount to 5 to 10 per cent of the gross sale for trademarks (up to 15 per cent for trademarks with a reputation), and 3 to 8 per cent for patents (depending on the importance of the invention). If the patent is part of a complex device, royalties are imposed on the gross sales of the device if the patented component plays an essential role. If the patented component is not essential, royalties are calculated on the percentage of gross sales achieved for that specific component.

In addition, the IP owner may request the restitution of the infringer's profits. The restitution of infringer's profits may be requested as an alternative to the reimbursement of lost profits, or if infringer's profits exceed this reimbursement.

x Appellate review
A preliminary proceedings decision may be quickly appealed before a panel of three judges of the same court, which hears oral arguments. This second stage is generally decided in two to four months. Alternatively, the preliminary decision may be appealed within the action on the merits.

The specialised section for enterprises within the relevant Court of Appeals reviews all first-instance decisions concerning IP rights. The appeal does not review the case, merely
the decision of the first-instance court within the limits of the complaints brought by the parties. To this extent, fact determination may be reviewed if the first instance court wrongly interpreted the circumstances claimed. In addition, during the appeal proceedings, parties are generally prohibited from introducing new evidence. Indeed, any party wishing to introduce new evidence must prove that it was unable to bring the evidence or produce documents in the first instance for reasons out of its control.

The average time of appeal proceedings is about two to four years.

First instance decisions are immediately enforceable in Italy, and the appeal does not automatically stay the enforceability of first-instance decisions. In fact, judges rarely stay first instance decisions.

xi Alternatives to litigation

Alternatives to the proceedings described above are available in Italy. These mechanisms are also available to resolve patent disputes, even if they are not mandatory for IP right-related matters. They do, however, present advantages in terms of time savings, and mediation may be less costly.

V TRENDS AND OUTLOOK

With the creation of specialist IP courts and the introduction of the Industrial Property Code, Italy has improved the efficiency of its IP regime and judicial system, in full compliance with the European standards concerning IP rights.

In addition, new non-traditional remedies for the protection of IP rights on the internet are now available in Italy, through the intervention by AGCOM, against copyright infringement online. These administrative proceedings are alternative solutions to the ordinary proceedings that can be commenced before judicial authorities and are completed in less time at a lower cost.

In particular, the AGCOM Regulation is the first of its kind internationally. This new regulation should encourage the development of the ‘legal offer’ of digital works and the lawful use of these works online; it will also strengthen copyright protection on the internet.
Chapter 14

JAPAN

Chie Kasahara, Kunihiro Sumida and Takafumi Ochiai

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

The most important forms of intellectual property protection available in Japan are patents, design patents, utility models, trademarks and copyrights, each of which has its own legislation, briefly outlined below.

The Patent Act (Act No. 121 of 1959) protects inventions, which it defines as ‘highly advanced creation of technical ideas utilising the laws of nature’. Patents are granted to the inventor of an invention with industrial applications after examination, provided the invention is not, prior to the filing of the patent application: (1) publicly known in Japan or a foreign country; (2) publicly used in Japan or a foreign country; or (3) described in a distributed publication, or made publicly available electronically in Japan or a foreign country. Patentability also requires novelty, and so patents are not granted where a person ordinarily skilled in the art of the invention would have been able to easily make the invention that would be subject to items (1) to (3) above. Japan is a member of the Patent Cooperation Treaty (PCT), which is intended to simplify the process for applicants seeking patent protection internationally for their inventions, helps patent offices with decisions on patents and facilitates public access to a wealth of technical information relating to inventions dating back to 1978.

The Utility Model Act (Act No. 123 of 1959) offers protection for utility inventions for 10 years after filing for registration. Registrations are granted without substantive examination in the case of utility model rights. The creator of a device (defined as the ‘creation of technical ideas utilising the laws of nature’) that relates to the shape or structure of an article or combination of articles and is industrially applicable may be entitled to a registered utility model right with respect to the device, provided that it adheres to the same criteria listed in items (1) to (3) for invention patents.

The Design Act (Act No. 125 of 1595) offers protection for novel and creative designs for a period of 20 years after registration, which is granted after substantive examination. ‘Design’ here is defined as any combination of shape, patterns or colours of an article, creating an aesthetic visual impression. A creator of a design that is industrially applicable can register their design, provided that it is not, prior to the filing of the application for design registration: (1) publicly known in Japan or a foreign country; (2) described in a distributed publication, or made publicly available electronically in Japan or a foreign country; or (3) similar to (1) and (2) above. Unlike many European countries, which do not require substantial examination, Japan requires substantial examination of design applications before

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1 Chie Kasahara, Kunihiro Sumida and Takafumi Ochiai are partners at Atsumi & Sakai.
registration is granted. In addition, the Design Act requires novelty of the design, so designs cannot be registered if a person ordinarily skilled in the art of the design would have been able to easily create the design based on shapes, patterns or colours, or any combination thereof that were publicly known in Japan or a foreign country prior to the filing of the application for design registration.

The Trademark Act (Act No. 127 of 1959) protects registered trademarks used for specific products and services for a period of 10 years, which is renewable. Any combination of characters, figures, signs, 3D shapes or combination thereof with colours, sound, motion pictures, holograms or position may be registered as a trademark if it is either used in connection with the goods of a person who produces, certifies or assigns such goods as a business; or used in connection with the services of a person who provides or certifies the services as a business. However, excluded from this are those that:

\(a\) consist solely of a mark indicating, in a common manner, the common name of the goods or services;

\(b\) are customarily used in connection with the goods or services;

\(c\) consist solely of a mark indicating, in a common manner, the place of origin, place of sale, quality, raw materials, efficacy, intended purpose, quantity, shape (including shape of packages), price, the method or time of production or use, or, in the case of services, the location of provision, quality, articles to be used in such provision, efficacy, intended purpose, quantity, modes, price or method or time of provision;

\(d\) consist solely of a mark indicating, in a common manner, a common surname or name of a juridical person;

\(e\) consist solely of a very simple and common mark; or

\(f\) are, in addition to those listed in each of the preceding items, a mark by which consumers are not able to recognise the goods or services as those pertaining to the business of that particular person.

Japan is a member of the Madrid System, which is a one-stop solution for registering and managing marks worldwide since 2000.

Under the Copyright Act (Act No. 48 of 1970), copyrightable works are those in which thoughts or sentiments are expressed creatively, and which fall within the literary, scientific, artistic or musical domain. Copyrightable works include novels, plays or films, scripts, dissertations, lectures and other literary works; musical works, choreographic works and pantomimes; paintings, engravings, sculptures and other artistic works; architectural works; maps and diagrammatical works of a scientific nature, such as drawings, charts and models; cinematographic works; photographic works; and computer programs. However, works categorised as ‘applied works’, usually meaning those for sale as utility goods or souvenirs, cannot be protected by copyright.

Registration is not mandatory and a work may be protected by copyright without copyright registration. However, registration is necessary to assert against third parties the transfer (other than by inheritance or other succession) of the copyright, restrictions on the disposal of the copyright, the establishment, transfer, modification or termination of a pledge on the copyright, or restrictions on the disposal of a pledge established on the copyright. Registration is made with the Agency of Cultural Affairs (ACA) or, in the case of software programs, with the Software Information Centre (SOFTIC). The author of a work that is made public anonymously or pseudonymously may have his or her true name registered with
ACA and SOFTIC based on the moral right of the author with respect to work, regardless of whether he or she actually owns the copyright. In addition, the copyright holder of any work, or the publisher of an anonymous or pseudonymous work, may register the work's date of first publication or the date when the work was first made public. In the case of computer programs, the author may have the date of the creation of the work registered with SOFTIC provided this is done within six months of the work's creation.

The protection period begins at the time the work is created and subsists for 50 years after the death of the author or, in the case of a jointly authored work, for 50 years after the death of the last surviving co-author. The copyright protection period for a work that bears the name of a juridical person, or other corporate body as its author, is 50 years either from the date the work was first made public, or, if the work was not made public within 50 years of its creation, 50 years from the date of its creation.

The copyright period for a cinematographic work is either 70 years from the date the work was first made public, or, if the work was not made public within 70 years from its creation, 70 years from the date of its creation.

II RECENT DEVELOPMENTS

i Employee inventions

The provisions of the Patent Act regarding inventions by employees (Patent Act, Article 35) have been revised.

The revised Patent Act allows an employer to acquire the right to obtain a patent for an employee's invention from the time that the invention is created by prior agreement with the employee, or including the right in its employment regulations, etc.; any assignment by the employee of its right to obtain such a patent to a third party in breach of the employer's right shall be invalid.

The Minister of Economy, Trade and Industry has published guidelines on the procedures and terms for implementation of the employer's rights.

If an employee vests the right to obtain a patent in an employer, it shall have the right to claim 'adequate money or other economic benefits' from the employer pursuant to the Patent Act. Payment of 'reasonable compensation' was required before the revision but economic benefits other than money are now permitted, giving companies more flexibility (e.g., by compensating the employee with the allotment of stock options).

ii Product-by-process claims

There have been two recent Supreme Court judgments regarding product-by-process claims suggesting that product-by-process claims must, to the extent of the scope of a claim for a patent for the invention of a product, identify the manufacturing process of the product.

In the first ruling, the technical scope of a patented invention was held to include any product with the same structure, features, etc., as those manufactured through the manufacturing process that is described in the scope of claim for a patent.

iii Design Act
The amended Design Act came into force on 1 April 2016. The Act is aimed at harmonising Japanese rules with international rules for protection of industrial designs under the Hague Agreement Concerning the International Registration of Industrial Designs. The Act has established a new compensation system to protect against the risk of imitations published before examination. Publication of filed designs previously had to occur after registration of the design under the Design Act. However, if the applicant uses an international application under the Hague Agreement, then publication may occur before examination of the application, resulting in a higher risk of imitation.

iv Trademark Act
The Trademark Act was also amended, effective 1 April 2015, to enable registration of trademarks for sound, motion pictures, holograms and colour without profile.

The amended Trademark Act also clarifies the limits of a registered trademark. The courts have adjudged that the effect of a registered trademark should be limited to the extent that the trademark represents the goods or services prescribed. This concept had been deemed self-evident and not explicitly stated in the Act. However, as many trademark holders have made excessive assertions of trademark rights, the concept has been given statutory effect to curtail such claims.

v Copyright Act
The Copyright Act was amended, effective on 1 January 2015. The amendment includes the expansion of the publication rights to include digital publications and electronic transfers via the internet.

vi Revised protection of trade secrets
The provisions of the Unfair Competition Prevention Act regarding protection of trade secrets were recently amended.

Provisions that clearly restrict any person from distributing (including assignment, import, export, etc.) a product that infringes a trade secret have been introduced and breach is subject to civil sanction and criminal penalty, though criminal penalties do not apply to bona fide third parties and civil sanctions against bona fide third parties are only possible in cases of gross negligence.

In addition, Article 5(2) of the Unfair Competition Prevention Act now stipulates that if a trade secret regarding a method of manufacture was acquired unlawfully, and is used without authorisation, the burden of proof to show proper use shifts to the alleged infringer.

Revision of the Customs Act to permit seizure at customs of products that infringe trade secrets is currently under consideration.

While it is not a change in the legislation itself, another recent change that is worth mentioning because of the potential impact it will have on judicial rulings, is a January 2015 change in administrative principles for interpretation of the Unfair Competition Prevention Act in relation to the requirements for ‘control’ of trade secrets, to a more flexible interpretation. For example, the new principles can be read as stipulating that strict restriction of access to information is not a necessary requirement in order for the requirement of control to be met.
III OBTAINING PROTECTION

With respect to natural products, those that do not involve the intentional development of technical ideas are not inventions under the Patent Act, but ‘chemicals, bacteria, etc., isolated from natural products artificially’ are created products and so constitute inventions under the Patent Act, for which patents may be granted. Genes also constitute inventions under the Patent Act on the premise that they are artificially isolated.

Patents may also be registered for cells, etc., used in genetic technology; in practice, patents have already been registered in relation to technology for the production of iPS cells by Shinya Yamanaka, a Nobel Prize-winning professor.

Inventions relating to the production of cells, plants and animals may be protected by patent rights. If a new variety is created, it may also be protected under the Plant Variety Protection and Seed Act.

Although industrial applicability is one of the requirements for patentability in Japan, surgical processes, treatment methods and diagnostic measures used in medical practice for diagnosis cannot be ‘used industrially’. However, examination guidelines for the patentability of inventions relating to medical practices are gradually being eased and now stipulate that regenerative medicine, the operation of medical equipment, collection of samples from the human body, medical inventions characterised by usage with a certain dosage and administration for particular disease, may also be subject to protection.

Business methods may be registered as patents in Japan if the method is deemed as a new ‘highly advanced creation of technical ideas utilising the laws of nature’. However, the requirements for registration as a business method patent are stringent and, as a practical matter, even once registered can often be reasonably easily imitated without infringement by sidestepping the patent. For these reasons, business method patent applications are rare. In practice, business methods are commonly protected in Japan through trademarks used in association with the methods and by executing licensing and other agreements.

Computer software may be protected under the Copyright Act and the Patent Act. Computer software may be registered as a patent under the Patent Act if it can be deemed as a ‘computer program, etc.’, which means a computer program (i.e., a set of instructions given to an electronic computer that are combined in order to produce a specific result) or any other information that is to be processed by an electronic computer equivalent to a computer program. Registration as a patent takes time because the Patent Office conducts detailed examination of the application. However, software that includes thoughts or sentiments expressed creatively may be protected under the Copyright Act without registration, though registration through the SOFTIC is also possible. In addition, the author of a computer program may have the date of creation of his or her work registered with SOFTIC within six months of the creation of the work.

Independently developed circuit layouts for semiconductor chips may be protected as layout-design exploitation rights. Devices in relation to an article’s shape, structure or combination, which are not functional as inventions, may be protected as utility model rights.
IV  ENFORCEMENT OF RIGHTS

i  Possible venues for enforcement

There are two major options for enforcement of patents, trademarks and other intellectual properties: filing a complaint with a court and obtaining an injunction or an order for payment of damages compensation or both; or filing a motion with customs to suspend the import of products alleged to infringe intellectual property rights.

ii  Requirements for jurisdiction and venue

The Code of Civil Procedure provides exclusive jurisdiction for cases on patents, utility model layout-designs of semiconductor integrated circuits and computer programs to the district courts in Tokyo and Osaka. In both courts, there are special divisions for litigation of intellectual property rights cases. Appeals with regard to such intellectual property infringement litigations are handled by the IP High Court, which is a specialised court for patents within the Tokyo High Court. The IP High Court also has exclusive jurisdiction over litigation to overturn Patent Office decisions.

Regarding customs procedures, the Customs Tariff Act grants all customs offices the authority to deal with intellectual property infringement cases. However, nine key offices have specialists for intellectual property rights protection. These are located in Hakodate, Kobe, Moji, Nagasaki, Nagoya, Okinawa, Osaka, Tokyo and Yokohama. Procedures are conducted at the discretion of the officers, but generally move quickly, usually taking approximately two months to conclude whether there is an infringement of IP rights.

iii  Obtaining relevant evidence of infringement and discovery

Unlike the US litigation system, there is no discovery procedure under Japan’s Code of Civil Procedure. In principle, therefore, each party has to collect its own evidence at its own responsibility based upon rules for the burden of proof. However, there are some statutory measures for the collection of evidence from an adverse party or third parties in certain cases, before and after filing a lawsuit.

Firstly, prior to filing a lawsuit, a potential claimant can file a motion for an examination and preservation of the result of the examination. Evidence preservation can be ordered if the court is convinced that the existing circumstances could result in preventing the use of evidence, if such evidence is not reviewed or secured before the trial begins. The potential claimant has to show the likelihood of evidence being lost, damaged, modified or hidden. In practice, however, the courts often deny such motions on the basis that it is likely to inflict irreparable harm on the adversary.

Secondly, after initiating a lawsuit, the Patent Act requires the defendant to contribute to the clarification of facts by submission of the disputed product or by disclosing the disputed method. The Patent Act also provides that the court can order, upon the motion of a party, submission of information or disclosure of methods deemed relevant by the court in order to establish the infringement or for computation of damages; the party required to submit information or disclose the method cannot deny the request without justifiable reasons (e.g., that the requested information contains trade secrets or information prepared exclusively for internal purposes).
iv Trial decision-maker

Intellectual property litigation is heard by a panel of three judges in the division of the court that hears intellectual property right cases; although the judges will generally have experience hearing patent cases, this is not necessarily the case and they tend to be rotated every three to five years from other courts or divisions not related to intellectual property. The parties may also make technical presentations to the court, as described below, which are usually also attended by a court-appointed technical expert.

v Structure of the trial

A patent infringement trial will normally be a two-phase process. In the first phase, the terms in the claims of the patent must be interpreted, including the matters of validity and unenforceability. The second phase determines damages if the court finds it necessary after the first phase. The trial will be conducted in public, with non-public preparatory proceedings conducted in a court conference room. While the early hearings and the final hearing will normally be held in a court in public, the procedure is almost always then switched to a preparatory proceeding. Hearings, including preparatory proceedings of generally about half an hour, are held every four to six weeks. The main work in the hearings involves exchanging briefs and written evidence, although discussions are also held when the judge finds it necessary. Although hearings are normally quite short, the court will hold a technical presentation session of around 30 to 90 minutes to make an oral presentation to the judges after all of the relevant arguments and evidence have been submitted to the court in the first phase. Technical presentations are usually made by both parties. In most cases, a technical expert appointed by the court will attend the presentation.

vi Infringement

Infringements can either be direct or indirect. With respect to direct infringement, the claimant must present evidence that all of the elements of the claim are satisfied in the accused product or method. According to Article 70(1) of the Patent Act, the scope of a patented invention is determined on the basis of the statements of the claims, and Article 70(2) adds that the meaning of the terms in a claim shall be interpreted in light of the specification and the drawings attached to the application. The judges will also take into account the ordinary meaning, prosecution history, the state of the art at the time of filing the application and expert opinions. The doctrine of equivalents will supplement the missing elements under the limited conditions as specified by the Supreme Court. The conditions of the doctrine of equivalents are:

a a claim element, which the subject product or method does not have, is not an essential part of the claimed invention;
b the subject product or method must have the same object and effect as the claimed invention;
c a person skilled in the art of the invention could have readily substituted the claimed element with the corresponding element in the subject product or method in view of the state of the art at the time of infringement;
d the subject product or method must not be anticipated or obvious based on the prior art; and
e the subject product or method was not intentionally excluded from the scope of the claim in the prosecution history.
Infringement may be indirect. Article 101 of the Patent Act provides that the manufacturing, assignment or import of an item, which is used exclusively for manufacturing a patented product or using a patented method, is deemed to infringe the patent regardless of the awareness of the alleged infringer. In cases of the manufacturing, assignment or import of an item, which is used not only for manufacturing a patented product or using a patented method but also for other purposes, the patent holder must prove that the alleged infringer knows both of the existence of the patent and the fact the item can be used for manufacturing the patented product or using the patented method.

vii Defences
Generally speaking, the success rate of the defence of patent infringement claims is extremely high in Japan (approximately 80 per cent). The major defences to patent infringement are non-infringement and invalidity of the patent.

Non-infringement
The defence of non-infringement includes existence of a licence to use, exhaustion and parallel import. The defence of the existence of a licence to use, Article 79 of the Patent Act provides a non-exclusive licence to an alleged infringer who has commercially manufactured, sold or offered for sale the invention in Japan or has been making preparation to do so at the time of filing the patent application. With respect to the defence of exhaustion and parallel import, this is a doctrine that does not restrict sale of a patented product, by or with the patentee's permission. When a patentee or its licensee has sold a patented product, such sale with the patentee's permission exhausts the patentee's right to control further use and resale of the patented product. The defence of exhaustion is applied to international trade under Japanese court precedent unless restriction of sale in Japan is expressly described on the patented product when it was sold out of the Japanese market (Supreme Court, 16 April 1999). In other words, it is extremely difficult to block the import of a patented product to Japan when the patentee or its licensee has permitted the sale of the patented product outside Japan.

Patent invalidity
Unlike the US patent system, courts in Japan do not have authority to invalidate or revoke a patent. In litigation, the courts may determine that the patent is invalid but such decisions are binding only on the parties before the court, not third parties.

When the court finds that the patent should be invalidated, the court dismisses the claim of patent infringement even before or without the decision of the Patent Office. Patent invalidity is one of the most common defences in patent infringement litigation in Japan; when the defendant raises the defence of patent invalidity, in approximately 60 per cent of cases the court will make a judgment on this point and approximately 70 per cent of the judgments are against the patent holder.

viii Time to first-level decision
The time to first-level decision in IP litigation tends to be longer than other types of litigation, such as regular commercial litigation. On average, IP litigation takes approximately 17 months to a first-level decision and more than 20 per cent of cases have taken more than two years.
ix Remedies

Injunction relief

A claim for injunctive relief requires the following facts:

a the claimant is the rightful owner or exclusive licensee of the patent;
b the infringer is commercially manufacturing, using, selling or offering to sell the infringing product;
c the infringing activities are covered by the scope of the patent claims; and
d an injunction is necessary to avoid irreparable damages.

In addition, Japanese district courts will require the claimant to deposit security before the injunctive relief is ordered. Although the injunctive relief is a remedy to resolve a dispute quickly, Japanese courts, in principle, will not issue ex parte orders and have one or more hearings to hear the arguments from both parties, which means both parties, not only the claimant but also the defendant, will be called to the hearings.

Damages

The patent holder or the exclusive licensee can demand damages from the infringer for losses incurred as a consequence of the infringing product. The nature of damages will be actual damages, but not punitive damages. There are three methods of computing damages provided by the Patent Act:

a multiplying the IP holder’s expected profit per unit by each unit sold by the infringing party (Patent Act, Article 102(1));
b the estimated total profit the innocent party should have received based on the profit that the infringer made as a result of his or her infringing activity (Patent Act, Article 102(2)); and
c the amount of royalties corresponding to the patent (Patent Act, Article 102(3)).

It is common for claimants to demand compensation based upon multiple calculation methods and later choose the method that will result in the highest amount of damages. In practice, however, nearly 40 per cent of damages awarded in patent infringement cases are for ¥10 million or less, which is extremely low.

Destruction

It is common for the claimant to simultaneously petition the court to issue an injunction order and order the destruction of the infringing products. The claimant can also petition the court to issue an order for removal of materials and equipment that have been used for the production of the infringing products.

Costs

It is important to note the costs and expenses incurred during the process of litigation. Filing a suit requires a court fee and attorneys’ fees. The court fee is calculated according to the value of the claim, which would normally be quite high in IP infringement cases. Therefore, a person who brings an IP lawsuit should take the court fees into account when assessing whether damages will be sufficient compensation for an infringement. For example, a litigant claiming ¥1 billion on the grounds of an IP infringement would have to pay a court fee of ¥16 million.
Under Japanese law, the prevailing party in litigation is entitled to make a claim for the court fees against the counterparty, but is generally not entitled to claim their attorneys’ fees.

x Appellate review
A losing party at the first level may appeal to the IP High Court by filing a notice of appeal within 14 days of the date of receipt of the court decision, not including the issuance date of the judgment. Since the nature of the appeal is a continued examination of the trial in the first level, the parties may present new evidence and arguments during the appeal procedure, although the High Court will look at the coherence of the arguments and evidence presented in the district court.

Approximately 40 per cent of losing parties, following their loss at the first level, appeal to the IP High Court. However, of those, only about 20 per cent are successful in their appeal.

xi Alternatives to litigation
Several efficient alternative remedies are available in Japan, such as arbitration, mediation and direct negotiation. Certain notable advantages to these alternate remedies include the arbitrators’ expertise, the confidentiality of the proceedings and the flexibility to adapt the proceedings to different situations. For brevity, the discussion below focuses on arbitration.

There are three major private arbitration organisations that will arrange arbitration for intellectual property disputes in Japan: the Japan Intellectual Property Arbitration Center, the Japan Commercial Arbitration Association and the Arbitration Center of the Bar Association. Despite the general merits of alternative dispute resolution, very few IP cases have been brought to arbitration. There are several theories as to why the Japanese are averse to arbitration for resolution of disputes. One is concern over the quality of the arbitrators, another is that there is generally less trust in the ability of a private organisation to oversee an important dispute than there is in the courts. It is also believed that existing arbitration organisations lack the requisite experience to adequately address the issues that arise in the course of the proceeding.

Concerns over the efficacy and trustworthiness of the arbitration system mean that courts will continue to play an important, or even an increasing role, in IP disputes in Japan for the foreseeable future.

V TRENDS AND OUTLOOK
The pace of patent examination processing has improved in recent years. Use of the accelerated examination system or super-accelerated examination system is increasing slowly, and allows for much faster examinations than the usual process. In addition to faster examinations, a manual for quality control has been published to help improve the quality of patent examinations; the quality of patent examinations has also improved since the establishment of the Subcommittee on Examination Quality Management.

With the spread of IT tools and new technology, such as internet of things (IoT) and artificial intelligence, new issues are being thrown up in relation to copyright, etc. The Subcommittee Report on Appropriate Protection, Use and Distribution of Copyrighted Works, etc., published in February 2015, delves into the relationship between cloud services and copyrights, etc., and the relationship between copyright and services that enable users to use content in relation to personal use of copies saved on servers in the cloud on various mobile terminals, and so on.
These are also ongoing discussions in government on the handling of 3D printing technology and related IP systems, the relationship between automatically accumulating databases and IP rights, and copyrights on creations that are actually produced by artificial intelligence.

Open innovation is gradually spreading among Japanese companies. Toyota announced that it will open up its fuel cell vehicle patents for free use and Panasonic is doing the same for its IoT-related intellectual property rights. These companies hope that opening up the patents will spur growth in markets for their technologies.
Chapter 15

KENYA

Anne Kiunuhe and Shem Otanga

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Kenya has relatively modern intellectual property (IP) laws and is also a signatory to various IP-related treaties. The most common forms of IP rights in Kenya are trademarks, patents, industrial designs and copyright.2

i Trademarks

The Trade Marks Act (the TM Act) defines a ‘mark’ as including ‘a distinguishing guise, slogan, device, brand, heading, label, ticket, name, signature, word, letter or numeral or any combination thereof whether rendered in two-dimensional or three-dimensional form.’3

Sound marks, olfactory marks and gustatory marks are not registrable in Kenya. Also excluded from registration are trademarks that are identical or confusingly similar to prior registered marks, or to well-known marks (regardless of whether or not they are registered in Kenya).

For a mark to be registrable, it must contain at least one of the following:

a the name of a company, individual or firm, represented in a special or particular manner;
b the signature of the applicant or his or her predecessor;
c an invented word or words;
d a word or words having no direct reference to the character or quality of the goods and not being a geographical name or a surname; or
e any other distinctive mark.4

Kenya applies the Nice Classification (11th edition – 2017), and a trademark proprietor may apply to register a mark in more than one class through a single application. The registration process involves examination, advertisement and possible opposition by members of the public before issuance of the certificate of registration. Where a notice of opposition is filed against an application, the registration process will stop and opposition proceedings will commence in which the applicant bears the burden of proving that the opposition is not justified. Trademark registrations are valid for 10 years and may be renewed for further consecutive periods of 10 years each.

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1 Anne Kiunuhe is a partner and Shem Otanga is a senior associate at Anjarwalla & Khanna Advocates.
3 Section 2(1), TM Act.
4 Section 12(1), TM Act.
Kenya

Kenya is also a signatory to the Madrid Treaty\(^5\) and the Madrid Protocol,\(^6\) and it is, therefore, possible to undertake a trademark registration in Kenya through the Madrid system.

ii Patents and utility models

The Industrial Property Act (IPA) defines an invention as a solution to a specific problem in the field of technology and goes further to state that an invention may be, or relate to, a product or process.\(^7\) In order for an invention to be patentable, it must be new, industrially applicable and involve an inventive step.

The requirements and procedures relating to utility models are similar to those governing patents, except for the fact that utility models are not required to demonstrate an inventive step and are not subjected to substantive examination. Utility model protection lasts for a non-extendable 10-year period.

The process of registration of patents is discussed in further detail in Section III, *infra*.

iii Industrial designs

In order for a design to be registrable, it must:

\(a\) be new, that is, it must not have been disclosed to the public, anywhere in the world in any way, prior to the filing date or where applicable, the priority date;

\(b\) not be contrary to public order and morality;\(^8\) and

\(c\) not be protected under the Copyright Act, 2001 (CA).

Further, any aspects of an industrial design that serve solely to obtain a technical result are excluded from industrial design protection.\(^9\)

Industrial design registrations are valid for a period of five years and may be renewed for a maximum of two further consecutive five-year terms. Industrial designs may also be protected through registrations bearing a Kenyan designation and effected under the Protocol on Patents and Industrial Designs under the framework of the Africa Regional Intellectual Property Organisation (ARIPO).

iv Copyright

The CA provides that the following are eligible for copyright protection:

\(a\) literary, musical, artistic and audiovisual works;

\(b\) sound recordings; and

\(c\) broadcasts.\(^10\)

Literary, musical and artistic works are not eligible for copyright protection unless:

\(a\) sufficient effort has been expended on making the work to give it an original character; and

\(b\) the work has been written down, recorded or otherwise reduced to material form.

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\(^5\) Madrid Agreement Concerning the International Registration of Marks.

\(^6\) Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks.

\(^7\) Section 21(2), IPA.

\(^8\) Section 86(4), IPA.

\(^9\) Section 84(2), IPA.

\(^10\) The CA provides that broadcasts are not eligible for copyright until they have been broadcast.
Copyright accrues automatically to the author upon fixation of the work into material form. Registration of the copyright is recommended (but not mandatory) as registration is deemed to constitute \textit{prima facie} proof of ownership.\textsuperscript{11}

The duration of copyright protection under the CA varies depending on the nature of the work as follows:

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<thead>
<tr>
<th>Type of work</th>
<th>Date of expiration of copyright</th>
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<tbody>
<tr>
<td>Literary, musical or artistic work other than photographs</td>
<td>Fifty years after the end of the year of the author’s death</td>
</tr>
<tr>
<td>Audio-visual works and photographs</td>
<td>Fifty years from the end of the year in which the work was either made, first made available to the public or first published (whichever date is the latest)</td>
</tr>
<tr>
<td>Sound recordings</td>
<td>Fifty years after the end of the year of the recording</td>
</tr>
<tr>
<td>Broadcasts</td>
<td>Fifty years after the end of the year of first broadcast</td>
</tr>
</tbody>
</table>

\section*{II \hspace{1em} RECENT DEVELOPMENTS}
\subsection*{i \hspace{1em} Regulatory developments}
KIPI circulated a draft Trade Marks Bill in March 2015, which was further updated and recirculated in March 2016 (together with proposed rules). The most significant proposed change under this draft Bill is the hypothecation of trademarks. This Bill is yet to be enacted into law.

The Protection of Traditional Knowledge and Cultural Expressions Act (the TK Act), came into force in 2016. It creates a framework for the protection of traditional knowledge and cultural expressions in Kenya. The TK Act gives effect to the provisions of the Constitution of Kenya, 2010 (the Constitution) that promote culture and protect ownership of property (including the intellectual property) of indigenous communities.\textsuperscript{12}

In addition, a Miscellaneous Amendment Act\textsuperscript{13} was passed in April 2017. The most notable amendments under this Act are as follows:
\begin{itemize}
\item[a] the extension of the time for requesting for substantive examination of a patent application from three to five years from the filing date of the application; and
\item[b] the introduction of the possible publication of a patent application within 18 months of the filing date or, if priority is claimed, the date of priority.
\end{itemize}

\subsection*{ii \hspace{1em} Notable case law}
\textbf{Republic v. Assistant Registrar of Trade Marks Ex Parte Strategic Industries Limited & Another [2016] eKLR}

This was a judicial review application that was filed before the High Court by Strategic Industries Limited (SIL). The application sought to challenge the Registrar of Trade Marks’ ruling in opposition proceedings commenced by SIL against Rebecca Fashion (Kenya) Limited (RFKFL).

RFKFL applied for registration of the word ‘FREEDOM’ as a trademark. However, upon advertisement of the proposed trademark in the industrial property journal for the mandatory advertisement period prior to registration, SIL filed a notice of opposition against

\textsuperscript{11} Regulation 8(11), Copyright Regulations.
\textsuperscript{12} Articles 11, 40 and 69(1)(c) of the Constitution.
\textsuperscript{13} The Statute Law (Miscellaneous Amendments) Act 2017.
the application. After the parties had filed all their pleadings and submissions and a date for
the ruling had been given, RFKL applied for leave to file further evidence. The Registrar
allowed RFKL’s application to file further evidence, and as a result SIL moved the High Court
by way of judicial review to quash the Registrar’s decision. After hearing the parties, the High
Court ruled that the Registrar has power to allow a party to file evidence at any time before
a ruling is made.

This ruling offers clarity on the extent of the Registrar’s power to allow further evidence.
However, from a procedural perspective, the High Court’s decision may open the door for
abuse of process by parties seeking to delay the conclusion of opposition proceedings. It
is, therefore, critical, now more than ever before, for the Registrar to exercise discretion
judiciously while granting leave for filing further evidence.

III OBTAINING PROTECTION

In order to obtain patent protection in Kenya, an application for grant of a patent may be
filed:

a directly at KIPI, either with or without a priority claim under the Paris Convention;
b through an international application designating Kenya under the Patent Cooperation
Treaty and thereafter entering the national phase through a local filing at KIPI; or
c through an ARIPO application designating Kenya under the Harare Protocol.

i Nature of available protection

Patent holders have the right to preclude any person from exploiting the patented invention
by making, importing, offering for sale, selling and using the product or the process (if
the invention is a process). In the case of both national applications and international
applications designating Kenya, relief may be sought against acts of infringement committed
before the grant of the patent but after the date of publication of the application.\(^\text{14}\) The
patent holder may obtain an injunction against infringing actions or damages for wilful
infringement. Compensation may also be obtained from any person who, knowingly and
without authorisation, creates the invention as published after having received written notice
that the invention is the subject of a published application.\(^\text{15}\)

Generally, any invention that is novel, industrially applicable and comprises an
inventive step is patentable. However, the IPA specifically provides that the following shall
not be regarded as inventions and shall not be eligible for patent protection:

a discoveries, scientific theories and mathematical methods;
b schemes, rules or methods for doing business, performing purely mental acts or playing
 games;
c methods for treatment of the human or animal body by surgery or therapy, as well as
diagnostic methods practised in relation thereto, except products for use in any such
 methods;
d mere presentation of information; and

\(^{14}\) Section 51(1), IPA.
\(^{15}\) Section 55, IPA.
Public health-related methods of use or uses of any molecule or other substances whatsoever used for the prevention or treatment of any disease that the Health Minister may designate as a serious health hazard or as a life-threatening disease.

Further, the following are expressly stated to be excluded from patentability:

a. plant varieties as provided for in the Seeds and Plant Varieties Act, but not parts thereof or products of biotechnological processes; and

b. inventions contrary to public order, morality, public health and safety, principles of humanity and environmental conservation.

The IPA does not provide for any methods of circumventing the above exclusions but in practice, patent examiners in their examination reports do recommend that Swiss-type claims be adopted in place of claims that comprise a method of treatment.

**ii Filing a patent application**

Patent applications are filed at KIPI and are required to contain: a prescribed statutory request form; a description; one or more claims; one or more drawings (where necessary); and an abstract. The right to apply for a patent belongs to the first person to invent the subject invention. The rights of prior users of an invention are reserved under the IPA and such prior users may apply for the invalidation of a granted patent on account of their prior use, which would be deemed to strip the patented invention of novelty. In addition, Section 31 of the IPA provides that where a patent applicant has obtained the essential elements of his or her invention from another person’s invention, he or she shall, unless authorised by that other person, be obliged to assign the application or patent (where the same has been granted) to that other person.

**iii Prior art**

The requirement of novelty is absolute. The invention must not be one that is anticipated by anything that has been disclosed to the public, anywhere in the world, by publication in tangible form; or in Kenya by oral disclosure, use or any other way prior to the filing, or the priority date (i.e., prior art). Any disclosure of an invention made within the 12-month period preceding the filing date (or the priority date), occurring as a result of acts committed by the applicant or his or her predecessor in title, or an evident abuse by a third party in relation to the applicant or his or her predecessor in title, will not be taken into account when determining whether an invention is anticipated by prior art.

As part of the process of reviewing prior art, the Patent Office may request the applicant to conduct an international-type search and provide copies of any document cited in the search report. Failure to provide any such documents within 90 days of the date of the request will lead to a rejection of the application. This time period may be extended upon application.

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16 Section 34(1), IPA.
17 Section 56, IPA.
18 Section 103, IPA.
19 Section 43(3), IPA and Regulation 27, IP Regulations.
iv Office actions
The patent prosecution process entails both formality and substantive examination procedures. Substantive examination must be requested by the applicant within three years of the filing date, otherwise the application will be deemed to be irreversibly abandoned. If the invention is found to meet the requirements of patentability, the patent will be granted and published but if not, an office action will be issued requiring the applicant to amend or defend the application so as to make it patentable. If the applicant succeeds in overcoming the office action, the patent will be granted. If not, it will be refused. Appeals against such refusal can be made before the Industrial Property Tribunal (IPT).

v New information
Any new information that arises post-filing may only be added to the application if such additions do not go beyond the scope of the disclosure in the initial application. If the same goes beyond the scope of such disclosure, a subsequent patent application for the new material may be filed, but its subject matter must be shown to bear sufficient novelty in addition to the other requirements of patentability in order for it to be patentable.

vi Protection period
Patent protection lasts for 20 years subject to the payment of annual maintenance fees.20

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement
The venue for enforcing IP rights depends on the type and status of the IP right. Patents, utility models and copyright interests may be enforced either through civil or criminal proceedings. Criminal proceedings may also be instituted against parties that manufacture or distribute counterfeit products.

Trademark opposition and cancellation proceedings are conducted before the Registrar. Appeals against decisions of the Registrar are made to the High Court21 with the possibility of a further appeal to the Court of Appeal.22 Trademark infringement and passing-off actions are heard in the first instance by the High Court and thereafter on appeal by the Court of Appeal.23 Parties to such disputes do not have an automatic right of appeal to the Supreme Court. The Supreme Court can only hear appeals as of right in matters that are related to the interpretation of the Constitution and in any other case where the appeal is certified by the Court of Appeal or by the Supreme Court itself as involving matters of general public importance. This test is a lofty one, especially for matters that ordinarily relate to the private commercial rights of parties, such as patent or trademark disputes. In most cases, therefore, the final appeal in such matters would lie in the Court of Appeal, and only in the unlikely event where the general public importance test is met would a further appeal lie in the Supreme Court.

20 Section 61(3), IPA.
21 Sections 20(4) and 21(6), TM Act.
22 Section 72, Civil Procedure Act (CPA).
23 Section 66, CPA.
Complaints against counterfeit products are made to the Anti-Counterfeit Agency (ACA), which has the power to enter and search premises and to seize and detain counterfeit goods. However, such goods cannot be destroyed without an order from a court of competent jurisdiction. The proprietor of seized goods has the right to approach a court of competent jurisdiction for a determination that the seized goods are not counterfeit goods and for an order that they be returned to him or her. The Commissioner of Customs also has powers to receive applications for seizure and detention at the port of entry of any counterfeit goods that are imported into the country. Owners of such goods may challenge such seizure before a court of competent jurisdiction.

Patent revocation, invalidation and infringement proceedings are required to be filed before the IPT, which also hears appeals against decisions made by KIPI during the patent prosecution process. Appeals against decisions of the IPT may be made to the High Court with the possibility of an appeal to the Court of Appeal on matters of law.

**ii Requirements for jurisdiction and venue**

As indicated in subsection i, supra, the jurisdiction and venue of any dispute resolution forum depends on the type of action.

The Registrar, the IPT and the courts have jurisdiction over IP rights that exist and are infringed within Kenya. The aggrieved party would have to demonstrate that it holds intellectual property rights within Kenya and that the same have been infringed within the country’s borders.

Presently, the High Court has 20 stations across the country, each of which has jurisdiction to hear trademark infringement suits or appeals from the Registrar or the IPT. As a matter of practice, suits are required to be filed at the High Court station that has the closest proximity to the location where the cause of action arose. Where plaintiffs or appellants do not adhere to this practice, the court would have discretion to either hear the matter or direct that it be heard at the High Court station that is closest to the location where the cause of action arose. This geographical proximity test does not affect the venue of proceedings instituted before the Registrar or the IPT as these two sit entirely in Kenya’s capital city, Nairobi.

**iii Obtaining relevant evidence of infringement and discovery**

In infringement proceedings before the High Court, the parties are required to file the following together with their pleadings:

- a list of witnesses to be called at the trial;
- witness statements signed by the witnesses (except expert witnesses); and
- copies of documents to be relied on at the trial.

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24 Section 33, Anti-Counterfeit Act.
25 Section 23(1)(b), Anti-Counterfeit Act. The specific court would be determined on the basis of the value of the subject matter of the counterfeit proceedings.
26 Section 25(3), Anti-Counterfeit Act.
27 Section 34(7), Anti-Counterfeit Act.
28 Section 72, CPA.
30 Order 7, Rule 5, Civil Procedure Rules, 2010 (CPR).
Within 10 days of the date of the close of pleadings, parties are required to file and serve a pretrial questionnaire,\(^{31}\) which sets out certain details, including whether:

- a full disclosure of all documents has been given to the other party or parties;
- there is need for inspection of any documents;
- there is need to serve interrogatories;
- the interrogatories have been answered under an affidavit (for defendants);
- all witness statements have been filed and exchanged; and
- the bundle of documents for trial has been prepared.\(^{32}\)

Within 30 days of the date of the close of pleadings, the High Court is required to convene a case conference during which it, among other matters, creates a timetable for the proceedings. At this stage, the court also has the discretion to make orders for:

- the admission of statements without calling of the makers as witnesses where appropriate and the production of any copy of a statement where the original is unavailable;
- the giving of evidence on the basis of affidavit evidence;
- discovery, production, inspection or interrogatories that may be appropriate to the case; and/or
- the examination of any witness by an examiner or by the issue of commission outside court and for the admission of any such examination as evidence in court.\(^{33}\)

The IPT also has power to make orders for the attendance of any person and the discovery or production of any document.\(^{34}\) Generally, parties to an appeal in the High Court are not entitled to produce further evidence. However, there are exceptions where additional evidence may be taken under limited circumstances.\(^{35}\)

### iv Trial decision-maker

There are no specialised divisions of the High Court or the Court of Appeal that deal with IP matters. While hearing IP matters in the first instance and on appeal, the High Court is presided over by one judge; however, the Chief Justice has power to direct that an appeal be heard by more than one judge of the High Court.\(^{36}\) Appeals to the Court of Appeal are heard by an uneven number of judges whose number must not be less than three, save where the matter being determined is the summary dismissal of an appeal.\(^{37}\) Appeals before the Supreme Court are heard by five judges.\(^{38}\)

The chairman of the IPT has discretion to appoint any person with expert knowledge as an assessor in an advisory capacity in any case before the IPT.\(^{39}\) In contrast, parties to IP disputes before the High Court can call expert witnesses, but no assessors may be appointed.\(^{40}\)

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31 Order 11, Rule 2, CPR.
32 Order 11, Rule 2, and Appendix B, CPR.
33 Order 11, Rule 3, CPR.
34 Section 114, IPA.
35 Order 42, Rule 27, CPR.
36 Section 79C, CPA.
37 Section 5(3), Appellate Jurisdiction Act.
38 Article 163(2) Constitution of Kenya.
39 Section 116, IPA.
40 Section 87(1), CPA.
v Structure of the trial

The judicial system in Kenya is adversarial in nature. In civil cases, the burden of proof lies with the party instituting the suit. Such cases are determined on a preponderance of evidence. In criminal cases, the burden of proof lies with the prosecution, which is required to prove the guilt of the accused person beyond reasonable doubt. However, as pointed out in Section I.i, supra, in trademark opposition proceedings, the applicant for registration bears the onus of proving that the opposition filed against its application is without merit.

In proceedings before the High Court, evidence may be adduced through statutory declarations, affidavits, witness statements and oral evidence where necessary. In proceedings before the Registrar and the IPT, evidence is ordinarily presented by way of statutory declaration.\(^{41}\) However, the Registrar and the IPT may allow oral evidence to be tendered during hearings.\(^{42}\) Expert witnesses may be called by the parties depending on the circumstances of the case.

The procedures for instituting and prosecuting disputes, the requirements and timelines for filing of the pleadings and the general conduct of cases before the Registrar, the IPT, the High Court and the Court of Appeal are clearly provided for in several applicable Acts and Regulations.

vi Infringement

Section 57 of the IPA provides that the scope of protection conferred by the patent shall be determined by the terms of the claims but the description and drawings included in the patent may be used to interpret the claims. While there is little jurisprudence on the issue, it may reasonably be stated that patent infringement can be literal or by equivalence. The IPA bears no provisions that suggest anything to the contrary and is in fact is silent on this issue. Patent infringement is deemed to occur where any person performs any of the acts that are the exclusive reserve of the patent owner and without the patent owner’s authority.

Registration of a trademark is a prerequisite to the institution of an infringement action based on any such mark. Passing-off actions may be instituted in respect of unregistered marks. The pertinent question in both trademark infringement and passing-off proceedings is that of confusing similarity between the plaintiff’s trademark and that of the defendant. In infringement and passing-off actions, if a plaintiff is able to prove a likelihood of confusion, then infringement will be deemed to have occurred.\(^{43}\)

vii Defences

Generally, the defences that are available to defendants in patent infringement cases include: claiming invalidity of the patent; the existence of a licence or compulsory licence; and prior user rights.

The defences against trademark infringement claims include: the lack of a likelihood of confusion; the existence of rights arising from prior use (vested rights); the use of own name; and the existence of a licence agreement or an assignment.

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\(^{41}\) Rule 24, IPT Rules.
\(^{42}\) Rule 27(a) IPT Rules and Section 54 of the TM Act.
\(^{43}\) Section 8(2) of the TM Act.
viii Time to first-level decision
The time it takes to conclude a case before the judicial bodies that handle IP matters varies depending on a number of factors, from the availability of dates in the court diary to the commitment of the parties to an expeditious disposal of the case. Cases before the IPT take an average of one year to conclude, though it may take a considerably longer time in many cases. Proceedings before the Registrar on average take two years, while typical High Court cases take two to three years to be concluded, although the actual timelines may, on a case-by-case basis, be considerably longer or shorter.

ix Remedies
Civil remedies for infringement of patents, utility models, industrial designs and trademarks include injunctions (both interlocutory and permanent), damages and other remedies provided in law.

In criminal proceedings for intentional patent, utility model or industrial design infringement, infringers face a fine of between 10,000 and 50,000 Kenyan shillings, or imprisonment for a term of three to five years, or both.

x Appellate Review
As pointed out under Section IV.i, supra, the High Court has power to hear appeals from the IPT and the Registrar generally on matters of law and fact. Further appeals to the Court of Appeal on questions of law and a possible but unlikely appeal to the Supreme Court are available. See Section IV.iv, supra, for details on the composition of appellate panels.

As pointed out under Section IV.iii, supra, parties to an appeal in the High Court are not entitled to produce further evidence except under limited circumstances. This is also the case before the Court of Appeal.44 Appeals before the Supreme Court may proceed by way of fresh hearing where that court so determines.45 Oral arguments may be made on appeal at all levels.

There is room for a review procedure that is separate from the appeals process under which a party aggrieved by a decision of the High Court or Court of Appeal may apply for the review of a judgment by the court that passed it, and the court may make such order as it thinks fit.46

Supreme Court and Court of Appeal decisions are required to be made within 90 days of the date of conclusion of the hearing unless the court, for reasons to be recorded, orders otherwise.47 In the High Court, a reduced period of 60 days is prescribed.48

xi Alternatives to litigation
None of the Acts governing IP in Kenya provide for methods of alternative dispute resolution (ADR). However, there is nothing that stops parties in court proceedings from mutually agreeing to arbitration or other forms of ADR in order to resolve their disputes.

44 Section 3 (2), Appellate Jurisdiction Act (AJA).
45 Section 20, Supreme Court Act.
46 Section 80, CPA and Section 3(2), AJA.
47 Rule 20, Supreme Court Rules and Rule 32, Court of Appeal Rules
48 Order 20 Rule 1, CPR.
V TRENDS AND OUTLOOK

i Protection of indigenous works

Kenya is rich with traditional knowledge and traditional cultural expressions. The enactment of the TK Act represents a deliberate effort by the Kenyan government to recognise and protect the value that lies in traditional knowledge and expressions while promoting culture and national heritage.

Kenya is divided into 47 administrative counties that are headed by county governments. Under the TK Act, these county governments have been given the responsibility of carrying out registration of traditional knowledge and cultural expressions within a county for purposes of recognition under the TK Act. It will be interesting to see the kinds of knowledge that the county governments in Kenya shall register and whether the same shall be exploited commercially in the future to a significant degree for the benefit of the relevant communities.

ii Statistical analysis of various IP filings in Kenya

According to the World Intellectual Property Organization, there has been a comparatively low uptake of patent protection (as compared to trademark protection) in Kenya.\(^{49}\) This is exacerbated by a low success rate for filed patent applications, especially among resident applicants\(^{50}\) who have nonetheless managed to maintain a fairly consistent number of patent filings each year over the past five years (between 2011 and 2015)\(^{51}\) averaging 130 per year.

The low uptake of patent protection among Kenyan residents is generally deemed to be because of:

\[a\] low levels of innovation;
\[b\] insufficiency of research funding and facilities in Kenya;
\[c\] scarcity of patent agents; and
\[d\] a general perception that the patent protection process is complex and expensive.

The government has moved to address these issues by enacting pro-innovation laws and establishing agencies such as the National Commission for Science Technology and Innovation and the National Innovation Agency, which promote innovation, as well as the National Research Fund, which is tasked with mobilising funds for research.

iii Conclusion

Despite the challenges facing the protection of IP rights in Kenya, the policies and trends are evidently changing in the right direction. Significant steps are being taken, both in terms of

\(^{49}\) The five-year period between 2011 and 2015 saw an average of 130 patent applications filed by Kenyan residents per year and an annual average of 100 applications by non-Kenyan residents. This figure is dwarfed in comparison by the annual averages of approximately 2,800 trademark applications by residents and approximately 2,500 trademark applications by non-residents (source www.wipo.int/ipstats/en/statistics/country_profile/profile.jsp?code=KE).

\(^{50}\) Between 2011 and 2015, an average of less than three patents were granted per year to resident applicants while non-resident applicants were granted an average of 70 patents per year over the same period (i.e., just over 50 per cent of the average number of applications filed by non-residents).

\(^{51}\) The numbers of resident patent filings over the five-year period between 2011 and 2015 were as follows: 135 (2011); 123 (2012); 127 (2013); 132 (2014) and 137 (2015).
legal framework review and enforcement. It is generally hoped that Kenya will begin to move towards significant innovation on a large scale, and that this would in time become a driver for significant social and economic development in the future.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Korea, a member of the world’s five largest Intellectual Property Offices, has a well-organised system for intellectual property rights, which include patents, utility models, trademarks, copyrights, etc. Each of these rights is different from one another in terms of the protectable subject matter and the scope of available protection. Further, requirements for obtaining protection are different for each right. These rights, however, are used for complementarily protecting various forms of intellectual property.

i Patents

Patents provide protection for an invention, which is statutorily defined as the highly advanced creation of a technical idea using the rules of nature. The following are protected by patent rights: for a product invention, acts of making, using, selling, leasing, importing, or offering to sell or lease the product; and for a process invention, acts of using a patented process. A patent expires 20 years after the filing date of a patent application. An invention is granted a patent only where the invention complies with the patentability requirements, such as industrial applicability, novelty and an inventive step.

ii Utility Models

Utility models provide protection for a device, which is statutorily defined as the creation of a technical idea using the rules of nature. Unlike patents, only a product is eligible for utility model protection. The term of a utility model right is 10 years from the filing date of a utility model application. Contrary to many other jurisdictions, utility model applications in Korea are subject to examination relating to substantive requirements, such as novelty and inventive step.

iii Trademarks

Trademark rights provide protection for a mark for identifying goods or services. Protectable marks include not only traditional marks such as a sign, a letter and a figure, but also non-traditional marks such as smell, three-dimensional shapes, hologram, movement and colour. The term of trademark rights is 10 years from the registration date of the trademarks.

1 Gon-Uk Huh, A-Ra Cho and Young-Bo Shim are patent attorneys, Dong-Hwan Kim is an attorney at law and Yoon Suk Shin is a patent attorney and partner at Lee International IP & Law Group.
2 The IP5.
and is renewable every 10 years without limitation. The use of a mark is not required to obtain a right for the mark. If a mark has not been used for a three-year consecutive period after the registration date, however, the mark may be cancelled through a cancellation action.

iv  Design Rights

Design rights provide protection for a shape, pattern or colour of an article or a combination thereof. The term of a design right is 20 years from the filing date of the application. Design rights can be obtained for designs that have industrial applicability, novelty and creativity. A design is deemed to have creativity where the design is clearly and objectively distinguishable from other designs.

v  Copyrights

Copyrights provide protection for a work, which is statutorily defined as a creative work that expresses thoughts or emotions of a human being. Copyrights arise automatically when a work is created and last until 70 years after the death of the author. A work is not required to be fixed in a tangible medium, and registration is not required for copyright protection. Copyrights are subject to statutory limitations, such as educational, non-profit and fair use.

vi  Trade Secrets

Trade secrets are afforded protection under the Unfair Competition Prevention and Trade Secret Protection Act (the Trade Secret Protection Act). The trade secrets under the Trade Secret Protection Act include various kinds of methods or information from a production method to a sale method and useful technical or business information for business activities, which are not protectable by the Patent Act. Methods or information can be acknowledged as protectable trade secrets if they comply with the requirements such as secrecy (non-disclosure), economic value and security measures. According to a recent revision to the Trade Secret Protection Act, the requirements relating to security measures were relaxed from a substantial effort to a reasonable effort to maintain the secrecy of a trade secret.

vii  Regulatory exclusivities

The Ministry of Food and Drug Safety requires four-year or six-year post-marketing surveillance (PMS) to monitor the safety of a new drug after an approval for the new drug is granted. During this PMS period, a generic pharmaceutical company is restricted from filing an application for approval referring to the safety and efficacy data of the new drug, even if the patent of the original pharmaceutical company has expired. This has the effect of providing data exclusivity to the original pharmaceutical company.

II  RECENT DEVELOPMENTS

The most significant developments in Korea over the past several years are presented below.

i  Statutory developments

Reinforced obligations of submitting evidence in a patent infringement action

In patent infringement actions filed on or after 30 June 2016, the alleged infringer could not be justified in refusing to submit evidence by asserting that the evidence is a trade secret, if the evidence is deemed necessary to verify an infringement or damages. The court will, however,
attempt to prevent a trade secret from being disclosed as much as possible by limiting the scope of the evidence disclosed and persons with access to the evidence. In addition, if the alleged infringer does not respond to the court’s order to submit evidence without a justifiable reason, the facts that the opposing party intends to prove based on the evidence may be deemed to have been proven.

Under the pre-revised Patent Act, it was difficult to enforce the court’s order to submit evidence if the alleged infringer asserted that the evidence was a trade secret even though the evidence was crucial information for verifying an infringement or damages. This revision is expected to ease the plaintiff’s burden of verifying patent infringement and assessing damages in patent infringement actions.

**Patent term adjustment (PTA) for delays by the KIPO**

The PTA system was introduced in Korea in 2012 as a result of the Korea–US Free Trade Agreement, and applies to all patent applications filed (or internationally filed, in case of PCT applications) on or after 15 March 2012. Under the PTA system, if a patent is issued more than four years after the filing of the patent application and more than three years after a request for examination, the term of a patent may be extended to compensate for the period of an unreasonable delay by the Korean Intellectual Property Office (KIPO) during the prosecution of the patent application. The period of delays attributable to the applicant is excluded from the extendable patent term.

PTA can be granted only upon a request by the patentee, which must be made within three months of the date the patent is issued. The KIPO does not notify patentees of the PTA eligibility of patents or of the PTA period that can be granted for the patents. Thus, patentees need to verify whether their patents are eligible for PTA and be cognisant not to miss the three-month deadline for requesting PTA.

**Filing a patent application with in English to allow an earlier filing date**

As of 1 January 2015, it is possible to acquire an earlier filing date by filing a specification in English with the KIPO. In such case, a Korean translation of the specification must be filed within one year and two months of the priority date.

**Extension of the period of filing a Korean translation of an international application**

A Korean translation was required to be filed within 31 months of the priority date in order to enter a PCT international application into the Korean national phase. However, with the revision, the due date for filing a Korean translation could be extended by one month upon a request thereof. Accordingly, a foreign applicant now has 32 months to prepare a Korean translation when entering the Korean national phase.

**Amendments and corrections can be made within the scope of original foreign language specification**

As of 1 January 2015, amendments and corrections of a Korean specification can be made based on the original foreign language specification if a Korean application has been originally filed in English or a PCT international application has been entered into the Korean national phase. Prior to this revised act, amendments and corrections of a Korean specification were
limited to the scope of the Korean translation, which became an obstacle in seeking the scope of protection when simple errors in the translation could not be amended. This revision is expected to reinforce the protection of rights of foreign applicants.

**Shortened period for filing a request for examination**

With respect to all patent applications filed on or after 1 March 2017, the time period for filing a request for examination is shortened from five years to three years from the application filing date (or from the international filing date, in the case of PCT applications). Such a shortened period for requesting examination accords with the examination trends in many other countries.

**Patent cancellation proceeding**

A patent cancellation proceeding was newly introduced to allow any person to request the cancellation of a registered patent with the Intellectual Property Trial and Appeal Board (IPTAB) within six months of the publication of the patent. The patent cancellation is limited to prior art grounds based on patents and printed publications, which have not been cited during the prosecution of the patent. Grounds for lack of novelty and inventive step based on public use or sale and all other grounds that are available in a patent invalidity proceeding are excluded from the grounds for the patent cancellation.

As patent cancellation proceedings are *ex parte*, the requester does not participate in the proceedings and cannot appeal the IPTAB’s decision. Nevertheless, this *ex parte* procedure is a cost-effective way to challenge the validity of a patent. Meanwhile, the patentee is given an opportunity to respond with an argument and to correct the claims during the proceedings. The patent cancellation proceeding is applicable to all patents registered on or after 1 March 2017.

**ii Changes in Case Laws**

**New dosage regime is recognised as patentable feature in a second medical use invention (Supreme Court Case No. 2014 Hu 768 issued on 21 May 2015)**

In the past, the features of a medical use invention were narrowly interpreted as ‘effective substance’ and ‘medical use’, based on the Supreme Court holding that ‘with respect to a medical use invention, a specific substance and the medical use thereof constitute the invention’ (Supreme Court Case No. 2012 Hu 238 issued on 16 May 2014).

In a recent *en banc* decision, however, the Supreme Court held that ‘an interval of administration and a dosage of administration should be deemed as features that add new meaning to the product (i.e., medicament) by expressing its properties that enable a medicament to fully display its efficacy, and a medicament having new medical uses of the interval and dosage of administration may be patentable’ (Supreme Court Case No. 2014 Hu 768 issued on 21 May 2015), which expanded the features of a medical use invention to include ‘an interval of administration’ and ‘a dosage of administration’. We believe that such court holdings are seen as a positive sign for patenting second medical use inventions.
Interpretation of the patentability and scope of protection of a product-by-process (PBP) claim

The Supreme Court, in a recent en banc decision, held that ‘since an invention in a PBP claim is directed to a product, its patentability should be determined based on the structure or properties of the product, including the feature effected by the preparation process, not the preparation process itself’. (Supreme Court Case No. 2011 Hu 927, issued on 22 January 2015). According to the decision above, it could be interpreted that if the preparation process defined in a PBP claim does not affect the structure or properties of the claimed product, the preparation process is not considered when determining the patentability of the product, regardless of whether the preparation process itself is patentable.

Subsequently, the Supreme Court further held that the scope of protection of a PBP claim should be interpreted in the same manner as in determining the patentability of the PBP claim. However, the Supreme Court held that ‘the features of the preparation process may be used to limit the scope of protection sought in the claims in the exceptional case where the scope of the claimed invention that is confirmed by such interpretation of a PBP claim is unreasonably broad in comparison to the scope supported by the disclosures in the specification’.4

III OBTAINING PROTECTION

Under the Korean Patent Act, the patentable categories of inventions are a product, a method and a method of preparation. Use is not a patentable category of invention. Further, since a method for treatment, prevention and diagnosis on a human being is deemed to lack industrial applicability and, thus, is not allowed, a medical use invention is generally drafted in a product form, such as a pharmaceutical composition or a medicament, and the medical use should be identified by a pharmacological effect with respect to the diagnosis, treatment, alleviation or prevention of a disease. That is, the medical use should be identified with reference to a specific disease. Note if the claim is drafted in the form of a compound, the claim will be deemed to be directed to the compound itself regardless of the medical use defined in the claim.

Other types of subject matter, such as genetic materials and genetically engineered cells, plants and animals (except a human being), are patentable.

In patent applications filed before 1 July 2014, software inventions can be protected by method, apparatus or recording medium claims. However, in patent applications filed on or after 1 July 2014, software inventions can also be protected by claims for a computer program (or an application) stored in a medium.

In order to qualify as a patent-eligible subject matter, the information processing by the software must be concretely realised through the use of hardware. This hardware requirement is also applicable to business methods.

Further, claims directed to a program signal, a data signal or a computer program list and claims that involve human acts, economic rules, artificial decisions, mathematical algorithms or human mental processes are not allowable for patent protection.

3 Supreme Court Case No. 2011 Hu 927, issued on 22 January 2015 and Supreme Court Case No. 2013 Hu 1726, issued on 12 February 2015.
4 Supreme Court Case No. 2013 Hu 1726, issued on 12 February 2015.
IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement
A patent infringement lawsuit for damages or injunction may be filed with one of the following five specialised district courts according to jurisdiction: Seoul Central District Court, Daejeon District Court, Daegu District Court, Busan District Court and Gwangju District Court. A preliminary attachment or a preliminary injunction may be requested to one of the 58 district courts or any of their branches across the nation that has personal jurisdiction over the defendant.

ii Requirements for jurisdiction and venue
The jurisdiction and venue of a patent infringement lawsuit for damages or injunction, and a preliminary attachment or a preliminary injunction, depend on the defendant’s address and the place where the infringement occurred. Notwithstanding the foregoing, regardless of jurisdiction, a plaintiff may elect to have the case heard at the Seoul Central District Court. However, a preliminary attachment or a preliminary injunction must still be filed with one of the 58 district courts or any of their branches across the nation that has personal jurisdiction over the defendant.

iii Obtaining relevant evidence of infringement and discovery
According to the Korean Code of Civil Procedure, if a court determines that it is necessary to conduct an investigation of evidence in advance, the court may, upon request of a party, investigate the evidence even prior to the filing of a complaint. However, such investigation is not actively requested, since the grant of the request is limited to the cases where it would not be possible to investigate evidence later, etc.

To prove a patent infringement, the patentee usually relies on publicly available evidence at the time of filing a complaint, since evidence in the hands of the opponent is difficult to obtain before a lawsuit. Once a party shows a reasonable ground for the court to believe the opponent or a third party is in possession of relevant information, the court may issue, upon the party’s request or ex officio, an order to the person who is in possession of the evidence to submit it.

The Code of Civil Procedure provides a variety of mechanisms for obtaining evidence from adverse parties in a lawsuit. Mechanisms to collect evidence, via filing a motion with the court during the litigation procedures, includes live examination of witnesses, requests for production of documents and requests for inspections of premises. To facilitate a party’s investigation with the opponent’s written evidence, the party may file a motion asking the opponent to submit a list of related documents that are under the opponent’s control or are planned to be introduced as evidence by the opponent.

The most common mechanism for obtaining third-party discovery is a document request ordered by a court upon the motion of a party. However, the motion must specify the document to be produced and the person or entity from whom such a discovery is sought.

iv Trial decision-maker
A panel consisting of three judges examines a patent infringement action with the assistance of technical experts. Technical experts are assigned mainly to the Seoul Central District Court
and the five courts dedicated to patent infringement lawsuits for damages or injunction, and not to all courts. There are about 20 technical experts at the Seoul Central District Court who assist in decisions.

**v Structure of the trial**

A patentee bears the burden of proving the validity or infringement of the patent, whereas a party challenging the patent bears the burden of proving invalidity or unenforceability. Although the Korean Patent Act does not specifically provide a presumption of validity, a patent claim granted after substantive examination by the examiner is presumed valid. As the district court has no power to declare patent invalidity, it may simply refuse to enforce a patent when a serious doubt has been raised as to the validity of the patent. Patent invalidation actions are litigated before the IPTAB, not a district court.

In limited circumstances, a patentee can be relieved of the burden of establishing infringement and the burden of establishing non-infringement be placed on the alleged infringer. This occurs in cases involving a patented process for making a product that has not been known to the public on the filing date of the subject patent application.

**vi Infringement**

A patent can be infringed when a person performs activities satisfying all the elements required as defined in a patent claim (all elements rule).

Even if infringement is not established pursuant to the all elements rule, infringement may be found under the doctrine of equivalents (DOE). Specifically, Korean courts apply the DOE rule to determine whether an allegedly infringing product or process that does not literally include exactly the same elements as defined in a patent claim may still be found to infringe if the difference between the elements of the patent claim and the allegedly infringing product or process is not substantial.

In addition, when a person performs activities satisfying some elements defined in a patent claim and the remaining elements of the patent claim are performed by another, and as a result, the patented invention is performed by two (or more) persons, the two performers may be liable for a patent infringement as joint tortfeasors.

The Korean Patent Act prescribes that one is liable for contributory infringement when making, offering for sale, selling or importing a product that may be used solely for manufacturing a patented device. When a patent claim defines a process or method, the same rule is applied to a product that may be used solely for exploiting the patented process or method.

The above provisions of the Korean Patent Act are construed to exclude supplying staple products from contributory infringement by limiting the product as being used solely for manufacturing the patented device. It is not explicitly prescribed whether a direct infringement is a prerequisite to establishing a contributory infringement. This issue matters since the liability of patent infringement requires exploitation of a patent to be 'commercial' activity. When the patented product is employed for a personal use, rather than for a commercial use, supplying the patented device is not deemed a patent infringement.
vii Defences

Patent invalidity
To challenge the validity of a patent, an invalidation action can be filed with the IPTAB of the KIPO. Only an interested party or an examiner can request an invalidation trial. An invalidation trial can be requested for each patent claim.

Patent unenforceability
In Korea, a valid patent will be unenforceable under the good faith principle of the Civil Act if the enforcement of the patent is deemed as an abuse of the patent right. According to court decisions in Korea, when a patent is apparently deemed to lack novelty or an inventive step, the patent is unenforceable even before a decision to invalidate the patent becomes final and conclusive.

If an act of working a patent falls under any of unfair trade practices prescribed in the Fair Trade Act, the patent enforcement will be restricted so as not to violate the Fair Trade Act, and the patentee will be liable to pay a fine levied by the Fair Trade Commission.

Prior user defence
If an accused infringer has been commercially using the accused method or device prior to the filing of the patent, the accused infringer may assert the ‘prior user rights’ defence to patent infringement.

Under the Korean Patent Act, a person, who, without knowledge of the content of an invention claimed in a patent application, made an invention identical to the said invention or learned of the invention from a person who made an invention identical to the said invention and has been working the invention or making preparations to work the invention in Korea at the time of the filing of the patent application, is entitled to have a non-exclusive licence (prior user right) on the patent right within the scope of the objective of the invention or the business related to the invention that the person is working or making preparations to work.

Preparations to work the invention mean substantial preparations to conduct business based on the invention, including purchase of a plant site or business facilities.

As of 1 March 2017, in the case where a patent based on an application filed by an unqualified person is transferred to the proper patentee upon a request, if a patentee, an exclusive licensee or a non-exclusive licensee before the transfer is practising or preparing to practice the patented invention in Korea without being aware that the application was filed by an unqualified person, he or she may be deemed to have a non-exclusive licence for the patent.

viii Time to first-level decision
The average duration of a patent infringement suit from filing of a complaint to entry of judgment varies depending upon the complexity of the case and the court with which the case is filed. The Seoul Central District Court has heard the largest number of patent cases and has developed institutional expertise in patent cases, and an infringement suit before that court can be resolved within 12 to 18 months.

ix Remedies
Monetary damages can be awarded to a patentee (or exclusive licensee) when its patent is found to be valid and infringed and the patentee loses its profits as a result of the infringement.
The damages are intended to fairly compensate the patentee for losses suffered from the infringement. A patentee is entitled to its lost profits on all lost sales resulting from the infringement if the patentee can show that, but for the infringement, the patentee would have made the sales that the infringer made. Accordingly, the patentee must show demand for the product in the market and sufficient capacity to make non-infringing products.

When there are losses caused by the infringer’s sales of infringing products, but the actual lost profits are not easily proven, the amount of losses may be calculated by multiplying the number of sold products by the profit per unit of the product that the patentee might have sold but for the infringement. In such cases, the damages may not exceed an amount calculated by multiplying the estimated profit per unit by the amount obtained from subtracting the number of products actually sold from the number of products that the patentee could have produced. However, if the patentee was unable to sell his or her product for reasons other than by infringement, a sum calculated according to the number of products subject to the said circumstances shall be deducted.

The profits gained by the infringer as a result of the infringement shall be presumed to be the amount of damage suffered by the patentee.

The pecuniary amount of reasonable royalty to which the patentee would normally be entitled may be claimed as the amount of lost profits of the patentee. Notwithstanding, if the amount of losses exceeds the amount of the reasonable royalty, the amount in excess may also be claimed as damages. In such cases, the court may take into consideration whether or not there has been wilfulness or gross negligence on the infringer when awarding damages.

Nevertheless, if the nature of the facts of the case makes it difficult to provide evidence proving the amount of losses, the court may determine a reasonable amount on the basis of an examination of the whole circumstances.

A patentee (or exclusive licensee) can request a preliminary or permanent injunction against a person who infringes or is likely to infringe on his or her own patent right. A patentee can demand the measures necessary to prevent the infringement. To obtain a preliminary injunction, the patentee must show a likelihood of success on the merits for the validity of the patent and infringement. In deciding whether to grant a preliminary injunction, the court must also take into consideration the balance of hardships between the parties, the prospects of irreparable harm to either party and the public interest. Both preliminary and permanent injunction apply only to the defendant. Thus, an injunction is not effective against the infringer’s suppliers or customers.

x Appellate review

Effective 1 January 2016, the patent court has jurisdiction over appeals of judgments in patent infringement lawsuits. However, appeals of preliminary attachment or preliminary injunction judgments are still heard at appellate divisions of the district court or at the High Court in one of the five large cities within which the district court resides. For patent invalidity decisions as well as declaratory judgments made by the IPTAB, all appeals are heard at the patent court.

Appeals of decisions issued by the High Court or the patent court may be heard at the Supreme Court. The Supreme Court may decide to refuse to deliberate within four months of the date a notice of appeal is lodged to the Supreme Court.
xi Alternatives to litigation

The common forms of alternative dispute resolution for resolving patent disputes in Korea are mediation and arbitration. The KIPO has established and operates the Industrial Property Dispute Mediation Committee for patent, trademark and design rights. For arbitration, the Korean Commercial Arbitration Board was established for various commercial disputes for internal and international trade disputes, including patent infringement disputes, although this institution does not specialise in patent disputes.

As another alternative to litigation, a patentee may request an investigation of unfair trade practices to the Korea Trade Commission (KTC), which is an administrative agency. When potentially infringing goods are being imported into or exported out of Korea, a patentee may alternatively, or additionally, request that the KTC institute an investigation of the potential infringement. Unlike a patent infringement action or preliminary attachment or injunction, a patentee may request an investigation to the KTC without being subject to personal jurisdiction. Based on its investigation and determination as to whether unfair trade practices (e.g., a patent infringement) have taken place, the KTC may impose sanctions, such as penalties or a ban on the import of infringing goods, against the parties that engage in unfair trade practices.

V TRENDS AND OUTLOOK

Korea is one of the leading countries in IP and has recently targeting becoming an IP hub of the world. In order to achieve such an objective, the patent lawsuit system and relevant procedures were revised such that a patentee can enjoy a strategically beneficial position from the first instance. According to the revised system, the patent court is now the exclusive appellate court for hearing all appeals involving patent infringement and validity, which ensures specialisation and consistency in decisions in patent infringement and validity cases. In addition, there is an attempt to further strengthen the protection of patent rights by increasing the amount of damages that may be awarded in patent infringement lawsuits.

Furthermore, the patent court plans to establish an international panel of judges to hear cases in a foreign language, which would allow foreign applicants or patentees to use the patent litigation system in Korea more easily.
Chapter 17

**LUXEMBOURG**

Anne Morel and Aleksandra Gucwa

1 FORMS OF INTELLECTUAL PROPERTY PROTECTION

i Patents

The word ‘patent’ originates from the Latin *patēre*, which means ‘to lay open, to be accessible’. A patent is the exclusive right granted for a certain period of time to the inventor of a novel and technological invention, involving an inventive step, which is susceptible of industrial application. This means, that the inventor, to whom a patent has been conferred, disposes of a temporary monopoly for exploitation of the invention in a specified territory, and may prevent others from exploiting his or her invention.

Luxembourg is a party to many important international treaties on intellectual property, but the main national legislation is the Law on patents of 20 July 1992 (hereinafter the Law of 1992).

Interestingly, the Law of 1992 does not give a precise definition of the term ‘patent’. It only states in Article 3 that, under the conditions and within the limits established by the Law, an industrial property title, called patent, may be granted to an inventor of an invention, who will personally, or by his or her successors, benefit from an exclusive right of exploitation.

The Law also stipulates that a certain number of products or processes are not considered to be inventions and are consequently excluded from patentability:

- discoveries, scientific theories and mathematical methods;
- aesthetic creations;
- schemes, rules and methods for performing mental acts, playing games or doing business, as well as computer programs;
- presentations of information;
- methods of surgical or therapeutic treatment of humans or animals and diagnostic methods practised on humans or animals;
- inventions that, if commercially exploited, would be contrary to public policy or morality; and
- plant varieties or animal breeds, as well as essentially biological processes for the production of plants or animals.

ii Trademarks

A trademark is any sign, which may consist of one or a combination of characters, scents, colours, figures, letters or words that can be represented graphically. Even if the scope of the

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1 Anne Morel is a partner and Aleksandra Gucwa is a senior associate at Bonn Steichen & Partners.
trademark protection is wide, the most common trademarks are verbal (i.e., the name under which the concerned product is commercialised) or figurative (i.e., the logos, labels, etc.). Trademarks enable the distinction of goods or services of one undertaking from those of its competitors.

In Luxembourg, national registration of trademarks no longer exists. Trademark protection is possible through the Benelux trademark registration or the European registration. An international registration of a trademark is also possible.

The Benelux trademarks are subject to the Benelux Convention on Intellectual Property dated 25 February 2005, which was implemented in Luxembourg by virtue of the law of 16 May 2006, as amended. The registration of a Benelux trademark covers the territory of Belgium, Luxembourg and the Netherlands. It is valid for a period of 10 years from the date on which the application is filed. The term of protection can be renewed on request for an unlimited number of 10-year periods.

The European Union trademark, delivered by the European Union Intellectual Property Office (EUIPO), formerly the Office for Harmonisation in the Internal Market, covers all the Member States of the European Union. It is subject to the Regulation (EC) No. 207/2009 on the European Union trademark amended by the Regulation (EC) No. 2015/2424 effective as of 23 March 2016. Similar to the Benelux trademark, a Community trademark, or like foreseen in the new regulation, a European Union trademark registration is made for 10-year periods, renewable for periods of 10 years each.

In addition, as Luxembourg is part of the Madrid Agreement concerning the International Registration of Marks dated 14 April 1891 and to the Protocol Relating to the Madrid Agreement concerning the International Registration of Marks dated 27 June 1989, the owner of the already registered trademark (whether a Benelux trademark or a European Union trademark) may extend the protection of the trademark outside the Benelux territory via an international registration. A registration of the international trademark is made through a single form of application designating the concerned countries, to be filed with the Benelux Office (the application is transferred to the World Intellectual Property Organization (WIPO)). An international registration has the same effect in the designated countries as a national procedure carried out in each of the individual states.

Finally, in accordance with the Paris Convention for the Protection of Industrial Property dated 20 March 1883 to which Luxembourg is party, on the basis of a trademark application filed in one of the countries in the European Union, the applicant may, within six months of that filing, apply for protection in Luxembourg (so-called ‘priority right’). Any of these subsequent applications have priority over applications filed by others during that six-month period for the same trademark.

### iii Registered designs

A design refers to the visual and aesthetic appearance of a product as a whole or only part thereof, without considering its manufacture files or its technical functionality. A product’s design may be either a two-dimensional representation (a drawing), or a three-dimensional representation or object (a design) including layout, shape and texture.
iv Copyrights and related rights

Under Luxembourg law, any intellectual creation (commonly called a ‘work’), whether literary, scientific or artistic, including databases or computer programs, may be protected by copyright. Ideas, procedures, methods of operation, concepts or information are excluded from copyright protection as such.

Copyright protection is obtained automatically without the need for registration or other formalities. A copyright protection is automatic once the artistic or literary work is accomplished. The protection is valid throughout the creator’s life plus another period of 70 years from the creator’s death.

In order for the artistic or literary work to be protected by a copyright, two cumulative conditions must be satisfied: it must have sufficient original character; and it must have a concrete shape (which excludes ideas or concepts).

Copyrights and related rights in Luxembourg are subject to the Law of 18 April 2001 on copyright, related rights and databases, as amended (the Copyright Law). In addition, Luxembourg has signed and ratified several international copyright conventions such as the Berne Convention for the Protection of Literary and Artistic Works, dated 9 September 1886; the Universal Copyright Convention of Geneva, dated 6 September 1952; the Agreement on Trade-Related Aspects of Intellectual Property Rights, signed in Marrakech on 15 April 1994; and the WIPO Copyright Treaty signed in Geneva on 20 December 1996.

Related rights are a separate set of rights given to certain persons or bodies that help make works available to the public. The beneficiaries of related rights are usually performers, producers of phonograms and broadcasting organisations.

II RECENT DEVELOPMENTS

By implementing an IP tax regime in 2008, Luxembourg provided a very attractive and competitive tax rate applicable to companies granting or using copyrights linked to intellectual property. This tax regime foresees an 80 per cent exemption on royalties and capital gains realised on the disposal of such intellectual property rights. As a consequence, only 20 per cent of the net revenue or capital gains are subject to the ordinary Luxembourg tax rates (which is currently 29.22 per cent for the aggregate of corporate income tax and municipal business tax, including any surcharges thereto), meaning that the effective tax rate is 5.84 per cent on the income linked to IP rights. The aim of the tax deduction is to encourage companies to invest more in research and development.

However, it is being contemplated by the Luxembourg Parliament to repeal this IP regime, effective of 30 June 2016, but for IP rights registered prior to 31 December 2015, there will be a transitory period of five years that will end on 30 June 2021.

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2 The date of the application is decisive.
III OBTAINING PROTECTION

i Luxembourg patents

Any natural person or legal entity, recognised after the filing as the holder or owner of the patent, who wishes to obtain a patent in Luxembourg, must file a patent application at the Office for Intellectual Property at the Ministry of Economy.4

To file a patent application, some conditions of form must be met, which are specified by the Grand-Ducal Regulations of 17 November 1997 on administrative procedure related to patents. In respect of those conditions, a request5 for a grant must be submitted in triplicate, together with a sufficiently clear and complete description of the invention, allowing a person skilled in the art to carry it out, and one or more clear and concise claims providing the definition of the object for which the exploitation monopoly is asked, and determining the scope of the protection of the granted patent.

In some cases, the patent application must include technical drawings to outline the embodiment of the invention, and if necessary, a concise and clear description of the claims and drawings. All these technical documents of the application can be prepared in Luxembourgish, French, German or English.6

The owner of the patent will automatically be the person who first filed the patent application, regardless of whether it is a natural person or a legal entity. However, this does not exclude that a patent application is filed jointly by several applicants, who will then all be co-owners of the patent.

The patent is generally granted for a maximum period of 20 years. After 20 years, the invention is deemed to be returned to the public domain, which means that it may be used freely.

As a patent is only effective in the country in which it is granted, a Luxembourg patent only covers the territory of Luxembourg. However, the holder’s rights may be extended to other countries. The priority right, granted by the Paris Convention, attached to every Luxembourg patent application, allows the applicant who wishes to obtain protection for his or her invention in other countries, to file a subsequent application for the same invention in every country where such protection is desired, provided that these countries have signed the Paris Convention on the recognition of the right of priority; such application must be filed, at the latest, 12 months after filing the Luxembourg patent application. The applicant must claim the priority of the first application in order to make use of his or her right of priority. Consequently, the date of filing of the first application will be considered to be the effective date of filing for the invention’s examination of novelty and inventive step. This territorial extension of the protection results in a free disclosure of the invention for the applicant. Yet, the applicant may check whether his or her invention is capable of meeting the main criteria for patentability in the different countries where the protection is desired.

To make the territorial extension even easier, the Patent Cooperation Treaty, on the one hand, makes it possible, by filing one single international patent application after the first filing in Luxembourg, to cover 152 countries at once. By this procedure, the applicant has

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3 A difference is made between the inventor, who is always a natural person, and the successor in title (the patent applicant) who may also be a legal entity who has acquired the rights to the invention.
5 A form of request is provided by the Office for Intellectual Property, Ministry of Economy.
6 It should however be noted that some translations have to be provided if the documents are prepared in English or Luxembourgish.
almost worldwide protection of his or her invention for 30 months. During those 30 months, the applicant, benefiting from an option to protect his or her invention, will be able to assess the patentability of his or her invention and to designate the countries in which he or she wants to obtain a patent.

On the other hand, the European Patent Convention allows the applicant to extend the protection of his or her invention throughout the European territory, by obtaining an European Patent for his or her invention, which is valid in the contracting Member States of his or her choice.

ii Benelux trademarks

Registering a trademark can significantly improve the commercial value of a firm since it grants statutory rights that prevent third parties from using the trademark without obtaining a prior authorisation from its owner. In addition, since registering a trademark allows for differentiating the protected products and services from those that are proposed on the market by the competitors, it is deemed a loyalty tool, useful for maintaining customer relations. It is important to know that only registered trademarks are protected. Under Luxembourg law there is no protection for non-registered trademarks.

Under the Benelux Convention, names, drawings, imprints, stamps, letters, numerals, shapes of goods or packaging and all other signs that can be represented graphically, and that serve to distinguish the goods or services of an undertaking, may constitute a trademark.

The exclusive right to a trademark shall be acquired by registration of the trademark that has been filed in the Benelux territory.

The Benelux Convention lists a series of legal grounds (so-called 'absolute grounds') that compel the Benelux Office to refuse the registration of a trademark:

a. the sign does not constitute a trademark within a meaning of the definition provided for by the Benelux Convention;

b. the trademark is devoid of any distinctive character;

c. the trademark consists exclusively of signs or indications that may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or time of production of the goods or performance of the services, or other characteristics of the goods or services;

d. the trademark consists exclusively of signs or indications that have become customary in the current language or in the practices of the trade; or

e. the trademark (1) is contrary to the accepted principles of morality or to public policy in one of the Benelux countries; (2) is of such a nature as to deceive the public, for instance with regard to the nature, quality or geographical origin of the goods and services; (3) is similar to a collective trademark or an individual trademark that had already been registered by a third party for similar goods and services beforehand; (4) might give rise to confusion with a well-known trademark belonging to a non-consenting third party; and (5) was filed in bad faith.

If the Benelux Office recognises one of the above-mentioned absolute grounds for refusal, it issues a decision of provisional refusal, which may be objected to by the applicant. Unless the Benelux Office objections to the registration are resolved, the registration of the trademark is wholly or partially refused. The applicant may lodge an appeal against the decision of refusal with the Luxembourg Court of Appeal within two months following the notification of its decision by the Benelux Office.
Even if none of the absolute grounds for refusal is met, the registration may be challenged by the applicant or the holder of a prior trademark, who may submit a written opposition to the Benelux Office within a period of two months from the date of the publication of the application. Such opposition may be filed against a trademark that, in the order of priority, ranks after its own trademark or may give rise to confusion with its well-known trademark. The decision rendered by the Benelux Office upon the opposition is subject to an appeal before the Luxembourg Court of Appeal within two months following the date on which the decision was rendered.

The exclusive right to the trademark is granted once the registration proceedings are complete. The proceedings last approximately four months; however, an accelerated registration is possible upon payment of an additional fee. The date of the registration takes effect retroactively as of the date on which the application for registration was filed with the Benelux Office. All the registered trademarks are published in the public register available online.

### Benelux designs

Nowadays, design is sometimes even more important than functionality, because it is often the design that is the purchasing criteria for consumers.

To be registrable, a design must be new, not be purely technical and have an individual character \(^7\) that makes it identifiable.

The registration of a design can be useful if the characteristics of a product are purely visual and not linked to any functionality of the product itself. However, there should be no confusion between functionality of a product and its useful purpose, because designs may only be registrable if they have a useful purpose. Furthermore, a new design is a design that has not been presented publicly before and has major characteristics that differentiate it from other designs that already exist or that have once existed.

Once the design is registered by the issuance of a certificate, it is protected for a period of five years. Its protection may be renewed four times, which means that a registered design may be protected for a maximum period of 25 years. During the period of protection, the applicant may act against incorporation or reproduction of its design, as well as against every other design that produces a similar effect to that of his or her original and registered design.

Owing to the complexity of the different criteria for protection of designs, which are completely subjective, the filing of a registered design application depends entirely on the assessment of the judge responsible for examining a design’s validity.

However, there is a difference between unregistered designs and registered designs. A design is deemed to be unregistered from the moment it is made available to the public in the European Union and for the following three years. The design will have an underlying copyright, which protects it against identical duplicates, but, unlike a registered design, the unregistered design may never protect all the different parts of an industrial design.

Provided that all the conditions of registration are met, the applicant has the choice between two different types of filing, depending on the number of designs that are subject to protection: a single design application; or a multiple design application (this is a simple

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\(^7\) A registrable design must not be entirely original, but must bear the personality of its designer.
matter of grouping together different designs in one single application). A multiple design application is useful in order to obtain a protection for an entire collection or group of objects within a few weeks, while at the same time reducing the costs associated with the application.

Whereas a design may be protected in more than one country, the applicant must decide where he or she wants his or her design to be protected. After the first filing, the protection may be easily extended to other countries while benefiting from the priority period, during which any foreign filing can be made, based on the date of the first filing.

The design's filing is special because it is not necessary that a prior registration be made in the applicant's country; thus, the first filing may be an international registration.

Moreover, the applicant may decide between three different types of protection for his or her design. First, where the national registration for designs does not exist, the applicant may decide to opt for a Benelux application, protecting the design in the three Benelux countries, Belgium, the Netherlands and Luxembourg. Secondly, the applicant may decide to protect his or her design in the entire European Union. The benefit of an EU application is that, by one application, the design is protected in all 28 Member States. However, an automatic protection for unregistered designs is given for three years as soon as the design is made public in the EU. Thirdly and lastly, an international design allows the applicant to choose the different territories where his or her design should be protected.

iv Copyrights

The rights conferred on the creator of the work protected by a copyright may be divided into two categories: economic rights and moral rights. Economic rights are related to a possibility of reproduction in various forms of the work and its communication, by any means, to the public (e.g., printed publication, sound recording, broadcasting). As far as moral rights are concerned, such rights consist of a possibility given to the author to claim authorship of the work. They may be divided into the following subcategories: (1) the right of paternity, which means that the author of the work may claim authorship upon the concerned work; (2) the right of disclosure, which gives the author of the work the right to decide if the work is to be made public; and (3) the right to object to deterioration or modification of the work.

However, the above-mentioned rights are not absolute, as the Copyright Law provides several exceptions to the author's copyrights. Notably, the author of the protected work may not prohibit third parties from making short quotations where use of such quotations is justified by the critical, polemic, educational, scientific or informative nature of the work to which they relate; from using the work for private purposes; and from communicating the work for the purpose of scientific research or private studies.

IV ENFORCEMENT OF RIGHTS

Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights has been implemented in Luxembourg by the Law of 29 April 2004 (the Enforcement Law). The aim of the Enforcement Law is to ensure that effective means of presenting, obtaining and preserving evidence are available in Luxembourg.

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8 Six months after the first filing.
i Possible venues for enforcement

Depending on the subject matter, in Luxembourg, disputes are ruled upon by the judiciary or the administrative courts. The lower judiciary courts are divided into three geographical areas: Luxembourg City, Esch-sur-Alzette and Diekirch. The district courts are divided into two geographic areas: Luxembourg City and Diekirch. The lower courts have jurisdiction to judge any cases where the amount involved does not exceed €10,000 and also have exclusive jurisdiction in certain specific matters (e.g., employment or real estate rent), irrespective of the amount of the claim. The district courts deal with the civil and commercial matters that have a value of or below €10,000.

There is one Superior Court of Justice in Luxembourg, composed of the Court of Appeal (which hears appeals related to the decisions rendered by the district courts or by the lower courts that have ruled upon a matter upon which they have exclusive jurisdiction) and of the Supreme Court of Cassation. While the Court of Appeal reconsiders the facts of the case that have been submitted, the Supreme Court only deals with matters that involved a violation of the rule of law by the judges.

With regard to proceedings related to disputes over patents or European Union trademarks, the district courts have exclusive jurisdiction irrespective of the value of the case.

ii Requirements for jurisdiction and venue

There are no specific territorial legal venue requirements regarding disputes related to IP rights.

For the Luxembourg courts to be declared competent, the defendant shall reside in Luxembourg or the infringing act must take place in the territory of Luxembourg. Depending on the residence of the defendant, the claimant will bring the case to a court based in the competent district.

iii Obtaining relevant evidence of infringement and discovery

In Luxembourg, the general principles of tort law apply: the holder of an IP right who wishes to get compensation appropriate to an infringement of his or her right, must first of all prove that there has been an infringement and that this infringement caused him or her damage. In any case, it is the plaintiff who bears the burden of proof.

Under Luxembourg law, counterfeiting may be proved by any means.

According to the Enforcement Law, in order to ensure that evidence is preserved before the commencement of the proceedings on the merits of the case, by virtue of the summary proceedings and under specific circumstances, a person who considers themselves to be wronged may request the president of the district court to designate a competent expert who will prepare a detailed description of the materials, documents, objects and elements that may demonstrate the existence of counterfeiting, its intended recipients and its importance.

If deemed necessary and reasonable, taking into account the particular circumstances of the case, the president of the district court may also prohibit the holders of the presumably counterfeited goods, or of the materials and implements used in the production and the distribution of these goods, from moving them or affecting their functioning. The measures of a physical seizure of the infringing goods or a sequestration of the income provided by counterfeiting are also possible.

If evidence must be obtained urgently, and any delay would be such as to cause irreparable prejudice to the right holder, the decision regarding the above measures is taken *ex parte*, without the presence of the defendant.
iv  Trial decision-maker
The summary proceedings are carried out before the president of the district court (a single judge).

The proceedings on the merits of the case are conducted before the district court, which is composed of three judges.

v  Structure of the trial
There is no specific procedure for cases regarding intellectual property rights.

The system of law in Luxembourg is classified as a civil law system. The claimant must first make a claim. The judge only accepts evidence that has been previously disclosed to the opposing side, as the communication of evidence must be exchanged between the parties before the trial begins in order to allow each party to analyse the supporting documents of the opponent and prepare the defence.

The proceedings before the district court may be oral or written, depending on the matter (commercial or civil) or the choice of the parties. As a general rule, the owner of the trademark introduces a brief before the competent court where he or she will specify the nature of the infringement and the remedy sought. In the majority of cases, the claimant requests the court to order an injunction restraining the alleged infringer from continuing with what he or she has been doing, as well as damages to compensate the harm. The parties exchange their arguments (either in writing or orally before the judge during the pleadings, as the case may be). Once the parties have presented their arguments, the court renders its judgment.

vi  Infringement
If there is an infringement of an IP right, and it is impossible to resolve the dispute in an amicable way, the damaged party may seek a legal remedy from the courts. The damaged party may claim monetary compensation or ask the judge to order any appropriate measures that would prevent the continuation or repetition of the infringement.

vii  Defences

Patents
A patent infringement occurs when a non-authorised party directly or indirectly exploits an invention defined by one of the patent’s claims and belonging to the patent’s holder. The burden of proof falls to the patent holder. To defend him or herself against any accusation, the defendant may argue that his or her exploitation of an invention does not fall under the definition of the patent’s claims.

Trademarks
The defendant in a Benelux trademark dispute may put forward various arguments to claim that the adverse trademark is invalid. The most common defence is to advance that the challenged trademark has no distinctive character, is deceptive or is purely descriptive, which disables the sign to be registered as a trademark.

Finally, if a trademark has not been used for a period of at least five years, the defendant can also claim that the trademark must be revoked.
**Designs**

In addition to the arguments that allow the defendant in a design infringement case to argue that a design is void (for the reason of lack of originality or for the reason that a design is purely and exclusively technical and therefore not registrable), the defendant may also argue that his or her design is not a simple copy of an already registered design, but that it differs from every other design because it represents an individual character, which makes it identifiable. In fact, as mentioned in Section III.iii *supra*, a registerable design must not be entirely original, but must bear the personality of its designer. However, in that last case, it is the defendant who bears the burden of proof that his or her design differs completely from the other design.

**Copyrights**

In the matter of copyright, the defendant may claim that the artistic or literary work has not been created by the person who claims to be the author or that the work is not original (i.e., was not independently created by the author).

In addition, the defendant may claim that there is no infringement of a copyright as the use or reproduction of the work enters into a scope of the exceptions listed and admitted by the Copyright Law (such as the use for private purposes or short quotations).

Further, although rarely done, the defendant could proffer that the work is in the public domain because the term of the copyright protection has expired.

Finally, arguments may also concern the scope of the registration of the trademark and whether the alleged infringing trademark is confusingly similar to the earlier trademark.

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**viii Time to first-level decision**

The summary proceedings are quite straightforward and generally last between two and six months.

The length of the proceedings on the merits of the case varies depending on the type of the case and its complexity. Decisions taken by the district court in commercial matters generally takes between 10 and 18 months. In civil matters, the average length of proceedings is between one and two years.

**ix Remedies**

The main purpose of the remedies is to provide to the damaged party compensation for the prejudice caused by the infringement of the IP rights and to prevent any further violation. The type of remedies depends largely on the type of action and the type of the IP right concerned.

Since damages are generally assessed according to the *ex aequo et bono* principle, the courts do not give very explicit and transparent explanations as to how the damages have been calculated. It is common that the courts take into consideration the negative economic consequences of the infringement, but no detailed explanation is given by the judges. Moreover, as it is extremely difficult to prove the exact amount of lost profits in intellectual property rights cases, the Luxembourg District Court often opts for awarding the holder of an IP right ‘lump sum’ damages, based on the approximate lost profits as an estimation in

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9 The judges have the power to dispense with consideration of the law and consider solely what they consider to be fair and equitable in the case at hand.
equity of the actual prejudice. These lump sum damages should, however, always reflect all the negative economic consequences that the holder of an IP right has been reasonably found to have suffered.

In matters related to copyrights, the Copyright Law provides for criminal sanctions in case of counterfeiting. Such criminal sanctions may consist of a pecuniary fine, seizure and impounding, and destruction of the copies and materials. There are also increased punishments in case of recidivism. The criminal sanctions are applicable not only to the persons who directly committed counterfeiting, but also to those who contributed, for instance by knowingly selling the counterfeited goods or making them public.

x Appellate review
The decisions taken by the summary judge are subject to an appeal within 15 days from the date on which the decision was served on the defendant.

The decisions rendered by the Luxembourg District Court are subject to an appeal before the Luxembourg Court of Appeal within 40 days from the date on which the judgment has been served on the opposing party. Such period of time may be extended by 15 days, if the opposing party resides outside Luxembourg.

xi Alternatives to litigation
A holder of a previously registered Benelux trademark may initiate an opposition procedure against a person who recently filed a request for registration of a similar or identical trademark. The opposition procedure must be initiated within two months of the publication of the disputed filing. An opposition is to be filed with the Benelux Office via the internet.

The parties may also consider submitting their dispute to an arbitration court.

V TRENDS AND OUTLOOK
In times of businesses based increasingly on knowledge and know-how, companies tend to invest more in research and development of intangible assets such as intellectual property.

Located in the heart of Europe, Luxembourg is the ideal gateway to the European market, with over 500 million consumers. Thanks to its political and social stability, skilled and multilingual workforce, advanced infrastructure, excellent connectivity to markets and legal and attractive tax framework, Luxembourg offers opportunities and strengths that are exceptional for doing business in Europe. By transposing swiftly into national law every EU directive, international agreement and treaty on the subject, Luxembourg has developed over the past 30 years a safe and effective environment for the management and protection of intellectual property rights.
Chapter 18

MALTA

Maria Chetcuti Cauchi

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Over the years Malta has established itself as an attractive jurisdiction for entrepreneurs wishing to set up businesses. Popular industries in Malta include pharmaceuticals, ICT, filming, aviation, shipping, online gaming, digital gaming and life sciences.

The country has understood and embraced the fact that intellectual property is one of the most valuable assets a business could have. With its flourishing economy that proved resilient in times of financial crises, its competitive taxation system, its strong IP laws, an appropriate network of international agreements and a continuous flow of new opportunities for such industries, Malta has managed to establish itself as a very favourable jurisdiction for such entrepreneurs establishing their business in the country.

Malta has appropriate legislation in place for the protection and enforcement of intellectual property rights. The most important forms of intellectual property protection available in the country are patents, trademarks, designs and copyrights. Protection of utility models is not possible in Malta.

i Background

The vesting of rights to intellectual property owners has been possible in Malta since 1911 in respect of copyright and since 1899 in respect of inventions, trademarks and designs. In 1995, Malta became a founding member of the World Trade Organization (WTO) and was, thus, bound by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) from 2000. That same year the century-old laws governing copyright, patents and trademarks were repealed and replaced by new legislation. In 2002 new legislation concerning design was also introduced. The year 2000 also heralded a major revision of Maltese copyright, patents and trademark protection laws, which brought Malta in line with the relevant EU IP legislation. Malta also joined the European Patent Convention (EPC) and the Patent Cooperation Treaty (PCT) in 2007, as well as the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty in 2009, and adopted their corresponding regulations.

Malta’s main intellectual property laws enacted by legislature are:

a the Copyright Act (CA);\(^2\)

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1 Maria Chetcuti Cauchi is a senior partner at Chetcuti Cauchi Advocates.

Malta

- the Cultural Heritage Act;³
- the Patents and Designs Act (PDA);⁴
- the Trademarks Act (TA);⁵
- the Enforcement of Intellectual Property Rights (Regulation) Act (EIPRA);⁶
- the Patents and Designs (Amendment) Act; and
- the Intellectual Property Rights (Cross-Border Measures) Act (IPRA).⁷

Malta is currently a party to the following international IP treaties and agreements:
- the Berne Convention for the Protection of Literary and Artistic Works;
- the Paris Convention for the Protection of Industrial Property;
- the Universal Copyright Convention;
- WIPO;
- the WTO TRIPS Agreement;
- the WIPO Copyright Treaty;
- the WIPO Performances and Phonograms Treaty;
- the Patent Cooperation Treaty; and
- the European Patent Convention.

Pertinent Maltese IP legislation incorporates all rights and obligations arising from the domestic legislation, treaties and conventions listed above, and is in line with the TRIPS agreement and the EU acquis.

The Industrial Property Registrations Directorate (IPRD) within the Commerce Department is the office responsible for the registration of trademarks, certification marks, collective marks and designs; patenting of inventions; issuing of supplementary protection certificates in respect of pharmaceutical products and plant protection products; and the recording of transfers, cancellations, amendments and renewals relating to the aforementioned IP rights.

ii Patents

A patent may be granted in Malta for inventions that are novel, involve an inventive step and are susceptible to industrial application.

Patenting in Malta is regulated by the PDA, which incorporates all obligations arising from the PCT and the EPC, thereby extending Malta’s patent protection regime beyond the Maltese territorial boundaries and to other member or signatory countries.

When applying for a patent, a declaration claiming priority may be given to one or more earlier national, regional or international applications filed by the applicant or his or her predecessor in title. This can be done within 12 months of the date of the first filing of a patent application. This is pursuant to the Paris Convention and based on one or more earlier

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national, regional or international applications filed in or for any country that is party to the Paris Convention, the WTO or for any country with which Malta has made an international arrangement for mutual protection of inventions.

Owing to the rather trivial size of the Maltese market, the number of registered patents domestically is relatively low. This has resulted in a high number of possibilities especially for generic pharmaceutical manufacturers who have set up here.

Furthermore, Malta is one of the few EU countries to fully embrace the nature of the Bolar provision, which takes its name after the US case of Roche Products v. Bolar Pharmaceuticals.\(^8\) Malta has been very proactive in this regard. The Bolar provision was implemented into Maltese law in 2003, even before its accession to the EU, which would have rendered such transposition mandatory by means of Directive 2004/27/EC. The Bolar provision typically defines circumstances in which the proprietors of a patent are precluded from preventing third parties from performing acts that are otherwise protected by patent law. The PDA has adopted this exemption in a rather wide manner in that it allows generic companies to carry out clinical trials and commercial testing for the purposes of obtaining regulatory approval or other commercial purposes prior to the expiration of the lifetime of the patent concerned. This exemption does not only permit use for purely experimental purposes and scientific research but also extends to acts done privately and for non-commercial purposes, and acts done for the development and presentation of information as required under Maltese or foreign legislation regulating the production, use or sale of medicinal or phytopharmaceutical products.\(^9\)

### Designs

Protection of designs and their status as a property right is also granted by the PDA, which defines what a design is. A registered design is the personal property of its owner. The PDA also provides that a design shall be protected by registration that confers exclusive rights to the holder to use and to prevent any third party from using it without his or her consent. The proprietor’s rights have effect upon the date of registration, are protected for a period of five years from the filing of the application and can be renewed for one or more periods of five years, amounting to a total term of 25 years.

A design shall be considered new if no identical design has been made available to the public before the date of filing of the application for registration or, if priority is claimed, the date of priority. Designs with features that differ only in immaterial details shall also be deemed to be identical.

A right in a registered design shall not subsist in:

\(a\) features of appearance of a product that are solely dictated by its technical function; and

\(b\) features of appearance of a product that must necessarily be reproduced in their exact form and dimensions in order to permit the product in which the design is incorporated, or to which it is applied, to be mechanically connected to or placed in, around or against another product so that either product may perform its function.

A right in a registered design shall not subsist in a design that is contrary to public policy or to accepted principles of morality.

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\(^8\) 733 F.2d 858 (Federal Circuit 1984).

\(^9\) PDA, Article 27(6).
A registered design is transmissible by assignment, grant of a licence, testamentary disposition or operation of law in the same way as other personal or moveable property. It is also transmissible either in connection with the goodwill of a business or independently.

iv Copyright

Copyright encompasses the protection of any artistic, audiovisual, literary and musical works, and databases, and is protected through the CA. Literary works, as defined by the CA, are automatically copyrighted upon creation and receive statutory protection automatically once they are placed in the public domain. This is subject to satisfying the three criteria of eligibility: qualification, originality and fixation.

For copyright protection, formal registration of the work is not required. Copyright is granted to an eligible work automatically. The main connecting factors would be domicile or citizenship or permanent residence of the creator. Copyright protection is also conferred on every work that is eligible for copyright and that is made or first published in Malta.

Upon establishing that a work is entitled to copyright protection, such protection shall subsist for 70 years after the end of the year in which the author dies, irrespective of the date when the work is made available to the public.

Copyright endows the author of a literary, musical or artistic work with two categories of rights – material and moral. Material rights further subdivide into reproduction and distribution rights, and performance rights. Moral rights are personal rights and arise from the amount of intellectual or physical creativity exercised by the author.

v Trademarks

The TA regulates trademarks, which are defined as any sign capable of being represented graphically and that is capable of distinguishing goods or services of one undertaking from those of other undertakings. It also elaborates that trademarks can consist of words (including personal names), figurative elements, letters, numerals or the shape of goods or their packaging.

When registering one's trademark, the right holder acquires exclusive property rights on the trademark, thus enabling the owner to protect his or her brand against any form of infringement and misuse by third parties. Moreover, Maltese trademark law also extends protection to well-known marks in Malta eligible for protection under the terms of the Paris Convention.

Under the TA, a separate trademark application must be filed for each separate class of goods and services. Despite not being a signatory to the Nice Classification of Goods and Services, as a non-participant country, Malta still follows this classification method.

A Malta Trademark is registered for a period of 10 years from the date of filing and may be renewed for further periods of 10 years. Moreover a registration may be refused on various absolute and relative grounds and may be issued with territorial or specific limitation as per use of the trademark. Priority may be claimed over a previously registered trademark if such a trademark was duly applied for in any country or territory that is a member of the WTO or a party to the Paris Convention, and if the Malta application is completed within a period of six months of the date of filing of the first application.

The process of trademark protection in Malta has been facilitated for pan-European and international businesses when Malta joined the system for European Union Trademarks (EUTM), which grants protection across European borders. This cost-effective system
provided businesses with a single registration covering all the Member States of the EU, while still permitting national trademark registrations. The term of registration and renewing an EUTM is identical to the Malta trademark term of 10 years.

II RECENT DEVELOPMENTS

i Legislative background

Malta, like all other countries, has an interest in legislating in favour of the protection of intellectual property, not only because it seeks to protect the moral and economic rights of the creator and the accessibility of the resulting products to the general public, but also because it seeks to provide a safe environment that promotes creativity through the sharing of knowledge and results. This, in turn, has led to a higher level of social and economic development, competitiveness and fair trade.

Historical analysis

The vesting of rights to intellectual property owners in Malta has been possible as early as 1899 in respect of inventions, trademarks and designs, and was extended to include copyright in 1911. A relatively recent enhancement to the intellectual property package took place in 2000 in preparation for Malta’s accession to the EU.

During the span of these 16 years, the TA, the CA and the PDA and their subsidiary legislation and regulations have been amended regularly, with the most recent amendment taking place in 2014 in respect of the PDA. This ensured that the aforementioned set of IP legislation has kept pace with current, fast-paced business needs.

Industrial Property Registrations Directorate

Presently, the IP protection offered by Malta is not limited to national legislation, but also extends to a gamut of national and international laws. A person can seek different levels of international protection at a regional or even at an international level.

The IPRD handles all IP policy (including in the area of copyright) both on the national, regional (EU) and international level and provides technical direction, and presents Malta’s position (following necessary consultation) on these matters. In addition the IPRD also participates in European Commission and Council meetings as necessary and in meetings organised by the European Patent Office (EPO), the European Union Intellectual Property Office (EUIPO) and WIPO.

After EU accession in 2004, Malta became part of EUIPO, with the IPRD representing Malta in the EUIPO Administrative Board and Budget Committee, as well as attending liaison meetings that deal with the European Union Trademarks and Designs Cooperation. Through the IPRD, Malta has also become a member of the intergovernmental European Patent Organisation that extends patent protection throughout 36 European states.

In 2007, Malta widened its horizons in respect of international patent protection when it became a member of the PCT and the EPC. In 2009, Malta continued to increase its IP protection regime by acceding to the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.
**Intellectual Property Rights (Cross-Border Measures) Act**

Through the IPRA, the Maltese legislator established measures relating to the importation into Malta, and the exportation and re-exportation from Malta, of goods in contravention of IP rights. Malta's applicable law with regards to counterfeit goods and the relevant procedure for intervention is in line with the relevant EU Regulations and Directives. It is important to note that the protection granted by virtue of the IPRA to the right holder, will not be enjoyed in cases where goods bearing trademarks, or protected by patents, copyrights and design rights, have been manufactured with the consent of the right holder even though they have been subsequently put into circulation without the consent of the right holder.

**The Patents Tribunal**

The PDA was subject to a major update in 2014 when a bill was tabled in Parliament to amend patent legislation. Several amendments were put forward, the most prominent being the establishment of the Patents Tribunal,\(^\text{10}\) which is a specialised court attributed exclusive jurisdiction to hear and determine claims relating to patent infringement and revocation and actions related thereto. It was also specified that claims for damages arising from infringement will continue to be determined by the First Hall of the Civil Court.

Other noteworthy revisions included:

- authority being bestowed on the comptroller obliging an applicant to present a search report together with the patent application;
- alterations to the process for the examination of formalities in an application;
- modifications to sections related to the manner by which a patent is revoked; and
- changes to the manner for determination of an earlier filing date when priority is claimed.

In December 2014, the commencement notice implementing such amendments presented by the Bill was published.\(^\text{11}\) The new PDA now incorporates these amendments.

**‘Making Malta an IP hub’ project**

It is also important to note that on 24 November 2014, a project was launched entitled ‘Making Malta an IP hub’. The main aim behind this exercise is to consolidate the various IP laws into one Code, providing the knowledge sector with a solid, yet pragmatic legal framework. Matters being tackled include:

- the creation of a unified electronic register for all forms of IP, where all registrations can be filed and searches can be conducted electronically;
- the introduction of the concept of voluntary registrations of copyright, which would be vital to a number of the industries Malta seeks to promote, including IT, digital gaming, film, music and the arts;
- the introduction of recognition and protection measures for novel forms of IP, such as image rights and trade secrets; and

\(^{10}\) Article 58 of the Bill entitled ‘An Act to amend the Patents and Designs Act (Chapter 417) and to make provision with respect to matters ancillary thereto or connected therewith’.

\(^{11}\) L.N. 424 of 2015: Patents and Designs (Amendment) Act 2014 (Act XXX of 2014); Commencement Notice.
the introduction of specialised IP courts and the facilitation of the placing of IP as security for financing.

This project is still ongoing.

ii Litigation
Matters related to litigation, procedure and formalities adopted in Malta are outlined in this subsection.

Opposition
It is interesting to note that Malta presents no pre-grant or post-grant opposition procedure, in relation to patents, even though a pre-grant opposition procedure is foreseen.

Appeal
An appeal, which shall have suspensive effect, may be made from a decision of the comptroller or the arbiter, as applicable, where the decision consists of:

a refusal of a patent, in which case the appeal may be made only by the applicant;
b refusal of a notice for revocation of a patent, in which case the appeal may be made only by the person filing the notice;
c acceptance of a notice for revocation of a patent, in which case the appeal may be made only by the proprietor of the patent;
d refusal of a notice of revocation of a priority claim, in which case the appeal may be made only by the person filing the notice;
e acceptance of a notice of revocation of a priority claim, in which case the appeal may be made only by the proprietor of the patent;
f refusal of an application for the re-establishment of rights, in which case the appeal may be made only by the proprietor of the patent; and
g refusal of any other request of the patent applicant or patent proprietor, in which case the appeal may be made only by the patent applicant or patent proprietor respectively.12

The types of appeal listed above may only be made to the Court of Appeal within 30 days of the date of service of the decision of the comptroller. In the case of revocation proceedings initiated directly with the Patents Tribunal in accordance with Article 44 of the PDA, any party to the proceedings that feels aggrieved by the decision of the Patents Tribunal may appeal to the Court of Appeal on points of law, only by means of an application filed in the registry of that court within 30 days from the date of the decision of the Patents Tribunal. The Court of Appeal shall be constituted in accordance with Article 41(6) of the Code of Organisation and Civil Procedure (COCP).13 The Rule-Making Board established under Article 29 of the COCP may make rules governing appeals to the Court of Appeal. With regard to costs, the Court of Appeal may make an order in accordance with the provisions of Article 223 of the COCP.

12 PDA, Article 58(1).
13 COCP, Chapter 12.
The Patents Tribunal

As mentioned in subsection i, supra, the amendments to the PDA resulted in the creation of the Patents Tribunal, which has jurisdiction to hear and determine claims that concern the revocation of a patent, civil claims for infringement, applications for declarations of non-infringement and precautionary actions related to the above. Claims for damages arising from any infringement shall continue to be determined by the First Hall of the Civil Court.14

Case law

With regard to patent case law, Malta, unlike common law jurisdictions, does not follow the law of precedent. Therefore courts are not bound by law to follow the footsteps of earlier judgments. However, it is frequently the case that judges still refer to previous similar judgments.

There are not many cases related to patent law in Malta. In John Mifsud v. Angelo Dalli Et,15 the defendant made use of and put on the market a product that was already patented. The Civil Court accepted the pleas of the plaintiff and prohibited the defendant from making use of the product. It also confiscated the machinery and all other means used for the production and selling of the product.

In Melita Marine Ltd v. Mark Darmanin Kissaun,16 the plaintiff asked for the revocation of a patent regarding the method used to attach a sail on a marine vehicle. The plaintiff argued that the specification did not delineate a new invention and did not include an inventive step. Moreover it was shown that the defendant had not registered his patent within the first two years of a period of trial and error and had already put it on the market, disqualifying the invention from becoming patentable. The Court of Appeal accepted the claims of the plaintiff and revoked the patent that had been granted.

In Salv Muscat Marbles Ltd v. Godwin Sacco et, the court found for the owner of the right and prohibited the defendants from making use of the product already patented.17

III OBTAINING PROTECTION

i Patentability

General

Part IV of the PDA deals with the attainment of patent protection of inventions. Article 4(1) provides that inventions that are new, involve an inventive step and are susceptible of industrial applications shall be patentable provided that: such inventions shall also be patentable even if they concern a product consisting of or containing biological material or a process by means of which biological material is produced, processed or used; and that biological material that is isolated from its natural environment or produced by means of a technical process may be the subject of an invention if it previously occurred in nature.

Following the above, in Article 4(2), the PDA also meticulously specifies what shall not be regarded as an invention:

a discoveries, scientific theories and mathematical methods;

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14 PDA, Article 58A (1).
15 John Mifsud v. Angelo Dalli Et decided by the Civil Court, First Hall 23 June 2009.
16 Melita Marine Ltd v. Mark Darmanin Kissaun decided by the Court of Appeal, 29 June 2012.
17 Salv Muscat Marbles Ltd v. Godwin Sacco et decided by the Civil Court First Hall on 18 May 2015.
Article 4(5) of the PDA specifies a number of instances where patent applications are refused. The following are listed:

a. an invention the exploitation of which would be contrary to public order or morality;\(^{18}\)
b. the human body, at the various stages of its formation and development, and the simple discovery of one of its elements, including the sequence or partial sequence of a gene;\(^{19}\)
c. processes for cloning the human body, processes for modifying the germ line genetic identity of the human body and uses of the human embryo for industrial or commercial purposes;
d. processes and products for modifying the genetic identity of animals that are likely to cause them suffering without any substantial medical benefits to man or animal;
e. plant and animal varieties;\(^{20}\)
f. essentially biological process of the production of plants or animals;\(^{21}\) and
g. a DNA sequence not containing any technical information and in particular any indication of its function.

**Business methods**

In accordance with Article 4(2)(c) of the PDA business methods are not patentable in Malta.

**Computer software**

Maltese patent legislation does not cover computer software, but such software falls within the ambit of copyright protection. The reason that software is not deemed to fall within the definition of a patent could refer to the versatile nature of computer programs that renders them difficult to define. Article 4(2)(c) specifically excludes from patent protection schemes, rules and methods for performing mental acts, playing games, doing business and the creation of computer programs.

**Methods for treating patients, both with drugs and medical procedures**

As per Article 4(4) of the PDA, methods used on a human or animal body by surgery or therapy, and diagnostic methods practised on a human or animal body are not regarded as inventions that are capable of industrial application, and therefore do not fall within

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18 Proviso: provided that exploitation shall not be deemed to be so contrary merely because it is prohibited by law or regulation.
19 Proviso: provided that an element isolated from the human body or otherwise produced by means of a technical process, including the sequence or partial sequence of a gene, may constitute a patentable invention, even if the structure of that element is identical to that of a natural element.
20 Proviso: provided that patents shall not be granted for plant varieties only after a new form of plant variety protection is introduced in such form as may be prescribed. Provided further that a patent may still be granted for a plant variety in respect of which a patent application is still pending on the date that a new form of plant variety protection is prescribed.
21 Proviso: provided that this is without prejudice to the patentability of inventions that concern a microbiological or other technical process or a product obtained by means of such a process.
the definition of what makes an invention patentable. However, any products, particularly substances and compositions that are used in the aforementioned methods, can receive patent protection.

ii Special disclosure requirements
The patent application must disclose the invention in an appropriate and clear manner and must be complete enough for a person who is skilled in the area to carry out the invention.

For the purposes of Article 5 of the PDA, a disclosure of the invention shall not be taken into consideration if it occurred no earlier than six months preceding the filing of the patent application and if it was because of an evident abuse in relation to the applicant or his or her legal predecessor; or the fact that the applicant or his or her legal predecessor has displayed the invention at an official, or officially recognised, international exhibition.22

iii Filing requirements
An application must be filed in duplicate and must include a request for the grant of a patent, a description of the invention, any other claims, any drawings referred to in the description or claims, an abstract of the invention and its title outlining its technical designation. The Patents Regulations 200223 are a detailed set of rules that include an outline of the procedure for filing. These Regulations provide that all inventors shall be designated, and if the applicant is not the inventor, or only one of the inventors, the applicant must provide the legal grounds on which he or she is entitled to file the registration.

iv Prior art
As in most other jurisdictions, for an invention to be considered as novel, it must not form part of the prior art. This includes material that was readily available to the public as well as the content of any other patent previously filed, or that has effect in Malta.

v Length of protection
The standard term of protection of a patent is 20 years from the filing of application; however, this term may be extended for a maximum of five years through a Supplementary Protection Certificate. Pharmaceutical companies often seek this extended term of protection because of the lengthy procedures needed to acquire the necessary marketing authorisation.

vi Grace period
The payment of the official annuity fee has to be made by the last day of the month in which the patent renewal falls due. If it is not carried out, the patent holder will be subject to an official late payment fine. When a deadline falls on a weekend or a public holiday, payment is to be effected on a working day prior to the weekend or public holiday. A grace period of six months from the end of the month in which patent renewal falls shall be given, and no renewal of the grace period is possible.

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22 PDA, Article 8.
vii Publication

After the decision to grant an application has been taken, the comptroller shall publish a notice in the government gazette or any other relevant publication.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

As outlined in Section II.i, supra, one of the main amendments to the PDA was the setting up of a Patents Tribunal, which has jurisdiction over cases regarding the revocation of patents, claims of infringement and declarations of non-infringement, and is also in charge of issuing precautionary warrants. With regard to patent revocation, some cases may be referred to the comptroller. Even though the Patents Tribunal has been set up, the First Hall of the Civil Court is still the appropriate venue to file claims for damages that arise out of infringement, as well as for the enforcement of design patents.

ii Requirements for jurisdiction and venue

EIPRA regulates the enforcement of intellectual property rights. EIPRA delineates those persons who are entitled to avail themselves of the measures, means, procedures and remedies provided by the Act, namely persons who are the holders of intellectual property rights or those who are authorised to use the aforementioned right, particularly who are licensees of such right, as well as recognised collecting societies and professional defence bodies that represent holders of intellectual property rights.24

EIPRA provides for the procedure for collating evidence, measures for preserving evidence, the right of information and measures (provisional and precautionary) to be taken by the court.25

iii Obtaining relevant evidence of infringement

In determining any application filed before it, the Patents Tribunal shall give an opportunity to all parties concerned to put forward their evidence and submissions and it may also order the production of any additional expert evidence and secure expert opinion as it may consider necessary. In its decision, the Patents Tribunal shall also decide upon responsibility for the payment of any costs incurred in the proceedings, including the cost of expert evidence or searches or opinions.26

iv Trial decision-maker

The Patents Tribunal is appointed by the prime minister and consists of a chairman (a judge or a magistrate) and two other members.27 Decisions of the Tribunal are delivered by the chairman and reached by simple majority, and the chairman must be part of that majority.28

24 EIPRA (Chapter 488) (2006), Article 3.
25 The court that is competent to take cognisance of a case according to the rules established in the COCP.
26 PDA, Article 58A.
27 PDA, Article 58A(2).
28 PDA, Article 58A(3).
The chairman and members of the Patents Tribunal are appointed for a term of three years and are eligible for reappointment.29

The Patents Tribunal is independent and cannot act under the direction or control of any other person in the performance of its functions.30

The minister responsible for the protection of industrial property may appoint one or more persons to serve as arbiters in cases that are referred to them from time to time. The person so appointed must have held a warrant to practise the profession of advocate in Malta for at least seven years; and the appointment shall be for a period of three years and may be renewed. The arbiter shall, before entering upon his or her duties, take an oath of office before the attorney general in the form approved by the minister responsible for the protection of industrial property.

The arbiter has the power to take expert advice when necessary, at his or her discretion, and to summon any person to appear before him or her to give evidence on oath and to produce documents; for these purposes he or she will have powers conferred by law on the First Hall of the Civil Court. Every summons must be signed by the arbiter and must either be served personally or by registered post, and in the latter case, in proving service, it shall be sufficient to prove that the summons was properly addressed and posted.31

v Structure of the trial

Infringement proceedings can be brought before the Patents Tribunal and may not be instituted after five years from the date when the injured party obtained knowledge of the infringement and of the identity of the alleged infringer.

Where the subject matter of the patent or the patent application is a process for obtaining a new product, the same product when produced by any other party shall, in the absence of proof to the contrary, be deemed to have been obtained by the patented process or the process contained in the patent application.

In the assessment of any proof to the contrary by the defendant, the legitimate interests of the defendant in protecting his or her manufacturing and business secrets shall be taken into account by the Patents Tribunal.32

The Patents Tribunal shall stay any proceedings for infringement in respect of:

a a patent application filed with the comptroller until after a final decision has been made by the comptroller to grant or refuse a patent on the application; and

b a patent application filed at the EPO until after a final decision has been made by the EPO to grant or refuse a patent on the application.

The defendant in such proceedings may, in the same proceedings, request the revocation of the patent on any of the grounds referred to in Article 44 of the PDA. In any such case, the comptroller shall be made a party to the proceedings.

Any interested person shall have the right to request, by instituting proceedings against the proprietor of the patent or of the patent application, that the Patents Tribunal declare that the performance of a specific act does not constitute an infringement of the patent.

29 PDA, Article 58A(4).
30 PDA, Article 58A(5).
31 PDA, Article 58B(1–3).
32 PDA, Article 48.
If the person making the request proves that the act in question does not constitute an infringement of the patent, the Tribunal shall grant a declaration of non-infringement.  

vi Infringement
In a civil action, any person who exploits a patented invention or patent application shall be liable in damages towards the proprietor of the patent, a patent application or the licensee. The application to sue for damages may be made before the Patents Tribunal without prejudice to the right of such person to apply for the issue of any precautionary warrant as provided in the COCP to protect his or her rights.

In criminal actions, whoever puts into circulation, or sells any article, falsely representing that it is a patented article shall, on conviction, be liable to a fine. If any person puts into circulation or sells an article having stamped, engraved or impressed thereon or otherwise applied thereto the word ‘patent’, ‘patented’ or any other word expressing or implying that a patent has been obtained for the article, that person shall be deemed for the purpose of that article to represent that it is patented.

vii Time to first-level decision
In the case of a notice for revocation filed directly before the Patents Tribunal, the Tribunal shall, as soon as possible upon receiving a notice for revocation of a patent, notify the patent owner who shall, within 90 days of the date of service, file his or her reply. Non-compliance with the deadline given by the comptroller or the above requirements shall render the reply inadmissible. The Patents Tribunal shall hear and determine the case for revocation as far as possible within nine months from the date of the institution of the case. The Patents Tribunal shall regulate its own procedure.

viii Remedies
Any person who exploits a patented invention or patent application shall be liable in damages towards the proprietor of the patent, a patent application or the licensee. The application to sue for damages may be made before the Patents Tribunal without prejudice to the right of such person to apply for the issue of any precautionary warrant as provided in the COCP to protect his or her rights. The Patents Tribunal may, moreover, at the demand of the plaintiff, order that the machinery or other industrial means or contrivances used in contravention of the patent, the infringing articles and the apparatus destined for their production, be forfeited, wholly or partially, and delivered to the proprietor of the patent or of the patent application, without prejudice to the relief mentioned in Article 47 of the PDA.

The PDA provides that whoever puts into circulation or sells any article, falsely representing that it is a patented article shall, on conviction, be liable to a fine of not less than €232.94 and not more than €11,646.87. If any person puts into circulation or sells an article having stamped, engraved or impressed thereon or otherwise applied thereto the word

33 PDA, Article 49.
34 PDA, Article 47.
35 PDA, Article 50.
36 PDA, Article 44B.
37 PDA, Article 47.
‘patent’, ‘patented’ or any other word expressing or implying that a patent has been obtained for the article, he or she shall be deemed for the purpose of this article to represent that the article is a patented article.\(^{38}\)

If the owner of any such offending goods is unknown or cannot be found, any magistrate may, by warrant under his or her hand, direct any officer of the executive police named in the warrant to enter any house, premises or place so named, and search for, seize and remove such goods.\(^{39}\) The seized goods shall be produced before the Court of Magistrates sitting as a court of criminal judicature, and such court shall determine whether they are liable to forfeiture under the PDA.\(^ {40}\)

ix Appellate review

An appeal shall have a suspensive effect. An appeal may be made from a decision of the comptroller or the arbiter, as applicable, where the decision consists of:

a refusal of a patent, in which case the appeal may be made only by the applicant;
b refusal of a notice for revocation of a patent, in which case the appeal may be made only by the person filing the notice;
c acceptance of a notice for revocation of a patent, in which case the appeal may be made only by the proprietor of the patent;
d refusal of a notice of revocation of a priority claim, in which case the appeal may be made only by the person filing the notice;
e acceptance of a notice of revocation of a priority claim, in which case the appeal may be made only by the proprietor of the patent;
f refusal of an application for the re-establishment of rights, in which case the appeal may be made only by the proprietor of the patent; and
g refusal of any other request of the patent applicant or patent proprietor, in which case the appeal may be made only by the patent applicant or patent proprietor respectively.\(^{41}\)

Such appeal referred to above may only be made to the Court of Appeal within 30 days of the date of service of the decision of the comptroller.\(^ {42}\)

In the case of revocation proceedings initiated directly with the Patents Tribunal in accordance with Article 44 of the PDA, any party to the proceedings that feels aggrieved by the decision of the Patents Tribunal may appeal to the Court of Appeal on points of law only by means of an application filed in the registry of that court within 30 days from the date of the decision of the Patents Tribunal.\(^ {43}\)

x Alternatives to litigation

In Malta, currently both pre- and post-grant opposition proceedings are unavailable.

Arbitration and mediation are both valid venues for alternative dispute resolution in Malta. These routes are not compulsory, yet may result in less costly mechanisms for interested parties. Generally, any matter that is the subject of a dispute is capable of

\(^{38}\) PDA, Article 50.
\(^{39}\) PDA, Article 51.
\(^{40}\) PDA, Article 52.
\(^{41}\) PDA (Chapter 417), Article 58(1).
\(^{42}\) PDA (Chapter 417), Article 58(2).
\(^{43}\) PDA (Chapter 417), Article 58(3).
settlement by arbitration. Part IV of the Arbitration Act\textsuperscript{44} deals with the conduct of domestic arbitration in the settlement of disputes, which are defined to include any controversy or claim arising out of or relating to an agreement, or the breach, termination or invalidity thereof or failure to comply therewith. Part V of the Arbitration Act deals with international commercial arbitration. Part V incorporates into Maltese law, the UNCITRAL Model Law on International Commercial Arbitration, which is a well-known and tested legal regime that has been adopted in many countries around the world.

\textbf{xi  Legal costs}

In an action, the court\textsuperscript{45} shall, as a general rule, decree that the judicial costs and other expenses incurred by the successful party be borne by the unsuccessful party unless it considers that equity otherwise requires.\textsuperscript{46}

\textbf{V  TRENDS AND OUTLOOK}

Most likely, the most noteworthy initiative in the last couple of years was the launch of the project intended to dub Malta as an ‘Intellectual Property Hub’. The aim of this initiative is to attract more investors to Malta by ensuring the highest levels of protection possible, and for this to be achieved, a solid legislative framework must be put in place to cater for all the possible legal requirements of such right holders. The initiative proposes plans that not only provide for greater certainty in relation to the property rights of intangible assets, but also proposes a legal framework which will safeguard proprietors further and will provide them with inventive ways on how to best exploit their rights, hence facilitating financing and the raising of capital.

In July 2015, Malta signed a memorandum of understanding (MOU) with China for cooperation in the field of intellectual property law. Through this MOU, the two countries intend to exchange information and good practice on IP. The MOU consists of a work plan for the sharing of information on IP laws, policies and working experiences, exchange and training of personnel, organisation of joint seminars, introduction of IP holding companies and IP intermediary service organs in Malta. Since it is estimated that 40 per cent of all economic activity in the EU is based on the industries directly involved with intellectual property rights, Malta aims to be among pioneers when it comes to IP rights. The MOU with China (and similar MOUs) are but the initial step to the attainment of efficient and effective intellectual property right protection for Maltese entities.

In the past decade, Malta’s previous and revised IP offerings and the whole range of IP laws and regulations have proven to be essential to creative industries such as iGaming, digital gaming, financial technology, software development, e-commerce and pharmaceuticals. Intellectual property has certainly acted as a catalyst in attracting global players to Malta’s shores. It is envisaged that such regular IP initiatives coupled with sound corporate and tax laws will continue to reinforce Malta’s position as a centre for excellence for creative industries with the aim of taking on a more developed leading role in the coming years.

\textsuperscript{44} Arbitration Act (Chapter 387).
\textsuperscript{45} The court that is competent to take cognisance of a case according to the rules established in the COCP.
\textsuperscript{46} EIPRA (Chapter 488) (2006), Article 13.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

The current Mexican IP system was developed and implemented from the end of the 1980s to the middle of the 1990s. Mexico signed the North America Free Trade Agreement (NAFTA) in 1992, and implemented the dispositions of the TRIPS Agreement and the Patent Cooperation Treaty (PCT) in 1995. The forms of intellectual property protection available in the country include patent, utility model, industrial design, trademark, industrial secret, appellation of origin, plant variety, copyright and the neighbouring rights, among others.

i Patents

Patent protection is available for any invention complying with the following three essential requirements: novelty, inventive step and industrial applicability. Exemptions for patentability and non-statutory subject matter are discussed in Section III, infra.

An invention is considered to be any human creation that allows transformation of matter or energy existing in nature for human benefit and the fulfilment of human needs.

The term for a patent is 20 years from the recognised filing date, subject to payment of annuities. The recognised filing date for PCT-derived patents is the international filing date. The patent term cannot be currently extended at all.

Mexico has a first-to-file patent system, but it contemplates a 12-month grace period for previous disclosure of the invention performed by the inventor or his or her assignee. The statute provides for partial priority claim and for third-party observations during prosecution, with no opposition procedure before grant. Electronic filing (not the complete prosecution) of patent applications is currently possible in Mexico.

The scope of protection conferred by patents is determined by the approved claims (literal interpretation; although there is now an isolated court decision setting a precedent for the doctrine of equivalents). The exploitation or working of the patent consists in the manufacture, sale or importation of the relevant product in Mexico. Lack of use for three years counted from the grant date or four years counted from the filing date, whichever occurs later, enables third parties to request and eventually obtain a compulsory licence, unless there are justified reasons for non-use. Patent marking, although not mandatory, is recommended, as it is a requirement for processing preliminary measures.

The previous user of a patented invention within Mexico is entitled to continue using his or her invention, provided the prior use is duly proven.

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1 Victor Garrido is head of patents at Dumont Bergman Bider SC.
Compulsory licences could be granted to third parties for reasons of public utility; however, the patent owner shall be previously heard and must be compensated economically. No compulsory licence has been granted in the country so far.

Amendments to the claims are permitted before issuance of notice of allowance if they are supported by the specification and drawings with payment of a fee. Divisions can be requested by the Mexican Institute of Industrial Property (MIIP) during examination if inventive concept (unity) does not exist among the claims. Voluntary divisions are also permitted before paying grant fees for the parent case. Post-grant amendments are limited to correct errors or limit the scope of the granted claims. If a patent application is rejected, the claims are not permitted to be amended during appeal procedures.

ii Utility models
Registration for new utility models with industrial applicability is available in the country (no inventive step required). Utility models are objects, utensils, apparatus or tools that, as a result of a modification in their arrangement, configuration, structure or form, offer a different function with respect to their component parts or advantages of use. The term of protection of a utility model registration is 10 years from the filing date subject to payment of annuities, with no extension. Utility model protection is not available for processes. Utility model applications undergo substantive examination, where novelty and industrial applicability are evaluated under the same standards used to evaluate patents. Electronic filing (not the complete prosecution) of utility model applications is currently possible in Mexico.

iii Industrial designs
Protection for new industrial designs capable of industrial application is also available. For a design to be novel it needs to be of independent creation, significantly different from already known designs or combinations of characteristics from already known designs. Industrial designs include two-dimensional drawings and three-dimensional models. Only ornamental features are protected.

The protection term is 15 years from the filing date of the application, subject to the payment of annuity fees, with no extension.

Under the current inventive concept standard, multiple designs are difficult to obtain in a single registration, independent of whether they are comprised by the same Locarno class. Divisions can be entered either voluntarily or at the MIIP’s request. The practice tends to process one design per filed application. Electronic filing (not the complete prosecution) of design applications is currently possible in Mexico.

iv Trademarks
The Industrial Property Law (IPL) provides protection for distinctive signs, which includes not only product and service trademarks, but also collective trademarks, trade names and slogans. Generally, the exclusive use of such signs is obtained by registration.

Among the mentioned signs, trademarks are the most popular figure of protection. Trademarks can be nominative, non-nominative and mixed. A word mark to be registered must be distinctive, that is, different from any other mark. Multi-class trademarks are not currently available in the country.

In Mexico there is protection for well-known and famous marks. A well-known mark is one known by a determined sector of the public or the country’s commercial groups. A
A famous mark is one known by almost all of the consumer public. A specific and yet polemic protection for well-known and famous marks is currently obtained by an official declaration for which some commercial information about the use of the trademark should be submitted and significant fees should be paid.

Filing a letter of consent from the owner of a trademark cited because of similarity issues is possible to try to avoid refusal of a determined trademark. However, this letter of consent is not accepted when the two trademarks involved are absolutely identical.

Trademark protection is granted for 10 years from the filing date of the application in Mexico. The registration can be renewed every 10 years. Renewal of the registration of a trademark will only be appropriate if a written declaration under oath is submitted that the trademark has been used on Mexican territory for the products or services to which it applies, and that its use has not been interrupted for a period of three consecutive years.

The Mexican government can declare exceptionally for public interest reasons that certain trademarks cannot be used. The Mexican government has also the right to grant compulsory licences for public interest issues, provided that the trademark owner is guaranteed hearing rights.

Once a trademark has lapsed, any third party can apply and obtain the trademark, even the person who used to be the owner of the trademark, should he or she apply for it before a third party does. A trademark declared nullified or cancelled cannot be revived.

The IPL establishes that the illegal use of registered trademarks is a crime. It is an administrative violation deserving a fine and the payment of damages. This also includes the use of a mark similar to a registered trademark to the point of confusion, graphically or phonetically, or as an element of a commercial name when the establishment is engaged in the sale of products or services similar to those covered by the registered trademark. Falsification of a trademark is also a crime.

The most important recent development in the trademark field has been the entrance into force of the Madrid Protocol on 19 February 2013. Also, an opposition system entered into force on 30 August 2016. Under the system, the MIIP publishes patent applications within 10 business days of the filing date, and any interested party can submit opposition arguments within one month of publication. A further publication occurs, listing opposed trademarks within another 10 business days. The applicant of an opposed trademark may submit counterarguments within another month. All arguments submitted by the parties are to be taken into account by the MIIP during the substantive examination of the relevant trademark; however, the trademark prosecution process is not stopped by opposition submitted by a third party, so the system resembles a process of third-party observations. Electronic filing and complete prosecution of trademark applications is currently possible in Mexico.

**Industrial secrets**

The IPL contains provisions for protecting certain information as an industrial secret, provided such information gives the proprietor a competitive or economic advantage, and measures are taken by such proprietor to keep the information confidential. The information constituting a trade secret shall necessarily relate to the nature, characteristics or purposes of products; to production methods or processes; or to ways or means of distributing or marketing products or rendering services. Examples of information qualifying as an industrial secret are: know-how, some business methods, some lists of clients, etc. The information should be fixed in a tangible medium, including electronic means, to be protectable. In addition to the IPL,
industrial secrets are enforceable under the Civil Law for breaches of contracts and claims for damages, and the Federal Criminal Code under which the disclosure of an industrial secret constitutes a criminal offence.

vi Appellations of origin
A denomination of origin is the name of a domestic geographical region that serves to designate a product native to that region, and whose quality or characteristics are exclusive to that geographical zone, including the natural and human factors. The MIIP carries out the denomination of origin declaration by publishing it on the Federation's Official Gazette. The MIIP, through the Department of Foreign Affairs, processes the registration of the denominations of origin that have been declared in order to obtain their worldwide recognition, according to international treaties on the matter. The MIIP authorises the use of the denomination of origin to individuals or companies that are devoted to the extraction, production or elaboration of the products protected by the denomination of origin and that carry out their activities within a certain territory, as well as to those entities that comply with the official standards regarding the products in reference. The authorisation has a validity of 10 years, and can be renewed jointly with a trademark.

Products with a denomination of origin in Mexico include, Tequila, Mezcal, Olinalá, Talavera, Bacanora, Café Veracruz, Ambar de Chiapas, Sotol, Charanda, Mango Ataulfo del Soconusco de Chiapas, Café Chiapas, Vainilla de Papantla, Chile Habanero de la Península de Yucatán and Arroz del Estado de Morelos.

vii Plant varieties
The current plant variety protection system is based on the UPOV Act 1978. The country joined the Act on 9 August 1997. Applications are processed before the Ministry of Agriculture, Livestock, Rural Development, Fishing and Food through the National Service of Seeds Inspection and Certification.

A plant variety qualifying for protection must be new, distinguishable, stable and homogeneous. Additionally, some filing requirements should be met, such as: to propose a denomination; to specify the genealogy as well as the origin of the plant variety; to submit the plant variety or its propagation material (if requested); to provide a description according to UPOV guidelines; to supply photographs; and to supply the relevant trademark, if any.

Priority rights are recognised within the 12-month period following filing in another country with which Mexico has signed a treaty. The protection lasts 18 years for perennial species (forest, fruits, vines and ornamental) and their implant-carriers, and 15 years for other species not previously included.

viii Copyrights
The Federal Copyright Law acknowledges protection for artistic works. The protected rights can be:

a moral rights and acknowledgements to the author of the work, which are inalienable, non-lapsable, non-renounceable and non-sizeable rights;

b exclusive economic rights: the right to exploit the work in an exclusive manner or to authorise third parties to do so; or
simple remuneration rights: non-exclusive economic right to obtain payment for
the exploitation of a work, applicable to very specific cases having in common that
exploitation is performed independently of the author’s consent, although usually legal.

Exclusive economic rights may be transferred or licensed onerously and temporarily. Moral
rights cannot be waived by the author. The protection for economic rights lasts the lifetime of
the author and up to 100 years after his or her death. Personal rights do not expire, although
enforceability of some of them is limited after the death of the author. Registration is not a
prerequisite for protection; however, it facilitates litigation.

One interesting and sui generis protection provided by the Federal Copyright Law
is called ‘the reservation of rights’. The reservation of rights is the faculty for the exclusive
use and exploitation of titles, names, designations, distinctive physical and psychological
characteristics or original operational characteristics, as applied, according to their nature, to
any of the following genres:

a periodical publications: edited in successive parts with varied content and intended to
continue indefinitely;
b periodical broadcasts: broadcast in successive parts with varied content and capable of
being transmitted;
c human or fictional or symbolic characters;
d persons or groups devoted to artistic activities; and
e promotional advertising: a novel, or an unprotected operation mechanism intended to
promote a product or offer a good or service with the additional incentive of providing
the general public with the option to acquire another good or service on more favourable
conditions than those generally encountered on the market.

Usual commercial advertisements shall be excluded from the foregoing. Contrary to copyright,
reservation of rights is recognised by the law by means of registration. The term of protection
is variable: one year (renewable) in the case of titles of newspapers, journals, magazines and
TV and radio shows broadcast on a regular basis; five years (renewable) for the names of
fiction characters; and five years (non-renewable) for original advertising campaigns.

Neighbouring rights

Rights in favour of performers, producers of phonograms (sound recordings) and videos,
book editors, and broadcasting organisations are also acknowledged by the Federal Copyright
Law; they are collectively known as related rights.

Related rights provide exclusivity rights to:

a performances, including the right to oppose the fixing of the performance on tangible
media, the reproduction of any such fixation and the public communication or
broadcast of fixed performances;
b book editors to oppose the reproduction of their books, regardless of whether the work
is in the public domain;
c the producers of phonograms and videos to oppose the non-authorised reproduction
and public communication of the phonogram and video, among other rights; and
d broadcasting entities to oppose the retransmission, fixing, public communication and
reproduction of the broadcasted material.
The statute provides that related rights are fully protected without registration. However, related rights concerning books, phonograms and videos may be registered with the Copyright Registry.

The protection term varies depending on the specific right: for book editions, videos and broadcastings, the term is 50 years from the date of the first edition, fixing or broadcast, respectively; for performers and phonogram producers, the term is 75 years from the date of first fixing of the performance or the first fixing of sounds, respectively.

II  RECENT DEVELOPMENTS

i  Legislation

In 2011, the IPL Regulations were amended to contemplate the following relevant patent-related issues:

a  to clearly indicate that lack of signature in writs submitted to the MIIP will be definitively dismissed, meaning that dismissal is not subject to appeals;

b  to reduce the term for entering complementary official fees, when missing, from two months (extendable for two additional months) to only five working days (with no extension); and

c  to benefit applicants submitting applications in their original language to be requested to file the translation by means of an office action instead of being subject to the previous automatic, non-extendable, two-month term from the national filing date.

On 1 June 2016, the IPL was amended to clearly establish that final resolutions related to administrative decisions, such as those defining infringement or nullity of patents, utility models, designs and trademarks, as well as those modifying their conditions and scope, shall be included in the Official Gazette the following month after the decisions are issued. The relevance of this amendment is that publication provides for enforceability against third parties other than only those parties involved in the administrative procedure the day after publication takes place.

ii  Court opinions

Fixed term for patents

On 4 September 2015, the Supreme Court ruled that the fact that NAFTA contemplates that contracting parties may provide for patent term extensions does not invalidate the current local statute establishing a fixed 20-year term. According to the ruling, NAFTA leaves to each of the parties the discretion to allow extensions. Therefore, Mexico continues with its policy of not allowing patent term extensions under any circumstance.

Linkage system for pharmaceutical products (2010–2012)

The most important patent decision in recent times was issued on January 2010 by the Supreme Court on the linkage system between the MIIP and the regulatory agency in charge of marketing approvals for medicaments – the Federal Commission for Protection against Sanitary Risks (COFEPRIS).

The linkage system was established in 2003 to coordinate the MIIP and COFEPRIS. Under the system, the MIIP periodically issues the Linkage Gazette listing those patents in force covering allopathic medicines. The MIIP initiated the Gazette editions by listing only
patents covering active ingredients. Pharmaceutical composition patents and patents covering ‘uses’ were not included because of a narrowed interpretation from the MIIP. Process patents have been expressly excluded from participating in the system from the very beginning.

A series of constitutional appeals (amparos) were interposed against the MIIP’s interpretation before federal circuit courts resulting in contradictory rulings. The Supreme Court intervened to clarify the issue ruling that patents covering pharmaceutical compositions (product patents) qualify for listing in the Gazette and that only patents covering processes were unambiguously excluded from the linkage system.

Currently, it is sufficient that a petition is filed for a composition patent to be listed in the gazette, although patents covering use claims (usually Swiss-style claims, or compound or composition-for-use claims) still need to undergo constitutional appeals because the Supreme Court did not unequivocally address this type of patent in its decision. These patents covering use claims are eventually ordered to be listed by federal circuit courts mainly under an interpretation of the same Supreme Court decision.

A subsequent decision related to composition patents was ruled by one of the lower courts on 9 August 2012, through which the MIIP was requested to indicate in the Gazette that the exclusive right provided by the listed patent is limited to the relevant pharmaceutical composition containing an active ingredient but not to the active ingredient as such.

**Term for filing divisional applications clarified**

Divisional applications have been acceptable by the MIIP if they were filed before the date of allowance of the first parent application. However, in May 2016, a federal circuit court ruled that division can take place any time after filing of the parent case, because neither the IPL nor the Paris Convention establishes a specific term for filing divisional applications. Accordingly, even if the MIIP can still at first instance object to a divisional application submitted after the date of allowance of the corresponding parent application, such objection can be reversed in litigation by invoking this new federal circuit decision.

**Doctrine of equivalents applied**

In November 2016, a federal circuit court issued an unprecedented decision related to patent claim construction under Mexican Law. Mexico has a tradition of literal claim construction when assessing claim infringement. However, the court stated that there was room in the domestic legal framework for applying a broader interpretation of patent claims, such as that provided by the doctrine of equivalents, not only to enhance legal certainty for patent owners, but also to harmonise the local patent practice with international trends such as those from the United States and Europe.

### III OBTAINING PROTECTION

Essential requirements for obtaining patents in Mexico are discussed in Section I.i, supra. However, it should be also taken into account that by statute the following matter is not considered to be an invention: theoretical or scientific principles; discoveries that consist of publishing or revealing something that already existed in nature, although previously unknown by man; schemes, plans, rules and methods for performing games or businesses; mathematical methods; computer programs; information presentation forms; aesthetic creations and artistic or literary works; surgical treatment; therapeutic or diagnostic methods applicable to the human body and those related to animals; the juxtaposition of known
inventions or mixtures of known products, their variation or form, dimensions or materials, except when their combination or fusion is actually involved in such a way that they cannot function separately or their characteristic qualities of functions are modified to obtain an industrial result that is not obvious to an expert in the matter.

Moreover, the following matter is specifically excluded from patent protection: essential biological processes for obtaining, reproducing and propagating plants and animals; biological and genetic material such as is found in nature; animal breeds; the human body and the living matter constituting it.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement
Patent rights are enforced first via an administrative infringement action filed at the MIIP acting as a first instance.

Since 2009, the Federal Trial Court on Tax and Administrative Matters (FTCTAM) has had a specialised chamber dealing with IP matters. This chamber acts as a second instance for appeals in IP cases.

There is a third and final instance for appeal before a federal circuit court by means of a constitutional appeal (amparo).

Only in exceptional cases would the Supreme Court intervene in this type of case (patents).

ii Requirements for jurisdiction and venue
Although the MIIP has regional offices across the country, contentious cases are all solved in its main office in Mexico City. Accordingly, both patent infringement and patent nullification actions are held therein.

iii Obtaining relevant evidence of infringement and discovery
The plaintiff at the time of submitting the complaint must add all the evidence that supports its claim. The same applies for the defendant submitting his or her response to the action. Evidence will not be accepted afterwards unless dated after the complaint filing date or, if dated before, if it is declared under oath that it was unknown to the party submitting it.

iv Trial decision-maker
At the first instance, internal lawyers and experts in the relevant technical field compose the MIIP’s contentious department rendering decisions. At the second instance, the specialised IP chamber is integrated by three magistrates. At the third instance, the decision is rendered by a judge.

v Structure of the trial
There are some pre-action procedures to obtain information regarding the alleged infringers. According to the IPL, the MIIP may verify the compliance of the provisions for the infringement action by bringing the following procedures: requests for reports and information, and inspection visits.

The prosecution of a patent infringement action follows as described below:

a filing the infringement action along with all the evidence available;
once the infringement action has been served, the defendant has 10 business days to respond along with all evidence to support its defences;

if expert opinions are filed as evidence by the parties, the MIIP grants a discreitional time to prepare the relevant opinion;

official file is sent to the corresponding MIIP division for the infringement technical analysis;

the MIIP grants to the parties a term to submit closing arguments; and

the MIIP renders its decision.

Decisions rendered by the MIIP will only rule on whether the infringement took place and the defendant will be ordered to immediately stop the infringing activity and will also be fined.

vi Infringement

Mexican law provides that a patent is infringed when the patented product is manufactured or when the patented process is carried out by a third party without the authorisation or corresponding licence of the owner. Importation of the product obtained by a patented process constitutes infringement.

vii Defences

If provisional measures are requested by the plaintiff, the defendant has the right to lift the same by submitting a counter bond.

Apart from submitting evidence and arguments in his or her favour during the infringement action, including expert opinions, the defendant has the right to initiate an invalidation proceeding against the relevant patent as a counterclaim within a settled legal term. If so, the MIIP shall decide both actions at the same time and will, therefore, most likely issue a sole ruling. Nullity claims instituted by the defendant after the legal term will not be deemed linked to the same process, and, thus, the claim for infringement may very well be decided upon before the nullity case is decided, and without taking the same into consideration.

Usual grounds of patent invalidation include lack of clarity or support (primarily in the claims), novelty and inventive step. Where the invalidation affects only one or some of the claims, or part of a claim, invalidation shall be declared only in respect of the relevant claim, or the relevant part of a claim. Invalidation may be declared in the form of a limitation or specification of the corresponding claim. The patent claims cannot be amended during an invalidation action.

When a patent has been invalidated by means of a decision rendered by the MIIP, the relevant patent holder may appeal it before the FTCTAM.

viii Time to first-level decision

The procedure at the MIIP usually takes about 18 months, although there is no obligation for the MIIP to decide within this time period; especially when a patent invalidation proceeding is interposed and expert opinions are submitted in one or both of the infringement and invalidation actions.
ix Remedies

Provisional measures are available in Mexico that range from the seizure of merchandise or materials used to produce infringing products, to the issuance of restrictive orders; and they are in force until a decision is rendered by the MIIP. The requirements are a bond to guarantee the defendant against the possible damages caused by the application of the provisional measures and prove that it has made public the fact that the product is protected by a patent (i.e., the inclusion in the patented product that it is protected by a Mexican patent, or instead a public announcement in a major newspaper in Mexico).

In all infringement cases there are two different sums to be paid: a fine that is determined by the MIIP in its final decision (up to about US$120,000) and is kept by the Mexican government, and damages that may be collected by the plaintiff (once the case has raised res judicata). For this purpose, it would be necessary to initiate a separate judicial action, in this case a civil procedure.

If the MIIP declares the administrative infringement, after hearing the parties, this authority would decide the fate of seized products, if any.

On the other hand, the MIIP provides that compensation or indemnification for damages derived from the violation of the rights shall in no case be less than 40 per cent of the public sale price of each relevant product or the price of the rendered service. Such damages must be collected in a separate civil action. It is worth noting that contrary to copyright cases, for patent matters civil actions cannot be initiated before the infringement action initiated at the MIIP becomes res judicata.

x Appellate review

After the first instance trial, 30 business days are provided to appeal the MIIP’s resolutions, and after the second instance trial is decided, there are 15 business days to appeal FTCTAM’s judgments at a federal circuit court via an amparo appeal.

It is important to mention that there are no hearings in these procedures. All arguments have to be submitted in writing when filing the appeal or when filing the relevant response. Moreover, there are no de novo hearings under Mexican law. According to the Federal Law of Administrative Procedure, the FTCTAM may analyse and decide on the formal and substantive grounds of each case.

The FTCTAM takes approximately five months to render a decision once the closing arguments have been filed. A federal circuit court takes around five months to rule once the relevant magistrate has been elected to resolve the case.

xi Alternatives to litigation

The parties may settle at any time before and during the prosecution of the infringement action. Although not commonly used, the parties may choose to undergo an arbitration procedure for solving their disputes.

V TRENDS AND OUTLOOK

Mexico continues to sign international agreements to align its internal regulations and practices with international practices. Mexico has been very active in implementing patent prosecution highway (PPH) programmes for accelerated patent examination. PPH
programmes are currently available in the following jurisdictions: Canada, China, Japan, Korea, Singapore, Spain, the United States, the European Patent Office, Colombia, Peru, Chile and Portugal.

Mexico is a signatory to the Trans-Pacific Partnership Agreement, which (along with other members) it is yet to ratify. The United States’ withdrawal from the TPP in 2017 has, however, jeopardised the whole treaty, and ratification of the treaty seems unlikely.
I  FORMS OF INTELLECTUAL PROPERTY PROTECTION

i  Overview

In terms of intellectual property law and litigation, the Netherlands ranks among the most important jurisdictions in Europe. IP cases in the Netherlands are handled by several courts that can boast extensive experience in that respect. The Hague Court, in particular, has exclusive jurisdiction in patent cases and other specific types of IP litigation, employing specialist judges to assess such cases. Rulings handed down in the Netherlands consequently carry significant weight in the rest of Europe as well.

In terms of entering the European market, the Netherlands is an essential starting point. Enforcing IP rights in the Netherlands, therefore, can prove instrumental in the protection against infringement in Europe. IP litigation in the Netherlands is efficient in terms of both time and costs; hence it is a favoured venue for IP litigation. IP proceedings in the Netherlands primarily concern patents, trademarks, designs and copyright. These will be discussed in greater detail, below.

ii  Patents

There are several ways to obtain patent protection in the Netherlands, of which filing a patent application with the Dutch Patent Office is the first. Second, the protection of patents in the Netherlands can ensue from a European application before the European Patent Office (EPO). In addition, the Netherlands is a member of the Patent Cooperation Treaty (PCT). Whether it be via a national application or an international treaty (e.g., European Patent Convention (EPC), PCT), a patent that is issued for the region of the Netherlands will be governed by the Dutch Patents Act (DPA).

**National Dutch patent application**

National Dutch patents are granted through a patent application procedure before the Dutch Patent Office. Several requirements must be met before patent protection is granted: the invention must be novel, must involve an inventive step and must be capable of industrial application.

The term ‘unexamined’ is often used when referring to Dutch national patents. Even though patent application procedures always involve a search into the prior art (national or international, depending on the choice of the applicant), the actual grant of the Dutch

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1 Wim Maas is partner and head of IP and Maarten Rijks is counsel and head of trademarks, copyrights and designs at Taylor Wessing Netherlands.
national patent will not be affected by the results of such a search. Hence, the results of the search into documents that destroy novelty or are prejudicial to inventive step never prevent applications for Dutch national patents from being granted. The underlying idea is that this would allow smaller companies to obtain patent protection as it limits prosecution costs. Subsequent enforcement proceedings will then address the issue of the patent’s validity.

**European patents**

A European patent will be valid in the Netherlands once the corresponding patent application that designates the Netherlands is granted. The rules of the DPA will govern the Dutch part of that European patent. The DPA distinguishes, in some respects, between Dutch patents granted via a European application and those granted following a Dutch national application. The distinction in their respective treatments relates primarily to the unexamined nature of Dutch national patents. However, the remedies are the same for both types of patents.

Most of the patents valid in the Netherlands are issued following application procedures with either the EPC or the PCT.

### Trademarks

In the Netherlands, there are two legal regimes that govern trademark protection. First, there is the Benelux Convention on Intellectual Property (BCIP) of 1 September 2006, that will be amended before 14 January 2019 to implement the Trademark Directive (EU 2015/2436). In the Benelux territory, covering the Netherlands, Belgium and Luxembourg, this treaty governs the grant, scope of protection and validity of trademarks (and design rights). From the date on which the application was filed, trademarks under the BCIP have an initial 10-year term of protection. This initial term can be extended with successive 10-year terms. It is worth noting that a trademark under the BCIP is a unitary trademark for the Netherlands, Belgium and Luxembourg. Such trademarks can be transferred only as a whole, so for the entire Benelux, even though they can be licensed for only one of those three territories. There is no national trademark system in the Netherlands.

Even though the position occupied by Benelux trademarks is separate from that of community trademarks (see below), Dutch courts interpret the BCIP in conformity with the Trademark Directive (EU 2008/95). Dutch courts take the case law of the Court of Justice of the EU into account in their interpretation of the BCIP provisions.

European Union trademarks (EUTMs) are valid in the Netherlands provided they have been registered on the basis of EU Regulation 2015/2424 (Trademark Regulation). The protection conferred by European Union trademarks applies to all EU Member States. The prosecution of European Union trademarks is the responsibility of the European Union Intellectual Property Office (EUIPO). The system of European Union trademark protection is independent of that of the Benelux trademarks, enabling applications to have their brands protected in the Netherlands by both Benelux and European Union trademarks.

Dutch courts interpret European Union trademarks, and the protection that they confer, in accordance with the case law of the Court of Justice of the EU. The protection of a European Union trademark in the Netherlands should, thus, correspond with that of the same trademark protected under the BCIP, although the BCIP, contrary to theTrademark Directive, also provides the trademark owner the right to oppose the use of a sign other than for the purposes of distinguishing goods or services, where that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark.
iv Designs

In reference to the trademarks above, the structure of protection of designs is more or less the same.

Benelux design rights

The protection of design rights for the Netherlands, Belgium and Luxembourg is also covered by the BCIP. Considering no national design right system exists in the Netherlands, design right protection under the BCIP is as close as one can get to obtaining Dutch national design right protection. The initial term of protection is five years. This term may be extended to a maximum of 25 years, by five years at a time. The protection of design rights for EU Member States, similarly to that of trademarks, is subject to the standards set in a European directive, which in this case is the Design Right Directive (Directive EU 98/71). In their interpretation of the BCIP, Dutch courts will be attentive to the Design Right Directive and the CJEU case law on this Directive.

Community design rights

Design right protection in the Netherlands can also be obtained through a Community design right. The EU Regulation 6/2002 governs this Community design right. Designs may be granted for the appearance of either three-dimensional designs, or drawings under both systems. The requirements for such a design are (1) novelty and (2) individual character. Dutch case law dictates that the aspects of the design that are necessary for obtaining a technical effect are not covered by the protection of designs. All the technical aspects of a design must be patent protected (see above), and the Dutch system does not acknowledge design rights with a limited technical functionality, such as utility design rights.

Copyright

The protection of copyright in the Netherlands is governed by the Copyright Act. Regardless of being updated numerous times to include various European Directives that are required for specific types of copyright-related protection and the latest update to implement the Dutch Copyright Contract Act (see below), this Act dates back to 1912. Pursuant to the Copyright Act, copyright protection is issued to works of literature, science or art. The definitions of such works is further specified in the Act to include books, plays, industrial design, pantomimes, movies, photographs and also computer software. Only original works with an own, individual character that bear the personal mark of the author can qualify for copyright protection, as established in Supreme Court case law. It is noteworthy that the threshold for copyright protection in the Netherlands is relatively low. For the test of copyright protection, neither the absolute novelty of the relevant work nor the amount of effort dedicated to its creation are contributing factors. Various categories of work have been brought under the protection of the copyright act as a result of this low threshold for copyright protection. The protection of television formats is a first example. While television formats usually comprise elements that are neither unknown or original, Dutch case law dictates that a combination of those elements might result in a format that is capable of passing the threshold of originality. The scope of protection for that format will be relatively low and in any event cannot extend to elements that are not, as such, original. Copyright protection has also been granted to
characters (from books, comics or movies) in some cases. In such a case, the character must also consist of at least an original combination of character elements in order to be protected by Dutch copyright.

Copyright protection in the Netherlands does not extend to ideas, plans, trends, style or any other types of works that have not been stated in or translated into a concrete form, as established in Dutch case law.

vi Trade secrets
In the Netherlands, the general rule of tort protects trade secrets or know-how. Even though the Netherlands is a party to TRIPS, which contains a dedicated clause on trade secret protection, there is no separate Dutch law that protects proprietary confidential business information. The Dutch legislator always considered that the general rule of tort offered ample protection for trade secrets and know-how. In the Netherlands, there is an extensive body of case law on the subject, and the protection of proprietary information is generally considered adequate. Contrary to other countries in which the information itself is protected, Dutch law protects the owner of proprietary informing against acts by third parties unlawfully handling such information (e.g., stealing the information or obtaining the information through fraud) and against acts that violate confidentiality agreements.

The new EU directive 2016/943 on the protection of trade secrets that came into force on 5 July 2016 that has to be implemented into Dutch law within two years of that date. As of the date of implementation trade secrets ought to enjoy a wider scope of protection in the Netherlands.

vii Other
For the types of protection stated above, the Dutch legislature has put in place specific regimes for the protection of databases, the design of chip typographies and plant breeder rights. The Dutch Databases Legal Protection Act is a promulgation of the of EU Directive 96/9 on the legal protection of databases, and provides for the protection of collections of works, data or other elements that have been systematically or methodically arranged following a substantial investment. The entity that has carried the risk for the substantial investment in question is granted a sui generis database right on the basis of the Databases Legal Protection Act.

The European regulation on the protection of typographies of chips has been implemented in the Netherlands. This has led to the adoption of a law granting protection for a typography that is original in the sense that it is the result of the maker’s intellectual efforts and is not generally known within the chip industry. This law bestows upon the maker of a typography an exclusive right to reproduce and make such typographies. The law does require this typography to be registered with the Dutch patent office.

II RECENT DEVELOPMENTS
i Copyrights
The Dutch Copyright Contract Act (DCCA) came into force on 1 July 2015, with the goal of strengthening the position of the author and performer in their contractual negotiations and final agreements regarding the exploitation of their works of art. It is also aimed at strengthening the financial position of rights holders in such a way that they receive a fairer remuneration out of the total profits generated by the exploitation of their works than before.
To reach those goals, the Dutch Copyright Act (DCA) now contains a Chapter titled ‘The Exploitation Agreement’, (the Chapter contains mandatory law) in which several rights are granted to authors and performers, such as the basic right to fair remuneration and a ‘bestseller clause’ (which provides for additional fair remuneration and a right to dissolve an exploitation agreement if the work is not sufficiently exploited within a reasonable period of time). In addition, the DCA now contains a clause on the appointment of a dispute resolution committee and an important clause (Article 25(h) DCA) on applicable law, which stipulates that the DCA applies to the agreement regardless the choice of law if the contract would be governed by Dutch law in the event of a (hypothetical) lack of choice of law or if the work is exploited for the most part or solely in the Netherlands. This means that, for example, publishing companies or record labels should always take the DCCA into account when dealing with Dutch authors or performers or with Dutch legal entities that are copyright owners. Especially, since Article 25(h) DCA also stipulates that the author cannot waive its rights under the Chapter titled ‘The Exploitation Agreement’.

In addition, the Geschillencommissie Auteurscontractenrecht began operating on 1 October 2016. The setting up of this committee is the direct result of the implementation of Article 25(g) DCA, which provides for the creation of a dispute resolution committee competent to rule on matters of (1) fair remuneration; (2) additional fair remuneration (bestseller clause); (3) non-use of a work; and (4) unfair contract terms. The goal of the dispute resolution committee is to offer an accessible option for parties to resolve their dispute on one of the above-mentioned points without having to go to court. The committee is aimed at maintaining a sustainable relationship between the author and the exploiter and, therefore, strives to reach an amicable settlement between the parties, for example by using an expert mediator. The only fees involved are a complaint fee of €150, and, for the exploiter, registration fees of €150; legal representation is not required.

**ii Patents**

On 8 February 2017, the Dutch district court in The Hague ruled in the Archos v. Philips case for the first time in the Netherlands since the Huawei decision on standard-essential patents (SEPs) and fair, reasonable and non-discriminatory (FRAND) issues. In this case the court was specifically asked by Archos to give a ruling on the ‘FRANDness’ of the licence proposals of both parties. The Court ruled that Archos, as the claimant, carried the burden of proof. Archos had not argued that the burden should shift to Philips because of the special position of Philips as a SEP holder, who possessed the information to determine how FRAND its offer really was. In fact, Archos apparently claimed it could prove Philips’ offer was not FRAND on the basis of public information.

The Court further indicated that FRAND is a range. Both the offer of the SEP holder and the counteroffer of the SEP user must be FRAND, but that does not mean they must be exactly the same.

The Court also noted that a large part of the negotiation history took place before the Huawei judgment. Before Huawei, the jurisprudence (Philips v. SK Kasseten in Holland and Orange Book in Germany) required the SEP user to take the initiative of making a FRAND licence offer, rather than the SEP holder. According to the Court this meant the Huawei judgment justified a ‘moment for new negotiations’ between Philips and Archos. Philips took the initiative ‘in accordance with said judgment’ by making an offer in July 2015 and Archos appears (from the judgment) to have ended the possibility of negotiating a FRAND licence.
by making a low counter-offer. Although the Court decision does not say so explicitly, it appears the Court considered Archos was not a willing licensee (an obligation of a SEP user under Huawei).

The Court decision analyses thoroughly Archos submission regarding the Philips FRAND offer and Philips’ rebuttal. However, in the Court finding against Archos it is noted that it could have raised points during the course of the negotiations.

iii Trademarks

Louboutin, whose characteristic red sole for women’s high-heeled shoes is protected as a trademark, enforced its trademark against local Dutch shoe trader Van Haren. The legal proceedings in the Netherlands were initiated by Louboutin in 2013, claiming that Van Haren infringed the Benelux trademark rights of Louboutin by selling ladies’ shoes with high heels having red soles. The preliminary relief court ruled that Louboutin’s trademark cannot be considered a colour mark for which a high threshold of protection applies. Instead, the court argued, it should be considered a trademark that bears the characteristics of both a colour mark and three-dimensional mark. The court also found that the relevant public in the Benelux would conceive the red sole as a Louboutin trademark and issued an injunction.

In the proceedings on the merits that followed, the Court of The Hague, in a decision of 1 April 2015, referred to the CJEU for a preliminary ruling on questions of interpretation. The Court wanted the CJEU to clarify whether the ground for refusal of trademark protection for signs that consist only of the shape that gives substantial value to the goods is limited to three-dimensional shapes, or whether it includes other aspects (not three-dimensional), such as colour, as well. On 9 March 2016, the District Court of The Hague asked the Court of Justice of the European Union if the definition of ‘shape’ within Article 3(1)(e)(iii) of Directive 2008/95 is limited to three-dimensional elements of a product or can also include two-dimensional ones like, for instance, a colour. Pleadings at the CJEU were held on 6 April 2017, and the Advocate General will represent his opinion on 22 June 2017.

Recent case law of the District Court and the Court of Appeal of The Hague shows the decisive and highly important role that conceptual similarity has in trademark proceedings in the Netherlands. One of the relevant decisions involves the issue between the Dutch company Levola that is known for its cream cheese sold as ‘Heksenkaas’ and the company Fanofinefood, which filed different marks for its product ‘Witte Wievenkaas’. Heksenkaas is a spreadable dip made of cream cheese, fresh herbs and a ’a tiny bit of magic’. The Court of Appeal of The Hague ruled that – merely because of the conceptual similarities – the pending oppositions against the ‘WITTE WIEVENKAAS’ trademarks must succeed. Witte Wieven are often portrayed in Dutch mythology and legends as white ghosts, and also female and malicious individuals, that frighten people and live alone. The court ruled that, if broken down by type, Witte Wieven will be characterised by a significant part of the public as a witch and both figures have negative connotations. According to the Court of Appeal a significant part of the public will therefore consider both cheeses as cheeses originating

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2 Van Haren is represented by Taylor Wessing.
3 Preliminary Relief Court The Hague, 18 April 2013 (Louboutin v. Van Haren).
4 District Court The Hague, 1 April 2015.
5 Literally translates as ‘Witches’ Cheese’.
6 Literally translates to ‘white woman cheese’.
7 Literally translates to ‘white woman’.
from or designated for fictitious females with negative connotations. Therefore, given the conceptual similarities, the court considered the latter marks conceptually similar enough to cause confusion.

iv Trade secrets
As mentioned above, the general rule of tort provides for the protection of trade secrets under Dutch law. Dutch companies across various sectors welcome the need for adequate protection of trade secrets that extend beyond the ambit of tort law. Because of this, many businesses are keeping a close eye on the recent proposal for a European Directive for the protection of trade secrets. With respect to the current protection under Dutch law, the directive regulates the protection of trade secrets and proprietary information in a manner akin to IP protection.

v Designs
On 20 July 2016, the Court of Appeal of The Hague decided Massive Air infringed the design rights of Fatboy and Oomen. Oomen is the designer of the LAMZAC Hangout, an inflatable lounge chair with a long, stretched appearance with a split in the middle to make it suitable to lie on by a person. On 17 August 2015, the designer applied for a Community design right, which was transferred to Fatboy. In general a valid Community design only protects the original, visual features of a design. Features of appearance of a product that are solely dictated by its technical function, cannot be protected by a registered Community design. This is also what Massive Air argued regarding the LAMZAC, but the Court of Appeal disagreed because the shape of the LAMZAC is not exclusively dictated by technical requirements since, according to the Court of Appeal, other shapes were possible to chose from to meet those technical requirements as well.

III OBTAINING PROTECTION

i Patents
The Dutch Patents Act provides that patent protection can be obtained for inventions that meet three conditions: they must be new, involve an inventive step and be capable of industrial application. In addition, the invention has to be sufficiently disclosed in the patent and needs to be described clearly therein. These requirements reflect those stated in the EPC. As is the case in the EPC, certain subjects are not considered to be inventions under the DPA. These subjects include scientific theories and mathematical methods, aesthetical shapes, computer programs and business methods. The DPA also describes inventions that cannot be patented, such as the human body in the various stages of development, and the discovery of parts of it that include sequences or partial sequences of the genome, plants and animal breeds, methods that are predominantly biological in nature and methods for the treatment of the human or animal body. To be more specific, the DPA provides that certain methods would be contrary to public policy and therefore cannot be patented. Such methods include human cloning, methods whereby the genetic identity of humans can be changed, using human embryos, methods changing the genetic identity of animals that would cause suffering without any medical use and methods that could damage the health of humans, animals or plants or lead to significant damage to the environment.

In the Netherlands, patent protection can be obtained by filing a patent application with the Dutch Patent Office. Once 18 months have passed from the date on which the application was filed, the application will be recorded in the patent register at the earliest
opportunity. The patent application is made public at that time. The patentee will then have to apply for a novelty search within a period of 13 months of the filing or the priority date. While the search may bring to light documents that could destroy the novelty of the invention or be prejudicial to its inventive step, the results of the search have no impact on the actual grant of the patent. The patent will be registered at least two months after the publication of the search and be thereby granted, affording it a protection period of 20 years. After learning the results of the novelty search, the patentee can amend the patent application if need be.

While Dutch national patents are not examined *per se*, the validity of the patent will become the issue at the heart of any enforcement action initiated by the patentee.

It bears noting that most of the patents enforced in the Netherlands are actually Dutch parts of European patents that have been issued by the EPO after a successful patent application.

The wording of the patent claims determines the scope of protection of a Dutch patent, which must be interpreted in light of the descriptions and the drawings accompanying the patent. In Dutch case law, reference is often made to Article 69 EPC and the protocol belonging thereto. In some cases, the prosecution file may carry relevance for the scope of protection of patents in the Netherlands.

ii Trademarks

In the Benelux, trademarks can be obtained by filing an application with the Benelux Office of Intellectual Property (BOIP). The BOIP also offers accelerated proceedings in which a trademark can be registered within 24 hours. Following the publication of the application, the BOIP will assess whether the trademark satisfies certain requirements, such as whether a distinctive character is lacking, whether it contains signs that actually indicate certain aspects of the goods or services or signs that have become descriptive. Whenever the BOIP plans to refuse a trademark application, it will substantiate its intentions with reasons. Afterwards, the applicant will be given the opportunity to counter the BOIP’s decision by advancing arguments supporting its case. In the event that the BOIP finally refuses the trademark, this decision can be appealed against before the Court of Appeal in The Hague.

After the trademark has been registered, third parties will have a period of two months, starting on the first day of the month after publication, to lodge an opposition to the trademark. Trademarks will be valid for an initial period of 10 years once they have been registered. This initial validity period can be renewed for additional 10-year periods, which is not subject to any cap.

Because trademarks are liable to be revoked if they are not put to normal use, a trademark should, in practice, be used within five years of registration.

A Benelux trademark bestows upon its owner an exclusive right that can be invoked against signs that are either identical or similar and that are used for goods or services that are either identical or similar. Trademarks of a certain reputation are granted a broader scope of protection on account of said reputation. A requirement that arises from CJEU case law is that the use of an established or alleged infringing sign is detrimental to one of the trademark’s functions. A different regime applies in the Benelux, where trademark owners can also claim infringement against the use of an infringing sign that is not used as a trademark (to distinguish goods or services). The requirement here, though, is that the infringing sign is used in a way that is taking unfair advantage of or is detrimental to the reputation or the distinctive character of the trademark.
iii Designs
The BOIP is also charged with the processing of applications for Benelux designs. Design right applications are registered first and then published, and must contain a picture, drawing or some other graphic representation of the design that is registered.

Whether the formal registration requirements are met by design is not for the BOIP to examine. The registration requirements aforementioned are novelty and individual character. The former requirement, that of novelty, is met if no identical design has been made public prior to the application date. The latter requirement, that of individual character, is met if, to the informed user, the general impression of the design to is different from the general impression resulting from designs that have been made available to the public prior to the date of application.

The Benelux design right confers upon the design right owner the right to object to any use of a product that in which the same design as the registered design has been incorporated or any use that does not give a different overall impression. Objection can be lodged against the production, offering, trade, sale, rent and importation of the product in question.

iv Copyrights
Copyright protection under the Dutch Copyright Act (DCA) is conferred on a work by the actual creation thereof, such to the extent that the work has an original character and bears the personal mark of the maker. As the Netherlands is a party to the Berne Convention, the registration of copyright is not subject to any requirements. There is no copyright register in the Netherlands.

A copyright under the DCA provides the copyright holder with an exclusive right to copy or make available to the public the copyright-protected work or adaptations thereof that cannot be considered a new work.

v Trade secrets
The Netherlands does not have a separate law or provision for the protection of proprietary confidential business information, as has been mentioned in the foregoing. The best way of protecting information of such nature is by maintaining and safeguarding its confidentiality, and by imposing confidentiality obligations on all parties that gain access to the confidential information.

IV ENFORCEMENT OF RIGHTS
In the Netherlands, valid intellectual property rights can be enforced through the regular system of civil proceedings. The EU Enforcement Directive (No. 2004/48) has been implemented in the Dutch Code for Civil Procedure (DCCP), which includes such measures as ex parte injunctions, seizure of evidence and full cost orders for losing parties.

Typically, the Dutch enforcement of IP rights starts with a letter to the alleged infringer, stating the details of the infringement, the IP rights that are invoked and the steps that the infringer is requested to take. If no settlement is reached, the IP holder will typically start preliminary injunction proceedings or proceedings on the merits.

In practice, most IP cases are brought before the courts in The Hague and Amsterdam. Consequently, these courts can boast most experience in this regard. For more information on exclusive jurisdiction, see below.
Possible venues for enforcement

The legal enforcement of IP rights generally needs to be initiated before one of the district courts in the Netherlands. These district courts are equipped to rule on the merits of cases regarding IP infringement or the validity of the IP rights in question. Cases involving an urgent interest can be heard in preliminary injunction proceedings before these district courts.

Requirements for jurisdiction and venue

If the defendant has its place of business in the Netherlands, or if the actual IP infringement takes place on Dutch territory, Dutch courts can assume international jurisdiction to take cognizance of disputes. Once international jurisdiction has been established, to the extent necessary, the jurisdiction of the relevant district court is determined in much the same way. The court of the district in which the defendant has its office, or in which the infringement actually takes place, will have local jurisdiction. These rules allow the possibility of multiple district courts having jurisdiction within the Netherlands.

On the basis of several Dutch IP laws, exclusive jurisdiction to hear certain cases, such as those relating to patent infringement and the validity of patents, lies with the district court in The Hague. The exclusive jurisdiction of the court in The Hague furthermore extends to cases regarding European Union trademarks and Community designs.

Obtaining relevant evidence of infringement and discovery

Dutch procedural law does not provide for a general concept of discovery or disclosure of documents. In principle, the parties are free to collect the evidence that they require in the proceedings, and the Dutch courts are free to weigh that evidence as they deem appropriate.

The implementation of EU Directive 2004/48 on the enforcement of intellectual property rights has led to the implementation of certain possibilities to seize and safeguard information into the DCCP. These rules allow the right holder to request the district court in preliminary relief proceedings to grant permission to seize evidence that is in the possession or under the control of the infringer. The preliminary relief judge will assess such requests for permission, mostly on an ex parte basis. The requests must explain and elaborate on why a legitimate fear of infringement exists. After permission for a seizure has been granted, the right holder may direct a bailiff to inspect the premises of the infringer. Accordingly, the bailiff will do so with the help of the necessary experts, such as IT specialists or technical experts. Any information collected by the bailiff will not, however, be handed over to the right holder directly. The information will initially be held by a custodian who has been appointed for this purpose when the leave for seizure was granted. The right holder will then have to institute separate proceedings, requesting the court for disclosure of the relevant documents that were seized. The right holder will not be able to access the seized documents until the court grants the request for such disclosure.

Trial decision-maker

The court of The Hague, especially, employs specialist judges to adjudicate IP cases, all of whom are seasoned experts. Because jurisdiction in patent cases lies exclusively with The Hague court, some of the specialist patent judges on this court’s payroll can boast technical acumen as well. IP proceedings on the merits are typically heard by a three-judge division. Preliminary relief proceedings, in which right holders have an urgent interest in relief, are adjudicated by a single judge, who is referred to as the preliminary relief judge.
Although the procedural rules that apply in the Netherlands allow courts to appoint independent experts who specialise in a particular technical field or to request the parties to produce additional evidence to support the facts they are relying on, parties rarely ask for such an appointment. Instead in patent cases, the parties to the proceedings are usually assisted by technical experts of their own choosing, who will file written expert statements on behalf of the party that engaged them. These experts often show up at the hearing as well.

The examination and cross-examination of party witnesses, be they experts or not, has no place in the proceedings, as litigation advances primarily through the exchange of written briefs (see further below).

v Structure of the trial

Dutch proceedings on the merits are conducted mainly by the exchange of written briefs in which the parties set out their arguments and defences. This exchange is often followed by a court hearing during which the parties will have the opportunity to present further arguments. Proceedings are initiated with a writ of summons, in which the claimant describes the IP right that it invokes, the infringement against which the action is brought and the relief that is requested. In setting out the particulars of the case, the claimant has to be as complete as possible. Also, the claimant is required to substantiate its claims in the writ of summons with evidence. Writs of summons in patent cases typically provide a technical background to the technical field at the heart of the dispute.

Being served a writ of summons, the defendant will be given the opportunity to file a statement of defence. This statement of defence enables the defendant to raise defences and file exhibits that support its position. With the statement of defence, the defendant can furthermore avail itself of the opportunity to bring a counterclaim against the claimant. It can do so, for example, to claim the revocation of the IP right in question. The course of events to follow hinges on the proceedings themselves. The court will either schedule a hearing after the statement of defence, and after the claimant has had the opportunity to respond to the counterclaim, or it will allow the parties to continue the exchange of written arguments, after which a court hearing usually follows.

During the hearing, the parties will be able to argue their case before the court. Court sessions in standard IP cases generally last between two and four hours. The court may take longer to hear the parties if the complexity of the patent matter at hand merits such. For reasons of judicial efficiency, however, Dutch courts do not allow a full elaboration on every single one of the arguments exchanged between the parties, thereby preventing needless repetition of what has already been argued in the written statements.

Patent cases in which the validity of the European patent is challenged offer the patentee the opportunity to file auxiliary requests. Pursuant to such requests, the court may decide to uphold the patent in its present form or in amended form.

In the Netherlands, evidence in proceedings is usually presented by the production of documents. Similarly, witness testimony is usually produced by filing written statements. District courts have to schedule separate sessions in case they want to hear witnesses. While this is certainly an option, it rarely happens in IP cases.

vi Infringement

In the assessment of IP infringement claims, Dutch courts take heed of the relevant CJEU case law. Moreover, there is a significant corpus of case law on the scope of protection and criteria for infringement of copyright, trademarks, trade names and design rights.
In their adjudication of patent cases, the Dutch courts will interpret the claims in conformity with Article 69 of the EPC and the protocol belonging thereto. Dutch case law provides a number of criteria applicable to that Article (see Section II, supra). Besides literal infringement, the Dutch courts can also establish infringement by equivalence.

In consonance with Supreme Court case law, the patentee’s actions during the patent’s prosecution can be a relevant factor in the assessment of the scope of patent protection.

vii Defences
In intellectual property infringement proceedings, the most important defences are those directed at the invalidity of the IP rights. The district court can deal with these defences in the same proceedings that involve the actual infringement. In preliminary relief proceedings, the preliminary relief court will make a provisional assessment of the validity of the IP right in question. Although the right cannot be invalidated for the Netherlands in these proceedings, infringement claims will be denied if the court considers it likely that the right will be found invalid in proceedings on the merits. Claims on the grounds of inequitable conduct or similar defences are not recognised within the Dutch system.

In patent cases, the validity of patents can be challenged on account of a lack of novelty or inventive step. This can be done in much the same way such challenges would be lodged with the European Patent Office.

viii Time to first-level decision
In IP cases, proceedings on the merits usually take around 12 to 16 months from the moment at which the writ initiating the proceedings is filed until the court renders a decision in the first instance. The Court of the Hague has established an accelerated regime for patent cases, which is known as the ‘VRO-regime’ in Dutch. This regime can be used for infringement claims and revocation actions. On the basis of this regime, the dates on which the substantive documents must be filed and on which the hearing will take place are set out in a fixed schedule before the proceedings are set to commence. Because the parties are bound to this schedule, a first instance decision can typically be handed down within 12 months of the date on which the writ of summons is filed. Decisions in preliminary relief proceedings can be rendered within a few weeks, and even sooner in cases of extreme urgency.

In cases involving a manifest infringement, causing irreparable harm to the rights holder, the Dutch system also allows for an _ex parte_ injunction. Injunctions such as these can be issued without hearing the defendant, and can be obtained in just days.

ix Remedies
Remedies that are most often sought in Dutch IP cases are:

a _injunctions;

b accountability relating to the trade and infringing products (prices, quantity of products, customers, suppliers, etc.);

c destruction of the products;

d damages or the surrender of profits; and

f compensation of legal fees.

Relief by the court will typically be granted notwithstanding appeal, meaning that the decision will be enforceable immediately once it has been served on the defendant and before
a decision on appeal is available. If the first instance decision should be set aside on appeal, the party enforcing the first instance decision will generally be liable to bear the damage it thereby causes.

x  **Appellate review**

Dutch law provides that decisions in the first instance are open to appeal. There are four courts of appeal in the Netherlands, all of which can hear IP cases. Like The Hague District Court, however, the Court of Appeal in the Hague has exclusive jurisdiction to hear certain cases, which is why it can boast the most experience in IP-related matters. Under the Dutch system, appeals are *de novo*. The Court of Appeal has complete jurisdiction to decide on both the main claim (e.g., infringement) and the counterclaim (invalidity or revocation), such being subject to the parts of the decision that the parties take issue with. In such appeal proceedings, parties are free to adopt new positions and adduce new evidence.

As is the case in first instance proceedings, most proceedings are conducted through the exchange of written briefs between the parties, after which the case will be heard by the Court of Appeal. Defendants on appeal also have the opportunity to file a counter appeal, in which they can advance their own grievances to the decision rendered in the first instance. Appeal cases are typically handled by a panel of three judges, taking anywhere between 16 and 20 months from the moment the appeal is filed until an appeal decision is reached.

xi  **Alternatives to litigation**

Dutch law also allows for alternative dispute resolution. However, IP disputes are not often alternatively resolved.

V  **TRENDS AND OUTLOOK**

The unified patent system is expected to enter into force on 1 December 2017. On the basis of this system, applicants will have the opportunity to obtain a single unified patent in Europe and to enforce this patent before one Unified Patents Court. This system is anticipated to change the patent litigation practice dramatically.

The European Directive for the protection of trade secrets is expected to have a major impact on the protection of trade secrets in the Netherlands.

Finally, the implementation of the new Trademark Regulation into the Benelux Convention on Intellectual Property will come with major changes as of the beginning of 2019, for example, the possibility to start revocation proceedings before the Benelux Office for Intellectual Property, where parties now have to go to court for such actions.
Chapter 21

NIGERIA

Mark Mordi and Ngo-Martins Okonmah

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

i Overview
Nigeria offers protection for a range of intellectual property rights including copyrights, trademarks, patents and designs. Being largely an importer of technology and finished products, trademark rights remains the most significant and more commonly deployed form of intellectual property protection in Nigeria, attracting significant value in the form of royalties and licence fees and increased application for registration at the Nigerian Trademarks, Patents and Designs Registry (IPO). Although Nigeria is a member of international organisations such as the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO) and signatory to a number of international treaties connected to the protection of intellectual property rights, the majority of these treaties are yet to be domesticated into the local laws. The effect being that majority of the local laws, particularly in relation to trademark law, are yet to fully evolve and align with international developments in the intellectual property world.

Civil litigation remains the traditional form of enforcement of IP rights. However, enforcement by administrative procedures and remedies is increasingly being resorted to through administrative bodies such as the National Agency for Food and Drug Administration and Control (NAFDAC), the Standards Organisation of Nigeria (SON), the Nigeria Copyright Commission (NCC), the Nigeria Customs Service and other special requirements related to border measures. The main features of these forms of intellectual property rights will be discussed in this chapter.

ii Trademarks
The laws guiding and regulating trademarks are contained in the Trade Marks Act 1965 (TMA) and the Trade Marks Regulations 1967. The principal objective of trademark law is to confer exclusivity of use on the proprietor of a registered trademark for goods and services placed in streams of commerce, and to restrain unauthorised use of similar or identical trademarks. The TMA is modelled on the English Trade Marks Act 1938 and has not been updated or amended since its enactment. Although there has been no amendment extending the application of the TMA to service marks, registration of service marks became operative in Nigeria on 19 April 2007 by virtue of the executive fiat from the Federal Minister of Trade and Commerce. This has led to the branding of services in Nigeria and increased application
for service marks at the IPO. Apart from service marks, the TMA has been applied to protect non-visual marks such as slogans and sound marks. There are, however, no specific provisions in the TMA recognising the registrability of sound mark, scent mark and geographical indication unlike in other jurisdiction.

Nigeria is a signatory to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and a member country of the Paris Convention for the Protection of Intellectual Property. These treaties are yet to be domesticated into Nigerian law. As such, the local trademark law has failed to evolve to recognise priority applications in other member countries of the Paris Convention. The local law also does not observe the principle of national treatment, which is a basic obligation for members of the TRIPS Agreement. Substantive standard protection under the TRIPS Agreement for the protection of a ‘well-known mark’ for member countries is not recognised under the local law, as emphasis is placed on local registration. However, a broad interpretation of the provisions of the TMA allows the IPO discretion to refuse to register a mark as a well-known mark, even in the absence of express provisions under the TMA. In addition, as a practical matter the IPO has had occasion to deny registrations on the basis that the mark sought to be registered was a well-known mark being registered by a person other than its true proprietor.

iii Patent and designs
The laws guiding and regulating patents and designs are contained in the Patents and Designs Act 1971 (PDA). The PDA has not been updated or amended since its enactment. The Act provides that an invention is patentable if it is new, results from inventive activity and is capable of industrial application, or if it constitutes an improvement upon a patented invention in addition to being new, is the result of inventive activity and is capable of industrial application. Unlike in other jurisdictions, Nigeria still regards plant varieties and seeds as non-patentable.

Nigeria is a signatory to the Patent Cooperation Treaty (PCT). As such, a PCT applicant can seek protection of their patent in Nigeria as the IPO accepts national phase filing of PCT applications and issues letters of patent in appropriate cases. In Nigeria, PCT applications are filed like normal patent applications. There are no qualified examiners as the Registrar examines the patent to ensure conformity with the provisions of the PDA. Examination is only as to form and not substantive.

iv Copyrights
The laws regulating copyrights are contained in the Copyright Act 1988. The Act is fashioned after the WIPO Tunis model and incorporates standard provisions reflecting current trends in global copyright legislation. The principal purpose of the Copyright Act is to protect against the appropriation of another person’s literary and artistic work or effort. Nigeria is a signatory to the Berne Convention.

Section 11 TMA, which states: ‘It shall not be lawful to register a trade mark or part of a trade mark - (a) any matter the use of which would by reason of its being likely to deceive or cause confusion or otherwise, be entitled to protection in a court of justice or be contrary to law or morality […]’. It could safely be argued that in the context of opposition proceedings, a registration could be opposed, if it is an attempt to register to a well-known mark by a person other than its true proprietor relying on Section 11(a) TMA. Such a registration would, while not being in violation of the specific provisions of the TMA, be open to the morality argument found in Section 11.
II RECENT DEVELOPMENTS

There has been an increasing trend of cybersquatting in Nigeria. A notable case is the recent dispute between the world’s largest online distributor of licensed Nollywood films Iroko Partners Limited (owners of Iroko TV) and its competitor Iroko TV Movies (owners of Afrinolly), a case of cybersquatting resolved at the WIPO Arbitration & Mediation Center.\(^3\)

In this case, Iroko Partners, as the complainant, disputed the respondent’s use of the domain name ‘irokotvmovies.com’. Although the complainant was unable to show that it had obtained registration over the trademark ‘irokotv’ other than pending or approved trademark applications, the administrative panel found that the complainant had a protectable interest at common law and established a *prima facie* case stating that the respondent did not have rights or legitimate interests in the disputed domain name, and the registration and use of the disputed domain name by the respondent was in bad faith. The respondent was divested of the use of the domain name.

Also of significance is the *Konga Online Shopping Limited v. Rocket Internet GmbH Arnt Jeschke* case involving Nigeria’s two biggest online shopping competitors.\(^4\) In this case, Konga Online Shopping Limited, the complainant, contended that the disputed domain name ‘konga.sc’ is identical to trademarks in which it has rights; that the respondent has no rights or legitimate interests in the disputed domain name; and that the disputed domain name was registered by the respondent as a bargaining tool to persuade the complainant to join a partnership agreement with the respondent. The administrative panel denied the complaint on the ground that the complainant’s trademark applications did not constitute Uniform Domain-Name Dispute Resolution Policy (UDRP)-relevant trademark rights to sustain a complaint under the UDRP. The administrative panel also found that the complainant failed to adduce credible evidence in support of its assertion of an unregistered or common law trademark right. The complaint was effectively denied on this ground.

As a measure to counteract the increasing trend of cybersquatting in Nigeria, the Cybercrimes (Prohibition, Prevention, etc.) Act 2015 was enacted, which, among other things, criminalised the act of cybersquatting. Section 25 of the Act provides that any unauthorised use of a person’s name, business name, trademark, domain name or other word or phrase registered, owned or in use by that person on the internet or any other computer network with the intent to interfere with the use by the owner, registrant or legitimate prior user constitutes an offence and attracts, upon conviction, a term not exceeding two years or a fine.

III OBTAINING PROTECTION

i Computer software

Computer software is a protected work under the Copyright Act.\(^5\) It falls under the genre of literary works accorded protection under the Act. Protection is usually effected in two

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\(^5\) See Section 1(2)(b): literary musical or artistic work shall not be eligible for copyright unless (b) the work has been fixed in any definite medium of expression now known or later to be developed from which it can be perceived reproduced or otherwise communicated either directly or with the aid of any machine or device.
ways. One route for protection is to lodge the work with the NCC, a task accomplished by
the filling in of relevant forms followed with a description of the work and the lodging of
the work with the NCC upon the payment of a fee. Thereafter the NCC would issue to the
creator of the work a ‘Notification of Copyright’.

The second route for enforcement would be by way of a civil suit before the Federal
High Court, where the creator of the work would have to prove, in the course of a plenary
trial, on a balance of probabilities, that he or she had originally created the work, that the
offending work imitated, copied, reproduced or performed his or her original work publicly
without his or her consent. The Act also establishes that it is the NCC that is empowered to
investigate and prosecute criminal actions commenced under the Act.

IV ENFORCEMENT OF RIGHTS

Under the Trade Marks Act the venue for enforcement depends on the nature of right
sought to be enforced. Generally, the Federal High Court has jurisdiction over trademark
infringement actions. The administrative hearing panel of the IPO is the appropriate forum
to consider trademark opposition matters. In matters concerning removal from the register
on ground of non-use;\textsuperscript{6} cancellation of defensive registration of well-known invented words;\textsuperscript{7}
and exercise of the general power to rectify the register\textsuperscript{8} or to strike out or vary registration
for breach of condition,\textsuperscript{9} a party may apply to the IPO or institute an action in court. The
application must however be made in court if there exists a pending action in respect of the
trademark.

It is, however, preferable for an applicant to explore administrative resolution of the
issue at the IPO before instituting an action in court in order to secure an expedited resolution
of the dispute. An appeal from the IPO is made to the Federal High Court. A further appeal
may be made to the Court of Appeal and ultimately to the Supreme Court of Nigeria.

i Requirements for jurisdiction and venue

In an action for trademark infringement, the existence of a registered trademark or a certificate
of trademark is a condition precedent to the exercise of jurisdiction by the court.\textsuperscript{10} The courts
have held repeatedly that a pending or approved trademark application cannot form the
basis of a trademark infringement action.\textsuperscript{11} The apex court in Nigeria has also held that the
subsequent registration of a trademark during the pendency of an action will operate to vest
the court with the jurisdiction to determine the action, notwithstanding that the action
was commenced while the trademark was yet unregistered.\textsuperscript{12} In the absence of a registered

\textsuperscript{6} Section 31 of the Trade Marks Act.
\textsuperscript{7} Section 32(4) of the Trade Marks Act.
\textsuperscript{8} Section 38 of the Trade Marks Act.
\textsuperscript{9} Section 39 of the Trade Marks Act
\textsuperscript{10} Section 3 of the Trade Marks Act Cap T.13 Laws of the Federation of Nigeria 2004; Dyktrade Ltd v. Omnia
\textsuperscript{11} Ducross S. A. v. Silas Ind. & Trading Co Ltd (2003-2007) 5 IPLR page 27 and Goodlife Electronics v. Austec
trademark, the option available to the party is to institute an action in passing off. Nigerian courts also permit class action where named defendants are sued in their own right and as representatives of the class of persons trading in the infringing product.

Further, in order to commence an opposition proceeding before the administrative hearing panel at the IPO, the latter must be notified of any opposition within two months from the date of publication in the trademark journal.\(^\text{13}\) Any opposition filed outside the statutory period would not be dealt with, as there is no provision under the Trade Marks Act that permits the extension of time for such an action.\(^\text{14}\) The option available to a party that has lost its right to register an opposition is to institute an action for trademark infringement.

It is also not unusual for a litigant to institute pre-emptive action to defeat the rights of rightful owners of such intellectual property, but a pre-emptive action is no guarantee of ultimate success. Two examples of this are outlined as follows. The first is Suit No. M/262/2012 – *UAC Nigeria Plc v. Innscor International Limited* (unreported). In this case, UAC, as claimant, instituted a declaratory action against Innscor regarding the validity of a subsisting arbitration agreement contained in a Master Franchise Agreement executed between both parties. The action was a pre-emptive action aimed at truncating the steps intended to be taken by Innscor towards enforcing its IP rights against UAC, having terminated the Master Franchise Agreement and forwarded a cease-and-desist letter to UAC, which UAC ignored. The suit was effectively dismissed by the court. The second instance is an ongoing pre-emptive declaratory action instituted by Wacot in response to a cease-and-desist letter issued by Hozelock Exel in connection with an allegation of the infringement of a registered design belonging to Hozelock Exel by Wacot. This action is constituted as Suit No. FHC/L/CP/1240/13; *Wacot v. Hozelock Exel* (unreported).

### ii Obtaining relevant evidence of infringement and discovery

It is not uncommon for litigants to engage the services of a private investigator to assemble the relevant evidence required for litigation. The scope of work will usually involve matters such as identifying the producer and manufacturer of the infringing product; the location and address of the site of production; taking photographs of target goods; and conducting trap purchases and market samples of the infringing product. At other times, market research companies are employed to conduct a market survey on identical products in order to establish actual confusion.

The Rules of Court also allow a litigant to procure evidence by means of discoveries and interrogatories, which are to be made on oath by the party that requires the information and documentation. In the case of a discovery, a party shall disclose documents in its custody or control in relation to the matter in question and produce such documents as evidence if it is ordered to do so by the court.

### iii Trial decision-maker

The trial decision-maker is composed of a single judge deciding facts and law with no jury. There are no specialist judges in the field of intellectual property law. However, it could be argued that if the Federal High Court is a specialised court exercising exclusive jurisdiction in

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\(^\text{13}\) Section 20 of the Trade Marks Act.

\(^\text{14}\) Section 45(1)(g) of the Trade Marks Act; also Regulation 104 of the Trade Marks Regulation 1967 Cap 436 Laws of the Federation of Nigeria 1990.
tax, federal revenue, admiralty and IP matters, then its judges are also specialised. However, there is no intellectual property division and therefore a judge of the Federal High Court will usually be assigned cases connected to other subject matters as listed above, including IP matters.

In complex intellectual property disputes, litigants may employ the services of experts to give evidence on their behalf and assist the court in reaching a determination. The Rules of Court allow for the use of court-appointed experts (assessors) whose advice is limited to issues that require their expertise and for which they are appointed to act as experts. The judge is not bound to accept or act on the opinion or advice of an assessor.

iv Structure of the trial
Jury trial is not recognised under Nigerian law as trials are usually conducted before a single judge. It involves the calling of fact-based witnesses, and in some cases, expert witnesses. The evidence of a witness is obtained by written statements taken on oath, adopted in open court as his or her principal evidence, and by oral examination. Documents are admitted in evidence through the witness. The length of trial is dependent upon a number of factors, such as the number of witnesses, their availability and how heavy the caseload of the court is. A typical trial will usually be concluded within six to 18 months.

Generally only relevant facts are admitted in evidence. Facts not relevant to the issue in contest are inadmissible. The legal burden is always on the party alleging trademark or IP infringement to establish their case on a balance of probabilities and to show that the infringing mark is identical or confusingly similar to their registered trademark or intellectual property. In the course of the trial, the evidential burden of proof may shift between parties as a defendant would be required to establish the defence pleaded. Upon production of a certificate issued by the Registrar as evidence of a fact, the court is bound to presume such fact as having been established in the absence of any evidence to the contrary.

v Defences
There are a number of defences available in a trademark infringement action. These defences include absence of confusion, right of a prior user, bona fide use of a name, generic word, honest concurrent use and equitable defences such as lashes, estoppel and inequitable conduct. A defendant’s defence is contained in a statement of defence. The court will not permit a defendant to lead evidence in respect of a defence not pleaded.

vi Time to first-level decision
The length of the proceedings before a High Court will usually last between 12 and 36 months.

vii Remedies
A court is empowered to grant pretrial relief in the form of interim injunctions and Anton Piller orders. Pretrial relief is usually granted when a defendant is involved in a continuing violation or infringement of a trademark or other intellectual property. An Anton Piller order is usually deployed when the defendant has incriminating material and there is a real

15 Section 59 of the Trade Marks Act.
possibility that the defendant may destroy such material before a discovery process may be activated in the normal course of a case. The order allows an appointed court official to enter into the defendant’s premises or place of business in order to search and seize incriminating material for use in evidence before the court.

A factor that limits the grant of pretrial relief is the applicant’s ability to establish its right to the remedy sought, for instance, adducing evidence of proprietorship of a trademark – an applicant’s inability to establish its proprietary right is conclusive of the fact that no *prima facie* case has been disclosed to warrant the grant of a pretrial remedy. An injunction would also not be granted where the act sought to be restrained is a completed one. The court may also require that the applicant gives an undertaking as to damages before such relief is granted.

The nature of damages recoverable is both special and general. Special damages must be pleaded and proved by evidence. Attorneys’ fees must be claimed as special damages in order to be recoverable. Enforcement of intellectual property rights is essentially territorial.

**viii  Appellate review**

An appellate review will involve a review of the factual findings and legal conclusions of the decision appealed against. An appellate court will ordinarily not permit the introduction of fresh evidence except in exceptional circumstances. The court of appeal is usually composed of three justices while the Supreme Court is composed of five justices. Parties are to file their brief and make oral arguments emphasising the arguments contained in their brief. An appeal before the court of appeal will usually take between two and three years, while an appeal at the Supreme Court will take eight to 10 years.

**ix  Alternatives to litigation**

Arbitration is an alternative mode of resolving intellectual property rights. It is typical for a proprietor of a registered trademark to include in a licensing or franchise agreement an arbitration clause requiring parties to resort to arbitration in the event of a dispute.

In addition, parties may resort to regulatory enforcement of intellectual property rights. For instance, NAFDAC is the regulatory body empowered to regulate and control the import, export, manufacture, advert, distribution, sale and use of foods, drugs, cosmetics, medical devices, bottled water and chemicals. The Drugs and Related Products Act\(^\text{16}\) requires all regulated products to be registered with NAFDAC and prohibits the import, export, manufacture, advert or distribution of regulated products that are not registered with NAFDAC. As part of its requirement for product registration, NAFDAC requires evidence of registration in Nigeria of the product trademark to establish its legitimate proprietor, a power of attorney issued by the trademark proprietor to its local agent and a certificate of manufacture and free sale as evidence that the trademark proprietor is licensed to manufacture the product for sale in the country of origin and that the sale does not contravene the laws of that country. NAFDAC’s enforcement unit has wide powers of entry and examination, and can seize any suspected or offending articles in any person’s possession that were intended for sale.\(^\text{17}\)

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\(^{16}\) Drugs and Related Products (Registration etc) Act No. 19 of 1993 as amended by Act No. 20 of 1999.

\(^{17}\) Section 24 of the Drugs and Related Products Act.
Further, SON is another regulatory agency set up to standardise methods and products in Nigerian industries. It ensures that substandard products are not imported or manufactured within Nigeria. Unlike NAFDAC, SON is empowered to monitor non-edible products. A brand owner who suspects their product is being counterfeited may approach NAFDAC or SON to investigate and seize the offending product. In preventing the proliferation of substandard and counterfeited regulatory products from flooding the market, NAFDAC and SON ensure that counterfeited products bearing forged or infringing trademarks are seized and the offenders prosecuted.

V TRENDS AND OUTLOOK

A major development for the future is the Industrial Property Commission of Nigeria bill that is being contemplated. The bill proposes a comprehensive overhaul of the current IP regime and makes provision for the registration and protection of trademarks, patents and designs, plant varieties, animal breeders’ and farmers’ rights. It seeks to consolidate all intellectual property agencies including the Nigerian Copyright Commission into a single agency to be known as the Industrial Property Commission. The bill introduces the concept of ‘well-known’ marks and protects such marks against any unauthorised usage. The bill also seeks to restrict the importation of goods with infringing trademarks by requiring that notice of such goods be made available to the Nigeria Customs Service.

It also seeks to give patentability to computer programs, provided that such programs are not of a scientific or mathematical nature and do not contravene the provisions of the bill. The bill also seeks to introduce new forms of intellectual property rights to be known as plant varieties, animal breeders’ and farmers’ rights, which shall be registrable and accorded protection under the law.
Chapter 22

PHILIPPINES

Editha R Hechanova¹

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Republic Act No. 8293 or the Intellectual Property Code of the Philippines (the IP Code) defines the term ‘intellectual property rights’ as the following:

a. copyright and related rights;
b. trademarks and service marks;
c. geographical indications;
d. industrial designs;
e. patents;
f. layout-designs (topographies) of integrated circuits; and
g. protection of undisclosed information.²

i Copyright and related rights

Under Part IV of the IP Code,³ which covers the law on copyright, literary and artistic works refer to original intellectual creations in the literary and artistic domain, which are protected from the moment of their creation. Copyright registration is not required, but in an action for infringement, registration shall be prima facie proof of the matters stated therein, until proved otherwise, and of ownership of the copyright. Under the newly amended IP Code, the moral right of an author insofar as his or her right of attribution as author is concerned shall last during his or her lifetime and in perpetuity after death and shall not be assignable or subject to licence. Copyright infringement is actionable by administrative, civil and criminal proceedings and in the latter case punishable by imprisonment and fine. The Philippines is a signatory to the Berne Convention.

ii Trademarks and service marks

Only visible signs capable of distinguishing the goods (trademarks) or services (service marks) of an enterprise, including a stamped or marked container, are registrable in the Philippines. The rights in a mark are acquired through registration made validly.⁴ The filing of a declaration of actual use (DAU) is required within three years from the filing date of the applicant, with evidence of such use, otherwise the application shall be refused or the mark shall be removed from the register. A certificate of trademark registration shall remain in force

¹ Editha R Hechanova is managing partner at Hechanova Bugay Vilchez & Andaya-Racadio.
² Section 4, IP Code.
³ The IP Code was amended by Republic Act No. 10372, which took effect on 22 March 2013.
⁴ Section 122, IP Code.
for 10 years, renewable for periods of 10 years at its expiration provided that a DAU is filed within one year from the fifth anniversary of the date of registration of the mark, otherwise the mark shall be removed from the register.

iii Geographical indications
Marks consisting exclusively of signs or indications that may serve in trade to designate a geographical origin are not registrable in the Philippines.5

iv Industrial designs
The law on industrial designs and layout-designs (topographies) of integrated circuits is included in the law on patents.6 An industrial design refers to any composition of lines or colours or any three-dimensional form that gives a special appearance to and can serve as a pattern for an industrial product or handicraft. It must be new or ornamental to be registrable. Two or more industrial designs may be the subject of the same application provided that they relate to the same subclass of the international classification or to the same set or composition of articles. No substantive examination is conducted on an industrial design application. Registration ensues upon compliance with the formal requirements and shall be for a period of five years from the filing date of the application, renewable for two consecutive periods of five years each.

v Patents
The law on patents is Part II of the IP Code. Any technical solution of a problem in any field of human activity that is new, involves an inventive step and is industrially applicable, is patentable. It may relate to a product, or process or an improvement of the foregoing.7 Among the inventions that are not patentable in the Philippines are methods of doing business; computer programs; methods for treatment of the human body by surgery or therapy; and diagnostic methods practised on humans or animals.8 The Philippines switched from the first-to-invent rule to the first-to-file rule when the IP Code took effect on 1 January 1998. The Philippines acceded to the Patent Cooperation Treaty on 17 August 2001. There are no pre-grant or post-grant oppositions to patent applications, but third parties are allowed to submit their observations in writing within six months of publication date of the application in the e-Gazette or the request for substantive examination by the applicant, whichever is later. In the case of utility models and designs, the Intellectual Property Office of the Philippines (IPOPHL) notifies the concerned community upon publication. Any person may present written adverse information in the form of a sworn statement concerning the registrability of the utility model or design application within 30 days of the date of publication. These third-party observations are communicated to the applicant by the IPOPHL for comment, and these comments are considered by the Director of Patents when granting the patent. After the patent is granted, the available action is one of cancellation of the patent itself, or any of the claims thereof on the grounds of lack of novelty, failure to disclose the invention sufficiently clear and complete for it to be carried out by any person skilled in the art, or that

5 Section 123(j), IP Code.
6 Sections 112–120.3.
7 Section 21.
8 Section 22.2, 22.3.
the patent is contrary to public order or morality. The making, using, offering for sale, selling or importing of a patented product or a product obtained directly or indirectly from a patented process without the authorisation of the patentee constitutes patent infringement.\footnote{Section 76.} However, there are certain acts that patentees cannot prevent third parties from performing without their authorisation: using a patented product that has been put on the Philippine market by the owner of the product or with their express consent; when the act is done privately and on a non-commercial scale or for a non-commercial purpose; and for experiments.\footnote{Section 72.} An action for patent infringement may be administrative or civil. A criminal action for patent infringement is available only if it is repeated by the infringer or by anyone in connivance with him or her after the finality of the judgment of the court against the infringer.\footnote{Section 84.}

\section*{II RECENT DEVELOPMENTS}

\subsection*{i Nagoya Protocol}

On 28 December 2015, the Philippines acceded to the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization. The Protocol is a supplementary agreement to the 1992 Convention on Biological Diversity (CBD), and the latter’s instrument for the implementation of its access and benefit provisions. The objective of the Protocol is the fair and equitable sharing of the benefits arising from the utilisation and access to genetic resources. The Philippines joined in approving the Cancun Declaration crafted in December 2016 during the 13th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 13), which recognises that ‘it is essential to live in harmony with nature as a fundamental condition for the well-being of all life’. Enhancing the ability of the Philippines to contribute to the implementation of the objectives of the CBD, on 28 February 2017, the president of the Philippines signed the Instrument of Accession to the Paris Agreement on Climate Change, which the Senate ratified on 14 March 2017 voting 22-0. This officially binds the Philippines to limit its average global temperatures to ‘well below 2 degrees Celsius (3.6 degrees Fahrenheit) above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels’. The Philippines is not a major carbon emitter.

\subsection*{ii Patent Prosecution Highway (PPH)}

On 9 February 2012, the IPOPHL joined the expanding PPH network to avail itself of the work-sharing arrangement among IP offices. Work products from one IP office can be used as reference by another IP office for substantive examination, thereby increasing efficiency of examination of applications. This agreement with the United States Patent and Trademark Office (USPTO) took effect on 29 January 2013 and would have expired on 28 January 2014, but was extended by the IPOPHL for an indefinite period. The PPH Agreement with the Japan Patent Office expired on 11 March 2015 but was renewed for another three years expiring on 10 March 2018, and follows the PPH Mottainai. On 1 May 2015, the IPOPHL and the Korean Intellectual Property Office commenced its PPH pilot programme that lasted for two years ending on 30 April 2017, and renewed it also on this date.
The ASPEC commenced on 15 June 2009, but it is only in 2014 that the IPOPHL begun accepting ASPEC request forms, and after rules implementing the said programme had been modified or amended. The nine participating ASEAN Member States (AMS) are: Brunei, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam. The ASPEC is the first regional patent cooperation project among intellectual property offices in the ASEAN to use the search and examination results from another participating AMS IP Office as its reference in its own search and examination work. The participating AMS Office may consider the search and examination documents it shall receive under the ASPEC. It is not, however, obliged to adopt any of the findings and conclusions reached by the other IP Office, and shall decide whether to grant the patent in the manner in accordance with its national laws. The objectives of the ASPEC are to reduce work and have a faster turnaround time, and better search and examination. All documents for the purpose of the ASPEC must be in English.

The IPOPHL issued the Office Order No. 15-067 series of 2015, which took effect on 7 May 2015, allowing parties to have their cases mediated by the World Intellectual Property Organization (WIPO). This option is advantageous for international parties or those desiring to settle their disputes involving multiple jurisdictions, and the mediation meetings can be done in locations other than the Philippines. Referral to mediation is mandatory for IPOPHL cases.

On 11 July 2016, the IPOPHL in Memorandum Circular No. 16-007 issued the Revised Rules and Regulations on Inter Partes Proceedings (IPC). IPC’s cover trademark opposition and cancellation actions, patent cancellations and compulsory licensing. Its salient points are:

- hearing/adjudication officers are authorised to issue and sign decisions and final orders;
- for opposition cases, for documents executed outside the Philippines, the execution of said documents must be made within the opposition period, but the authentication by the Philippine Consulate Office can be done after the filing of the case but the submission of said authenticated documents must be done before the issuance of a default order or conduct of the preliminary conference;
- extension of period to file oppositions and answers to a total of 120 days, the third motion for extension of which shall be based on compelling grounds;
- decisions of the adjudication officers are appealable to the director of the Bureau of Legal Affairs (BLA) within 10 days of receipt of the decisions; and
- decisions of the BLA director are appealable to the Office of the Director General within 30 days of receipt of the BLA Decision.

The Data Privacy Act of 2012 of the Philippines (RA 10173) took effect on 8 September 2012 mandating the creation of the National Privacy Commission (NPC). The NPC, however, was established some time only in March, 2016, and the implementing rules and regulations of the Act became effective on 9 September 2016. This brings the Philippines, with a growing IT and business processing industry, on a par with international data protection standards. Protected information under the implementing rules and regulations refers to personal information such as ‘any information, whether recorded in a material
form or not, from which the identity of an individual is apparent or can be reasonably and
directly ascertained by the entity holding the information, or when put together with other
information would directly and certainly identify an individual’. The implementing rules and
regulations also protect privileged information, such as client–attorney communications. The
implementing rules and regulations impose penalties of imprisonment and fine for violations.
Personal information controllers and processors have one year to register data-processing
systems that process sensitive personal information of 1,000 data subjects or more with the
NPC.

vi Philippine Design Competitiveness Act of 2013 (RA 10557)
On 15 May 2013, President Aquino signed into law Republic Act No. 10557 or the
Philippine Design Competitiveness Act of 2013 with the objective of promoting and
strengthening the Philippine design industry. One of the provisions of the Act is to promote
the protection of designs by registration and licensing through the Intellectual Property
Office of the Philippines. The implementing rules and regulations of the Act took effect on
25 October 2015.

vii The Philippine Competition Act
The Philippine Competition Act (RA No. 10667) was signed into law on 21 July 2015 and
created the Philippine Competition Commission, a quasi-judicial body, to enforce it. Its
implementing rules and regulations took effect on 19 June 2016 with the main objective of
regulating and prohibiting combinations in restraint of trade or unfair competition. Some of
its major provisions are:

a prohibiting: (1) anti-competitive agreements; (2) abuse of dominant position; and
(3) anticompetitive mergers and acquisitions; and

b compulsory notification of mergers and acquisitions wherein the value of the
transactions exceed 1 billion pesos.

Anticompetitive agreements may be classified into two types: those are prohibited \textit{per se} (e.g.,
price fixing) and those that contemplate controlling or setting production, markets, technical
developments, etc. The PCA imposes administrative, civil and criminal liabilities that apply
to anticompetitive agreements. For violations involving abuse of dominant position and
anticompetitive mergers, only administrative and civil liabilities shall be imposed.

viii Supreme Court decisions on intellectual property law
Some of the more notable decisions of the Supreme Court of the Philippines issued in
2016 relate to intellectual property law.

\textit{International Service for the Acquisition of Agri-Biotech Applications Inc and other
petitioners v. Greenpeace and other respondents (G.R. Nos. 209271, 209276, 209301
and 209430), 26 July 2016}

On 8 December 2015, the Supreme Court, in a decision in four consolidated cases (G.R.
Nos. 209271, 209276, 209301 and 209430) permanently enjoined the field testing for Bt
talang (genetically modified eggplant), declared Department of Agriculture Administrative
Order No. 08, series of 2002 (DAO 08) as null and void, and temporarily enjoined any
application for contained use, field testing, propagation, commercialisation and importation
of genetically modified organisms until a new administrative order is promulgated in accordance with law. This case arose from a petition filed on 26 April 2012 by Greenpeace Southeast Asia (Philippines), a regional office of Greenpeace International, a non-governmental environmental organisation known for its campaign to preserve the environment and promote peace, and some Filipino scientists, professors and ordinary citizens invoking their constitutional right, and the right of future generations of Filipinos, to health and balanced ecology. The objection was directed to the research and development project partly funded by the USAID, on eggplants that are resistant to the fruit and shoot borer. As quoted by the Supreme Court from the Field Trial Proposal of the project proponents, the crystal toxin genes from the soil bacterium Bacillus thuringiensis (Bt) were incorporated into the eggplant genome to produce the protein Cry1Ac, which is toxic to the targeted fruit and shoot borer, the most destructive of insect pest of eggplants. Greenpeace claimed that the required environmental compliance certificate was not obtained prior to project implementation; no independent peer-reviewed study on the safety of Bt talong for human consumption and the environment was conducted; and no public consultation was made on the areas chosen for field testing, hence, the precautionary principle must be applied. The petitioners argued that the precautionary principle did not apply because the field testing is only part of a continuing study being done to ensure that the field trials have no significant and negative impact on the environment, and that the issues raised by Greenpeace involved technical matters pertaining to the special competence of the Bureau of Plant Industry whose determination is entitled to great respect, and charged with the implementation of DAO 08, which covers the importation or release into the environment of any plant that has been altered or produced through the use of modern biotechnology, etc., and EO 514 on the National Biosafety Framework (NBF).

On 26 July 2016, the Supreme Court reversed the above December 2015 Decision and granted the nine motions for reconsideration filed by the proponents of Bt talong. In a unanimous decision, the Supreme Court ruled that said cases were deemed moot and academic by the expiration of the biosafety permits issued by the Bureau of Plant Industry and the termination of Bt talong field trials subject of the permits, which negated the need for the relief sought by the respondents as there was no longer any field testing to stop.

**Intellectual Property Association of the Philippines (IPAP) v. Hon. Paquito Ochoa in his capacity as Executive Secretary, et al. G. R. No. 204605, 19 July 2016**

On 14 December 2012, the Intellectual Property Association of the Philippines (IPAP) filed an action seeking to declare the accession of the Philippines to the Madrid Protocol as unconstitutional. The IPAP claimed that the accession, signed only by the president, needed the concurrence of the Senate, and that it was in conflict with Republic Act No. 8293 (the IP Code) which required that foreign trademark owners seeking protection of their trademarks in the Philippines must file their applications through a resident agent. On 19 July 2016, the Supreme Court issued its decision dismissing the petition of the IPAP and ruled that the Protocol is an executive agreement that does not require the concurrence of the Senate. It further ruled that ‘there is no conflict between the Madrid Protocol and the IP Code’, as ‘the method of registration through the IPOPHL, as laid down by the IP Code, is distinct and separate from the method of registration through the WIPO, as set in the Madrid Protocol’. 
This case refers to Nemours’ patent application No. 35526 filed on 10 July 1987 for Angiotensin II Receptor Blocking Imidazole (losartan), an invention related to the treatment of hypertension and congestive heart fracture (brand names Cozaar and Hyzaar), which was declared by the examiner as abandoned for failure to respond to an office action issued in 1988. Nemours filed a petition for revival through another patent agent on 19 December 2000 (13 years later), claiming that the former patent agent died and they were not aware of his death nor of the office action. The examiner denied the petition for revival, which was sustained by the director of Patents and the Office of the Director General. On appeal to the Court of Appeals (CA), the latter reversed the decision of the IPOPHL and ruled in favour of Nemours, stating that there was justification ‘to relax the rules and to afford the petitioner some relief from the gross negligence of its former lawyer’. At this point, Therapharma – claiming that it had vested rights that would be affected by the CA decision, having produced losartan product Lipezar, relying on the IPOPHL information that Nemours has no losartan patent – moved to intervene in the case, which the CA granted. However, the CA corrected itself when resolving the motions for reconsideration filed by both parties: it issued an amended decision and ruled that the public interest would be prejudiced by the revival of Nemours’ application. It found that losartan was used to treat hypertension, ‘a chronic ailment afflicting an estimated 12.6 million Filipinos’, and noted that the presence of competition lowered the price for losartan products. It also found that the revival of the application prejudiced Therapharma Inc.’s interest, in that it had already invested more than 20 million pesos to develop its own losartan product and that it acted in good faith when it marketed its product.

On appeal, the Supreme Court affirmed the amended decision of the CA and ruled that:

public interest will be prejudiced if, despite petitioner’s inexcusable negligence, its Petition for Revival is granted. Even without a pending patent application and the absence of any exception to extend the period for revival, [the] petitioner was already threatening to pursue legal action against respondent Therapharma, Inc. if it continued to develop and market its losartan product, Lifezar. Once [the] petitioner is granted a patent for its losartan products, Cozaar and Hyzaar, the loss of competition in the market for losartan products may result in higher prices. For the protection of public interest, Philippine Patent Application No. 35526 should be considered a forfeited patent application.

III OBTAINING PROTECTION

i Genetic material

Genetic material may be protected by patent. The IP Code in Section 22.4 states exclusion from patent protection does not apply to ‘microorganisms and non-biological and microbiological processes’. Such protection is also implied in Section 35.1, which states:

The application shall disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art. Where the application concerns a microbiological process or the product thereof and involves the use of a microorganism that cannot be sufficiently disclosed in the
The Revised Implementing Rules and Regulations for Patents, Utility Models and Industrial Designs (Revised IRRs) are clearer on the protection of genetic material in Rules 408 and 409, which are provisions on the requirements of application relating to biological materials and microorganisms and the requirements of application relating to biological materials and microorganisms before allowance, respectively. These rules require that a culture of the microorganism used in the subject of the patent application be deposited in a depositary institution.

ii Genetically altered cells, plants and animals
Genetically altered cells are protected by patent as discussed previously. A genetically altered plant may be protected under Philippine Plant Variety Protection Act of 2002. A certificate of plant variety protection will be granted for varieties that are new, distinct, uniform and stable. According to Section 36 of that law, the right holders of plant varieties have the right to authorise any of the following acts:

a production or reproduction;
b conditioning for the purpose of propagation;
c offering for sale;
d selling or other marketing;
e exporting;
f importing; and
g stocking for any purpose mentioned above.

Animal breeds are excluded from the protection of a patent in Section 22.2 of the IP Code; however, the provision includes the phrase ‘shall not preclude Congress to consider the enactment of a law providing sui generis protection of […] animal breeds’. There is currently no policy proposal regarding the protection of animal breeds.

iii Methods of production in cells, plants, animals
The methods of production in cells, plants and animals may be covered by microbiological processes (see Section III.i, supra).

iv Business methods
Among the non-patentable inventions enumerated in Section 22 of the IP Code are ‘schemes, rules and methods of […] doing business’. The Revised IRRs expand on this non-patentable invention further in Rule 202(d) as a ‘method of doing business, such as a method or system for transacting business without the technical means for carrying out the method or system’.

v Computer software
The provision regarding patents in the IP Code states in Section 22.2 that ‘programs for computers’ are excluded from patent protection. However, in the Section 172.1(n) or the IP Code, concerning copyright, ‘computer program’ is included in the enumeration of literary and artistic works protected from the moment of their creation.
vi Methods for treating patients, both with drugs and medical procedures

The method for treatment of humans or animals by surgery or therapy and diagnostic methods practised on the human or animal body is another item excluded from patent protection by Section 22 of the IP Code.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

Administrative action

The BLA is the IPOPHL’s adjudications bureau. It has jurisdiction over intellectual property violation cases claiming not less than 200,000 Philippine pesos in damages. Below this amount, administrative action can be filed before the Department of Trade and Industry’s Office of Legal Affairs. The BLA has original jurisdiction over inter partes cases (i.e., opposition to the application for registration of marks, cancellation of trademarks, cancellation of patents, utility models, and industrial designs, and petitions for compulsory licensing of patents).

Civil and criminal actions

The regional trial courts (RTCs) designated as special commercial courts have jurisdiction over civil and criminal actions involving intellectual property. RTCs can issue search warrants in the case of criminal actions and writs of seizure in the case of civil actions. The Rules of Procedure for Intellectual Property Rights Cases (see Section II.iii, supra) govern these actions, but the Rules of Court are applied supplementarily. Independent of the civil and administrative sanctions imposed by law, a criminal penalty of imprisonment from two years to five years and a fine ranging from 50,000 to 200,000 Philippine pesos shall be imposed on any person found guilty.12

Border control measures

Complying with the TRIPS agreement on special border control to prohibit the entry of certain prohibited merchandise, the Bureau of Customs (BoC) Customs Administrative Order 6-2002 was issued establishing the administrative guidelines to expedite the handling and disposition of prohibited goods. The prohibited goods are: (1) those that copy or simulate any mark or trade name registered with the IPOPHL; (2) those that copy or simulate any well-known mark declared as such by competent authority; (3) those that are judicially determined to be unfairly competing with products bearing marks that are registered or not; (4) those that constitute a piratical copy or likeness of any work, published or unpublished, on which a copyright subsists; (5) those that present themselves as a substantial simulation of any machine, article, product or substance duly patented under the IP Code, without the authorisation of the patentee or its authorised agent; and (6) those that use a false or misleading description, symbol, or label that is likely to cause confusion, mistake or deception as to the affiliation, connection or association of the imported goods with another person’s goods, or those that misrepresent their nature, characteristics, qualities or geographic

12 Section 170.
origin. Recording of the intellectual property right holders of their products with the BoC is desirable; each record is good for two years and serves as a continuing complaint against any and all counterfeit and infringing goods.

**Trademarks**

Actions for trademark infringement, unfair competition, false or fraudulent declaration, false designation of origin, false description or representation may be filed as administrative, civil or criminal actions. The measure of recoverable damages is the reasonable profit that the complaining party would have made, had a defendant not infringed his or her rights, or the profit that the defendant actually made out of the infringement, or in the event such measure or damages cannot be readily ascertained, then the court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party.\(^ {13} \) On application by the complainant, the court may impound sales invoices and other documents evidencing sales during the pendency of the action.\(^ {14} \) Where there is actual intent to mislead the public or defraud the complainant, at the discretion of the court, the damages may be doubled.\(^ {15} \) The complainant, also, upon proper showing may be granted injunction.\(^ {16} \) The court may also order the destruction of the infringing materials.\(^ {17} \)

**ii Requirements for jurisdiction and venue**

**Administrative action**

The BLA of the IPOPHL has original jurisdiction over administrative actions involving intellectual property rights cases where the claim of damages is not less than 200,000 Philippine pesos. These proceedings are adversarial and trial of the case is required. The BLA has the authority to hear and decide cases involving opposition and cancellation of trademarks, patents, utility models, industrial designs, and petition for compulsory licensing of patents. These proceedings are summary in nature and no trial is conducted. Referral to mediation is compulsory except in cases where preliminary injunctive relief is sought.

**Civil action**

A civil action relating to intellectual property violations is cognisable by the special commercial court where the plaintiff or respondent resides. The complaint must be verified. The application for a writ of seizure, however, may be filed with any of the special commercial courts, and the applicant has 30 days from the issuance of the writ to file the verified complaint before the proper special commercial court. The respondent can raise the relevant counterclaims coupled with payment of the docket fees, if applicable.

**Criminal action**

As previously discussed, the special commercial courts have authority to act on applications for the issuance of search warrants involving violations of the IP Code; these search warrants

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13 Section 156.1.
14 Section 156.2.
15 Section 156.3.
16 Section 156.4.
17 Section 157.
shall be enforceable nationwide. Within their respective territorial jurisdictions, the special commercial courts in the judicial regions where the violation of intellectual property rights occurred shall have concurrent jurisdiction to issue search warrants.18 Whether or not there is a raid, if the intellectual property owner has sufficient evidence to take action, then a verified complaint should be filed with the prosecutor’s office. The verified complaint for preliminary investigation should be filed with the Office of the Public Prosecutor (Department of Justice) in the territorial jurisdiction where one of the elements of the crime is committed. Should the Public Prosecutor find probable cause, he or she shall then file the information (criminal complaint) before the special commercial court in that territory. With the filing of the information, the court shall issue the warrant of arrest, and the accused can put up the required bail. The court schedules the arraignment of the accused and the case is set for pretrial. Under the new procedures, the court has the discretion to resolve the case by asking for the submission of position papers, or schedule the same for trial. This procedure is also applicable to civil actions.

iii Obtaining relevant evidence of infringement and discovery

Discovery is allowed for administrative, civil and criminal actions involving intellectual property violations. However, discovery is not as widely used in the Philippines as in the United States. In the case of administrative actions, if the information sought in discovery can be obtained from witnesses presented during the trial, motions for discovery will be denied.

iv Trial decision-maker

Special commercial courts

These are regional trial courts presided over by one judge per court designated by the Supreme Court to handle civil and criminal cases involving intellectual property cases. In patent infringement cases, the court, on its own motion or upon motion by a party, may order the creation of a committee of three experts to provide advice on the technical aspects of the patent in dispute.19 To assist in trials involving highly technical evidence or matters, the court may also request the IPOPHL to provide equipment, technical facilities and personnel.

Administrative cases

In actions for the cancellation of patents or any claims therein, involving highly technical issues, on motion of any party, the Director of the BLA may order that the petition be heard and decided by a committee composed of the Director as chairman and two members who have the experience or expertise in the field of technology to which the patent relates.

v Structure of the trial

Civil action and criminal actions

Subject to the issues stated in the pretrial order, trials in the regional trial courts proceed as follows:

18 Section 2, Rule 10, AM 10-3-10-SC.
19 Section 4, Rule 17, AM 10-3-10-SC.
The plaintiff adduces evidence in support of the claim. The plaintiff may present ordinary witness to support facts and may call on expert witnesses to lay down opinion on matters requiring special knowledge, skill, experience or training that they are shown to possess. Witnesses are to be examined in open court. The order of their questioning is: direct examination of the proponent; cross-examination by the opponent; further direct examination of the proponent; and further cross-examination of the opponent. In civil cases, the party having the burden of proof must establish his or her case by a preponderance of evidence.

The burden of proof falls on the party presenting evidence on the facts in issue necessary to establish a claim or defence. The defendant adduces evidence to support a defence or counterclaim, cross-claim or third-party claim.

Third-parties and so forth, if any, shall adduce evidence in support of their claim.

The parties against whom any counterclaim or cross-claim has been pleaded shall adduce evidence in support of their defence.

The parties adduce rebuttal evidence.

The case is submitted for decision.

Criminal action

The civil liability aspect is deemed instituted in a criminal case. A private complainant may be represented by its own private prosecutor, with the consent of the public prosecutor, for proving civil damages, and conducts the trial. The order of the trial, and witnesses to be presented, is similar to that in a civil action. The accused is entitled to an acquittal unless guilt is proved beyond reasonable doubt.

Administrative action

The proceeding is similar to that of the civil action. A fact may be deemed established if it is supported by substantial evidence.

Infringement

A civil action and an administrative action to recover damages are available to the patent owner for patent infringement, which is defined as the making, using, offering for sale, selling or importing a patented product or a product obtained directly or indirectly from a patented process, or the use of a patented process without the authorisation of a patentee. Aggrieved patentees or patent owners can also recover attorneys’ fees plus litigation expenses, and also secure an injunction for the protection of their rights. If the damages are inadequate or cannot be readily ascertained with reasonable certainty, the court may award a sum equivalent to reasonable royalty. The court may, according to the circumstances of the case, award

20 Section 49, Rule 130, Rules of Court.
21 Section 4, Rule 132, Rules of Court.
22 Section 1, Rule 133, Rules of Court.
23 Section 1, Rule 131, Rules of Court.
24 Section 5, Rule 30, Rules of Court.
25 Section 2, Rule 133, Rules of Court.
26 Section 5, Rule 133, Rules of Court.
27 Section 76.2.
28 Section 76.3.
damages in a sum above the amount found as actual damages sustained, but which should not exceed three times the amount of such actual damages. Destruction or disposition outside the channels of trade may also be ordered for infringing goods, materials and implements used in the infringement. The IP Code also provides for contributory infringement. No damages can be recovered for acts of infringement committed more than four years before the institution of the action for infringement. In the case of a second offence by the same infringer, criminal action is available. An action for infringement may be defeated by claiming that the patent, or any claim thereof, is invalid and must be cancelled; the grounds available are that the invention lacks novelty, the patent is not sufficiently disclosed for a person skilled in the art to carry out, or the patent is contrary to public policy or morality. The above remedies are also available to utility models and industrial designs covered by the law on patents.

vi Infringement
Section 75 of the IP Code states that the extent of protection conferred by the patent shall be determined by the claims, which are to be interpreted in the light of the description and drawings, and that due account shall be taken of elements that are equivalent to the elements expressed in the claims, so that a claim shall be considered to cover not only all the elements as expressed therein, but also equivalents.

vii Defences
The following defences may be raised in a patent infringement case: (1) the patented product has been put on the market with the consent of the patent owner; (2) the act is done privately and on a non-commercial scale or for a non-commercial purpose that does not significantly prejudice the economic interests of the patent owner; (3) the use is for experimental purposes; (4) the invention is used in the preparation by a medical professional for individual cases in accordance with a medical prescription; (5) the invention is used in any ship, vessel, aircraft or land vehicle of any other country entering Philippine territory for its exclusive needs, and not used for the manufacturing of anything to be sold within the Philippines; and (6) use of a prior user in good faith.

The invalidity of the patent can be raised as a defence by presenting, for example: prior art that consists of everything that has been made available to the public anywhere in the world, before the filing date or the priority date of the application claiming the invention; and the whole contents of an application for a patent, utility model or industrial design registration, published in accordance with the IP Code, filed or effective in the Philippines. National emergency, public interest and non-commercial use of the patent without satisfactory reason are some of the grounds for compulsory licensing.

viii Time to first-level decision
For administrative actions, it usually takes two to three years from the filing of the complaint to the issuance of the decision by the BLA. For civil and criminal cases, it takes a little longer, about three to five years, because of the backlog of the regional trial courts. However, the

29 Section 76.5.
30 Section 79.
31 Section 73, IP Code.
issuance of the new procedures by the Supreme Court, allowing for the resolution of a case on the basis of position papers, may well reduce the period for the issuance of the decision at the regional trial court level.

ix Remedies

At any time before the decision is issued, whether the action is administrative or civil, the plaintiffs or any proper party may move for and avail of the provisional remedies of preliminary attachment and preliminary injunction. Preliminary attachment of the adverse party’s property as security for the satisfaction of any judgment is allowed in the following cases: (1) in an action against a party who has been guilty of fraud in procuring the registration of a mark by false or fraudulent declaration or representation, or by any false means; (2) in an action for unfair competition; (3) in an action against a party who does not reside and is not found in the Philippines, or on whom summons may be served by publication; (4) in an action for the recovery of a specified amount of money or damages on a cause arising from a violation of the IP Code against a party who is about to depart from the Philippines with intent to evade the execution or judgment; or (5) in an action against a party who has removed or disposed of property, or is about to do so, with intent to defraud the aggrieved party. The party applying for the order of attachment must give a bond in the amount fixed by the court, on the condition that the applicant will pay all the costs that may be adjudged to the adverse party and all damages he or she may sustain by reason of the attachment, if the court shall finally adjudge the applicant was not entitled thereto. Preliminary injunction may be granted when it is established that the applicant has a right in esse, that the commission, continuance or non-performance of the act complained of during the litigation would probably cause injustice to the applicant, or that a party is doing, threatening to do or attempting to do some act in violation of the rights of the applicant tending to render the judgment ineffectual.

Damages

No damages can be recovered for acts of infringement committed more than four years before the institution of the action for infringement. The amount of damages may be based on reasonable profit or business loss of the complaining party. The court may impound during the pendency of the action sales invoices and other documents evidencing sale. For civil actions, the special commercial court may issue a writ of seizure of the infringing goods.

Border control measures

The BoC has the power to issue a warrant of seizure and detention if it has found that a shipment violated the Tariff and Customs Code or the IP Code. It will then give an opportunity to the intellectual property owners to be heard. If, with due notification, no claimant, owner or agent can be found, then such properties will be forfeited in favour of the government.

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32 Rule 4, Rules and Regulations of Administrative Complaints for Violation of Laws Involving IP Rights.
33 Section 79, IP Code.
34 Section 156, IP Code.
35 Section 2, Rule 2, AM 10-3-10-SC.
x Appellate review
Administrative actions, including *inter partes* cases decided by the BLA, are appealable to the ODG within 30 days of the date the parties receive the decision. The ODG can refer the case again to mediation. The ODG will request the adverse party to file its comments. No oral argument is allowed. Decisions of the ODG are appealable to the Court of Appeals, and the decision of the latter to the Supreme Court. A division of the Court of Appeals is composed of three justices. Oral arguments may be allowed. The Court of Appeals will review the facts of the case and issue its decision. The Supreme Court, in general, only deals with questions of law, but on exceptional grounds will rule upon questions of fact.

xi Alternatives to litigation
For both the IPOPHL and the regular courts, referral to mediation is mandatory. For the IPOPHL, an alternative dispute resolution office has recently been created, giving parties access to any and all alternative modes of dispute resolution, such as mediation and arbitration.

V TRENDS AND OUTLOOK
The IPOPHL’s efforts for the Philippines to be finally removed from the United States Trade Representative ‘Special 301’ Report, which have received support from the international community, finally bore fruit. On 28 April 2014, it was removed from the 301 List. The Philippines remains out of the watch list for 2016.

In March and April 2017, the IPOPHL issued notices to the public asking for comments on the proposed Revised Rules and Regulations on Trademarks, and also on the IP Violation Rules of the Bureau of Legal Affairs.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

The main Portuguese legal framework for industrial property rights is found in the Industrial Property Code (CPI), as approved by Decree-Law No. 36/2003, of 5 March and amended by Law No. 16/2008 of 1 April 2008, which implemented Directive 2004/48/EC of the European Parliament and of the European Council of 29 April 2004 on the enforcement of intellectual property rights (the Enforcement Directive), and Decree-Law No. 143/2008 of 25 July 2008. The CPI includes the main legal provisions regarding invention patents, utility models, registered designs and trademarks. There are also provisions for registering supplementary protection certificates, semiconductor layouts, logotypes, designations of origin or geographic indications.

The CPI makes no reference to trade secrets. A trade secret could, therefore, be considered to encompass any kind of know-how, expertise or business and technical information provided it is valuable and secret.

Trade secrets are not covered by any particular rights under Portuguese law, nor are they subject to any kind of requirement.

Notwithstanding the above, using a competitor’s business information without consent may result in unfair competition under the CPI.\(^2\)


In addition to CPI regulations regarding patents, conventions, treaties and international agreements that have been duly ratified by Portugal, the Paris Convention, the European Convention (EPC), the Patent Cooperation Treaty, the Budapest Treaty and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement are also applicable in Portugal. Accordingly, both process and product inventions may currently enjoy patent protection in Portugal, which is valid for a 20-year term.

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1 Francisco Brito e Abreu is a partner and Joana Mota is a senior associate at Uría Menéndez – Proença de Carvalho.
2 Article 318, CPI.
II RECENT DEVELOPMENTS

Recent reforms have been passed in Portugal to simplify procedures and improve access to the industrial property system by foreign citizens and companies, as well as to eliminate formalities and to shorten the legal time frame applicable to certain actions. Such reforms, which have been carried out by the Portuguese government in recent years, are part of the programme to eliminate bureaucracy. As a consequence of this programme, from 2012 onwards the majority of applications for the registration of industrial property rights in Portugal have been filed online.

In addition to this, the enactment of Law No. 62/2011 of 12 December, established a compulsory arbitration regime for disputes emerging from industrial property rights concerning reference and generic drugs, including precautionary proceedings. This law is applicable regardless of whether the cause for action refers to process, product or utilisation patents, or complementary protection certificates. Pursuant to the enactment of this Law, patent litigation in the Portuguese administrative courts in this particular regard was diverted to arbitration. This was promoted as providing a significant reduction to the timeframes of proceedings and the decision on cases and, moreover, enabling the parties to obtain a higher level of technical quality in the decisions than those provided by the state courts. In the past years, there have been hundreds of arbitrations in Portugal between industrial property rights holders and marketing authorisation applicants, which have ‘contributed to completely changing the panorama of the case law relating to the infringement of patents and SPCs (supplementary protection certificates)”.

Finally, as of March 2012, a new specialist Intellectual Property Court, located in Lisbon, with national competence, has begun hearing appeals of the Portuguese Patent and Trademark Office (INPI) regarding its decisions and industrial property right enforcement actions (see Section IV. iv, infra). This represented a welcome change as the commercial courts had been inundated (particularly with insolvency proceedings) over the past few years.

III OBTAINING PROTECTION

According to the CPI, any inventions may be the subject matter of patent protection provided that they are new, inventive and have industrial application. This provision expressly includes biotechnological inventions among patentable inventions, defined by the CPI in accordance with the Biotech Directive, as ‘a composed product consisting of biological material or a process by means of which biological material is produced, processed or used’.

It is further established that, if the above requirements are met, patent protection may be granted either for a process or a product, in any field of technology. Also, the CPI defines any new process for obtaining known products, substances and compounds as patentable.

Although the CPI usually protects inventions, simultaneously or sequentially, by means of patent or utility model rights or both, it excludes any inventions or biological material and chemical or pharmaceutical processes or substances from the scope of protection of utility models.

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5 Article 51, CPI.
6 Article 119, CPI.
The CPI expressly excludes from patent protection, among other matters, simple discoveries, scientific theories and mathematical methods, natural materials and substances, and methods for treatment of human or animal body by surgery or therapy and diagnosis methods applied to the human or animal body. In this context, software is, as general rule, subject to protection by copyright and not patent, unless the software in question is part of a process subject to patent protection *per se* (the ‘computer implemented inventions’).

These limitations, however, do not apply to: products, substances or compounds used in surgery, therapy and diagnosis methods; or a substance or a compound used by any of the above methods that is part of the state of the art, provided, however, that its use in connection with those methods is not included in the state of the art.

The protection of a ‘new use’ invention therefore prevails as provided in the EPC, regardless of whether the CPI fails to provide any specific guidelines regarding a second use definition.

In line with the Biotech Directive, the CPI provides that illegal inventions and inventions the commercial exploitation of which is contrary to public policy, morality and public health are unpatentable. This includes processes to clone human beings, to modify the germ line genetic identity of human beings, the use of human embryos for industrial or commercial purposes, processes to modify the genetic identity of animals that are likely to cause them suffering without any substantial medical benefit to humans or animals, and any animals resulting from such processes.

The CPI further determines as non-patentable inventions, in accordance with the Biotech Directive, the human body, at the various stages of its formation and development, and also the simple discovery of one of its elements, including a sequence or partial sequence of a gene. This material cannot be the subject matter of patentable inventions, nor can plant varieties and animal species, or primarily biological processes for the production of plants or animals.

The limitations regarding the human body will, however, not apply to new inventions entailing inventiveness and industrial applicability, regarding isolated elements from the human body or otherwise produced through a technical process, including the sequence or partial sequence of a gene, even if the structure of that element is identical to that of a natural element, provided that the industrial application of such sequence or partial sequence of a gene is expressly observed and specifically indicated in the patent application. Technical processes used for the identification, characterisation, isolation, purification and reproduction of the gene, seeking a technical application, are also patentable.

The above limitations will likewise not apply to inventions regarding plants or animals, provided that their technical feasibility is not confined to a plant variety or animal species; to inventions concerning a microbiological process or other technical processes, or a product obtained by means of such processes; or to biologic material isolated from its natural environment or produced by means of a technical process even if it previously occurred in nature.

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7 Plant variety protection can be obtained through the procedure set out in Decree 20/95 of 8 July according to which Portugal joined the International Union for the Protection of New Varieties of Plants, or under a ‘Community plant variety right’, in accordance with Council Regulation (EC) No. 2100/94 of 27 July 1994 on Community plant variety rights.
IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

An action for patent infringement may be initiated based on civil or criminal law and, in certain cases, situations of patent infringement may also give rise to administrative proceedings leading to the application of a fine to the offender by an administrative authority. According to the CPI, in such administrative proceedings, the investigation phase is conducted by an administrative authority (Food and Economic Safety Authority). The final decision regarding the application of a fine and additional penalties provided for in the CPI shall be taken by the INPI.

In the case of civil actions, specialised courts (ruling at first instance) have exclusive jurisdiction over such claims. Any civil action (claim for damages) based on patent infringement shall be brought before the Intellectual Property Court as of March 2012. Notwithstanding, all civil actions brought before this date have continued their proceedings in the commercial courts, which, before the establishment of the Intellectual Property Court, had exclusive jurisdiction over such claims.

All criminal litigation will be brought before the criminal courts of first instance. The initiation of a criminal procedure (i.e., the commencement of an investigation phase) depends on a prior complaint submitted to the Public Prosecution Service. The local court with jurisdiction is the court of the area where the breach was or is being committed.

ii Requirements for jurisdiction and venue

The infringement of a patent right may entail the initiation of three types of proceedings, outlined below.

Civil action (claim for damages)

These are judicial proceedings of a civil nature through which any party who has suffered damages resulting from an unlawful act may claim against the infringer in order to obtain fair compensation for damages. In order for this action to be successful the following must apply: there must be an unlawful act (the infringement); the conduct of the infringer must either be wilful or negligent; there must be damages; and the conduct must have produced the damages.

Should these requirements be met, the patent holder will be entitled to claim for damages and loss of profits caused directly or indirectly by the conduct of the infringer. In order to calculate such indemnification the court should also take into account: (1) the actual damages and the loss of profit (including the royalties that the infringer would have paid to the patent owner for the legitimate use of the patent); (2) the profits obtained by the infringer; (3) the costs incurred by the right holder for the protection of its rights, comprising the investigations and the efforts to cease the infringing acts; and (4) non-pecuniary damages. The criteria for loss of profits are established in the Portuguese Civil Code, namely, the profits that the claimant would have obtained if the infringement had not taken place. If it is not possible to determine the amount of the compensation according to the above criteria, the court will determine a fair amount that must cover at least the remuneration that the patent
holder would have obtained if the infringing party had requested a licence and the costs incurred by the patent holder for the protection of its rights, comprising the investigations and the efforts to cease the infringing acts.8

Criminal proceedings
According to the CPI, certain patent infringements are considered criminal offences:

\( a \) violation of an exclusive right granted by a patent. Those who, without the consent of the patent owner: produce goods that are the subject matter of the patent; use or apply means or processes protected by the patent; or import or distribute goods that have been obtained using products or processes protected by the patent right, may be punished with a prison sentence of three years or a fine of up to €180,000;

\( b \) selling, moving and concealing products protected by a patent, with knowledge of this fact, may be punished with a prison sentence of one year or a fine of up to €60,000;

\( c \) holding a patent right in bad faith, without being lawfully entitled to it, may be punished with a prison sentence of one year or a fine of up to €60,000. In these cases, the court will also issue a decision annulling the patent registration, or, upon the request of the interested party, assign the registration in favour of the inventor; and

\( d \) performance of a legally non-existent act or an act with concealment of the truth, will be punished with a prison sentence of three years or a fine of up to €180,000.

Criminal proceedings will be initiated by the Attorney General’s Office only if a complaint is submitted by the patentee or licensee within six months from the infringement. If the Attorney General’s Office finds sufficient evidence to substantiate the complaint, formal prosecution may follow and proceedings will commence. As a general rule, the wilful misconduct of the defendant must be proven for the defendant to be found guilty in criminal proceedings, unless negligence is expressly considered to be prohibited. With regard to patents, and on the basis of the criminal offences, the infringing act must be carried out intentionally.

Administrative infraction proceedings
These proceedings deal with infractions which, from a Portuguese law perspective, are less serious than criminal offences, and therefore only punished with fines.

**iii Obtaining relevant evidence of infringement and discovery**
The CPI contains specific provisions regarding the possibility of the claimant to obtain evidence of infringement.9 In judicial proceedings it is possible to request that the infringer presents the evidence in its possession, as long as the claimant is able to demonstrate sufficient indication of a violation of its industrial property rights. Moreover, it is also possible to ask the court for protective measures in order to preserve evidence of the alleged violation. These evidence preservation measures may include a ‘detailed description, with or without samples, or the effective seizure of the goods suspected of violating industrial property rights, as well as, whenever considered appropriate, of the materials and instruments used in producing and distributing said goods, as well as documentation pertaining to them’.10

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8 Article 338º-L, CPI.
9 Article 338º-C, CPI.
10 Article 338º-D, CPI.
iv Trial decision-maker
Portugal’s bailout in 2011 and recourse to European Union mechanisms to avoid defaulting on its debts resulted in the execution of a memorandum of understanding (MoU) with the ‘troika’ of the European Commission, the International Monetary Fund and the European Central Bank. One of the undertakings assumed by Portugal in the MoU related to the improvement of the Portuguese judicial system, which is essential for the proper and fair functioning of the economy. In this regard, the MoU required that, among other changes, a specialised court on intellectual property rights should be made fully operational.

As a result of this, Decree-Law No. 67/2012 of 20 March 2012, introduced an Intellectual Property Court to deal with matters related to intellectual property, which came into operation on 30 March 2012. It is a single-panel court with specialised competence and a national scope, currently with two judges who have been transferred from the commercial courts, which were until that time the competent courts to decide on intellectual property matters. The judges can nominate experts to assist them on complex technical matters.

v Structure of the trial
Both civil and criminal proceedings include different stages. Generally, proceedings are initiated by the parties submitting pleadings, followed by a stage in which evidence is provided. Subsequently, the trial takes place and the court issues its decision. Finally, the parties can appeal said judgment, provided that certain conditions are met. As a general rule, witnesses should be proposed at the time of the submission of the complaint.

Contrary to the general principle applicable in Portuguese civil law, where the burden of proof generally lies with the party claiming a certain right, in certain patent process infringement scenarios the burden of proof lies with the defendant. In this regard, the CPI establishes: ‘If the subject matter of the patent is a process for the manufacture of a new product, this product manufactured by a third party shall be presumed to have been manufactured through the patented process, unless the third party provides proof that the process used is different.’

This, however, will only apply in civil actions, as in criminal actions or administrative infraction proceedings, the general principle of law in dubio pro reo (presumption of innocence) will apply and the proof will be freely assessed by the court.

vi Infringement
The CPI does not contain any reference to the doctrine of equivalents. Nevertheless, it sets out that the scope of protection conferred by the patent has to be determined by the content of the claims, and that the description and drawings will serve for its interpretation.

The doctrine of equivalents was apparently firstly referred to by a Portuguese court in a decision issued more than four decades ago by the Lisbon Court of Appeal under the former Portuguese Industrial Property Code of 1940 (decision of 26 June 1974). The court then decided that despite the substitution of some of the means described in the appropriate patent, patent infringement can be determined where the following three conditions (the ‘triple identity’ test) are met: (1) the substitutive means derive from the same inventive idea

11 Article 98, CPI.
12 Article 97, CPI.
that is the subject matter of the patent; (2) such means have the same function as the means described in the patent; and (3) such means are aimed at the same results as the means described in the patent.

In any event, it is generally accepted that the doctrine of equivalents is applicable in Portugal.13

vii Defences

The validity of the title invoked by the patent holder may be challenged on the basis of several facts. The title will be considered null at any time if the subject matter of the industrial property right cannot be protected; some formalities considered necessary for the correct allocation of rights have been ignored; or public rules have been breached.14

In relation to patents specifically, the CPI establishes further causes of nullity:

a when the patent does not comply with the novelty, inventiveness and industrial application requirements;
b when the subject matter of the patent concerned cannot be protected;
c when it is acknowledged that the title given to the patent comprises a different subject matter; and
d when the subject matter has not been described in such a way that it allows its execution by a specialist in that field.15

Further to this, the declaration of nullity or annulment may apply to one or more claims, but it will not be possible to declare the partial nullity or annulment of a claim. In court proceedings, the patent holder may limit the scope of protection by requesting the amendment of the claim. Furthermore, if one or more claims are declared void or annulled, the patent will remain in force, provided that the remaining claims constitute an autonomous patent16. The nullity may be invoked at any time and by any party that proves to have an interest in ensuring that the invalidity is recognised, including by the public prosecutor.

Furthermore, the CPI also sets out that a title can be declared annulled in the following cases:
a the patent rights do not belong to the title holder; or
b the patent rights have been granted in breach of either of the following rules:
   • the patent must be granted to its inventor or inventors; or
   • if the invention was created within the scope of an employment contract, the patent holder will be the employer. The employer will be awarded compensation in accordance with the importance of the invention, if the invention is not comprised within the employment contract.17

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13 Recent case law expressly recognises that the doctrine of equivalents should apply to all patents with effect in Portugal, regardless of the protection adopted (whether national, European or international), for reasons of equal competition and legal certainty (e.g., Lisbon Court of Appeal, decision of 17 September 2009 (proceedings 893/1995.L1-2) and South Administrative Central Court, decision of 18 March 2010 (proceedings 5893/10), both available at www.dgsi.pt).
14 Article 33, CPI.
15 Article 113, CPI.
16 Article 114, CPI.
17 Article 34, CPI.
In the cases described in (b), above, instead of the title being annulled, the interested party can request the reversion of title in its favour.

The alleged infringer may also argue that the rights granted by the patent holder have been exhausted. However, arguments on this specific topic are not frequent in patent litigation in Portugal.

viii Time to first-level decision
There are no legal deadlines for first instance courts to deliver a decision. Despite this, the general practice is that it may take from one to three years in main actions and one to two years in preliminary proceedings.

With regard to a decision in arbitration proceedings, the law sets forth a 12-month period for a decision to be rendered. This period may be extended if the parties so agree.

ix Remedies
Before the implementation of the Enforcement Directive in Portugal, there were no specific preliminary injunction proceedings for industrial property rights (other than an injunction for the apprehension of infringing goods) and general preliminary injunction procedure rules were applicable. Upon the transposition of the Enforcement Directive by Law No. 16/2008, published on 1 April 2008, which amended the Copyrights and Related Rights Code and the Industrial Property Code, the following procedures are now set forth in the Portuguese Industrial Property Code:

a a specific preliminary injunction, which has the aim of preventing an imminent infringement or to suspend the infringement in course, and can be directed at an intermediary of the infringer. The court may order the alleged infringer to pay a penalty for the possible delay in complying with the injunction; and

b measures to collect and protect evidence and duty to provide information, under which an interested party can request the infringing party to be ordered to provide detailed information on the origin and the distribution chain of the services and goods potentially infringing the interested party’s industrial property rights.

Portuguese law does not specify how imminent the acts of infringement must be for the court to hand down a decision ordering a preliminary injunction. The petitioner must provide preliminary proof that there is violation of, or justified fear that another party may cause serious harm that is difficult to repair to an industrial property right.

Although the preliminary injunction depends on the action on the merits, it can, however, be filed during or before those proceedings. Therefore a preliminary injunction can be filed and decided before the filing of the action on the merits. In this case, the petitioner has a 30-day period following notification from the court of the final decision to file the action on the merits. As preparatory actions may be also prosecuted under the CPI, and may be sufficient evidence to file injunction proceedings, the petitioner can either wait until the product is launched or act once it has sufficient evidence of the preparatory actions. Nevertheless, the preliminary injunction should be filed as soon as the petitioner has obtained the necessary evidence of the preparatory actions or, as the case may be, of the infringing behaviour. If an injunction is requested in order to prevent the occurrence of an infringing action (i.e., before the infringement is committed) and the court adopts the necessary measures to stop the preparatory actions of the potential infringer and the infringer complies with the court decision, then the action on the merits will be based upon
a formal request for the court to definitively confirm the prohibition of the preparatory actions. Should this situation occur, and unless the petitioner has suffered no damages as a consequence of these preparatory acts, there will be no infringement claim.

x  **Appellate review**

Any party is entitled to file an appeal from a first instance court decision based on both facts and points of law.

From the Intellectual Property Court, it is possible to file an appeal with the Lisbon Court of Appeal. However, following this decision it would not be possible to file an appeal with the Supreme Court of Justice.

Further, an appeal against a judicial decision, if permitted by law (that is, if the damages claimed exceed €5,000), will be assessed by the Court of Appeal. After a decision has been issued by the Court of Appeal, and if the damages claimed exceed €30,000, a second appeal may be submitted to the Supreme Court of Justice.

From decisions rendered by an arbitral tribunal, it is possible to file an appeal with the Court of Appeal; however, this pending appeal does not stay the arbitral proceedings, meaning it does not suspend the effects of the decision of the arbitral tribunal.

The courts of appeal are composed of a panel of three judges, as opposed to a first instance court where decisions are taken by one single judge, and they generally take approximately six months to issue a decision.

xi  **Alternatives to litigation**

The main alternative to litigation is arbitration. Under the Law on Arbitration, an institutionalised arbitration centre with specialised and national scope was created in 2009 and constituted as a non-profit private association, supported by the Arbitration Centre for Industrial Property, Domain Names, Trade Names and Corporate Names.18

This centre is competent to settle disputes in the areas of industrial property, .PT domain names, trade names and corporate names, by providing services such as information, mediation, conciliation or arbitration subject to its regulation, and that by special law are not subject to the exclusive jurisdiction of a judicial court or to compulsory arbitration. It is also competent to provide technical advice, mediation and arbitration services or the management of those services to other institutionalised arbitration centres.

V  **TRENDS AND OUTLOOK**

Portugal ratified the Unified Patent Court Agreement in August 2015,19 becoming the eighth EU Member State to have done so, but it is not yet clear how this will affect the arbitration practice for industrial property disputes currently in place. Nevertheless, the Agreement establishes the creation of a patent mediation and arbitration centre with seats in Ljubljana and Lisbon.20 This means that the use of arbitration in Portugal to settle some disputes related to industrial property rights – at least related to European patents and European patents with unitary effect – will remain a reality for the forthcoming years.

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18 www.arbitrare.pt.
19 Resolution of the Assembly of the Republic No. 108/2015 of 6 August 2015.
20 Article 35 of the Unified Patent Court Agreement.
In addition to this, the approval of the EU trademark reform package\textsuperscript{21} in the first half of 2016 will require that Member States adapt their existing trademark systems to a more reliable, predictable, cost-effective and faster legal framework. The maximum period for Member States to implement Directive (EU) 2015/2436 is three years starting on 14 January 2016. Regulation (EU) 2015/2424 is already in force, from 23 March 2016, although some changes will only become effective from 1 October 2017.

Furthermore, the adoption of the long-awaited Trade Secrets Directive 2016/943/EC (which creates, \textit{inter alia}, a common definition of ‘trade secret’ and sets out remedies for holders of trade secrets in the event they are misused), which must be implemented by the Member States into national law by the end of 2018, will certainly contribute to a greater awareness of the importance of intellectual property rights, thus making enforcement of these rights even more effective. This will most likely require an increasing degree of complexity in the judicial decisions handed down by the Intellectual Property Court.

Moreover, in the context of the Digital Single Market Strategy for Europe,\textsuperscript{22} the discussion around the proposal for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market (COM(2016)593), which aims at harmonising copyright law across the EU and adapting the applicable framework to the digital age, is also an important topic to be followed in the coming period.


Chapter 24

RUSSIA

Anton Bankovskiy and Anastasia Entyakova

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Intellectual property includes the results of intellectual activity, which can enjoy legal protection in accordance with the Forth Part of Civil Code of the Russian Federation. The Russian Civil Code regulates copyright and neighbouring rights, the system of collective management of copyright and neighbouring rights, patentable inventions, utility models, industrial designs and means of individualisation.

There are two distinct categories of results of intellectual property activity that can be granted legal protection in Russia. The first group includes patentable inventions, industrial designs and utility models, while the second one covers means of individualisation.

Patentable inventions (technical solutions related to a product or to a process) may be protected if they meet the necessary requirements, that is, if they are new, incorporate an inventive step and are capable of industrial application. An invention is capable of industrial application if it can be used in industry, agriculture, healthcare or in other sectors of the economy or in the social sphere. The duration of a patent in Russia is 20 years. This may be extended for a further five years for inventions in agrochemistry or in pharma.

In contrast to some other countries, Russian law also protects utility models and industrial designs. Patent protection for utility models can be granted for 10 years and can be extended for a further three years. To be patentable, a utility model must be new and capable of industrial application.

Industrial designs relate to the appearance of a product. An industrial design need only be new and original to be patentable. Industrial designs can be protected for five years, and this can be extended for a further five years. This in turn can be renewed so that the entire duration of a design patent may be up to 25 years.

Russian IP legislation protects, inter alia, means of individualisation, namely it provides for legal protection for those names or designations that are used to distinguish and identify companies, or goods or services that they offer. Among these rights are company names, trade names or commercial names, trademarks and service marks, as well as appellations of origin of goods.

To be protected in Russia, a trademark or a service mark needs to be registered. The duration of a trademark protection is 10 years calculated from the date of filing. This 10-year protection can be renewed an unlimited number of times. Trademark protections may also be protected in Russia under the Madrid System of the International Registration of Marks.

1 Anton Bankovskiy is a partner and leads the intellectual property practice and Anastasia Entyakova is a junior associate in the intellectual property practice at CMS in Moscow, Russia.
It should be also noted that Russia is a party to a number of the most important international treaties and conventions covering different aspects of intellectual property, including:

- the Convention establishing the World Intellectual Property Organization;
- the Universal Copyright Convention;
- the Berne Convention for the Protection of Literary and Artistic Works;
- the Paris Convention for the Protection of Industrial Property;
- the Madrid Agreement on the International Registration of Marks and the Madrid Protocol;
- the Singapore Treaty on the Law of Trademarks;
- the Nice Agreement on the International Classification of Goods and Services for the Purposes of Registration of Trademarks;
- the Patent Cooperation Treaty;
- the Locarno Agreement Establishing an International Classification for Industrial Designs;
- the Geneva Convention for the Protection of Producers of Phonograms against Unauthorised Duplication of their Phonograms; and
- the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

II RECENT DEVELOPMENTS

The key institutions in intellectual property regulation in Russia are the Russian Federal Agency for Intellectual Property, Patents and Trademarks (Rospatent), which is a regulatory authority and which is also responsible for registering intellectual property rights, and the Russian Intellectual Property Court. The creation of the IP Court in 2013, which was the first, and remains the only specialist civil court in Russia (including in the Soviet era system), was a big step towards establishing and developing practice in the application of the law and developing legal precedents. This innovation has also obviously improved professionalism and provided a sound legal basis for judgments in this area of law.

The Intellectual Property Court, as part of the Russian commercial court system, reviews cases as a court of first instance; thus, it reviews regulatory and legal acts of Rospatent. As a court of first instance, the court hears applications to have registrations of intellectual property rights declared invalid and disputes over the ownership of intellectual property rights. As a court of third instance (i.e. a court of second appeal or cassation) it hears cases concerning the infringement of intellectual property rights between legal entities and individual entrepreneurs. The cassation rulings of the IP Court can be further appealed to the Supreme Court of Russia. Other rulings are appealed to the presidium of the same Intellectual Property Court.

Judging by its activity since the launch, the introduction of the Intellectual Property Court has been an important and a long-awaited development in Russian intellectual property practice. Intellectual property owners have benefitted, since intellectual property disputes (including those associated with intellectual property prosecution issues) in Russia are now reviewed by judges specialising in this area of law. Furthermore, the creation of the Intellectual Property Court has meant that courts now have a common approach to decision-making and their practices have become more uniform. It has also helped identify gaps in Russian intellectual property legislation.
After joining the WTO, Russia adopted new intellectual property legislation to implement international standards for protecting intellectual property rights. Thanks to this, the legal mechanisms for combating infringements of intellectual property rights have been gradually improving in many respects. Russian law now provides for adequate remedies for the owners of intellectual property rights, and those who infringe them may face civil, administrative or criminal liability.

## III OBTAINING PROTECTION

Currently discoveries, scientific theories, mathematical methods, purely aesthetic elements, rules and methods of intellectual or economic activities, computer programs and solutions that provide information only without an element of technical application cannot be patented in Russia. Furthermore, plant varieties, species of animals or biological ways of obtaining them (except for microbiological processes), the products of these techniques and circuit layouts cannot be protected as inventions.

Methods of cloning of human beings, human genetic modification techniques, the use of human embryos for industrial and commercial purposes and other objects that are contrary to morality cannot be registered. However, Rospatent is known to have registered inventions related to molecular biology, namely DNA selection methods.

It is common for applications to patent business processes to be refused; however, it is thought that Rospatent is becoming more receptive to applications to register inventions, which, though structured in the form of methods, are essentially business methods. Methods of treatment or diagnosis may be patentable methods, and there are precedents of these types of methods having been registered.

Along with the traditional results of intellectual activities, non-traditional objects of intellectual property are protected under copyright law, patent law and the law on means of individualisation. These may be know-how (trade secrets), breeding achievements, circuit layouts, etc.

For example, information with actual or potential commercial value for the manufacturer can be protected in Russia as a trade secret or as know-how. The owner of this information must take active measures to protect its confidentiality and to ensure that the information is unknown to third parties.

Any type of computer program (including software), which may be expressed in any language and in any form, including the initial text and compiled code, is protected in the same way as the copyright to literary works. However, it should be noted that the ideas, languages and algorithms of the elements of a programme are not subject to copyright protection.

A number of disputes concerning the registration of intellectual property, as well as the cancellation of their legal protection, are to be settled in pretrial administrative procedures. The Chamber for Patent Disputes, which is a division of Rospatent, was established in 2005 as an administrative body to resolve disputes related to the protection of intellectual property rights.

The Chamber for Patent Disputes also considers objections to the decisions of the PTO examiners.
IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement
There are various mechanisms in law for enforcing intellectual property rights, including administrative, civil and criminal enforcement. The best approach to defending rights would depend upon the type of the infringement, as well as upon the scope of the damage.

A civil court, either of common jurisdiction or a commercial court would be the primary venue for the civil route of enforcement.

The administrative procedure provides that the owner of intellectual property rights is entitled to submit a matter to the Federal Anti-Monopoly Service.

ii Requirements for jurisdiction and venue
There are two systems of civil courts in Russia: the courts of general jurisdiction and the commercial courts. The general principle is that the commercial courts hear disputes in the economic sphere (normally involving legal entities), and all other disputes are handled by the courts of general jurisdiction (normally involving individuals). In particular, the courts of general jurisdiction hear disputes on the authorship or the protection of the rights of authors, and the commercial courts hear the majority of disputes on the protection of exclusive rights when the owners of those rights are legal entities.

Depending on the category of the dispute, the proceedings may take place in the commercial courts, with the Russian Intellectual Property Court as a cassation court, or in the courts of general jurisdiction. The judicial protection of patent rights allows the court to order the infringement to be stopped, counterfeit goods to be seized and destroyed, and damages (or alternatively compensation) paid to the owner of the patent.

iii Obtaining relevant evidence of infringement and discovery
In a case involving the infringement of exclusive rights to an invention, to have a chance of success, collecting relevant evidence ahead of time is vital, since in Russia there is no such procedure as disclosure or discovery as in some other jurisdictions.

In addition to all the documents presented on a case-by-case basis, the owner of the rights will often want to produce to the court evidence of counterfeit goods being offered for sale or any other purpose found on the infringer’s website. This protocol of the inspection is to be prepared by a notary public.

In the majority of patent infringement cases, the main evidence is the examination statement of a forensic examiner appointed by the court.

iv Trial decision-maker
As discussed, many disputes in the area of intellectual property are subject to the jurisdiction of the Russian Intellectual Property Court, where the judges are lawyers specialising in IP matters. They can also use the assistance of external technical specialists.

The court shall consider all evidence submitted by the parties, but a great deal of emphasis is put on the patent technical forensic examination.

v Structure of the trial
Usually a trial will begin with the adoption of the statements of claim and the commencement of the case by the judge, resolved by a judge alone. This is sometimes preceded by a preliminary injunction procedure. Once the statements of claim have been adopted, the judge rules that
proceedings are instituted. This ruling states that the case is at the preparation for trial stage and also sets out the steps to be taken by persons participating in the case, and when they must be completed.

The defendant must normally submit a defence brief to the court and to the persons involved in the case. This should be submitted in reasonable time so that it can be reviewed before the start of the trial.

The preparation of the case for trial should be completed no later than two months after the date of filing the statements of claim by the court. As a general rule, preparation of the case for trial is completed at a preliminary hearing which is normally scheduled by the judge within about a month of submission of the statements of claim.

The preliminary hearing is heard by a judge alone to consider the results of the preparatory work by the court and persons involved in the procedure, as well as to decide if the case is ready for a court hearing and if a court hearing in first instance can be appointed.

In accordance with the law, any written or other physical evidence, accounts of persons involved in the case, expert and professional advice or testimonies, audio and video records, and other documents and materials can all be submitted as evidence. The parties are entitled to request and submit additional evidence, as well as to present motions to call witnesses in the trial or motions to conduct examinations at all stages of court proceedings. This allows the parties to bring additional evidence not previously claimed in the case at a later stage. A court hearing may be postponed in order to require additional evidence or to conduct an examination and hear the testimony of witnesses or third parties.

After all the evidence has been provided in the court procedure, the parties hold a debate, summarising and presenting their position to the court. The court makes a decision, which can then be appealed to a court of second instance. In an ideal situation, the court procedure takes no more than four months from the date when the statement of claim is filed, until a decision is made, but in practice, the process is likely to be much longer.

vi Infringement

Innovations in the law now mean that before filing a statement of claim to the court, the prospective plaintiff is obliged to send the infringer a claim in writing attempting to settle the dispute between them at the pretrial stage. The claim must contain clear requirements, the circumstances on which requirements are based, and other information necessary to resolve the dispute. After this pretrial settlement attempt, the dispute may be transferred to the court only once 30 calendar days from the date of claim have elapsed. This procedure is a statutory requirement in most civil cases, except cases in the intellectual property area related to the early termination of legal protection of a trademark because of it not being used.

The statement of claim should be filed with the court in writing and be signed by the plaintiff or his representative. The statement of claim should include the name of the plaintiff and his or her address and any contact information; as well as the name and address of the defendant.

The plaintiff's position and claims against the defendant should be clearly set out and the statement should refer to the relevant laws and other regulatory legal acts. The plaintiff should set out the circumstances on which his or her claim is based and support these circumstances with evidence. As well as the value of the claim, the statement should also set out the calculation of the sum payable, information on compliance with the plaintiff pretrial procedure (if any), and information on the measures taken by the court to ensure property interests prior to the commencement of the action.
The statement of claim may include any other information, if it is necessary for the proper and timely examination of the case. For example, a motion requesting discovery of evidence from the defendant or other persons may be included.

The plaintiff can also provide the results of non-forensic examination as evidence. Despite the fact that the findings of this examination would reflect only the opinion of one of the parties, the court hearing these cases can take into account the totality of all evidence in case. In some situations, for example, if a forensic examination is conducted by two expert organisations and their views are different, the opinion of the non-judicial examination could play a decisive role.

The plaintiff is obliged to provide other persons participating in the case with a copy of the statement of claim and the documents annexed to it. These requirements must be complied with, otherwise the court may not take action and leave the case at a standstill until the requirements of the law are satisfied.

vii Defences
As mentioned above, the defendant is obliged to submit a statement of defence to the court and the persons participating in the case, stating its objections to the claims of plaintiff. The structure of the statement of defence is similar to the plaintiff's statement, namely, it must specify clearly the defendant's position and attach relevant evidence.

Building a successful defence is typically based on certain tactics, including defensive invalidation of a patent. A patent could be deemed invalid for various reasons throughout the period of its validity. Proceedings on patent infringement are normally suspended until the validity of a patent is determined, subject to some procedural exclusions.

Patent protection can generally be cancelled on the following grounds: non-compliance of a patent with the patentability criteria; omission of data from the original application to register the invention or utility model, or from the list of essential features relating to it; grant of a patent in case of several identical applications with the same priority date; issue of a patent with the names of person or persons as the authors who are not the true authors, or not specifying the persons who are the true authors.

In the case of a defendant having used an identical product even before the disputed patent was granted, the defendant can argue that he is entitled to continue to use it based upon the right of prior use.

The defendant can also provide the results of non-forensic examination. As mentioned above, patent infringement cases are rarely heard without forensic examination in Russia. As the forensic examination is normally conducted by examiners suggested by the parties and appointed by court, it is always important to persuade the judge that your candidate is most appropriate to prepare this.

In general, the strategy and the tactics of defence in patent litigation depend upon the particular aspects of each case.

viii Time to first-level decision
In an ideal situation, the court procedure takes no more than four months from the date when the statement of claim is filed, until a decision is made, but in practice, the process is likely to be much longer.
ix Remedies

There are some additional remedies available to the owner of the rights in the case of infringement. Although the pretrial procedure for a written claim directed to the infringer is a requirement of the law prior to initiating a case, it can also have some benefits for the owner of the rights, for example, lower costs to the plaintiff (in the form of government fees, legal service fees and the costs of conducting examinations).

In practice, right holders already use this kind of procedure. However, it is effective only in cases when the direction of claim does not make it very complicated or even impossible to impose liability on the infringer by court order.

In the case of a prospective defendant knowingly violating intellectual property rights, such an infringer, having received a pretrial claim, will use the 30-day period allowed by this before proceedings can be started to file an objection via administrative proceedings to have the intellectual property rights of the plaintiff in question deemed invalid, and then will use this argument to suspend a prosecution. Such examples show that this obligatory pretrial procedure is not useful in every case of violation of intellectual property rights, and can even undermine the position of the owner of rights.

Russian law also allows the parties to a dispute to take interim measures. When a party to a dispute files a preliminary injunction motion, the court may take urgent interim measures aimed at safeguarding the claim or property interests of the party. Interim measures are allowed at any stage of the court process, including up to 15 days before filing the statements of claim if the non-application of these measures would make the execution of the judgment difficult or impossible.

Interim measures the courts would typically apply include ordering the prohibition of certain acts infringing exclusive rights, the seizure of counterfeit or otherwise illegal products, and the seizure of equipment used for producing illegal products.

It should be noted that in practice Russian courts are often reluctant to impose preliminary injunction measures in intellectual property disputes, other than seizing fake products, blocking infringing domain names or blocking of infringing websites. In these three types of intellectual property cases, the plaintiff can reasonably rely upon a Russian court to impose interim or preliminary injunctions. It should be noted, that in cases involving a foreign party, from the legal standpoint, there is no procedural difference between domestic and foreign parties to the dispute. Therefore, interim measures can be taken by the court regardless of the nationality of disputing parties.

x Appellate review

As mentioned above, the jurisdiction of the court and, therefore, the jurisdiction of appellate review of decisions, depend on the nature of a dispute related to the intellectual property.

For example, objections based on the fact that an invention, utility model or industrial design does not meet one or more of the conditions of patentability are considered by Rospatent. The decision taken by Rospatent may be appealed in the Russian Intellectual Property Court within three months of the date of the decision. Thus, this court is essentially the final authority in determining the grant of legal protection for intellectual property.

Decisions made by the Russian Intellectual Property Court and by state commercial courts in the first instance may be reviewed in cassation (appeal order) by the Russian Intellectual Property Court. A petition of appeal can be filed with the court within two
months of the date of the decision made in the first instance. The Court verifies only the legality and validity of decision. Decisions made by the courts of general jurisdiction are reviewed in appeal order in the superior court within one month of the date of the decision.

xi Alternatives to litigation

An IP dispute can be resolved not only at court, but also by alternative methods. For example, IP owners can settle a dispute through the mediation procedure. In accordance with the law, the mediation procedure is applicable on the basis of an agreement between the parties, including a reference in the contract to a document containing conditions for the settlement of the dispute with the assistance of a mediator.

In addition to mediation, IP disputes can be transferred by parties on the basis of an arbitration agreement to an arbitration. Despite the fact that the alternative methods of resolving disputes have some advantages, for example, confidentiality of the information involved, in practice these methods are not used frequently by IP owners in Russia.

V TRENDS AND OUTLOOK

Intellectual Property protection in its modern sense is considered to be quite young in Russia. This area of law is still changing, which leads to new amendments, improvement proposals and legal discussions.

The main trend in the development of legislation in the field of intellectual property today is towards optimising defence mechanisms for the protection of the intellectual property. Active development in the legislation is not only natural but also necessary in the context of the development of modern scientific technology. For example, it has become clear that protecting intellectual property on a national level only is not enough. For example, the Eurasian Economic Union has established a common customs registry of intellectual property, which will help to suppress counterfeit products.

Some of the main issues now being faced are software piracy and the problem of ‘patent trolls’ (i.e., companies whose main income is generated not from their business activities but from litigation against other companies that have been implicated in the improper use of their patents). At the legislative level, there are many ongoing discussions related to possible amendments to the legislation to address the current gaps in the law and improve the situation of the owners of rights.

The Russian legal framework in the area of intellectual property is generally in line with international standards, allowing Russian and foreign owners of rights adequately to protect their intellectual property rights.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Switzerland is a party to the majority of international treaties concerning protection of intellectual property rights, including the Paris Convention (industrial property), the Berne Convention (copyright), the Rome Convention (performances, phonograms and broadcasts), the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and – with a particular focus on patents – the Patent Cooperation Treaty (PCT), the Patent Law Treaty, the European Patent Convention and the London Agreement. However, since Switzerland is neither a Member State of the European Union (EU) nor of the broader European Economic Area (EEA), it is not bound by harmonised EU regulations and directives. Hence, there are some notable differences from the *acquis communautaire*, particularly in the field of copyright. Nevertheless, the Swiss legislator frequently tends to unilaterally adopt European legislation in order to ensure regulatory compatibility to a certain degree.

The most important forms of intellectual property protection available in Switzerland are briefly described below.

i Patents

Despite the small domestic market, patents attract particular attention in Switzerland owing to the importance of the pharmaceutical industry and its upstream sectors. Patents may be obtained on the basis of national or – more commonly – European applications or via the designation of Switzerland (directly or through a European application) pursuant to the PCT. In order for a technical invention to be patentable, it must be new, non-obvious, capable of industrial application and sufficiently disclosed. It needs to be emphasised though that national applications are not examined with respect to novelty and inventiveness and are, therefore, granted on the basis of a mere examination of formal aspects. The term of protection is 20 years from the filing date.

The patent endows the proprietor with a right to enjoin others from commercial use of the invention, which encompasses, in particular, manufacturing, storage, offering, placing on the market, importation, exportation, as well as possession for any of these purposes. Carrying in transit may also be prohibited, provided that the patentee could prohibit importation into the country of destination.
The effects of the patent do not, \textit{inter alia}, extend to use within the private sphere for non-commercial purposes, research or experimental purposes, or for obtaining marketing authorisation for a medicinal product. Further, the Federal Patent Act stipulates EEA-wide (so-called regional) exhaustion, except if the patent protection is only of subordinate importance for the functional characteristics of the goods, in which case the patented goods first sold by or with the consent of the patentee anywhere in the world may be freely imported into Switzerland. On the other hand, the patentee’s consent is always reserved if the goods are subject to price regulation in Switzerland or the country of origin. This carve-out of national exhaustion is mainly designed to prevent parallel imports of pharmaceutical products.

Utility patents for minor technical inventions do not exist in Switzerland. However, since the requirements of novelty and non-obviousness are not examined \textit{ex officio} during the application process, domestic patents may serve as an instrument of protection that is relatively easy to obtain, but also easy to challenge.

\textbf{ii} Supplementary protection certificates

Supplementary protection certificates (SPCs) can be obtained for active ingredients of patented and authorised pharmaceutical products or pesticides. The term of protection is the shorter of five years or the time between the filing date of the patent and the date of marketing authorisation in Switzerland minus five years. The application for an SPC must be filed within six months of the date of marketing authorisation or patent grant, whichever occurs later. The SPC grants the same rights as a patent and is subject to the same restrictions. Within these limits, the scope of protection extends to any use of the product as a pharmaceutical (or pesticide, as the case may be).

As the law currently stands, there are no other forms of patent term extensions available in Switzerland. However, for products for paediatric use this will change following the enactment of amendments to the Federal Therapeutics Act and Federal Patent Act, respectively, which have been passed by Parliament in March 2016 (see Section V, \textit{infra}). The revised Federal Patent Act will bring about a six-month SPC extension for paediatric pharmaceuticals (the ‘paediatric extension’).

\textbf{iii} Data exclusivity

Holders of marketing authorisations for pharmaceutical products benefit from a 10-year data exclusivity period, during which no generic manufacturer may rely on the results of the pharmacological, toxicological and clinical tests of the authorised product without the originator’s approval.

Upon the implementation of the revised Federal Therapeutics Act (see Section I.ii, \textit{supra}), authorisation holders will benefit from a data exclusivity period of up to 15 years for medicinal products for paediatric use and rare diseases in the future.

\textbf{iv} Copyright

Copyright protection for literary, scientific or artistic works of individual nature, including computer programs, is available immediately upon the work’s creation irrespective of the author’s nationality or domicile and is not subject to any registration requirement. The term of protection expires 70 years after the author’s death. Neighbouring rights (rights of artistic performers, phonographic rights, rights of broadcasters) benefit from a term of 50 years from the year of presentation, publication or transmission respectively. There is no \textit{sui generis} protection of database rights or photographs in Switzerland.
The copyright owner is entitled to determine if, when and how the work is being exploited. The owner’s exclusive right is limited by the private use and other customary limitations, which are devised in a relatively broad manner and are partly subject to collective exploitation by authorised collecting societies. Federal Supreme Court decisions confirmed that the Swiss Copyright Act is technologically neutral.² Pursuant to long-established case law and subject to a few statutory exceptions, Switzerland has adopted the concept of international exhaustion of copyright, meaning that an example of a copyrighted work put into circulation with the author’s consent anywhere in the world may be freely imported into Switzerland.³

v Trademarks
Trademark protection can be obtained through national registration or designation of Switzerland via the Madrid System (Agreement and Protocol). Signs that (1) belong to the public domain; (2) are of a shape that constitutes the essential nature of the claimed goods or is otherwise technically necessary; (3) are misleading; and (4) are contrary to public policy, morality or the law cannot acquire protection as a trademark. Swiss examiners tend to be fairly strict when it comes to the appraisal of misleading indications of origin, alluding to both domestic locations and places abroad.

A trademark is valid for a period of 10 years from the date of application and may be renewed indefinitely for subsequent periods of 10 years each. The trademark endows the owner with the exclusive right to prohibit others from commercially using an identical or confusingly similar sign for the designation of specific goods or services. As in copyright protection, the Swiss Federal Supreme Court has posited international exhaustion once a branded product has been put into circulation for the first time.⁴

On 1 January 2017, a new provision regarding the request for cancellation of a prior trademark through non-use entered into force. According to Article 35a of the Federal Trademark Act, any person may file a request for cancellation of a trademark five years following the expiry of the opposition period or five years after the conclusion of opposition proceedings.

The Swiss Federal Institute of Intellectual Property (the Institute) has issued Trademark Guidelines on the conduct of its proceedings, which are available in German, French and Italian. These Guidelines were updated by 1 January 2017.⁵ Additionally, the Institute provides a trademark examination support tool that serves to predict trademark examination decisions made by the Institute as well as to maintain consistent trademark practice. It contains decisions of the Institute on applications for the registration of trademarks and oppositions, abstract examination rules and geographical indications protected under international treaties.

Indications of origin are protected in their own right by virtue of Articles 47 et seq. of the Federal Trademark Act. They are not subject to any registration requirements. On 1 January 2017, the new ‘Swissness’ legislation entered into force. The Swissness criteria strengthen the protection of the ‘Made in Switzerland’ designation and the Swiss cross. The

⁴ Federal Supreme Court, 23 October 1996 – Chanel, 122 III 469 et seq.
bill establishes precise rules in the Federal Trademark Act concerning the conditions under which a product or service may be labelled as being Swiss. If these rules are complied with, services and goods can be endorsed with the Swiss cross.

Unregistered signs and trade dresses are capable of protection under unfair competition law, while company names benefit from a specific protection regime. Domain name registrations do not entail legal exclusivity rights per se, but earlier trademarks or trade names may constitute a claim for having a corresponding domain name transferred. The '.swiss' internet domain is exclusively available to organisations that have a relationship with Switzerland. Since the introduction of this top-level domain in September 2015, more than 17,400 '.swiss' domain names were assigned.⁶

vi Designs
A design is the visible form of a two-dimensional or three-dimensional object, which is eligible for protection if it is new and distinctive without offending public order, morality or the law. Protection may be obtained by way of national registration or designation via the Hague and Geneva Acts of the Hague Agreement. The thresholds for registration are deliberately kept low, which is why the constitutive requirements of novelty and distinctiveness are not examined ex officio. A downside resulting from these low thresholds is that any registered design remains heavily exposed to nullity defences by alleged infringers. The maximum term of protection is 25 years from the filing date. Since case law related to designs is scarce, the Federal Supreme Court has not yet been seized to opine on the geographic scope of exhaustion. Doctrine favours international exhaustion in analogy to the situation in copyright and trademark law.

vii Trade secrets and know-how
There is no exclusive right conferred on trade secrets and other valuable confidential business information as such. However, unauthorised disclosure or exploitation of corresponding information is sanctioned by virtue of unfair competition and criminal law. Trade secrets are widely perceived as a viable alternative to patent protection outside the pharmaceutical and chemical sector, given the potentially undetermined protection period, the avoidance of disclosure and the deterring costs of prosecuting and enforcing patents.

II RECENT DEVELOPMENTS
The Federal Patent Court, which began operations on 1 January 2012, has continued to increase its profile. Meanwhile, its operations are well established and the court performs without issue. Its judgments are generally well-received, and, in 2016, the Federal Patent Court further pursued its intention to offer expedited and cost-efficient proceedings. In previous years, the Federal Patent Court achieved a highly remarkable settlement ratio: for example, in 2015, a settlement was attained in 16 out of 19 ordinary proceedings. In 2016, this rate showed a clear drop: 17 ordinary proceedings were concluded by the Federal Patent Court, of which only eight were settled and two were disregarded. Pursuant to the Annual

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Report 2016 of the Federal Patent Court, this comparably low number of settlements resulted from the fact that the involved parties desired to obtain a judicial decision. Nevertheless, the Federal Patent Court’s settlement ratio of the first five years of activity is still at 75 per cent.

In the context of the revision of the Federal Trademark Act (see Section I.v, supra), some minor terminological changes were made to the Federal Patent Act, which entered into force on 1 January 2017. Simultaneously, a provision regarding the commission of infringing acts within businesses committed by subordinates, agents or representatives was introduced.

On 11 December 2015, the Federal Council submitted the draft amendment of the Copyright Act for consultation. The preliminary draft for modernisation of the copyright is guided by the recommendations of the copyright working group (AGUR12). The end date for the consultation procedure was 31 March 2016. The proposals in the draft for consultation primarily focused on the following provisions and aims:

a. Improved anti-piracy strategy: Hosting providers domiciled in Switzerland have to remove copyright infringing content from their servers (take down). In case they do not join a self-regulating body, they also have to prevent such content from being re-uploaded onto their servers (stay down).

b. More efficient collective management of copyright: The draft bill lays the foundation for ensuring that in the future, new offers can be made available to consumers quickly and legally via voluntary collective rights managements, internationally known as ‘extended collective licensing’. The draft bill also expands the supervision of the collective management of rights.

c. Modifications to limitations and exceptions to copyright as well as other changes: The press photographers should have the sole right of copying and selling their photographs, for as long as these photographs are of interest to current media reporting. In addition to the already existing remuneration for the rental of copies of a work, a new remuneration is to be introduced for the lending of copies of a work. The subject matter of rental and lending are books, videos, the visual arts and music scores. Lending is defined as the situation when a copy of a work is given to somebody for a certain period of time to use free of charge. Only if someone lends out copies of works as a main or part-time business, such as libraries and museums, should therefore owe remuneration.

Subsequent to the public consultation, the Federal Department of Justice and Police (FDJP) mandated a new working group, AGUR 12 II, to clarify some outstanding or controversial issues. The proposals on the key issues are as follows:

a. Combating piracy: Swiss hosting providers must not host piracy platforms and should rapidly remove affected content in cases of copyright infringement via their servers.
included in the compromise package are blocking measures through access providers nor the sending of notifications for severe copyright infringement via peer-to-peer networks; and

b other issues: inventory index privilege for the benefit of users and consumers, royalty-free exception for scientific purposes and the use of orphan works, extension of the period of protection for related rights, protection for photographs lacking individuality and remuneration for authors and performers for video-on-demand uses, introduction of extended collective licensing, improvement of the process of tariff approval and electronic user notification to the collective rights management organisations.12

The further proceedings are to be communicated by the FDJP in a proposal by July 2017.

III OBTAINING PROTECTION

Domestic patent applications are to be filed with the Institute, which is also the designated office for dealing with international applications claiming patent protection in Switzerland pursuant to the PCT. Applicants domiciled in Switzerland may also file European patent applications with the Institute, with the exception of divisional applications.

Upon filing of a patent application, the Institute will first conduct a formal examination and then proceed to the validation of the technical elements of the invention upon receipt of the examination fee. The substantive validation focuses on the patentability of the invention, grounds for exclusion from patentability, sufficient disclosure of the invention, admissibility of modification of the technical documents and the formulation of the patent claims. Unlike the European Patent Office, the Institute does not examine the criteria of novelty and inventive step ex officio. Consequently, the applicant is under no obligation to disclose prior art. The application is published at the latest 18 months following the application or the earlier designated priority date.

For an invention to be patentable, it must be of a technical character and entail a physical interaction with the environment. In this light, claims merely containing characteristics of computer software as such or of business methods transposed to a computer network are not capable of being patented. The invention must further be executable and reproducible in industrial application.

The following types of inventions are excluded from patentability:

a the human body as such, at all stages of its formation and development, including the embryo (an element of the human body is, however, patentable if it is produced by means of a technical process and a beneficial technical effect is indicated);

b naturally occurring gene sequences or partial sequences (however, technically produced derivatives of gene sequences may be patented if their function is specifically indicated);

c unmodified human embryonic stem cells and stem cell lines;

d processes for cloning human beings or the creation of other organisms by using human genetic material;

e processes for modifying the germ line genetic identity of human beings;

f essentially biological processes for the production of plants or animals;

g harmful processes for modifying the genetic identity of animals without due justification;

h use of human embryos for non-medical purposes; and

methods for surgical treatment or therapeutic and diagnostic methods practiced on the human or animal body. However, substances and compositions solely intended for such medical use (first medical indication) or for use in the manufacture of a means to a medical end (a ‘Swiss-type claim’, also available for second and further medical indications) are patentable even if the underlying substances and composition form part of the prior art. The latter constitutes a notable discrepancy with the European procedure, where Swiss-type claims are no longer admissible.

In the event that biological material is directly obtained by a patented manufacturing process, the effects of the patent also extend to propagated material (vertical extension of protection) and to products in which the biological material is incorporated (horizontal extension of protection). These principles also apply to the Swiss part of European patents.

Once granted, the patent may be opposed by third parties within a time limit of nine months, but solely on the grounds of non-patentability essentially for reasons of public policy or morality. Hence, the requirements of novelty or non-obviousness can only be scrutinised by the Federal Patent Court in nullity or infringement proceedings by virtue of a counterclaim or objection.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

The Federal Patent Court has exclusive jurisdiction in the first instance over validity and infringement disputes and for suits aiming at the grant of licences related to patents, including the ordering of preliminary measures with respect thereto. Its competence also comprises the enforcement of decisions made under its exclusive jurisdiction. Further, the Federal Patent Court has concurrent jurisdiction in other civil actions with a factual connection to patents, such as the right to patents or the assignment of patents. This is particularly interesting in disputes where the Federal Patent Court’s technical expertise is sought by the claimant.

In addition to civil claims, criminal proceedings and border control measures may be envisaged by the patentee. In case of a suspected imminent import, export or transit of goods that infringe a patent that is valid in Switzerland, the customs administration may withhold – either on its own initiative or on request of the patentee or the licensee of the patent – the concerned goods for a period of up to 10 working days (extendable to a maximum of 20 working days) to allow the applicant to institute proceedings for preliminary measures.

The Federal Patent Court is also competent with regard to the defence of patent invalidity, independent of whether such defence is raised in the form of an objection, a counterclaim or a distinct revocation action. Hence, if – on a preliminary question or defence basis – the question of the nullity or infringement of a patent is at stake before an ordinary civil law court, the latter stays the proceedings and sets a reasonable time limit to file an independent revocation or infringement action before the Federal Patent Court. If no such action is filed, the seized court will resume the proceedings and disregard the preliminary question or defence. In case the defendant party files a counterclaim for revocation or infringement before an ordinary civil law court, the latter completely loses its competence and refers both actions to the Federal Patent Court.

Finally, arbitral decisions on patent infringement and validity rendered by an arbitral tribunal having its seat in Switzerland are enforceable in Switzerland. The Institute will only act upon an arbitration ruling if a certificate of enforceability is produced. Such certificate
will be issued by the High Court of the canton in which the arbitral tribunal is seated. Regarding the enforceability of foreign arbitral decisions the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) is applicable.

ii Requirements for jurisdiction and venue

The patentee is entitled to demand the cessation of or desistance from infringements if infringing acts are imminent or have already occurred, and to claim damages in case such infringing acts have been performed voluntarily or through negligence. Further, an action for a declaratory judgment may be filed, provided that the plaintiff shows a qualified interest. Such interest is given, where an unclear and enduring legal situation that cannot be remedied by other means exists. Hence, if the plaintiff can bring an action for infringement, it is usually deprived of an interest to obtain a declaratory judgment.

Exclusive licensees may procure injunctions and claim damages independently and on their own right, unless excluded by the licence agreement. Non-exclusive licensees must procure title to sue from the patentee. However, pursuant to Article 75 of the Federal Patent Act licensees of any type may join an action for damages instituted by the patentee in order to claim their own loss or damage.

Nullity actions may be brought by anyone demonstrating a legitimate interest in defeating the patent. The thresholds for showing such interest are rather low, an actual or potential competitive relation with the patentee is deemed sufficient. Non-challenge clauses in licence agreements should in principle prevent the licensee from having the patent revoked. However, such clauses are contested with regard to European competition law.

iii Obtaining relevant evidence of infringement and discovery

As a matter of principle in Swiss civil procedure law, the parties to the proceedings have to produce the relevant evidence in support of their allegations. Fact-finding attempts comparable to pretrial discovery are stigmatised as fishing expeditions. However, there are two procedural mechanisms to obtain an adversary’s evidence even before filing the lawsuit on the merits.

First, a patentee requesting preliminary measures may demand that the Federal Patent Court orders a precise description of the allegedly unlawful products manufactured or processes used. The applicant must provide prima facie evidence that an existing claim has been infringed or an infringement is suspected to occur. If the opposing party claims that a manufacturing or trade secret is involved, the Federal Patent Court will take the necessary measures to safeguard such secret, for instance by conducting the procedure for establishing the description ex parte. Such exclusion does not necessarily extend to the applicant’s attorney or patent attorney, who, however, may be bound to secrecy by the court with regard to his or her clients and ordered to hand in his or her notes to the court.

Second, the Federal Code of Civil Procedure allows to request the court to take preliminary evidence if the applicant makes it plausible that the evidence is at risk, in particular that it may disappear, or if another legitimate interest is established.

The scope of the taking of evidence is confined to the establishment of facts that are legally relevant and disputed by the parties. For instance, a request to disclose the identity

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13 As expressly declared by the Federal Patent Court, 27 April 2012, S2012_006, cons. 7.
of an unspecified manufacturer of allegedly infringing products is not permissible. Further, the alleged infringer cannot be compelled to release documentary evidence. The taking of evidence is, therefore, confined in practice to the seizure or visual inspection of infringing goods or methods, examination of witnesses, procurement of expert opinions or the release of documents in the hands of third parties.

As an alternative to preliminary measures pertaining to the taking of evidence, the plaintiff may also specify documentary evidence in the hands of the defendant or third parties to be released. As said above, the defendant is not obliged to meet such a request. However, refusal of such release will be considered by the court in the course of the appraisal of the evidence on file. Third parties on the other hand are obliged to comply with a court’s order to release documentary evidence.

Last, the patentee is entitled to demand disclosure of information pertaining to the sources, quantities and recipients of infringing products.

iv Trial decision-maker

The Federal Patent Court is a specialised court constituted by two permanent judges and 38 non-permanent judges, of whom 27 are technical experts and 11 have a legal education. All of them have proven knowledge of patent law. In regular proceedings, the panel is composed of three, five or seven judges and always also includes jurists as technically trained specialists. In proceedings regarding preliminary measures, the chairman usually rules as a single judge on procedural aspects and appoints a panel of three judges whenever deemed appropriate for legal or factual considerations. Also, if the understanding of a technical issue is of particular significance, decisions regarding preliminary measures must be made in a panel of three.

v Structure of the trial

Proceedings before the Federal Patent Court are governed by the Federal Civil Procedure Code, unless otherwise provided in the Federal Patent Act or in the Federal Act on the Federal Patent Court. Further, the Federal Patent Court has issued guidelines on the conduct of its proceedings, which are also available in English.

Proceedings in patent disputes are initiated by submission of the plaintiff’s written statement of claim outlining the relevant facts and offering the supporting evidence. After receipt of the statement of claim, the Federal Patent Court designates one of the three official languages in Switzerland – being German, French and Italian – as the language of the proceedings. Generally, the language used in the statement of claim is chosen, provided that it is one of the official Swiss languages. Nevertheless, the parties are allowed to express themselves in motions and – subject to a three-week prior notice – in oral hearings in another of the official Swiss languages than the designated language of the proceedings. Further, English may be used subject to the consent of the Federal Patent Court and both parties. However, the judgment and procedural rulings will be drafted in one of the official languages in any event. For example, in 2016, in six out of 17 ordinary proceedings the parties mutually agreed to use English in submissions and hearings instead of one of the official languages of Switzerland. As said above, the Federal Patent Court is nevertheless legally obliged to carry

out its activities in one of the official languages. As this has turned out to be impractical, the Federal Patent Court attempted to remedy this situation by a legislative change. In view of the very limited chances of success of such legislative amendment, the Federal Patent Court has renounced to further pursue this issue at the moment, but it remains pending.\footnote{Annual Report 2016 of the Federal Patent Court, available at: www.bundespatentgericht.ch (last visited 21 March 2017).}

After submission of its statement of claim, the plaintiff is ordered to pay an advance on the court fees. Simultaneously, the defendant is served with the statement of claim for its attention. As the Federal Patent Court has changed its practice regarding the payment of the court retainer fee in ordinary proceedings, the plaintiff has to pay an advance on only half of the expected court costs for a decision. Only upon receipt of the advance payment will the court will set a time limit to the adverse party to submit its statement of defence.

Upon receiving the statement of defence, or, in the case of a counterclaim, upon receiving the reply and defence to counterclaim, an instruction hearing generally takes place, in which the chairman or the instructing judge and the designated technically trained judge participate. After a discussion with the parties on the matter in dispute, the court delegation will proceed with a preliminary assessment of the matter off the record and will attempt to bring about a settlement. If no settlement is achieved, the proceedings will usually continue with another exchange of briefs.

At the end of the exchange of briefs, the main hearing takes place. If a judge’s expert opinion is rendered, the parties are given the opportunity to submit their positions thereto. Thereafter, theoretically the procedure of taking evidence would take place. However, up until now, no such procedure has been performed by the Federal Patent Court. As stated in subsection iii, \textit{supra}, object thereof are the facts that are legally relevant and disputed by the parties. The plaintiff normally carries the burden of proof in infringement proceedings. However, regarding invention concerning a process for the manufacture of a new product the burden of proof is reversed in the way that every product of the same composition shall be presumed to have been fabricated by the patented process until proof to the contrary has been provided. The same applies to a process for the manufacture of a known product if the patentee shows probable cause of a patent infringement.

\section*{vi Infringement}

Pursuant to Article 66 of the Patent Act, use or imitation of a patented invention is deemed an infringement (i.e., literal and equivalent infringements are prohibited). The Federal Patent Court adapted the previous Swiss doctrine of equivalents to the prevailing standards in continental Europe. Hence, equivalent infringement takes place if the following three criteria are met: (1) a product or process substitutes certain functional characteristics of a patent claim (same effect), while (2) the substitutive characteristics must be evident to an expert in the art in view of the patented teaching (accessibility), and (3) are considered by such expert as a solution of equal value with respect to the patent claim as literally stated in light of the description (equal value).\footnote{Federal Patent Court, 21 March 2013, S2013_001, cons. 17.2, specified and confirmed by the Federal Patent Court, 25 January 2016, O2014_002, cons. 6.5.2.2; see also Federal Patent Court, 6 December 2016, S2016_004, cons. 4.5.2 \textit{et seq}.} The third element emphasising the importance of the literal patent claim for the determination of the equivalence was absent in the past practice of the Swiss cantonal courts and the Federal Supreme Court.
vii Defences
Defences may be asserted in the course of the infringement proceedings or by way of an independent action against the patentee (see subsection i, supra). Apart from non-infringement, the most popular defence against an infringement action is patent invalidity, which may be asserted based on lack of novelty, lack of inventive step, non-patentability, or insufficient disclosure of the invention for it to be carried out by a person skilled in the art. Further, a patent can be revoked if the subject matter of the patent goes beyond the content of the initial patent application or if the patentee was not entitled to be granted the patent (e.g., because the invention was made by someone else).

As a less common defence, the alleged infringer may argue that the incriminated use is exempted from patent protection because of private use or other privileged purposes or because of exhaustion of rights (see Section I.i, supra). Further, a patent cannot be invoked if the alleged infringer was commercially using the invention in good faith in Switzerland or had made special preparations for that purpose prior to the filing or priority date of the patent application. Such person is allowed to continue to use the invention for the purposes of its trade or business. Further, a compulsory licence may be claimed if the respective prerequisites are met. Compulsory licences are available inter alia for facilitating the use of dependent inventions purporting a major technical advance, in the absence of sufficient exploitation of a patent in Switzerland, if public interest so demands, as a remedy for anticompetitive behaviour in the field of diagnostics, or for the export of pharmaceutical products to developing countries.

viii Time to first-level decision
The Federal Patent Court aims to render a first instance judgment within 12 months of the commencement of proceedings. Hence, the parties are confronted with relatively short time limits to submit their briefs, ranging between four and six weeks, and limited possibilities to request an extension of time limits.

ix Remedies
The main remedies available to the patentee are injunctions and compensation of damages. Further, surrender of documents and information disclosing the source, quantities and recipients of infringing products can be ordered by the court.

With respect to monetary claims for compensation of damages or disgorgement of unlawfully attained profits, the plaintiff may in a first step demand disclosure of evidence relevant for the quantification of the claimed amount, which will then be pursued in a second step. Three alternative calculation methods are recognised by the courts: proof of the actual loss of profits, licence analogy and conclusion by analogy based on the profits of the infringer.19 There are no punitive damages in Switzerland.20

Under the concept of licence analogy, the damage actually suffered is substituted by a fictitious reasonable royalty that would have been due if the adverse parties had entered into a licence agreement. However, according to the Federal Supreme Court, the plaintiff must establish a causal link between the hypothetical damage and the conduct of the infringer; in other words, evidence that a licence agreement could possibly have been concluded is

19 Federal Supreme Court, 19 December 2005, 132 III 379, cons. 3.2.
20 Federal Supreme Court, 10 October 1996, 122 III 463, cons. 5cc.
required.\textsuperscript{21} This requirement defeats the concept of licence analogy in the majority of cases, but the plaintiff may demand the same by taking recourse to the concept of unjust enrichment in the amount of the infringer’s savings commensurate to a fictitious reasonable royalty rate.

Injunctions may also be obtained by way of preliminary measures, provided that the plaintiff shows credibly that the patent is infringed or an infringement is imminent, he or she is likely to suffer irreparable harm because of such infringement, and there is urgency. In case of particular urgency, preliminary measures may be ordered immediately and without hearing the opposing party. However, \textit{ex parte} injunctions are rarely granted. With respect to \textit{ex parte} injunctions based on domestic patents, it should be noted that the plaintiff must produce \textit{prima facie} evidence on the validity of the patent, such as an official search report, because there is no \textit{ex officio} examination of novelty as a prerequisite for patent grant.\textsuperscript{22} If an infringer expects an attempt by the patentee to obtain an \textit{ex parte} injunction, it may lodge a preventive protective writ with the Federal Patent Court outlining the defence against the anticipated allegations.

\textbf{x Appellate review}

Judgments rendered by the Federal Patent Court may be appealed to the Swiss Federal Supreme Court. In general, just points of law may be invoked, the findings of facts can be challenged only in very limited circumstances.

Preliminary rulings are considered as intermediary orders and are, therefore, solely appealable if they are capable of causing irreparable legal prejudice to the appellant and in general only on the grounds of violations of constitutional rights.

\textbf{xi Alternatives to litigation}

Since the objections admissible in oppositions brought against domestic patents before the Institute are very limited (see Section III, \textit{supra}), opposition is only a viable alternative to litigation if directed against a European application within nine months after grant of the right in the patent.

\textbf{V TRENDS AND OUTLOOK}

With regard to patent law, the current reform focuses, \textit{inter alia}, on improving the conditions for biomedical research and industry as well as medical treatment of children and patients with rare diseases. The Swiss Parliament adopted the revised Federal Therapeutics Act and Patent Act in March 2016. As an incentive for research, a six-month SPC extension for paediatric pharmaceuticals and a data exclusivity period of 15 years for products for paediatric use or rare diseases will be introduced. Following the adoption by the Swiss Parliament, the implementing provisions are now being drawn up. The opening of the public consultation is scheduled to start in spring 2017. Thereafter, it will be determined when the revised Acts and Ordinances will enter into force.

\begin{itemize}
\item \textsuperscript{21} Federal Supreme Court, 19 December 2005,132 III 379, cons. 3.3.
\item \textsuperscript{22} Federal Patent Court, 24 May 2013, S2013_005, cons. 3, confirmed by the Patent Court, 9 February 2015, S2015_001, cons. 6.1.
\end{itemize}
Although Switzerland will not participate in the unitary patent and Unified Patent Court scheme of the European Union, this new patent system will also benefit patent applicants in Switzerland by enabling them to obtain patent protection with unitary and immediate effect in the respective EU Member States, through one application with the European Patent Office only.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

As in most countries in the world, Taiwan values the protection of intellectual property rights. As a civil law country, different forms of intellectual property protection and the related protective mechanisms are codified and established mainly through the process of legislation. Since 1928 when the Copyright Act was first enacted, intellectual property protection in Taiwan has evolved and become more and more mature, in order to be in line with the updated developments and global trends in the field. In particular, after Taiwan joined the World Trade Organization in 2002, the Patent Act has been amended several times following the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Taiwan has also entered into agreements with Japan, Korea, Spain and the US for the Patent Prosecution Highway, facilitating and accelerating the examination process if prosecution has been filed in any the listed countries. In terms of cross-strait intellectual property protection, Taiwan and China have agreed to mutually recognise the respective rights of priority.

Today, there are four acts that, collectively, play an essential role and provide the major protection for intellectual property in Taiwan: the Patent Act, the Trademark Act, the Copyright Act and the Trade Secrets Act.

Under the Patent Act, three types of patents (invention patent, utility model patent and design patent) are protected. For an invention patent, because a substantive examination is required and the validity is somehow verified upon approval, this kind of patent has, generally speaking, greater value than a utility model patent, which only needs to be reviewed through formal examination if there is a creation of technical ideas relating to the shape or structure of an article or combination of articles. With regard to a design patent, a substantive examination is also required but it merely covers those creations made in respect of the shape, pattern, colour or any combination thereof. In practice, it would take approximately three years for the examination of an invention patent; while the first Office Action would normally be issued within 19 months of the filing date. The substantive examination for a design patent, on the other hand, takes much less time (nine months on average), while the formal examination for a utility model patent can usually be concluded within six months.

Trademark is another right that requires registration with the competent authority before effectuating any legal protection. Currently, any sign with distinctiveness can be protected as a trademark, not limited to those specifically identified in the Trademark Act, which may, for example, consist of words, devices, symbols, colours, 3D shapes, motions,
holograms, sounds or any combination thereof. By reference to the Singapore Treaty on the Law of Trademarks, the Taiwan Trademark Act has adapted and expanded its protection over those unconventional forms of signs.

In terms of copyright protection, essentially any creation with originality can be regarded as a work under the Copyright Act, which may include oral and literary works, musical works, dramatic and choreographic works, artistic works, photographic works, pictorial and graphical works, audiovisual works, sound recordings, architectural works and computer programs. The author of a work shall enjoy copyright upon completion of the work; no registration is required. A similar mechanism is provided for a trade secret. Under the Trade Secret Act, any method, technique, process, formula, program, design or other information that may be used in the course of production, sales or operations could be protected as a trade secret, as long as it is not known to persons generally involved in the information of this type; it has economic value, actual or potential, owing to its secretive nature; and its owner has taken reasonable measures to maintain its secrecy.

In addition to the above, Taiwan has enacted laws to protect plant variety and plant seed right and integrated circuit layout right. The former is for the protection and development of Taiwan's most traditional industry, agriculture; while the latter provides an independent protection particularly for Taiwan's economic pillar, the semiconductor industry.

II RECENT DEVELOPMENTS

One of the most important developments in patent protection was the amendment of the Patent Act in 2013, which adopted 'continuation of rights'.

As discussed in Section I, supra, the examination for an invention patent takes a much longer time; therefore, it is very common for an applicant to file a patent application for invention and a patent application for utility model for the same creation on the same date, so that he or she can expect to be protected as soon as possible with the grant of the utility model patent first. However, in the past, if an approval decision on the patent application for invention is later rendered, the applicant had to make a selection, and if he or she chose the invention patent, the utility model patent right (already granted) was deemed to be non-existent from the beginning. This has caused a lot of disputes, owing to the fact that, for example, the utility model patent might have been licensed in the intervening time. Moreover, if a patentee had initiated an infringement lawsuit based on the utility model patent, he or she would face a dilemma in whether to select the more valuable invention patent and give up the lawsuit, or keep the utility model patent and continue enforcing his or her right. There is likely to be a degree of unfairness in this scenario, and scholars and practitioners heavily criticised this enactment.

In 2013, Article 32, Paragraph 2 of the Patent Act was amended, and reads '[W]here the applicant selects the patent application for invention according to the provision set forth in the preceding paragraph, the utility model patent right shall become extinguished on the publication date of the invention patent.' This new continuation of rights provides an uninterrupted protection. However, an applicant filing a patent application for invention and a patent application for utility model for the same creation shall make respective declarations in respect of the said applications; otherwise the patent application for invention will not be granted.
Another interesting development in copyright practice is that the Taiwan Intellectual Property Court (TIPC), in its recent decisions, recognised that pornography can be copyrighted, provided such work has originality. These judgments changed the long-lasting opinion set by the Supreme Court in 1999, which excluded pornography from the definition of 'works' under the Copyright Act. The TIPC's new opinion enhances the protection for creativity and conforms to the TRIPS Agreement.

III OBTAINING PROTECTION

As discussed in Section I, supra, there are different forms of protection and each of them has a different nature and focuses on different subject matter that can be protected.

For an invention patent, in general, a creation of technical ideas, utilising the laws of nature and that is industrially applicable, may be granted a patent upon application in accordance with the Patent Act, except where: the invention was disclosed in a printed publication prior to the filing of the patent application; the invention was publicly exploited prior to the filing of the patent application; the invention was publicly known prior to the filing of the patent application; or the invention can easily be made by a person ordinarily skilled in the art based on prior art.

Based on the above definition, computer software itself (generally a program composed by a person applying mathematical or scientific principles) that does not utilise the laws of nature, cannot be patented. Nonetheless, an invention, involving computer software, may be granted a patent, as a whole, as long as it is related to technicality and is industrially applicable. On the other hand, a creation of computer software may be protected under the Copyright Act, provided such work is original. This may serve as an alternative, and more importantly as an incentive, for computer programmers to protect and to explore their creativity. As for business methods, such methods, even though being innovative, are fundamentally derived from social or economic principles, experiences or other man-made rules. Since they are not utilising the laws of nature, business methods are not patentable in Taiwan.

Notwithstanding the foregoing, there are statutory exclusions: an invention in respect of (1) animals, plants, and essential biological processes for the production of animals or plants, except for processes for producing microorganisms; (2) diagnostic, therapeutic and surgical methods for the treatment of humans or animals; or (3) inventions contrary to public order or morality, shall not be granted a patent. Among the exclusions, an invention of essential biological processes for the production of plants, creating a new variety of plant, may be otherwise protected and granted a plant variety right, despite the fact that it is specifically excluded from the protection of a patent.

In the following paragraphs, some important aspects of Taiwan patent protection are elaborated on.

i Length of protection

The term of an invention patent shall expire after a period of 20 years from the filing date of the application, while the terms of utility model patents and design patents are 10 years and 12 years, respectively, from the filing date of the application.

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2 See, for example, TIPC 101-Xing-Zhi-Shang-Yi-Zi-74 and 104-Xing-Zhi-Shang-Yi-Zi- 47 criminal judgments.
ii  Grace period

According to the Patent Act, any of the following events shall not be deemed as one of the circumstances\(^3\) that may preclude the grant of an invention patent, provided that the concerned patent application is filed within six months of the date of the event’s occurrence: the invention concerned was publicly disclosed as a result of conducting a test; the invention was disclosed in a printed publication; the invention was displayed at an exhibition or recognised by the government; or the invention was disclosed without the consent of the applicant. However, an applicant claiming such exemption must state the fact and the relevant date in the patent application at the time of filing and provide documents of proof within the time period specified by the specific patent agency; otherwise that person cannot enjoy such grace period provided by law. Congress passed the amendment of the extending grace period from six months to 12 months at the end of 2016; the amendment entered into force on 1 May 2017.

iii  Special patent filing procedure

It is acceptable that an application can be first prepared and filed in a foreign language. A foreign applicant would normally take this approach in order to get the earliest filing date as he or she possibly can. However, since Mandarin Chinese is still the official language in Taiwan, a Chinese version must be supplemented within a certain period of time. For an application of an invention patent or a design patent, a Chinese version must be filed within four months of the application date, while for a utility model patent an applicant only has two months. Upon request, the specific patent agency – the Taiwan Intellectual Property Office (TIPO) – can extend the above-mentioned deadlines by up to six months. However, applicants must provide the Chinese version before the due date or he or she will lose the benefit of the original filing date.

iv  Border measures

A patentee may request Customs to detain the imported articles that are suspected of infringing the patent rights. The request shall be made in writing, accompanied by the preliminary showing of the facts of infringement and a security amounting to the duty-paid price of the imported articles, as assessed by Customs, or equivalent assurance. If the request is so accepted by Customs, such patentee must bring a civil lawsuit claiming that the detained articles infringe the patent rights and notify Customs of the same within 12 days following the date of Customs’ acceptance of the request, otherwise the detention will be repealed by Customs. For the owner of the detained articles, he or she may provide a security amounting to double the security provided by the patentee or equivalent assurance, requesting Customs to repeal the detention. This mechanism is designed to save the power for the court to finally determine whether there is an infringement or not.

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3 Those circumstances are (1) the invention was disclosed in a printed publication prior to the filing of the patent application; (2) the invention was publicly exploited prior to the filing of the patent application; or (3) the invention was publicly known prior to the filing of the patent application.
IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

The TIPC was established on 1 July 2008. The jurisdiction of this court includes:

a first instance and second instance of a civil action for the protection of intellectual property rights and interests under the Patent Act, Trademark Act, Copyright Act, Optical Disk Act, Trade Secrets Act, Regulations Governing the Protection of Integrated Circuits Configuration, Species of Plants and Seedling Act, and Fair Trade Act;

b an appeal of the first instance decision of a criminal action rendered by a district court in an ordinary, summary or settlement proceedings (criminal actions involving juveniles shall be excluded) involving offences under Articles 253 to 255, 317 and 318 of the Criminal Code; violation of the Trademark Act or Copyright Act; violation of Article 35, Paragraph 1 of the Fair Trade Act concerning violation of Article 20, Paragraph 1 or Article 36 of the Fair Trade Act; or concerning violation of Article 19, subparagraph 5 of the Fair Trade Act;

c first instance of an administrative action and a compulsory enforcement action concerning intellectual property rights under the Patent Act, Trademark Act, Copyright Act, Optical Disk Act, Regulations Governing the Protection of Integrated Circuits Configuration, Species of Plants and Seedling Act and Fair Trade Act; and

d other cases prescribed by law or determined by the Judicial Yuan to be within the jurisdiction of the TIPC.

ii Requirements for jurisdiction and venue

There is only one intellectual property court in Taiwan; therefore, for the cases specified in subsection i, supra, the TIPC has subject-matter jurisdiction. However, such subject-matter jurisdiction is not exclusive; taking civil cases as an example, it is acceptable that the parties may enter into an agreement selecting a district court to hear an IP-related case, or the plaintiff can, without an agreement, unilaterally decide to initiate a civil action before a district court, as long as such district court has personal or subject-matter jurisdiction over the case based on Taiwan Code of Civil Procedure.

Nonetheless, in practice, because the TIPC is staffed with a technical examination officer, who has a technical background and can advise the court on technique-related issues, people may decide to submit their case to the TIPC for dispute resolution relating to intellectual property.

It is worth mentioning that, in Taiwan, when enforcing intellectual property rights by means of a civil action, according to the Taiwan Code of Civil Procedure and the relevant regulations, the plaintiff shall advance the court fee of the first instance, which is calculated based on the value of the claim. Generally speaking, the greater the amount of money the plaintiff claims, the more he or she has to advance to the court upon filing the lawsuit. Notably, if the plaintiff is foreign, without any asset or place of business in Taiwan, upon the defendant’s motion and if so granted by the court, the plaintiff will be asked to provide a security covering the court fees of the second and third instances and other litigation expenses determined by the court. This cost issue is something a patentee should have taken into consideration before enforcing rights in Taiwan.

As for the defence side, one of the most important strategies is to argue that the intellectual property right at issue is invalid. Taking patent litigation as example, there are two approaches: one is through invalidation action independently brought before the TIPO;
the other is making an argument in the infringement litigation, alleging the patent right at issue should be revoked. These two approaches can be taken in parallel, but their legal effects are totally different.

In terms of the invalidation action, if it is considered well grounded, the patent right will be revoked. Revocation of a patent right shall become final and binding where no administrative remedy proceedings are filed in accordance with laws; or where administrative remedy proceedings are filed but dismissed finally and bindingly. When a patent is revoked finally and bindingly, the effect of patent right shall be deemed not to have existed.

As outlined, the entire process for a patent right to be finally revoked takes time, maybe years. It would be unfair if an infringement litigation should stay before the revocation decision becomes final and binding. Therefore, in an infringement litigation, when the defendant raises an argument that the patent right at issue should be revoked, the court shall decide based on the merit of the case, not staying the case even if an invalidation action had been initiated and not necessarily bound by the TIPO’s revocation decision, if any, as long as it is still not final or binding. Where the court has recognised the grounds for revocation of a patent right, the plaintiff shall not claim any rights during the civil action against the defendant. However, such decision only applies to each particular case and theoretically, the TIPO is not bound by the court’s decision. However, in practice, when the TIPC makes a decision invalidating a patent right, the TIPO will be more or less ‘influenced’ by such decision and vice versa.

### iii Obtaining relevant evidence of infringement and discovery

There is no discovery in the Taiwanese legal system. The plaintiff who needs to obtain relevant evidence can only motion for preservation of evidence or request the court to order the holder of documents or objects to submit the same to the court, in accordance with the Taiwan Code of Civil Procedure and Intellectual Property Case Adjudication Act.

A motion for preservation of evidence can either be made before or after an action has been initiated. Where no action has been initiated, such motion shall be made to the court where the action is to be brought; where the action has been initiated, the same shall be made to the court where the action is pending. When preservation of evidence is ordered, the court may inspect, examine or preserve documentary evidence, and it may order a technical examination officer to execute his or her duties on site. Where an opposing party has no grounds to refuse an order of preservation of evidence, the court may enforce such order by force, but only to the extent necessary, and may request assistance from the police to execute such order if it is required. Considering that patentees in Taiwan are facing difficulties in collecting evidence, especially for an infringement of a method claim, the TIPC has become more willing to grant such motion, as provided in Article 368 of Taiwan Code of Civil Procedure, which reads:

> [W]here it is likely that evidence may be destroyed or its use in court may be difficult, or with the consent of the opposing party, the party may move the court for perpetuation of such evidence; where necessary, the party who has legal interests in ascertaining the status quo of a matter or object may move for expert testimony, inspection or perpetuation of documentary evidence.

As for requesting the court to order the holder of documents or objects to submit the same to the court, if so granted, such order is enforceable and the court may impose a penalty of not more than NT$30,000 upon such holder who refuses to submit the document or object
to the court. The court may also order such holder be subject to enforcement. Provisions of
the Taiwan Compulsory Execution Act concerning mandatory submission of documents or
objects for inspection shall apply *mutatis mutandis* to such enforcement.

Correspondingly, in order to balance the protection of secrecy, there are complementary
measures. Article 11 of Intellectual Property Case Adjudication Act provides:

>[W]here any one of the following situations occurs with respect to trade secrets held by a party or a
third party, the court may, upon motion along with preliminary proof by such party or third party,
issue a confidentiality preservation order upon the other party, agent, assistant ad litem, or other
related party to the action: (1) Contents of a party's pleadings disclose its own trade secrets or those
of a third party, or evidence-taking that has been or is to be made involves trade secrets of a party or
a third party. (2) Limitation on discovery or use is required so as to prevent the discovery or use of
the trade secrets in the preceding paragraph being intended for purposes other than those related to
the case, and there are concerns of obstruction to the party's or the third party's business operation as
a result of the disclosure of the trade secrets. The preceding paragraph does not apply where the other
party, agent, assistant ad litem, or other related party has obtained or possessed such trade secrets
through means other than the document review or evidence-taking prescribed in the Paragraph 1 of
the preceding paragraph. The person subject to a confidentiality preservation order shall not use the
trade secrets for purposes other than those related to the case, nor shall he disclose said trade secrets to
those not subject to the order.

iv  Trial decision-maker

In Taiwan, trials are decided by the judges. For civil and criminal actions, a case will be
decided by a single judge for the first instance, a panel of three judges for the second instance
and a panel of five judges for the third instance, respectively. As for administrative litigation,
a panel of three judges will decide the case for the first instance, while in the second instance
(final instance in administrative litigation) there will be five judges constituting a panel.

The TIPC is staffed with a technical examination officer who can, as requested by the
court, ask questions or explain to the parties pertaining to factual and legal issues based on
the professional knowledge, in order to clarify the disputes in action; ask questions directly to
witnesses or expert witnesses; state opinions on the case to the judge; assist in evidence-taking
in the event of preservation of evidence; and assist in injunctive procedures or compulsory
enforcement procedures. The court may also, where necessary and on its own initiative,
consult an expert in the field.

v  Structure of the trial

In the TIPC, an infringement action will first go through a formality examination. One of
the major issues here is the determination of the value of the claims that will be the basis for
the calculation of court fees. After the formality is confirmed, the case will be assigned to
the judge who will actually hear the case in substance. The judge will decide how to proceed
and the normal practice is that hearings will be set forth as many times as the judge deems
necessary.

In the trial, the person who bears the burden of proof is always critical. Generally, the
party making an assertion shall bear the burden of proof that such assertion is true. Therefore,
in infringement cases, the plaintiff bears the burden of proof for issues such as whether there
was infringement and how much the damage was. Likewise, the defendant who argues that
the right at issue is invalid bears the burden of proof that the right should be cancelled or
revoked.

As an exception, where an article produced following a manufacturing process is
still unknown within and outside Taiwan before the filing of a patent application for the
manufacturing process, another article identical thereto made by another person shall be
presumed to have been produced following the said manufacturing process. Such presumption
may be rebutted by providing proof to the contrary. A proof made by the defendant that the
process used in manufacturing the article at issue is different from the patented process shall
be deemed as proof to the contrary.

vi Infringement

There is no Markman hearing in Taiwan. For patent infringement cases, the court will,
at its sole discretion, interpret and determine the scope of the claims in trial. According
to Article 58, Paragraph 4 of the Patent Act, the scope of the protection conferred by an
invention patent shall be determined by the claims, and the description and drawings may
be considered as a reference when interpreting the claims. When the scope is determined, the
court will decide whether the claims can read on the alleged infringing product, and if not,
the doctrine of equivalents applies, which shall be subject to estoppel, prior art and other
limitations.

vii Defences

In addition to initiating an independent invalidation action, possible defences in patent
infringement litigation are, for example:

a the patent at issue lacks novelty, non-obviousness or industrial applicability;
b the description does not disclose, in full, the invention in a manner clear and sufficient
for it to be understood and carried out by a person ordinarily skilled in the art;
c the claim is not disclosed in a clear and concise manner or cannot be supported by the
description;
d the limitation of patent right as provided in Article 59 of the Patent Act;4

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4 Article 59 of Patent Act provides, [T]he effects of an invention patent right shall not extend to the following
circumstances:

(1) acts done privately and for non-commercial purpose(s);
(2) necessary acts to exploit the invention for research or experimental purpose(s);
(3) acts done by a person who has been exploiting the invention or making all the necessary preparations for doing
such act in this country before the filing date of the invention. However, this provision shall not apply where
the person has learned of the invention from the patent applicant for less than six (6) months and the patent
applicant has made a statement reserving his/her right to a patent being granted;
(4) a vehicle merely passing through the territory of this country, or any device of such vehicle;
(5) where a patent granted to a person not the owner of the right to apply for a patent is revoked as a result of
an invalidation action filed by the patentee, acts done by a licensee who has, prior to invalidation, been
exploiting the invention or making all the necessary preparations to do such an act in good faith;
(6) where, after the sale of a patented product made by the patentee or made under consent of the patentee, using
or reselling such product. The making and selling as stated above are not limited to acts done domestically;
and
e  the alleged infringing product does not fall within the scope of the patent; and
f  there is no damage or the damage cannot be proved.

viii  Time to first-level decision
By reference to the Guidelines on the Deadlines for Courts Handling Cases, a civil or criminal case for the first instance is expected to be closed within one year and four months; any delay should be reported.

ix  Remedies
A patentee of an invention patent may demand a person who infringes or is likely to infringe the patent right to stop or prevent such infringement, at the same time requesting destruction of the infringing articles or the materials or implements used in the infringing act, or other necessary disposal. Where the inventor’s right to be indicated as such is infringed, the inventor may request for necessary disposition to have his or her name indicated or to restore the impaired reputation.

In the event infringement of an invention patent occurs because of an intentional act or negligence, the patentee may claim for damages suffered therefrom. The damages claimed may be calculated according to any of the following methods:

a  the method as set forth in Article 216 of the Civil Code (the damages actually suffered and the interests that have been lost) – if no method of proof can be produced to prove the damages suffered, a patentee may claim damages based on the difference between the profit earned through patent exploitation after infringement and the profit normally expected through exploitation of the same patent;

b  the profit earned by the infringer as a result of patent infringement; or

c  the amount calculated on the basis of reasonable royalties that may be collected from exploiting the invention patent being licensed.

Where the infringement is found to be intentionally committed, the court may, upon request and on the basis of the severity of the infringement, award damages greater than the loss suffered but not exceeding three times the proven loss.

(7) where, after an invention patent is extinguished pursuant to Subparagraph 3, Paragraph 1 of Article 70 and before it is reinstated and published pursuant to Paragraph 2 of Article 70, acts done by a person who has been exploiting the invention or making all the necessary preparations to do such an act in good faith. The person exploiting the invention as stated in Subparagraphs 3, 5, and 7 of the preceding paragraph, may continue such exploitation within the original business purpose(s).
A licensee as stated in Subparagraph 5 of Paragraph 1, who continues to exploit the invention after the patent is revoked, shall pay the patentee a reasonable royalty from the date of receiving a written notice from the patentee.
Appellate review
According to the Code of Civil Procedure, in principle, no additional means of attack or defence shall be presented in the second instance. For the third instance, the appellant can only challenge the original judgment on the ground that such judgment is in contravention of the laws and regulations, not its determination of facts.

Alternatives to litigation
For the accused infringer, besides defending in the litigation, an invalidation action brought before the TIPO can be a feasible alternative.

TRENDS AND OUTLOOK
Based on the 2014 Judicial Statistics Yearbook, civil cases handled by the TIPC that the plaintiff won were very few. In the future, there may be more cases involving violation of the Trademark Act, Copyright Act or Trade Secret Act because in such cases criminal liability may be incurred, which will be a more powerful action for people to enforce their rights.

Exceptions are:
- where such additional means of attack or defence were prevented from being presented as a result of the court of first instance acting in contravention of the laws and regulations;
- where the occurrences giving rise to such additional means of attack or defence took place after the conclusion of oral argument in the court of first instance;
- where additional means of attack or defence are presented for purposes of supplementing those already presented in the first instance;
- where the occurrences giving rise to such additional means of attack or defence are generally known or known to the court in the course of performing its functions, or the court should take evidence on its own initiative with regard to such occurrences;
- where the party was unable to present such additional means of attack or defence owing to reasons not imputable to him or her; or
- where it would be manifestly unfair to prevent the party from presenting such additional means of attack or defence.
Chapter 27

THAILAND

Chavalit Uttasart

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

As a member of the World Trade Organization (WTO), Thailand implemented its obligations under the Agreement on Trade-related Aspects of Intellectual Property Rights (the TRIPS Agreement) and revised its existing legislation accordingly (i.e., patent, trademark and copyright laws), as well as enacting new laws, namely on protection of layout-designs (topographies) of integrated circuits, trade secrets and geographical indications.

In summary, the following legislation was enacted or amended in compliance with the TRIPS Agreement:

a the Patent Act BE 2522 (1979);
b the Trademark Act BE 2534 (1991);
c the Copyright Act BE 2537 (1994);
d the Protection of Layout-Designs of Integrated Circuits Act BE 2543 (2000);
e the Trade Secrets Act BE 2545 (2002); and
f the Protection of Geographical Indications Act BE 2546 (2003).

Some forms of intellectual property protection in Thailand can be obtained by means of registration with the Department of Intellectual Property (DIP), Ministry of Commerce (i.e., patent, trademark, layout-designs of integrated circuits and geographical indications). A copyright is automatically protected upon the independent creation of a copyrighted work. Similarly, trade secrets are protected without registration and can be protected so long as their secrecy is not revealed by any means, such as reverse engineering. However, copyright holders and trade secret owners may notify the DIP of their copyrighted works or trade secrets for its records. This notification is not equivalent to registration in that rights arising from copyright and trade secrets under the above Acts are established without notification being made, whereas rights emanating from patents, trademarks, layout-designs of integrated circuits and geographical indications under the Acts are safeguarded upon registration.

i Patent protection

The Patent Act, BE 2522 (1979), as amended by the Patent Act (No. 2) BE 2535 (1992) and the Patent Act (No. 3) BE 2542 (1999) (collectively, ‘the Patent Act’), protects patents on inventions (product and process), as well as product designs and petty patents (also known as utility models). The patentable invention must be novel, involve an inventive step (known as ‘non-obviousness’) and be capable of industrial application. The invention...
to be protected under a petty patent must be novel and capable of industrial application, without the requirement of the inventive step. Similarly, the patentable product design must be novel and be capable of industrial application, including handicraft. A foreign patent will be unprotected if it has not been registered in Thailand.

An applicant for a patent must provide a full, concise, clear and exact specification so as to enable a person skilled in the art to which the invention relates to make and use the invention. Moreover, the patent application has to disclose the best mode known to the inventor of working the invention.

As Thailand became a member of the Patent Cooperation Treaty (PCT) in 2009, foreign patent owners can now enjoy the benefits of this treaty.

Patents are valid for 20 years for patented inventions, and for 10 years for patented product designs. A petty patent is valid for six years and is extendable for a total of four years upon two renewals: the first for the seventh and eighth years and the second for the ninth and tenth years.

ii Trademark protection

Trademarks are, by their very nature, territorial. Thus, protection for a trademark, service mark, certification mark or collective mark shall be executed by registering it with the DIP under the Trademark Act, BE 2534 (1991), as amended by the Trademark Act (No. 2) BE 2543 (2000) and the Trademark Act (No. 3) BE 2559 (2016) (collectively, 'the Trademark Act'). The 'mark' that can be registered as the trademark, service mark, certification mark or collective mark under the trademark means a photograph, drawing, device, brand, name, word, letter, numeral, signature, combinations of colours, shapes or the configuration of any object, sound or a combination thereof. Moreover, the trademark, service mark, certification mark or collective mark must be distinctive, not be prohibited under this Act, and not be identical to or similar to the trademark, service mark, certification mark or collective mark registered or filed by another person to prevent confusion among the general public and misleading them as to the source of goods or services.

An application will be examined by a registrar with respect to the mark's distinctiveness (also known as secondary meaning), prohibition and correspondence to or similarity with other persons' marks. If the registrar neither makes any rejection nor asks for any amendment, the mark will be published in the Trademark Gazette for any possible objections within 60 days of its publication. Failing any objection, the mark will then be accepted for registration. A term of protection lasts for 10 years from the date of application with unlimited renewals of 10 years at each renewal. Late renewal is possible within six months of the expiry date. However, the applicant must pay a 20 per cent surcharge of the renewal fee.

Licensing of the registered trademark can be achieved by producing a contract in accordance with the contractual principles of the Civil and Commercial Code. However, the licence agreement under the Trademark Act must be made in writing and registered with a trademark registrar. The licensing agreement must contain terms and conditions enabling the licensor to ensure sufficient control of the quality of products and services, otherwise the registrar may refuse to register the licensing agreement. Moreover, the Board of Trademarks is empowered to revoke a licensing agreement's registration if the licensor fails to control the quality of the licensed products.
Trademark protection can be obtained by means of registration. However, an owner of a mark or the owner’s local distributor must always monitor for possible trademark infringements and may consider taking any of the following legal actions against an infringing party where appropriate:

- filing an objection to an application to register any identical or similar mark;
- lodging a complaint with the police for further investigation and criminal prosecution by the public prosecutor;
- directly submitting a criminal complaint to the courts;
- sending a cease-and-desist letter to the infringer; and
- bringing a civil action to claim damages as well as applying for an injunction.

Protection of registered marks at the border of a country is also available by recording the registered mark with the Customs Department. If the Customs Department comes across suspected products bearing the recorded mark, it shall temporarily detain the shipment and contact the owner or its agent in Thailand to verify whether the detained goods are genuine. Any goods confirmed as counterfeit shall be seized for destruction and the importer shall be fined.

### Copyright protection

The Copyright Act, BE 2537 (1994), as amended by the Copyright Act (No. 2) BE 2558 (2015) and the Copyright Act (No. 3) BE 2558 (2015), accords copyright protection to the creators of original works of authorship, including sound recordings, literary, dramatic, musical, audiovisual, cinematographic works, sound and video broadcasting work or any other work in the literary, scientific or artistic domain whatever may be the mode or form of its expression, both published and unpublished, including the rights of performers. Copyright covers the form of expression rather than the actual subject matter. Therefore, copyright protection does not extend to any idea, procedure, process, system, method of use, operation, concept, principle, discovery or scientific or mathematical theory.

In Thailand, unlike trademarks and patents, registration is not required for the acquisition of copyright protection under the Copyright Act. The copyright exists upon the independent and original creation by a copyright owner. In general, copyright is valid for the life of the author plus 50 years, and for 25 years for a work of applied art. Moreover, the significant amendments of the Copyright Act (No. 3) BE 2558 (2015) include rights management information, technological protection measures, moral right of actors and limitation of liability of internet service providers (ISPs).

Among these amendments, the one that seems to gain the most attention is the limitation of liability for ISPs specified in Section 32/3 of the Copyright Act (No. 2) BE 2558. It was aimed to furnish a safe harbour for ISPs by confining their liability for infringing content that is posted to their platforms and, at the same time, provide a procedure for content owners to have infringing content taken off the internet, similar to the safe harbour and notice-and-takedown procedures being applied in some jurisdictions. However, Section 32/2 requires court intervention to enforce the notice-and-takedown processes.

### Protection of layout-designs of integrated circuits

A layout-design of an integrated circuit can be protected by the law when it is registered under the Act on the Protection of Layout-Designs of Integrated Circuits, BE 2543 (2000). An application for registration can be filed at the DIP. The term ‘layout-design’, in connection
with integrated circuits, is defined as any pattern, layout or image, however it appears, in any form or method, made for the purpose of displaying the composition of an integrated circuit. According to this definition, ‘layout-designs’ (designed electrical circuits) and ‘mask work’ (prototypes for production) also qualify for protection under this Act. To be eligible for protection under this Act, ‘layout-designs’ must be solely created by a designer and not be commonplace in the integrated-circuit industry. A layout-design created by a designer by combining elements, interconnections of layout-designs or integrated circuits that are already commonplace in the integrated-circuit industry, in a way that results in a layout-design that is not commonplace in the integrated-circuit industry, is also protected.

The term of protection shall be for 10 years from the date of filing the application for registration or the date of the first commercial exploitation, whichever occurs first, but shall not exceed 15 years from the date of the completion of the layout-design’s creation. Nonetheless, to be eligible for registration, a layout-design must be submitted for registration within two years of the initial date of utilising a layout-design for commercial purposes. In other words, the layout-design that has existed for more than 15 years cannot be registered regardless of whether it has been in fact used for commercial purposes or not.

v Trade secret protection

The Trade Secrets Act BE 2545 (2002), as amended by The Trade Secrets Act (No. 2) BE 2558 (2015), accords protection of trade information that is not publicly known and has commercial benefits. Examples of trade secrets include drug formulas, food and drink recipes, cosmetic formulas, production processes, business administration information, details on product price and lists of customer names.

More importantly, the Trade Secrets Act stipulates that owners of trade secrets must control their secrecy by exercising appropriate measures to maintain their secrecy because they will only be protected as long as their secrecy is not disclosed undisclosed. In practice, several measures deployed by owners to preserve the secrecy of the information include, inter alia, the creation of an efficient system, such as having a ‘confidential’ seal stamped on the relevant document, prohibiting certain employees from accessing information or requiring the use of passwords and codes to access the trade secret information.

vi Geographical indication protection

The Act on the Protection of Geographical Indications BE 2546 protects geographical indications, which means a name or symbol or other indicators that represent the origin of goods and impart to consumers the special quality or features arising directly from growing or manufacturing such goods in certain geographical areas. A right to register a geographical indication thus belongs to local authorities, local communities or local people in the area in which goods are grown or produced. Examples of geographical indications of Thailand include: ‘Khao Hom Mali Thung Kula Rong Hai’ for rice; ‘Praewa Kalasin’ for silk; and ‘Kafae Doi Chaang’ for coffee.

II RECENT DEVELOPMENTS

The Trademark Act (No.3) BE 2559 (2016) came into force on 28 July 2016. Its significant amendments are as follows:

a the definition of a ‘mark’ shall encompass a sound;
proof of a secondary meaning of a mark through the advertisement or distribution of the products bearing such mark, to the extent that a well-known status is obtained in accordance with the criteria laid down by the Ministry is extended to ‘all categories of mark’ that fail to acquire an inherent registrability;

c a multi-class application is applicable. However, specific items of goods or services shall be clearly specified as usual;

d reduction of the time to respond to office actions, such as, among others, an amendment, appeal, opposition or, counterclaim, from 90 days to 60 days to expedite the registration procedures;

e extension of the time for payment of the registration fee from 30 days to 60 days;

f grant of a grace period for renewing a registered mark within six months of the expiry date plus an additional surcharge payment of 20 per cent of the renewal fee;

g stipulated legal effect to the trademark licence agreement on which the licensed mark is assigned (unless otherwise specified in the trademark licence agreement, the trademark licence agreement shall still survive despite the mark being assigned to other persons);

h termination of the provision on the association of a mark;

i a separate assignment of trademark application and registration is granted;

j a letter of consent is acceptable as the means of granting a registration to similar marks of several owners;

k adding provisions of the registration of marks in accordance with the Madrid Protocol;

l imposition of a penalty for utilising another person’s packages or containers, on which registered marks are displayed, for their own or another person’s goods in order to mislead consumers into believing that such goods belong to the trademark owner; and

m revision of government fee in trademark prosecution.

Currently, the Ministry of Commerce is preparing the regulations to serve the registration of trademarks under the Madrid Protocol. When said preparation is complete, Thailand will accede to the Madrid Protocol by becoming a member. This preparation and membership is expected to be completed by the end of 2017 or early 2018.

### III OBTAINING PROTECTION

The Patent Act grants a protection to an invention, which means any innovation or invention that creates a new product or process, or any improvement of a known product or process, and to a design. However, the following inventions may not be protected by a patent or a petty patent: (1) naturally occurring microorganisms and their components, animals and plants, or extracts from animals or plants; (2) scientific or mathematical rules or theories; (3) computer programs; (4) methods of diagnosis, treatment or cure of human and animal diseases; and (5) inventions contrary to public order, morality, health or welfare of the general public.

To obtain a filing date of a patent application, the following are required at minimum: the applicant’s name and address; the inventor’s or designer’s name and address; details of priority applications; the specification including claims in any foreign language; and the drawings or pictures (if any).

The documents supporting the patent application may be filed within 90 days of the date of application. The Thai translation of the specification must be lodged within 90 days of
the date of application. A certified copy of the priority document must be lodged before the application is published in the Official Gazette but not exceeding 16 months from the date on which the corresponding application was first filed in a foreign country.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

An owner of a registered patent (i.e., industrial design, invention and utility model) is entitled to take both civil and criminal actions against any alleged infringer. However, it is also quite common that the alleged infringer will first be warned by a cease-and-desist letter demanding that it refrain from any infringing activity that may cause damage to the patent owner.

Civil action

The patent owner may file a civil lawsuit with the Central Intellectual Property and International Trade Court (the IP and IT Court) to demand that the alleged infringer refrain from using its registered patent and to claim for damages.

However, the patent owner must prove to the satisfaction of the court – rather than to the level of beyond reasonable doubt – that the infringing product is identical or substantially similar to the patented product. The difficult task on this ground is to satisfy the Court regarding the damages suffered by the owner. The owner has a burden to prove the direct financial damages incurred to the satisfaction of the Court (e.g., loss of sale). Punitive damages are not available in Thailand.

Criminal action

To initiate a criminal action on the ground of the patent infringement, the patent owner may first file a complaint with the police, who will then conduct a raid as well as arresting the alleged infringer. After that the police will report to the Attorney General who may, in turn, bring the case to the IP and IT Court for further prosecution against the alleged infringer. The patent owner may also file a criminal lawsuit directly with the IP and IT Court. However, this alternative will be recommended only if the patent owner already has sufficient evidence to prove the alleged infringer's wrongdoing.

ii Requirements for jurisdiction and venue

Criminal proceedings to enforce rights

A criminal action may be initiated with the filing of a criminal complaint with the police by a patent owner, followed by a raid – pursuant to the obtaining of a lawful search warrant – by specialised police enforcement teams to acquire evidence of infringement and seize the infringing goods or to arrest the infringer under an arrest warrant issued by the IP and IT Court when requested by the police, or both. If incriminating evidence of infringement is found to an extent sufficient to institute a criminal lawsuit, the alleged infringer will be charged with patent infringement and asked to submit a plea. If the alleged infringer pleads not guilty, the designated inquiry officers will interrogate and collect evidence from both parties before submitting an opinion to the public prosecutor as to whether prosecution should be carried out. If the public prosecutor finds, at first sight, that the case against the alleged infringer is correctly established and demonstrated, and agrees with the inquiry
officer’s findings, a criminal complaint will be lodged with the IP and IT Court. If found guilty upon proof beyond reasonable doubt, the patent infringer shall be sentenced to a fine of up to 400,000 baht or up to two years’ imprisonment, or both.

Civil proceedings to enforce rights

Enforcement of a patent in a civil proceeding against an alleged infringer begins with the filing by the plaintiff of a written complaint form with the IP and IT Court, and the serving of a copy of the complaint form along with a summons issued by the Court on the defendant. The complaint form must clearly specify which claim or claims of the patent are being allegedly infringed. The defendants will file an answer to the complaint; raising defences of, for example, non-infringement or invalidity of the plaintiff’s patent, trademark registration or other intellectual property rights with the IP and IT Court and serve the answer to the complaint on the plaintiffs. A counterclaim for patent invalidity (lack of novelty, inventive step, industrial applicability and non-patentable subject matters) may also be filed along with the answer to the complaint, and the plaintiff may file an answer to the counterclaim with the IP and IT Court and serve the answer to the counterclaim on the defendant.

Pursuant to Section 79 of the Civil Procedure Code, if such documents are served in person, then the receiving party will have 15 days in which to file an answer. If no one receives such documents the court will issue an order to post up a notice at the party’s domicile and then the served party will have 30 days in which to file an answer. Thereafter, the court will set a date for a meeting between the parties for the purpose of seeking dispute resolution between the parties. If both parties are unable to reach any agreement, the court will proceed to set out the issues to be tried in the case. In the settlement of issues meeting, the court will also set the number of witnesses allowed by each party, dates for taking witnesses’ testimonies, submission of each party’s evidence list, etc.

iii Obtaining relevant evidence of infringement and discovery

Although there is no discovery procedure under the Thai legal system, there are opportunities both prior to filing a patent infringement action and during the trial to collect evidence of patent infringement. Prior to a criminal action, the patentee may be able to obtain a search warrant to search the alleged infringer’s premises to obtain evidence of the infringement. Prior to a civil action, the Act for the Establishment of and Procedure for Intellectual Property and International Trade Court 1996, together with the Rules for Intellectual Property and International Trade Cases 1997, provides the IP and IT Court with the power to issue orders similar to an Anton Piller order. To obtain this court’s order to seize or confiscate the evidence, the plaintiff must prove that: (1) if an action has not yet been instituted, there are grounds on which the plaintiff may take an action against the alleged patent infringer; (2) the evidence that the plaintiff wishes to rely on in the future will otherwise be lost or become difficult to adduce; and (3) there is an emergency situation under which, if the alleged infringer or related party is to be notified beforehand, the evidence will be damaged, lost, destroyed or, for some reason or another, difficult to be adduced at a later stage.
iv  **Trial decision-maker**
A quorum is formed by a panel of three judges, consisting of two career judges with expertise in IP or IT matters, or both, and one layperson who specialises in such fields as chemistry, biology, engineering, software, IT technology, etc. It is also possible to appoint an expert witness as *amicus curiae*.

v  **Structure of the trial**
In a civil case alleging infringement of a patent or petty patent’s rights with regard to a process for obtaining a product, if an owner of the patent or petty patent can prove that the defendant’s product is identical or similar to the product obtained by the process under the patent or petty patent, it shall be presumed that the defendant has used the process under the patent or petty patent unless the defendant can prove otherwise. Therefore, the plaintiff in a process patent infringement case can shift a burden of proof to the defendant to rebut a presumption that the defendant has used the process under the patent or petty patent.

On the contrary and generally, the plaintiff always bears a burden of proof that the defendant has produced, used, sold, possessed for sale, offered for sale or imported the patented product without authorisation from the patentee. The testimony of both factual and expert witnesses, and the presentation of documentary evidence and demonstrative evidence are admissible and crucial to proving and defending the patent infringement case of both parties.

vi  **Infringement**
According to Section 35 *bis* of the Patent Act, any infringement committed before the grant of a patent shall not be deemed as violating the patentee’s rights unless the person so acting knew or was informed in writing that a patent application for the invention had been filed. In this case, the applicant shall be entitled to claim damages from the infringer by lodging a complaint with the IP and IT Court after the patent is granted.

Section 36 *bis* of the Patent Act provides that:

> The scope of the rights of the patentee under Section 36 in respect of a patented invention shall be determined by the claims. In determining the scope of the claimed invention, the characteristics of the invention as indicated in the description and the drawings shall be taken into account.

> The scope of protection for a patented invention shall extend to the characteristics of the invention that, although not specifically stated in the claims, in the view of a person of ordinary skill in the pertinent art, have substantially the same properties, functions and effects as those stated in the claims.

According to the above provision, patent infringement generally falls into ‘the literal infringement and infringement under the doctrine of equivalents’. The term ‘literal infringement’ means that each and every element recited in a claim has identical correspondence in the allegedly infringing device or process. However, even if there is no literal infringement, a claim may be infringed under the doctrine of equivalents if some other element of the accused device or process performs substantially the same function, in substantially the same way, to achieve substantially the same result.

The IP and IT Court always has a difficult task to construe the scope of the ‘literal’ language of the claims, compare the claims, as properly construed, with the accused device or process, to determine whether there is literal infringement, and to construe the scope of
the claims under the doctrine of equivalents if there is no literal infringement. The IP and IT Court has applied the doctrine of equivalents in the Watchara Chantrasuwan v. Wisit Tucksaphaiboon case, stating as follows:

Even though the appearance of the conflicting products is slightly different and some functions and qualifications have been added, the core structure, mechanism and the purpose of use of the conflicting products are similar. The differences are minor elements that don’t alter the main function and purpose of use of the products, the plaintiff’s product thus infringed the defendant’s patent.

vii Defences
Possible defences that the defendant may raise against the plaintiff’s claims are as follows:

a The civil or criminal case is time-barred. For instance, a claim for damages arising from a patent infringement is barred by prescription after one year from the day when the infringing act and the person bound to make compensation became known to the injured person, or 10 years from the day when the infringing act was committed. In a criminal case, if the patent infringer is not prosecuted and brought to the IP and IT Court within the prescription period, which is 10 years, as from the date of the commission of the offence, the prosecution shall be precluded by prescription.

b Successful proof of non-infringement or invalidation of the claimed patent in suit are established before the IP and IT Court. An example of non-infringement covers proof that the defendant’s alleged invention falls outside the purview of the plaintiff’s claims stated in the patent, or the alleged infringer is indeed a licensee under a licensing agreement with the patentee, or a compulsory licensee under the Patent Act.

c Whether equitable defences such as laches, estoppel and inequitable conduct can be successfully raised to the IP and IT Court is questionable as they have never been challenged before in the IP and IT Court.

d According to Section 36(7) of the Patent Act, which is a provision concerning exhaustion of right, the use, sale, having in possession for sale or importation of patent products shall not constitute a patent infringement when the product has been produced or sold with the authorisation or consent of the patentee. The patent rights are deemed internationally exhausted after the first marketing of the patented products by the patentee themselves or with their consent, regardless of the location of the above-mentioned acts. Therefore, the Thai parallel importer of patented products shall not become an infringer.

viii Time to first-level decision
Patent infringement cases generally last for between one year and three years from the submission of the pleadings, a settlement of issues meeting, witness testimonies for both parties and closing statements by each party to the rendering of a judgment by the IP and IT Court.

ix Remedies
Section 77 bis of the Patent Act and Rules for Intellectual Property and International Trade Cases 1997 issued by the Chief Judge of the IP and IT Court entitles the patentee to request the IP and IT Court to grant a preliminary injunction before commencing a lawsuit against an alleged patent infringer. The Court’s injunctive order will require the alleged infringer to stop or refrain from committing such alleged infringement if there is clear evidence that the
alleged infringer is committing or about to commit any act of infringement. However, the prospective plaintiff must prove to the court that: (1) there is a reasonable ground for the application and the filing of the application, as well as sufficient reasons for the Court to grant such application; and (2) the damage incurred by the prospective plaintiff, as the patent owner, cannot be recovered by monetary measures or any other form of indemnity, nor can it be recouped from the prospective defendant – the alleged infringer – who is not in a position to compensate the prospective plaintiff for the damage, or compensation is unlikely to be obtained given the difficulty of enforcing the judgment against the prospective defendant.

The IP and IT Court is empowered to order compensation for damages to the patentee in such amount as the court considers appropriate by taking into consideration the severity of damage, as well as loss of benefits and necessary expenses, including attorneys’ fees incurred in enforcing the patentee’s rights. The patentee bears a burden of proving the actual amount of damages sustained as a direct result of the infringement. Punitive damages or exemplary damages are not available in cases of patent infringement.

x Appellate review
As of 1 October 2016 following the opening of a specialised appeal court, a decision of the IP and IT Court shall be appealed to Thailand’s IP Specialised Appeal Court. The decision of the IP Specialised Appeal Court is appealable to the Supreme Court; however, to be able to lodge the appeal, the appellant must first obtain permission from the Supreme Court. The standard of review for criminal patent infringement cases is proof beyond a reasonable doubt of the defendant’s intent to infringe, whereas the standard of review for civil patent infringement cases is generally a preponderance of the evidence to convince the judge that over 50 per cent of the plaintiff’s admissible evidence is in the plaintiff’s favour.

xi Alternatives to litigation
Mediation is available at the mediation centre of the DIP and IP and IT Court, in which mediators will try to negotiate and encourage both parties to settle their disputes. Arbitration is also available under a contract between a patentee and the other party. Unlike a mediator, an arbitrator acts like a judge in conducting a trial and rendering an award binding to both parties.

V TRENDS AND OUTLOOK
Over the past year, there have been quite a few significant developments of the IP areas in Thailand. The amendment of the Trademarks Act has prompted the faster examination of applications, which encourages the filing of more trademark applications. The setting up of the specialised IP courts also is a very good step towards providing IP owners a better platform and in expediting resolution of disputes. All these initiatives are definitely going the right way towards giving IP owners adequate protection of their IP rights.

Thailand is quickly catching up by putting in place many laws that are quite progressive (i.e. relating to data protection and privacy, and the like). These laws are actually in the process of being enacted; this is a bit slow compared to other jurisdictions, but they are likely to come into force by the end of this year.

Over the next few years, it is likely that more laws will be enacted towards providing a better and progressive legal framework to ensure IP rights are better protected.
Chapter 28

UNITED ARAB EMIRATES

Peter Hansen

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

The United Arab Emirates (UAE) is a federation of emirates that was created in 1971. Dubai and Abu Dhabi are the best known of the emirates, the other five being Sharjah, Ajman, Umm Al Quwain, Fujairah and Ras Al Khaimah. Despite being a relatively young nation, the UAE has a developed legal system that provides for the protection and enforcement of intellectual property rights. The Constitution of the UAE identifies a number of areas over which the Federation has exclusive jurisdiction and these include 'literary, artistic and industrial property and the rights of authors – printed matter and publishing'. Consequently the statutes that create intellectual property rights are pieces of federal legislation in force in each of the emirates, and the ministry responsible for patents, designs, copyright and trademarks is the Federal Ministry of Economy.

The key intellectual property laws in force today are as follows:

a Patents: Federal Law No. 17 of 2002 (PDL);
b Designs: Federal Law No. 17 of 2002;
c Copyright: Federal Law No. 7 of 2002 (CRL); and

These were not the first UAE intellectual property laws. A suite of federal intellectual property laws was enacted in 1992. In 1996, the UAE joined the WTO and became obligated to bring its laws into line with the TRIPS Agreement, which in turn led to the replacement of the 1992 legislation with the 2002 laws currently in force, or amendment of the 1992 law in the case of trademarks.

The UAE is also a member of various international conventions. To mention only three, the UAE acceded to the Paris Convention in 1996 and the Patent Cooperation Treaty in 1998, and it became a Berne Convention member in 2004.

The UAE is also a member of the Cooperation Council for the Arab States of the Gulf (GCC), along with Saudi Arabia, Kuwait, Qatar, Bahrain and Oman. The GCC states have established a regional patent system managed by the GCC Patent Office, and patents granted by the GCC Patent Office are in force throughout the GCC states, including in the UAE.

It would be fair to say that the UAE is principally a ‘trademark jurisdiction’. The trade in developed products is a significant part of the UAE economy, as compared to the development or production of products. Although this may be gradually changing, the wholesale and retail

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1 Peter Hansen is the head of litigation at Khalid A Altamimi Advocates & Legal Consultants.
2 UAE Constitution, Article 121.
markets are dominated by imported products. These are, of course, branded with foreign brands, and so trademark registration, and the protection of brands, is a matter of some importance for businesses with a presence in the UAE. Patents are starting to become more known as a result of government initiatives to support the patenting of local inventions, although patent litigation in the courts is still relatively rare. The examination of patent and design applications has been a long-standing challenge for the government and a significant backlog remains, together with long delays to grant. Announcements were made last year that further foreign assistance in examination would be obtained from the Korean Patent Office. Copyright is not widely understood or well respected. The illegal downloading and distribution of movies and software is known and probably more common than estimated, despite well-publicised enforcement efforts.

II RECENT DEVELOPMENTS

i New intellectual property fees introduced
The Ministry of Economy issued a list of new fees for its services in March 2015. Fee increases were specified for intellectual property matters. The most notable increases were in relation to trademarks. Many fees increased by 100 per cent. The trademark registration fee increased from 5,000 dirhams to 10,000 dirhams per class of goods or services. The fee for filing a trademark opposition increased from 250 dirhams to 10,000 dirhams. The fee increases have led to a reduction of applications filed with the trademark office (although overall revenue may not have fallen). The UAE is now one of the most expensive countries in which to register a trademark.

ii New anti-commercial fraud law
At the end of 2016, a new anti-commercial fraud law (ACFL) came into force. A draft of the ACFL was first released in 2012 and several drafts were hotly debated. One of the key points of interest was whether the new ACFL should allow the re-export of seized counterfeit products. Although the new ACFL allows for fraudulent and spoiled products to be re-exported, it states that counterfeit products must be destroyed. The provisions of the new ACFL also expressly apply to the UAE free zones, in which it has always been difficult to take action against counterfeit products and about which it was commonly thought they are somehow outside of the law. Possessing counterfeit products with the intention to sell or store them is deemed by the law to be an act of commercial fraud and is punishable. The ACFL replaces Law No. 4 of 1979 concerning the prevention of fraud and deception in commercial dealings.

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3 Ministerial decision No. 9 of 2015, published in the Official Gazette on 31 March 2015 and effective 60 days from the date of publication.
III OBTAINING PROTECTION

i Patents

Following the introduction of current PDL in 2002, no new patent regulations have been issued. This has left some uncertainty about the extent to which the regulations to the 1992 Patent Law continue to apply. The main source of law and practice guidance, therefore, is the PDL that is currently in force.

A patent may be granted for any new invention resulting from an innovative idea or innovative improvement to an invention that is founded on a scientific basis and capable of industrial exploitation. The invention may be a product or a process or a new application of a known method. Utility certificates may be granted for new inventions that are capable of industrial application but that result from an insufficient level of innovative activity to justify the grant of a patent.

The PDL refers to the granting of patents to protect inventions in all fields of technology. However, it also provides that patents for certain inventions may not be granted.

Plants and animals

Plant and animal research, biological methods for their reproduction, as well as plant and animal varieties, are not patentable, but microbiological methods and their products are. The TRIPS agreement permits the exclusion of biological processes for the production of plants and animals but not non-biological and microbiological processes. However, plant varieties must also be protectable either by patents or a sui generis system, according to the TRIPS agreement. The UAE does not have a plant varieties law. The exclusion of ‘methods for animal reproduction’ probably includes human beings and therefore the patenting of processes for the cloning of human beings and other animals is not possible. Human gene sequencing methods probably fall within the exclusion.

Methods for the treatment of human beings and animals

Diagnostic, therapeutic and surgical methods necessary for the treatment of human beings and animals are excluded from patentability. This exclusion is consistent with Article 27.3(a) of the TRIPS Agreement.

Principles and discoveries

Principles, discoveries, scientific theories and mathematical methods are not patentable.

Business methods

Plans or rules or methods followed for carrying on a commercial business are not patentable. The exclusion groups such methods together with performing purely mental activities

5 Summarising Article 4 of the PDL.
6 PDL, Article 5.
7 PDL, Article 6.1.a.
8 The TRIPS Agreement, Article 27.3(b).
9 PDL, Article 6.1.b.
10 PDL, Article 6.1.c.
11 PDL, Article 6.1.d.
or games. If a business method satisfies all the criteria for being an invention and being patentable, it is difficult to see how this exclusion is justified on public policy grounds and is not expressly permitted by the TRIPS agreement.

**Computer programs**

Computer programs are not in the list of matters excluded from patentability and, therefore, must, in principle, be patentable in the UAE. Their exclusion is not permitted by the TRIPS Agreement.

**Inventions contravening public order or morals**

Inventions whose publication or exploitation would lead to a contravention of public order or morals may not be patented in the UAE. Denying patents to inventions whose publication or exploitation would lead to a contravention of public order or morals gives the Ministry and potentially the courts a very wide discretion as to what may be patented and introduces considerations of Islamic law. Sharia is the source of the laws of the UAE, according to the Constitution. In practice, it regulates matters concerning the family, but also deems certain subjects to be immoral. Potentially, inventions relating to the production or consumption of alcohol or pork would contravene morals. The earning of interest from debts (usury) is held to be contrary to Islam and therefore inventions relating to certain financial matters may be contrary to morality.

**National defence**

Inventions relating to national defence were, under the previous Patent Law, not patentable. The prohibition does not reappear in the current PDL. However, the law provides that specific procedures are to be issued for such inventions. They would presumably be in the new patent law regulations that have not yet been issued.

**Chemical inventions relating to medical drugs and pharmaceutical compounds**

Chemical inventions relating to nutrition, medical drugs and pharmaceutical compounds were excluded from being patentable in certain circumstances under the previous Patent Law. The UAE availed itself of Article 65.4 of the TRIPS Agreement, which permits a five-year delay in extending patent protection to areas of technology not previously protected. The current law expressly provides that such chemical inventions are protectable in the UAE from 1 January 2005. Prior to this date, the Department of Industrial Property was required to continue to receive applications for such patents and record them. If the applicant had a patent issued for the invention in a WTO member country and had been licensed to market the invention in that country, then the applicant would enjoy the right exclusively to market

12 PDL, Article 6.1.e.
13 UAE Constitution, Article 7.
15 PDL, Article 6.2.
16 The General Headquarters for the Armed Forces of the UAE has filed patent applications in the UAE, so there may be a practical need for publication of the procedures for patent applications relating to national defence.
18 PDL, Article 70.
the invention in the UAE for five years after being licensed to do so by local authorities. The five-year protection period would end when either the patent application is granted or rejected.\textsuperscript{19}

\textbf{The extent of patent filing and publication}

The UAE does not publish patent applications until they have been accepted. Publication is, therefore, of accepted applications for opposition purposes. In 2002, the UAE published its first patent applications for opposition purposes – a total of nine applications. Between 2002 and 2008, only 162 patent applications were published. In 2016, a total of 213 patent applications were published for opposition purposes.\textsuperscript{20} One must also take into account the number of GCC patent applications published; in 2015, the GCC patent office published for opposition purposes 665 patent applications.

\textbf{ii Trademarks}

The TML permits a wide range of signs to be registered as trademarks, and in practice we have seen acceptances published for 3D marks (such as bottle shapes) and position marks.\textsuperscript{21} The overriding requirement is that the mark be distinctive. From what we see published, a relatively low level of distinctiveness is required. The mark applied for must also not be confusingly similar to prior marks. The trademark office searching system appears to locate only identical or near-identical marks, and so conflicting marks are sometimes accepted. Oppositions are relatively common, and for many years there was a serious backlog of cases.\textsuperscript{22}

The UAE continues to require a single application per class of goods or services, and official fees per application apply whatever the number of applications filed for the mark at the same time. The official fees for trademark registration are especially challenging for smaller businesses.

\section*{IV ENFORCEMENT OF RIGHTS}

\textbf{i Possible venues for enforcement}

Patents, designs, trademarks and copyright can be enforced by the courts, federal or local. Trademark rights, however, can be enforced using criminal and administrative authorities. The police or public prosecution in each of the emirates will accept counterfeit product complaints and act on them. In most of the emirates, the economic departments, which are responsible for monitoring local markets, will receive and act on complaints that counterfeit products are being offered for sale. The procedures vary from authority to authority. The Dubai Department of Economic Development is probably the most well-known of the administrative authorities owing to its proactive approach and the large number of seizures it is reported to have made in recent years. Some kinds of copyright works can be protected in Dubai using the police who make regular seizures of counterfeit DVDs and software.

\begin{itemize}
    \item[19] PDL, Article 71.
    \item[20] Based on UAE patent journal Nos. 32, 34, 35, 36 and 37, as made available on the Ministry of Economy’s website.
    \item[21] For what the law permits, see TML, Article 2.
    \item[22] For recent efforts to clear this backlog, see Peter Hansen, ‘New trademark opposition procedures cause concern’; \textit{World Trademark Review}, 27 April 2015.
\end{itemize}
The criminal and administrative authorities do not have the expertise to judge complex trademark issues, and so, generally speaking, they accept only the relatively straightforward cases, such as where a product is being offered bearing a mark that is identical to the mark that is registered in the UAE. The more difficult cases must go before the courts, including cases in which the marks are alleged to be only confusingly similar or a 3D mark is involved, or cases which also seek remedies such as the cancellation of a trademark registration or a licensed trade name. If the trademark owner is seeking compensation for the infringement, then proceedings in court will be required. The decision where to enforce rights is a critical one, especially in a jurisdiction that has many options and each of which has different procedures and challenges and offers different remedies.

ii Requirements for jurisdiction and venue

The UAE has four court systems: the federal system and the Dubai, Abu Dhabi and Ras Al Khaimah systems. The other emirates participate in the federal system. Generally speaking, the court of jurisdiction is the court of the emirate in which the defendant has a place of domicile.23 If a trader in the Ras Al Khaimah market is selling counterfeit products and if the brand owner wishes to pursue civil proceedings in court, then the case must be raised in the courts of Ras Al Khaimah. However, if the trader is in the emirate of Sharjah, then the proceedings will be commenced in the federal courts because the emirate of Sharjah does not have its own court system.

Appeals against decisions of the Ministry of Economy such as trademark opposition decisions can only be raised in the federal court in Abu Dhabi.

In what was probably the first patent case before the courts in the UAE, a question arose as to whether foreign patents could be enforced in the UAE because the case was commenced before the introduction of the first Patent Law in the UAE in 1992 and so no patent protection had been able to be obtained. The Dubai court of cassation held that the foreign patents for the CUPLOK system of scaffolding were of no use to the plaintiff outside the country in which they had been obtained.24 A similar question arose in the Juniper Networks case. A Saudi national holding a US patent sought to enforce it in the UAE against Juniper Networks. The plaintiff’s claim of infringement failed, and despite going all the way to the court of cassation, the ultimate jurisdictional issue of the enforceability of a US patent in the UAE was not addressed.25 The CUPLOK case, as well as clear US jurisprudence on the territoriality of US patents, should have been sufficient to dismiss the case for lack of jurisdiction.

iii Obtaining relevant evidence of infringement and discovery

There is no process for discovery in the UAE court system. The enforcement of a precautionary measures order can be used as a means of gathering evidence of infringement – indeed, this is one of its purposes. However, generally, it is the responsibility of the plaintiff to obtain the evidence necessary to support the facts pleaded. The court has the right to appoint an expert and to give them certain tasks and to ask them to express certain opinions.26 This

24 Dubai Cassation case No. 28 of 1997 concerning CUPLOK scaffolding.
25 The Juniper Networks case was reported by Scott J Coonan and Alan Fisch in the BNA World Intellectual Property Report, 1 May, in an article titled ‘No infringement upheld in Dubai’s First Patent Litigation Case’.
is done in the majority of intellectual property cases. The tasks given to the expert often include certain fact-finding and for this and other purposes the expert is entitled to require the parties to appear in person or by their lawyers or agents and to examine governmental and non-governmental records, registers and documents that are required to perform the tasks assigned.27 The expert’s report to the court often contains key pieces of evidence and findings of fact. For this reason, the report is usually contested by one or more of the parties. A second expert may be appointed to provide a further report. In some cases, one or more of the parties will engage an expert independently of the court procedure and then seek to file that expert’s report in the case in order to discredit the report of the court appointed expert.

iv Trial decision-maker
There are no specialist intellectual property judges in the UAE court systems. The Dubai courts of first instance have, for example, six divisions: civil, commercial, personal status, criminal, labour and real estate. Intellectual property cases commenced by the public prosecutor, usually for counterfeit products, proceed in the criminal division, while other cases proceed in the commercial or civil divisions. The Ministry of Justice announced on 4 February 2016 that it would establish court circuits to consider intellectual property cases, as well as an intellectual property circuit in the first instance federal court in Abu Dhabi.28

v Structure of the trial
Proceedings are started by filing a written statement of claim with the court of competent jurisdiction. The trial process is usually entirely paper-based, with each party filing memoranda and evidence at each of the ‘hearings’ set down by the court. There is no final hearing at which oral submissions are made by the lawyers for the parties. Oral evidence is very rarely taken, and witnesses are usually not called. An expert may be appointed to obtain and receive evidence and file a report with the court, as discussed above. In many respects, the procedures can be quite flexible but only within the court-determined timetable. As one commentator expressed it: “The parties are also allowed to file more documents, amend their pleadings or claimed relief at any time before the case is reserved for judgment.”29 Even after the case has been reserved for judgment, the court may sometimes allow the parties to file further memoranda in a limited period. The number of exchanges of memoranda is not limited, and what is allowed will be determined by the judge appointed to the case. A judgment should be issued within one month of the case being reserved for judgment.

vi Infringement
The PDL does not contain provisions dealing expressly with patent infringement as one might find in more mature patent jurisdictions. The law gives certain rights to the patentee, and then the infringement of those rights is criminalised. The two most relevant criminal acts are: (1) to copy an invention or method of manufacture, and (2) to infringe any right protected by the PDL.30 The penalties to be imposed on anyone convicted of these crimes is imprisonment.

27 Federal Law No. 10 of 1992, Articles 81 and 82.
28 UAE Ministry of Justice website.
29 Omer Eltom, Dubai Process of Law, p. 75.
30 PDL, Article 62.
(the term is not specified) and a fine of between 5,000 dirhams and 100,000 dirhams. Private prosecutions are not possible, so any such case would be conducted by the public prosecution based on a complaint by the patentee.

Despite this, the patentee has other options. The patentee may make an application for precautionary measures to the court ‘if an act of infringement occurs, or in the event of unlawful acts contravening this law or contracts or licences granted pursuant to its provisions’. The patentee would seek an attachment order against ‘an invention . . . or a business or part of it that is using or exploiting any kind of industrial property referred to’. The precautionary measures application must be supported by the deposit of security as assessed by the court. The patentee then has eight days in which to file the substantive case with the court. The substantive case will be based on the rights that the patentee has been granted by means of the patent and will allege infringement of those rights. The patentee’s principle right is the right to exploit the invention and this is presumably an exclusive right because it is accompanied by the right to prevent others from, in relation to product patents, producing the product, using it, offering it for sale and selling it or importing it. In relation to patents for industrial processes, the patentee has the right to prevent others from the effective use of the method and from using or offering the product that was obtained directly by means of the method and from offering it for sale or selling it or importing it. See also Section IV.ix, infra.

vii Defences

The patentee’s right to prevent others from engaging in acts that allegedly infringe the patentee’s rights are limited to acts that are done for ‘industrial or commercial purposes’. Acts done after the sale of a product are also not infringing. That the allegedly infringing acts were not for these purposes or not presale acts are lines of possible defence against patent infringement. Acts done for the purposes of scientific research or use by means of transport temporarily or accidentally in the UAE are not acts of infringement.

A defendant should also consider whether the ‘prior acts’ defence is available because the defendant had produced the product or used the method or made genuine arrangements for production or use in the UAE before the application date or priority date of the patent relied upon.

The best line of defence may be attack. Any person with an interest may apply to the court to cancel a patent on the basis that it was granted without satisfying the legal conditions for grant or that it was granted without taking into account the priority of other applications. Cancellation may be partial and is effective from the date of grant.

31 PDL, Article 60.
32 An attachment order is a court supervised seizure.
33 PDL, Article 60.
34 PDL, Article 61.
35 PDL, Article 15.
36 PDL, Article 15.2.
37 PDL, Article 19.
38 PDL, Article 17.
39 PDL, Article 34.
40 PDL, Articles 34 and 35.
viii Time to first-level decision

Taking the Dubai courts as an example, the average time to judgment in the first instance court in 2015 was 112 days from the first session. This is significantly down on previous years. It was 172 days in 2012. In the court of appeal, the average time to judgment in 2015 was 219 days, an increase of 27 days from 2012. In the court of cassation, the average time to judgment in 2015 was 55 days.

ix Remedies

Neither the PDL nor the TML provide an express right to an injunction as a remedy for infringement. However, both give a right to prevent infringement. For trademarks, the registered owner enjoys the right to prevent others from using the same or a similar mark to distinguish products or services that are the same or similar or related to the products or services for which the mark is registered – but only to the extent that the use complained of would cause confusion among consumers.\(^\text{41}\) The patentee’s right to prevent infringement has been discussed above. As a matter of practice, applicants to the court request, and the courts have granted, orders that a defendant stop the proved infringement. This is despite the fact that the provisions that specify what the court may order do not give the court the right to grant an injunction.\(^\text{42}\)

A general right to prevent infringement is absent from the CRL.\(^\text{43}\)

Damages are available to the rights owner. The TML gives a right to raise a civil case for compensation against anyone who has suffered as a result of any act stated in Articles 37 and 38 of the TML. These are the criminal provisions concerning counterfeiting and the use of marks that may not be registered. The right to compensation does not encompass damage resulting from infringement of the owner’s exclusive right of ownership of the mark under Article 17, which includes the owner’s right to prevent another from using it. To claim such damages, one must plead the general law provision that the doer of an act is liable to compensate the person damaged by that act.\(^\text{44}\)

A right to damages for infringement or any other damaging act is not contained in the PDL. Again, for this one must rely on the general law. The PDL does provide that the court may order the confiscation of attached items, as well as the destruction or removal of the effects of the action that contravened the law. ‘Counterfeiting’ instruments and tools may be the subject of confiscation and destruction orders. The court may order that its judgment be published in local newspapers.\(^\text{45}\)

The CRL does not contain a right to damages and so one must resort to the general law.

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\(^{41}\) TML, Article 17.

\(^{42}\) CRL, Article 40; the PDL 2002, Article 63; the TML 2002, Article 43.

\(^{43}\) However, the prevention right is given in relation to producers of sound recordings and broadcasting organisations: CRL, Articles 18 and 19.

\(^{44}\) Civil Transactions Law, Federal Law No. 5 of 1985, Article 282.

\(^{45}\) PDL, Article 63.
Costs orders are given by the court in favour of the successful party but they are for nominal amounts only and are no deterrent to the running of proceedings that lack merit in fact or law.

x Appellate review
The courts of first instance and appeal are courts of fact and law. The court of cassation is the final level of appeal and it considers only questions of law. Appeals from the court of first instance must be filed within 30 days. The appeal trial is in effect a de novo hearing of the case. An appeal to the court of cassation usually alleges defects in the lower court’s judgment such as that it ignored an important defence, that its inferences are not based on the evidence or that there are defects in legal reasoning. By alleging that the findings of the court are not soundly grounded in the evidence and the case record, a review of the evidence and facts in a case has been possible at the cassation level, despite repeated statements by the court that the evaluation of evidence is the exclusive jurisdiction of the courts below. The court of cassation may replace the appeal court’s decision with its own decision or it may refer the case back to the court of appeal for reconsideration in accordance with the legal determinations it has made.

xi Alternatives to litigation
When an intellectual property dispute arises, the UAE courts are the authority to which the parties are most likely to resort to settle the dispute. Of course, the parties may reach a settlement, or agree to mediation or arbitration, or if the dispute is in relation to a prior agreement, they may be compelled by what they have agreed to go to mediation or arbitration. However, many of the provisions of the intellectual property laws require an aggrieved person to initiate court action. For the cancellation of trademarks for non-use or on other grounds, the aggrieved party must apply to the court. There is no procedure at the Ministry. For trademark oppositions, the procedures are not aimed at encouraging resolution prior to decision. Even in cases where the parties have agreed a resolution such as an amendment to the goods or services, there are often difficulties in implementing the resolution at the Ministry and coordinating the timing of the amendment and withdrawal of the opposition. The number of opposition appeals to the courts could be reduced if the Ministry procedures were more focused on resolution and less on the disposal of the case.

V TRENDS AND OUTLOOK
It is anticipated that the Trademark Law for the Gulf Cooperation Council Countries (GCCTM Law) will be implemented in the UAE in 2017. This would follow its implementation recently in Kuwait, Saudi Arabia and Bahrain. The GCCTM Law does not create a single trademark registration system in the GCC countries, but rather implements the same national trademark law in each member country. Many features of the current UAE trademark registration and enforcement system will probably remain the same after implementation. The extent of the changes will partly depend on how the new provisions are interpreted and applied in practice.

The Ministry of Economy has been planning to introduce a new copyright law and to restructure the intellectual property system since 2011. However, we are yet to see any substantive signs of this reform, such as draft laws, apart from the new ACFL discussed above and the possible implementation of the GCCTM Law.

Chapter 29

UNITED KINGDOM

Gordon Harris, Andrew Maggs, George Sevier and Ailsa Carter

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

i Patents
A patent may be granted covering the UK for an invention that is new, involves an inventive step, is capable of industrial application, and is not otherwise excluded from patentability. The term of protection is 20 years from the application date, unless a supplementary protection certificate (SPC) is granted (which may extend the term) or renewal fees are not paid (in which case the patent may lapse sooner).

An application for a patent conferring protection in the UK can either be made to the UK Intellectual Property Office (UKIPO), for a GB patent, or to the European Patent Office (EPO) for a European Patent designating the UK. Alternatively, either can be designated as part of a Patent Cooperation Treaty (PCT) application.

In November 2016, the UK Government indicated its intent to ratify the Agreement on a Unified Patent Court (UPC Agreement). If the UK does so, the UPC Agreement will come into effect four months after it is ratified also by Germany (which is expected to ratify shortly after the UK), triggering the entry into force of EU Regulations 1257/2012 and 1260/2012, pursuant to which European patents with unitary effect (unitary patent (UP)) will become available for an applicant to request during application for a European patent. If a UP is requested, it will be granted instead of national designations for all states for which, at the time of grant, the UPC Agreement has effect.

ii Supplementary protection certificates
An SPC is a form of intellectual property that extends patent term in respect of pharmaceutical or plant protection products in qualifying circumstances.

The term of the SPC is intended to compensate, to some degree, for the period elapsing between the filing of an application for a patent for a new medicinal or plant protection product and the grant of authorisation to place the medicinal product or plant protection product on the market. The duration of protection is the term that elapsed between those dates, reduced by a period of five years, subject to a maximum period of protection of five years.

1 Gordon Harris is a partner and co-head of intellectual property and Andrew Maggs, George Sevier and Ailsa Carter are principal associates at Gowling WLG.
iii Designs
In the UK, designs may be protected by a mixture of UK and Community rights, which vary in their subsistence, scope and duration.

Registered designs – UK and EU
Designs that are new and have individual character can be registered with the UKIPO, for the UK, or with the European Union Intellectual Property Office (EUIPO), for the EU.

Three-dimensional and two-dimensional designs can all be protected. However, computer programs, features of an article that have a technical function or that interconnect with other parts of the article and are necessary for the article to perform its function, and designs that are contrary to public policy are not registrable.

Registered designs are monopoly rights (which can be enforced without copying having occurred). The term of protection is 25 years provided that renewal fees are paid.

Unregistered designs
The UK unregistered design right (UDR) protects the shape and configuration of the whole or part of an article (external or internal) that is original, recorded in a design document or the subject of an article made to the design, and created by a qualifying person.

The UDR will not subsist in a method or principle of construction, the shape or configuration of an article that ‘must fit’ another, or the appearance of an article that ‘must match’ another. The UDR does not protect 2D designs such as ornamentation or surface decoration (which may be protected by copyright).

The UDR arises automatically. The term of protection is the lesser of: 15 years from first recording in a design document or first making to the design; or 10 years from first making the article available for sale or hire (dates calculated from the end of the relevant calendar year). The owner has exclusive rights to reproduce the design for commercial purposes. During the final five years of the term licences of right are available. If the terms are not agreed, they will be settled by the Comptroller General of Patents, Designs and Trade Marks.

The EU unregistered Community design right has a broader scope of protection than the UDR, protecting 3D and 2D designs. EU protection lasts for a period of three years from the date on which the relevant design is first made available to the public and pan-European relief is available.

iv Copyright
Copyright may subsist, *inter alia*, in original literary, dramatic, musical and artistic works, sound recordings, films and broadcasts and typographical arrangements of published editions, provided the work qualifies by its author’s nationality or domicile or by the place of first publication of the work. Protection arises automatically when works are recorded in writing or some other form.

Copyright in literary, dramatic, musical or artistic works generally lasts for 70 years from the end of the calendar year in which the author dies. For some literary works, including computer generated works, databases, tables and compilations, and for sound recordings and broadcasts, protection will last for 50 years from the end of the calendar year in which they are created.

Copyright is infringed if the work, or a substantial part of it (assessed qualitatively), is copied, not if another work is created independently.
v  Database rights

Databases can be protected in two ways; by copyright and by the *sui generis* database right.

Where there has been a substantial investment in obtaining, verifying or presenting the contents of a database the *sui generis* right will arise. Protection lasts for 15 years from the end of the calendar year in which the database was completed.

Where all or a substantial part of the contents of the database are extracted or reutilised without the owner’s permission, database rights will be infringed.

vi  Registered trademarks

A mark or sign may be registered as a trademark if it is capable of distinguishing the goods or services of one undertaking from those of another and of being represented on the register in a manner that enables the competent authorities and the public to determine the clear and precise subject matter of protection. It must also not be devoid of distinctive character nor consist exclusively of indicators that may designate the kind, quality, quantity, or other characteristics of the goods or services, although it may be shown that the mark has acquired distinctiveness through use. Registered trademarks can include words, domain names, colours and the shape of goods or their packaging, as well as non-traditional marks such as sounds (although in practice, registration of non-traditional marks is difficult to obtain).

A mark can be registered for the UK (with the UKIPO); or as an EU Trade Mark (EUTM, formerly called a Community Trade Mark, with the EUIPO, for the EU). A mark will be registered for specified goods and services listed in the classes of the International Classification of Goods and Services.

The proprietor of a mark has the exclusive right to use the registered mark in connection with the classes of goods or services for which it is registered. The mark may be enforced in respect of: (1) an identical mark for identical goods or services; (2) an identical or similar mark for identical or similar goods or services where such use has caused or is likely to cause confusion; and (3) if a mark has a reputation, in respect of an identical or similar sign for goods and services where the use causes detriment or leads to unfair advantage.

A mark may remain registered indefinitely provided that the renewal fees are paid.

vii  Passing off

A claimant can bring a claim for passing off where:

(a) there is goodwill attached to his or her goods or services in the UK;
(b) there has been a misrepresentation by the defendant leading or likely to lead the public to believe that the goods or services offered are the goods or services of the claimant or there is some other authorised link with the claimant; and
(c) the claimant suffers damage as a result. ²

Passing off can be used as a way of protecting unregistered trademarks, names, logos or get-up from being misused by others wanting to trade off the claimant’s goodwill.

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viii Confidential information

Confidential information is broadly defined as information that has the necessary quality of confidence that is disclosed in circumstances imparting an obligation of confidence.

Confidential information may be protected by non-disclosure agreements or confidentiality agreements. It is common for employers to request that their employees sign such agreements if they have access to confidential information.

While in theory it is possible to protect confidential information indefinitely, there may be limits on how long information will retain its confidential status. For example, non-disclosure and confidentiality agreements may be time-limited, the information may become available from non-confidential sources and information may be made available to other parties or the public in the course of litigation.

ix Plant varieties

A plant variety right may be available for a new, distinct, uniform and stable plant variety. ‘New’ is assessed by reference to sale or disposal.

A plant variety right entitles the holder to prevent anyone from producing or reproducing, conditioning for the purpose of propagation, offering for sale, selling, exporting, importing or stocking for any of those purposes, the qualifying variety. The term of protection is 30 years from the date of grant (for potatoes, trees and vines); or 25 years from the date of grant (all other cases). Protection is available for the UK (from the UK Plant Variety Rights Office) or for the EU (from the Community Plant Variety Office).

II RECENT DEVELOPMENTS

i Recent notable case law

Declaratory relief – Fujifilm declarations

In *Fujifilm v. AbbVie*3, the High Court of England and Wales (Patents Court) awarded, in a landmark judgment, a novel type of declaratory relief to clear the route to market for a product facing a raft of pending patent applications incapable of challenge in the UK courts. The court concluded that the administration of FKB’s proposed products in the treatment of a particular medical indication by a particular dosing regimen would have been obvious at a particular date, and that the court’s declaration of this would serve a useful purpose in view of AbbVie’s patent filing strategy and public statements.

Construction and infringement of Swiss-form claims

In *Warner-Lambert v. Generics*4 the Court of Appeal gave noteworthy *obiter* guidance on the ‘mental element’ of a Swiss form claim and the assessment of infringement of such a claim. (Swiss form claims are discussed in Section III ii, *infra.*) As regards the assessment of the mental element, Floyd LJ said that an objective approach is necessary, and from an objective standpoint one would normally regard a person to intend what he or she knows or can reasonably foresee as the consequence of his or her actions. Because claims in this form rely for their novelty on the purpose of the use of the drug, it is only essential that the manufacturer is able to foresee that there will be intentional use for the new medical


4 [2016] EWCA Civ 1006.
indication. Intentional use is to be distinguished from use where the drug is prescribed for a different indication and, without it in any sense being the intention of the treatment, a condition the subject of the claim is in fact treated.

**Plausibility, obviousness and insufficiency**

In *Warner-Lambert v. Generics*[^5] and *Idenix v. Gilead*[^6], the Court of Appeal considered the concept of ‘plausibility’ and its role in the tests for obviousness and insufficiency. The requirement of plausibility is a low threshold test. It is designed to prohibit speculative claiming, which would otherwise allow the ‘armchair’ inventor a monopoly over a field of endeavour to which he or she has made no contribution.

**Disclosure in patent disputes**

In *Positec v. Husqvarna*[^7], the Patents Court noted that, following changes to the Civil Procedure Rules, there is no longer a *prima facie* rule that standard disclosure be given. Absent a ‘smoking gun’ or a more sophisticated type of argument (such as the patentee relying upon commercial success or the reaction of others to the invention), the Patents Court will be disinclined to give standard disclosure (or any disclosure) in a straightforward obviousness dispute.

**Time to substantive second instance decision in patent infringement case**

In *Napp v. Dr Reddy’s*[^8] the second instance decision in the substantive patent infringement case was given by the Court of Appeal within six months of the litigation commencing. Napp had commenced proceedings for patent infringement and applied for an interim injunction. After Dr Reddy’s and Sandoz sought trial of preliminary issues relating to infringement, Arnold J ordered an expedited trial of the case, following which Napp’s appeal was expedited also. The Court of Appeal confirmed the Patents Court’s conclusions.

### ii Unified Patent Court and unitary patent package

In November 2016, the UK government indicated its intent to ratify the UPC Agreement. If the UK does so in 2017, the proposed Unified Patent Court (UPC) may be operational in early 2018. The proposed UPC and unitary patent system is discussed in Sections I, *supra*, and IV and V, *infra*.

### iii EU reform

EU legislation was reformed by the entry into force on 23 March 2016 of EU Regulation 2015/2424. Key amendments are reflected within this chapter. While the use of a corporate name continues to be a defence to infringement of a UK, the own-name defence as it pertains to EUTMs is now limited to natural persons.

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[^7]: [2016] EWHC 1061 (Pat).
iv  Copyright in artistic works that have been industrially manufactured

Previously, where an artistic work had been exploited by allowing the industrial manufacture of copies and such copies had been marketed, Section 52 of the Copyright Designs and Patents Act 1988 limited the duration of copyright in the artistic work to 25 years. Effective from July 2016, Section 52 has been repealed, meaning that the duration of copyright is the life of the author plus 70 years. The effect is that some articles that were previously out of copyright (since the copies were first marketed more than 25 years previously), are now protected again. Following a transition period, it has been an infringement to sell such products (or 2D images of such products) since 28 January 2017.

v  Internet blocking orders

Since the decision of the High Court in Twentieth Century Fox v. BT, website blocking orders have been granted to music and film copyright owners to impede access to websites that are predominantly used to share copyright infringing content. In 2014, in Cartier v. B Sky B, similar relief was awarded with respect to websites that advertise and sell trademark-infringing products. The High Court decision was upheld by the Court of Appeal in July 2016 and should now be considered settled law, although aspects of the Court of Appeal judgment (principally as to who should bear the costs of implementing the blocking orders) are being appealed to the Supreme Court.

In March 2017, in The Football Association Premier League v. BT, the High Court permitted a new form of blocking order, against particular ISP addresses, directed at inhibiting unauthorised live streaming of broadcast events (in this case, of Premier League football matches).

III  OBTAINING PROTECTION

i  Patentability

The Patents Act was enacted in the course of the United Kingdom’s accession to the European Patent Convention. Certain sections of the Patents Act are expressed as framed so as to have, as nearly as practicable, the same effects in the UK as the corresponding provisions of the EPC, the Community Patent Convention and the PCT.

Pursuant to the EPC, European patents shall be granted for any inventions, in all fields of technology, provided:

a  they are new, involve an inventive step and are susceptible of industrial application;

b  patentability is not expressly excluded; and

c  the application meets certain other requirements, namely, unity of invention, disclosure of invention and clear and concise claims supported by the description.

New

An invention shall be considered to be new if it does not form part of the state of the art. The state of the art comprises everything made available to the public anywhere in the world by

10  [2014] EWHC 3354 (Ch).
12  [2017] EWHC 480 (Ch).
means of a written or oral description, by use, or in any other way before the date of filing of the European patent application. Additionally, the content of earlier filed (but not yet published) patent applications (UK or EPC designating the UK) is considered as comprised in the state of the art. A patent (or application) lacks novelty (is ‘anticipated’) if the prior art provides an ‘enabling disclosure’ of what is claimed.13

**Involves an inventive step**

An invention shall be taken to involve an inventive step if it is not obvious to a person skilled in the art, having regard to any matter that forms part of the state of the art (earlier filed but not yet published patent applications are not included in the state of the art for this purpose). In *Conor v. Angiotech*,14 the House of Lords (the predecessor to the UK Supreme Court) considered the issue of obviousness and approved the following statement of Kitchin J in *Generics v. Lundbeck*:15

> The question of obviousness must be considered on the facts of each case. The court must consider the weight to be attached to any particular factor in the light of all the relevant circumstances. These may include such matters as the motive to find a solution to the problem the patent addresses, the number and extent of the possible avenues of research, the effort involved in pursuing them and the expectation of success.

In *Hospira v. Genentech*16 the Court of Appeal noted that there is only one statutory question, namely, whether the invention was obvious at the priority date. Whether the invention was obvious to try is merely one of many considerations that it may be appropriate for the court to take into account in addressing the statutory question; it is not a substitute test for obviousness, and it must in any case be coupled with a reasonable or fair prospect of success.

**Industrial application**

An invention shall be taken to be capable of industrial application if it can be made or used in any kind of industry, including agriculture. The notion of industry is construed broadly.17

**Exclusion from patentability**

The following are declared not to be inventions (and are therefore not patentable):

- discoveries, scientific theories and mathematical methods;
- literary, dramatic, musical or artistic works or any other aesthetic creation; and
- schemes, rules or methods for performing a mental act, playing a game or doing business, or a program for a computer; and the presentation of information.

However, this only prevents patentability to the extent that the patent or application relates to the thing as such.

Patents also shall not be granted for the following:

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15 [2007] RPC 32.
16 [2016] EWCA Civ 780.
inventions the commercial exploitation of which would be contrary to public policy or
morality;

b plant or animal varieties or essentially biological processes for the production of plants
or animals (not including microbiological processes or the products thereof);

c methods for treatment of the human or animal body by surgery or therapy and
diagnostic methods practised on the human or animal body (although this does not
apply to products, in particular substances or compositions, for use in any of these
methods);

d the human body, at various stages of its formation and development, and the simple
discovery of one of its elements, including the sequence or partial sequence of a gene;

e processes for modifying the germline genetic identity of human beings;

f uses of human embryos for industrial or commercial purposes; and

g processes for modifying the genetic identity of animals, which are likely to cause them
suffering without any substantial medical benefit to man or animal, and also animals
resulting from such processes.

Other requirements for grant

A patent application shall relate to one invention only or to a group of inventions so linked
as to form a single general inventive concept.

The specification must disclose the invention clearly and completely enough for it to
be performed by a person skilled in the art. It must be sufficient to allow the invention to be
performed over the whole scope of the claim and without undue burden.18

The claims of a patent define the matter for which protection is sought. They must be
clear and concise and be supported by the description.

ii Subject-specific case law

Methods of medical treatment and diagnostic methods

Methods of medical treatment and diagnostic methods are excluded from patentability. However, products, including substances, for use in such methods may be patented, including
where the invention (and novelty) resides in the new use of a known product: purpose-limited
product claims are permissible (i.e., claims in the form ‘X for use in the treatment of Y’).

Previously, for inventions residing in a second or subsequent use of a known medicament,
claims in ‘Swiss form’ were permissible (i.e., ‘use of X in the manufacture of a medicament
for the treatment of Y’) but following the decision of the EPO’s Enlarged Board of Appeal in
G2/08 (Abbott Respiratory/dosage regimes)19 this is no longer the case. The changes introduced
in 2010 made no change to practice regarding existing Swiss form claims already in force.

Patents with claims in Swiss form do not prevent (under the double patenting exclusion)
the grant of a related application with claims in purpose-limited product format because the
subject matter of such claims is considered different.20 For the same reason, it is not possible
to amend granted Swiss form patent claims to purpose-limited product format.

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20 T 1780/12.
In the context of inventions concerning medical treatments, the term ‘plausibility’ has been coined to characterise what it is that a patent specification must provide in order to be sufficient, short of full proof of efficacy.21

**Plants and animals and essentially biological processes for their production**

Inventions that concern plants or animals may be patentable if the invention is not confined to a particular plant or animal variety but can be granted if varieties may fall within the scope of the claims.22

Whether or not a (non-microbiological) process for the production of animals or plants is ‘essentially biological’ and therefore excluded from patentability has to be judged on the basis of the essence of the invention taking account the totality of the human intervention and its impact on the result achieved.23

**Other biotechnological inventions**

Finding biological material, such as a microorganism, occurring freely in nature is discovery, not an invention, and so is not patentable as such. However, biological material that is isolated from its natural environment or produced by means of a technical process may be the subject of an invention, even if the material occurred previously in nature. Where the invention resides in a whole or partial gene sequence, the industrial application of the sequence must be disclosed in the application as filed.24

In *Oliver Brüstle v. Greenpeace*25 the CJEU ruled that a ‘human embryo was: any human ovum after fertilisation; any non-fertilised human ovum into which the cell nucleus from a mature human cell has been transplanted; and any non-fertilised human ovum whose division and further development have been stimulated by parthenogenesis’. The exclusion covered the use of human embryos for purposes of scientific research; only use for therapeutic or diagnostic purposes that are applied to the human embryo and are useful to it being patentable. Further, patentability was excluded where the subject matter involved the prior destruction of human embryos or their use as base material.

Subsequently, in *International Stem Cell Corporation v. Comptroller General of Patents, Designs and Trade Marks*,26 the CJEU ruled that an unfertilised human ovum whose division and further development have been stimulated by parthenogenesis does not constitute a ‘human embryo’, within the meaning of that provision, if, in the light of current scientific knowledge, it does not, in itself, have the inherent capacity of developing into a human being.

A claim to a product containing or consisting of biological information is construed as extending to all material (except excluded material) in which the product is incorporated and in which the genetic information is contained and performs its function.

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23 UKIPO’s Manual of Patent Practice, 76A.03.


Computer programs

A claimed invention involving the use of a computer program may be patentable if it involves a technical contribution. The Court of Appeal has emphasised the need for each case to be considered by reference to its particular facts, and that a solution to a technical problem can be a relevant technical effect and not excluded as technical character is provided from the problem itself. In HTC v. Apple, Kitchin LJ noted the need to consider what the computer program in issue actually contributes.

IV ENFORCEMENT OF RIGHTS

This section provides a brief guide to how intellectual property rights may be asserted, focusing on patents. In the courts of the United Kingdom, issues of infringement and validity are almost always addressed together.

i Possible venues for enforcement

The United Kingdom has three jurisdictions: England and Wales, Scotland, and Northern Ireland. Each has its own legal system and procedures, the UK Supreme Court being the final court of appeal for all in civil cases. In the field of IP, legislated substantive law applies throughout the UK. The overwhelming majority of IP litigation in the UK takes place in the courts of England and Wales.

In England and Wales, the Intellectual Property Enterprise Court (IPEC) is the correct forum for less complex and smaller value IP claims. In the IPEC damages are capped at £500,000 (per claim number), and recoverable costs are capped at £50,000 for the liability stage and £25,000 for the quantum stage. The IPEC procedure is distinct from that of the High Court, for example with less separation of argument and evidence than is conventional under English legal practice. The Chancery division of the High Court is the appropriate forum for more complex and valuable IP claims, patent claims being heard in the Chancery division’s Patents Court. In the Patents Court there is no cap on recoverable damages or costs.

Patent actions are heard in Scotland by the Court of Session, and in Northern Ireland by its High Court.

The Comptroller General of Patents at the UK Intellectual Property Office (UKIPO) has jurisdiction to adjudicate upon some patent-related issues and may issue opinions on the infringement and validity of patents.

Following the expected entry into force of the UPC Agreement and associated EU Regulations, owners of European patents designating Member States of the EU will (subject to opting-out) be able to enforce those European patents (but not national patents) in the Unified Patent Court (UPC). New unitary patents will also be enforceable in the UPC. The UPC will have a central division (with its seat in Paris, and sections in London and Munich), local divisions in some Member States, and one or more regional divisions covering more than one Member State (e.g., a ‘Nordic-Baltic’ regional division for Estonia, Latvia, Lithuania and Sweden). Choice of venue will depend on relevant provisions of the UPC Agreement and the

28 Symbian Ltd’s Application [2009] RPC 1.
29 HTC v. Apple [2013] EWCA Civ 451
UPC’s Rules of Procedure. Decisions in relation to European patents that are not ‘opted-out’ and all unitary patents will have effect across the Member States concerned in each case. At the time of writing, if the UPC Agreement enters into force in early 2018, at the minimum the following contracting states will be within the new system: Austria, Belgium, Bulgaria, Denmark, France, Germany, Italy, Luxembourg, Malta, the Netherlands, Portugal, Sweden, Finland and the UK. The remainder of this Section is concerned with the existing system, not the UPC.

ii Requirements for jurisdiction and venue

Jurisdiction may be founded by domicile or by the place where the harmful event occurred or may occur. In Actavis v. Eli Lilly, Eli Lilly was found to have conceded jurisdiction, in the course of pre-action correspondence, such that the court considered itself to have jurisdiction to award a declaration of non-infringement covering designations of a European patent for other EU Member States. The UK courts described in subsection i, supra, may hear actions for revocation of UK patents and UK designations of European patents but not other national designations of European patents.

iii Obtaining relevant evidence of infringement and discovery

In a civil claim, it is for the claimant to prove his or her case on the balance of probabilities. At the outset, the facts relied upon in support of the claim (or counterclaim) must provide reasonable grounds for making the claim. Without such grounds the claim may be struck out.

Disclosure

Discovery may be available in the course of litigation after the exchange of pleadings. (In unusual circumstances it may be available from a non-party.) A party discloses a document by stating that it exists. The party to whom disclosure is made is then entitled to inspect the document, except where it is no longer in the disclosing party’s control or where the disclosing party has a right or duty to withhold inspection of it, for example because it is privileged. Confidentiality does not confer a right to withhold inspection, but the court may order disclosure of confidential documents on appropriate terms, for example to specified members of a ‘confidence club’. The existence of a confidentiality club will reduce the likelihood that redaction of documents will be allowed.

Standard disclosure requires a party to disclose only the documents on which he or she relies and the documents that adversely affect his or her own case, adversely affect another party’s case or support another party’s case. In patent cases, disclosure, if it is ordered, is usually more limited. Provision of a product or process description by the alleged infringer usually enables standard disclosure to be dispensed with in relation to infringement. Regarding

33 Aqua Global Solutions v. Fiserv [2016] EWHC 1627 (Ch).
validity, disclosure is usually constrained to a term two years either side of the earliest claimed priority date. In every case, it is the court that orders the scope of disclosure, and there is no longer a prima facie rule of standard disclosure.

Pre-action disclosure may be obtainable before litigation commences where procedural requirements are satisfied. In *The Big Bus Company v. Ticketogo*,\(^{34}\) the Patents Court ordered pre-action disclosure of licences previously granted by the patentee to third parties operating in the transport sector.

**Evidence**

Fact evidence is usually submitted to the court in the form of written witness statements, which stand as the witness’s evidence in chief. A witness’s oral testimony is usually limited to cross-examination and re-examination.

The court assesses the teachings and scope of a patent through the eyes of ‘the person skilled in the art’. He or she is the hypothetical person to whom the patent is addressed. The skilled person has imputed to him or her the ‘common general knowledge’, which is, essentially, standard technical background of the art in question.

Expert evidence is generally required to assist the court in adopting the mantle of the person skilled in the art and to determine the scope of the common general knowledge. Parties tend to retain their own expert, although they may be ordered to agree upon a single expert. Expert witnesses owe a duty to the court, which overrides any duty they have to the party and its team of legal advisers, and bear a personal responsibility for their evidence.\(^{35}\) Expert evidence in chief is provided by way of a report, with opportunity to respond in writing to the report submitted by the other expert. Oral testimony is usually limited to cross-examination and re-examination. Cross-examination is considered by the courts to be an important tool by which expert evidence that is submitted to the court may be scrutinised.\(^ {36}\)

**Experiments**

In appropriate cases, experiments may be ordered upon the application of a party that wishes to establish a fact by experimental proof.

**Methods for obtaining evidence and information**

In appropriate circumstances, the court will award a search and seizure order or an order that a person provide information on others involved in the supply of infringing goods, or both.

**iv Trial decision-maker**

For the intellectual property rights listed above, civil claims are heard and determined by a judge.

In the courts of England and Wales, IP claims are usually heard by specialist judges. In the Patents Court more complex patent cases tend to be allocated to Arnold J, Birss J or Henry Carr J – experienced patent judges who are also judges in the wider Chancery Division. In the IPEC, patent cases are heard by intellectual property specialist HHJ Hacon.

\(^{34}\) [2015] EWHC 1094 (Pat).

\(^{35}\) *Synthon v. Teva* [2015] EWHC 1395 (Pat).

v  **Structure of the trial**

Following the exchange of statements of case, the setting of case management directions and the conclusion of the steps ordered (for example, discovery and written evidence stages), the trial of the claim will be heard by the judge. At the hearing, the usual structure is that the claimant makes an opening statement, the parties cross-examine the witnesses relied upon by each other, and then each party makes a closing statement.

At the end of the hearing, the judge will either deliver his or her judgment or, more usually, he or she will retire to consider and write the judgment and reconvene the trial at a later date, when the judgment is handed down. An award of injunctive relief may be made with the substantive judgment or shortly afterwards following discussion between the parties or further consideration by the court.

Almost always, the trial is ‘split’, which means that the substantive legal claim is decided (as described above) and only where a claim is successful will the monetary relief claimed be considered. This consideration takes the form of a second stage to the litigation, involving further directions and a further trial on a damages inquiry or an account of profits, which may run in parallel with any appeal of the main judgment.

vi  **Infringement**

*Construction*

The court ‘construes’ the claims of a patent to determine what they would have meant to the person skilled in the relevant art (with that person’s common general knowledge) at the priority date. The law on patent claim construction was reviewed by the House of Lords in *Kirin-Amgen v. Hoechst Marion Roussel*.\(^{37}\) Claims are construed purposively, the inventor’s purpose being ascertained from the description and drawings, but ultimately one is concerned with the meaning of the language used, in context. There is no general doctrine of equivalents. Recent authority on the construction and infringement of Swiss form claims is discussed in Section II, *supra*.

*Infringing acts*

Once the claims of the patent have been ‘construed’, the court considers whether an act that is capable of being an infringing act has been carried out in respect of the claimed invention.

It is a direct infringement of a patent to do any of the following in the UK without the consent of the patent proprietor: \(^{38}\)

\[ a \] where the invention is a product, he or she makes, disposes of, offers to dispose of, uses or imports the product or keeps it whether for disposal or otherwise;

\[ b \] where the invention is a process, he uses the process or he offers it for use in the United Kingdom when he or she knows, or it is obvious to a reasonable person in the circumstances, that its use there without the consent of the proprietor would be an infringement of the patent; and

\[ c \] where the invention is a process, he disposes of, offers to dispose of, uses or imports any product obtained directly by means of that process or keeps any such product whether for disposal or otherwise.


\(^{38}\) Section 60(1) of the Patents Act 1977.
It is a contributory infringement of a patent to supply or offer to supply in the United Kingdom a person other than a licensee or other person entitled to work the invention with any of the means, relating to an essential element of the invention, for putting the invention into effect. In order to infringe in this way the alleged infringer must know, or it must be obvious to a reasonable person in the circumstances, that the means he or she has supplied are suitable for putting, and are intended to put, the invention into effect in the UK.39

Further, a defendant will be liable as a joint tortfeasor if he or she has assisted in the commission of the tort by another person pursuant to a common design with that person to do an act that is, or turns out to be, tortious.40

vii Defences

Statutory exceptions to infringement
An act that would constitute an infringement of the patent will not do so if:

a it is done privately and for purposes that are not commercial;
b it is done for experimental purposes relating to the subject matter of the invention;
c it consists of the preparation in a pharmacy of a medicine for an individual in accordance with a prescription;
d it consists of use on a ship or an aircraft temporarily in the territorial sea or air space of the UK; or
e it consists of a specified use by a farmer of the product of his or her harvest or an animal purchased with the consent of the patent proprietor.

Invalidity
An alleged infringer may counterclaim that the patent is invalid and seek an order for revocation of it. The grounds for revocation are:

a the invention is not a patentable invention;
b the specification of the patent does not disclose the invention clearly and completely enough for it to be performed by a person skilled in the art;
c the matter disclosed in the specification of the patent extends beyond that disclosed in the relevant application as filed; and
d the protection conferred by the patent has been extended by an amendment that should not have been allowed.

A person found to be entitled to be granted the patent may additionally seek its revocation on the basis that it was granted to someone who was not entitled to it, provided the application is filed within the legislated time limits.

Other defences
An act is only capable of infringing a patent if it is done without the consent of the proprietor. Consent, or licence, may be express or implied and may form the basis for a defence. In some (unusual) situations, licences of right or compulsory licences are available.

39 Section 60(2) of the Patents Act 1977.
40 Sea Shepherd v. Fish & Fish [2015] UKSC 10.
Where the patentee has already consented to the marketing of the goods within the scope of the claimed invention in another European jurisdiction, the doctrine of exhaustion prevents subsequent enforcement of a patent in the UK in respect of the imported goods.

viii Time to first-instance decision

The time to trial has tended to depend upon the conduct of the parties, the complexity of the case and the diary of the court. The Patents Court intends to list trials within 12 months of commencement of the action, and parties are expected to start to consider potential trial dates as soon as reasonably practicable, which may be very soon after the proceedings are commenced.41 Where considered appropriate by the court, a trial can take place considerably sooner than this, for example, in *Napp v. Dr Reddy’s*42 (discussed also in Section II, supra) the trial hearing took place approximately four months after the litigation commenced.

For two years from 1 October 2015, a pilot ‘Shorter Trial Scheme’ (STS) is operating in the Chancery Division of the High Court, including the Patents Court. For suitable cases the STS packages a more streamlined procedure than is usually adopted with the intent of trial being listed within eight months of the case management conference and judgment being returned within six weeks.

Interim relief can be obtained in a matter of hours in urgent cases, although more usually interim hearings take place within a few days or weeks of the application being filed and served.

ix Remedies

If a patent is found to be infringed, or where a litigant’s claim is otherwise successful, a range of remedies may be available. These include the following.

**Injunctions**

Following a finding of patent infringement (and validity), the court will usually award a ‘final’ injunction, although the position in relation to standard essential patents and second medical use patents is more complex and the outcome, in each case, likely to be more dependent upon the relevant facts.

Injunctive relief may be available at an interim stage where the patentee shows an arguable case of infringement and that a later monetary remedy would not adequately compensate the patentee for the harm caused by the ongoing (alleged) infringement. The court considers the ‘balance of harm’ likely to be suffered by the respective parties before deciding whether to award interim relief and if so the terms of the order. For non-final injunctions, the patentee is usually required to provide a cross-undertaking as to damages. According to the CJEU’s decision in *Solvay v. Honeywell*,43 the UK courts may be able to grant interim injunctions on a pan-European basis.

Injunctions are usually prohibitory in nature although mandatory injunctions are possible. In keeping with the developing jurisprudence of the CJEU in respect of EU

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43 Case C-616/10, 12 July 2012.
 Directive 2004/48 on the enforcement of intellectual property rights (the IP Enforcement Directive), the proportionality and effectiveness of the relief are relevant factors in the court’s assessment as to whether to grant the relief sought.

**Delivery up**

The court can order that infringing articles be delivered up to a party. This is commonly to facilitate destruction or prevent resale.

**Damages or an account of profits**

Damages compensate for loss and are intended to restore the patentee to the position they would have been in had no wrong been done to him or her. They may be calculated according to the damage caused to the patentee’s profits by the infringement or in accordance with a ‘reasonable royalty’. In an account of profits, the profits made by the infringer from the infringement of the patent are awarded to the patentee. The court may order the infringer to give some financial disclosure, so that the patentee may make an informed decision as to which remedy to pursue (not both). Neither remedy will be available against an ‘innocent’ infringer, although few infringers are found to be ‘innocent’.

**Declarations**

The court can order declarations. Declarations can be, for example: of validity or contested validity, which can impact the award of legal costs in future challenges; of infringement or non-infringement; of essentiality to a technical standard, and that a party’s product was obvious at a relevant date, which can create a squeeze between infringement and validity and may be of assistance to parties in ‘clearing the way’ in some circumstances.

**Orders for dissemination and publication**

The courts can also order a party to publicise the result of a case at its own expense.

**Costs**

Generally, the unsuccessful party to litigation is ordered to pay the costs of the successful party. However, in deciding what order to make about costs, the court will have regard to all the circumstances, including the conduct of all the parties, whether a party has succeeded on part of its case even if not wholly successful and any admissible offer to settle made by a party that is drawn to the court’s attention.

Where it falls to the court to assess the amount of payable costs, the usual basis for assessment is the ‘standard’ basis, pursuant to which the court will only allow costs that are considered to be proportionate to the matters in issue and to have been reasonably incurred. This tends to lead to 60–70 per cent recovery by the compensated party of its legal costs. However, cases in the IPEC are subject to capped costs recovery (as noted above), and in the High Court, the court’s budgeting rules can lead to costs that are not approved by the court in the context of the costs management regime being considered disproportionate. Further,

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the Civil Procedure Rules provide, in Part 36, a mechanism intended to encourage settlement of civil disputes by imposing costs consequences where a compliant offer is not bettered, and where applicable this can impact costs recovery in any particular case.

**The IP Enforcement Directive**

More generally, the nature of available final and interim relief continues to evolve with developments in technology and the developing jurisprudence in respect of the IP Enforcement Directive.

x Appellate review

Decisions of the Comptroller General of Patents and interim decisions of the IPEC may be appealed to the Patents Court. Decisions of the Patents Court and final decisions of the IPEC may be appealed to the Court of Appeal. Decisions of the Court of Appeal relating to important issues of legal principle may be appealed to the Supreme Court.

Experienced specialist patents judges in the Court of Appeal are Kitchin LJ and Floyd LJ, and in the Supreme Court, Lord Neuberger.

In order to appeal, the party wishing to do so needs permission from the court that has issued the decision in question, or from the court to which it wishes to appeal. Permission is granted if the court considers that the appeal has a real prospect of success or if there is some other compelling reason why it should be heard.

Generally, only errors of law may be appealed. The Supreme Court has instructed appellate courts not to interfere with findings of fact unless compelled to do so. Generally, new evidence is not admissible at the appeal stage.

xi Alternatives to litigation

Alternative dispute resolution (ADR) methods include arbitration and mediation. The Arbitration Act 1996 governs the law relating to arbitration with its seat in England and Wales or Northern Ireland. ADR can enable flexibility in procedure and privacy.

V TRENDS AND OUTLOOK

i Brexit

Following the June 2016 referendum in which the UK population voted to leave the European Union, it is, at the time of writing, expected that Brexit will occur in 2019. The legal structure framing the UK’s relationship with the EU after Brexit is not expected to be finalised for some time. The mesh of EU and UK legislation that defines intellectual property law as it currently stands in the UK will need adaption in order to accommodate the legal relationship with the EU post-Brexit and any other aspects of agreement reached pursuant to the anticipated Article 50 negotiations between the UK and the EU. In particular, intellectual property rights of a unitary nature across the EU will need addressing: either through agreement between the UK and the EU that the UK will remain within the relevant existing system or UK national legislation to transition UK aspects of such rights into national rights. For example, in the event the UK leaves the EU trademark system, it is likely that there will be a mechanism to allow the creation of a UK-only right with priority inherited from the earlier registration.
Further, agreement or transitioning, or both, to an existing or new national regime is expected to be necessary in neighbouring areas of the law including customs, antitrust, regulation of medicinal products and jurisdiction and enforcement of judgments.

ii Unitary patent and Unified Patent Court

The UPC Agreement was signed by 25 participating Member States of the EU in 2013, including the United Kingdom. After it has been ratified by the UK and Germany, it will come into force, which may be in early 2018.

With the implementation of the UPC Agreement and associated legislation, European patents that are not ‘opted-out’ of the UPC system, and granted unitary patents, will fall within the exclusive jurisdiction of the UPC; where a claim for infringement or validity is brought in the UPC, the Court’s decision will cover the Member States of all designations of the European patent (or Unitary patent) that fall within the court’s remit (i.e., the EP designations of all participating Member States that have ratified the agreement at the relevant time); and applicants to the EPO for patent protection will be able to seek unitary protection (a Unitary patent) covering those EU Member States that have deposited an instrument of ratification or accession at the date of grant of the European patent.

iii Proposed changes to trade secrets and copyright law in the EU

The Trade Secrets Directive came into force on 5 July 2016, with the aim of harmonising the law on trade secrets across the EU. There is debate as to whether English law is already compliant with the minimum requirements imposed by the directive. Also, given that the Directive is required to be implemented by 5 July 2018, and the UK will likely cease to be a member state of the EU less than a year later, it may be that implementing legislation will not be introduced.

The EU legislature has also proposed the reform of copyright law across the EU. Current proposals for copyright reform are intended to improve cross-border accessibility to copyright content and related services, and enhance portability of online content that would allow users to transport content from one device to another without the risk of infringement. The proposals continue to be debated.

v 3D shape marks

2015 and 2016 saw several cases in which the High Court of England and Wales found that 3D shape marks do not meet the requirements for registrability or validity. For example, the shape of Nestlé’s four-finger Kit Kat product (without a Kit Kat logo embossed on each finger); and The London Taxi Company’s mark for the shape of the iconic London ‘Black Cab’. The CJEU has adopted a similar approach in a case concerning a mark for the shape of the Rubik’s Cube.

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46 Directive (EU) 2016/43 of 8 June 2016 on the on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.
49 Case C-30/15 P, Simba Toys v. EUIPO and Seven Towns.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

A robust system for protecting intellectual property rights is available in the United States. The forms of intellectual property protection available include patent, copyright, trademark and trade secret. Each of these forms of intellectual property has its own strengths and weaknesses, and generally the selection of the type of protection is based on the subject matter at hand and the nature of the protection desired.

i Utility patents

Utility patents are generally considered the strongest level of intellectual property protection in the United States. They grant the owner the right to exclude infringers from making, using, offering for sale or selling within the United States, or importing into the United States, the patented invention. To be eligible for a utility patent, the invention must be new, useful and not obvious, and be patentable subject matter. While originally a first-to-invent system, patent applications filed on or after 16 March 2013 are examined based upon a first-to-file regime.

The term of a new utility patent is 20 years from filing of the application. Should Patent Office delays cause the examination process to exceed three years, a mechanism called patent term adjustment is used to restore the lost patent term. A patent term extension is also available for one patent covering a pharmaceutical product that was subject to review by the US Food and Drug Administration (FDA).

The United States does not offer utility model protection (or any equivalent protection) as found in many other countries. The United States does, however, allow applicants to file for provisional patent protection to establish a priority date. A provisional patent application is filed with the Patent Office but does not undergo substantive patent examination, nor can any patent rights be granted directly from the application. Once filed, the applicant has up to one year to file a full utility application that references the provisional application. Otherwise, the provisional application is abandoned.

ii Copyrights

Copyrights are available in the United States to protect literary and artistic works, and are available for original works by authors or artists in a tangible format. Copyright protection subsists for both published and unpublished works upon their creation in a tangible format, so copyright registration – while advisable – is not necessary to create copyrights in the United States.
Registration, however, is necessary to litigate copyright infringement of US works and allows a copyright holder to claim statutory damages for infringement. Copyrights are subject to several fair-use defences that negate copyright infringement (e.g., news reporting, teaching, research), and are also subject to First Amendment protection (i.e., constitutionally protected free speech). A copyright generally has a term of the author’s lifetime plus 70 years.

Works published outside the United States may also be eligible for copyright protection within the United States through a treaty (e.g., the Berne Convention) depending upon the country in which the work was first published.

### Design patents
Design patents are also available in the United States, and cover the ornamental appearance (i.e., aesthetic design) of tangible articles. A design by itself is not sufficient to be covered by a design patent; the design must be embodied in the tangible article to be claimed. Design patents cover everything from medicinal tablets to athletic shoes. To be patentable, a design also must be new and not obvious. On 13 May 2015, the Patent Office began accepting design patent applications through the Hague Agreement for industrial designs. The term for design patents issued from applications filed on or after 13 May 2015 is 15 years from the date of grant. Design patents filed before 13 May 2015 have a term of 14 years from the date of grant.

### Plant patents
Patent protection is also available for new plants that have been asexually propagated. This patent protection covers asexually propagated plants, even if they are capable of sexual reproduction, but specifically excludes tuber-propagated plants. Plant patent protection is available in addition to utility patent protection, and provides the right to exclude others from using, selling, offering for sale or importing the asexually propagated plants or parts from the plants in the United States. The term for a plant patent is 20 years from filing of the application.

### Trademarks
Federal trademark registration is available for products or services used in interstate commerce in the United States. Various state laws also protect trademarks in the United States. While federal trademark registration is not required to use a trademark, there are several advantages to federal registration, including the exclusive right to use the trademark nationwide, the ability to use the ‘®’ symbol within the United States and the ability to bring trademark infringement actions in the federal courts. There is a formal trademark application and examination process, including publication for opposition. Additionally, intent to use applications may also be filed. Trademark applicants may file with the Patent Office or through the Madrid Protocol.

### Trade secrets
Until recently, trade secret protection was mostly regulated by individual state law in the United States, with the vast majority of states having enacted some version of the Uniform Trade Secrets Act (UTSA). In 2016, Congress enacted the Defend Trade Secrets Act of 2016,
which provides for federal trade secret protection. This federal law supplements state law causes of action available for trade secrets. Federal law also contains criminal provisions relating to economic espionage and theft of trade secrets. While trade secrets have typically been relegated to information that was considered unpatentable or could not be easily reverse-engineered, the prior user rights defence to patent infringement may increase the value and prevalence of trade secrets.

vii Regulatory exclusivities

In the pharmaceutical and biotechnology fields, intellectual property protection is augmented by various types of regulatory exclusivity from the FDA. In the case of pharmaceutical drugs, the FDA grants exclusivity for new chemical entities (five years), new drug products (three years), certain changes to drug products (three years), orphan drugs (seven years), paediatric exclusivity (six months) and exclusivity for the first generic applicant to challenge patents asserted to cover the drug (six months). In the case of biologic drugs, the FDA grants 12 years of data exclusivity against approval of a generic, or 'biosimilar', application, but there is no corresponding exclusivity for the first biosimilar applicant to challenge a patent covering the biologic drug. In the case of new antibiotic drugs that target certain drug-resistant micro-organisms, the FDA is authorised to add five years to applicable exclusivities under the Generating Antibiotic Incentives Now (GAIN) Act. GAIN exclusivity allows for up to a decade of marketing exclusivity for certain antibiotic drugs that are eligible for new chemical entity exclusivity.

II RECENT DEVELOPMENTS

i Legislation

Significant changes to intellectual property rights in the United States have occurred over the past several years. Enacted on 16 September 2011, the Leahy-Smith America Invents Act (AIA) was the most comprehensive patent reform legislation in the United States in over 60 years. Since enactment of the AIA, recent court opinions are continuing to change the landscape of intellectual property law in the United States.

ii Court opinions

Cuozzo Speed Technologies, LLC v. Lee (decided 20 June 2016) (Supreme Court)

In a much anticipated opinion, the Supreme Court addressed two important questions pertaining to inter partes review (IPR) of patents in the Patent Office: (1) whether a decision not to institute an IPR can be appealed and (2) the proper claim construction standard to use in an IPR. Inter partes review is an administrative action in the Patent Office that can be used to invalidate patent claims. Addressing the first question, the Supreme Court held that a denial by the Patent Office to institute an IPR petition is not appealable. While the Supreme Court left open whether legal issues other than the merits of the petition can be appealed, the Federal Circuit has held that timeliness of filing an IPR petition while engaged in district court litigation also cannot be appealed.3

2 18 U.S.C. Section 1836(b).
3 The Federal Circuit is currently considering en banc whether this holding is correct. See Wi-Fi One, LLC v. Broadcom Corporation (Nos. 2015-1944, -1945, -1946) (argued 4 May 2017) (Federal Circuit).
Addressing the second question, the Supreme Court held that the Patent Office’s adoption of the broadest reasonable claim construction was an acceptable administrative rule-making decision by the Patent Office, despite the potential for inconsistent outcomes between an IPR decision and construction by a court. While this holding does not change how the Patent Office will conduct IPRs in the future, it does keep in place the increased risk of invalidity owing to potentially broader claim constructions in an IPR versus a district court litigation.

**SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC (decided 21 March 2017) (Supreme Court)**

In *SCA*, the Supreme Court addressed whether laches, an equitable defence to patent infringement, can bar recovery of damages for patent infringement during the six-year statutory damages period. This opinion follows the recent Supreme Court’s opinion striking down laches as a defence to copyright infringement during the three-year statutory damages period set by copyright law. An *en banc* Federal Circuit previously held that laches was retained as a defence to patent infringement owing to codification of laches in the Patent Act but not the Copyright Act. The Supreme Court disagreed with the Federal Circuit’s analysis and held that laches cannot bar recovery of damages during the six-year statutory recovery period for patents. As a result, without laches as a defence, potential infringers may face increased damages claims by patentees who choose to wait to bring suit despite knowledge of the potential infringement.

**Star Athletica, LLC v. Varsity Brands, Inc (decided 22 March 2017) (Supreme Court)**

In this copyright case, the Supreme Court struggled with the question of whether designs applied to cheerleading uniforms (e.g., stripes, shapes, chevrons) could be protected by copyright. While typically the design of a useful article can only be the subject of a design patent, the copyright statute provides for copyright protection of designs applied to useful articles if the design ‘can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article’. In *Star Athletica*, the Supreme Court provided a new test to determine if a design could be separated from a useful article. Under this new test, the design could be copyrighted ‘only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work – either on its own or fixed in some other tangible medium of expression – if it were imagined separately from the useful article into which it is incorporated’. While a majority of the court found that the design on the cheerleading uniform at issue meets this new test, two of the justices dissented in that view, showing immediate signs of potential problems applying this new test.

**Samsung Electronics Co., Ltd v. Apple Inc (decided 6 December 2016) (Supreme Court)**

After Apple secured a US$399 million judgment against Samsung for infringing several Apple design patents, Samsung appealed the size of the damages award. At issue was whether Apple was entitled to Samsung’s ‘total profit’ for each infringing phone or only the ‘total profit’ for the infringing component of each phone, for example, the black rectangular front
with rounded corners. The lower courts had awarded the total profits on the entire phone and not on only the infringing components. The Supreme Court held that for design patents, ‘total profit’ is not limited to the entire device or to only what a consumer could purchase and may be limited to only the infringing component of a multicomponent device.

**TC Heartland, LLC v. Kraft Foods Group Brands, LLC (argued 27 March 2017) (Supreme Court)**

At issue in *TC Heartland* is the proper venue for district court patent cases. While there are 94 federal judicial district in the United States, procedural law dictates in which districts a patentee can bring an infringement lawsuit. In *TC Heartland*, the Supreme Court must decide which districts (i.e., venues) are proper under the patent-specific and the general venue statutes. The accused infringer, who was sued in the District of Delaware, argued that the patent venue statute would only allow it to be sued where it resides, a district in Indiana. The Federal Circuit rejected this argument as the accused infringer had sold goods in Delaware, making venue proper under the general venue statute. While a seemingly innocuous procedural issue, the outcome may drastically change where patent actions are brought in the United States. In theory any district court can handle patent cases, but in practice, patentees tend to favour a few districts either because they believe the juries in these districts will provide large damages awards or because the district is adept at handling complex patent cases. These reasons lead some accused infringers to argue these districts favour patentees.

**Lee v. Tam (argued 18 January 2017) (Supreme Court)**

In *Lee v. Tam*, the Supreme Court is set to decide whether free speech rights under the First Amendment trump a trademark law prohibiting registering ‘disparaging’ terms as federal trademarks. The trademark at issue is THE SLANTS, a racial slur. The trademark owner cites viewpoint discrimination and disadvantages in the marketplace without federal trademark protection as reasons to strike down the ‘disparaging’ trademark restriction. The federal government argues that trademark registration does not restrict private speech, but is rather government speech and that banning ‘disparaging’ terms is viewpoint-neutral as all disparaging terms are banned. As ‘disparaging’ marks encompasses more than just racial slurs, the outcome of this case may broaden the terms eligible for federal trademark protection.

**Sandoz Inc v. Amgen Inc (argued 26 April 2017) (Supreme Court)**

The Supreme Court is currently considering two cases involving the Biologics Price Competition and Innovation Act of 2009 (BPCIA), the law providing for generic biologic drugs (i.e., biosimilars) in the United States. In these two consolidated cases, the Supreme Court has been asked to interpret several important provisions of the BPCIA. In the first case, the court must consider if the BPCIA requires the biosimilar applicant to provide a copy of its application to the patentee, and, if the biosimilar applicant fails to do so, what the patentee's options are. The second case involves the provision of the BPCIA that requires a notice of commercial marketing by the biosimilar applicant. The court will decide whether a notice provided before FDA approval is effective and will also decide if the notice is a stand-alone requirement, potentially adding an additional 180 days on top of the 12 years of exclusivity provided by the BPCIA to innovator biologic drugs. Answers to these questions will shape how biosimilars are litigated in the United States.
In what may be an important boost for patentees in IPR proceedings, an en banc Federal Circuit recently heard arguments concerning the process to amend patent claims during an IPR proceeding, a process which to date rarely succeeded. Concerning IPR amendments, the Federal Circuit considered two questions: (1) whether the Patent Office can require patentees to prove patentability as part of amending claims in an IPR, and (2) whether the Patent Office can challenge the validity of amended claims, even when the IPR petitioner does not. Given the low rate of patent claim survival in IPRs, the greater availability of amendments in IPR proceedings may improve the number of claims surviving the IPR process.

III OBTAINING PROTECTION

Patent applications may be filed for utility, design and plant patent protection. To file for utility patent protection in the United States, an application may be filed directly with the Patent Office or as an international Patent Cooperation Treaty application.

For utility patents, patentable subject matter includes machines, manufactures (i.e., articles of manufacture), compositions of matter, methods and improvements to any of these four. Some notable exceptions to this broad rule are laws and products of nature, and abstract ideas. These exceptions have been extensively considered by the Supreme Court over the past several years. In particular, inventions subject to these exceptions include some business methods, medical diagnostic methods and isolated DNA.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

There are two possible venues for enforcement of patents. First, infringement actions may be brought before the courts of the 94 federal districts that are spread throughout the United States and Puerto Rico. Second, in order to prevent importation of infringing goods, an investigation can be commenced by, and at the discretion of, the International Trade Commission (ITC), an administrative agency that sits in Washington, DC.

ii Requirements for jurisdiction and venue

An infringement suit may be brought in any federal district where the defendant has sufficient contacts to be amenable to service of process. Foreign defendants may be sued in any federal district so long as personal jurisdiction can be found in the United States. The ITC, on the other hand, does not depend on personal jurisdiction over the accused party but has in rem jurisdiction over the accused infringing imported goods.

The AIA added a limitation to the joinder rule for defendants within the same patent infringement action. To join separate defendants within the same action, the requested relief must be asserted against the defendants jointly, severally or in the alternative, and there must be common infringement questions.

6 Alice Corp Pty Ltd v. CLS Bank Intl (decided 19 June 2014) (Supreme Court) and Bilski v. Kappos (decided 28 June 2010) (Supreme Court).

7 Mayo Collaborative Servs. v. Prometheus Labs. (decided 20 March 2012) (Supreme Court).

8 The Association for Molecular Pathology v. Myriad Genetics, Inc (decided 13 June 2013) (Supreme Court).
iii Obtaining relevant evidence of infringement and discovery
Liberal discovery rules in the United States allow for a significant amount of pretrial discovery under a broad concept of relevance. Discovery is available from the opposing party through a variety of vehicles, including mandatory disclosures, requests for documents and things, interrogatories, depositions of witnesses and expert reports. Discovery is also available from non-parties by a subpoena for documents or deposition. One of the biggest drivers of the cost of discovery is electronic discovery, leading some courts to propose limits on the number of custodians or search terms that need to be searched. For ITC investigations, both party and non-party discovery are also available but must be produced faster given the compressed time frame of such investigations.

iv Trial decision-maker
Patent infringement actions may be tried before either a federal judge or a jury. In order to be eligible for a jury trial, there must be a claim for monetary damages. Because federal judges do not exclusively handle patent cases, some may have little experience with patent matters. In the case of ITC investigations, an experienced administrative law judge who specialises in patent cases will typically decide the matter.

v Structure of the trial
A patent infringement trial will usually occur in two phases. The first phase determines infringement, validity and unenforceability, and the second phase, if needed, addresses damages. Evidence is presented through fact and expert witnesses, and must be admitted into the record to be considered by the judge or jury. The Federal Rules of Evidence determine what information can be included in the record. Demonstrative evidence may also be used at the trial in the form of summaries and diagrams.

At trial, the patentee must prove infringement with evidence meeting the preponderance standard (i.e., infringement is more likely than not). For an accused infringer to prevail on its invalidity or unenforceability defences, it must prove its case with evidence meeting the more rigorous, clear and convincing standard because of the statutory presumption of patent validity.

Prior to trial, disputes regarding patent claim interpretation are typically decided by the judge in a process called a Markman hearing. This process can become essentially a miniature trial before the judge and may include witness or expert testimony. Although the outcome of the Markman hearing may determine the eventual result in the case (so that, if the appellate court ultimately decides it was erroneous, the case may have to be retried), the Federal Circuit has consistently refused to review it as an interlocutory matter.

vi Infringement
Infringement may be direct or indirect. For direct infringement, all of the elements of the claim must be present in the accused product or method. Should a product not literally contain every element, the missing element may be shown using the doctrine of equivalents. The doctrine of equivalents is limited to equivalents that were not foreseeable at the time the patent claim was amended, and cannot include equivalents that are described in the specification and not claimed or were distinguished during patent prosecution.
Infringement may also be indirect. Indirect infringement includes inducement and contributory infringement. For indirect infringement to be proven, evidence must show that there is direct infringement and that the indirect infringer is either inducing that infringement or is contributing to that infringement.

**vii Defences**
The most common defences to patent infringement are non-infringement, patent invalidity and inequitable conduct. The AIA has also introduced a prior user rights defence for all patentable subject matter as well as derivation actions. All of these defences can be brought either as affirmative defences or as counterclaims.

**Prior art and inventor’s grace period**
For applications with an effective filing date on or after 16 March 2013, public use or sale in foreign countries is now prior art. The scope of prior art was also expanded to art that is ‘otherwise available to the public’ for these applications. Inventors of these applications are provided a one-year grace period against their own disclosures (or a disclosure by someone who obtained the subject matter from the inventor), or for public disclosures made after a disclosure by the inventor (or another who obtained the subject matter from the inventor). To avoid an intervening disclosure from becoming prior art, the inventor must have publicly disclosed the same subject matter prior to the intervening disclosure. Otherwise, the intervening disclosure will be considered prior art for any subject matter not publicly disclosed by the inventor prior to the intervening disclosure. Of course, the first inventor’s own disclosure must be made within the one-year grace period to avoid becoming prior art itself. Applications with an effective filing date before 16 March 2013 are given the prior one-year grace period for public uses or sales in the United States.

**Patent invalidity**
Invalidity defences include anticipation, obviousness and lack of enablement or written description. The AIA eliminated failure to disclose the best mode as a defence.

**Inequitable conduct**
Patent infringers can also assert inequitable conduct to render the patent unenforceable. The standard for inequitable conduct requires clear and convincing evidence that the patent applicant misrepresented or omitted material information during prosecution of the patent with the intent to deceive the Patent Office. Information is material only if the Patent Office would not have allowed a claim had it been aware of the undisclosed prior art or correct information. Patent infringers may also assert more esoteric equitable defences such as laches and equitable estoppel.

**Non-infringement defence**
The non-infringement defence can include either the lack of infringement or the existence of a licence.

**Prior user rights defence**
The AIA expanded prior user rights from covered business methods to all patentable subject matter. The defence applies so long as the accused infringer commercially used the process
in the United States at least one year before a subsequent inventor filed for a patent or the subsequent inventor publicly disclosed the invention, and provided the use was not derived. The accused infringer must prove this commercial use by clear and convincing evidence.

There are several further limitations to asserting this defence, including that it can only be asserted by an alleged infringer for its internal commercial use or for an actual arm's-length sale or transfer; it cannot be licensed and can only be transferred with the entire business; and it cannot be asserted against inventions made by, owned by or assigned to universities.

**Derivation actions**

The AIA also creates procedures to allow someone who claims to be the true inventor to assert rights to a patent over another who has ‘derived’ the invention. The AIA creates both a procedure within the Patent Office for patent applications, as well as jurisdiction of the federal courts for derivation civil actions of issued patents. These derivation proceedings replace interference practice previously used to adjudicate priority between inventors under the first-to-invent system. Applications with an effective filing date before 16 March 2013 will still be eligible for an interference proceeding and applications with an effective date on or after 16 March 2013 are eligible for a derivation proceeding. A derivation civil action must be brought within one year of the issuance of the allegedly derived patent and a derivation proceeding in the Patent Office must be brought within one year of the first publication of the allegedly derived claim.

viii Time to first-level decision

For the federal district courts, the median time to trial for patent infringement actions is about two to two-and-a-half years, although this varies widely by federal district. If the case is tried before a jury, the jury will deliberate after all of the evidence is presented and will render its verdict, usually very promptly, thereafter. For a trial before a judge, the time needed to review all of the evidence and prepare the decision can take significantly longer, from months to over a year in some cases. ITC investigations are typically significantly faster, with the time from complaint to a final determination usually taking about a year to a year-and-a-half.

ix Remedies

Remedies for patent infringement include damages and injunctive relief. The patentee is entitled to actual damages, which may include lost profits and can be no less than a reasonable royalty for the infringement. A patentee who can show that the infringement was wilful may also be able to receive enhanced damages up to treble damages. The Supreme Court recently relaxed the enhanced damages standard by rejecting an objectively reckless requirement imposed by the Federal Circuit and leaving enhanced damages awards within the discretion of the district court.9 It appears this discretion standard has recently increased the number of awards of enhanced damages, but such damages are to be limited to egregious cases of infringement and not typical patent infringement. A prevailing party who can show under the ‘totality of the circumstances’ that the case is exceptional may also be awarded attorneys’ fees, although this type of relief is also discretionary and not frequently granted.

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9 *Halo Electronics, Inc v. Pulse Electronics, Inc* (decided 13 June 2016) (Supreme Court).
A patentee may also request a preliminary injunction pending trial or, after trial, a permanent injunction against future infringement. Injunctions are not automatic in patent cases and require the court to consider the relative harms to the patentee and the infringer as well as any public interest.

For ITC complaints, the principal remedy available is an exclusion order prohibiting importation.

**Appellate review**

The Court of Appeals for the Federal Circuit reviews all trial-level patent decisions. This court is tasked with deciding appeals from final judgments and preliminary injunctions in patent cases, as well as appeals from the ITC and Patent Office. The record on appeal is typically limited to the trial record and no new evidence is allowed. The court sits as a three-judge panel and hears the oral argument. Once argued and submitted, the panel issues its opinion, usually within six months or less.

The losing party can petition for a panel rehearing or for the entire Federal Circuit court to hear the case. Such petitions are rarely granted. The losing party may also petition the Supreme Court though a writ of certiorari but, again, that is only granted rarely, and only when the case presents a legal issue of very high significance.

**Alternatives to litigation**

For civil actions, mediation and arbitration may be available to resolve patent disputes. While not compulsory, these mechanisms may be less costly than continuing with litigation. The Federal Circuit also has a mediation programme for appeals in patent cases.

The AIA also significantly expanded the procedures within the Patent Office to allow for review of patent applications and issued patents independently of court proceedings:

**Pre-issuance submissions**

The AIA created a new procedure for third parties anonymously, and for a modest fee, to submit patents, published patent applications and other printed publications for consideration and inclusion in the patent record provided that the third party provides a concise statement regarding the relevance of each reference. A third party must make its pre-issuance submission before the earlier of a notice of allowance for the patent or the later of six months after publication of the patent application or the first rejection of the application.

**Supplemental examination**

The AIA also creates a new procedure for supplemental examination after a patent is granted. This procedure can be used by a patent owner to submit new information regarding patentability. If the Patent Office finds that a substantial new question of patentability is raised, it will order a re-examination of the patent. This procedure provides a potentially powerful tool for a patent owner to avoid the threat of inequitable conduct allegations in the future, but cannot be used to remove currently pending inequitable conduct allegations or for prior art currently asserted in litigation against the patent.

**Post-grant review**

A new post-grant review procedure was introduced by the AIA. Under this procedure, a third party may petition the Patent Office to review a patent or broadening reissue patent
based upon patents, printed publications and affidavits. The petitioner must file within nine months of issue of the patent or reissue patent, and can request cancellation of one or more claims of a patent or broadened claims in a reissue patent. The Patent Office will grant the petition if at least one of the claims is likely to be unpatentable, or the petition raises a novel or unsettled important legal question. This is more restrictive than the prior re-examination standard, which required only that the third party establish the existence of a substantial new question of patentability. A denial of the petition is not reviewable by the courts.

If the petition is granted, the petitioner must show invalidity by a preponderance of the evidence standard before the Patent Trial and Appeal Board (PTAB). The PTAB decisions are reviewable by the Federal Circuit. Post-grant petitions are available for patents with claims having an effective filing date on or after 16 March 2013.

**Inter partes review**

The AIA also introduced *inter partes* review (IPR) as a replacement for *inter partes* re-examination. An IPR petition can be filed by a third party either nine months after a patent or reissue patent issues, or after the termination of a post-grant review, whichever is later. For a defendant already involved in an infringement action, the defendant has one year from the service of the infringement lawsuit to file an IPR petition.\(^{10}\)

IPR is limited to invalidity because of anticipation or obviousness, and can only be alleged based on patents or printed publications. The standard for granting an IPR petition is the same as a post-grant petition, and the petition, if granted, will be decided by the PTAB. For potential infringers considering filing an IPR petition, an adverse written decision from the PTAB functions as an estoppel in the Patent Office or a civil trial for ‘any ground that the petitioner raised or reasonably could have raised’ in the IPR petition.\(^{11}\)

Since taking effect, about 6,000 IPR petitions have been filed. Of the approximate 4,345 completed petitions, about 52 per cent were instituted for trial by the PTAB.\(^{12}\) For the petitions that were not instituted, over 60 per cent were denied outright, with the remainder otherwise terminated (i.e., settled or patent claims voluntarily cancelled). For the instituted petitions, the PTAB has completed approximately 1,470 trials with written decisions, with the majority (approximately 67 per cent) ending with all instituted claims found unpatentable. For the remaining petitions, the split was almost evenly divided between some claims found unpatentable (approximately 16 per cent) and no claims found unpatentable (approximately 17 per cent).

While the rate of cancellation for all instituted claims is still high, this is about 6 per cent lower than a year ago. As the Patent Office has completed almost 650 additional IPR trials over the past year (a 78 per cent increase in the total number of trial decisions), the rate of cancellation of all claims drops to 60 per cent for decisions issued in the past year, a significant decrease. Likewise, over the past year, 22 per cent of trial decisions have resulted in no claims cancelled after trial.

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\(^{10}\) See 35 U.S.C. Section 315(b).

\(^{11}\) See 35 U.S.C. Section 315(e).

V  TRENDS AND OUTLOOK

The past several years have seen significant changes for intellectual property law in the United States. The most important change has been the implementation of IPR petitions to challenge the validity of issued patents. While it does not appear that IPR petitions have supplanted traditional patent litigation in district courts, these petitions appear to be filed concurrently with a large number of traditional litigations. The Patent Office and courts have been busy refining the IPR process with rule-making and opinions. Although initially the IPR process appeared favourable only to patent challengers, the current statistics show more patent claims surviving the process.

The Supreme Court has also been very active in all areas of intellectual property. While most of the cases involve patents, the court has also considered important copyright and trademark cases in its current term. This trend appears to be continuing, with several important cases currently pending before the court. Included in these cases is resolution of several open questions for biosimilar applications, a newer area of patent law with little, and perhaps confusing, case law.
I FORMS OF INTELLECTUAL PROPERTY PROTECTION

i Copyright

The Vietnam Intellectual Property Law (the IP Law) provides for the rights of authorship granted to any individual or organisation for the protection of their created works.\(^2\)

Related rights are granted to individuals or organisations for the protection of their performance, sound recordings, video recordings, broadcast programmes and encoded satellite programmes.\(^3\)

Both of these rights are collectively referred to as copyright.

Copyright is a form of intellectual property, applicable to any expressed representation of a creative work. It is not required to be registered with the relevant authorities (i.e., the Vietnam Copyright Office). Such a right is automatically protected from the date of fixation of a work.

Articles 14, 15 and 17 of the IP Law provide a list of various categories of subject works, which may be protected under the title of copyright, as well as a list of non-copyrightable subjects. Vietnam is a member of the Paris Convention, and the list of copyrightable works is not limited to the aforesaid subjects. Protection can be granted, so long as the subject work satisfies criteria for copyright protection, namely originality and creation.

Copyright protection duration varies, depending on the specific type of work. If it is a cinematographic work, a photographic work, a work of applied art or an anonymous work, the term is 75 years from the date of publication. If such works (excluding anonymous works) are not published within 25 years from the date of fixation, the term is 100 years running from the date of fixation. For other works, duration lasts for the lifetime of the author, plus 50 years. Moral rights, except for the right to publish the work or allowing others to publish the work, shall be protected for an indefinite term.\(^4\)

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1 Tran Manh Hung is the managing partner at BMVN International LLC, a member of Baker & McKenzie International.


ii Trademarks

The IP Law defines a trademark as any sign that distinguishes goods or services. The sign must be visible in the form of words, terms, letters, numerals, images (including 3D images) or a combination thereof, in one or multiple colours.\(^5\)

This definition of a trademark under the IP Law means that Vietnam protects all types of traditional trademarks, but does not protect non-traditional marks, such as motions, sounds, colours, scents, tastes and holograms. The only acceptable form of non-traditional trademarks in Vietnam is a 3D image.

A trademark must be registered with the relevant authorities of Vietnam (i.e., the National Office of Intellectual Property (NOIP)) to obtain protection. Multi-class applications are accepted in Vietnam.

In the case of famous or well-known trademarks, it is unnecessary to proceed with a registration procedure. In practice, famous or well-known trademarks are recognised for protection through appeals or disputes (opposition or cancellation).

Vietnam applies the principle of ‘first to file’ for trademark registrations. This means that any trademark with an earlier filing or priority date, can obtain registration and exclude from protection other identical or confusingly similar trademarks of different owners, with later filing or priority dates. This principle is in contrast to the ‘first-to-use’ principle, applied in other jurisdictions such as the United States and the Philippines. The only exception to the first-to-file principle in Vietnam’s IP system is for widely used, famous or well-known trademarks.

The protection duration of a trademark in Vietnam is 10 years from the filing date, and is renewable every 10 years thereafter.\(^6\)

iii Industrial design

An industrial design is defined as the outward appearance of a product expressed in shapes, lines, colours or a combination thereof. Designs of the following products are excluded from the scope of industrial design protection:\(^7\)

\(a\) products dictated by their technical features;
\(b\) civil or industrial construction works; and
\(c\) products that become invisible during their use.

In order to obtain protection, an industrial design must be registered with the NOIP, and must meet the requirements for novelty, inventiveness and industrial application.\(^8\)

The protection duration of an industrial design in Vietnam is 15 years, consisting of an initial period of five years, with the possibility of renewal for two further periods of five years each.\(^9\)

 Practically, there is an overlap between trademark and industrial design protection in Vietnam. Some industrial designs, especially those that do not meet the requirements for novelty or inventiveness, may obtain protection under the title of trademark (i.e., a 3D trademark or label trademark).

\(^7\) Article 64 of the IP Law 2005, amended 2009.
iv  Trade secrets
A trade secret is defined as information obtained from financial or intellectual investment activities, which have been used in business, but have not been disclosed. The IP Law requires that a person lawfully in charge of such information take reasonable steps to maintain the trade secret.10

A trade secret is protected upon its creation without any registration, as long as it satisfies the above standards. If the trade secret is created through a service or employment contract, then the owner is the service hirer or the employer, unless the contract provides otherwise.

v  Patent
A patent is a technical solution in the form of a product or process, for the purpose of resolving a technical problem.

Vietnam’s patent system is similar to that of other countries. It applies the first-to-file principle and requires the use of patents. An invention that meets the protection criteria can be protected under one of two forms of title, namely: invention patent or utility solution patent. There are some differences between the invention patents and the utility solution patents, in respect of protection criteria and protection duration.

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<th>Protection criteria</th>
<th>Invention patent</th>
<th>Utility solution patent</th>
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<td>Protection criteria</td>
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<td>Inventive nature</td>
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<td>Protection duration</td>
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<td>10 years from the filing date</td>
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Practically, if a substantive examination against an application for an invention patent results in a refusal, on the ground that the subject invention fails to meet the inventiveness requirement, then the applicant may choose to convert the form of protection to that of a utility solution patent.

In order to obtain patent protection in Vietnam, an invention must be registered with the NOIP and meet the aforesaid protection criteria. The following categories of inventions are excluded from protection:11

- discoveries, scientific theories and mathematical methods;
- diagrams, plans or principles and methods of performing mental acts, training animals, conducting business and playing games;
- computer programs;
- presentation of information;
- purely aesthetic creations;
- plant and animal varieties;
- essential biological processes for the production of plants or animals, other than microbiological processes; and
- methods for preventing, diagnosing and treating diseases in humans or animals.

A patent application may be filed in Vietnam under the Paris Convention or the Patent Cooperation Treaty (PCT) route. The applicant has 12 months to make a priority claim from the first filing date in the original country.

Vietnam became a member of the PCT in October 1993. Nationals of member countries may apply for patent protection in Vietnam through the PCT system. The IP Law provides a period of 31 months for PCT applications to be filed in Vietnam, for entry to the national phase.

vi Regulatory exclusivity

One form of regulatory exclusivity in Vietnam is the test data exclusivity in the pharmaceutical field. Test data exclusivity refers to the protection of clinical test data, required to be submitted to a regulatory agency, in order to prove the safety and effectiveness of a new drug, and to prevent generic drug manufacturers from relying on this data in their own applications.

According to the IP Law and the Pharmaceutical Law in Vietnam, protection of clinical test data is necessary to protect pharmaceutical test data, as part of the procedure for obtaining approval and clearance for new drugs to enter the market. The Pharmaceutical Management Department is responsible for the management and implementation of this form of protection for pharmaceutical test data.

Clinical test data for a pharmaceutical product containing new substances indicated in the approval request, which is eligible for this form of protection, must be:

- a trade secret as mentioned in subsection iv, supra;
- a result of significant investment and effort; and
- requested for protection by its owner. 12

The duration of protection of clinical test data runs from the date of data submission to five years from the date of approval for the circulation of a new drug. 13

Protection for pharmaceutical test data shall be terminated in the following cases: 14

- the data no longer meets the protection requirements set out in subsection vi, supra;
- there is clear evidence that the owner of the protected data does not have the legal right of use thereof;
- an authority’s decision of approval for a new drug circulation becomes invalid;
- a withdrawal of a new drug registration for approval;
- an authority’s decision for a compulsory licence of right of use of a patent containing the protected data;
- an authority’s decision to settle an appeal terminating the validity of a data protection decision; and
- when termination is necessary for the protection of public health and to meet other urgent public issues.

12 Article 6 of the Circular No. 05/2010/TT-BYT dated 1 March 2010 regarding guidelines for the protection of test data in the procedure of pharmaceutical registration.
13 Article 13 of the Circular No. 05/2010/TT-BYT.
14 Article 14 of the Circular No. 05/2010/TT-BYT.
II  RECENT DEVELOPMENTS

i  TPP Agreement
In January 2017, the Office of the US Trade Representative (USTR) issued a letter to the signatories of the Trans-Pacific Partnership Agreement (TPP) announcing that the United States had formally withdrawn from the agreement per guidance from the president of the United States, Donald J Trump.

To take effect, the TPP must be ratified by at least six countries representing 85 per cent of the combined GDP of all 12 signatories. Therefore, under such stipulation, the TPP would not be able to take effect without being ratified by the US, whose GDP accounts for 60 per cent.

ii  Protocol amending the TRIPS Agreement

With this event, Vietnam, as a country lacking production capacity, can import pharmaceutical products made under compulsory licences from countries where pharmaceuticals are patented in emergencies or extremely urgent situations.

In accordance with paragraph 2 of the Annex to the TRIPS Agreement attached to the Protocol, Vietnam, as an eligible importing member, must submit a notification to the Council for TRIPS, that:

a  specifies the names and expected quantities of the products needed;
b  confirms that Vietnam has established that it has insufficient or no manufacturing capacities in the pharmaceutical sector for the products in question; and
c  confirms that, where a pharmaceutical product is patented in its territory, it has granted or intends to grant a compulsory licence in accordance with Articles 31 and 31 bis of this Agreement and the provisions of the Annex.

III  OBTAINING PROTECTION

i  Business methods
These methods are products of mankind’s mental creativity on the basis of analysis, assessment and deduction. Business methods do not involve technical methods, nor do they apply natural rules or principles, or resolve any technical problems, or create any technical improvements. Thus, they cannot be considered as technical solutions. As a result of this, they are not eligible for patent protection. Some examples of business methods include methods or systems for manufacturing management, business management, competition rules or principles, etc.

However, if a claimed invention includes not only a business method excluded from patentable subject matter, but also a description of a technical device or process for the performance of at least some components of the business method, then the claimed invention shall be considered as whole, and will not be refused protection, so long as it meets other requirements of novelty, inventiveness and industrial application.

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ii Computer programs

Although they are excluded from patentability, computer programs are arguably subject to suitable means of protection. According to the IP Law, and in practice, a common means of protection is copyright. Computer programs are not considered to be subject to patent protection, since they are viewed as algorithms or combinations thereof, which is a category excluded from patentability. Vietnamese examination rules for patent applications classify a computer program as an exception for patentability: ‘an invention related to a computer program is a type of invention performed by a computer’. Despite this exclusion, if a computer program is a technical solution, and contains technical improvements when run by a computer, thereby providing additional technical effectiveness, other than normal interaction between the program and the computer, it may be subject to patent protection. Additionally, the title of the claimed subject matter in the form of a computer program must not contain terms such as ‘computer program’, ‘computer software’, ‘program carrying signals’ or similar.

Plant and animal varieties; or essential biological processes for the production of plants or animals, other than microbiological processes, are examples of types of biotechnology inventions that are excluded from patentability under Vietnam’s IP Laws.

However, some inventions of plant or animal varieties may still be subject to patent protection, if their technical aspects are not limited to a specific plant or animal variety.

Processes for the production of plants or animals, subject to patent protection, must not be of an essential biological nature, which is considered and assessed on the basis of the degree of human intervention, in terms of technical matters during these processes. If human technical intervention plays a vital role, or is important to obtain the results or effects of the claimed process, it shall not be deemed to be of an essential biological nature.

Inventions of microbiological processes are related to the creation of chemicals (i.e., antibiotic substances) or the eradication of substances by using microbiology (i.e., fungi, viruses). These inventions may be protected under a patent if they are not contrary to morality, public order or do not constitute a threat to national security.

iii Methods for preventing, diagnosing and treating humans or animals

This is one of the exclusions from patentability on the basis of humanitarian and public health considerations. However, the Vietnam examination rule of patent application provides that this exception does not apply to any apparatus or product that may be used for the purpose of diagnosis, prevention or treatment.

Diagnostic methods are processes of identifying diseases, or their respective causes. These processes are performed on humans or live animals.

However, some methods are not viewed as diagnostic methods and may benefit from patent protection, so long as they satisfy the standard protection criteria of being novel, inventive and susceptible to industrial application, as well as falling into one of the following categories:

- surgical procedures performed on humans or animals (dead bodies); and

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16 Article 5.8.2.5 of the Rules of Examination for Patent Applications.
17 Article 5.8.2.8 of the Rules of Examination for Patent Applications.
18 Article 5.8.2.9 of the Rules of Examination for Patent Applications.
b to collect information from bodies of live humans or animals, for further research, and not for obtaining a final diagnostic result (i.e., physical figures).

The purpose of the claimed methods is to experiment on bodily tissue, bodily fluids or excreta extracted from the bodies of humans or animals. Information collected from such experiments must serve further research, and not the purpose of obtaining final diagnostic results.

iv Treatment methods for humans or animals to prevent, reduce or eliminate diseases or causes of diseases from the bodies of live humans or animals

On a separate note, although the treatment methods themselves are non-patentable, the medicines used during the methods may be protected under the title of patent, so long as they meet all requirements for patent protection.

The following methods are not considered as treatment methods, namely:

a methods for producing prosthetic appliances;
b methods for breeding animals using non-surgical methods on live animals, for the purpose of altering their growth characteristics (i.e., method of using electromagnetic stimulation on lambs in order to increase their meat quality, or quantity of wool);
c methods of butchering animals;
d methods of treating dead humans or animals for specific purposes (i.e., for the purpose of sanitary disposal);
e methods of non-surgical cosmetic treatment;
f methods for exterminating germs, viruses, lice, etc., in humans or animals; and
g methods for maintaining the well-being of healthy humans or animals.

Surgical methods are normally excluded from patentable subject matters. However, if their purpose is not for disease treatment, they may be subject to patent protection (i.e., cosmetic surgery methods).

v Genetic material – notably isolated DNA sequences

Genetic material is a type of biotechnological invention in Vietnam, relating to the following:

a plant or animal varieties;
b elements derived from plant or animal varieties, or microorganisms (i.e., cell lines, DNA sequences); and
c methods of using living organisms and non-living products thereof.

With respect to DNA sequences, there are two types, namely: natural DNA sequences and mutated DNA sequences. The IP Law currently does not have specific legal provisions and relevant guiding rules on this subject matter. Thus, in specific cases, the NOIP will consider granting protection for this type of invention, based on general requirements of patent protection, namely: novelty, inventiveness, industrial application and morality standards.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

Upon the occurrence of disputes regarding intellectual property rights (IP rights), there are four possible legal options that rights owners may utilise to enforce their IP rights, which are:
administrative procedures; civil procedures; criminal charges; and customs seizures. A typical approach may combine two or more of these steps, depending on the specific circumstances of the infringement.

**Administrative procedures**

This is the most common enforcement route in Vietnam as the right holder may request the relevant state authorities to assist them in enforcing their industrial property rights, if their main priority is to stop the infringing actions. Administrative procedures typically involve requesting the authorities to conduct raid actions or impose monetary fines, as well as other sanctions on the infringers.

**Civil procedures**

Civil procedures may be applied to a broad range of disputes, such as IP infringement and contractual disputes involving compensation for damages. Vietnamese courts may grant injunctive relief and monetary damages. However, the plaintiff usually has difficulty in proving damage caused by infringement. Vietnamese law demands that the injured party establish ‘actual’ damage, meaning that exact calculations of damages are required.

It is important to note that only Vietnamese lawyers, who work individually or in a Vietnamese law firm, may appear before Vietnamese courts on behalf of clients.

**Criminal procedures**

The Criminal Code of the Socialist Republic of Vietnam (the Criminal Code)\(^{19}\) allows for criminal proceedings to be taken against infringers who violate trademarks, geographical indications,\(^{20}\) copyright and related rights.\(^{21}\) The courts are more likely to impose sanctions in cases involving counterfeit goods comprising of food or medicine; entailing a large quantity of goods; and where the counterfeit operation is well organised or repetitive. The severity of sanctions\(^{22}\) also depends on the seriousness of the case, the consequences of the violation and whether the offences are repeated. On 27 November 2015, the National Assembly adopted the new Criminal Code, which was planned to take effect on 1 July 2016.\(^{23}\) The new Code takes one step forward by criminalising infringing acts against intellectual property rights conducted by commercial legal entities.\(^{24}\) Pursuant to the amended Criminal Code 2015, sanctions for individuals may include loss of certain civil rights, monetary fines upwards of 1 billion dong and imprisonment for up to 20 years and even capital punishment; whereas, sanctions for legal entities may include loss of certain civil rights, fines of between 1 billion and 15 billion dong, business suspension for up to three years and even permanent suspension.\(^{25}\)

However, owing to a number of errors found in the Code, the implementation was postponed. It is planned to be reviewed by the National Assembly in 2017.

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19 The Criminal Code has been amended and supplemented by Law No. 37/2009/QH2 issued by the National Assembly of Vietnam on 19 June 2009, which entered into force on 1 January 2010.
23 The amended Criminal Code was promulgated on 27 November 2015 and was planned take effect from 1 July 2016.
24 Article 76.1 of the amended Criminal Code 2015.
**Customs**

Customs authorities can enforce intellectual property rights at borders, as long as rights owners first register with customs. Customs law also provides for a substantive and procedural basis to seize and detain goods at Vietnamese ports of entry. Upon request from the rights owner, customs may supervise and monitor the border gate and report back to the rights owner on potential infringing shipments, and seize a particular shipment at the port of entry.

Unless a valid request is filed with customs, the authorities have no authority to take action on goods that infringe IP rights. In theory, customs can initiate a request on an urgent basis if it becomes aware of suspected infringing goods. In practice, however, customs will only take the initiative if there is clear evidence that the goods are counterfeits of poor quality, which could adversely affect the life or health of consumers, or harm Vietnamese culture and society, such as pornography, or documents that are anti-government.

**ii Requirements for jurisdiction and venue**

**Administrative procedures**

According to the IP Law, major state authorities with responsibility for conducting administrative procedures against the infringer include: Ministry of Science and Technology; Ministry of Information and Communications; Market Management Bureau; Police; People’s Committees (PC) and Customs Offices.

To enforce an industrial property right, the right holder may request relevant state authorities to provide assistance. Accordingly, administrative procedures against an IP infringer will be taken in the following cases:26

- an act of IP infringement causes damage to authors, rights holders, consumers or the public;
- manufacturing, importing, transporting or trading in IP counterfeit goods or assigning others to do so; and
- manufacturing, importing, transporting, trading in or storing stamps, labels or other materials bearing a counterfeit mark or geographical indication or assigning others to do so.

Upon receipt of a request from a right holder, the authorities shall examine the request within one to two months depending on the competent authorities, in charge of a case, (i.e., the average time period for an assessment by the Vietnam Intellectual Property Research Institute (VIPRI)) is two months regarding patent applications, and one month for layout-designs, industrial designs, trademarks and geographical indications applications). If the application is found to be accurate, relevant authorities may conduct raid and seizure actions on the infringing products of the infringer, without prior notice, and shall impose sanctions if the infringement is found on-site. Authorities can impose fines of up to 250 million dong upon individual infringers, or up to 500 million dong upon infringing entities.

**Civil procedures**

In order to initiate a civil lawsuit, a right holder needs to file a petition, with all necessary accompanying documentation to the court within two years, counting from the date individuals, agencies or organisations become aware that their rights and legitimate interests

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are, or have been, infringed upon. It takes five working days for the court to check whether the application is full and accurate. If the application is found to be satisfactory, the court will issue a notice for advance payment of court fees, whereby the plaintiffs will have 15 days to pay the advance payment of court fees. Upon receipt of the advance payment of court fees, the court will then hear the case.

As mentioned above, Vietnamese law requires exact calculations of damages, and plaintiffs typically experience difficulty proving damages caused by the infringement. Therefore, if the parties are able to reach an amicable agreement before the judgment is issued, the court will acknowledge its agreement and issue its decision accordingly.

A court’s judgment at the first instance can be appealed to a higher court within 15 days from its issuance. The court of appeal takes two months from the date of receipt of a request from a higher court to hear a case. However, in practice, the period for a hearing in a court of first instance or a higher court could extend up to 12 months.

### iii Obtaining relevant evidence of infringement and discovery

This is an important step for the right holder prior to initiating any administrative procedure or court action. The right holder is required to collect full and accurate evidence of infringement by the infringing parties (e.g., sample of infringing products, advertisement of infringing products, counterfeit and pirated goods).

The regulations of Vietnam do not specifically stipulate any provision on how to search for and collect evidence of IP infringement. However, the right holder may opt to seek legal advice from IP experts or IP law firms for thorough and efficient ways to collect evidence from the infringing parties, or using evidence collected in administrative actions from competent authorities, to commence civil lawsuits to claim for its damages.

### iv Trial decision-maker

Disputes involving IP rights are considered to be a specific form of civil dispute, which are usually complex, and involve in-depth technical factors. Therefore, the assessment of such disputes is not simple. Moreover, the Vietnamese court system does not have a special chamber dealing with IP cases, and many Vietnamese judges lack IP experience and knowledge, especially regarding patents. Additionally, court procedures for settling IP rights violations are time-consuming and require considerable effort. Court decisions are sometimes unsatisfactory, and compensation amounts are sometimes lower than the actual damage.

The panel for first instance trials of civil cases is composed of one judge and two people’s jurors. In special cases, the first-instance trial panel may consist of two judges and three people’s jurors.27

### v Structure of the trial

In the course of a trial on an IP rights dispute, the plaintiff and the defendant in the litigation bear the burden of proof.28

Evidence may be gathered from the following sources:29

1. readable, audible or visible materials;

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Vietnam

b exhibits;
c testimonies of involved parties;
d witness testimonies;
e expert conclusions;
f on-site appraisal notes;
g local practices;
h property evaluation results; and
i other sources prescribed by law.

It should be noted that from 1 July 2016, ‘local practices’ are no longer considered a source of evidence.30

Expert conclusions are commonly used because Vietnamese judges lack experience and knowledge regarding the IP field. Dispute resolution procedures consequently face difficulties. Therefore, courts often rely on expert opinions (commonly from the VIPRI or the NOIP) in order to settle the case.

The hearing shall be conducted orally.31

Within three working days after the conclusion of a court session, involved parties, agencies or organisations initiating the lawsuits shall be supplied with judgment extracts by the court.32

Within 10 days of the date of the judgment pronouncement, the court shall hand over or send the judgment to involved parties, agencies or organisations initiating the lawsuit and the procuracy of the same level.33

vi Infringement

A lawsuit petition must include the following principal contents:34

a date of its inception;
b name of the court receiving the lawsuit petition;
c name and address of the litigator;
d name and address of the IP rights owner to be protected;
e name and address of the person who is sued;
f name and address of persons with related rights and obligations, if any;
g specific matters requested to be settled by the court against the defendant, by persons with related rights and obligations;
h names and addresses of witnesses, if any;
i documents and evidence proving that the petition is well grounded and lawful;
j other information, which the litigator deems necessary for the resolution of the case; and
k it must be signed or fingerprinted by the individual being the litigator, or signed or stamped by the lawful representative of the agency or organisation being the litigator.

30 Article 94 of the amended Civil Procedure Code 2015.
Litigators must send lawsuit petitions, together with accompanying documents or evidence, proving that their claims are well-grounded and lawful.\textsuperscript{35} In case of lack of documents or evidence for objective reasons, claimants are entitled to supplement during the process of the case.\textsuperscript{36}

Practically speaking, competent authorities in Vietnam accept the doctrine of equivalence in examining the infringement of a product or a process, which can be considered as infringing, if the IP rights related to the functioning of such product are almost identical to the invention that has been granted protection.

\textbf{vii Defences}

Regarding IP rights on trademarks, trade names and geographical indications, the putative infringer should avoid conducting acts that are prohibited in Article 129 of the IP Law, in order not to be considered an infringer and be subjected to the imposition of sanctions from competent authorities.

In addition, owners of industrial property, as well as organisations and individuals granted the right to use or the right to manage geographical indications, have the right to prevent others from using their industrial property, unless the putative infringer performs the following acts:\textsuperscript{37}

\begin{itemize}
\item[a] using inventions, industrial designs or layout-designs in service of their personal needs or for non-commercial purposes, or for purposes of evaluation, analysis, research, teaching, testing, trial production or information collection for carrying out procedures of application for licences for production, importation or circulation of products;
\item[b] circulating, importing and exploiting product utilities, which were lawfully put on the market including the overseas market, except for products that were not put on the overseas market by the mark owners or their licensees;
\item[c] using inventions, industrial designs or layout-designs for the sole purpose of maintaining the operation of foreign means of transport in transit, or temporarily staying in the territory of Vietnam;
\item[d] using inventions or industrial designs by persons with prior use rights, according to the provisions of Article 134 of the IP Law;
\item[e] using inventions by persons authorised by competent state bodies, according to the provisions of Articles 145 and 146 of the IP Law;
\item[f] using layout-designs without knowing, or having the obligation to know that such layout-designs are under protection;
\item[g] using marks identical with or similar to protected geographical indications, where such marks have acquired protection in an honest manner, before the date of filing the application for registration of such geographical indication; and
\item[h] using, in an honest manner, people’s names, descriptive marks of type, quantity, quality, utility, value, geographical origin and other properties of goods or services.
\end{itemize}

\textsuperscript{35} Article 165 of the Civil Procedure Code 2004, Article 189.5 of the amended Civil Procedure Code 2015.

\textsuperscript{36} Article 189.5 of the amended Civil Procedure Code 2015.

\textsuperscript{37} Article 125.2 of the IP Law 2005, amended 2009.
viii  Time to first-level decision

As stipulated in the Civil Procedure Code, the competent courts must conduct a hearing upon receipt of a complaint from the litigators within two to four months. However, the period could range from four to 12 months, owing to the complexity and duplication of administrative procedures. If the parties are able to reach an amicable agreement before the judgment is issued, the court will acknowledge its agreement and issue its decision accordingly.

Regarding other administrative procedures, the time period for the competent authorities to issue a decision on a complaint or request for assessment could be shorter.

For the VIPRI, the average time for its assessment is two months regarding patents application, and one month for layout-designs, industrial designs, trademarks and geographical indications applications.

Regarding customs procedures, it takes about 24 hours for the customs office to issue a notice of acceptance, upon receiving a petition for suspension of customs clearance, if the right holder requests the customs agency to suspend the customs procedures to collect information and evidence on the infringing products; and within 20 days upon receiving a petition for inspection or supervision of imports or exports, the customs office shall issue a notice of acceptance, if the right holder requests the customs agency to suspend the customs procedures, in order to collect information for the exercise of the right to request suspension of customs procedures.

ix  Remedies

Courts may apply the following civil remedies in dealing with organisations and individuals, who have committed acts of infringement of intellectual property rights:38

- compulsory termination of the infringing acts;
- compulsory public apology and rectification;
- compulsory performance of civil obligations;
- compulsory payment of damages for loss; or
- compulsory destruction, distribution or use for non-commercial purposes of goods, raw materials, materials and facilities used principally for the production or trading of goods infringing IP rights, provided that such destruction, distribution or use will not affect the exploitation of rights by IP rights holders.

Rights holders may exercise their right to request the court handling the case for the application of provisional emergency measures, as provided for in Article 102 of the Civil Procedure Code, to provisionally deal with the urgent requests of the involved parties, to protect and preserve evidence, in order to avoid irrecoverable damage or to ensure execution of the judgment.39

The application, change and cancellation of provisional emergency measures before the opening of a court session shall be considered and decided by a judge.40

The application, change and cancellation of provisional emergency measures at court sessions shall be considered and decided by the trial panels.41

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Appellate review

The Vietnamese courts shall follow the regime of two-level adjudication (i.e., first-instance and appellate) resulting in two trials, if first-instance judgments or decisions have already taken legal effect, but have not detected other violations or fresh facts. In these circumstances the courts shall undertake the following special procedures in resolving the case, cassation procedures and reopening procedures.

Cassation procedures involve the review of legally effective court judgments or decisions, which are appealed owing to alleged serious law violations, detected in the settlement of cases.42

Reopening procedures involve the review of legally effective judgments or decisions, which are the subject of an appeal, owing to the appearance of fresh facts that may substantially change the contents of the judgments or decisions, which were not known to the courts and the involved parties when the courts rendered such judgments or decisions.43

Pursuant to the Civil Procedure Code, the cassation or reopening trial panels of the provincial-level people's courts, shall consist of members of the judges' committees of the provincial-level people's courts.44 The cassation or reopening trial panel of the Supreme People's Court shall consist of members of the judges' committees of the Supreme People's Court.45

Alternatives to litigation

In addition to litigation, the right holder may opt for arbitration or other administrative actions (e.g., sending a cease-and-desist letter to the infringer, or attempts to reach an agreement on an amicable resolution from both parties). As far as we are aware, there is currently no dispute regarding the IP field that has been successfully resolved by arbitration.

V TRENDS AND OUTLOOK

In the next five to 10 years, it is unclear whether Vietnam's legal framework will witness significant changes in the intellectual property environment owing to the uncertain future of the TPP.

Under the current text of the TPP, Vietnam shall allow the registrability of scent and sound trademarks, enshrine stronger pharmaceutical protections and generally offer wider ranges and higher standards of patent protection. These new regulations are among the most highlighted and controversial issues in the TPP, as they restrict Vietnamese companies' ability to access and market new products. Consequently, Vietnamese people may have to pay higher prices for their medical needs. With regard to the enforcement of IP rights, the TPP also introduces stricter sanctions indicated by criminal procedures and penalties for IP infringers. The enforcement of such regulations will no doubt increase business costs for corporates, especially those using pirated software or consuming infringing products.

If such regulations under TPP are implemented, they would pose great difficulties to Vietnam's policymakers, as Vietnam would have to provide and implement effective economic
and legal strategies appropriate to its development level and enforcement capacity. In other words, Vietnamese IP legislation would have to undergo material changes to align itself with the international standards set forth by the TPP. Some possible solutions could be (1) promoting research activities, (2) raising legal awareness, and (3) implementing regulations step by step in accordance with the TPP and other international treaties. Changes in the law might take some time, but the implementation of international IP standards would make Vietnam a strong contender in the global economy.

However, at this stage, it is unclear whether the other 11 members will renegotiate the TPP without the US or let the agreement lapse. Given the current status of the TPP, it is unclear when the above-mentioned changes will take place.

On a related note, the European Union–Vietnam Free Trade Agreement (EVFTA) is expected to come into effect in 2018. One of the most notable commitments under the IP Chapter of the EVFTA is geographical indication protection. Once the EVFTA takes effect, the EU will recognise and protect 39 Vietnamese geographical indications, while Vietnam will recognise and protect 171 European geographical indications (169 if two geographical indications from the United Kingdom are excluded).
ABOUT THE AUTHORS

PRAVIN ANAND

Anand and Anand

Pravin Anand completed his law studies in New Delhi in 1979 and since then has been practising as an advocate and patent and trademark attorney.

He has appeared in several landmark IP cases in India involving the first Anton Piller order (HMV), Mareva injunction order (Philips) and Norwich Pharmacal order (Hollywood Cigarettes); the right of privacy (Bandit Queen); trademark dilution (Glenfiddich); judicial recognition of market survey evidence (Time Warner); domain names (Yahoo!); punitive and exemplary damages (Time Magazine); and phishing (Nasscom). He also appeared in the compulsory licensing cases filed against Pfizer and Roche under the Doha Declaration.

Mr Anand is the chairman of the IP promotion advisory committee established by the Indian government, and the IT committee set up by the Federation of Indian Chambers of Commerce and Industry. He is a past president of the Asian Patent Attorneys Association and was a director on the board of INTA from 2006 to 2008. He is President of both the International Association for the Protection of Intellectual Property and the Indian Association of the International Federation of Intellectual Property Attorneys. He has appeared as an expert witness before parliamentary committees to give evidence on amendments to trademark, patent and copyright laws.

Mr Anand is a co-author of the two volumes of Halsbury’s Laws of India on intellectual property. He also serves on the editorial board of several international IP journals. He has spoken extensively at various forums including the World Intellectual Property Organization, AIPPI, INTA, the Licensing Executives Society, the International Bar Association, LAW ASIA and the UN Conference on the Least Developed Countries in the Digital World.

ANTON BANKOVSKIY

CMS Russia

Anton Bankovskiy is a partner in the CMS Moscow office, leading the intellectual property practice. Prior to joining the firm, he worked as counsel and associate for other international law firms. He also specialises in intellectual property dispute resolution. He is admitted to represent clients before the Russian PTO, the Chamber for Patent and Trademark Disputes under the Russian PTO and the Russian courts. Anton focuses on advising clients in various industries including TMT, energy and life sciences. Anton is recognised by Chambers & Partners as a leading lawyer in IP. Clients describe him as ‘quick, to the point and proactive if we need something done very quickly’.
About the Authors

PHILIPPE BHERING
Bhering Advogados

Philippe Bhering is a graduate of the Candido Mendes University of Rio de Janeiro, Brazil (LLB) and holds a master’s degree (LLM) from the Ludwig Maximilian University of Munich, Germany. He has worked as guest researcher at the Max Planck Institute for Intellectual Property, Competition and Tax Law, and as a research assistant at the International Max Planck Research School for Competition and Innovation. He is a current PhD candidate at Ludwig Maximilian University. Mr Bhering specialises in trademarks; copyright; licensing; enforcement against unfair competition and counterfeiting; and litigation.

BRIGITTE BIELER
Wenger Plattner

Brigitte Bieler is a senior associate with Wenger Plattner, practising in the firm’s Basel office in the fields of intellectual property and IT, fair practices law and private clients. She advises companies and private individuals on national and international intellectual property law, especially in the area of trademark and copyright law. The second focus of her activity is advisory services on national and cross-border property law and estate planning. Prior to joining Wenger Plattner, Brigitte Bieler worked as a research and teaching fellow for civil law and civil procedure law of the University of Basel and as a law clerk at the Court of Appeal of Basel-Country.

MARTINA BRAUN
Wenger Plattner

Martina Braun is a senior associate and member of the IP and IT and the life sciences and health law teams. She advises and represents clients on all aspects of intellectual property law and information technology, with a particular focus on copyright, trademarks and data protection. One of her key areas of expertise is advising on contract law. She also deals with a wide range of health law matters and the related regulatory issues.

FRANCISCO BRITO E ABREU
Uría Menéndez – Proença de Carvalho

Francisco Brito e Abreu joined Uría Menéndez in 2001 after working as in-house counsel in the Portuguese subsidiary of a multinational corporation, a privately owned holding company and a listed Portuguese company, and as a lawyer in another prestigious Portuguese law firm. He was made partner of Uría Menéndez in January 2005.

He focuses his practice on commercial and corporate law issues and has extensive experience in corporate restructuring, M&A and private equity transactions. Francisco also has vast experience in the pharmaceutical sector, focusing on regulatory, distribution and advertising matters.

He is recognised by major publications (Chambers Global, IFLR 1000, PLC Which Lawyer?, etc.) for his work in M&A and private equity.
AILSA CARTER
*Gowling WLG*

With an undergraduate degree in chemistry, Ailsa Carter has specialised in advising and representing clients in the pharmaceutical, biotech and consumer products sectors, including in litigation and wider disputes concerning patents, confidential information and trademarks. Ailsa has also collaborated with lawyers in many other jurisdictions, coordinating and assisting in the context of multi-jurisdictional disputes and projects involving litigation outside the UK.

At Gowling WLG, Ailsa is in a professional support role focusing on the development of knowledge, the production of material for publication and the training of fee earners in the intellectual property team.

XENIA CHARDALIA
*Christos Chrissanthis & Partners Law Firm*

Xenia Chardalia LLB (University of Leicester), LLM (University of Bristol), LLM (University of London) is a member of the Athens Bar, as well as a patent and trademark agent. She administers large patent and trademark portfolios on behalf of multinational firms. Her practice also specialises in patent and trademark litigation before both the Greek courts and the European Union Intellectual Property Office. She focuses on famous marks and luxury goods, food and beverage branding, ‘lookalike’ and trade dress cases, parallel trade, licensing and pharmaceuticals. She has also studied accounting and negotiation strategies and, in addition to Greek law, she is also very familiar with English law.

MARIA CHETCUTI CAUCHI
*Chetcuti Cauchi Advocates*

Dr Maria Chetcuti Cauchi is a co-founding partner at Chetcuti Cauchi Advocates. As a senior partner, Maria is in charge of the IP, ICT and regulated business units of the firm. Maria also leads a cross-departmental practice group whose expertise encompasses regulated finance and ICT–fintech. She had the opportunity of working on traditional legal aspects of financial services; banking, payment services and e-money institutions; gaming and blockchain and capital markets. She has experience advising financial institutions, high net worth individuals, start-ups and major private and public companies in: payment services and electronic money; decentralised ledger technology and virtual currencies; funds and asset management; regulated gaming; and capital markets.

She is also very active in traditional notions of intellectual property and technology transfer law. She is a registered trademark and patent attorney and an approved European Patent Office (EPO) attorney.

Interesting and noteworthy projects include the setting up the first unit trust fund in Malta; setting up one of the first Malta-registered bitcoin companies; acting as lead partner and representing Shanghai Electric Power in Malta’s largest FDI investment; working on Malta’s first listings on Prospects, the most recent capital market created by the Malta Stock Exchange; setting up various forex operations and acting as lead adviser on Fusion, the Malta Council for Science and Technology commercialisation programme.

Maria is extremely interested in the application of traditional notions of IP law to the online world, as well as the conversion of brick and mortar notions to the online realm.
Current particular interests revolve around the application of traditional ledger systems to the world of blockchain.

Maria is a member of the Institute of Financial Services Practitioners, the Society for Trusts and Estates Practitioners and the Chamber of Advocates and is also a registered trademark and patent attorney and an approved EPO European patent attorney.

Her specialities are: Malta, international, investment services, financial services, credit institutions, funds, trademarks, patents, Community Trademarks, e-commerce, technology and ICT law.

Maria has been described as ‘extremely professional and I fully trust her advice and suggestions’ (Cecilia Emanuelson, trademark manager Inter IKEA Holding Services SA). She is considered ‘a first rate attorney in any jurisdiction’ (David L Bradfute, biopharma intellectual property attorney) and possesses ‘professionalism, punctuality and trustworthiness’, while being a true expert and (with) a great personality (Ilgar Neymatov, Tri-On GmbH).

A-RA CHO

Lee International IP & Law Group

A-Ra Cho is a senior patent attorney with a wealth of experience prosecuting patent applications before the Korean Intellectual Property Office in the fields of biotechnology and pharmaceuticals. Ms Cho has participated in inter partes and ex parte proceedings before the Intellectual Property Trial and Appeal Board, the Patent Court and the Supreme Court, and has provided various clients with legal opinions concerning patent validity and infringement. Ms Cho also has handed applications for a plant variety right.

Ms Cho graduated from Yonsei University with BSc and MSc degrees in biotechnology in 1998 and 2000, respectively. Ms Cho also graduated from Korea National Open University with an LLB degree in 2006. Additionally, Ms Cho studied intellectual property law at the University of New Hampshire School of Law (Franklin Pierce Center for IP) in the United States and received an LLM in intellectual property in 2013.

Ms Cho started her career as a patent attorney at Lee International IP & Law Group in 2004. Prior to beginning her practice as a patent attorney, Ms Cho worked at TS Corporation’s R&D centre as a researcher from 1999 to 2002.

CHRISTOS CHRISSANTHIS

Christos Chrissanthis & Partners Law Firm

Christos Chrissanthis LLM (University of London), PhD (University of Athens) is a professor of commercial law at the University of Athens, Faculty of Law, and a fully practising attorney-at-law specialising in IP matters and complex commercial litigation. He has published extensively on Greek trademark law. In addition to law, he has also studied accounting and negotiation strategies. His professional practice covers fields such as pharmaceutical patents, trademark litigation, parallel trade, anti-counterfeiting measures and unfair competition before the Greek courts, as well as trademark litigation before the European Union Intellectual Property Office and the General Court of the EU. During the past years, he has successfully led some of the more important IP litigation cases before the Greek courts and has greatly contributed to some of the most notable recent court precedents in Greece regarding IP matters, such as parallel trade, famous marks and trade dress litigation.
DOMINICK A CONDE

Fitzpatrick, Cella, Harper & Scinto

Dominick Conde is a partner at Fitzpatrick, Cella, Harper & Scinto and is widely recognised for his experience and accomplishments in patent litigation. For almost 30 years, Mr Conde has tried and argued patent cases, including arguing numerous cases before the Court of Appeals for the Federal Circuit, and United States District Courts. He is active in all aspects of the firm's patent practice, focusing particularly on large-scale litigation matters related to chemistry, pharmaceuticals and pharmaceutical devices and diagnostics. He has appeared and been lead counsel for numerous major international companies including Astellas Pharma, Bristol-Myers Squibb, Daiichi Sankyo, Eli Lilly & Co, Entegris, LEO Pharma, Merck & Co., Pfizer, Reckitt-Benckiser, Reliable Sprinkler Company, Sanofi-Aventis, Novartis, Aralez Pharmaceuticals, Pernix Therapeutics and Warner Chilcott.

Mr Conde has been widely recognised by many publications as a leader in the life sciences field. He has been recognised as a leading patent lawyer by Chambers (2011 to present); recognised as a top intellectual property law practitioner by Best Lawyers in America (2011, 2014, 2015, 2016); recognised as a leading patent litigator by Legal 500 (2008, 2009, 2011, 2012, 2014); named a Leading Lawyer, LMG Life Sciences (2012–14); named a Top 10 Life Science Litigator, Managing Intellectual Property (2013–15); named an IP Star, Managing Intellectual Property (2013–15); and in 2015 received the Burton Award for writing an article in New York Law Journal. Clients have also recognised his skills, talent and expertise: 'He sees the forest through the trees and never gets tunnel vision. He also understands the need to find business solutions to legal problems and is very pragmatic.' (IAM Patent 1000: The World’s Leading Patent Practitioners 2015); ‘an intellectual giant, but one who can distill complex patent issues into clear, concise and cogent language that anyone can understand. Business leaders like him because of his clarity. Attorneys like him because they know his direct advice is grounded in thorough legal analysis and experience’ (Best Lawyers 2014); ‘completely stands out in terms of raw intelligence, lawyering skills and putting together the perfect case’ (Chambers USA 2013); and ‘superb litigator’ (IAM Patent 1000 The World’s Leading Patent Practitioners 2013); ‘the best trial lawyer in the country for complex medical cases’ (Legal 500 2012); ‘an outstanding strategist and litigator. If you end up going to trial, he is amazing – nothing gets by him.’ (Legal 500 2011).

Mr Conde formerly served as the firm’s managing partner and is currently on the firm’s management committee.

PETER DAMERELL

Powell Gilbert LLP

Peter Damerell is a partner of Powell Gilbert LLP, a London-based specialist intellectual property law firm. He specialises in IP litigation, advising clients on disputes across a diverse range of technologies. He has extensive experience in handling complex and high-value patent litigation before the UK courts. His cases are commonly international in nature, and he often works with legal advisers from across Europe, North America and Japan, contributing to and often coordinating multi-jurisdictional patent litigation strategies.

Before practising law, Peter received a first-class BA (Hons) in physiological sciences and an MSc in cellular physiology from the University of Oxford. His scientific background provides him with a firm understanding of technical issues, and he is experienced in working
with a diverse range of technologies, including pharmaceutical products and formulations, biotechnology, medical devices, telecommunications and engineering.

ANASTASIA ENTYAKOVA  
*CMS Russia*

Anastasia Entyakova is a junior associate of the CMS Moscow intellectual property practice. Anastasia advises Russian and international companies on various aspects of intellectual property, including copyright, patent disputes, domain disputes, trademark registration, protection of know-how and unfair competition involving the infringement of intellectual property rights. She also has experience with drafting agreements connected with intellectual property. In addition, she handles personal data and customs issues.

TOMMASO FAELLI  
*Bonelli Erede*

Tommaso Faelli is a partner of Bonelli Erede in the Milan office. He practises IP, IT and unfair competition law, focusing on negotiation and litigation before the courts, and assistance with independent supervisory authorities.

He is the author of several publications, and is a member of the editorial staff of the review *Giurisprudenza Annotata di Diritto Industriale.*

Since 2005, Mr Faelli has been an adjunct professor of intellectual property law at the faculty of law at the University of Insubria (Como and Varese).

In 2007, he obtained a PhD in commercial law – intellectual property and competition from the University of Parma.

He teaches on the master's course in intellectual property and cybersecurity.

Mr Faelli was admitted to the Italian Bar in 2002.

RICHARD FAWCETT  
*Powell Gilbert LLP*

Dr Richard Fawcett is an associate at Powell Gilbert LLP, a London-based specialist intellectual property law firm. Richard has experience in intellectual property litigation and advisory work, including in relation to confidential information, patents, trade marks, copyright and domain name disputes.

Prior to qualifying as a lawyer, Richard obtained a BA MEng in engineering from Cambridge University and a PhD in nanoscience from the University of Nottingham. He spent periods in the microelectronics and software industries while training as an engineer. He has also carried out postdoctoral research and published a number of scientific papers in the fields of nanoscience and physical chemistry. He is able to call upon this strong background in a range of technologies when analysing complex patent matters in the IT, semiconductor and mobile telephony sectors.

VICTOR GARRIDO  
*Dumont Bergman Bider SC*

Victor Garrido is head of the patent department at Dumont Bergman Bider SC. He is an industrial chemical engineer, with specialisation in polymers and in intellectual property law.
He has been involved in patent matters for more than 15 years, working for some of the most prestigious firms in Mexico. He has handled both the administrative and technical aspects of patents, industrial designs and utility models, including prior art searches, drafting and filing applications, counselling in both formal and substantive examinations, technical opinions on patentability, clearance analysis and opinions for litigation. He has published articles in some of the most renowned international IP magazines and has participated as a panellist in international events. He is member of professional national and international organisations, such as the AMPPI, AIPPI, INTA and AIPF. He speaks Spanish and is fluent in English.

ALEKSANDRA GUCWA

Bonn Steichen & Partners

As senior associate, Aleksandra Gucwa’s practice is primarily focused on data protection, privacy, counselling clients on European data privacy, e-commerce and technology transactions. She is used to working with clients for whom data privacy plays an active role.

She specialises in intellectual property law, mainly in copyright and trademark matters, both contentious and non-contentious. In addition, Aleksandra regularly advises clients in all aspects of Luxembourg employment law, where she advises and litigates in individual and collective dismissals, restructurings and harmonisation of employment conditions, and also regularly drafts employment contracts that meet the standards of today’s workplace.

NICOLAS GUT

Wenger Plattner

Nicolas Gut is a senior associate with Wenger Plattner, practising in the firm’s Basel office in the fields of intellectual property, litigation and arbitration. His focus is on litigation in all areas of commercial and business law, especially intellectual property law. His activity also extends to all areas of intellectual property law, with a particular focus on copyright, trademark, design, and fair practices law. Prior to joining Wenger Plattner, Nicolas Gut worked as a research and teaching fellow for civil law and civil procedure law of the University of Basel and as a law clerk of the Commercial Court of Argovia.

ADAM HALLER

Norton Rose Fulbright Canada LLP

Adam Haller practises in all areas of intellectual property law at Norton Rose Fulbright and provides advice at every stage of the intellectual property life cycle. His experience includes matters before the Federal Court and Federal Court of Appeal, and matters involving the innovative pharmaceutical industry under the Patented Medicines (Notice of Compliance) Regulations. In addition to assisting clients in preparing, prosecuting and opposing trademark applications, Adam provides strategic advice relating to the use and protection of intellectual property online. He has represented clients in domain name disputes and has assisted clients in respect of combating online counterfeit and other brand infringement.
PETER HANSEN
Khalid A Altamimi Advocates and Legal Consultants
Peter Hansen is the head of litigation at Khalid A Altamimi Advocates & Legal Consultants, a member firm of the Cedar White Bradley group that specialises in intellectual property protection in the Middle East. Peter is an Australian qualified lawyer. Before moving to the Middle East in 2001, he was a partner in the Sydney office of the major Australian law firm Freehills. He has lived and worked in Jordan, Egypt, Syria and the UAE, with a two-year period working in Japan. He is the author of the only comprehensive work on the intellectual property law of the United Arab Emirates: *Intellectual Property Law and Practice in the United Arab Emirates*, Oxford University Press, (2009), 848 pages. In his more than 25 years in practice, he has advised on and acted in a wide range of matters and disputes covering patents, trademarks, designs and copyright across all industry groups. He is fluent in Arabic.

GORDON HARRIS
Gowling WLG
Gordon Harris conducts litigation in all UK and European courts for clients seeking to protect their IP, or those who have been accused of infringing other people’s rights. He is known as a fighter who will explore every avenue to get the right result, including going to the Supreme Court to change over 100 years of patent law in order to ensure the right outcome for a client.

Gordon has conducted groundbreaking cases on designs and brands in the European Court of Justice and contested the validity of patents in the European Patent Office.

Gordon has over 25 years’ experience in IP and is involved in law reform and development through various committees and organisations, all of which allows him to provide decisive commercial advice to clients and to help them to decide the best avenue to take in any given case.

As a qualified mediator accredited by CEDR and the World Intellectual Property Organization, Gordon also pursues alternative dispute resolution both on behalf of clients and as a mediator.

EDITHA R HECHANOVA
Hechanova Bugay Vilchez & Andaya-Racadio
Attorney Editha R Hechanova is the managing partner of Hechanova Bugay Vilchez & Andaya-Racadio law offices, which specialises in intellectual property, corporate, immigration law and taxation. She is also the chief executive officer of Hechanova & Co., Inc., a corporation handling trademark and patent prosecution, copyright and domain name registrations, trademark valuation, searches and other non-contentious intellectual property matters. Hechanova & Co., Inc. was named IPOPHL ‘Top Patent Filer’ for the period 2010–2014, ranking No. 2, and ‘Top Trademark Filer’ for the same period.

Ms Hechanova graduated from the University of the East with a business degree, majoring in accounting, *magna cum laude*. She is a certified public accountant. She obtained her law degree from the Ateneo de Manila University, and has a certificate in business economics from the University of Asia and the Pacific. She passed the Intellectual Property Office’s patent agent qualifying examination in 2008 and is an alumna of SEAD, the Southeast
Asian patent drafting course run by the FICPI. Her experience covers both contentious and non-contentious intellectual property matters, including border control, intellectual property enforcement, due diligence, licensing, trademarks and patents prosecution and copyright, patent and trademark litigation. Hechanova is an accredited court-annexed mediator at the Court of Appeals, and is an accredited IPOPHL mediator and arbitrator. She has been cited as a leading lawyer in the field of intellectual property law in the Philippines (2002–2016) by international publications Asialaw; Who’s Who Legal; Asia IP and MIP Star.

GON-UK HUH

Lee International IP & Law Group

Gon-Uk Huh is a Korean patent attorney at Lee International IP & Law Group with experience prosecuting patent applications before the Korean Intellectual Property Office in the technical fields of communications, networking, semiconductors, displays, digital signalling processing and business methods. Mr Huh also has extensive experience in appeals procedures before the Intellectual Property Trial and Appeal Board, the Patent Court and the Supreme Court on behalf of foreign IT companies.

Since joining Lee International IP & Law Group in 2004, Mr Huh has managed patent cases relating to semiconductor manufacturing technologies and communications technologies. Mr Huh has researched patents declared by standards organisations, such as ETSI and ARIB, and patent pools, such as MPEG and LA. Mr Huh has also conducted prior art searches and provided infringement analyses and patentability opinions. In addition, he has provided a global semiconductor company with technical and legal advice on the establishment of its patent portfolio.

Mr Huh practised as a foreign intern at Kenyon & Kenyon in New York. He is a graduate of Seoul National University (BSc, electrical engineering, 1997) and Franklin Pierce Law Center (MIP, 2010).

Mr Huh is a co-author of the Korea chapters of Getting The Deal Through: Patents 2017.

RAUNAQ KAMATH

Anand and Anand

Raunaq Kamath is a managing associate in the litigation department of Anand and Anand. With a background in business and law, he handles contentious intellectual property matters with a strong focus on trademark litigation and regularly undertakes advocacy appearances before the Delhi High Court.

CHIE KASAHARA

Atumi & Sakai

Chie Kasahara was admitted to the Japanese Bar in 2000 and is a partner at Atumi & Sakai. She was educated at Hokkaido University (LLB, 1993), Hokkaido University, School of Law (Master of Laws, 1996) and the Legal Training and Research Institute of the Supreme Court of Japan. She was previously based at Hayabusa Kokusai Law Offices (2000–2006), Greenberg Traurig LLP (New York) (2006–2007) and was a partner at Hayabusa Asuka Law Offices (2007–2008). Chie is a member of the Dai-ichi Tokyo Bar Association, the International Literary and Artistic Association and the IP Lawyers Network Japan and Entertainment Lawyers Network. Chie leads the IP/IT, media and entertainment teams at Atumi & Sakai,
and advises many leading non-Japanese and Japanese corporations on protecting their IP rights in respect of cutting-edge technology.

**DONG HWAN KIM**

*Lee International IP & Law Group*

Mr Dong Hwan Kim is a Korean lawyer at Lee Intentional IP & Law Group and a member of the firm’s litigation team. Mr Kim has served as lead counsel to both foreign and domestic corporations in large-scale litigation and consultation matters. Mr Kim has litigated diverse civil, criminal and corporate cases representing a wide range of clients including major domestic and foreign companies and high profile persons. Mr Kim has also represented clients in connection with IP licensing and transactional matters and served as counsel on behalf of the top Korean entertainers, broadcasters, and entertainment agencies.

Mr Kim attended the University of Pennsylvania Law School LLM programme, an in-service training programme of Lee International IP & Law Group, to learn more about different legal systems and to study various legal issues. After graduation, he spent one year at the McKenna Long & Aldridge LLP’s San Diego office, working on litigation cases.

**ANNE KIUNUHE**

*Anjarwalla & Khanna Advocates*

Anne is an advocate of the High Court of Kenya with over 10 years of experience in intellectual property law, competition law, mergers and acquisitions, and IT and telecommunications law. She is a partner and the head of IP at Anjarwalla & Khanna where she advises and assists a diverse spectrum of large Kenyan and international clients on various aspects of IP rights protection and enforcement. The firm’s IP department is ranked under the *Managing IP* rankings as well as the *World Trade Mark Review’s WTR 1000* rankings. Anne is also ranked as a leading trade marks lawyer by *WTR 1000*.

Anne is ranked in the *Chambers Global* legal directory, which has described her as being a ‘very positive and sparky’ lawyer and as receiving client praise for her drafting skills and contract analysis. In addition, Anne has been voted one of Kenya’s best M&A lawyers by *Best Lawyers International*, the oldest and most respected worldwide legal peer review. She was also ranked as a leading trademarks lawyer by *WTR 1000*. Recently, Anne won the CFC Stanbic Rising Star Award 2015 in the Professional Services Category. The award celebrates and recognises young, talented people in the work place, aged 28–40, who have a capacity for achievement, success and make a valuable difference.

**JASON A LEONARD**

*Fitzpatrick, Cella, Harper & Scinto*

Jason Leonard is a partner in the New York office of Fitzpatrick, Cella, Harper & Scinto. Jason has experience in all aspects of intellectual property law, with a focus on complex pharmaceutical patent litigation. Jason has extensive experience litigating pharmaceutical patents in federal court, including appeals to the Court of Appeals for the Federal Circuit. Jason’s technical expertise includes new drug compounds, enantiomers, polymorphs, drug formulations, and methods of use. He has litigated patents covering oncology drugs, antifungal agents and oral contraceptives. He has also advised clients regarding regulatory exclusivities at the US Food and Drug administration, including patent term extensions, new

Before practicing law, Jason worked for six years as a solid-state and analytical chemist at Pfizer. His work included development of analytical methods for drug formulations and synthesis of novel polymorphs and salts of pharmaceutical compounds. He also specialised in conducting investigations of complex scientific problems encountered during drug development. Jason is a co-inventor on several solid-state pharmaceutical patents, including patents covering atorvastatin.

Mr Leonard received his BS degree, *cum laude*, in chemistry from the University of Connecticut in 1998. Mr Leonard received his JD degree, *cum laude*, from Franklin Pierce Law Center (now the University of New Hampshire School of Law) in 2007, where he was advised by Prof Emeritus Karl F Jorda.

**EDWARD LIU**

*Chen & Lin Attorneys-at-Law*

Edward Liu has been practising law for almost a decade. He primarily focuses on cross-border dispute resolution. He had handled many cases involving commercial disputes, patent infringement, patent licensing, prosecution against violation of the Trade Secrets Act, etc. He is well experienced in management of transnational cases and coordination with clients and counsels from different jurisdictions.

Edward Liu graduated from the National Taiwan University in 2002 and got an LLM degree from New York University School of Law in 2008. He is admitted to the Taipei Bar Association and had passed the New York State Bar Examination.

**MICHELLE MA**

*Liu, Shen & Associates*

Ms Michelle Ma is one of the first group of patent attorneys qualified in China, and she has been working in the field of intellectual property ever since the beginning of the first Patent Law of China. Michelle is also qualified as an attorney-at-law, joining Liu Shen & Associates when the firm was just founded in 1993. Her expertise and experience are patent preparation, prosecution and invalidation in the areas of mechanical engineering and design patents, as well as counselling on patent operation-related matters.

In 2011, Ms Ma received an Asia Women in Business Law Award and was the only recipient of ‘Best in Patent and Trademark Prosecution’ for her achievements in patent and trademark practice as well as her role in shaping the firm into one of the Asia’s leading IP firms. She is a member of the All China Patent Attorneys Association, the China Lawyers Association, AIPPI, FICPI and LES.

**WIM MAAS**

*Taylor Wessing*

Wim is partner and head of the IP department of Taylor Wessing. Wim is a leading patent lawyer who worked with De Brauw Blackstone Westbroek and Howrey before. Wim has
acted on numerous pieces of litigation in the field of trademark and patent law over past years. He mainly represents clients active in the technology sector. Wim is listed in the world’s leading patent lawyers of Who’s Who Legal as well as in the IAM Patent 1000: ‘Wim Maas is the go-to guy there. He is doing an admirable job of building an excellent practice.’

ANDREW MAGGS

*Gowling WLG*

Andrew Maggs has 10 years of experience conducting patent litigation, principally for US technology companies, with particular emphasis on wired and wireless telecommunications. His work often involves advising on multi-jurisdiction disputes, including where parallel litigation is ongoing in the UK, the US, Germany and before the European Patent Office. As well as advising on legal, tactical and technical considerations, Andrew has extensive experience advising on issues relating to standards-essential patents, including seeking declarations of essentiality, obligations to standards-setting organisations, and the relationship between patents and antitrust law, in particular the implications of the Court of Justice’s decision in *Huawei v. ZTE*.

Andrew helped to establish Gowling WLG’s Guangzhou office and has experience assisting clients to resolve their technology disputes in China.

BRYCE MATTHEWSON

*Powell Gilbert LLP*

Bryce Matthewson is an associate at Powell Gilbert LLP, a London-based specialist intellectual property law firm, and has experience in both contentious and non-contentious matters across a range of IP rights. He has represented clients in the pharma and biotech field as well as in the gaming, banking and FMCG sectors. Prior to undertaking his legal studies, Bryce obtained a degree in chemistry.

He has particular experience as a patent litigator, having conducted litigation across a wide range of technology areas in both South Africa and other African countries. Bryce has litigated cases before a number of South African courts including the Court of the Commissioner of Patents, the Supreme Court of Appeal, and South Africa’s highest court, the Constitutional Court, in the first patent matter to be referred to that court since a 2013 amendment to its jurisdiction.

JIULIANO MAURER

*Bhering Advogados*

Jiuliano Maurer is a graduate of the Federal University of Paraná (LLB), and holds a master’s degree (LLM) from the University of Southern California, United States. Mr Maurer is a member of the Brazilian and New York Bar Association. His areas of practice are trademarks, copyright and neighbouring rights, advertising, enforcement against unfair competition and counterfeiting and entertainment law.
YEDIDYA MELCHIOR
*Lapidot, Melchior, Abramovich & Co*

Yedidya Melchior has been member of the Israeli bar association since 2001. Yedidya obtained his LLB *magna cum laude* from the Haifa University Law Faculty along with a BA in Economics from Haifa University. Yedidya proceeded to receive his LLM *cum laude* from the Law Faculty of the Hebrew University in Jerusalem.

Yedidya is a founding partner in Lapidot, Melchior, Abramovich & Co., a commercial law firm with offices in Jerusalem and Tel Aviv. Yedidya’s practice focuses on intellectual property, corporate financing, international transactions and litigation in those fields, serving both Israeli and foreign clients, with a focus on the growing high-tech sector.

Yedidya and his team handle complex transactions with significant intellectual property considerations, such as IP licensing, IP sales, joint R&D and manufacturing projects and other joint ventures, establishing distribution channels, creation of online commercial platforms, and venture capital financing. Yedidya also heads the commercial and corporate litigation department, which also handles IP-related disputes resolved in courts or through alternative dispute resolution procedures.

MARK MORDI
*Aluko & Oyebode*

Mark is a litigation partner at Aluko & Oyebode. He is one of the core members of the firm’s dispute resolution team. He is a seasoned litigator who has successfully carved a niche for himself in intellectual property and maritime enforcement matters, as well as negotiating out-of-court settlements in favour of clients in this area.

His areas of specialisation include admiralty matters, commercial litigation and arbitration, and general civil litigation matters. He also represents a number of international pharmaceutical companies, international brand owners and Nigerian companies in intellectual property disputes.

In the course of his intellectual property enforcement practice, Mark has prosecuted several class actions and IP enforcement matters ranging from trademark infringements and enforcement of rights to letters of patents, copyright enforcement actions, unlawful interference with the performance of contract cases for major multinational and local pharmaceutical and manufacturing companies, as well as opposition proceedings before the Trademark Registry. In the course of prosecuting these cases he has successfully obtained and enforced, in every case, pre-emptive remedies in the nature of *Anton Piller* orders, temporary restraining orders or injunctions against counterfeit producers, parallel importers and passers-off. He also renders anti-counterfeiting advice.

Mark has been involved in some significant disputes over the years, including trademark infringement actions on behalf of multinational companies, admiralty actions, advising and representing oil and gas majors in arbitration proceedings on EPC projects, and advising on and prosecuting matters of debt recovery for a number of banks.

Mark’s expertise has been recognised in publications such as *Who’s Who Legal: Nigeria* 2012, in which he was recognised for his ‘astute legal mind’. He is a member of the Lagos State Public Interest Law Partnership responsible for the drafting of a pro-bono manual for Lagos state and his publications include ‘Towards Trademark Law Reform in Nigeria: A Practitioner’s Note’ in *NIALS Journal of Intellectual Property* (2011).
Mark Mordi acted as lead counsel in an *ad hoc* arbitration under the Nigerian Arbitration and Conciliation Act in a number of disputes in the food and beverages sector, as well as transport and logistics disputes, charter party disputes in the downstream oil and gas sector and a retail outlet contract dispute.

Mark obtained a bachelor's degree in law (LLB honours) from the University of Benin, Benin City, Nigeria, in 1988 and is a barrister and solicitor of the Supreme Court of Nigeria (admitted 1989). He is a fellow of the Chartered Institute of Arbitrators and a member of the Nigerian Bar Association, the Anti-Counterfeiting Group and the International Trademarks Association (INTA). He presently serves on INTA's alternative dispute resolution committee.

**ANNE MOREL**  
*Bonn Steichen & Partners*

Anne is a partner at Bonn Steichen & Partners where she heads IP/IT, data protection, privacy and the employment, compensations and benefits practice.

Anne has a proven track record in providing specialist advice on data protection law and data privacy matters, and brings a wealth of experience in dealing with Luxembourg and EU data protection regulators.

Her IT and data protection and privacy experience includes advising on complex high-value IT procurements, long-term outsourcing projects and developing strategies and procedures for European data protection compliance.

Another focus of Anne's is employment law. She regularly assists companies looking to establish themselves in the Luxembourg in relation to employment and business immigration matters, and supports them as they grow. She often assists clients in information and consultation procedures, negotiations with employees' representatives and trade unions and entering into collective bargaining agreements, but also in the setting up of whistle-blowing systems and advises clients on non-discrimination issues. She has extensive experience in structuring schemes or alternative forms of remuneration for large international companies,

Anne is vice-president of the Luxembourg Employment Law Specialists Association and a member of the European Employment Lawyers Association, the International Bar Association and the Industrial Relations and Social Affairs Committee of the Luxembourg Bankers' Association.

**JOANA MOTA**  
*Uría Menéndez – Proença de Carvalho*

Joana Mota joined Uría Menéndez as a junior associate in February 2012 and became a senior associate in February 2014. Between 2006 and 2012, Joana worked as a lawyer in other prestigious law firms.

Joana focuses her practice on the acquisition, protection and maintenance of national and international IP rights and has represented parties in related litigation proceedings. She has also advises companies on personal data protection issues.

Joana has a postgraduate qualification in IP law, taught by the Portuguese Association of Intellectual Property Law in conjunction with the Faculty of Law of the University of Lisbon. She also has an advanced qualification in data protection law from the University of Lisbon.
RASMUS MUNK NIELSEN
*Clemens Advokatpartnerselskab*

Rasmus Munk Nielsen LLM (University of Aarhus, Denmark and University of Canterbury, New Zealand) is a partner at the law firm, Clemens Advokatpartnerselskab.

Rasmus specialises in contentious intellectual property matters and has particular expertise and experience in dealing with cross-border disputes. Rasmus offers legal advice to clients in connection with infringement and defence of intellectual property rights as well as cases concerned with the violation of intellectual property related agreements. Rasmus is an experienced litigator before the courts in Denmark, and he has handled a significant number of cases involving preliminary measures (e.g. injunction cases and search and seizure orders).

In addition to contentious matters, Rasmus advises on the commercialisation of intellectual property rights and he often acts for right holders in relation to the conclusion of international license agreements or research and development contracts.

Rasmus regularly publishes articles on intellectual property matters – often with a focus on the enforcement of such rights through the Danish courts.

For a number of years, Rasmus has received recognition as a ‘Rising Star – IP Enforcement Lawyer of the Year in Denmark’ from the *CorporateINTL Magazine*, and he is also recognised in the *Legal 500* for his work in relation to intellectual property matters.

TAKAFUMI OCHIAI
*Atsumi & Sakai*

Takafumi Ochiai was admitted to the Japanese Bar in 2006. He was educated at Keio University (BSc, 2004) and the Legal Training and Research Institute of the Supreme Court of Japan. He was based at Mori Hamada & Matsumoto from 2006 to 2015, before joining Atsumi & Sakai. He is a member of the Dai-ni Tokyo Bar Association, the Japan Association of Arbitrators, the Research Committee on Business Recovery in Asia and the Japanese Association for Business Recovery. Takafumi has extensive experience in acting as counsel and an arbitrator in domestic and international arbitrations (including for the International Chamber of Commerce, China Economic and Trade Arbitration Commission and Japan Commercial Arbitration Association) involving a wide array of issues.

NGO-MARTINS OKONMAH
*Aluko & Oyebode*

Ngo-Martins holds a law degree from Delta State University, Nigeria and was admitted to practise law in Nigeria in 2008. He is a senior associate in the law firm of Aluko & Oyebode, where he advises clients on a range of commercial transactions including arbitration, tax appeal disputes, commercial litigation and intellectual property law.

Notable among these transactions are a tax appeal dispute involving an engineering, procurement and construction contract regarding the fabrication of a Nigerian liquefied natural gas plant at Bonny Terminal in Nigeria; an arbitration connected to a Canning Agreement involving an international brewing company and a local entity; and a resulting commercial litigation arising from a third-party intervention in an ongoing arbitration relating to a production sharing contract in respect of oil and gas development in Nigeria. Ngo-Martins has also been involved in a number of notable intellectual property arbitrations in respect of brand franchise and distribution agreements in Nigeria and has assisted a
number of foreign clients in protecting their brands locally. He is a member of the Chartered Institute of Arbitrators UK (Nigerian branch), the International Trade Marks Association and an alumnus of International Lawyers for Africa. He presently serves on the International Trademarks Association's committee on parallel imports.

**SHEM OTANGA**  
*Anjarwalla & Khanna Advocates*  
Shem is a specialist IP lawyer and a senior associate at Anjarwalla and Khanna. He has previously worked at Hamilton Harrison & Mathews, Advocates and bears a wealth of experience in intellectual property law and practice. He has successfully represented Fortune 500 companies, Ivy League Universities and large multinational proprietors of well-known marks in opposition and cancellation proceedings before the Registrar of Trade Marks. Shem has also advised numerous clients on trademark protection in Kenya and has vast experience in facilitating cross-border registration of trademarks as well as portfolio maintenance. His past practice experience also covers anti-counterfeiting procedures and transactional IP work, such as assignments and franchising.

In addition to trademarks, Shem's IP expertise also stretches to patent, utility model and industrial design prosecution. He has also advised a wide array of clients on copyright and domain name protection, as well as on plant breeders’ rights.

**MARINO PORZIO**  
*Porzio Ríos García*  
Marino Porzio studied law at the Law School of the University of Chile in Santiago and was admitted to practise in 1963.

He also attended the New York University Law School, where he obtained a master’s degree in 1965.

He worked at the World Intellectual Property Organization (WIPO) in Geneva, and in several different positions until 1979, when he was elected Deputy Director General, a position he occupied for nine years until 1987, when he returned to Chile.

He was the president of WIPO’s General Assembly for the period between 1999 and 2001, and an arbitrator with the WIPO’s Arbitration and Mediation Center.

He was also an arbitrator with the World Trade Organization dispute resolution system, having been a member of the panel of neutrals in the complaint of the United States against China on intellectual property rights in 2008 and 2009.

He was a member of the board of the Chilean Intellectual Property Association from 1993 to 2003 and president of the Association between 2004 and 2005.

He is an intellectual property professor at the Law School of the University of Chile and the Law School of University Diego Portales.

He speaks Spanish, English, French, Italian and Portuguese.

**MAARTEN RIJKS**  
*Taylor Wessing*  
Maarten is counsel and head of the trademarks, copyright and designs group of Taylor Wessing in the Netherlands. Maarten has vast experience in trademark, design rights and copyright litigation, IP contracting and anti-counterfeiting. He has a particular focus on
complex litigation and disputes relating to trademarks, designs, copyright and domain names, (global) trademark portfolio management and advising on filing strategies as well as on anti-counterfeiting strategies. Maarten is mentioned in The Legal 500 (2017) and is ranked in the World Trademark Review 1000 (2017): ‘He is a trusted adviser and makes sure each case is treated with the utmost care. I appreciate his practical approach, his business understanding of my company and his ability to refer us to law firms in other jurisdictions.’

**FELIX T RÖDIGER**

*Bird & Bird LLP*

Felix T Rödiger is an experienced specialist in all technical IP matters, with a focus on patent litigation both nationally and multinationaly. He is known for handling technically complex matters. His major-figure clients come from the electronics, pharmaceutical, medical devices and automotive sectors. Felix was and is involved in several major patent infringement battles with parallel litigations throughout Europe and the US. Felix successfully handled the German litigation in 2007 in which the FRAND defence was applied for the first time ever worldwide and confirmed by court (4a O 124/05 – Zeitlagenmultplex) and which was widely reported.

Felix Rödiger was promoted to partner in 1999 and is a founding partner of Bird & Bird's first German office, opened in Düsseldorf in 2002.

He regularly holds lectures on cross-border patent litigation issues at international conferences (e.g., at the IBA meetings in Dubai, Cancún, San Francisco and Auckland, at the Annual Intellectual Property Law Conference in Washington, DC, and at the LESI meetings in Amsterdam and Copenhagen). He has been a permanent lecturer at the IP Summer Law School in Cambridge on patent infringement issues for 10 years. He is co-author of a commentary on EC trademark regulation.

The main German legal directory *JUVE Handbook of German Commercial Law Firms* named him a ‘frequently recommended’ patent litigator. Felix is the winner of the 2007 World Leaders International IP Award for Patent Excellence.

**STANISLAS ROUX-VAILLARD**

*Hogan Lovells (Paris) LLP*

Stanislas Roux-Vaillard is the partner in charge of the patent litigation team in the Paris office of Hogan Lovells LLP. He is mainly involved in national and multi-jurisdictional patent disputes, mediations and arbitrations, representing international clients, notably in the field of life sciences, telecommunications and chemistry.

He is involved in a number of pharma and biotech cases, helping clients make the most of their patent and SPC exclusivity. He represents clients in the telecoms industry in contractual defences to standard essential patents and in non-essential patent claims brought by non-practising entities.

Stanislas Roux-Vaillard is an active member of IP-focused associations, notably AIPPI and he is the Secretary of EPLAW.

**THOMAS SCHÄR**

*Wenger Plattner*

Thomas Schär is a senior associate on the IP, private clients and litigation teams. He advises private clients as well as national and international companies, primarily in relation to IP, licensing and contract law. Another focus of his activity is insolvency and restructuring. Mr Schär also represents clients in court, having built an impressive track record as a litigator.

**GEORGE SEVIER**

*Gowling WLG*

George Sevier deals with all aspects of intellectual property enforcement and exploitation, from brand licensing and advertising law advice, to multi-jurisdictional IP litigation. He has particular expertise in dealing with online infringement, from stopping the use of trademarks in keyword advertising, to recovering domain names, having infringing products removed from online stores, and getting entire websites removed from the internet.

George is a digital copyright specialist, and is a regular writer on the subject of tackling music, film and broadcast piracy in the EU.

George knows first-hand the challenges faced by clients, having spent more than two years in-house on secondment with high-profile consumer products companies. He is one of only two associate lawyers in the UK to be recognised by the *World Intellectual Property Review* as a leading trademarks practitioner.

**JAY SHA**

*Liu, Shen & Associates*

Mr Jay Sha is a US patent attorney, admitted in Illinois and registered with the USPTO, and a qualified Chinese patent attorney for over 30 years since the beginnings of Chinese patent law. He obtained JD and LLM degrees from John Marshall Law School and a BSEE degree from Zhejiang University. He started his IP career in China in 1982, and worked at major Chinese and US patent firms. He joined Liu, Shen & Associates in 2008 together with his team.

Mr Sha has extensive experience in various aspects of intellectual property laws, including patent and trademark prosecutions, litigation, administrative enforcement, licensing and transactions. He is a frequent speaker on patent, trademark and other IP laws. He is a member of ABA, AIPLA, FICPI, AIPPI, LES, INTA.

**YOUNG-BO SHIM**

*Lee International IP & Law Group*

Young-Bo Shim is a patent attorney at Lee International IP & Law Group in Korea with extensive experience prosecuting patent applications before the Korea Intellectual Property Office in the technical fields of wireless telecommunications, network architecture, computer architecture, business methods, semiconductor devices, software and signal processing, display devices and image processing.
Mr Shim also has a lot of experience in searching for patent/utility model documents and prior art for ongoing patent litigation and in patent clearance searches. Mr Shim has conducted trials before the Intellectual Property Trial and Appeal Board, the Patent Court and the Supreme Court. Mr Shim has also drafted many patent specifications for nano engineering and LED inventions and had them filed with the Korean Intellectual Property Office and USPTO.

Mr Shim is a graduate of Seoul National University (BSc, electrical engineering, 2006) and a graduate of Munich Intellectual Property Law Center (MIPLC) (LLM, IP and competition law, 2016).

**YOON SUK SHIN**  
*Lee International IP & Law Group*

Yoon Suk Shin is a senior patent attorney at Lee International IP & Law Group in Korea with extensive experience in prosecuting patent applications before the Korean Intellectual Property Office in the fields of chemistry, biotechnology, biochemistry and pharmaceuticals. Ms Shin also has extensive patent litigation experience in Korean courts, especially in the field of pharmaceuticals and OLED materials. In addition, Ms Shin has assisted and represented various clients in pharmaceutical regulatory matters, including patent and marketing approval linkage systems before the Ministry of Food and Drug Safety.

Ms Shin graduated from Seoul National University of Korea with BSc and MA degrees in biotechnology in 1990 and 1992, respectively. Ms Shin also studied intellectual property law at Franklin Pierce Law Center in the United States (MIP, 2006).


**KUNIHIRO SUMIDA**  
*Atsumi & Sakai*

Kunihiro Sumida was admitted to the Japanese Bar in 2000 and is a partner at Atsumi & Sakai. He was educated at Meiji University (LLB, 1994), the Legal Training and Research Institute of the Supreme Court of Japan and the University of Kent (LLM, 2007). He was based in the Doctor Sonderhoff Law Office LLP (2000–2001), Dorsey & Whitney LLP (2001–2003), Sonderhoff & Einsel Law and Patent Office LLP (2003–2009) and Hayabusa Asuka Law Offices LLP (2009–2012). He is a member of the Tokyo Bar Association.

Kunihiro is recognised as a top-class IP/IT expert with high levels of expertise in IP litigation and arbitration cases. He handles cross-border IP matters, including contentious mandates.

**TRAN MANH HUNG**  
*BMVN International LLC, a member of Baker & McKenzie International*

Tran Manh Hung’s practice covers both contentious and non-contentious aspects of IP law, including trademarks, copyright, design, unfair competition, anti-counterfeiting, anti-pricy, domain names, commercial intellectual property including franchising and
licensing arrangements, trade secret and technology laws. Hung has been ranked as the Strongly Recommended IP Lawyer by Global3000, and received high recognition by Asialaw, Managing IP Asia, and was featured as a leading lawyer by Vietnam Central Television. He received the distinction of ‘Lawyer of the Year (2009)’ from the Vietnam Lawyers’ Federation, the Ministry of Justice and Legal Magazine. He has also been consistently ranked as a leading lawyer by Chambers Asia and Legal 500 Asia Pacific. He previously served as the Chairman of the legal committee of the Hanoi American Chamber of Commerce in 2012. He has given lectures at the Hanoi University of Law and the Diplomatic Academy of Vietnam. He has also lectured on IP laws at the Professional Training School of the Vietnam Ministry of Industry and Trade and teaches both law and an MBA course at the Hanoi Foreign Trade University.

He also organised and taught the IP vocational training course for the top law students at Hanoi Law University. As an instructor in this specialised IP course, he brings IP expertise into the classroom and provides valuable mentoring and networking opportunities for law students who are passionate about this field. The course focuses on international practice standards and problem-solving skills required to work in both the public and private sectors.

CHAVALIT UTTASART
Chavalit & Associates Limited

Mr Chavalit Uttasart is managing and founding partner of Chavalit Law Group, which consists of Siam City Law Offices Limited (SCL), Chavalit and Associates Limited (CA), SCL Tax Consultants Limited (SCL Tax), SCL International Limited (SCLI), Chavalit & Partners Limited (C&P), SCLH Legal & Tax Consultants (Myanmar) Ltd (SCL Myanmar), SCL Laos Law Offices Limited (SCL Laos), and SCL SP&P Company Limited (Cambodia) Limited (SCL Cambodia). Each firm provides a specific area of legal services to serve the specific needs of clients. SCL provides legal services for labour, taxation, mergers and acquisitions, litigation and real estate. CA provides intellectual property, information technology and telecommunications legal services. SCL Tax provides a full range of Thai and international taxation, accounting and customs services. SCLI focuses on international business aspects and foreign investment. C&P is our office in Hua Hin (Thailand) and focuses upon work for land and property buyers and developers, as well as providing corporate and tax advice. SCLH, SCL Laos, and SCL Cambodia provide full legal services in Myanmar, Laos, and Cambodia, respectively.

Mr Uttasart is a long-time legal practitioner who is recognised by Chambers Asia Pacific: Asia Pacific’s Leading Lawyers for Business (2011) as being ‘highly talented and respected in the IP community’. He is also a recommended dispute resolution lawyer in the PLC Cross-border Handbook on Dispute Resolution (Which Lawyer?), is ‘highly recommended for contentious work’ by The Legal 500 Asia Pacific and is considered a ‘leading individual’ in the Thai intellectual property industry.

ANTONIA VASILOGAMVROU
Christos Chrisanthis & Partners Law Firm

Antonia Vasilogamvrou LLB, MSc, is an attorney at law and a patent and trademark agent. She focuses on patent and trademark filing and court litigation, with emphasis mainly on aspects relating to sectors such as pharmaceuticals, and food and beverage. In addition to law,
she has studied economics and management. She handles cases both before the Greek courts and the European Union Intellectual Property Office.

CHRISTODOULOS G VASSILIADIES

Christodoulos G Vassiliades & Co LLC

Christodoulos G Vassiliades is the founder and managing director of Christodoulos G Vassiliades & Co LLC. He has been practising law since 1984 and specialises in intellectual property, corporate law and M&A, contract law, commercial law, tax and international tax planning, banking and finance law and shipping law.

He is a law graduate of the University of Athens (1980). Immediately after completing his pupillage in 1984, he set up Christodoulos G Vassiliades & Co (as the law firm was named at the time) in Nicosia, Cyprus.

Christodoulos G Vassiliades is an appointed Deputy Registrar of the International Merchant Marine Registry of Belize (IMMARBE) for Cyprus and Greece and has been acting as the Honorary Consul of Belize in Cyprus since 1999.

He is also an active member of numerous professional associations, including the Cyprus Bar Association, the Nicosia Bar Association and the Institute of Trademark Attorneys.

KRISTIN WALL

Norton Rose Fulbright Canada LLP

Kristin Wall practises in all areas of intellectual property law at Norton Rose Fulbright with particular experience in litigation under the Patented Medicines (Notice of Compliance) and Food and Drug Regulations as well as patent impeachment, infringement and damages actions. In addition, Ms Wall advises on matters pertaining to data protection, patent listing, biologics, drug advertising, drug reimbursement and pricing, and intellectual property implications of trade agreements including the Comprehensive Economic Trade Agreement and the introduction of patent term restoration. Ms Wall’s trademark practice focuses on providing opinions and advice on the registrability of trademarks, prosecuting trademark applications, brand strategy and general trademark litigation. Her copyright practice focuses on copyright authorship and ownership disputes and providing opinions on licensing and enforcement.

BRIAN WANG

Chen & Lin Attorneys-at-Law

Brian Wang has practised law since 2006 and joined Chen & Lin in June 2013. He specialises not only in litigation and general corporate counselling, but also in patent, copyright, trade secrets and trademark laws. He mainly focuses on IP-related matters and litigation in recent years, especially patent litigation in pharmaceutical and electronics industries.

After passing the Taiwan Bar Exam and being admitted to the Taipei Bar Association, to learn more about IP law, he applied for the IP LLM programme at the University of Washington and received his master’s degree in 2010. He served as in-house counsel at the Taiwan Industrial Technology Research Institute where his practice focused primarily on IP-related matters. He was assigned to manage contracts, disputes and negotiations in various cases, and he was also in charge of cross-border patent litigation.
Appendix 2

CONTRIBUTING LAW FIRMS’ CONTACT DETAILS

ALUKO & OYEBODE
1, Murtala Muhammed Drive
Ikoyi
Lagos
Nigeria
Tel: +234 803 422 4068 / +234 810 300 2289
Fax: +44 207 681 3402
mark.mordi@aluko-oyebode.com
ngo-martins.okonmah@aluko-oyebode.com
www.aluko-oyebode.com

ANAND AND ANAND
Plot No. 17A, First Channel Building
Sector 16A, Film City, Noida
201301 Uttar Pradesh
India
Tel: +91 120 4059300
Fax: +91 120 4243056
pravin@anandandanand.com
raunaq@anandandanand.com
www.anandandanand.com

ANJARWALLA & KHANNA ADVOCATES
The Oval, 3rd Floor
Junction of Ring Rd Parklands & Jalaram Rd
Westlands
PO Box 200–00606
Sarit Centre
Nairobi
Kenya
Tel: +254 20 364 0000 / +254 20 364 0222 / +254 70 303 2222 / +254 20 364 0310 / +254 703 032 310
Fax: +254 20 364 0201
ak@africalegalnetwork.com
soo@africalegalnetwork.com
www.africalegalnetwork.com/kenya/

ATSUMI & SAKAI
Fukoku Seimei Bldg.
2-2-2 Uchisaiwaicho
Chiyoda-ku
Tokyo 100-0011
Japan
Tel: +81 3 5501 2111
Fax: +81 3 5501 2211
chie.kasahara@aplaw.jp
kunihiro.sumida@aplaw.jp
takafumi.ochiai@aplaw.jp
www.aplaw.jp/en
BHERING ADVOGADOS
Avenida Doutor Cardoso de Melo 900, 9th floor
04548-003 São Paulo
Brazil
Tel: +55 11 5505 1191
Fax: +55 11 5505 1295
philippe.bhering@bhering.adv.br
jiuliano.maurer@bhering.adv.br
www.bheringadvogados.com.br

BIRD & BIRD LLP
Carl-Theodor-Straße 6
40213 Düsseldorf
Germany
Tel: +49 211 2005 6326
Fax: +49 211 2005 6011
felix.roediger@twobirds.com
www.twobirds.com

BMVN INTERNATIONAL LLC, A MEMBER OF BAKER & MCKENZIE INTERNATIONAL
Suite 1002, 10th Floor
Indochina Plaza Hanoi
Cau Giay District
Hanoi
Vietnam
Tel: +84 4 3936 9398
Fax: +84 4 3825 1432
tmh@bmvn.com.vn
www.bakermckenzie.com/bmvn/

BONN STEICHEN & PARTNERS
2, rue Paternechen, Immeuble C2
L-2370 Howald
Luxembourg
Tel: +352 26 025 1
Fax: +352 26 025 999
amorel@bsp.lu
agucwa@bsp.lu
www.bsp.lu

CHAVALIT & ASSOCIATES LIMITED
Rajanakarn Bldg., 20th Floor
3 South Sathorn Road
Yannawa
Sathorn
Bangkok 10120
Thailand
Tel: +66 2 676 6667 8
Fax: +66 2 676 6188
chavalitlaw@chavalitlaw.com
www.chavalitlaw.com

CHEN & LIN ATTORNEYS-AT-LAW
Bank Tower, 12th Floor
205 Tun Hwa North Road
Taipei 105
Taiwan
Tel: +886 2 2715 0270
Fax: +886 2 2514 7510
edwardliu@chenandlin.com
brianwang@chenandlin.com
www.chenandlin.com

CHETCUTI CAUCHI ADVOCATES
120 St Ursula Street
Valletta
VLT 1236
Malta
Tel: +356 2205 6200
Fax: +356 2205 6201
mcc@cclex.com
www.cclex.com

BONELLI EREDE
Via Barozzi 1
20122 Milan
Italy
Tel: +39 02 771131
Fax: +39 02 77113260
tommaso.faelli@belex.com
francesco.banterle@belex.com
www.belex.com
CHRISTOS CHRISSANTHIS & PARTNERS LAW FIRM
12 Solonos Street
Kolonaki
Athens 10673
Greece
Tel: +30 210 36 20 051
Fax: +30 210 36 20 086
chrissan@otenet.gr
chardalia.xenia@chrissan.gr
vasilogamvrou.antonia@chrissan.gr
www.chrissan.gr

CHRISTODOULOS G VASSILIADES & CO LLC
15 Agiou Pavlou Street, Ledra House
Agios Andreas, 1105
Nicosia
Cyprus
Tel: +357 22 55 66 77
Fax +357 22 55 66 88
vasslaw@vasslaw.net
iplaw@vasslaw.net
www.vasslaw.com

CLEMENS ADVOKATPARTNERSELSKAB
Skt. Clemens Stræde 7
DK-8000 Aarhus C
Denmark
Tel: +45 87 32 12 50
Fax: +45 86 12 50 12
rmn@clemenslaw.dk
www.clemenslaw.dk

CMS
Naberezhnaya Tower, block C
Presnenskaya Naberezhnaya 10
123112 Moscow
Russia
Tel: +7 495 786 4000
Fax: +7 495 786 4001
anton.bankovskiy@cmslegal.ru
anastasia.entyakova@cmslegal.ru
www.cms.law

DUMONT BERGMAN BIDER SC
Avenida Insurgentes Sur 1898, Pent Office,
21st Floor
Colonia Florida
01030 Mexico City
Mexico
Tel: +52 55 5322 6230
Fax: +52 55 5661 3056
vgarrido@dumont.com.mx
mail@dumont.com.mx
www.dumont.com.mx

FITZPATRICK, CELLA, HARPER & SCINTO
1290 Avenue of the Americas
New York 10104-3800
United States
Tel: +1 212 218 2100
Fax: +1 212 218 2200
dconde@fchs.com
jleonard@fchs.com
www.fitzpatrickcella.com
Contributing Law Firms' Contact Details

GOWLING WLG
4 More London Riverside
London SE1 2AU
United Kingdom
Tel: +44 (0)370 903 1000
Fax: +44 (0)370 904 1099

andrew.maggs@gowlingwlg.com
george.sevier@gowlingwlg.com
ailsa.carter@gowlingwlg.com

www.gowlingwlg.com

HECHANOVA BUGAY VILCHEZ & ANDAYA-RACADIO
GF Salustiana D Ty Tower
104 Paseo De Roxas Avenue
Makati City
1229 Philippines
Tel: +632 888 4293
Fax: +632 888 4290
editharh@hechanova.com.ph
www.hechanova.com.ph

HOGAN LOVELLS (PARIS) LLP
17 avenue Matignon
75008 Paris
France
Tel: +33 1 53 67 47 47
Fax: +33 1 53 67 47 48

stanislas.roux-vaillard@hoganlovells.com
www.hoganlovells.com

KHALID A ALTAMIMI ADVOCATES AND LEGAL CONSULTANTS
Burj Al Salam, 47th Floor
2 Sheikh Zayed Road
Dubai
United Arab Emirates
Tel: +971 4 381 6816

www.cwblegal.com

LAPIDOT, MELCHIOR, ABRAMOVICH & CO
Amot Building
11 Kiryat Hamada Street
Jerusalem
Israel
Tel: +972 2 5638070
Fax: +972 2 5638071
didi@lma-law.com
http://lma-law.com

LEE INTERNATIONAL IP & LAW GROUP
Poongsan Bldg
23 Chungjeong-ro
Seodaemun-gu
Seoul 03737
Korea
Tel: +82 2 2279 3631
Fax: +82 2 2273 4605

www.leeinternational.com

LIU, SHEN & ASSOCIATES
10th Floor, Hanhai Plaza (1+1 Plaza)
10 Caihefang Road
Haidian District
Beijing 100080
China
Tel: +86 10 6268 1616
Fax: +86 10 6268 1818

www.liu-shen.com
NORTON ROSE FULBRIGHT CANADA LLP
Royal Bank Plaza, South Tower
Suite 3800, 200 Bay St
PO Box 84
Toronto
Ontario
M5J 2Z4
Canada
Tel: +1 416 216 4000
Fax: +1 416 216 3930
adam.haller@nortonrosefulbright.com
kristin.wall@nortonrosefulbright.com
www.nortonrosefulbright.com

PORZIO RÍOS GARCÍA
Av. Cerro El Plomo 5680, 19th floor
Las Condes
Santiago
Chile
Tel: +562 2729 06 00
Fax: +562 2729 06 01
mporzio@porzio.cl
www.porzio.cl

POWELL GILBERT LLP
85 Fleet Street
London EC4Y 1AE
United Kingdom
Tel: +44 20 3040 8000
Fax: +44 20 3040 8001
peter.damerell@powellgilbert.com
richard.fawcett@powellgilbert.com
bryce.matthewson@powellgilbert.com
www.powellgilbert.com

TAYLOR WESSING
Parnassusweg 823
1082 LZ Amsterdam
The Netherlands
Kennedyplein 201
5611 ZT Eindhoven
The Netherlands
w.maas@taylorwessing.com
m.rijks@taylorwessing.com
Tel: +31 88 024 3000
Fax: +31 88 024 3003
www.taylorwessing.com

URÍA MENÉNDEZ – PROENÇA DE CARVALHO
Rua Duque de Palmela, 23
1250-097 Lisbon
Portugal
Tel: +351 21 030 86 00
Fax: +351 21 030 86 01
francisco.abreu@uria.com
joana.mota@uria.com
www.uria.com

WENGER PLATTNER
Aeschenvorstadt 55
4010 Basel
Switzerland
Tel: +41 61 279 70 00
Fax: +41 61 279 70 01
basel@wenger-plattner.ch
Seestrasse 39, PO Box
8700 Küsnacht-Zurich
Switzerland
Tel: +41 43 222 38 00
Fax: +41 43 222 38 01
zuerich@wenger-plattner.ch
www.wenger-plattner.ch