

THE JOINT EXAMINATION BOARD

PAPER P2

PATENT AGENTS' PRACTICE

12th March, 1992

10.00 a.m. - 2.00 p.m.

Please read the following instructions carefully. This is a FOUR HOUR Paper.

1. You should attempt no more than 4 questions from Part A and no more than 2 questions from Part B.
2. The number of marks allotted to each question is placed in brackets at the end of the question.
3. Where a question permits of reasons being given for the conclusions reached, such reasons should be given.
4. Start each question (but not necessarily each part of each question) on a fresh sheet of paper and number it clearly in the margin. Write on one side of the paper only using BLACK ink. You must write your examination number and the designation of the Paper in the top right hand corner of the sheet. You must NOT state your name anywhere in the answers.
5. Unless specifically requested answers are NOT required in letter form.
6. NO printed matter or other written material may be taken into the examination room.

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Part A

1. An employee of a British company called A Limited prepared fairly rough sketches in September, 1987 of a new adjustable spanner having two clamp parts removably secured to a handle part. Each clamp part is formed with a V-notch, the two notches facing one another when the clamp parts are mounted on the handle part, and the angle of each "V" being 120 deg. to receive opposite corners of a hexagonal nut. The clamp parts are movable towards and away from one another so that nuts of different sizes can be embraced by the spanner.

Those sketches formed the basis of a patent application in A's name, and were also sent to B Limited, a French company, for the latter to put the finishing touches to the design. Eventually, a design intermediate between A's rough sketches and B's submission was settled upon, and an agreement made between A and B for A to manufacture and sell in the United Kingdom exclusively, and for B to manufacture and sell exclusively outside the United Kingdom. In view of B's potentially larger market, B agreed to obtain and maintain patents claiming priority from A's application, in the United States, France, Germany and Italy, in B's name, and also in the United Kingdom in A's name.

B now informs A that the UK patent application was allowed to lapse irretrievably because of very pertinent prior art found by the Examiner, and that B are giving a required six months' notice of termination of the agreement. Furthermore, B states its intention to export its spanners to the United Kingdom along with different clamp parts designed by A Limited to fit onto the handle part, with the "V" in each notch having an angle of 90 deg.

What can A do, if anything, to stop B?

What would A need to substantiate in order to succeed?

How would your answer differ if the rough sketches of A had been prepared in September, 1989?

(15 marks)

2. You receive a telephone call from a solicitor acting on behalf of one of your British clients, Accumulator Limited, in which she explains that a British company called Blownit Limited has gone into receivership. Accumulator Limited wish to buy all the assets of Blownit Limited including a British patent granted on an application filed on 30th September, 1988, a European patent application which was

filed on 30th March, 1989, a United States patent application also filed on 30th March, 1989, and a Trade Mark registered in the U.K., as of 30th September, 1988 with a registered user agreement in favour of a British company called Clones Limited. Completion of the purchase is due within three days. The solicitor is not entirely sure whether there is any further intellectual property in Blownit Limited's name.

The British patent and the two applications all relate to the same invention, and were initially filed in the name of the inventor. The solicitor has in her hands an assignment document dated 30th April, 1987 assigning the invention and a British patent application dated 30th March 1987, from which the British patent and European and U.S. applications claim priority, from the inventor to a company called Half-way House Limited. The latter assigned all its intellectual property rights to Blownit Limited by way of an assignment dated 30th September, 1991, and Blownit Limited took out a mortgage on the British patent in November of that year with a company called Usury plc. The mortgage deed refers to "an assignment" of the patent to Usury plc.

The solicitor asks you:

- a) What immediate steps should be taken, prior to completion of the purchase, to ensure that Accumulator Ltd's interests are protected, so far as the intellectual property is concerned;
- and
- b) if the purchase is completed, what additional steps should be taken to safeguard Accumulator Ltd's interests?

What advice would you give her?

(15 marks)

3. In April 1978, Mr. Gazer made a new reflector telescope for amateur astronomers in which the main mirror is adjustable by means of two mutually perpendicular slides, operable by respective knobs projecting from the rear end outside face of the telescope, to enable the axis of the mirror to be brought into the desired alignment.

In May of the same year, he found it necessary to make tests on his new telescope during the day in an open region where a distant object could be viewed without difficulty. Mr. Gazer selected a fairly secluded place to do that, but it so happened that a Mr. Peer, himself an enthusiast at the same astronomy club as Mr. Gazer, saw these tests taking place.

Mr. Peer was amazed to see what looked like precisely the mirror adjustment he himself had put together in his own workshop at his home in February, 1978 with a view to selling the idea to a manufacturer. He was a

little embarrassed by the situation and did not speak to Mr. Gazer, who himself was totally absorbed in the tests. Mr. Peer had already had serious talks with Optout Limited, a manufacturer of optical equipment.

On the last business day of May 1978, Mr. Gazer filed a United Kingdom patent application to protect his mirror adjustment invention. Telescopes incorporating the invention were put on the United Kingdom market by an exclusive licensee of Mr. Gazer in 1980, and the application matured into a patent in 1981.

Because of a premature press disclosure on the 15th July, 1978 by the advertising department of Optout Limited, no patent application was filed to protect Mr. Peer's invention. Furthermore, because of set-backs in Optout's finances, they shelved the project until 1988, when they commenced marketing Mr. Peer's construction of telescope.

What legal issues determine whether Mr. Gazer's patent can be used to stop Optout's manufacture and sale of Mr. Peer's telescope?

How would your answer differ if Mr. Gazer had filed his patent application a month later?

(15 marks)

4. Comment upon the possibility of retrieving the position of a client in the following circumstances:-

(a) One month ago, at the end of the twelve month priority period, your client filed a PCT application through the UK Patent Office. It had been intended to designate Japan but, because of a clerical error, this was not done.

(3 marks)

(b) Five months ago, at the end of the twelve month's priority period, your client filed a European patent application through the UK Patent Office. It had been intended to designate Germany but, because of a misunderstanding on the part of the in-house patent attorney who filed the application, this was not done.

(3 marks)

(c) In 1990 a UK patent lapsed for non-payment of a renewal fee due on July 1st 1990. Computer print-outs from a fee-paying service have erroneously told the client that that fee, and all the fees since then, have been paid. There is no record of any communication from the Patent Office.

(3 marks)

(d) A response to a communication relating to substantive examination of a European patent application from the European Patent Office was due two months ago but, because of a shortage of funds, your client was unsure as to whether to proceed and did not take any action.

(3 marks)

- (e) In 1990 your client applied in the UK Patent Office to revoke a patent for lack of novelty in the light of prior use by your client. In June 1990 your client was given three months to file its evidence. Because of an administrative error, no action was taken. The Patent Office has just written stating that it is assumed that the revocation action has been abandoned. There is nothing on the file between June 1990 and the latest letter from the Patent Office.

(3 Marks)

(15 Marks)

5. Your client E. Novator ("E") has a granted UK patent, based on an application filed in 1989, in respect of a filing cabinet. In claim 1, the only independent claim, it is stated that each drawer of the cabinet is mounted on a pair of slides, one on each side of the drawer. The application was filed with claims and was not amended before grant. No prior art was cited. The novel feature of the filing cabinet claimed in claim 1 is that each slide is of a particular three-part construction which assists the ease of movement of the drawer. Claim 2 relates to a mechanism incorporated in at least one of the slides which locks a drawer if any other drawer is open. There are eight further sub-claims relating to other features of the filing cabinet which are not directly related to the features of claims 1 or 2, and an omnibus claim.

Your client also has a pending European patent application filed in 1990 claiming priority from the UK patent application. As filed the application was identical to the UK patent application as filed, save that the omnibus claim was omitted. The European patent application designates all possible states.

The European examiner issued a communication relating to substantive examination of the European patent application, in July 1991 rejecting claim 1 on the basis that the three-part construction was obvious in the light of an earlier slide mechanism used on a system for mounting optical equipment in a laboratory. The Examiner indicated that claim 2 contains patentable subject-matter. You submitted a response in December 1991, without any amendments, arguing that the prior art was in a different technical field and the Examiner has just replied maintaining his objection and giving a period of two months for reply.

Your client has just discovered that a major competitor in the UK has started to manufacture a filing cabinet which has all of the features of your client's cabinet, save that instead of two slides there is a single central slide. Your client has also established that a less-important competitor in the UK intends to manufacture a cabinet which has all of the features of claim 1 but does not have the features of any other claim. Both of the competitors are likely to sell throughout Europe.

Your client advised you that it has not yet decided whether to take any action against the competitors, but asks you to ensure that "the patents are in the best possible shape to attack them at short notice".

Write a memorandum of the steps that you might take to comply with your client's instructions.

(15 marks)

Part B

6. Your client, Counterstrike Limited, writes to you as follows:

"I am aware that a company called Failsafe Limited applied for a patent in February 1972. The patent was granted as No. 1,300,000 with a main claim directed to a device for protecting a computer against power failure, comprising a battery to supply auxiliary power to the computer. The text explains how very much improved results can be obtained using a capacitor to smooth over the transition from mains power to the auxiliary power, and accordingly the patent has a subordinate claim, appended to the main claim, directed to such a capacitor."

"I am also aware that Failsafe applied for another patent in May 1976. That patent was granted as No. 1,500,000 with a main claim directed to a device for protecting a computer against power failure comprising a battery, means to connect the battery to supply auxiliary power to the computer, and means to effect a controlled shut-down of the computer after a predetermined period of time has elapsed following such failure. I cannot find any reference in the specification of Patent No. 1,500,000 to a capacitor to smooth over the transition from mains power to auxiliary power, but it does describe a memory that can retain the electrical state of the computer prior to shut down, to enable the computer subsequently to be booted up into the condition it was in prior to mains failure. Accordingly, its claim 2 appended to claim 1 is directed to such a memory."

"Whilst such devices are now much less cumbersome than they were in the seventies, most which are available still fall within the terms of Failsafe's patent claims, so that the patents have gained Failsafe 95% of the United Kingdom market in these products."

"I have completed a little research, and I have found that the controlled shut-down idea was known in 1975. Monitoring means capable of checking the correct functioning of a computer and able to read the state of all its memories have been known at least since 1973."

"I am ready to put on the market a device that falls within the terms of claim 2 of Patent No. 1,500,000. I have already asked Failsafe for a licence to do that, but they have refused my request. I am quite convinced that they are charging double what they need for a reasonable profit, and that I could easily undercut them"

"What do I do now?"

Discuss what options are open to your client and why, and, taking each option in turn, discuss what the consequences might be if your client chooses it.

(20 marks)

7. Your client, Babybuggy PLC ("B") is a British company which manufactures pushchairs for babies. In 1990, one of its development engineers in Slough invented a new pushchair with a novel fold mechanism. A UK patent application was filed in June 1990, followed by a European patent application in June 1991 claiming priority and designating all possible states. The UK application has been abandoned and the European is awaiting examination. The search report is generally favourable.

In August 1991 the new pushchair was launched on the market in the UK, France and Spain and to date has only been sold in those countries. Apart from the new mechanism, it had a new overall appearance and a distinctive colour scheme with a special pattern, both devised by employees of B in Slough. It was launched under the trade mark "BoomaBuggy" and in September 1991 applications were filed to register the mark in the UK, France, Spain, Italy and Germany. Apart from these and the European Patent application, no other rights have been applied for.

B now intends to grant a licence to a Spanish company Elbuggy SA ("E") which will manufacture the identical pushchair in Spain and sell it throughout Europe under the "BoomaBuggy" mark. It is intended that the licence will last for as long as E wish to make the pushchairs, and that E will pay royalties on all sales anywhere. However, B will continue to manufacture in the UK but will only supply the UK market.

In connection with the preparation of a licence you have been asked to advise on the following four points:-

- (a) What rights should be specified as being licensed to E.
- (b) What challenges might E make on the rights in the future, and can they be prevented from doing so by terms in the licence.
- (c) What is the maximum period which should be specified for E to pay royalties.
- (d) What provisions in the licence should be included to prevent E selling to the UK.

Advise B on these four points in note form.

(20 Marks)

8. Your client, Arthur Itis ("A") has a UK patent granted in 1987 in respect of a knee support. It is primarily intended for use by sportsmen and serves the purpose of acting as an elastic support bandage, keeping the joint warm and, by means of an ingenious mechanism involving hinges and rigid bars, providing lateral support. Unfortunately he has not had the funds to develop the product and very few have been made and sold. He has only the UK patent.

Your client now advises you that he has recently returned from a skiing holiday in France. In ski shops there it is possible to purchase a "revolutionary, new" knee support made by G New S.A. ("G") in France which whilst different in appearance to his, works on the same principle and falls within the scope of the patent. The supports are supplied from a factory near Paris. Customers have

their knee measured in the shop, the support is ordered, custom built and then supplied to the shop.

Apparently, a large number of UK skiers have ordered and paid for the supports whilst on holiday in France, with instructions that they be delivered directly to their home addresses in the UK. Your client knows that a number of the skiers belong to a veterans ski club in Cheltenham.

One British ski magazine has commented on the French supports, reported that they can be obtained by mail order from France, and give the address and telephone number of the French manufacturer.

Your client has also established that the French company has supplied a large number of the supports to National Health Service hospitals in the UK where they are used to provide temporary support after knee operations. However, the hospitals are also selling them to sports injury patients for use when they resume their sport.

Your client asks you whether there is anything he can do to prevent these various activities. Advise your client on this and on any other points you consider relevant.

(20 Marks)