



EXPLANATORY NOTE

to the Resolutions adopted by the AIPPI ExCo in Singapore October 2007

Q193 – Divisional, Continuation and Continuation-in-part Patent Applications

In various jurisdictions patent applications may be divided or continued in order to pursue an application which might otherwise be rejected or abandoned. Divisional, continuation and continuation-in-part applications are useful tools in patent granting procedures serving both the applicants and the patent granting authorities.

For the purposes of this working question and the resolution specific definitions for the terms “divisional application”, “continuation application” and “continuation-in-part application” were used in order to distinguish between a “divisional application” in a narrower sense and in the wider sense which would also incorporate the continuation applications. This distinction seemed necessary as a result of the criticism against the misuse of divisional applications which became evident in the reports and the discussions.

The ExCo noted that divisional and continuation applications allow maximum flexibility for the applicants and also adequate protection for their inventions. The availability of such applications may also lead to advantages with regard to licensing activities in that particular aspects of the subject matter can be divided into separate patent applications.

At the same time, it has to be recognized that divisional, continuation and continuation-in-part applications may contribute to delays in the granting proceedings, drawing on the resources of the patent granting authorities. The degree of legal uncertainty for third parties, including the public, is another important factor to be considered. In particular, the assessment of potential patent rights relevant to their contemplated business activities becomes more difficult with an increase of divisional and continuation applications.

There was consensus in the Working Committee that overall there is no reason to limit the currently available access to filing divisional applications (in the narrow sense) during the pendency of the parent application, whereas limitations could be reasonable in respect of continuation applications.

A requirement for the admissibility of a divisional application should be that the subject matter was disclosed in the parent application. However, if a divisional application contains undisclosed subject matter, it should not be declared invalid if the added matter is deleted from the application prior to its grant.

Under the same conditions, continuation applications should be possible. The ExCo resolved that patent authorities should expedite the granting proceedings for divisional and continuation applications in particular with regard to publication and examination.

With regard to continuation-in-part applications there was consensus that these cannot be considered desirable for the reasons mentioned above. Mainly the lack of legal certainty for third parties and also for the patent granting authorities is a drawback for this kind of applications.

As a footnote it is worth mentioning that the EPO has in the meantime issued two decisions of the Enlarged Board of Appeal (G1/06 and G1/05) which are very much in line with the Resolution adopted by AIPPI in Singapore.

Q194 – The impact of Co-Ownership of IPR on their Exploitation

The co-ownership of IPR which has a great impact in particular on the exploitation of such rights had never been investigated by AIPPI. Co-ownership may be established for various reasons. Examples comprise inventions made by more than one person jointly, situations in which several people own an IPR jointly by heritage or as a result of other transactions (joint-ventures) or a joint ownership of employer and employee of inventions or creations made by the employee.

The exploitation of IPR involves a number of legal problems. With regard to co-ownership the main problems are:

- the capacity of each co-owner of an IPR to individually exploit the right by licensing a third person
- a co-owner's capacity to use his share in the co-ownership to guarantee an investment or as another means of security
- the question of enforcement of the IPR

National laws differ significantly in many aspects of this topic. This is very often due to the fact that they do not provide for specific rules which are IPR related, but rather find the source in general civil law. Some regional IPR, such as the European patent or the Community trademark, are governed by laws which allow co-ownership, but again contain no details and leave the solution of any problems in the context of co-ownership to national laws. Therefore, also questions of international private law (the conflict of laws) arise as to which national law would be applicable in a specific case.

AIPPI treated these problems with regard to all IPR, including patents, trademarks, designs and models and copyright. However, issues of the origin of co-ownership were left out of the discussions.

The resolution which was adopted by the ExCo stressed again the importance of rules in the national laws concerning the co-ownership of IPR and of their harmonization. Those rules, however, should only apply in the absence of arrangements made by the co-owners. The freedom of the co-owners to regulate their relationship should be generally acknowledged. This encompasses substantive issues as well as the choice of the applicable law and the jurisdiction in cases of disputes among co-owners.

The resolution also distinguishes between the various IPR and recognizes the existing differences. Any proposals contained in the resolution are based on the assumption that the co-owners have not reached an agreement on the modalities of the exploitation.

With regard to patents each co-owner should be entitled to exploit the patent without the need to obtain a consent from the other co-owners and without an obligation to compensate the other co-owners for that exploitation. At the same time, no co-owner should be entitled to license the patent without the consent of the other co-owners.

The situation is slightly different with regard to trademarks and copyright. Here a co-owner should not be entitled to exploit individually without the consent of the other co-owners. This

is mainly due to the fact that trademarks and copyright as opposed to a patent cannot be exploited by several individuals without causing a danger of confusion for the public. Regarding licenses the view of AIPPI is less strict than for patents. It was resolved that a co-owner should require consent from the other co-owners if he wishes to grant a license for a trademark or a copyrighted work to third parties.

Enforcement of an IPR against third party infringers does not require the consent of a co-owner. The same applies to measures taken by one co-owner to renew or otherwise maintain the co-owned IPR.

The complicated and complex question of the applicable law in case the parties have not chosen a national law and other substantive issues, such as the assignment and securitisation of co-owned IPR, were recommended to be investigated further by AIPPI.

Q195 – Limitations of Trademark Rights

While a trademark conveys exclusive rights to its owner to prevent third parties from using identical or similar signs for goods which are identical or similar where such use would result in a likelihood of confusion, these exclusive rights are not without limitations. In particular, the so-called “fair use of descriptive terms” (see e.g. Art. 17 TRIPS) may serve as a limitation. Another example is prior user rights which may exist in certain jurisdictions.

Q195 looked specifically at the issues around a descriptive use of another’s trademark and other limitations which had not been studied by AIPPI previously. “Descriptive use defences” comprise various situations, namely the use of somebody’s own name or address, and of indications concerning the kind, quality, intended purpose, value, geographical origin or time of production of goods. Another example is the decorative use of another’s trademark in contrast to the use as a trademark.

Case law of the ECJ and various national courts has ruled that a descriptive use is only permitted provided it is in accordance with honest practices. Another goal of Q195 was to determine where the line would have to be drawn between an honest descriptive use and a violation of honest practices which might also result in unfair competition.

The resolution adopted in Singapore considers that trademark limitations should serve the purpose of equitably balancing the rights of the trademark owner and the rights and interests of the public including competitors and consumers. This applies both to descriptive use defences and prior user rights or prior use defences.

AIPPI resolved that limitation of the exclusive right of a trademark owner should be allowed for the use of a sign corresponding totally or partially to another’s trademark in order to indicate kind, quality, intended purpose, value, geographical origin, time of production or other characteristics of the goods or the services as well as the compatibility of the third party’s goods or services with those of the trademark owner. In those cases, the trademark may not be enforced against the third party. The same applies to the use of an individual’s genuine name in the course of trade. Excluded from this rule are nicknames of a person and company or business names. In the latter case the general rules and principles for conflicts of trademarks should apply.

Nevertheless, any limitation will itself be subject to certain conditions which have to be met by the user of the trademark in order to comply with the honest business practices. Consequently, a use would for instance not be admissible if it causes confusion, if it unfairly takes advantage of or capitalizes the reputation of the trademark or if it misrepresents the

goods or services of the third party as originating from or being associated with the trademark owner. The use of a trademark as an indication of compatibility should only be allowed where it may not reasonably be replaced by other means serving the same purpose.

Finally, the resolution also states that a prior use of a sign can only lead to a prior user right or a prior use defence limiting trademark rights if it is a bona fide use.

The resolution is silent as to decorative use. The Working Committee and the ExCo could not reach consensus on a uniform position as to the conditions and prerequisites of a limitation of trademark rights through the decorative use of the trademark by third parties.

Future work of AIPPI

As explained above, in particular Q194 leaves room for future studies with regard to the impact of co-ownership of IPRs in certain situations. The Bureau of AIPPI will decide on how to pursue these studies.

The Working Programme for the Boston Congress to be held in September 2008 has been adopted and comprises four Working Questions. These are

- Q202: The impact of public health issues on exclusive patent rights
- Q203: Damages for infringement, counterfeiting and piracy of trademarks
- Q204: Liability for contributory infringement of IPRs
- Q205: Exhaustion of IPRs in cases of infringement and repair of goods

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