



TABS™ Update Technology And Brands

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Illegal downloads – Take Two!

The fight against illegal music downloads continues in Ireland. Recently, four record companies (“Record Companies”) obtained a High order against Eircom (the largest broadband Internet Service Provider (“ISP”) in Ireland) which obliges them to block access to the website, www.piratebay.org (“Pirate Bay”). Pirate Bay is a Swedish website which provides links to sites where copyright material can be downloaded for free. Earlier this year, those involved in Pirate Bay were found guilty in Sweden of assisting in copyright infringement. This decision is under appeal.

TABS Update readers will recall that an out-of-court settlement was reached earlier this year between the Record Companies and Eircom under which Eircom agreed to adopt a “*three strikes and you’re out*” approach for persistent downloaders. As part of the settlement, the Record Companies will supply Eircom with the IP addresses of subscribers who illegally upload or download copyright protected works. Eircom will then contact the subscribers directly warning them about their activities. Should they persist with their illegal activity, Eircom will disconnect them on the third occasion. Record Companies also agreed to take steps to put similar agreements in place with other ISPs in Ireland so that Eircom would not be at a competitive disadvantage. Under the settlement, Eircom also agreed not object to any application made by the Record Companies seeking the blocking of access from their network to Pirate Bay (or similar websites).

It has been reported that the Record Companies’ solicitors have written to other ISPs asking that they too block access to Pirate Bay. One such ISP, UPC Ireland has indicated that it will not comply with the request and that it will vigorously defend its position if the Record Companies proceed with their threat of legal action. Furthermore, it has been reported that BT Ireland have also refused to block access to the website.

It is evident that the battle between copyright owners and ISPs will continue in Ireland (as it is elsewhere in Europe). Watch this space for further updates.

Is that a STIRA?

The importance of intellectual property rights to companies was recently illustrated when an Irish company, Folding Attic Stairs Limited (“Folding Attic Stairs”) instituted legal proceedings in England against Loft Stairs Company Limited and its founder, Michael Heraghty (collectively “Loft Stairs”) claiming infringement of its patent rights.

Folding Attic Stairs has been making and supplying folding attic stairs under the brand name “STIRA” for approximately 25 years. Loft Stairs was a former customer. It used to buy and import the products into the UK and install them. However, the parties fell out for business reasons. Loft Stairs believed that they were being charged too much for the product whereas Folding Attic Stairs thought that Loft Stairs was a slow payer. In any event, Loft Stairs stopped buying the product and instead proceeded to make their own version. On learning of this, Folding Attic Stairs sued for infringement of its UK patent. It also claimed infringement of its unregistered design rights but this was not pursued in the Courts. Folding Attic Stairs’ legal case hit a difficulty when Loft Stairs argued that the UK patent was invalid on the basis of a “prior disclosure”. It appeared that before Folding Attic Stairs’ patent was filed, an article was published in the Irish Times along with a photograph of the product. Loft Stairs claimed that this publication invalidated the patent issued to the Irish company. The Court rejected this argument. It held that the patent had been infringed for all product models save for one which used a different mechanism than that covered by the patent. The Court was satisfied that Loft Stairs set out to copy the STIRA product in all respects.

The above action was an important victory for Folding Attic Stairs as they could not afford to ignore the actions of the UK company. If your company is in the same predicament, seek immediate legal advice because you never know, your intellectual property rights may just save the day!



Seretide Irish patent revoked

Patent owners and patent practitioners should take note of the recent judgment delivered by the High Court which gives valuable guidance on the “inventive step” of patents in Ireland. The matter related to an application by Ivax International B.V. t/a Ivax Pharmaceuticals Ireland Limited (“Ivax”) challenging a patent for the asthma medicine, “Seretide” which was held by Glaxo Group Limited (“Glaxo”). Seretide is one of the best selling drugs in the world. Glaxo filed the patent on 7th September 1990 which proceeded to grant on 12th October 1995. By virtue of a UK patent, a priority date of 8th September 1989 was claimed. This date is important because the Court must look at the various issues as of that time. An extension of the term of protection was obtained to 6th September 2013 by reason of the granting of a supplementary protection certificate.

Ivax claimed that the patent should never have been granted because combining two particular compounds (namely, salmeterol xinafoate and fluticasone propionate) into the product, Seretide was obvious and therefore did not involve an inventive step. Under Irish law, an invention is patentable if it is (a) new; (b) involves an inventive step; and (c) is capable of industrial application. An invention involves an inventive step if, having regard to the state of the art (namely, everything that is available to the public whether in Ireland or elsewhere and whether orally or in writing, before the filing of the patent application), it is not obvious to a person skilled in the art. The Court highlighted that the provisions of the Irish Patents Act 1992 were mainly derived from the European Patent Convention (1973), as is the position in the UK. This being the case, the Court relied extensively on principles developed in the UK under the UK Patents Act 1977.

Obviousness

As Ivax challenged the patent, it bore the burden of proving that the combination of the molecules in Seretide was obvious. The objective of the Court is to weigh up the evidence and to decide whether the invention was obvious. The Court considered that tests may be helpful in deciding the obviousness or otherwise of an invention. It however noted that the four stage test used by the Courts in England to answer the question as to whether an alleged inventive step is obvious has been approved in Ireland. While the Court preferred “*in future to use the European test...as the parties have agreed the English test, I regard it also as helpful as a point of reference*”. However, it stated that “*neither test changes the result by its application. No test...can be designed or applied in any way that moves the court away from its statutory duty to consider the question of obviousness*”. The Court then approved the English test as stated in *Pozzoli S.P.A –v- B.D.M.O. S.A. [2007] FSR 37, 872 at 879*, which is as follows:

- “1. (a) Identify the notional “persons skilled in the art”;
(b) Identify the relevant common general knowledge of that person;
2. Identify the inventive concept of the claim in question or if that cannot readily be done, construe it;
3. Identify what, if any, differences exist between the matter cited as forming part of the “state of the art” and the inventive concept of the claim or the claim as construed;
4. Viewed without any knowledge of alleged invention as claimed, do these differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?”

Prejudice

The Court considered the legal issue of prejudice, namely, was there a prejudice against the combination of the two compounds on 8th September 1989. The Court said that “*a prejudice in the state of the art may mean that even trying a combination of two drugs may not necessarily be obvious, it may in fact be inventive*”. It approved and adopted the analysis of Jacob L J in *Pozzoli S.P.A. –v- B.D.M.O. S.A. [2007] FSR 37* where Jacob L J stated that:

“27. Patentability is justified because the prior art which was thought not to work must, as a piece of prior art, be taken as it would be understood by the person skilled in the art. He will read it with the prejudice of such a person. So that which forms part of the state of the art really consists of two things in combination, the idea and the prejudice that it would not work or be impractical. A patentee who distributes something new by showing that, contrary to the mistaken prejudice, the idea will work or is practical has shown something new. He has shown that an apparent “lion in the path” is merely a paper tiger. Then his contribution is novel and non-obvious and he deserves his patent.



28. *Where, however, the patentee merely patents an old idea thought not to work or to be practical and does not explain how or why, contrary to the prejudice, that it does work or is practical, things are different. Then his patent contributes nothing to human knowledge. The lion remains at least apparent (and may even be real) and the patent cannot be justified.*

29. *This analysis does not require a different way of looking at the inventive concept depending on whether or not the patentee has shown the prejudice is unjustified as the Judge thought at [67]. It is simply that in the former case the patentee has disclosed something novel and non-obvious, and in the latter not. The inventive concept, as I have said, is the essence of what is in the claim and not dependent on any question about a prejudice being overcome."*

Person skilled in the art

Under the Patents Act 1992, the Court must consider an inventive step from the viewpoint of a "person skilled in the art". It is an objective test. In this case, the Court said the evidence must be assessed through the eyes of a "skilled but unimaginative team".

The Court then considered the position in relation to asthma and the challenges it presented at the time of the patent application and the particular compounds that were combined in Seretide. It asked the question "*was the chemistry involved in the two compounds....such that, at the state of knowledge in 1989, the team considering developing a combination product would have rejected an attempt to combine these?*". This then involved the Court looking at the issues as to the potential for chemical reactivity between the drugs as they would have been seen at that stage. This then led the Court to ask the question "*would the skilled team proceed to testing in order to determine stability notwithstanding these issues?*". The Court considered these questions along with the nature and cost of such testing. The Court considered the nature of the tests, followed by the nature of the chemistry because "*in considering the reactivity the team would have to know what kind of tests they would be facing and what kind of expense. These are practical issues, but important ones nonetheless*". The Court said that "*the team would judge any issue on the reactivity in accordance with whether there were very simple or very expensive tests anticipated in order to confirm any such prejudice, if it existed. I have also looked at this central issue the other way around, and I arrive at the same result*". The judgment then considered in depth the literature and oral evidence in relation to the reactivity and the testing that would have been required. The Court concluded by rejecting the notion of prejudice arising from reactivity. In relation to other prejudices ascribed to the skilled team in 1989, the Court said that it could not accept "*that as of the priority date the drug discovery and development team would not have had any motivation to create a combined preparation*" of the two compounds.

The Court said that this was a case "*where any pleaded gap between the novel combination and the existing prior art is extremely small. There is no inventive gap*". It held that "*the claimed inventive step would have been obvious to the skilled team. Using the traditional four step English test....the result is the same*".

Amendment

In May 2008, application was made by Glaxo to amend the patent. Shortly after this, the current legal proceedings were filed. As a consequence, the matter had to be referred to the High Court for consideration. The amendments sought were to amend the statement in the patent that the two compounds were "for simultaneous or sequential administration" so that it now read that the two compounds were only "for simultaneous administration". The Court said that it was "*not interested in whether Glaxo have said something that they, as a corporation, might now regret in the patent. Rather, the only issue for me is what the patent means, what the amendment means, and what the result would be if an amendment is allowed*". It noted that the most crucial issue was "*whether an individual who seeks an amendment is improving his position by the addition of subject matter not disclosed in the application as filed*". While the Court was satisfied that the amendment was allowable, the amendment was not sufficient to prevent the patent from being revoked.

The above decision is important as it contains a detailed review of the law of obviousness in Ireland and the allowability of amendments. It also gives patent owners a valuable guidance as to the issue of "inventive step" in Ireland.

If patent owners have any queries in relation to the judgment, legal advice should be sought.



Sale of Goods and Supply of Services review report launched

Last year, the Tánaiste and Minister for Enterprise, Trade and Employment, Mary Coughlan, T.D. launched a review of the sale of goods and supply of services legislation in Ireland. The review was launched following the publication of the proposed EU Directive on Consumer Rights ("the Directive"). The Directive seeks to replace four existing directives that deal with different aspects of consumer contract rights. Instead of the minimum harmonisation approach of existing directives, the Directive adopts the full harmonisation approach which precludes Member States from having provisions that diverge from the Directive. The Sales Law Review Group ("the Group") recently published its position paper on the Directive, the conclusion of which are as follows. Firstly, while the Group welcomed the consolidation of the main consumer contract law directives into a single instrument, it believed that the Directive *"arguably falls short....of the original aims of the review of the Consumer Acquis"*. It pointed out that the Directive applies, with limited exceptions, only to contracts for the sale of goods and excludes service contracts from its scope. Given that services are a large component of GDP in the European Union, the Group noted that they are affected by the same concerns about regulatory inadequacy and fragmentation that the Directive seeks to address. Furthermore, the exemption of digital services from the Directive was of *"particular concern"* to the Group. It stated that *"it is anomalous that software, music, books or other content provided in physical form is covered by... the proposal while the same content contained in digital form is excluded from its protections"*.

Secondly, the Group noted that the move away from the minimum harmonisation basis of existing directives to full harmonisation *"represents a major change with far-reaching implications for consumer protection regimes in member states"*. The Group stated that though the case for full harmonisation should not be dismissed, *"it cannot be uncritically accepted"*. It pointed out that consumer reluctance to cross-border purchases is due to facts such as language differences and practical difficulties such as returning faulty products. These are in addition to regulatory differences. It pointed out that consumer concerns about the adequacy of consumer protection rules in other Member States could be adequately met by minimum harmonisation directives providing safeguards at a high level. The differences in regulatory approaches does, the Group believes, deter businesses from cross-border trade in the case of distance sales. However the argument is weaker in the case of on-premises goods transactions where the consumer contracts with the retailer, not the producer. The Group believes that the case for full harmonisation is weaker in relation to in-store transactions for the sale of goods. In its present form, the Group noted that Chapter IV of the Directive would have major implications for consumer protection in Ireland as it would *"regulate the primary domestic remedy to reject faulty goods and obtain a refund to the status of a second-tier remedy behind repair or replacement of the goods at the choice of the trader"*. Also, the liability period for faulty goods would also be reduced to two years compared with the current six year limit for contractual claims under Irish law. The Group believes that these two provisions *"present the greatest threat to the protections currently enjoyed by Irish consumers"*.

Finally, the Group noted that while Recital 4 of the Directive states that it *"strikes the right balance between a high level of consumer protection and the competitiveness of enterprises"*, it said that *"while specific aspects of the proposed Directive... are generally seen as enhancing consumer rights, the overall assessment of the proposal by consumer groups and independent commentators is that it tends to favour business interests and needs over those of consumers"*. The Group will continue with its review and is expected to complete its work on the other terms of reference by mid-2010. Watch this space for further updates.

And Finally....

Maureen Daly, Partner and Head of Technology And Brands will be one of the speakers on a course organised by the Law Society of Ireland entitled *"Legal Implications of using the Web"*. Other speakers include the Deputy Data Protection Commissioner, Gary Davis. The six week course starts on 8th September 2009 and includes two evening workshops as well as four e-learning modules. The course is open to solicitors, barristers, trainees, IT consultants, managers and all others with an interest in the topic.

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