125 not out!

2012 is the 125th anniversary of the establishment of the first Marks & Clerk patent practice. Since our beginnings in Birmingham, UK, in 1887, the practice established by engineers George Marks and Dugald Clerk has grown to a business of 650 people operating across Europe, North America, Asia and Australia. We are proud of our history but constantly look to the future and to ways of improving our services to clients. Elsewhere in this issue of Remarks you will read of our latest initiative in consultancy services. From February 1st we have been using a celebratory logo on brochures, emails and other correspondence.

We plan to mark the year in a number of ways. Offices will hold celebration events for staff, but we are also introducing an enhanced programme of support for staff and partners who wish to participate in community projects. Including discretionary paid leave for approved community projects, logistics and other material support and funding for some events. Already on the table are a number of sponsored bike rides, walks and other charitable endeavours.

Marks & Clerk in Australia

As we announced in our last edition of Remarks, Marks & Clerk has opened a new office in Australia to enhance our service to clients’ with IP interests in Australasia. Why Australia?

Australia is of increasing interest as an investment target for our Asian clients and is widely regarded as a safe haven for business operating in the region; it has a highly regarded legal and commercial infrastructure, stable political environment, a well educated workforce and open economy as well as an excellent legal and IP system.

M&C launches new consulting arm

Marks & Clerk has launched a new consultancy business based in our offices in London and Paris as a vehicle to gather together the broader range of services available from the Marks & Clerk group using multidisciplinary teams.

Services offered by Marks & Clerk Consulting include:
- IP valuations
- Patent scoring
- Patent Box and R&D credits advice
- ADR services
- FRAND negotiations and standards
- Patent monetisation programmes
- Royalty audit and collection services

For more information please see our website [www.marks-clerk.com/consulting] or contact:

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The Intellectual Property Laws Amendment (Raising the Bar) Bill 2012 has now passed both Houses of the Parliament of Australia and received the Governor General’s assent on Sunday 15 April 2012. As assent has been received, some provisions have come into effect immediately, but the majority will take up to 12 months before commencing (i.e. by 15 April 2013), to allow regulations to be drafted.

The main provisions are:

- Allowing free access to patented inventions for regulatory approvals. This commenced upon receiving assent. This will apply to patents in all areas of technology and will also apply if the regulatory approval is in another country. It does not extend to any commercial production;
- Allowing free access to patented inventions for research. This commenced upon receiving assent. It extends to a non-exhaustive list of research activities including: determining the properties of the invention, determining the scope of a claim of the patent, improving or modifying the invention and determining the validity or infringement of the patent; but does not extend to such things as market research;
- Adopting higher standards for patent grant including usefulness, disclosure, inventive step, enablement, support, amendment and re-examination, that are closely aligned to international standards, hence the use of “Raising the Bar” in the bill’s title. This includes a prohibition on omnibus claims. This provision must commence by 15 April 2013;
- Tightening the procedures for patent and trade mark oppositions in an attempt to achieve a resolution earlier than at present. This provision must commence by 15 April 2013;
- Tightening the procedures for filing divisional patent applications to reduce delays. This provision must commence by 15 April 2013; and
- Providing improved mechanisms for trade mark and copyright enforcement to bring them into line with Australia’s major trading partners. This provision must commence by 15 April 2013.

The majority of the provisions relating to patents will not apply to any pending patent application, or any patent granted on such an application where a request for examination is filed before 12 months from the date of assent. You may therefore wish to file applications in Australia early and voluntarily request examination within that 12-month period. Requesting examination early does not incur a cost penalty. As many applicants may request examination early, it may be prudent to do so at an early date to reduce delays in proceeding to examination.

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Government opens the lid on the Patent Box

Innovative companies stand to benefit from a big reduction in the effective rate of corporation tax, from 23% to just 10% on profits attributable to qualifying patents and certain other intellectual property rights, through the proposed UK “Patent Box”, details of which were set out in the draft Finance Bill accompanying this year’s Budget. The UK Government estimates that the Patent Box will save companies up to £1.1 billion per year. Companies can opt in to the scheme from 1 April 2013.

What income benefits?
The reduced corporation tax will apply to five categories of income:

- income from sales – worldwide – of products covered by, or incorporating items covered by, the qualifying IP rights;
- licence fees or royalties from the grant of licences in respect of qualifying IP rights;
- proceeds from the sale or disposal of qualifying IP rights;
- income received due to infringements of qualifying IP rights;
- other damages or compensation received in respect of qualifying IP rights

In addition, where a company uses its IP to generate income from services, the company can claim the Patent Box benefits for a notional royalty in respect of the qualifying IP rights that it uses.

To qualify for the Patent Box benefits companies must own or hold an exclusive licence under a qualifying IP right, such as a UK or European patent or regulatory data exclusivity rights, and pass the “development” and “active ownership” conditions laid out in the legislation.

Maximising the benefits of the Patent Box

Companies wanting to elect into the Patent Box regime need to act now to ensure they will qualify. This means (i) reviewing their operations to locate where development work is being carried out, (ii) ensuring they have obtained qualifying IP rights – especially patents – in respect of their products, processes and services, (iii) reviewing their existing licences and where appropriate putting in place exclusive licences whose terms satisfy the qualifying criteria.

Furthermore, companies need to reassess their IP strategy in the light of the Patent Box. A potential patent application that might previously have been considered to have too little value in terms of its monopoly potential may now be able to pay its way many times over through the reduction in corporation tax which it can provide. Companies contemplating enforcement action or defending invalidity proceedings will also need to take into account the potential consequences of their patents being held invalid. Companies with a well-balanced patent portfolio will be able to reduce these risks whilst maximising the benefits.

If you would like further information regarding the Patent Box please contact Graham Burnett-Hall (gburnett-hall@marks-clerk.com) or your usual Marks & Clerk / Marks & Clerk Solicitors contact. Marks & Clerk will be running a number of seminars around the country regarding the Patent Box during 2012 – if you would like further details please contact Jake Flint (jflint@marks-clerk.com).

European Unitary Patent – singularly controversial

A unitary EU patent system has been in discussion for some considerable time with the intention of providing a more cost effective system, with a unitary patent which may be centrally enforced by a Unitary Patent Court. The present European Patent Convention (EPC) is independent of the European Union, and provides a system by which a bundle of national patents may be obtained through a unitary procedure. Any subsequent enforcement of these patents must be undertaken separately in each individual state, under the legal system of that state.

During 2011, a number of draft versions of an EU Regulation to establish a unitary patent system and unitary patent court were circulated by the European Council and agreement was sought by 22 December 2011. No such agreement has yet been reached. The primary obstacle in reaching agreement within the European Commission appears to be the location of the Central Division of the Unitary Patent Court, with the French Government unable to make commitments until after French Presidential elections in May. The UK is arguing that the Central Division should be located in London.

This notwithstanding, a number of further issues with the draft Regulation have been raised from a variety of quarters, including the European Patent Lawyers Association (EPLAW).
European Unitary Patent (cont'd)

Articles 6 to 8 of the proposed Regulation define infringement. Since the interpretation of EU Regulations are subject to rulings of the Court of Justice of the European Union (CJEU), these provisions will lead to referrals to the CJEU in patent disputes which will increase costs and slow down proceedings. It has been proposed that these sections be removed from the Regulation, but presently this does not appear likely.

It is proposed that a Unified Patent Court would have discretion to separate issues of validity and infringement, which are currently tried together in the UK. This is problematic since an injunction may be granted after infringement is determined, and after considerable delay it may be found subsequently that the patent was actually invalid.

Finally, it is unclear that the proposed structure of the courts will be cheaper for UK SMEs. It appears that a UK SME trading in more than one country may be forced to defend against pan-European injunctions in the language of the court chosen by the patentee. The cost-effective UK Patents County Court will be excluded, even in respect of existing European Patents after a transitional period.

In view of these issues, the Chartered Institute of Patent Attorneys is actively lobbying for appropriate amendments to the draft agreement and Regulation.

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WARNING – DOMAIN NAMES SCAM:

In a recent spate of scams, trade mark owners have been approached by disreputable domain name registries to ‘block’ the domain name applications of third parties.

Typically, the registry will contact you to ‘notify’ you that a third party has approached them to register domain names that include your trade mark.

The scammer says that they will refuse to register the domain names for the third party if you, as the legitimate trade mark owner, will register the domain names instead. They will usually offer a very limited time to make the decision as to whether to proceed – most likely at an inflated fee.

However, typically neither the ‘third party’ nor the domain name registrations actually exist.

If you receive such an approach, we advise that you look carefully at the domain names in question and consider whether, from a commercial point of view, you are actually interested in them. If you are, then you should contact your usual domain name registrar and instruct them to register the domain names on your behalf.

If you are approached in the way described above and have any concerns, then please feel free to contact us for further advice.

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