

**MASTER PROGRAMME
EUROPEAN INTELLECTUAL PROPERTY LAW**

DEPARTMENT OF LAW, STOCKHOLM UNIVERSITY

2009 HOME EXAM – MODULE 1

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Memorandum of Law

The aim of this memorandum is to examine the following:

1. Any potential claims/rights the Swedish company CAREAB may have against:
 - a. The Swedish company REHAB with respect to design rights, trademark rights, unlawful licensing agreements and unfair commercial practices;
 - b. A former employee of CAREAB, Herbert Gold, with respect to possible copyright infringements, disclosure of trade secrets and breach of contract

2. Any potential claims/rights REHAB may have against:
 - a. CAREAB with respect to patent rights, design rights and trademark rights;
 - b. CAREAB for breach of a licensing agreement

3. Any potential defences which may be available to the abovementioned parties

4. Where and under which law the relevant parties can expect to sue or be sued

Potential Claim By CAREAB Against REHAB

1. Possible Infringement of Design Rights by REHAB¹

In 2003 CAREAB designed the toilet elevator HIGH LOLO. In March 2007 HIGH LOLO was presented at a trade fair in Copenhagen in a special conference room to approximately 25 invited key guests. These guests were requested to leave the presentation materials in the room at the completion of the presentation.

In December 2007 REHAB registered a Community Design² (“CD”) for LOHIGH. REHAB subsequently wrote a letter to CAREAB in or shortly after December 2008, stating that the licence agreement in place between the two companies did not include the use of REHAB’s registered design by CAREAB.

Both HIGH LOLO and LOHIGH qualify as ‘designs’ for the purposes of the CDR³.

The main issue appears to be whether CAREAB has an unregistered design (“UD”) which defeats REHAB’s (later registered) CD. If so, CAREAB may be able to bring an invalidity action against REHAB on the basis that REHAB’s CD was registered within a period of three years after CAREAB was granted UD protection⁴.

Any claim made by CAREAB with regard to having an UD is covered exclusively by the CDR. HIGH LOLO will be protected under the CDR as an UD only where it has been *made available to the public*⁵. Furthermore, protection under the CDR will only be

¹ My answer is restricted to the provisions of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (CDR) only and does not encompass the provisions of Directive 98/71/EC of the European Parliament and of The Council of 13 October 1998 on the legal protection of designs. This is on the basis that the question appears to cover unregistered design vs registered design issues, both covered exclusively by the CDR.

² An assumption is made here that the reference to CID is in fact a reference to a CD

³ CDR, Article 3(a). Furthermore, they appear to satisfy the definition of ‘products’ under Article 3(b)

⁴ CDR, Article 11(1). The period of three years runs from the date on which the design was first made available to the public within the Community.

⁵ CDR, Article 1(2)(a)

granted for HIGH LOLO provided that it is new (ie. no identical design has been made available to the public) and has individual character (ie. the overall impression it produces on the informed user differs from that of any design previously disclosed to the public)⁶.

(a) Has HIGH LOLO Been Made Available to the Public?

CAREAB need to establish that the presentation of HIGH LOLO at the trade fair in March 2007 satisfies the requirement of being ‘made available to the public’ within the Community. To do so they need to show that it was published, exhibited, used in trade or otherwise disclosed in such a way that, in the normal course of business, these events *could reasonably have become known to the circles specialised in the sector concerned, operating within the Community*⁷.

The first point to note is that HIGH LOLO was presented at a trade fair, presumably an event frequented by people within the toilet elevator industry⁸. Indeed, CAREAB’s competitor REHAB was at the fair, leading to a conclusion that the fair may have attracted ‘the circles’ specialised in the sector concerned, which may be for toilet elevators or even assisted living products. The distinction here does not appear to be crucial. The key point is that the presentation took place in a special room for approximately 25 invited *key* guests. The facts indicate that REHAB were not invited to this presentation. For CAREAB to be successful, they will need to establish that the 25 or so guests were ‘key guests’ in the sense that they comprised the specialised circles, meaning that it comprised of individuals who conduct trade in relation to products in the relevant sector⁹.

⁶ CDR, Article 4(1), Article 5(1), Article 6(1)

⁷ CDR, Article 11(2)

⁸ Further investigations could be made to establish whether the trade fair is an officially recognised exhibition within the meaning of the Paris Convention, Article 11 (a search was conducted on the internet without success). If so, then it would arguably satisfy the requirement of being made available to the public. The wording of the question however (ie. a trade fair) may indicate that the fair is not officially recognised.

⁹ *Green Lane Products Ltd v PMS International Group Ltd & Ors* [2007] EWHC 1712

Possible Defence By REHAB

REHAB may argue that CAREAB never had a valid UD, on the basis that HIGH LOLO was not made available to the public. Although the presentation took place at a trade fair, it was only held before a selected group of guests. Furthermore, the guests were requested to leave the presentation materials in the room. REHAB were not invited to this presentation, as they only confronted CAREAB upon hearing about HIGH LOLO. A further transient point is that CAREAB did not want to reveal HIGH LOLO's design to REHAB, leading to a possible conclusion that there may in fact be others in the specialised circles who were not privy to HIGH LOLO. Such an assessment could raise question marks over whether those present in the room were in fact persons who satisfied the requirements of the CDR.

(b) Does HIGH LOLO Satisfy 'Novelty' and 'Individual Character' Requirements?

CAREAB also need to show that HIGH LOLO is new and has individual character in order to be afforded protection as an UD. The only known earlier product based on the facts is REHAB's patented technology (EP0486450).

In order to satisfy newness, CAREAB needs to show that no identical design to HIGH LOLO has been made before the claimed priority date¹⁰. HIGH LOLO will only be identical if its features differ only in immaterial details¹¹. Individual character will be satisfied provided HIGH LOLO produces an overall impression on *the informed user* (pursuant to a visual test)¹² which differs from that of any design previously disclosed to

¹⁰ CDR, Article 5(1)(a), TRIPS, Article 25(1)

¹¹ CDR, Article 5(2)

¹² Defined in *Proctor & Gamble Company v Reckitt Benckiser (UK) Ltd* [2006] EWHC 3154 (Ch). An informed user need only be aware of the general body of design, not every example of it, as an informed user (not being a designer or manufacturer) with extensive technical knowledge would be very unlikely to exist in reality.

the public¹³. Furthermore, HIGH LOLO will not achieve status as an UD if features of its appearance are solely dictated by technical function¹⁴.

Based on the diagrams provided, it would appear that HIGH LOLO differs from REHAB's patented technology. Thus, on the basis of the diagrams provided, it would appear that HIGH LOLO has the requisite elements of newness and individual character.

Possible Defence/Claims by REHAB

REHAB may argue that HIGH LOLO is not new. They would need to show that a product which differed only in immaterial details existed on the market before HIGH LOLO was first made available to the public; REHAB may argue that their patented technology destroys novelty.

REHAB may also argue that HIGH LOLO does not destroy novelty in LOHIGH. Herbert Gold has asserted that the designs are different, and that the similarities were mainly in regard to the handles. There is a strong likelihood however that an informed user, upon comparing the two products, would form the conclusion that the products differ only in immaterial details.

A further issue may be whether REHAB can bring an action against CAREAB on the basis of presenting and marketing HIGH LOLO on the internet. REHAB's CD was registered in December 2007, whilst HIGH LOLO was market on the internet in December 2008. If CAREAB do not have an UD, there is the possibility that REHAB have a claim against CAREAB for infringement of their CD, on the basis that HIGH LOLO is essentially identical to a prior-registered CD.

¹³ CDR, Article 6(1)(a)

¹⁴ CDR, Article 8(1)

(c) Does CAREAB Have an Alternative Right?

A further transient point is that CAREAB may have a claim to invalidate REHAB's CD in any event, on the basis that the right to a Community design vests in the designer (or successor in title)¹⁵. If Gold designed HIGH LOLO in his capacity as an employee of CAREAB, any design rights will vest in CAREAB¹⁶. As such, Gold may be breaching rights conferred on CAREAB under the CDR through the use of the design of HIGH LOLO in the designing of LOHIGH¹⁷.

(d) Concluding Remarks and Advice to CAREAB

A definitive answer cannot be reached with regard to whether HIGH LOLO has been made available to the public when assessing the facts presented. There is a rebuttable presumption that the selected group was sufficient in both size and knowledge to satisfy the requirements of the CDR. Assuming this to be the case, CAREAB may successfully obtain a declaration of invalidity of the CD¹⁸, if it is shown that LOHIGH is a copy of HIGH LOLO¹⁹. A comparison of the two products indicates this to be the case, especially in light of the fact that Herbert Gold designed both products. If HIGH LOLO is held to be a valid UD, LOHIGH will not fulfil the grounds for protection afforded in the CDR and will thus be deemed invalid²⁰.

Based on the information provided, CAREAB need to carefully weigh up whether commencing litigation against REHAB on the grounds of an invalid CD is going to be a productive exercise. They are a company with very limited resources and an application

¹⁵ CDR, Article 14(1)

¹⁶ CDR, Article 14(3)

¹⁷ CDR, Article 19(2). Although this provision refers purely to 'copying' of a protected design, it is arguable that Gold has done so, at least when referring to the diagrams provided. It is unlikely that the design of LOHIGH has resulted from 'an independent work of creation', as Gold was clearly familiar with the design of HIGH LOLO. Gold acknowledges as much by drawing comparisons between the two products when confronted with the issue of REHAB's CD for LOHIGH.

¹⁸ Pursuant to CDR, Article 24

¹⁹ CDR, Article 19(2)

²⁰ CDR, Article 25(1)(b)

to a Community design court²¹ may be an expensive and drawn out affair. Furthermore, based on the facts, it is inconclusive whether such a court would find in their favour. It may be a more prudent approach to allow LOHIGH to remain as a CD. Only if REHAB commence court proceedings, should a decision on whether to challenge those proceedings be made. REHAB may also have limited resources themselves and, whilst a warning letter is one thing, actually commencing proceedings and risking an expensive and potentially drawn out court case is another.

2. Possible Infringement of Trademark Rights by REHAB²²

CAREAB registered HIGH LOLO as a Community trade mark (CTM) in 2003 or soon thereafter²³. It would not appear that HIGH LOLO was used to any great extent as a trade mark between 2003 and the launch of HIGH LOLO in March 2007. HIGH LOLO was marketed on CAREAB's website www.highlolo.nu in December 2008, along with the device "Almost in heaven with HIGH LOLO". REHAB registered LOHIGH as a CTM in December 2007.

The main issues appear to be whether:

- (i) CAREAB can bring an action against REHAB for infringement and/or invalidation of its CTM LOHIGH;
- (ii) REHAB can make an application to have HIGH LOLO held invalid as a CTM on the basis of genuine non-use;
- (iii) CAREAB can defend such an action on the basis of having proper reasons for non-use; and
- (iv) CAREAB have an action against REHAB for unfair commercial practices

²¹ CDR, Article 80(1)

²² My answer is restricted to the provisions of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (CTMR) only and does not encompass the provisions of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks. This is on the basis that the question appears to cover Community trade marks only, and Article 1 of the Directive indicates that the Directive applies to trade marks registered in Member States.

²³ Although the facts do not state the exact date, it is assumed that registration took place in 2003 or soon thereafter, as they *immediately registered* HIGH LOLO as a CTM.

(i)

For HIGH LOLO to achieve registration as a CTM, it has to be a sign capable of distinguishing the goods or services of CAREAB from those of another undertaking²⁴. Furthermore, HIGH LOLO must satisfy the requirement of having distinctive character²⁵. As CAREAB has prior CTM registration, it has grounds to oppose LOHIGH's validity as a CTM on the basis that, because of its identity with or similarity to HIGH LOLO and the identity or similarity of the goods covered by the two trade marks (toilet elevators), there exists a *likelihood of confusion* (or association) on the part of the public in the territory (ie. Community) in which HIGH LOLO is protected²⁶. Such opposition can be made (to challenge registration) within three months following the publication of LOHIGH's application²⁷. Alternatively, an application can be made to the OHIM²⁸ outside this three month period²⁹. More information is needed to establish when publication was made. Publication may have taken place between December 2007 and December 2008³⁰, and CAREAB's rights to oppose the registration may have expired, leaving only the option of applying to OHIM for invalidation proceedings.

In any event, CAREAB will need to establish that LOHIGH causes a likelihood of confusion when compared to HIGH LOLO. The more distinctive HIGH LOLO is as an earlier trade mark is, the greater the likelihood of confusion³¹. Also, when looking at the inherent characteristics of the trade marks, it is arguable that LOHIGH, which essentially contains the same words as HIGH LOLO, and importantly *for identical goods*, causes a likelihood of confusion to the average circumspect consumer in the Community³².

²⁴ CTMR, Article 4

²⁵ CTMR, Article 7(1)(b), *Case C-363/99 Postkantoor* [2004]

²⁶ CTMR, Article 8(1)(b), Article 9(1)(b). HIGH LOLO also qualifies as an earlier trade mark under Article 2(a)(1)

²⁷ CTMR, Article 42(1)

²⁸ An Office for Harmonization in the Internal Market

²⁹ CTMR, Article 52(1)(a)

³⁰ In light of CTMR, Article 39, Article 40

³¹ *Case C-251/95 Sabel BV v Puma AG* [1997]

³² *Case C-342/97 Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [1999]

If proceedings were commenced in a Community trade mark court³³, an assessment would be made balancing the likelihood of LOHIGH causing confusion in light of the distinctiveness of HIGH LOLO. Due to the apparent lack of use of HIGH LOLO as a CTM for a number of years, and the probability that REHAB is a larger and stronger company with greater financial resources, CAREAB would be taking a significant financial risk in making an application to invalidate LOHIGH as a CTM, despite the obvious similarities between the two trade marks. It is on this basis that CAREAB are advised to carefully consider allowing LOHIGH to compete with HIGH LOLO as a trade mark within the toilet elevator market.

(ii)

REHAB can make an application to the OHIM, either by direct application or on the basis of a counterclaim (where infringement proceedings are brought by CAREAB), to have HIGH LOLO revoked as a CTM on the basis of genuine non-use in the Community³⁴. Such an action can only be brought by REHAB if there is a continuous period of genuine non-use for five years, and CAREAB cannot provide proper reasons for that non-use³⁵. In order for REHAB to be successful, it must show that there has been no *actual* use by CAREAB; in other words nothing more than a token use by CAREAB to preserve the rights of the CTM³⁶. What is important is that HIGH LOLO has been used publicly and outwardly³⁷. In essence, OHIM will take into account all of the facts and circumstances of the matter in determining whether or not there has been a genuine non-use³⁸. CAREAB will need to show that it has in fact used HIGH LOLO as a CTM, and may need to rely on the presentation at the trade fair in Copenhagen (and possible ensuing sales), any normal sales made and internet sales, as grounds for denying such a claim.

³³ Pursuant to CTMR, Article 51(1)(a), Article 91(1), Article 95(1)

³⁴ CTMR, Article 15(1), Article 50(1)(a)

³⁵ CTMR, Article 50(1)(a)

³⁶ *Case C-40/01 Ansul BV v Ajax Brandbeveiliging BV* [2003]

³⁷ *Case T-203/02 The Sunrider Corp. v OHIM – Espadafor Caba (Vitafruit)* [2004]

³⁸ *Case C-40/01 Ansul BV v Ajax Brandbeveiliging BV* [2003]

(iii)

If a claim for genuine non-use is made by REHAB, CAREAB may have grounds to defend such a claim on the basis of having proper reasons for non-use³⁹. Lack of use from March 2007 may have been attributable to REHAB raising the possibility of HIGH LOLO infringing their patented technology (and the subsequent entering into of the licensing agreement, possibly reducing funds available for marketing HIGH LOLO) and a warning letter in December 2008 or shortly thereafter indicating the existence of LOHIGH as a CTM.

On the facts, it is unclear whether the OHIM would make a finding of genuine non-use. Use of the mark (and therefore recognition by the average circumspect user in the Community) is not stated. On this basis, CAREAB is advised to do nothing unless an application for non-use is made by REHAB.

(iv)

REHAB may be liable under unfair competition legislation, provided that CAREAB can establish that REHAB engaged in misleading actions which deceived (or were likely to deceive) the average consumer⁴⁰ into taking a transactional decision that they would not have been taken otherwise. It is arguable that the registration in December 2007 of LOHIGH (a trade mark REHAB would have clearly known was similar to HIGH LOLO), some seven months after becoming aware of HIGH LOLO at the trade fair, could constitute such misleading action.

CAREAB could bring an action against REHAB (Swedish company) in the courts of Sweden and the matter would be determined in accordance with Swedish law⁴¹.

³⁹ CTMR, Article 50(1)(a)

⁴⁰ Directive 2005/29/EC of the European Parliament and of The Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market (Directive 2005/29/EC), Article 6. The average consumer is defined as being reasonably well-informed and reasonably observant and circumspect (Recital 18)

⁴¹ Directive 2005/29/EC, Article 11, Article 12

Potential Claim By CAREAB Against Herbert Gold

1. Possible copyright Infringement

CAREAB may have strong grounds to bring an action against Herbert Gold (“Gold”) for copyright infringement. Copyright will attach to any ‘literary and artistic work’ produced, including any drawings, ‘designs’,⁴² illustrations, plans or sketches made⁴³. Copyright will likely attach to any such material regarding HIGH LOLO.

Gold has insisted that he is the owner of the copyright in HIGH LOLO and was therefore in a position to make changes to any designs that he wanted to. For CAREAB to be successful, it will need to show that it has copyright in the relevant material. Gold was clearly employed by CAREAB as its chief designer during the development of HIGH LOLO. The product was designed and manufactured somewhere between 2003 and March 2007, and it would appear that Gold did not leave CAREAB until sometime later in 2007 or possibly in 2008.

Further information is needed regarding the nature of Gold’s employment contract with CAREAB. Generally, in the absence of any express provisions to the contrary, CAREAB becomes the owner of the copyright in HIGH LOLO (which attaches both economic and moral rights⁴⁴) made by Gold or other employees. Unless the employment contract states otherwise, Gold would only have a claim to copyright in HIGH LOLO if computer programs or databases were produced by him⁴⁵. This does not appear to be the case based on the facts provided. It is also unlikely that Gold could claim ‘fair use’ of the material as an exception to the exercise of CAREAB’s rights.

⁴² Consideration is made in this context to The Berne Convention for the Protection of Literary and Artistic Works of 9 September 1886 (Berne Convention), Article 2(7). One must also be cognisant of the fact that the application of the law of copyright in the realm of design law must be carefully considered. If copyright protection was to attach to designs, then the latter would arguably have greater protection than that afforded under the relevant design legislation.

⁴³ Berne Convention, Article 2(1)

⁴⁴ Berne Convention, Articles 9 and 6bis respectively)

⁴⁵ In that case copyright may attach pursuant to Directive 91/250/EEC on the legal protection of computer programs and Directive 96/9/EC on the legal protection of databases

There is also a possible argument that neither CAREAB nor Gold have copyright in the material, on the basis that REHAB's patented technology destroys any originality in HIGH LOLO. The courts have however assessed the threshold for originality as being quite low⁴⁶, and it would appear (at least from the diagrams and claims made by CAREAB as to improvements made) that copyright would attach to the material regarding HIGH LOLO.

2. Possible Disclosure of Trade Secrets and/or Breach of Contract

CAREAB may have a successful claim against Gold for disclosure of secretive information, which has commercial value to CAREAB, provided reasonable steps have been put in place by CAREAB to keep the information secret⁴⁷.

Gold is listed as the designer of LOHIGH on REHAB's CD. It is unclear from the facts whether Gold, who left CAREAB to start his own business (presumably in 2007), subsequently become employed by REHAB, or whether REHAB commissioned him to design LOHIGH. Either way, given the obvious similarities between HIGH LOLO and LOHIGH, there may be a compelling case that the similarities stem from Gold providing such information to REHAB.

A successful claim by CAREAB against Gold for breach of contract will depend on the terms of Gold's contract of employment. It is highly likely, given the seemingly competitive nature of the toilet elevator market, that the contract would have contained a 'confidentiality clause'. Such a clause may have prevented Gold from disclosing certain information, deemed by CAREAB as being 'confidential', to other parties within a certain period after the cessation of his term of employment. More information is needed regarding the terms of Gold's contract of employment.

⁴⁶ *Ladbroke (Football) Ltd v William Hill (Football) Ltd*, [2007] WLR 273

⁴⁷ TRIPS, Article 39(2)

Potential Claim By REHAB Against CAREAB

1. Possible Infringement of Patent Rights by CAREAB

REHAB have an existing patent for a toilet elevator (“REHAB’s Patent”)⁴⁸, which confers on REHAB the exclusive right to prevent CAREAB (and others) from making, using, offering for sale, selling or importing products which are the subject matter of REHAB’s Patent⁴⁹. The term of REHAB’s Patent has not expired⁵⁰.

CAREAB do not believe that HIGH LOLO infringes REHAB’s Patent on the basis that HIGH LOLO is a new and advanced concept with a new technological approach. In any event, CAREAB have entered into a licensing agreement with REHAB to avoid a possible infringement of REHAB’s Patent⁵¹. If CAREAB could successfully patent HIGH LOLO, they would not only be able to defeat any infringement claims brought by REHAB, but they will also achieve a time-limited monopoly for HIGH LOLO and may also be able to enter negotiations to end the licensing agreement in place without fear of infringement.

The biggest problem CAREAB face is that HIGH LOLO might now be unpatentable on the basis that novelty may have been destroyed, either through the internet marketing or presentation in Copenhagen of HIGH LOLO.

⁴⁸ Patent EP0486450 (EPO patent). The question does not specify the scope of REHAB’s Patent. It is apparent that the patent is valid at least in the Member State of Sweden, on the basis of the licensing agreement. Such information is highly relevant in making an assessment of whether HIGH LOLO infringes REHAB’s Patent, especially in light of the marketing of HIGH LOLO on the internet.

⁴⁹ TRIPS, Article 28(1)(a)

⁵⁰ The term of the patent is 20 years from the date of filing; Convention on the Grant of European Patents (European Patent Convention) of 5 October 1973 as revised by the Act revising Article 63 EPC of 17 December 1991 and the Act revising the EPC of 29 November 2000 (“EPC”), Article 63

⁵¹ An additional reason was to avoid disclosure of the design or technology associated with HIGH LOLO. This is relevant if CAREAB can obtain a patent for HIGH LOLO and thus gain protection against infringement proceedings.

(a) Can CAREAB Patent HIGH LOLO and Thus Obtain Protection From Competitors and a Possible Infringement Action by REHAB?

HIGH LOLO will be a product capable of patentability, and thus not infringe REHAB's Patent, if it is shown to be new (or novel), involve an inventive step, and is susceptible of industrial application⁵². It is unlikely that HIGH LOLO falls under any of the 'exceptions' to patentability⁵³.

The inventive step requirement appears to be satisfied⁵⁴. HIGH LOLO is also clearly susceptible of industrial application, on the basis that it will be used within the 'assisted living products' industry⁵⁵.

HIGH LOLO will be considered to be novel if it does not form part of the state of the art⁵⁶. The state of the art comprises everything made available to the public by means of a written or oral description, by use, or in any other way, before the date of filing of [the] European patent application⁵⁷. CAREAB have not applied for a patent for HIGH LOLO and therefore do not have a filing date.

Has HIGH LOLO Been Made Available to the Public?

If HIGH LOLO has been made available to the public, CAREAB will have destroyed novelty in HIGH LOLO and will be unable to patent the invention. 'Availability to the Public' means that all technical characteristics combined in the claimed invention have

⁵² EPC, Article 52(1)

⁵³ EPC, Article 52(2), Article 53

⁵⁴ The facts state that HIGH LOLO differed from the prior art seat elevators. An assumption is therefore made that the requirement of inventive step (ie. not obvious to a person skilled in the art) is satisfied (EPC, Article 56). In reality however I believe that an assessment of the claims made in REHAB's Patent, when compared to the facts presented regarding HIGH LOLO, leads to the conclusion that the products are not that dissimilar. For instance, both products are detachable, and adjustable to adapt to various bowl configurations and shapes.

⁵⁵ A low threshold for the term 'industry' has been applied by the EPO, *Case T-144/83 Du Pont* [1987] E.P.O.R. 6

⁵⁶ EPC, Article 54(1)

⁵⁷ EPC, Article 54(2)

been communicated to the public or laid open to public inspection⁵⁸. Disclosure by CAREAB will have been made where a single member of the public is in a position to gain access to HIGH LOLO and to understand it, provided there is no obligation on their part to maintain secrecy⁵⁹. Furthermore, a single sale of HIGH LOLO to a customer is sufficient to render HIGH LOLO as being made available to the public, provided there is no obligation on the part of the customer to maintain secrecy⁶⁰. Conveyance of HIGH LOLO does not need to be made to a person skilled in the art⁶¹.

(a) Website Sales:

More information is required to establish whether novelty is destroyed in this respect. In December 2008 CAREAB presented and marketed HIGH LOLO on their website www.highlolo.nu. Further investigations need to be made into what constituted 'presentation'. If the website revealed sufficient information that a person could understand it (presumably in the sense that they could ascertain how it was constructed and how it functioned), then it is likely that novelty has been destroyed. Furthermore, more information is required as to whether any sales of HIGH LOLO have been made. If we are to assume that it is now three-four months since HIGH LOLO was marketed on the website⁶², then it is likely sales have been made and novelty destroyed.

(b) Trade Fair:

Presentation of HIGH LOLO to approximately 25 key guests in a special conference room at a trade fair in Copenhagen in March 2007 may also present problems for CAREAB regarding novelty. HIGH LOLO was arguably made available to the public at this fair. The guests invited were key guests, presumably containing at least several industry experts. Although the guests were requested to leave the presentation materials

⁵⁸ G-02/88 *MOBIL/Friction Reducing additive* [1990] E.P.O.R. 73

⁵⁹ T-1081/01 *New Japan Chemical Co Ltd*

⁶⁰ T-0482/89 *Telemecanique*

⁶¹ T-0953/90 *Thomson –CSF*

⁶² An assumption is made that the product was for sale, and not merely placed on the website for presentation and marketing purposes, given prices for HIGH LOLO were quoted.

in the room, on the facts, they were not instructed that any information conveyed at the conference was to remain confidential. As such, novelty is likely to have been destroyed⁶³.

If the trade fair is an officially recognised international exhibition, CAREAB would have a grace period of six months in which to apply for a patent for HIGH LOLO⁶⁴. In any event, disclosure in Copenhagen took place in March 2007. It would appear therefore that HIGH LOLO will only be patentable if the trade fair is deemed not to have been a public disclosure, and that no disclosure has been made from any presentation and marketing of HIGH LOLO on the website. This appears to be a thin argument.

(b) Does REHAB Have Recourse Against CAREAB, Especially in Light of the Licensing Agreement?

If REHAB can demonstrate that HIGH LOLO infringes their patented technology, they may have an action against CAREAB. It is arguable however that HIGH LOLO does not fall within the scope of REHAB's Patent, given that the extent of protection conferred is determined by the claims contained therein⁶⁵.

Despite CAREAB's belief that HIGH LOLO differed from REHAB's Patent, they still entered into a licensing agreement with REHAB. This patent licence was only for the Swedish market regarding REHAB's Patent.

At issue here is whether CAREAB have:

- (i) Infringed the licensing agreement on the basis of marketing HIGH LOLO on the website;
- (ii) The right to market HIGH LOLO without fear of infringement; and
- (iii) An action against REHAB for an unlawful licensing agreement

⁶³ *T-0739/92 Hercules Incorporated*, full citation unavailable

⁶⁴ EPC, Article 55(1)(b)

⁶⁵ EPC, Article 68

(i)

Through the presentation and marketing of HIGH LOLO on the website, CAREAB may have breached the licensing agreement in place (valid only in Sweden). By providing pricing in SEK, CAREAB are clearly targeting Sweden as a territory in which they wish to sell HIGH LOLO. Such activity does not constitute a breach of their licensing agreement with REHAB. More information is needed regarding the territories in which there exist rights for REHAB's Patents⁶⁶. This information is of vital importance in establishing whether CAREAB are infringing REHAB's Patent⁶⁷.

If HIGH LOLO is found to infringe REHAB's Patent by forming part of the prior art (despite the wording of the facts), CAREAB as advised to maintain the existing licensing agreement and to extend the agreement to all territories in which CAREAB wish to market HIGH LOLO and for which REHAB's Patent is afforded protection.

(ii)

CAREAB may successfully argue that HIGH LOLO falls outside the ambit of the prior art, and are therefore not susceptible to an infringement action by REHAB. This is on the basis of the limited scope of protection afforded to REHAB through REHAB's Patent. If this is the case, CAREAB could be advised to continue the licensing agreement⁶⁸ but to not enter into further licensing agreements. If REHAB bring an action, then the burden of proof will be on them to show that HIGH LOLO infringes REHAB's Patent in those territories. Given the very limited resources of CAREAB, coupled with the fact that the patent will expire within the next few years, this may be a more cost effective approach for CAREAB. This way, they can continue to compete with REHAB in Sweden without fear of a lawsuit, and can compete with REHAB in other territories without paying licensing fees. If HIGH LOLO is a superior product, CAREAB should be confident of taking a considerable portion of the market share.

⁶⁶ The facts state that REHAB's Patent is an EPO patent. REHAB must therefore designate in which Member States the patent will afford them protection. It is only clear from the facts that Sweden has been designated.

⁶⁷ This of course will depend on whether there has been an infringement at all.

⁶⁸ Subject to point (iii) below.

(iii)

CAREAB state that they have had to pay a considerable sum to REHAB for the licensing agreement. As such, they may have grounds to litigate on the basis that the agreement *prevents, restricts or distorts* competition by limiting or controlling technological development or investment on the part of CAREAB⁶⁹. Such an assessment may be based on a considerable portion of CAREAB's operating revenue having to be paid to REHAB, money which may have otherwise have been used to develop HIGH LOLO. Such an argument may be difficult to prove, and given CAREAB's very limited resources it is advised not to commence litigation on this ground.

CAREAB may also argue that REHAB have a *dominant position* within the market⁷⁰ and have abused such a position by extracting a considerable sum from CAREAB through the licensing agreement⁷¹. No indication is given in the facts that REHAB are in a position of economic strength which allows them to prevent competition within the relevant market⁷². Until such information can be established, CAREAB is advised not to commence litigation on this ground.

⁶⁹ Consolidated Version of the Treaty Establishing the European Community (EC Treaty), Article 81(1)(b)

⁷⁰ The relevant market is likely to be either for toilet elevators or assisted living products

⁷¹ EC Treaty, Article 82

⁷² *United Brands v Commission of the European Communities, Case 27/76* [1978] ECR 207

Where and Under Which Law can the Relevant Parties Expect to Sue or be Sued?

1. Jurisdictional Issues as between CAREAB and REHAB

Pursuant to the Brussels Regulation⁷³, the general rule binding CAREAB and REHAB (“the parties”) is that persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State⁷⁴. Any proceedings between the parties (except where specified below) should therefore be brought in a Swedish national court applying Swedish national law. CAREAB are also advised to do so, where possible, so as to avoid the extra costs associated with litigating in other Member States. CAREAB may choose to commence proceedings either in Sweden (REHAB’s domicile) or in each Member State where any harmful events occurred (if such events occurred outside of Sweden)⁷⁵.

With regard to possible patent infringement issues, such matters are to be dealt with by the national law of the Member State where the infringement took place⁷⁶. As there is a licensing agreement in place within Sweden, it is likely that any infringements may occur in Member States where HIGH LOLO is sold and in which REHAB holds patent protection. This may especially be relevant in light of any internet sales made by CAREAB.

With regard to any CTM and CD litigation, such matters shall be dealt with in Community trade mark courts and Community design courts respectively, who have exclusive jurisdiction in all infringement actions and declarations of non-infringement⁷⁷.

In essence, it would appear that almost all proceedings would take place in Sweden.

⁷³ Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters

⁷⁴ Brussels Regulation, Article 2(1)

⁷⁵ Brussels Regulation, Article 2(1), Article 5(3), *C-21/76 Bier v Mines de Potasse d’Alsace SA* [1976]

⁷⁶ EPC, Article 64(3)

⁷⁷ CTMR, Article 90(2)(a), Article 91(1), Article 92; CDR, Article 79(1), Article 80(1), Article 81. It is unlikely that Article 93 (CTMR) and Article 82 (CDR) will need to be invoked on the facts presented.

2. Jurisdictional Issues as between CAREAB and Gold

Any proceedings for copyright infringement against Gold will be governed by the law of the country where the protection is claimed, in this case Sweden⁷⁸. Although not specified in the facts, it is probable that Gold is domiciled in Sweden. Furthermore, it would appear that all relevant acts have also taken place in Sweden. As such, any proceedings against Gold on the basis of breach of contract or disclosure of trade secrets are likely to be dealt with in Sweden by national courts applying Swedish national law⁷⁹.

3. Enforcement Provisions

Member States shall provide for the measures and remedies necessary to ensure the enforcement of any intellectual property rights CAREAB, REHAB and Gold may have⁸⁰. Such measures may include the preservation of evidence, injunctions, the right of information and damages⁸¹.

⁷⁸ Berne Convention, Article 5(2)

⁷⁹ Brussels Regulation, Article 2(1), Article 20(1)

⁸⁰ Directive 2004/48/EC of the European Parliament and of The Council of 29 April 2004 on the enforcement of intellectual property rights (Directive 2004/48/EC), Article 3(1)

⁸¹ Directive 2004/48/EC), Article 7, Article 8, Article 9, Article 11, Article 13; TRIPS, Article 43, Article 44, Article 45, Article 47