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FOREWORD

Recently, the House of Lords delivered a landmark decision in a major biotechnology case. Among other issues, this decision served to clarify the approach to the assessment of patent infringement in the English Courts, and highlighted the importance of good patent drafting.

In the case of ***Bongrain SA's Application [2004] EWCA Civ 1690***, the Court of Appeal considered the issue of whether a very fancy shape of cheese was sufficient to confer distinctive character under English law so as to qualify for trade mark registration.

Finally, we bring you a report on a case concerning the marks "SPAM" and "SPAMBUSTER". An issue which arose was that of estoppel, and the lesson from this was that a party seeking to revoke or invalidate a mark must deploy all its arguments from the outset, especially if the arguments contain similar legal and factual elements.

LACK OF CLARITY INVALIDATES BIOTECH PATENT CLAIM

Introduction

In the latest episode of the legal battle between two prominent companies in the biotechnology industry, the House of Lords restated the correct approach to the assessment of patent infringement in the English courts. This landmark decision represented the first time the Lords have addressed the scope of patent protection since changes in the law in 1977.

Facts

Kirin-Amgen Inc ("Amgen") was the proprietor of an European patent (EP 0148605B2), relating to a method of making erythropoietin ("EPO"), a hormone made in the kidney which stimulated the production of red blood cells by the bone marrow, by recombinant DNA technology.

The appeals arose out of a dispute concerning both the validity and infringement of the patent between Amgen and two other pharmaceutical companies, Transkaryotic Therapies Inc ("TKT") and Hoechst Marion Roussel Ltd ("Hoechst").

Amgen and TKT each had a method of making EPO. TKT employed a process which it called "gene-activation". The product was referred to in the appeal as GA-EPO, and Hoechst proposed to import GA-EPO into the United Kingdom. The main difference between them was that in the former, EPO was made by an exogenous DNA sequence coding for EPO which had been introduced into a host cell. In the latter, which was a newer technology, EPO was made by an endogenous DNA sequence coding for EPO in a human cell into which an exogenous upstream control sequence had been inserted.

Amgen alleged that TKT's method of making EPO infringed the patent. Claims 19 and 26 were alleged to have been infringed. Claim 19 was for EPO which was the product of the expression of an exogenous DNA sequence, and which had a higher molecular weight than existing EPO derived from extraction from urine ("uEPO"), and claim 26 was for EPO which was the product of the expression in a host cell of a DNA sequence according to claim 1, relating to DNA sequence for use in securing the expression of EPO in a host cell, such sequence selected from tables in the patent or related sequences.

The Court of Appeal held that both claims 19 and 26 were valid but that neither was infringed.

The parties appealed to the House of Lords. Amgen alleged that as a matter of construction, the TKT process fell within both claims. TKT argued that both claims were invalid for insufficiency and claim 26 was invalid for lack of novelty.

The decision

The House of Lords held that TKT did not infringe any of the claims and dismissed Amgen's appeal.

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The patent was also revoked.

In reaching its decision, the Court cited the speech of Lord Diplock in ***Catnic Components Ltd v Hill & Smith Ltd [1982] RPC 183, 243*** that "…a patent specification should be given a purposive construction rather than a purely literal one…"

The Court agreed that a claim might cover products or processes which involved the use of technology unknown at the time the claim was drafted. The crucial question was whether the person skilled in the art would understand the description in a way which was sufficiently general to include the new technology.

The Court held that the man skilled in the art would not have understood the claim as sufficiently general to include gene activation. He would have understood it to be limited to the expression of an exogenous DNA sequence which coded for EPO. Hence there was no infringement.

On novelty, the Court adopted the practice of the European Patent Office and held that to establish novelty, "the product must be new and… a difference in the method of manufacturing an identical product does not make it new. It is only if the product is different but the difference cannot in practice be satisfactorily defined by reference to its composition … that a definition by process of manufacture is allowed." Claim 26 was held to be invalid on the basis of prior art, namely uEPO which others had purified from urine.

Turning to sufficiency, the Court cited the leading case of ***Biogen Inc v Medeva plc [1997] RPC 1, 48*** where it was held that the disclosure must enable the invention to be performed to the full extent of the monopoly claimed. The Court gave an insightful guide to the right approach in stating that "…Whether the specification is sufficient or not is highly sensitive to the nature of the invention. The first step is to identify the invention and decide what it claims to enable the skilled man to do. Then one can ask whether the specification enables him to do it… the argument in this case about sufficiency… really turns on a dispute over exactly what the invention is".

On the facts, the Court held that claim 19 was invalid for insufficiency. Claim 19 distinguished the product falling within the claim on the ground that it had a "higher molecular weight by SDS-PAGE from erythropoietin isolated from urinary sources". The difficulty lay in identifying the uEPO to test against the recombinant EPO ("rEPO") made according to the process specified in claim 19. The Court agreed with the decision at first instance, i.e. that the lack of clarity made the specification insufficient. It made it impossible to determine in *any* case whether the product fell within the claim.

Hence the invention was not disclosed "clearly enough and completely enough for it to be performed by a person skilled in the art".

Comment

This case is significant in the local context. Before finalising the claims of their patent applications prior to the payment of the fee for grant, patentees should ensure that their claims are clear enough to be infringed and that the disclosure of the patent enables the person skilled in the art to perform the invention. This case also serves to highlight the need to constantly innovate and to seek protection for new technologies, as Amgen's patent was revoked because TKT's technology had leapfrogged Amgen's and fallen outside the scope of Amgen's patent.

Case: Kirin-Amgen Inc and others v. Hoechst Marion Roussel Limited and others [2004] UKHL 46

COURT REJECTS CHEESE SHAPE MARK

Facts

The Applicant, Bongrain SA ("Bongrain"), applied to register a three-dimensional trade mark which consisted of the shape of a cheese with a "ridged effect" and six segments on the surface. The goods of interest were cheese. The application was refused by the Registrar of Trade Marks on the basis that the mark was devoid of distinctiveness. The Registrar's decision was upheld on appeal to the High Court. Bongrain appealed to the Court of Appeal.

Relevant Legislation

Article 2 of Directive 89/104 ("Directive") provides:

"A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings."

Article 3 of the Directive provides:

"(1) The following shall not be registered or if registered shall be liable to be declared invalid –

(a) signs which cannot constitute a trade mark;

(b) trade marks which are devoid of any distinctive character;

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;

(e) signs which consist exclusively of:

- the shape which results from the nature of the goods themselves, or
- the shape of goods which is necessary to obtain a technical result, or
- the shape which gives substantial value to the goods;

(3) A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character..."

Article 2 of the Directive corresponds with Section 2 of the Singapore Trade Marks Act ("Act"), and Article 3 of the Directive corresponds with Sections 7(1), 7(2) and 7(3) of the Act.

Decision

The Court of Appeal dismissed Bongrain's appeal and upheld the Registry's finding that the shape mark was not distinctive.

Reasons for the decision

In assessing whether a shape mark was registrable, Jacob LJ held the following matters to be common ground:

(i) A shape of goods, in principle, may be registrable;
(ii) The shape of goods would be registrable provided that it did not fall within one or more of the criteria set out in Art. 3.1;
(iii) Since a shape of goods was in principle registrable, Bongrain's application passed the first criteria in Art. 3.1, i.e. it was not a sign which "cannot constitute a trade mark";
(iv) The inquiry into "distinctive character" (Art. 3.1 (b)) was to be carried out at the date of application for registration;
(v) That inquiry will involve a consideration of the nature of the mark applied for to assess its inherent distinctive character. If that was insufficient, nonetheless evidence may show that at the date of application, it had acquired a distinctive character by use (Art. 3.3).

In short, had the mark, by nature or nurture a distinctive character? Passing either test would do.

(vi) The legal test for "distinctive character" was in principle the same for all types of mark.
(vii) As a practical matter, however, it would be harder to show that a three dimensional mark passes the test. In this connection, Jacob LJ followed ***Henkel v Ohim*** which observed that the relevant public's perception was not necessarily the same in relation to a three-dimensional mark consisting of the shape and colours of the product itself as it was in relation to a word or figurative mark consisting of a sign which was independent from the appearance of the products it denoted. Average consumers were not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element and it could therefore prove more difficult to establish distinctiveness in relation to such a three-dimensional mark than in relation to a word or figurative mark.

Jacob LJ held that the Court should be slow to reverse the decision of the experienced Registrar on a question which consisted largely of a value judgment, such as "distinctive character".

Bongrain argued that if a trade mark consisting of the shape of the goods was strikingly unusual, that was enough to give it a distinctive character entitling it to registration. Jacob LJ did not accept this argument. Even if the shape of the goods themselves was indeed fancy, that was not enough to warrant registration.

At the heart of trade mark law was the function of a trade mark as an indication of origin. Jacob LJ took the view that the public was not used to mere shapes conveying trade mark significance and the public would not automatically take such shapes as denoting trade origin.

Jacob LJ deemed the evidence furnished by Bongrain to show factual distinctiveness of its shape mark to be wholly unsatisfactory. Most importantly, there was no evidence of use of the mark actually applied for. Reliance was placed on evidence of use of a similar cheese shape consisting of eight rather than six segments. Some trade evidence from the Chairman of the Speciality Cheese Section of the Provision Trade Federation (food importers) was also filed. He gave the opinion that if the shape mark had been used since 1997, it would have been distinctive and asserted that it would have been seen as a badge of origin. No other reason was given. The Judge held that a mere assertion is not sufficient to prove that the mark, if used, would be relied upon as a guarantee of origin.

Comment

This decision reinforces the difficulty in registering a shape mark, particularly where the shape is simply the shape of the goods. Even if the shape mark is arguably unusual, traders should be prepared to file substantial use to persuade the Registrar that the mark has acquired a distinctive character.

Case: Bongrain SA's Trade Mark Application [2004] EWCA Civ 1690

SPAM ACTION GETS BUSTED

Introduction

To emphasise efficiency and economy of litigation, the United Kingdom ("UK") Courts have re-enforced the principles of cause of action estoppel and abuse of process in the area of trade marks law. The present case of ***Hormel Foods Corporation v Antilles Landscape Investments NV [2005] EWHC 13 (Ch)*** represents the UK Courts latest endeavour in this regard.

Background

The Claimant, Hormel Foods Corporation ("Hormel") was an American manufacturer of canned luncheon meat sold under the trade mark "SPAM". The defendant, Antilles Landscape Investments ("Antilles"), was the owner of the trade mark "SPAMBUSTER" for computer programming services.

In 2001, Hormel filed an application in the UK Trade Marks Registry to have SPAMBUSTER declared invalid on relative grounds that its use was detrimental to the reputation of SPAM. The Hearing Officer dismissed the application.

Subsequently, Hormel filed another application to have SPAMBUSTER declared invalid under Section 47(1) of the UK Trade Marks Act ("UK TMA") on absolute grounds that the mark was devoid of distinctive character and was descriptive of the subject services under Section 3(1)(b) and (c) of the UK TMA respectively. Alternatively, Hormel sought the revocation of SPAMBUSTER under Section 46(1)(c) of the UK TMA on the basis that it was descriptive or generic or devoid of distinctive character as at the application date, or had subsequently become generic due to Antilles' inaction.

Antilles counterclaimed by seeking to have SPAM declared invalid under Section 3(1)(d), i.e. that it was a generic term in the trade. Alternatively, Antilles sought revocation of SPAM under Section 46(1)(c). Antilles complained that the proceedings brought by Hormel were oppressive and vexatious and that Hormel was seeking to ignore the adverse ruling made against it in the Registry proceedings. That complaint was analysed by the Court as a plea of either cause of action estoppel or abuse of process.

Relevant Legislation

Sections 3, 46 and 47 of the UK TMA provide in relevant part as follows:

"3(1) The following shall not be registered – …

(b) trade marks which are devoid of distinctive character,

(c) trade marks which consist exclusively of signs or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

(d) trade marks which consist exclusively of signs or indications which may have become customary in the current language or in the bona fide and established practices of the trade;

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above, if before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.

46(1) The registration of a trade mark may be revoked on any of the following grounds – …

(c) that in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service for which it is registered.

(5) Where grounds of revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

(6) Where the registration of a trade mark is revoked to any extent, the rights of the proprietor shall be deemed to have ceased to that extent as from

(a) the date of the application for revocation, or
(b) if the registrar or court is satisfied that the grounds for revocation existed at an earlier date, that date.

47(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of Section 3 or in any of the provisions refer erred in that section (absolute grounds of refusal of registration).

Section 46 of the UK TMA is the equivalent of Section 22 of the Singapore TMA, while Section 47(1) of the UK TMA is equivalent to Section 23(1) of the Singapore TMA.

Reasons for the decision

(i) Whether Hormel's invalidity and revocation actions were barred by cause of action estoppel

The Court held that Hormel's invalidity action against SPAMBUSTER was barred due to cause of action estoppel, but its revocation action was not.

The Deputy Judge considered, among other things, a slew of patent and registered design cases which had interpreted cause of action estoppel, and analysed cause of action estoppel in respect of the above cases as:

"A person who attacks the validity of a patent or a registered design is under a duty to put his full case in support of that attack at trial. And if he is unsuccessful, he will be barred by cause of action estoppel from attacking the validity of the patent or registered design in subsequent proceedings whether on the same or different grounds. It appears that this is so, even if he could not have discovered those different grounds by the exercises of reasonable diligence before the first trial."

As a matter of principle, there was no reason why the law with regards to cause of action estoppel as it had been developed could not apply to trade marks. However, the Deputy Judge was of the view that cause of action estoppel could not extend to Hormel's revocation claim since a revocation action was fundamentally different from an invalidity claim. A trade mark that was invalidly registered was a claim that that the mark should never have been registered for whatever reason. By contrast, a revocation claim was a claim that the mark even though it may have been validly registered should be removed from the register because of events occurring subsequent to registration.

(ii) Whether Hormel's above actions were an abuse of process

The Deputy Judge decided that Hormel's claims constituted an abuse of process based on ***Henderson v Henderson*** grounds, being that "the bringing of a claim or the raising of a defence in later proceedings may… amount to abuse" if the Court was satisfied that "the claim or defence should have been raised in the earlier proceedings if it was to be raised at all." The Deputy Judge held that although the grounds in both proceedings were different, the factual background and the evidence in both the proceedings overlapped to a considerable extent.

The Court concluded that the present claims could have been included in Hormel's previous Registry proceedings. Given that they had not been included then, it was oppressive for Hormel to raise them now.

Additionally the Deputy Judge was of the view that it was in the public interest that there should be finality in litigation and a party such as Antilles should not be twice vexed in the same matter.

(iii) However, if the Court was wrong in declaring Hormel's actions to be barred by cause of action estoppel and/or abuse of process, was the mark SPAMBUSTER (a) invalid, or (b) liable to be revoked

Claim for invalidity

The Deputy Judge considered the "DOUBLEMINT" case (***Office for Harmonisation in the Internal Market in the Internal Market v Wm Wrigley Jr Co [2004] ETMR 9***) and the "POSTKANTOOR" case (***Koninklijke KPN Nederland NV v Benelux-Merkenbureau [2004] ETMR 57***) and stressed that in light of public interest, descriptive terms should be free for use by all. The public should be able to use them without having to search to see if any particular representation of such words had been registered. On the evidence, the Court held that at least one of the possible meanings of SPAMBUSTER designated the subject services. The test was then whether there were any visual elements in the sign that took it out of the realm of Section 3(1)(c) of the UK TMA. This would depend on whether the visual elements included something additional to the word as opposed to a representation of the word. SPAMBUSTER was registered in a yellow cartoon font with a red outline. As per the Deputy Judge, aside from being stylised, the word SPAMBUSTER contained no visual elements which would take it out of the realm of descriptiveness. However, the Court held that the position would have been different if for instance, SPAMBUSTER was registered with an exclamation mark at its end and if it had been surrounded by an oval, thus rendering it a device mark rather than a word mark.

The Deputy Judge also found the mark to be devoid of distinctive character under Section 3(1)(b) of the UK TMA and held that the degree of stylisation was not sufficient to render it origin specific. Additionally, Antilles had been unable to show that the mark had acquired a distinctive character through use.

Claim for revocation

As per the Deputy Judge, although SPAMBUSTER had not become a generic term at the time of its registration, it had become so in the field of

computer programming services for combating spam emails by the time of Hormel's second action in April 2003.

This was partly due to Antilles' inactivity. This fell within the scope of Section 46(1)(c) of the UK TMA.

As such, Hormel's claims for a declaration of invalidity and revocation of the SPAMBUSTER mark would have been made out, had the actions not been barred.

(iv) Whether SPAM had become generic for canned meat such that it merited being invalidated or revoked.

The Deputy Judge dismissed Antilles' counterclaim to have SPAM declared invalid or revoked, holding that SPAM had not been customary in the canned meat trade and that Hormel had been active enough since then to preserve SPAM as a trade mark for its particular product. He distinguished use of a truly generic term to refer to any make of luncheon meat from the use of SPAM in the trade mark sense as a synecdoche, i.e. the use of a particular example, SPAM, to stand for the whole range of canned meats.

Comment

From the principles enunciated in this case, it is now clear that any party that seeks to revoke or invalidate a mark must deploy all its arguments from the outset, especially if the arguments contain similar legal and factual elements.

Case: Hormel Foods Corporation v Antilles Landscape Investments NV [2005] EWHC 13 (Ch)

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