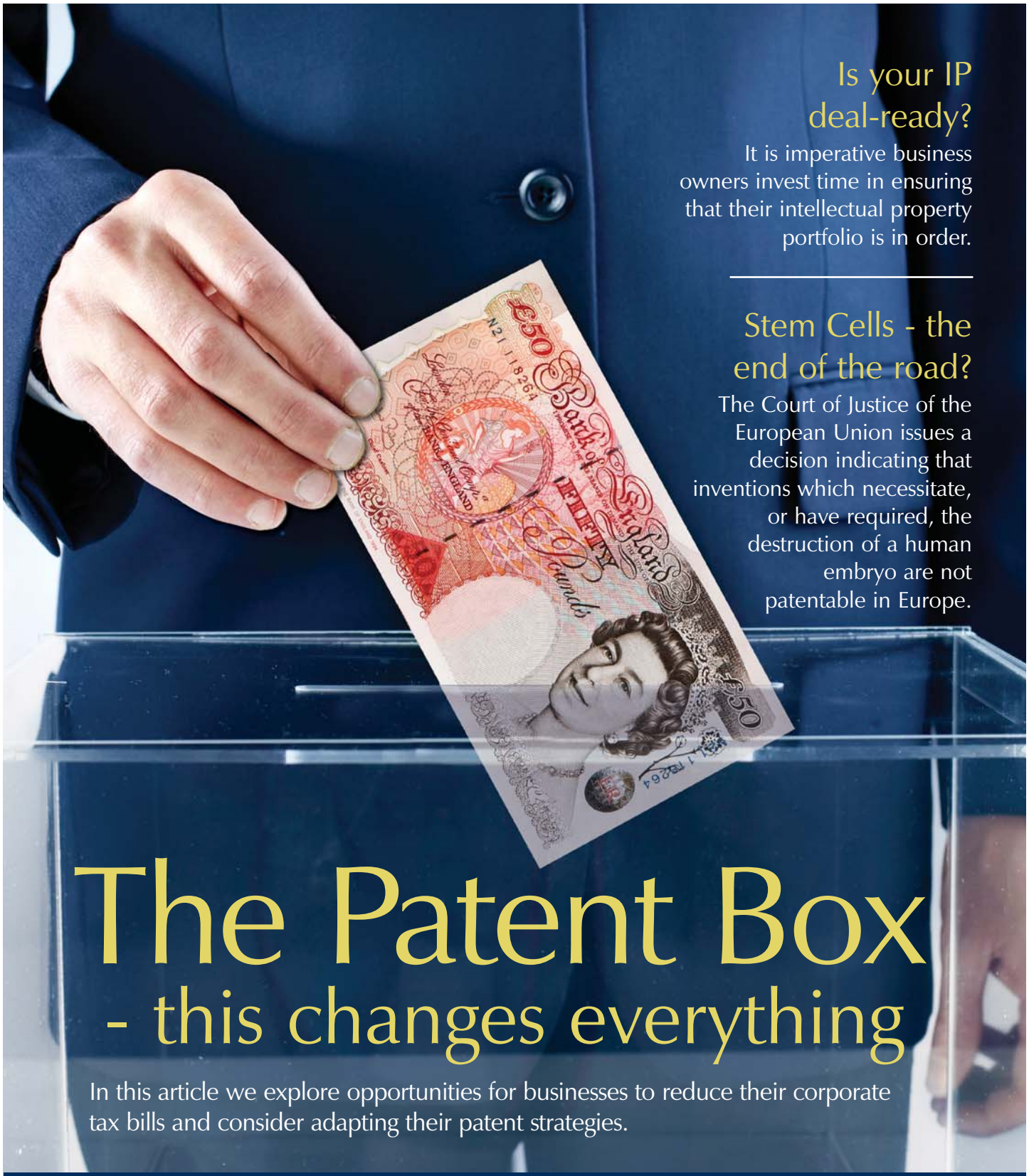
Withers & Rogers

IP Review

Summer 2012



Is your IP deal-ready?

It is imperative business owners invest time in ensuring that their intellectual property portfolio is in order.

Stem Cells - the end of the road?

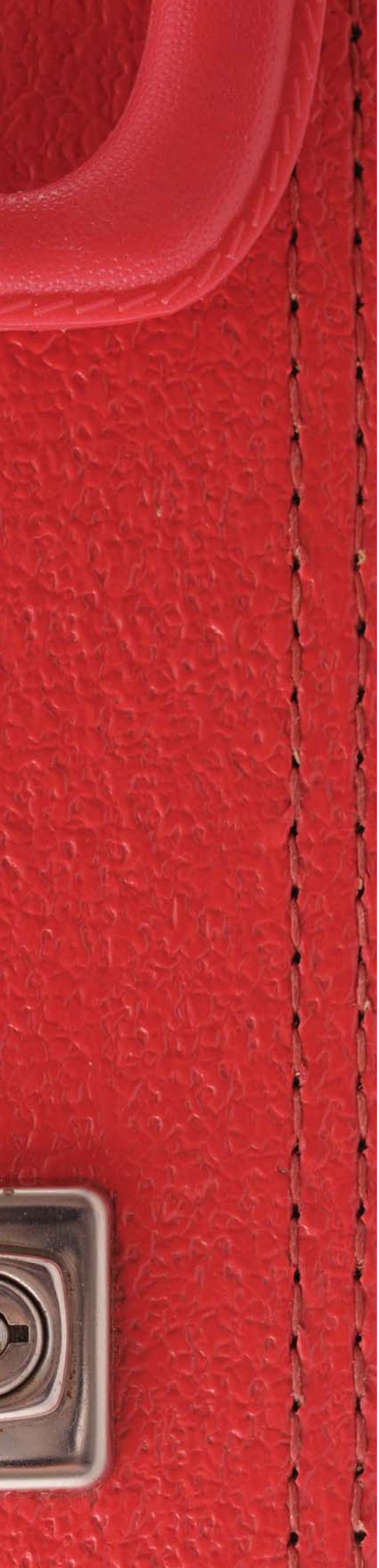
The Court of Justice of the European Union issues a decision indicating that inventions which necessitate, or have required, the destruction of a human embryo are not patentable in Europe.

The Patent Box - this changes everything

In this article we explore opportunities for businesses to reduce their corporate tax bills and consider adapting their patent strategies.

Feature

Contents



The Patent Box
- this changes everything

In the spring of 2010, Alistair Darling, then Chancellor of the Exchequer, announced the Government's intention of introducing a 'Patent Box' regime which would provide a reduced Corporation Tax rate for profits resulting from patented technology. After three consultations and a Finance Bill through Parliment, the legislation has been passed and is due to come into effect in April 2013.

So then, Patent Box is less than a year away. Here, we take a look at the scheme in detail and explain how in some instances it will lead to organisations rewriting the rules of patenting strategy. Here are seven key pointers:

1. The Corporation Tax rate will be reduced to 10% (eventually)

The headline rate of Corporation Tax on profits generated from sales of patented products and services has been widely reported as being 10%. However, what has not been so widely communicated is that this rate will not apply until tax year 2017/18. In fact, tax relief through the Patent Box will be phased in over the first four years of the regime and is being introduced initially at 60% of full relief. Nevertheless, in 2013/14 the reduction is a healthy one as eligible corporation tax will be paid at 15.2%, substantially less than the prevailing rate of 23%. The degree of the taper and effective 'Patent Box Rate' is shown in the table below:

2. The Corporation Tax rate will be reduced to 10% (nearly)

So, in the tax year 2017/18, will you then be able to benefit from a Patent Box Corporation Tax rate of 10% on the profits resulting from sales of your patented products and services? I'm afraid that the answer to that is 'not quite'. This is because once you have calculated the profit from revenue generated from your patents, there are one or two deductions to be made before you apply the prevailing Patent Box Corporation Tax rate.

The first deduction is called the "routine return figure" and is calculated as a 10% mark-up on certain expenses

continued overleaf.....

Tax Year	2013/14	2014/15	2015/16	2016/17
Introductory rate	60%	70%	80%	90%
Effective CT rate	15.2%	13.6	12.4	11.2

(excluding the cost of obtaining your patent rights). The second deduction which some companies will need to make is called the "marketing returns figure". This is a portion of the profits which is said to result from brand value associated with the products or service that you offer, although it is possible for some companies to argue that the contribution of their brands to their profits is minimal. These deductions are intended to isolate profits which result from the patented technology itself, and not from marketing or "run of the mill" commercial activities.

3. Products – relief through a single patent

If your patent covers a product, HMRC guidelines suggest that you only need a single patent on the product for the entire profits derived from sales of that product to benefit from the Patent Box tax rate. That may not sound revolutionary itself, but the implications can be, since the product may incorporate dozens or even hundreds of components. For example, if a car has a single patent covering one of its parts then HMRC suggests that the entire sales revenue from that car can qualify for Patent Box relief. Not only that, but any parts sold for the car by the patent owner will also fall within the Patent Box regime, even if the spare parts themselves have no patent protection.

So, in order to ensure that as much of your profits are eligible for the lower Corporation Tax rate as possible, steps should be taken to patent protect as many products as possible. This is likely to lead to a totally different patenting strategy, as explained later on (see point 7).

> Since the dawn of the patent system, inventors and their professional advisors have always sought to obtain patent protection which is as wide as possible; however with Patent Box fast approaching, the rule book is being torn up and rewritten in some instances.

4. Processes – relief through as many patents as you can

As can be seen from point 3, if you are selling a patented product it is easy to see how the profit will benefit from the reduced rate of Corporation Tax.

But, what if you are a service provider or if you use patented processes to manufacture products which themselves are not covered by a patent; how can you then benefit from the Patent Box?

If your patent covers a process that you use, you can claim Patent Box relief by allocating an arm's length notional royalty to the value of the patent. In other words, you hypothesise that the patented process you are using belongs to an unrelated third party and ask the question, "how much would I pay that party to use that process?" And it does not stop there, because, if you use patented machinery to make your products, you need to ask the same question about that machinery too. Once you have attributed an arm's length notional royalty to each patented process and patented item of machinery that you use, you then add up the total amount of notional royalty and pay the Patent Box Corporation Tax rate on that amount of your relevant profit. If your total notional royalty is as much as your total relevant profit then so much the better.

A consequence of this is that the more patents you have covering your processes and manufacturing equipment, the more likely it will be that you maximise the profits which can qualify for Patent Box relief.

Furthermore, for service providers who use back-office processes, or manufacturers who use processes, that have not yet been patented and which have not been made available to the public, you should now consider whether you can obtain patent protection for these processes for similar reasons.

5. You don't need to exploit your patents yourself to qualify for Patent Box

Sometimes a patent owner may decide, for commercial reasons, not to exploit all of their inventions. Until now, such patent owners would normally allow the patents to lapse by ceasing to pay renewal fees. However, if a patent proprietor licences their patented technology to a third party and in return receives a royalty as part of a licence agreement, the patent owner can claim Patent Box relief on that royalty stream! One way of maximising this opportunity would be to declare a UK patent 'licences of right' – this halves the annual renewal fee due and makes it known to the world at large that the patent owner is willing to license the technology to any third party.

6. You can exploit other people's patents to qualify for Patent Box

Not only can patent proprietors benefit from Patent Box for sales of their patented products or use of patented processes, but companies who exclusively license patented technology from patent owners can similarly take advantage of the regime. So, if you are already selling patented products and undertaking development work in that field, you should ensure that you are exclusively licensed to use that technology so as to benefit from Patent Box.

7. And finally, narrow protection = ideal protection!

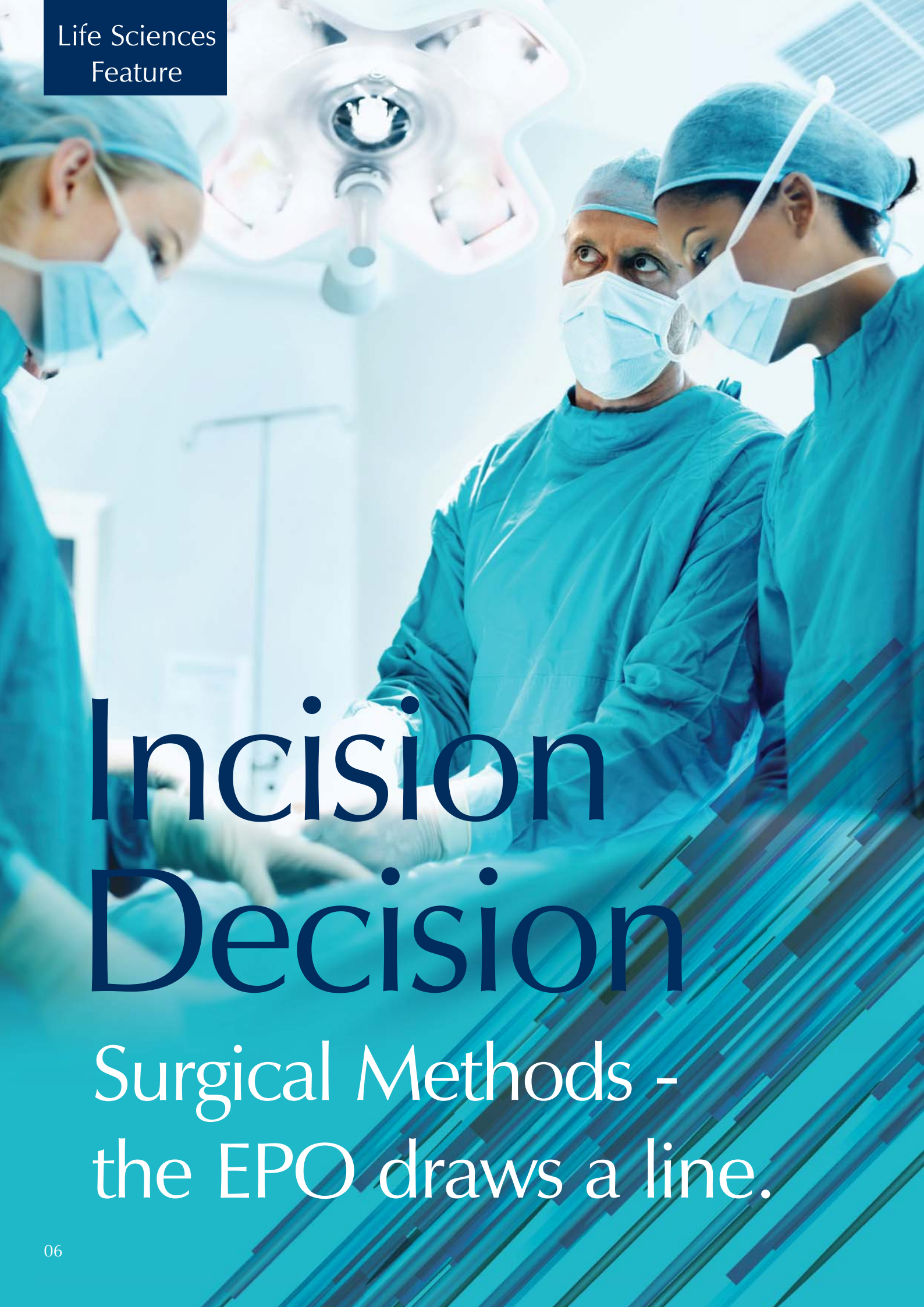
Since the dawn of the patent system, inventors and their professional advisors have always sought to obtain patent protection which is as wide as possible; however with Patent Box fast approaching, the rule book is being torn up and rewritten in some instances.

No longer should patent applicants only seek broad protection in order to fend off competitors as now, even a patent of very narrow scope has considerable value as it can make the difference between being inside or outside the Patent Box criteria. On a simple level, the narrower the scope of protection that is sought, the easier (and cheaper) it is to obtain patent protection. Of course, a patent with very narrow scope may be no deterrent whatsoever to competitors who will easily circumvent it, but it can be commercially sound to do so in order to quickly and easily benefit from paying less Corporation Tax. Innovations that may not previously have been deemed worthy of patent protection should now be re-considered with possible tax benefits in mind.

This is the key reason why the Patent Box really does change everything.

To find out more about how Patent Box will work, why not visit the dedicated section of our website which provides details of which patents qualify for Patent Box, and other aspects of the legislation.

For further information contact:
Michael Jaeger
mjaeger@withersrogers.com



Incision Decision

Surgical Methods - the EPO draws a line.

Although the EPO have indicated that such decisions should be taken on a case-by-case basis, it is evident that medical method steps which are invasive, and represent a substantial intervention on the human body, requiring significant medical expertise to be carried out and managed, are likely to fall within the exclusion from patentability.

The European Patent Office's (EPO) decision in late 2011 concerning the exclusion from patentability of methods relating to treatment by surgery provides a welcome insight for medical device innovators.

Enshrined in the European Patent Convention (EPC) is the exclusion from patentability of any 'methods for the treatment of the human or animal body by surgery or therapy'. The rationale behind this being that it would be morally wrong to prevent medical practitioners from carrying out life-saving activities by threat of patent infringement. Thus, it is often an area of hot debate as to whether a method falls into this exclusion.

When considering such methods, the EPO has already set out that the key criteria for assessment should include the criticality of the part of the body being treated, the extent of intervention necessary, the environment in which it is to be carried out, the medical expertise required to perform the method, and the health risks involved. This decision therefore forms the basis for clarifying the EPO's interpretation of the exclusion.

The subject matter in the case between Transonic System Inc. and Fresenius Medical Care Deutschland GmbH concerned a process for measuring the rate of blood flow in an arterio-venous shunt (a tube inserted between an artery and a vein to allow repeated access to the arterial system). It involved continuously removing and returning blood to different locations of the shunt via a circuit exterior to the body, analogous to those used in dialysis.

On each of the criteria noted above, it was concluded that the process fell within the meaning of the term 'treatment by surgery', and was therefore not considered patentable. In particular, it was evident that the blood was seen as a critical part of the body, because it is 'a (flowing) organ … performing numerous functions which are essential to the health of the patient', and that such continuous manipulation of a large volume of blood (more than half the total blood volume of an adult patient) amounted to a major intervention.

Furthermore, drawing a distinction between the procedures performed for medical necessity and those of a cosmetic nature, it was appreciated that the treatment is conducted and managed by specialised medical staff who are specially trained for such techniques, and that it is carried out in a medical environment such as a hospital, clinic or dialysis centre. As such, it is not carried out in a 'commercial environment like cosmetic salons and beauty parlours'.

Although the EPO have indicated that such decisions should be taken on a case-by-case basis, it is evident that medical method steps which are invasive and represent a substantial intervention on the human body, requiring significant medical expertise to be carried out and managed, are likely to fall within the exclusion from patentability.

As a result, when assessing the merits of new medical methods, it may be pertinent to consider whether there are any commercially relevant aspects of the invention which are less invasive and can be carried out by non-medical professionals. Innovators should bear in mind whom they wish to prevent from exploiting their technology and focus their claims on aspects which are commercially, rather than medically, relevant.

Moreover, protection of tangible elements of the invention, such as apparatus used in the method, should always be a primary consideration.

For further information contact:
Jon Elsworth
jelsworth@withersrogers.com

Biology vs Chemistry

Research shows gap in patent filing activity for biological drugs and small molecules is widening.

The number of patent applications filed by leading pharmaceutical companies for biological drugs has exceeded those for small molecules for at least the last 15 years but there is now evidence that the gap has increased significantly since 2007.

Research into the patent filing activity of the top ten pharma companies between 2007 and 2009 has revealed that despite an overall decline in the number of patents filed – a fall of 31.5% - the gap between the number of patents filed for biologics and small molecules has grown by 14.5%. By 2009, 60% of the patents filed by these top pharma companies were for biologics.

Our research shows a steady year-on-year increase in the proportion of patents being filed for biologics by big pharma companies.

While filings have fallen across the board, possibly due to current economic uncertainty and cost pressures facing big pharma as blockbuster drugs hit the patent cliff, R&D interest in biologics has remained strong. This may, for example, suggest that big pharma is increasingly willing to compete with major generics producers for a share of the follow-on biologics market, in a race to secure 20 years of exclusivity on a new 'biosimilar' drug.

Despite growing interest in biologics among big pharma companies, it is considerably easier to develop and manufacture small molecule drugs – they come with lower R&D costs and there is an established market infrastructure for them. Therefore, the shift to biologics could result in fewer new products making it to market.

According to the research, Novartis had the most patent applications relating to biological drugs published in 2009, followed by Johnson & Johnson and Merck & Co. In the same year, Novartis filed over twice as many patents for biological drugs compared to small molecules.

In the US, the pharma development company 'Catalent' has recently announced plans to increase its biologics manufacturing capacity. Combined with news that leading electronics giant, Samsung has formed a new Samsung Biologics division, this seems to be an indication of ever-heightening global interest in this area of R&D.

Backed by significant investment, a number of big pharma companies, such as Sandoz, the generics arm of Novartis, are already demonstrating that they can beat generics producers to market with a raft of new 'biosimilar' drugs.

For further information contact:
Nicholas Jones
njones@withersrogers.com

Natural Justice?

US Supreme Court rules on natural laws.

The US Supreme Court (USSC) has found a patent claiming the steps of (i) administering a prodrug to a patient, (ii) measuring the amount of active metabolite in the patient's blood and (iii) comparing that measurement to a reference standard in order to make a decision as to whether to adjust the amount of prodrug administered, to be unpatentable on the grounds that the claims amount merely to reciting a law of nature.

The owners of the patent in question, Prometheus Laboratories Inc (Prometheus), made and sold diagnostic kits embodying the claimed process, which were bought and used by Mayo Clinic Rochester and Mayo Collaborative Services (Mayo). Mayo subsequently started to use and sell its own tests, using a slightly different reference standard for metabolite concentration. Prometheus brought an infringement action against Mayo. The US District Court found Mayo to infringe the Prometheus patent, holding that the reference standards were sufficiently similar.

However, the Court then reasoned that the patent effectively claimed natural laws. In their view, the correlation between metabolite concentration and toxicity or efficacy of a drug i.e., whether the amount of prodrug administered to the patient requires adjustment, is a natural law - and therefore unpatentable.

This view was upheld by the Supreme Court (USSC) who agreed that the correlation is a law of nature. The USSC acknowledged that human action is required to administer the prodrug and therefore manifest the correlation, but asserted that the correlation itself exists in principle apart from any human action.

The USSC looked at whether the claims amounted to doing more than simply applying the natural law, finding that, "the claims inform a relevant audience about certain laws of nature; any additional steps consist of well understood, routine, conventional activity already engaged in by the scientific community; and those steps, when viewed as a whole, add nothing significant beyond the sum of their parts taken separately". The claimed steps were therefore not sufficient to transform the unpatentable natural correlation into patentable applications of that correlation.

The instructions of the claims were held to add nothing specific to the law of nature other than what is well understood, routine activity. As such, the Prometheus patent claims effectively concerned the underlying laws of nature themselves and were therefore held to be invalid.

So why is the ruling important?

The use of drug level monitoring is becoming widespread and the consequences of this decision could be far-reaching. Any US patent or application that relates to a method of treatment or diagnosis involving the measurement of a parameter, such as the concentration of a metabolite, whose origin could be deemed to be a natural phenomenon may be affected. The validity of existing patents could be called into question and it seems likely that objections of this type will arise more frequently during examination of US applications.

While a natural law itself cannot be patented, an application of a natural law is patentable provided it is new and inventive. A patent claim should not encompass the natural law per se, i.e. it should not pre-empt the use of that law by others and only the application of the law, in conjunction with all the other steps of the method, should be protected.

For patent owners and applicants, it will be important to show that the other steps of a claimed method constitute more than mere routine activity in the application of the natural phenomenon - the steps of the method must integrate the application of the natural law into the method as a whole. In short, the whole of the method must be greater than the sum of the parts.

For further information contact:
Helen Henderson
hhenderson@withersrogers.com

Stem cells – the end of the road?

Towards the end of 2011, the Court of Justice of the European Union issued a decision indicating that inventions which necessitate, or have required, the destruction of a human embryo are not patentable in Europe. The Court's decision on the patentability of inventions involving or relating to human embryos is already causing concern for researchers and companies in this field in Europe and posing problems for patents and applications relating to all cell based inventions, whether the cells in question are stem cells or not.

The decision arose following the referral of questions to the CJEU made in proceedings brought by Greenpeace, seeking the annulment of a German patent relating to neural precursor cells and processes for their production. The cells originated from human embryos.

Uses of human embryo for industrial or commercial purposes are specifically defined as being unpatentable by Article 6(2)(c) of the Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions (OJ 1998 L 213, p. 13; 'the Directive').

The European Patent Office has, to date, taken Article 6(2) to mean that an invention that necessitates the destruction of human embryos, at the time of filing a patent application, is not patentable. But inventions relating to, for example, stem cells obtainable from other sources at the time of filing may be patentable. This has meant that uses of stem cells obtainable from established cell lines, even if they are embryonic in origin, could be patented.

In the case in question, guidance was sought on the meaning of the term "human embryo" and on how strictly Article 6(2)(c) of the Directive should be applied.

The definition applied to the term "human embryos" by the Court was very broad. The term is to be taken to encompass: "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 constitute a human embryo". In other words, if something is capable of commencing the process of development of a human being, it is considered to be an embryo. The Court did not clarify whether a stem cell itself obtained from a human embryo at the blastocyst stage constitutes a human embryo, though.

The Court went on to consider whether it is possible to circumvent Article 6(2)(c) of the Directive by simply not referring to the embryo, or the destruction thereof, in the claimed invention. This might be the case where a claim encompasses a cell derived from an embryo, but where the embryo is not specifically mentioned. The Court made it clear that this is not allowable.

The case in question concerned the patentability of an invention involving the production of neural precursor cells, which presupposes the use of stem cells obtained from a human embryo at the blastocyst stage, requiring the destruction of that embryo.

The Court concluded that use of stem cells obtained in this manner encompasses the use of a human embryo within the meaning of Article 6(2)(c) of the Directive regardless of when the destruction occurs, even if it is at a stage long before the implementation of the invention, as in the case of the production of embryonic stem cells from a lineage of stem cells.

This marks quite a dramatic shift from the position previously taken by the EPO. Any invention that depends on or has involved the destruction of an embryo at any stage is likely to be excluded from patentability, regardless of at what stage the destruction of the embryo has taken place and even if the description of the technical teaching claimed does not refer to the use of human embryos.

> "Any invention that depends on or has involved the destruction of an embryo at any stage is likely to be excluded from patentability...

The decision does appear to limit the scope of patentability of embryonic cells. Strictly, any invention that necessitates the destruction of an embryo (as defined by the decision) will not be considered patentable. The key word, though, may well be "necessitates". We will have to wait and see whether an invention which does not necessitate, but which could involve the destruction of an embryo, will be considered to be excluded from patentability. Such an invention could be one which includes stem cells which could be either embryonic stem cells or induced pluripotent stem cells. A key question is, will claims to such cells be allowable or will it be necessary to specifically exclude embryonic cells from the claim?

Further, is destruction of an embryo the crucial step? If a cell can be obtained from an embryo without destroying it, as is now possible, does use of that cell constitute use of the embryo?

The effect on stem cell cases is yet to be demonstrated, but we are already seeing an effect on applications containing claims relating to undefined cell types, even where the description makes it clear that stem cells are not the intended cell type - such as applications covering protein expression in bacterial or yeast cells. New EPO policy requires claims to such cells to include a disclaimer excluding embryonic stem cells. Such a disclaimer may be required by the EPO whether or not there is basis for it in the application as filed, potentially opening such applications up to added matter problems post-grant.

Whatever the outcome on patentability, this decision has already caused serious concern for researchers working in this area, with quite a number looking to move their work away from Europe and towards the US, where better protection might be achievable. There has been considerable investment in stem cell research in the UK in recent years, and this decision is a significant blow.

For now, applicants in the stem cell field should probably assume the worst - that claims encompassing embryonic stem cells will be refused unless a disclaimer is applied. In new applications, basis for specifically excluding such cells, especially when obtained using a method that has involved the destruction of an embryo, should be included, along with basis for positively defining the type of cells to be covered. It may also be worth considering running separate cases in the UKIPO and at the EPO, as the UKIPO may take a different stance to the EPO. Certainly the feeling in the UK profession seems to be that the decision is harsh and that the EPO's approach is too strict.

In currently pending applications, where the EPO demands a disclaimer, it is probably worth including a dependent claim with a narrower cell definition if possible, as a fall-back in case the disclaimer is found to add matter post-grant.

For further information contact:
Rachel Wallis
rwallis@withersrogers.com

Is your IP deal-ready?

A number of factors have contributed to a growing trend for private business owners to consider selling all or part of their companies, whether they be financial difficulties, the need to off-load non-core assets or for reasons of succession.

Indeed there is plenty of evidence to suggest that the world has moved on from capital and other physical assets being the principal assets of a company to firstly the brand and goodwill, and now to the IP portfolio, leading to the conclusion that the IP portfolio is possibly the single most valuable asset a technology company can have.

However, before doing so, it's imperative that business owners invest time in ensuring that their intellectual property (IP) portfolio is in order.

It can be notoriously difficult to accurately estimate the value of IP rights and those considering selling corporate assets could end up undervaluing them if they fail to present up-to-date information. It is therefore crucial that when attention turns to IP matters, which usually occurs during the critical, latter stages of negotiations, that they are accurate and up to date.

An IP portfolio should be arranged in a way that increases the attraction of a business to potential buyers. Individual assets, including relevant patent registrations should be concisely summarised and where necessary, renewal payments must be up-to-date in order not to detract from the value that each specific asset can leverage.

It's unlikely that these less tangible aspects of business management will be the primary motivation for a corporate transaction. However, if attention isn't paid to these in due time, issues can escalate into potential deal-breakers. Here are our top five tips for keeping your IP portfolio ready for a deal:

1. Know your portfolio

Ensure that you have a full picture of the intellectual property owned by the business. That includes both registered IP, such as patents, registered designs and registered trade marks and unregistered IP, such as copyright in written materials, websites, unregistered designs, know how and goodwill.

Portfolios may have been split between a number of different patent and trade mark firms, creating inconsistencies in the way that the schedules are presented. It's therefore essential that if the portfolio can't be consolidated, a consistent standard in presenting information is adopted.

Make sure that all renewal fees are paid up to date.

2. Ownership

Be clear about who owns what. Some IP rights may be owned jointly.

Joint patent ownership might not be clearly stated, leading to this being discovered on closer examination. While not a critical issue, it's important that the potential buyer understands the risks associated with joint ownership of IP rights before completing the deal.

Additionally, outside agencies or consultants may have been used as part of IP negotiations and portfolio structuring – where relevant, business owners must check the terms of consultancy contracts to ensure that all IP rights were automatically transferred to the company.

3. Health check

Ensure that there are no hidden surprises.

From the buyer's perspective, if licence agreements have not been properly administered or a patent has been incorrectly assigned, although

disconcerting in its own right, it also raises questions about the accuracy of other aspects of a seller's business operations. Uncovering such oversights could unsettle the buyer and cause a delay in negotiations, perhaps while further assurances in the form of warranties are sought.

4. Polish up your protection

Companies operating without registered trade marks are likely to be viewed as higher risk, it may be viable to rely on unregistered rights to some extent – however, the risk of remaining open to third party imitation is likely to create difficulties if the need to bring an enforcement action arises. Seek registrations for trade marks used by the business.

Geographical reach plays a significant part here - trade mark or patent protection is often required in a number of territories and depending on the markets targeted by a potential buyer, such rights may need to be extended where possible. In addition, the goods covered by the registered trade marks within an IP portfolio may be insufficient, requiring these to be expanded ahead of a sale.

Acknowledging that these are potential issues to address is the first step, but business owners must also appreciate how long these take to resolve – it takes about four months to register a trade mark in the UK and upwards of two years to obtain patent protection.

5. Added extras

Intervening early is important as patent and trade mark strategies become more sophisticated, particularly in hi-tech advanced engineering and electronics industries. Where appropriate, business owners can increase their IP appeal by providing patent insights to demonstrate that key inventions have few competitor products or third-party patents in the same field. This additional information may give the buyer an extra sense of security by demonstrating the commercial potential of an invention.

Following those steps early in preparation for a sale of business assets can avoid delays, price depression and unwanted warranties.

> "An IP portfolio should be arranged in a way that increases the attraction of a business to potential buyers.

For further information contact:

Nicholas Jones
njones@withersrogers.com

Tania Clark
tclark@withersrogers.com

ICANN "dot anything"

The introduction of new generic top-level domain names will require increased vigilance from brand owners.

The Internet Corporation for Assigned Names and Numbers (ICANN), the US based registry that administers top level domains, has been accepting applications for new generic top-level domain names (gTLDs). Currently, web addresses have to end in one of just twenty one permitted gTLDs, such as .com, .net or .org.

The new gTLD regime expands the current domain name system and will alter the nature of the internet as we currently know it. Any word is potentially registerable as a gTLD. The new gTLDs will allow companies to acquire their own endings to web addresses. New gTLDs can be based on trade marks, such as ".canon", or can be for generic terms, such as ".shop". ICANN will allow applicants to opt to make exclusive use of their gTLD providing them with the freedom to use their gTLD for a variety of different web addresses incorporating the same ending. Alternatively, gTLD owners can allow anyone to obtain a second-level domain name incorporating their gTLD, such as "camerasales.canon".

However, acquiring a gTLD is likely to be beyond the reach of all but the largest corporations. Ownership of a gTLD places an obligation on the owner to become responsible for all of the domain names registered using their gTLD. In other words, the owner has to run a registry business, something which is far removed from the current obligations of the owner of a web address. Further, there is an initial filing fee in the region of £120,000 and a requirement to run the registry for a minimum of ten years. This involves a number of significant responsibilities, as the operator of a new gTLD is running a piece of visible internet infrastructure. Therefore, obtaining and maintaining a new gTLD will be a costly and onerous undertaking.

Impact on Brand Owners

ICANN have not accepted reservations or pre-registrations from current trade mark holders so brand owners have to take proactive steps to ensure that they do not miss the opportunity to register their mark as a gTLD, should they decide to take that approach. As the potential number of domain names increases, so too will the potential for trade mark infringement through the illegitimate use of registered trade marks as domain names. Brand owners must be conscious of this.

On 13 June 2012 ICANN published a list of 1,930 proposed gTLD applications which it had received in the application phase which closed on 30 May 2012. Unsurprisingly, popular names included .shop, .home, .app etc. By publishing the list of gTLD applications, ICANN has granted brand owners the chance to review the gTLD applications to determine whether a third party has sought to register their mark as a gTLD. Following publication, there is a seven month period during which objections can be raised against the applications made. Objections can be on the basis of existing trade mark registrations and it is by this mechanism that most brand owners will be able to enforce their rights against abusive gTLD applicants seeking to benefit from use of their mark as a gTLD. It is anticipated that it will take 9 - 20 months for ICANN to evaluate the applications. At the time of writing, ICANN has yet to set the filing fee for raising an objection.

All but the largest organisations are likely to have to rely on trade mark registrations rather than securing their mark as a gTLD. This emphasises the importance of registered trade mark protection which is much less costly than the overheads and responsibilities associated with a gTLD.

This is a timely opportunity for brand owners to review their online trade mark protection and consider extending their trade mark portfolio in order to be ready for the largest expansion of the domain name system in the history of the web.

For further information contact:
Mark Caddle
mcaddle@withersrogers.com

EPO News

The European Patent Office (EPO) has recently relaxed its grant procedures.

In a move to make the grant procedure more flexible and more friendly to applicants, the European Patent Office (EPO) has changed the grant procedure for allowed European patent applications.

Under the European system, translations of the allowed claims into French and German must be submitted by the applicant prior to grant of the European patent. Grant and publication fees must also be paid (and any excess claims fees if applicable).

Sometimes, however, an applicant may wish to change the patent claims from those which have been allowed. For example, the applicant may not agree to an amendment made by the examiner prior to allowance, or may wish to narrow or broaden the claims due to relevant art in the field being discovered, or the discovery of a potential infringer.

Until recently, an applicant who wished to change the allowed claims, had to file translations of the amended claims into French and German and pay the fees, all within four months of the notice of allowance. If the examiner did not consent to the claims, alternative claims had to be filed, again translated into French and German, in order to move the application towards grant. This was relatively burdensome, expensive and inflexible.

From 1 April 2012, the EPO now allows examination to reopen, even after allowance of the application. This removes the need to file translations of the claims if the applicant wishes to make late changes, and removes the need to pay the grant and publication fees at that time. Under the new practice, the EPO will consider reasoned changes and will either reopen examination if the claims are not allowable, or send a new notice of allowance. It is only when both the EPO and the applicant agree on the final claims that translations and payment of the fees become necessary.

So, this change from the EPO should result in a more flexible process of making late changes to allowed European patent applications, and will delay translation costs and grant and publication fee payments until both the examiner and applicant are completely happy with the claims. Having said that, it remains to be seen how the EPO will run this procedure in practice. They always have the option to call expensive and risky oral proceedings if they are not happy with the proposed changes to the claims, and this will be especially true where broadening amendments are made to the claims after allowance.

For further information contact:
John-Paul Rooney
jprooney@withersrogers.com

Congratulations to CL-7 Ltd!

Congratulations to Warwickshire based CL-7 Ltd and its owner, Cliff Lockyer. Cliff has recently picked up a global innovation award for the company's innovative Redbacks™ knee pad.

The accolade - the 2012 SATRA Best Innovation in Occupational PPE (Personal Protective Equipment), fell within the professional clothing category and was presented at the first ever international professional clothing awards event, held at the Ricoh stadium in Coventry in April. The award sponsors, SATRA, are known to be one of the world's leading research and technology centres.

CL-7's product is a specially designed protective workwear knee pad which incorporates leaf spring technology. The knee pads are made from rubber in a cellular form which gives suspension for the user's knees. As well as giving unrivalled cushioning, they also last up to ten times longer than conventional foam rubber knee pads.

The product already has a British patent and further patent applications are pending across a wide range of countries including Australia, Canada, China, New Zealand, USA and South Africa. In addition, coverage across a further 38 European Patent Convention countries is being sought.

CL-7's knee pad was up against over 130 applications from 15 countries.

Karl Barnfather - Chairman

Andrew Thompson - Partner

Marisa Broughton - Partner

Changes at the top for Withers & Rogers

We are pleased to announce the recent appointment of our new chairman, **Karl Barnfather**, who took over from Adrian Chettle on 1 April 2012. Karl has been a partner at the firm's Midlands office since 1997 and has led the firm's electronics, computing and physics practice group for the last eight years.

Speaking on this appointment as chairman, Karl said: *"I am delighted to take up this position and thrilled at the prospect of leading the firm during an exciting period of growth. We have achieved substantial success recently in acquiring new clients and further strengthening our international links. This has led to the expansion of our teams in London, Bristol, the Midlands and Sheffield."*

As a result of our need to expand, we are also able to confirm the promotion of two of our attorneys to partners in the firm. Based in London, **Andrew Thompson** works within our electronics, computing and physics team with particular focus on all things within the clean technology arena. Trade mark attorney **Marisa Broughton** in our Bristol office has also been made partner. Marisa has a number of clients in the luxury goods, home products and leisure sectors.

In one of his first duties as chairman, Karl said, *"We are happy to be able to recognise and reward the expertise and talent within our firm. Andy and Marisa are both forward looking, commercially astute attorneys who work hard to deliver high quality work for clients and to build strong client relationships."*

STOP PRESS!

Withers & Rogers is proud to be sponsoring the following forthcoming events:

Open Innovation Summit,
Chicago - 11 to 12 September 2012

This year's Open Innovation Summit will uncover the latest round of challenges and priorities for corporate innovators looking to improve their Open Innovation programme in 2012 and beyond. The theme of this year's event is to review new Open Innovation trends and patterns in order to map out the future of open innovation.

Global Patent Congress,
Copenhagen - 24 to 26 September 2012

As an open and dynamic platform for in-house intellectual property professionals, this IP Series event returns in 2012 with a stronger focus on global patent reform, emerging markets and IP strategy than ever.

If you are planning on attending either of the above events, please do let us know. We would be happy to meet with you.

Contacting Withers & Rogers

London
4 More London Riverside
London
SE1 2AU
UK
Tel: +44 (0) 20 7940 3600
Fax: +44 (0) 20 7378 9680

Bristol
1 Redcliff Street
Bristol
BS1 6NP
UK
Tel: +44 (0) 117 925 3030
Fax: +44 (0) 117 925 3530

Midlands
Nicholas Wilson House
Dormer Place, Leamington Spa
Warwickshire CV32 5AE
UK
Tel: +44 (0) 1926 310700
Fax: +44 (0) 1926 335519

Sheffield
Electric Works
Sheffield Digital Campus
Sheffield S1 2BJ
UK
Tel: +44 (0) 114 273 3400
Fax: +44 (0) 114 275 5758

Email: **admin@withersrogers.com** **www.withersrogers.com**