SLAUGHTER AND MAY

Hot issues in IP in Europe

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Dawn of an English doctrine of equivalents

In *Actavis v Eli Lilly*, the UK Supreme Court has radically changed the test for patent infringement. In reaching its decision, the Supreme Court has adopted a doctrine of equivalents into the English approach, focussing on immaterial variants, which brings it closer to infringement tests used by courts in the US and in Europe. The decision suggests that there will be greater reliance on the inventive concept underlying the patent than on the wording of the claim. It is likely to result in greater scope of protection for patentees. See here for further analysis.

Brexit and EU-wide IP rights

Post-Brexit (likely to be 29 March 2019), EU-wide rights (principally EU Trade Marks and designs, EU designations of origin and Supplementary Protection Certificates) will no longer have effect in the UK subject to transitional arrangements being agreed. The European Commission has called for the UK to introduce legislation to give IP owners rights in the UK equivalent to those lost, even where there is no equivalent right currently existing in the UK. The UK is yet to provide clarity on this and for now is consulting on possible options. Rights owners can in the meantime protect their position by applying for national registrations.

English court sets a FRAND royalty rate and method of calculation

In the *Unwired Planet v Huawei* case the English High Court broke new ground on FRAND (fair reasonable and non-discriminatory) patent licensing of standard essential patents. The case marks the first time that an English court has made a FRAND determination and set a FRAND royalty rate as well as granting a new "FRAND" injunction. Significantly, it indicates that competition law issues may be of decreasing importance in patent licensing. This landmark case clarifies and supplements recent European case law on the meaning of FRAND, provides detailed guidance on the method for concluding a FRAND licence and a pragmatic approach to calculating FRAND royalties. See our briefings on this case: implications and licensing considerations.

Registering 3D trade marks – London taxis and KitKats

Two high profile cases before the English Court of Appeal have underlined the difficulty in obtaining trade mark protection for shapes. The cases involved (i) an application by Nestle to register the shape of a four bar chocolate bar (KitKat); (ii) the registrability of the shape of a London taxi. In both cases, the owners of the marks failed to demonstrate that the marks had acquired distinctiveness. The CJEU test for acquired distinctiveness has been interpreted by the English courts as meaning that consumers must rely upon the shape (and not any other trade mark present) to identify the origin of the product. While the application of the test is still uncertain, it is clear that shape marks, like other non-conventional marks such as colour marks, remain difficult to register and enforce in the UK.

Patent reform in Europe

Delays continue over the implementation of a radical new patent system for Europe comprising a new pan-European patent right (Unitary Patent) and a complementary court system (Unified Patent Court (UPC)). The UK is close to completing the ratification process. However, Germany, the other country required to ratify, has suspended this process pending investigation of a constitutional challenge to the UPC legislation which is causing uncertainty and delay. It may even prevent the new system from coming into force at all. However, if preparations resume, patent owners must be ready to choose which of their existing and new European Patents (EPs) they wish to opt-out of the new system in order to remove the risk of the new central attack on validity in the UPC. Given the uncertainties over the UK's long-term involvement in the UPC once the UK leaves the EU, patent owners should give serious consideration to whether any EPs covering the UK should remain subject to the jurisdiction of the new court. See here for further analysis.

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