
Examiners' Report on Paper DII

In the first part of this paper, candidates had to deal with different inventions made by Electra Optic and its new subsidiary, Oedipus Electric. Not all candidates made the differentiation between the “basic software”, the “improved software” and the circuit, which was rather crucial in view of the priority issues involved with the “basic software” and the circuit. In fact, few candidates located this problem and did realise that filing an application for the basic software in the name of Electra Optic (as wished by the client) had risks with regard to priority. Many candidates proposed to file one single application for all inventions and so failed to get the maximum patent term for the client.

Further, not all candidates seemed to know the practice of the EPO regarding protection of computer implemented inventions which means that some ignored this aspect of the question.

Lastly, not all candidates realised the special situation of Taiwan (not member of PCT and of Paris Convention but WTO member) and some made the mistake of putting South Korea in the same basket.

In the second part of this paper, candidates were asked to advise as to the status of Leda-PCT and as to the situation regarding competitor Zeus. In contrast to the first part, most candidates gave a thorough analysis of the status of Leda-PCT and also made recommendations on how to tackle the problems with Zeus. In particular, they mostly got the important aspect of freedom in the USA and Japan. But not all candidates realised that the Zeus-EP was filed too early to have the possibility of designating CZ, SK, BG and EE whereas Leda-PCT could take advantage of this possibility. As a result, the candidates who missed the point, did not realise the possibilities offered to Leda as a consequence, i.e. free manufacturing in Slovakia and perhaps the possibility to stop Zeus in the Czech Republic.

Another point which was missed by certain candidates, was the fact that Zeus-EP had to be validated in the designated states in the near future in order to stop manufacture or sale of chips in EP countries.

Simply mentioning cross licensing without indicating what was being licensed in exchange did not gain marks.

Possible Solution

The inventions of Miss Myopia and Dr. Panopticon

Despite the provisions of Art. 52(2)(c) EPC , which provides that software “as such” is not patentable, software may be patentable if technical in nature.

Image enhancement software for digital cameras seems sufficiently technical to merit protection as image enhancement is a technical effect.

The inventions were derived separately by Dr. Panopticon and Miss Myopia, and applications were filed at different times and so each invention needs to be considered separately.

Basic software

The basic software was first disclosed in Electra-FI, and later Electra-EP, however, Electra-FI and Electra-EP are not prior art to Oedipus-EP since both were withdrawn before publication

The basic software was disclosed at the conference, but as this was after the filing of Oedipus-EP, the conference does not constitute prior art against Oedipus-EP, but will be prior art for later applications for any matter that cannot claim priority of Oedipus-EP.

To maximise the patent term it would be desirable to file fresh applications, as the term of a patent runs from the filing date, not the priority date, and to avoid the prior art effect of the conference disclosure, such applications should claim priority of Oedipus-EP.

National applications can be filed covering the EPO, Japan, South Korea and US (or as a PCT application) covering the basic software, its use in a camera and the resulting camera, and claiming priority of Oedipus-EP. The Czech Republic is an EPC Member State and so will be covered by the EP application or the EP designation in the PCT application. Miss Myopia should be named as inventor, and should be the inventor-applicant for USA and an assignment of US rights will be required.

For Taiwan, a PCT application is not possible since Taiwan is not a PCT member. Taiwan is not a Paris Convention country but recently became a member of WTO and so whether priority may be claimed in Taiwan needs to be investigated. If priority cannot be claimed then the disclosure at conference may invalidate claims to the basic software in Taiwan.

However, if during EPO or national proceedings attention is drawn to Electra-FI and Electra-EP, the validity of the priority claim can be challenged if Oedipus-EP is transferred to Electra prior to filing the further applications.

The right to priority belongs to a person who has filed an earlier application **or their successor in title** (Art. 87(1) EPC). Under the Paris Convention (Article 4PC) and the EPC (Art.87(4)) a later application in or in respect of a given state can be considered the first application if any earlier application in or in respect of that state has been withdrawn without publication, without leaving any rights outstanding **and**

without serving as a basis for priority. Therefore, under Article 87(4) EPC and corresponding PC provision, Electra-FI may be considered to be the first application **if Electra takes assignment and tries to claim priority from Oedipus-EP.**

However, so far as Oedipus are concerned, Oedipus-EP **is** the first application. Therefore, to reduce the risk of priority problems, it is preferable not to record assignment but to file in name of Oedipus, and then perhaps assign later. To be absolutely sure, leave the applications in the name of Oedipus (which continues to exist as a legal entity).

In any event, to be effective under the EPC, an assignment must be in writing and signed by both parties. Thus, the assignment is not yet effective. So, Electra should not sign yet.

Circuit

The circuit was not disclosed at the conference, and as it is not obvious from the basic software should be patentable in its own right.

The circuit is Dr. Panopticon's invention and can be part of separate applications in name of Electra.

The circuit was first disclosed in Electra-FI. As Electra-FI was used as a basis for a priority claim, a fresh priority date cannot be established now for future use and therefore national applications (or PCT plus Taiwan national application) **without priority claim** are required.

Dr. Panopticon must be named as inventor-applicant for USA. For Europe, Japan and Czech Republic simply name him as inventor.

Improved Software

Like the circuit, the improved software was not disclosed at the conference, and as it is not obvious from the basic software should be patentable in its own right. Also, the improved software is Dr. Panopticon's invention and can be part of separate applications in name of Electra.

However, the improved software was not disclosed in Electra-FI but first disclosed in Electra-EP. As Electra-EP was withdrawn without any publication, without serving as a basis for priority and without leaving any rights outstanding, a fresh priority basis could be established.

Although it would make sense in terms of cost to file together with the circuit applications filing an original application and then claiming priority in a later PCT application gives extra year's protection, however given the position of Taiwan the legal basis for claiming priority would need to be investigated.

The camera and other aspects

The circuit and improved software applications as appropriate could also claim a camera including the improved software, the circuit or both.

In any event, the circuit and improved software applications should be filed before publication of the joint paper by Miss Myopia and Dr. Panopticon.

It may be possible to obtain a still longer term of protection in the USA by use of the “grace period” but detailed advice from a US attorney would have to be sought.

The problem with Leda

Relative rights

For Zeus

Zeus-EP has the earliest priority date (November 2000). Zeus-EP was published after filing of Leda-EP (December 2001). Therefore Zeus-EP is prior art under Art.54(3)EPC to the European designation of Leda-PCT for novelty only and in respect of commonly designated states.

The period for validating Zeus-EP expires April 2004 in most countries and so coverage throughout the designated states may be possible.

For Leda

Leda-PCT was filed December 2002. The Czech Republic, Slovakia, Bulgaria and Estonia acceded to EPC July 2002 and so are covered by the European designation of Leda-PCT

So far as these countries are concerned, Zeus-EP is not prior art at all because it was not possible to designate these countries at the time of filing Zeus-EP. However Zeus-CZ may be a prior national right in the Czech Republic.

Since grant of Zeus-EP was obtained it is likely that protection in Slovakia, Bulgaria and Estonia for Leda-EP will be obtained. Protection in Czech Republic for Leda-EP depends upon the fate of Zeus-CZ and Czech law.

Since there seems to be no US or Japanese equivalent to Zeus-EP, the Leda-PCT designations in these countries would appear to have no problems.

Potential for infringement

By Leda

Zeus-EP will prevent manufacture or sale of chips only in those designated countries where the patent is validated.

Since Zeus have no US protection, Klondyke’s activities in US could not infringe, but bringing product into EPC countries could infringe, and Zeus could seek an injunction in those designated countries where Zeus-EP is validated.

As there was no publication of Zeus-EP at the time of Leda’s sale, and because in any event Zeus-EP does not cover Slovakia (where Leda are situated), damages or

compensation cannot be sought for Leda's past sale. Continued manufacture by Leda in Slovakia is possible.

By Zeus

Zeus will not be able to sell into US, Japan, Slovakia, Bulgaria and Estonia (and perhaps Czech Republic).

Klondyke will not be able to buy the chips from Zeus once the US patent resulting from Leda-PCT is granted.

Since Zeus are situated in the Czech Republic, it would be valuable to obtain protection through Leda-PCT and so it is important to check the status of Zeus-CZ and clarify its prior art effect against Leda-PCT.

However, even if Leda-PCT is valid in the Czech Republic, the effect of any right of prior use law in Czech Republic should be checked.

Since Zeus has protection in most European states, and Leda will have protection in US and Japan, a cross licence appears to be inevitable if both Zeus and Leda are to be free of risk.

Improving Leda's position

Leda's US designation gives them a strong position, as they will be able to stop Zeus in US and so it is advisable to enter the US regional phase as soon as possible to try to get early grant.

To avoid Zeus strengthening their position, wait until the validation period for Zeus-EP has expired before contacting Zeus.

File an application for Leda's chip modified with Electra's circuit, or incorporate this into the circuit applications to be made.

Opposition to Zeus-EP does not appear sensible, both because exhaustive searches have found nothing, and because anything that damages Zeus-EP will damage Leda-PCT.

What to tell Klondyke

Inform Klondyke of Leda's US patent position and of Zeus's European position and assure them that Leda can continue to supply the US. Advise them that Leda will be seeking a licence to ensure freedom to sell into Europe. Ask Klondyke to delay their reply so as to keep Leda's identity secret.