

Industrial Property

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† Jacques Secretan

With profound regret we announce the death, on July 25 at Dardagny, Geneva, of Professor Jacques Secretan, Director of BIRPI from 1953 to 1963. An appreciation of the career of Professor Secretan will follow in our next issue.

INTERNATIONAL UNION

TRINIDAD AND TOBAGO

Declaration of Membership

of the International Union of Paris for the Protection of Industrial Property and of Adhesion to the Lisbon Text of the Convention

According to a communication received from the Federal Political Department, the following note was addressed by the Embassies of the Swiss Confederation in the countries of the Paris Union to the Ministries of Foreign Affairs of those countries:

(Translation)

"In compliance with the instructions of the Swiss Federal Political Department dated July 1, 1964, the Swiss Embassy has the honour to inform the Ministry of Foreign Affairs that the Government of Trinidad and Tobago in a letter of May 14, 1964, a copy of which is enclosed¹⁾, has confirmed to the Swiss Government the membership of its country to the International Union of Paris for the Protection of Industrial Property by virtue of a declaration of application previously made in accordance with Article 16^{bis} of the International Convention for the Protection of Industrial Property.

"According to the above-mentioned letter the Government of Trinidad and Tobago further declares its adhesion to the Convention of Paris, as revised at Lisbon on October 31, 1958. In application of Article 16 (3) of the said Convention, the adhesion of Trinidad and Tobago will take effect on August 1, 1964.

"With regard to its contribution to the common expenses of the International Bureau of the Union, this State is placed, according to its request, in the Sixth Class, for the purposes of Article 13 (8) and (9) of the Convention of Paris as revised at Lisbon."

* * *

This adhesion will bring the membership of the Union to 65 countries with effect from August 1, 1964.

¹⁾ Annex omitted. (Ed.)

BIRPI Working Party on an Administrative Agreement

(Geneva, May 20 to 26, 1964)

The Permanent Bureau of the International Union for the Protection of Industrial Property (Paris Union) and the Permanent Committee of the International Union for the Protection of Literary and Artistic Works (Berne Union) decided, in a joint meeting held in October 1962, to set up a working party to start work for a diplomatic conference to revise some of the administrative clauses of the existing Conventions and other Agreements administered by BIRPI and draw up an "administrative convention". The Government of Sweden accepted to act as the inviting power of the diplomatic conference which is now scheduled to take place in Stockholm in 1967.

The Permanent Bureau and the Permanent Committee decided to invite the following countries to constitute the Working Party: Czechoslovakia, France, Germany (Fed. Rep.), Hungary, Italy, Japan, Mexico, Sweden, Switzerland, Tunisia, United Kingdom of Great Britain and Northern Ireland, United States of America. The list of actual participants appears in an annex to the present note.

Under the chairmanship of Dr. Hans Morf, Head of the Swiss Delegation, the Working Party met in Geneva at the Headquarters of BIRPI from May 20 to May 26, 1964.

The Working Party drew up a draft instrument entitled "Draft Convention of the World Intellectual Property Organization". According to the draft, "WIPO" would take the place of what is today known as BIRPI. The new Organization would be a world-wide forum for industrial property, copyright, and related questions. It would be entrusted with the administrative tasks of the Paris Union, the Special Agreements established in relation with that Union, and the Berne Union. But the Unions would maintain their complete independence as far as their own affairs are concerned: the program and budget of each Union would be determined by the General Assembly of that Union consisting only of the Member Countries of such Union. On the other hand, the budget and the program of the Organization as such would be determined by the General Conference of the Organization.

The draft of the Working Party is going to be circulated to the Member States of the Paris and Berne Unions, and will be examined by a committee of experts early in 1965. To that committee, all States Members of either Union will be invited.

ANNEX

Participants

1. Countries

Czechoslovakia

- Mr. Jaroslav Němeček, President, Patent Office, Prague;
 Dr. Radko Fajfr, Legal Department, Ministry of Foreign Affairs, Prague;
 Dr. Jiří Kordač, Ministry of Education and Culture, Prague.

France

- Mr. Henry Puget, Honorary Counsellor of State, President of the National Committee of Intellectual Property, Paris;
 Mr. Guillaume Finnis, Inspector-General of Industry and Commerce; Director, National Institute of Industrial Property, Paris;
 Mr. Roger Labry, Counsellor of Embassy, Direction of Economic and Financial Affairs, Ministry of Foreign Affairs, Paris;
 Mr. Charles Rohmer, Civil Servant, Head of the Copyright Bureau, Ministry of Cultural Affaires, Paris;
 Mr. Marcel Pierre, Civil Servant, National Institute of Industrial Property, Paris;
 Mr. J.-L. Jeauffre, Honorary Controller of State, Paris.

Germany (Fed. Rep.)

- Mr. Albrecht Krieger, Regierungsdirektor, Federal Ministry of Justice, Bonn;
 Dr. Dirk Rogge, Landgerichtsrat, Federal Ministry of Justice, Bonn;
 Mr. Peter Schönfeld, Consul, Geneva.

Hungary

- Mr. Emil Tasnádi, President, Patent Office, Budapest;
 Dr. Gyula Jelenik, Secretary, Ministry of Foreign Affairs, Budapest;
 Dr. Gyula Pusztai, Chief of the Legal Section, Patent Office, Budapest;
 Dr. János Zakár, Legal Adviser, Office for Copyright Protection, Budapest.

Italy

- Mr. Valerio de Sanctis, Attorney-at-Law, Rome;
 Mr. Giuseppe Trotta, Legal Expert, Ministry of Foreign Affairs, Rome;
 Mr. Paul Marchetti, Inspector-General, Ministry of Industry, Central Patent Office, Rome.

Japan

- Mr. Yuzuru Murakami, First Secretary, Embassy of Japan in the Federal Republic of Germany, Bad Godesberg.

Sweden

- Mr. Ake von Zweigbergk, Director-General of the National Patent and Registration Office, Stockholm;
 Mr. Torwald Hesser, Judge at the Court of Appeal, Ministry of Justice, Stockholm;
 Mr. Claes Uggla, Legal Adviser to the Board of Appeals of the National Patent and Registration Office, Stockholm;
 Mr. J. L. Myrsten, Head of Section, Ministry of Foreign Affairs, Stockholm.

Switzerland

- Dr. Hans Morf, Attorney-at-Law, Berne;
 Mr. Joseph Voyame, Director, Federal Office of Intellectual Property, Berne;
 Mr. Rodolphe Bühler, Division of International Organizations, Federal Political Department, Berne;
 Mr. Charles F. Pochon, Head of Section, Federal Office of Financial Control, Berne.

United Kingdom

- Mr. William Wallace, C. M. G., Assistant Comptroller of the Industrial Property Department, Board of Trade, London.

United States of America

- Mr. George A. Tesoro, Counsellor, U. S. Mission, Geneva;
 Miss Sylvia Nilsen, Office of the Assistant Legal Advisor for Treaty Affairs, Department of State, Washington;
 Mr. James R. Wachob, Second Secretary, U. S. Mission, Geneva.

2. BIRPI

- Prof. G. H. C. Bodenhausen, Director;
 Dr. Arpad Bogsch, Deputy-Director;
 Mr. Charles-L. Magnin, Deputy-Director;
 Mr. Georges Béguin, Counsellor, Head, General Administrative Services Division;
 Mr. Claude Masouyé, Counsellor, Head, Copyright Division.

3. Officers of the Meeting

- Chairman: Dr. Hans Morf (Switzerland);
 Vice-Chairman: Mr. Henry Puget (France);
 Vice-Chairman: Mr. Emil Tasnádi (Hungary);
 Secretary: Dr. Arpad Bogsch (BIRPI).
-

REPORTS OF INTERNATIONAL ORGANISATIONS

The United Nations Conference on Trade and Development

(Geneva, March 23 to June 16, 1964)

The United Nations Conference on Trade and Development has finally run its three months' course. The wide coverage given to the debates in the press will have been sufficient to show the vast area explored by the delegates of the 119 countries represented. The International Union for the Protection of Industrial Property was one of the International Organizations expressly invited by the Economic and Social Council to send observers to the Conference.

Only a small part of the area covered was directly concerned with patents, but it is easy to see that, in a Conference largely devoted to the industrial development of less developed countries, there were many items on the Agenda upon which patents could have their effect.

The particular point where patents were specifically discussed was in connection with the invisible trade of developing countries, one feature of which was the effect of royalty payments under patent licences on the balance of payments of those countries.

The Conference had before it the Report of the Secretary-General of the United Nations on "The Role of Patents in the Transfer of Technology to Under-Developed Countries" (Document No. E/3861; E/C.5/52/Rev.1; E/CONF.46/69), in the preparation of which BIRPI cooperated with the United Nations Secretariat. It also had before it a Paper (Document No. E/CONF.46/101) prepared by BIRPI and circulated as a Conference document (see Annex).

The subject of patents was first considered in the Third Committee (consisting of representatives of all countries attending the Conference) and the debates are summarized in the official records as follow¹⁾:

The Chairman invited the Committee to consider the draft recommendation on the transfer of technology (E/CONF.46/C.3/L.69).

Mr. Flère (Yugoslavia), introducing the draft recommendation²⁾ of which his delegation was a sponsor, said that the

¹⁾ Documents E/CONF.46/C.3/SR.44; E/CONF.46/C.3/SR.49.

²⁾ Transfer of technology. — *The Conference recommends that:*

1. *Developed countries should encourage the holders of patented and non-patented technology to facilitate the transfer of licences, know-how, technical documentation and new technology in general to developing countries, including the financing of the procurement of licences and related technology on favourable terms.*
2. *Developing countries should undertake appropriate legislative and administrative measures in the field of industrial technology.*
3. *Competent international bodies should explore possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, including the possibility of concluding appropriate international agreements in this field.*
4. *Facilities for information on, and for the transfer of, technical documentation and know-how should be organized within the framework of the United Nations in consultation with the appropriate international organizations. This function may be entrusted to the United Nations Centre for Industrial Development or to the United Nations industrialization agency when established.*

valuable report of the Secretary-General of the United Nations (E/3861 - E/C.5/52/Rev.1 - E/CONF.46/69), which discussed the problem thoroughly and comprehensively in the broader context of the transfer of technology to developing countries, pointed out that in actual practice it was not possible to dissociate patented from non-patented technology. The report showed unequivocally that there were various obstacles which rendered transfer difficult and contained suggestions for overcoming those obstacles in the field of patented technology where action was needed because of the shortcomings of the present system (excessive royalties, restrictive clauses which limited marketing and export of non-patented products). Those obstacles could not be overcome through action by the developing countries only, particularly because the prevailing system of industrial property had, to a certain extent, unfavourable effects in that it placed the holders of exclusive rights in a strong position which was further enhanced by the fact that unpatented technology could as a rule only be used in conjunction with patented technology.

That was why the draft recommendation, intentionally couched in general terms, envisaged four lines of national and international activity. In paragraph 1, it invited the developed industrial countries to provide inducements to their nationals and national enterprises to facilitate the transfer of technology to developing countries. It was sometimes stated that Western industrial countries had only limited possibilities of influencing their national enterprises. Such possibilities did, however, exist and new ones might be created.

Paragraph 2 was phrased in rather laconic terms because the sponsors felt that each country should introduce the type of legislation and administrative measures appropriate to its specific political and economic outlook. A large number of developing countries had already adopted the patent system and might wish to introduce legislation and administrative measures to remedy the shortcomings of that system. It seemed, however, more important that developing countries should introduce procedures for control of agreements on industrial property, and that those procedures should deal not only with patents but also with technical knowledge. It was logical that the procedures adopted should also deal with excessive royalties and control the agreements with respect to limitations on marketing and exports. The control of foreign patents should be in accordance with the criteria given in the report of the United Nations Secretary-General (E/3861 - E/C.5/52/Rev.1 - E/CONF.46/69).

Paragraph 3 was designed to encourage international bodies to study the legislation on industrial property with a view to re-adapting it to the needs of developing countries. Research was already being done by various international bodies, particularly the United Nations and the Bureau of the International Union for the Protection of Industrial Property. But the sponsors of the draft recommendation did not think that the time was ripe for convening an international conference to revise the existing international conventions.

Paragraph 4 dealt with the assistance which international organizations could provide in the transmission to the developing countries of more information on the new technology. It was to be hoped that the United Nations industrialization

agency would become an important clearing house for the transmission of information and might play an active role in facilitating the transfer of technology, without interfering with the present activities of the United Nations and the Bureau of the International Union.

Mr. Bodenhausen (International Union for the Protection of Industrial Property) speaking at the invitation of the Chairman, recalled that the International Union was an intergovernmental organization comprising sixty-four¹⁾ member States, more than half of them developing countries.

Patents had an influence on trade and development, especially on the transfer of technical know-how. When a country granted patents to foreigners it might wish certain conditions to be fulfilled which became the subject of an agreement. Even if a particular country did not grant patents the existence of patents abroad was likely to influence its imports and exports.

That system was analysed most clearly in the Secretary-General's report on "The Role of Patents in the Transfer of Technology to Under-Developed Countries" (E/3861 - E.C.5/52/Rev.1, and E/CONF.46/69). As was illustrated by the industrialized countries — whatever their economic systems — patents encouraged economic development by stimulating the inventiveness of inventors and by facilitating investment. The system must now be used in order to meet the particular needs of the developing countries.

Those needs were two-fold and partly contradictory: the developing countries wished their industries to be able to use inventions and processes patented abroad, but at the same time they did not wish royalty payments to constitute too heavy a burden on their economies.

As the report in question suggested, those problems could to a great extent be dealt with through appropriate legislation designed, inter alia, to set up a modern system of compulsory licences and to impose proper control of royalty payments to foreign patentees. Some countries had already taken measures of that kind. It should also be possible to assist them in financing licence agreements, but that was only one aspect of a much wider problem which the Committee was called upon to consider.

The International Union had already undertaken in that field a vast programme of assistance to developing countries. It had prepared a draft model law containing special provisions designed to safeguard the interests of the developing countries, covering such points as the control of royalty payments and the prevention of abuse of monopoly. The International Union was organizing seminars, granting fellowships for the training of administrators in national patent offices and was at the disposal of Governments of developing countries to help them, if they so wished, to organize regional offices. Lastly, it had under consideration a centralized international publication of patent applications for which the grant of patents was no longer desired; that would create a valuable source of information for countries in the course of industrial development. Additional information about the pro-

gramme was given in a note circulated by the Secretary-General of the Conference (E/CONF.46/101).

He suggested that after noting the efforts made by the International Union in that field, the Committee might wish to recommend the continuance of that work in consultation with the Secretary-General of the United Nations. In that connexion he welcomed the measures proposed in the draft recommendation under discussion (E/CONF.46/C.3/L.69); but he wondered whether those measures could not be linked up more closely with the efforts of the International Union, which was the only intergovernmental organization specializing in that field.

Mr. Moreira (Brazil) observed that his country firmly believed that the transfer of technical know-how was as important as the transfer of capital and had always taken an interest in ways and means of encouraging the transfer of technical and scientific know-how to the developing countries. He felt that the patent system could play an important part in that process and that steps should be taken to make it still more effective. Admittedly the system sometimes ran counter to the interests of the developing countries when it limited the marketing and especially the export of products manufactured in developing countries under contracts based on licences held by industrial countries and when the use of certain processes was prevented by the maintenance of a patent even after it had expired in the country of origin.

He did not propose the addition of any special provisions to the draft recommendation, for he felt it was preferable to adopt a more general text and leave the particular aspects to be studied subsequently.

Mr. Ionascu (Rumania) said that at a time when the Conference was seeking means of hastening economic development, the transfer of patents and technology assumed great importance. The United Nations Conference on the Application of Science and Technology had shown how such transfers could be employed in the interests of the developing countries and had set up a committee of which Rumania was a member. At its previous session, the Economic Commission for Europe (ECE) had adopted a draft resolution, presented by Rumania, on the assistance that the regional economic commissions, and especially ECE, should give in organizing the future international symposium on industrialization. In that connexion, the draft recommendation under discussion was of particular interest. Rumania supported it and would even like to be one of its sponsors, since the country itself was in the throes of economic development and understood the difficulties of countries seeking to adopt new technology with a view to making the most of their national resources.

Mr. Pratt (Sierra Leone) supported the draft recommendation, but would like to see two ideas added to it. Firstly, it was, of course, right to stipulate that technology should be transferred to the developing countries; but it should be given to the nationals of those countries and not to the nationals of developed countries. Thus, a phrase such as "by training or by other methods" could be added in paragraph 1 after the word "facilitate".

Secondly, there should be some restriction on the transfer of technology. Many under-developed countries of a single

¹⁾ On August 1, 1964, membership of the Union was brought to 65 countries.

region all had the same agricultural or mineral resources. If all had access to the same know-how and technology, if all could obtain the same patents and licences, the result would be disastrous for the intra-regional trade the promotion of which was being pursued at present. It was therefore essential, in the interests of the new division of labour, to control the transfer of technology. The addition of a paragraph 5 to the draft recommendation might be considered, entrusting the task to an appropriate international institution which, naturally without infringing the sovereignty of the various countries, would endeavour to supervise the transfer.

Mr. Moreira (Brazil) fully shared the opinion of the representative of Sierra Leone. He recalled, however, that the Yugoslav representative had emphasized the advantages of a recommendation drafted in general terms. The first proposal of the representative of Sierra Leone would involve taking into consideration details that were fairly complicated from the legal point of view, particularly since patents were usually granted to corporations and not to individuals. The second proposal was extremely important, and he had already referred to the problem involved when he mentioned the practice of granting certain licences only on condition that the products manufactured under them should not be exported. Nevertheless, if that proposal were to be incorporated in the draft recommendation, the drafting of the new paragraph would involve much trouble and probably long negotiations. He therefore asked the representative of Sierra Leone not to press his proposals.

The Draft Recommendation, as slightly amended, was again presented to the Committee at a later Meeting.

Mr. Flère (Yugoslavia), introducing the revised draft recommendation, said that the substance remained the same as in the original (E/CONF.46/C.3/L.69). The main purpose was that facilities should be made available in the framework of the United Nations, and perhaps in a United Nations industrialization agency, for information on, and for the transfer of, technical documentation and knowledge. The four paragraphs provided general guide-lines for the transfer of technology. He hoped that the revised draft recommendation would receive unanimous approval.

Mr. Zagorin (United States of America) proposed that the word "organized" in paragraph 4 should be replaced by "available". His delegation saw no need for a new organization for that purpose. He did not agree with the Yugoslav interpretation of paragraph 4 that the provision of information should be entrusted to a United Nations industrialization agency.

Mr. Marzouk (United Arab Republic), said that, as one of the sponsors of the revised draft recommendation, he would prefer the word "organized" to be retained.

Mr. Wright (United Kingdom) welcomed the efforts made by the sponsors to make paragraph 4 more generally acceptable. He hoped that the United States amendment would be accepted.

The Secretary-General's report on the role of patents in the transfer of technology to under-developed countries (E/

CONF.46/69, page 23) expressed the view that there was no need at present to call a Conference to examine the problems regarding the granting, protection and use of patents. He was sure that the sponsors of the draft recommendation did not wish to imply any disagreement with that conclusion by calling for a re-negotiation of existing conventions. He had therefore proposed at the 47th meeting that the last phrase of paragraph 3 beginning with the words "including the possibility", should be replaced by the words "including the possibility of appropriate international arrangements in this field". As there had been no comment on that suggestion he invited the sponsors to consider it.

Mr. Flère (Yugoslavia) recalled that in introducing the original draft recommendation (E/CONF.46/C.3/SR.44) he had stated that the sponsors did not think the time was ripe for convening an international conference for the revision of the existing international conventions on patents. It was generally agreed, however, that there were certain shortcomings in the present patents system which might sooner or later be overcome. The sponsors therefore felt that research should be undertaken with a view to improving the present system. Research on those lines was already being undertaken by various international organizations and he felt that paragraph 3 of the draft recommendation might further stimulate that research, to the advantage of the developing countries. He therefore hoped that the United Kingdom representative would accept the paragraph as it stood.

He asked the United States representative not to press his amendment to paragraph 4, for he hoped that all would agree that the present activities of the United Nations in the field of the transfer of technology should be expanded.

Mr. Pratt (Sierra Leone) said that the ideas he had suggested at the forty-fourth meeting for incorporation in the draft recommendation did not appear to have been included. He hoped that paragraphs 1 and 2 could be interpreted as he had suggested: firstly that licences, technical knowledge and so forth should not merely be transferred from developed countries to the companies and corporate bodies which might be established in developing countries, but should be made available to the nationals of the developing countries; and secondly, that whatever steps were taken on the lines suggested in paragraph 1 should be in the interests of regional planning in the developing countries themselves.

Mr. Elson (Federal Republic of Germany) said that his country would welcome any efforts to improve the transfer of technology to the developing countries. The legislation of his country concerning the transfer of licences allowed the owner of the patent to decide on the conditions under which it might be exploited; thus there was little hope of his Government being able to intervene on the lines suggested in paragraph 1. His delegation had doubts, too, about paragraph 3 as it stood and would like it to be amended as proposed by the United Kingdom representative. The studies already being undertaken were undoubtedly useful but the question had complex economic implications and the word "arrangements" was better than "agreements". It would be better to await the results of the present studies before making any further recommendations for improving the situation.

Mr. Wright (*United Kingdom*), referring to the first point raised by the representative of Sierra Leone, said that in the United Kingdom, as in the Federal Republic of Germany, scope for government action on the licensing of patents was small. He thanked the Yugoslav representative for his explanation of paragraph 3 and inquired whether he considered the United Kingdom amendment to be inconsistent with his statement.

Mr. Zagorin (*United States of America*) said that he would replace his amendment to paragraph 4 by an alternative proposal, namely that the word "additional" should be added before the word "facilities" at the beginning of the paragraph.

Mr. Girma (*Ethiopia*) asked what was the exact meaning of the expression "international arrangements" in the United Kingdom amendment. In view of the international character of the transfer of industrial technology to developing countries, he thought that "international agreements" made better sense.

With regard to the Sierra Leonean representative's idea that technical knowledge should be transferred to the nationals of developing countries, it seemed to him that the Mongolian recommendation (E/CONF.46/C.3/L.40/Rev.1) which the Committee had approved provided for that. The question of regional organization might usefully be included in the draft recommendation; he wondered if the Sierra Leonean representative could make a specific suggestion.

Mr. Pratt (*Sierra Leone*) said that he was not submitting a formal amendment but merely indicating that his interpretation of paragraph 2 was that developing countries might take appropriate administrative measures in the interests of regional development.

Mr. Marzouk (*United Arab Republic*) said that the sponsors of the revised draft recommendation accepted the United States amendment for the addition of the word "additional" at the beginning of paragraph 4. They were not, however, prepared to accept the United Kingdom amendment to paragraph 3.

Mr. Wright (*United Kingdom*) said that he would not press for a vote on his amendment but would interpret paragraph 3 as not recommending a conference to re-negotiate existing conventions concerning patents. With regard to paragraph 1, his delegation thought there was little possibility of action being taken along those lines.

The revised draft recommendation (E/CONF.46/C.3/L.69/Rev.1), as amended, was adopted by 83 votes to none, with 4 abstentions.

Mr. Matsui (*Japan*), explaining his vote, said that his delegation had abstained because it had reservations concerning paragraph 1. The holders of patents were generally private individuals and the influence of the Government upon them was limited.

Mr. Pratt (*Sierra Leone*) said that he had voted in favour of the revised draft recommendation because the word "encourage" in paragraph 1 seemed to answer his doubts.

Mr. Elson (*Federal Republic of Germany*) said that his delegation had abstained because it did not think the time had come to envisage the conclusion of the international agreements referred to in paragraph 3.

The Recommendation as adopted by the Committee and then by the Conference itself was as follows:

Transfer of technology¹⁾

The Conference recommends that:

1. Developed countries should encourage the holders of patented and non-patented technology to facilitate the transfer of licences, know-how, technical documentation and new technology in general to developing countries, including the financing of the procurement of licences and related technology on favourable terms.
2. Developing countries should undertake appropriate legislative and administrative measures in the field of industrial technology.
3. Competent international bodies, including United Nations bodies and the Bureau of the International Union for the Protection of Industrial Property, should explore possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, including the possibility of concluding appropriate international agreements in this field.
4. Additional facilities for information on, and for the transfer of, technical documentation and know-how should be organized within the framework of the United Nations in consultation with the appropriate international organizations.

(Document E/CONF.46/L.28, Annex A.IV.26)

This Recommendation was approved by the Conference without opposition.

ANNEX

The Role of Patents in the Transfer of Technology to Under-Developed Countries

Note by the Bureau of the International Union for the Protection of Industrial Property

I

1. This note is presented by the Bureau of the International Union for the Protection of Industrial Property ("Paris Union"), and relates principally to the Report of the Secretary-General of the United Nations on the role of patents in the transfer of technology to under-developed countries (Docs. E/CONF.46/69; E/C.5/52/Rev.1).

II

2. The International Union was established by the Paris Convention of 1883 and at present comprises the following sixty-three²⁾ Member States:

¹⁾ Changes from the first draft are in ordinary type. The last sentence was omitted. (Ed.)

²⁾ The adhesions of Niger and Trinidad and Tobago brought the membership of the Union to 65 countries with effect from August 1, 1964.

Australia	Liechtenstein
Austria	Luxemburg
Belgium	Madagascar
Brazil	Mexico
Bulgaria	Monaco
Cameroon	Morocco
Canada	Senegal
Central African Republic	Netherlands
Ceylon	New Zealand
Chad	Nigeria
Congo (Brazzaville)	Norway
Cuba	Poland
Czechoslovakia	Portugal
Denmark	Rhodesia and Nyasaland
Dominican Republic	Rumania
Finland	San Marino
France	South Africa
Gabon	Spain
Germany	Sweden
Greece	Switzerland
Haiti	Syrian Arab Republic
Holy See	Tanganyika
Hungary	Tunisia
Iceland	Turkey
Indonesia	United Arab Republic
Iran	United Kingdom
Ireland	of Great Britain
Israel	and Northern Ireland
Italy	United States of America
Ivory Coast	Upper Volta
Japan	Viet-Nam
Laos	Yugoslavia
Lebanon	

3. The Convention was revised at Brussels in 1900, at Washington in 1911, at The Hague in 1925, at London in 1934 and at Lisbon in 1958. The Union is open to all countries which may adhere at their request by a notification through diplomatic channels to the Government of the Swiss Confederation, the Supervisory Authority under the Convention.

4. The Convention applies to industrial property in the widest sense and covers patents for inventions, utility models, industrial designs, trademarks, trade names, indications of source, appellations of origin and the prevention of unfair competition.

5. The International Bureau of the Union for the Protection of Industrial Property forms part of the United International Bureaux for the Protection of Intellectual Property (BIRPI) which also includes the Bureau of the International Union for the Protection of Literary and Artistic Works which deals with copyright on the international level.

6. Stemming from the Paris Union there are also several Separate Unions and Agreements open to Members of the Paris Union and which deal with the international registration of trademarks, the international deposit of designs, the prevention of false indications of source on goods, and the international classification of goods and services to which trademarks apply.

III

7. The direct interest of the International Bureau in the present Conference flows in part from Resolution 1713 (XVI) adopted at the instance of Brazil at the General Assembly of the United Nations in 1961. This Resolution is quoted in extenso in Annex A to Document E/CONF.46/52/Rev.1. That Resolution called upon the Secretary-General of the United Nations to prepare a report on the Role of Patents in the Transfer of Technology to Under-Developed Countries and in the course of that preparation, the Secretary-General requested the International Bureau to establish the material for a survey of patent legislation in selected developed and under-developed countries with primary emphasis on the treatment given to foreign patents.

8. The patent legislation of some forty developed and less developed countries, both members and non-members of the Paris Union, was examined and the results are to be found in the form of the Synoptic Table in Annex D to the Secretary-General's Report (Document E/CONF.46/52/Rev.1).

9. This Report has already been submitted to the Committee for Industrial Development at its fourth Meeting in New York from March 2 to 20, 1964, and is now submitted to the United Nations Conference on Trade and Development. It will also be submitted to the Thirty-Seventh Session of the Economic and Social Council and subsequently to the XIXth General Assembly of the United Nations.

10. At its Thirty-Sixth Session, the Economic and Social Council invited the International Union for the Protection of Industrial Property to be represented as observers at the present Conference.

IV

11. The International Bureau has the following initial observations to make on the United Nations Report, though these may be amplified when the Report is discussed in the Third Committee of the present Conference.

(a) The United Nations Report states that the issue of patents to nationals is one of the methods at the disposal of under-developed countries for encouraging technical progress, but, in establishing patent systems, such countries possibly need "technical assistance or pooling arrangements in administering such systems" (pp. 22 and 23 of the Report).

The International Bureau wishes to call to the attention of the Conference that it has an important programme of such technical assistance.

- (i) It offers training grants for officials or prospective officials selected by their Governments for the administration of their patent systems;
- (ii) The International Bureau is at the disposal, with a model law and other materials, of under-developed countries wishing to adopt patent legislation consistent with their needs;
- (iii) The International Bureau is at the disposal of the Governments of such countries for advice on and assistance in the establishment of regional patent offices if several countries wish to pool their resources to administer their patent systems.

(b) *The United Nations Report calls attention to the fact that the possible abuse of patents by foreign patentees to the detriment of the economy of under-developed countries may be prevented by certain measures. Among others, the Report mentions compulsory working and licensing and the screening and control of licence agreements and royalties paid thereunder (p. 23 of the Report).*

The International Bureau wishes to underline that the model patent law established by it includes provisions on the matters mentioned above.

(c) *The United Nations Report expresses the opinion that the special interests of under-developed countries could be better served "through the adoption at the national level of appropriate legislative and administrative measures" along the lines indicated above rather than by an international conference (p. 24 of the Report).*

The International Bureau agrees with this opinion and wishes to call the attention of the Conference to the fact that the technical assistance offered by it consists mainly of assistance in the establishment of measures for each country to take on the national level.

(d) *The United Nations Report refers to the question raised in General Assembly Resolution 1713 (XVI) as to the "advisability of holding an international conference in order to examine the problems regarding the granting, protection and use of patents". The Report adds that no views on this question have been expressed in the replies of Governments to the Secretary-General's enquiry and that such a conference "could only deal with part of the issues" (p. 24 of the Report).*

In these circumstances it seems reasonable to suggest that an international conference on the subject would not seem to serve any useful purpose. If the convocation of such a conference should nevertheless be considered, it should be borne in mind that, as stated in the last paragraph of Resolution 1713 (XVI), such conference should utilize "the existing machinery of the International Union for the Protection of Industrial Property".

V

12. *From the Report it would seem to follow that the problems of under-developed countries in connexion with patents for inventions are mainly problems which can be solved by appropriate legislative and administrative measures. Since these measures are of a special technical nature, under-developed countries may wish to draw on the experience of the International Bureau, the only intergovernmental body specialized in and dealing exclusively with patent questions which, for 80 years, has served Governments in this field.*

13. *Consequently, one, and probably the best, practical measure that the United Nations Conference on Trade and Development could and may wish to take in the interests of under-developed countries in the field of patents for inventions would be the following, namely, to invite the International Union for the Protection of Industrial Property and its Secretariat to continue their programme of technical assistance to under-developed countries in consultation with the Secretary-General of the United Nations and with regard to his Report, particularly in:*

- (a) *helping to prepare draft patent legislation taking into account the special economic needs of under-developed countries;*
- (b) *helping to set up national or regional patent offices to administer the patent laws efficiently and at low cost;*
- (c) *helping in the training of personnel appointed to staff such patent offices.*

(Document E/CONF.46/101)

CONGRESSES AND MEETINGS

Inter-American Association of Industrial Property (ASIPI)

First General Assembly

(Acapulco and Mexico City, April 11 to 16, 1964)

After more than a year of preparatory work, a new association for promoting industrial property objectives saw the light when the *Inter-American Association of Industrial Property* was formally founded in a constitutive assembly held from April 11 to 16, 1964, in Acapulco and Mexico City, Mexico.

The meeting was attended by some 120 lawyers and patent agents from Argentina, Brazil, Canada, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Panama, Peru, the United States of America, Uruguay and Venezuela.

BIRPI was represented by an observer in the person of Dr. Arpad Bogsch, Deputy Director.

The new Association, which will doubtless be primarily known by its initials, "ASIPI", is an association "formed with the main purpose of promoting a better development of and coordinating the industrial property laws, rules and procedures throughout the American countries" (Constitution, Article 1).

The General Assembly of ASIPI adopted the Constitution of the Association.

The Constitution makes two express references to the Paris Union:

— Article 2, paragraph 3, of the Constitution states that one of the main objectives of ASIPI shall be "to cooperate with the Bureau of the Paris Union . . . in an effort to create a greater world-wide uniformity in industrial property matters";

— Article 2, paragraph 5, of the Constitution provides that one of the main objectives of ASIPI is "to prepare proposals to improve international, particularly inter-American relations and agreements relating to industrial property . . . and to see to it that protection [of industrial property in the Western Hemisphere] be effective in each country and harmonize with the Paris Convention . . .".

Some of the immediate objectives of the Association result from Resolutions which were adopted by the General As-

sembly, the full text of which is reproduced further below.

The Assembly elected the following officers:

President: Dr. José Barrera Moller, Lima (Peru);
 Vice-Presidents: Dr. Bernardo Gómez Vega, Mexico City (Mexico), and Dr. Peter Dirk Siemsen, Rio de Janeiro (Brazil);
 Secretary: Dr. Ernesto D. Aracama Zorraquin, Buenos Aires (Argentina);
 Treasurer: Mr. Jeremiah D. McAuliffe, Chicago (USA).

Dr. Ernesto R. Viteri (Guatemala) was elected Executive Secretary.

The General Assembly of the new Association adopted the following nine Resolutions:

Resolution No. 1

“(1) The following are the immediate objectives of the Association:

- (a) to institute a campaign designed to inform governments, industrial and commercial circles, and the general public, about the importance of industrial property for the rapid development of national economies;
- (b) to establish an inventory of the legal questions with which ASIPI should deal and a list of priorities in which it should deal with them, in the field of patents, trademarks, industrial designs, unfair competition, know-how, and other industrial property matters.

(2) The following questions should be studied in the nearest future:

- (a) the impact of Latin American common markets on industrial property law;
- (b) the possibility of adopting by each country the uniform international classification of goods and services to which trademarks are applied;
- (c) the legal and economic aspects of confirmation patents;
- (d) the legal and economic aspects of licensing of patents, know-how, and trademarks;
- (e) the desirability of fostering the study of industrial property law in Universities.

(3) The means proposed to carry out these activities shall be the following:

- (a) the competent body of ASIPI shall appoint rapporteurs who shall prepare reports on the points referred to above;
- (b) such reports shall contain studies of the laws of the various countries and of the experience of the countries of the American Continent and other Continents. To this effect, the rapporteurs may request the cooperation of the national groups and the individual members of ASIPI, of the Bureau of the Paris Union, and of other organizations capable of furnishing ASIPI such information;
- (c) the competent body of ASIPI shall screen the working papers thus prepared with a view to their submission to the next general conference of ASIPI.”

Resolution No. 2

“It is recommended to the American Governments that the requirements of legalization of powers of attorney used

in connection with the filing of application for the grant of patents and the registration of trademarks and designs be simplified without prejudice to the possibility of maintaining the fiscal taxes now in force.”

Resolution No. 3

“It is recommended that the American Governments not yet members of the Paris Union study the desirability of their adhering to that Union.”

Resolution No. 4

“It is recommended that there should be appointed in each country a representative who will be in charge of promoting and developing the activities of the Association in that country.”

Resolution No. 5

“ASIPI shall have a permanent committee which will be responsible for the collection of information regarding proposed legislation introduced in the Congresses of any country of the Hemisphere relating to patents, trademarks, industrial designs, unfair competition, technical assistance and other questions concerning industrial property. The committee shall disseminate such information to the members of ASIPI, and the competent authority of the Association shall appoint an *ad hoc* committee for the study of each bill and the formulation of a recommended position statement by ASIPI with respect thereto.”

Resolution No. 6

“It is specially recommended that American Governments should participate, through appropriate delegates, in the Latin American Industrial Property Congress which will be held in Bogotá from July 6 to July 11, 1964, and that ASIPI should make the necessary arrangements to be represented in that Congress and should actively cooperate with the United International Bureaux for the Protection of Intellectual Property (BIRPI) in carrying out the objectives of the Congress. It is likewise suggested that the Association participate in other meetings in which industrial property matters are being discussed.”

Resolution No. 7

“It is recommended that permanent contact with the Organization of American States be maintained, and that ASIPI offer its cooperation in the study of questions concerning industrial property, taking into account the Pan-American Conference which is scheduled to take place in Quito in the near future.”

Resolution No. 8

“It is recommended that ASIPI participate, through a delegate of its own, in the conferences which the Inter-American Bar Association, the Comparative Law Institute of the University of Ponce, and other similar organizations, convene, if their programs include questions concerning industrial property.”

Resolution No. 9

“It is recommended that the study of industrial property law should be encouraged by all appropriate means, and that fellowships and other such facilities be offered for this purpose.”

International Typographic Association

(Cambridge, May 30, 1964)

Resolution¹⁾

The International Typographic Association, meeting in General Assembly on May 30, 1964, at Cambridge (Great Britain), having taken cognizance of the results of discussions with printers and lithographers concerning Article 7, paragraph (5) of the draft special Agreement for the Protection of Type-Face, drawn up by the Fourth Committee of Experts at Geneva in Octobre 1963:

1. suggests, in order to give satisfactory assurances to printers and lithographers, that Article 7, paragraph (5) should be amended as follows:

in French:

“ Article 7

(5) Les dispositions du présent article n'empêchent pas l'acquéreur de caractères protégés, sauf stipulation contraire, d'utiliser ces caractères conformément aux usages”;

in English:

“ Article 7

(5) The provisions of this article do not prevent the purchaser of a protected type-face, unless stipulated to the contrary, from using the type-face according to trade practice”;

2. requests the President to bring this suggested amendment to the attention of the United International Bureaux for the Protection of Intellectual Property for transmittal to all the Member States of the Union.

¹⁾ Cf. *Industrial Property*, 1964, pp. 106 and 108.

CORRESPONDENCE

Letter from Great Britain

By Frederick HONIG, Barrister-at-Law, London

*The Law of Industrial Property in 1963*¹⁾

I. Legislation

Neither the Report on Industrial Designs nor that on Consumer Protection²⁾ has brought forth any new legislation, and it is extremely unlikely that any major proposals for legislative reform will be introduced during the life of the present Parliament. There will, however, be time to deal with one aspect of restrictive trade practices, namely the abolition of resale price maintenance in its present form³⁾.

The period during which an application for a patent has to be put in order under section 12 of the Patents Acts has been abridged from three years to two years and six months for all applications filed on or after January 1, 1964⁴⁾.

Several countries which have become parties to the Paris Convention (Lisbon text), either for the first time or in their own right, have been made “ Convention countries ” for the purposes of the Patents, Registered Designs and Trade Marks Acts, viz. American Samoa, Central African Republic, Chad, Congo (Brazzaville), Cuba, Guam, Ivory Coast, Laos, Madagascar, Nigeria, Puerto Rico, Rumania, Senegal, Tanganyika, Upper Volta and Virgin Islands⁵⁾.

II. Jurisprudence

(a) PATENTS

1. Application for Grant

Patentability. Method of operating jet aircraft so as to reduce noise after take-off

In *Rolls-Royce Ltd.'s Application*⁶⁾ it was held that an alleged invention comprising no more than instructions to operate a known aircraft with a known engine and existing controls in a certain manner designed to reduce engine noise after take-off is not a manner of manufacture within section 101 of the Patents Act, and that accordingly the Comptroller, under section 6 (2) of the Act, is entitled to refuse to allow the application to proceed.

¹⁾ For previous “ Letter ” (covering the year 1962), cf. *Industrial Property*, 1963, pp. 193 *et seq.*

²⁾ Cf. *Cmnd.* 1808 and 1781.

³⁾ A Bill to deal with this problem (Resale Prices Bill) was introduced on February 25, 1964. No useful purpose would be served by summarising its provisions at this stage because the number of amendments proposed is so large that it is impossible to predict the final form in which the Bill will emerge from the parliamentary process. It may be more convenient to deal with it in a few months' time when it has become law.

⁴⁾ See The Patents (Amendment) Rules 1963 (S. I. 1963, No. 1982).

⁵⁾ Cf. S. I. 1963, Nos. 366, 1326, 1487, 1757, 1919 and 2082.

⁶⁾ Appeal Tribunal, June 21, 1963; (1963) R. P. C. 251.

Convention application and failure to file complete specification. Claim to foreign priority date where description of invention confined to cross-reference to foreign application

In *Temescal Metallurgical Corporation's Application*⁷⁾ it was held that an applicant is not entitled to rely on a foreign priority date if, instead of filing a complete specification with his application, he merely files a document containing a general description of the subject-matter of the invention and a cross-reference to the foreign application and the claim contained in it. The applicants had filed an application in the United States and on the last permissible day filed an application accompanied by a so-called "complete specification" which merely contained the words that "This invention relates to the production of foil and details thereof as set out in United States Patent Application No. . . . filed at the United States Patent Office on . . .". There followed a claim likewise referring to matter "as set out in United States Patent Application . . .".

A proper complete specification was not filed until after the expiration of the time limit under the Convention, and it was accordingly held that the priority date was that on which a proper specification was filed in the United Kingdom.

2. Opposition to Grant

Direction to applicants to insert reference to opponents' patent (section 9 of Patents Act). Power of Divisional Court when direction refused by Appeal Tribunal

In *The Queen v. The Patents Tribunal and others (ex parte J. R. Geigy, S. A.)*⁸⁾ the Divisional Court, in the exercise of its discretion, quashed a decision of the Appeal Tribunal whereby the claim of the opponents (J. R. Geigy, S. A.) for a reference to their patent, under section 9 of the Act, had been dismissed. The Divisional Court exercised its jurisdiction by way of *certiorari*, on the ground that the decision of the Tribunal "disclosed an error of law on the face of the record"⁹⁾.

The applicants' invention was concerned with the production of phenylbutazone, a remedy suitable for the treatment of arthritis. The issue between the parties may be summarised in simplified form as follows: If the end product (phenylbutazone) is referred to as ABC, the applicants' invention was concerned with its production by putting A, B and C together into a reaction chamber to produce ABC. The opponents' patent was concerned with the production of ABC by reacting the compound AB with substance C. It was known that A and B together would react to form AB, and it was conceded on behalf of the applicants that if A, B and C were put into a reaction chamber, an unascertained quantity of the compound AB would be formed which, when reacting with C, would produce ABC.

It was against this background that the Divisional Court held a reference to the opponents' existing patent, under section 9 of the Act, to be preferable to leaving the opponents to exercise their remedy by way of a subsequent action for

infringement if after grant the applicants' patent were found to constitute an infringement of the opponents' patent. The Lord Chief Justice, after stating that *certiorary* was a remedy to be granted in the discretion of the Court, said: "In my judgment an aggrieved person (the opponents) ought not to have to wait until he can find evidence of an infringement and bring an action of infringement; put another way, he is not bound to wait, if he is an aggrieved person, because there has been a failure of reference under section 9".

3. Extension of Term

Application for extension on ground of inadequate remuneration. Invention unusable in United Kingdom

In *Parker's Patent*¹⁰⁾ it was held that where a patentee has not been adequately remunerated because his patent is concerned with an invention which cannot be used in the United Kingdom, he is not entitled to the benefit of an extension. The applicant's invention related to a system of transmission of television signals by frequency modulation which could not be used in the United Kingdom where the only system used by the state monopolies was transmission by amplitude modulation. On the other hand it was not disputed that the adoption of a system of transmission by frequency modulation in the United Kingdom was only a question of time, and in view of this expected development the case was put forward as exceptional and as justifying an extension of 10 years [cf. section 23 (1) of the Patents Act].

The Court considered that a case was "exceptional" only where (1) the invention shows exceptional inventive ingenuity, (2) it is of exceptional benefit to the public, and (3) its being put into operation requires an unusually long time and considerable capital expenditure. The applicant's invention was held not to qualify under any of these criteria and accordingly could not be classified as "exceptional". Nor could it be said to qualify for an extension of 5 years because it had never been operated in the United Kingdom and at present could not be of any benefit to the public. Whether or not it might confer such a benefit after the expiration of its normal duration, in the event of a different system being adopted in the United Kingdom at some future date, was immaterial because the benefit to the public must be related to the period of time during which the original protection subsists.

Application for extension on ground of inadequate remuneration. Nature of patented invention necessitating performance partly in United Kingdom and partly abroad

In *Decca Record Co. Ltd.'s Patent*¹¹⁾ the invention was concerned with means of navigating aircraft over long distances by means of radio waves. It was one of the features of the invention that transmitting stations might sometime be situated in the United Kingdom and sometimes abroad, and that in the latter case acts of infringement might occur outside the jurisdiction. This depended on the construction of the claims set out in the specification, and the Court, without

⁷⁾ Appeal Tribunal, November 13, 1963; (1964) R. P. C. 1.

⁸⁾ Divisional Court, February 28, 1963; (1963) R. P. C. 341; (1963) 1 All E. R. 850.

⁹⁾ This special procedure is explained in *Industrial Property*, 1963, at p. 195, footnote 21.

¹⁰⁾ Chancery Division, November 30, 1962; (1963) R. P. C. 140.

¹¹⁾ Chancery Division, November 28, 1962; (1963) R. P. C. 258.

prejudging any issues relating thereto, considered that an extension of five years would meet the case, particularly as there was a reasonable expectation that the International Civil Aviation Organisation would recommend the adoption of the patented system (albeit with an additional feature) for aerial navigation within a comparatively short time.

4. Amendment of Specification

Amendment not involving enlargement of monopoly claim

In *Electric and Musical Industries Ltd.'s Patent*¹²⁾ the patentee claimed compensation for Crown use, and the Crown counterclaimed for revocation. The invention was concerned with a radar device, and one of the claims in substance claimed the use of means for separating signals from stationary objects from signals from moving objects, "said separated signals being applied to an indicating device". Upon being served with a counterclaim for revocation, the patentee moved to amend the specification so as to make it clear that the words "said separated signals" referred only to signals from moving objects (notwithstanding that in the grammatical sense they could be understood as referring to signals from stationary as well as moving objects). Unchallenged expert evidence showed that to a person skilled in the art of electronics the reference to "said separated signals" would have been understood to be limited to signals from moving objects. The Court therefore allowed the amendment as not involving any enlargement of the patentee's monopoly claim.

Application for leave to amend specification delayed until after conclusion of infringement proceedings

Where an application for leave to amend a specification containing unduly wide claims is delayed until after the conclusion of infringement proceedings in which ten out of a total of sixteen claims have been held invalid, five valid but not infringed, and only one valid and infringed, the onus on the applicant to explain the delay is especially heavy if the wide monopoly claims have been persisted in as far as the House of Lords. If in these circumstances the applicant does not himself give evidence whether at the date of filing his specification he was aware of a publication anticipating the main feature of his claims, the Court will not exercise its discretion in his favour¹³⁾.

5. Revocation

Prior publication by inventor more than six months before filing of application for patent. Meaning of "application for patent" in section 51 (2) (d) of Patents Act

Section 51 (2) (d) of the Patents Act provides, *inter alia*, that "an invention claimed in a complete specification shall not be deemed to have been anticipated by reason only of the description of the invention in a paper read by the true and first inventor before a learned society or published with his consent in the transactions of such a society, if the application

for the patent is made . . . not later than six months after the . . . reading or publication of the paper".

In *Ethyl Corporation's Patent*¹⁴⁾ which was concerned with an application for the revocation of a patent under section 33 of the Act, the applicants relied, *inter alia*, on prior publication in the following circumstances: The patent had been applied for in September, 1956, with a Convention priority date in September, 1955. In the latter month the American Chemical Society had published an "abstract of papers" containing the relevant matter alleged to constitute anticipation. This abstract was available in the London Patent Office Library on September 15, 1955. The patentees contested the right of the applicants to rely on prior publication because, according to them, to the period of six months provided for in section 51 (2) (d) of the Act there must be added such period as under the Convention they were entitled to rely upon, viz. that the words "the application for the patent" in that section did not mean only an application in the United Kingdom. According to the patentees, therefore, the abstract relied upon by the applicants for revocation as constituting prior publication had been published within the period permitted by the section and reference to it as constituting anticipation was not permissible. This latter point was tried as a preliminary issue, and the Assistant-Comptroller as well as the Appeal Tribunal held that as the words "the application for the patent" in section 51 (2) (d) did not include an application for protection in a Convention country but was confined to an application in the United Kingdom, and as in relation to the latter the document had been published more than six months earlier, the applicants for revocation were entitled to rely on prior publication. The merits of the case were not considered in the present proceedings.

6. Infringement

Concurrence of infringement and revocation proceedings. Conflict of jurisdiction between Court and Comptroller

In certain cases an applicant for revocation may choose between two alternatives: He may petition the Court under section 32 of the Act, or he may apply to the Comptroller under section 33. One of the cases in which these alternatives are open to him is where prior use is alleged. According to the proviso to section 33 (1) no application for revocation can be made to the Comptroller while infringement proceedings are pending unless the applicant first obtains the leave of the Court. On the other hand, where an application to the Comptroller for revocation precedes the institution of infringement proceedings, it is for the Court to determine, in the exercise of its discretion, whether to stay the revocation proceedings and allow the action for infringement to proceed, or *vice versa*.

In *Terrapin Limited v. Builders' Supply Co. (Hayes) Limited and anr.*¹⁵⁾ an application for revocation on the ground of prior use was made to the Comptroller in 1959. In 1961 the respondents to the application for revocation instituted proceedings for infringement. The applicants for revocation

¹²⁾ Chancery Division, April 8, 1963; (1963) R. P. C. 241.

¹³⁾ Chancery Division, July 8, 1963; *C. van der Lely, N. V. v. Bamfords Limited* (1963) R. P. C. 368. In the course of its judgment (at p. 376) the Court said that "persistence in the retention and enforcement of a patent monopoly claim not genuinely believed to be tenable is to create a nuisance to industry".

¹⁴⁾ Appeal Tribunal, March 28, 1963; (1963) R. P. C. 155.

¹⁵⁾ Chancery Division, March 29, 1962; (1963) R. P. C. 301.

applied for a stay of the action for infringement, and the plaintiffs in the action applied for a stay of the revocation proceedings. The Court refused to stay the action, notwithstanding that the defendants (applicants for revocation in the other proceedings) offered an undertaking not to raise the issue of prior use in the infringement action.

One of the reasons which caused the Court to refuse a stay of the infringement proceedings was the fact that the list of the Comptroller is far more crowded than that of the Court, and that the issues between the parties would therefore be resolved far more quickly by the Court than by the Comptroller. In any event, the issue of prior use could be determined as a preliminary point in the action. As a matter of practice there can be no doubt that in those cases where in revocation proceedings the jurisdiction of the Court is concurrent with that of the Comptroller and speed is desired, it is better to proceed by way of petition to the Court than by application to the Comptroller.

Admitted infringement of patent for substance capable of use as food or medicine. Defendants' application for licence pending when plaintiffs' proceedings for interim injunction instituted

In *J. R. Geigy (S. A.) v. Biorex Laboratories Ltd. and Gottfried*¹⁶⁾ the plaintiffs, patentees of a process for the production of a substance capable of being used as food or medicine, applied for an interim injunction to restrain the defendants from infringing the patent. It was not disputed that the plaintiffs' patent was valid and that the defendants had committed acts of infringement, but it was contended that an injunction should not be granted as in any event the defendants were entitled, under section 41 of the Act, to a licence under the patent. It was further contended that as the defendants were well able to meet any award of damages that might be made against them, the justice of the case did not require an interim order restraining infringement. The Court refused to grant an interim injunction and also held that the infringement proceedings should be stayed until such time as the Comptroller had exercised his jurisdiction under section 41.

The Court assumed for the purpose of its decision that the Comptroller, if he were to grant a licence to the defendants, would do so with effect from the date when he made his decision, and not with effect from the date of the defendants' application for a licence, so that what the defendants had been doing since the date of their application would constitute an infringement of the plaintiffs' patent.

Application for interim injunction. Patent due to expire within less than six months

In *Fomento (Sterling Area) Ltd. and another v. Refill Improvements (Ri-Co.) Co., Ltd.* the Court of Appeal refused to grant an interim injunction to restrain the manufacture and sale of goods under a licence which had allegedly been

terminated and had originally been granted under a patent which, at the time of the hearing, was due to expire within the next four months¹⁷⁾. The Court of Appeal took the view that as it was highly improbable that the action would be heard before the expiration of the patent, the plaintiffs would be unable, in any event, to obtain an injunction, and that the balance of convenience therefore required the refusal of interim relief.

Practice. Administering interrogatories after setting case down for trial

The Rules of the Supreme Court provide that a party to an action may administer interrogatories to his opponent, which the latter is then required to answer on oath. Thus, in infringement actions a plaintiff may administer interrogatories relating to the particulars of breaches pleaded by him, and a defendant interrogatories relating to the particulars of objections (as e. g. failure of the complete specification to describe the invention fairly or sufficiently) referred to in his defence. In *Henriksen v. Tallon Limited*¹⁸⁾ it was held that interrogatories may be administered after setting a case down for trial, provided that there is no unreasonable delay (and, of course, that the interrogatories are directed to matters in issue between the parties). It was also held that once a case has been set down for trial, any application for leave to administer interrogatories must be made to the Court, and no longer to the Master.

Practice. Allegations of infringement of different patents in one and the same action

A plaintiff is entitled to join several causes of action in one and the same set of proceedings, but it is open to the defendant to apply for severance if the several causes of action cannot conveniently be tried together¹⁹⁾. This general rule of practice applies equally to an action in which infringement of different patents is alleged. If therefore the two patents forming the subject-matter of the plaintiff's claim that there has been infringement relate to processes and products known as antibiotics, the defendant will not be heard to say that allegations of infringement of one of the two patents should be tried separately from the other, merely on the ground that the delay in preparing for the trial of one might cause unnecessary delay in the trial of the other²⁰⁾.

7. Use of Invention for Services of Crown

Government authorisation to "make, use and exercise" patented invention (section 46 of Patents Act). Authorisation to import drugs for National Health Service

The partial success achieved by the plaintiffs in *Pfizer Corporation v. Ministry of Health*²¹⁾ has suffered a reverse in the Court of Appeal²²⁾. The Court of first instance had

¹⁷⁾ Court of Appeal, February 19, 1963; (1963) R. P. C. 163.

¹⁸⁾ Chancery Division, March 22, 1963; (1963) R. P. C. 308.

¹⁹⁾ Cf. Rules of the Supreme Court, Order 15, rules 1 and 5 (previously Order 18, rules 1 and 8).

²⁰⁾ Chancery Division, October 31, 1963; (1963) R. P. C. 377.

²¹⁾ Cf. *Industrial Property*, 1963, p. 196.

²²⁾ Court of Appeal, October 16, 1963; *Pfizer Corporation v. Ministry of Health* (1963) 3 All E. R. 779.

¹⁶⁾ Chancery Division, March 7, 1963; (1963) R. P. C. 263. See also Chancery Division, October 30, 1963; *Pfizer Corporation v. D. D. S. A. Pharmaceuticals Ltd. and others* (*The Times*, October 31, 1963).

held that where the Minister of Health authorises the importation from abroad of a drug protected by a British patent, in order that such drug may be supplied to patients in National Health Service hospitals, he exceeds the power conferred upon him by section 46 of the Patents Act. That section, according to the judge of first instance, permitted the Minister to authorise a person (other than the patentee or licensee) merely to "make, use and exercise" a patented invention for the services of the Crown but not to import it from abroad. The judgment of the court of first instance satisfied neither the plaintiffs (patentees) nor the Minister because, as far as the plaintiffs were concerned, it did not go as far as to hold that under section 46 of the Act the Minister was not entitled to authorise the supply of drugs for the National Health Service in any circumstances, viz. regardless of whether the drugs were imported from abroad or manufactured in the United Kingdom by persons other than the patentees, and because, as far as the Minister was concerned, it held that authorisation to permit the importation of drugs for use in the National Health Service by persons other than the patentees was not within the Minister's power under section 46 of the Act. Both parties accordingly appealed.

The Court of Appeal agreed with the court of first instance in holding that the use of drugs in National Health Service hospitals was a "service of the Crown". It took the view that such use did not cease to be a "service of the Crown" merely because it also conferred a benefit on individuals.

Next the Court of Appeal dealt with the plaintiffs' contention that the supply of drugs to patients involved a sale ("vending") because out-patients were required to pay a statutory charge for drugs supplied to them (which was not related to the value of the drugs) and private in-patients were required to pay hospital maintenance charges which would include payment for drugs supplied, and that as "vending" was not included in the powers conferred upon the Minister by section 46 (1) of the Act, the Minister had exceeded his powers. The Court of Appeal rejected this argument. It held that the word "use" in section 46 (1) might well be interpreted as including sale, and that even if it could not be so interpreted, there could be no sale in the accepted sense where — as here — drugs were supplied as part of medical services which the Government was under a duty to supply. In the view of the Court it was wholly unrealistic to assume the existence of a separate contract for the sale of drugs in circumstances where the supply of drugs to patients formed an integral part of a general service.

Lastly the plaintiffs contended that the Minister, in authorising the importation of a drug, had purported to authorise its manufacture abroad, which was not an act done within the jurisdiction and could not, therefore, constitute an infringement of the plaintiffs' right in the United Kingdom, which alone it was within the Minister's powers under section 46 of the Act to authorise. The Court rejected this argument and held that the importation for use or sale in the United Kingdom of goods manufactured abroad had always been regarded as a "use" of the invention, and that accordingly it was within the scope of the acts which the Minister was entitled to authorise under section 46.

In the result the Minister's appeal was allowed and the plaintiffs' cross-appeal and the action as a whole were dismissed.

(b) TRADE MARKS

1. Registration

Registrability of "Vitasafe" for vitamin preparations

In "*Vitasafe*" Trade Marks the Assistant-Comptroller refused to register the proposed trade mark "Vitasafe" for vitamin preparations, on the ground that it would be likely to cause members of the public to think that the preparations carried a guarantee of the Trade Marks Registry that they were in fact safe²³). An undertaking by the applicants that the composition of the preparations would remain throughout such as approved by medical authority (whose certificate was submitted in the course of the proceedings) was not accepted because once a trade mark has been registered the Registrar has no power to ensure that such an undertaking would in fact continue to be observed.

2. Licence

Use of mark by permission of owner in the absence of registered user agreement. Mark used on goods manufactured partly by user of mark

The owner of a registered trade mark who permits the distributor of goods in respect of which the mark is registered to use the mark not only on goods manufactured by the owner but also on goods manufactured or partly manufactured by the distributor does not lose the right to the mark merely because there is no registered user agreement between himself and the distributor. This was so held in "*Bostitch*" Trade Mark²⁴) where the owner of the mark and manufacturer of the goods was an American company and the distributor an English company. The distributor's use of the mark had been confined, for many years, to goods supplied to him by the trade mark owner, but when towards the end of the war imports from America became difficult the distributor was permitted to manufacture some of the machines (or parts thereof) in respect of which the trade mark was registered, in the United Kingdom, and to distribute them as "Bostitch" machines. Subsequently, when imports from America were no longer subject to restrictions, the owner wished to revert to the original mode of dealing, by requiring the distributor to import the machines and to use the mark exclusively on such imported machines. The distributor thereupon instituted proceedings to have the mark expunged from the register, on the ground that no registered user agreement (section 28 of the Trade Marks Act) had ever been concluded between the parties and that the mark had come to signify to the public machines of the distributor's manufacture and was accordingly distinctive of the latter's machines. The Court rejected these contentions and held that the validity of an arrangement between the owner and the user of a mark was in no way affected by the absence of registration in accordance with section 28 of the Act, and that — provided that the owner does not permit his mark to be used in a manner

²³) Assistant-Comptroller, February 20, 1963; (1963) R. P. C. 256.

²⁴) Chancery Division, April 10, 1963; (1963) R. P. C. 183.

calculated to deceive or cause confusion — the owner is perfectly entitled to modify the mode of manufacture of his goods, as by allowing others, including the user of the mark, to manufacture all or part of the goods. Having found on the facts that the mark had always remained distinctive of the business and goods of the owner of the mark, the Court dismissed the distributor's claim that the mark be expunged from the register.

3. Infringement

Application for interim relief on basis of agreement precluding defendant from using mark on other than specified types of goods

In *John Peck & Co., Ltd. v. R. Zelker Ltd.*²⁵) the plaintiffs were manufacturers of, *inter alia*, ladies' leisure wear, and in particular jeans and shorts, and the defendants were manufacturers of ladies' wear in general. The plaintiffs made extensive use of the mark "Pex". When in 1958 it came to the notice of the plaintiffs that the defendants were using the mark "Polly Peck" in respect of beach wear (jeans and shorts of the plaintiffs' manufacture also being suitable for that purpose), an agreement was made between the parties whereby the defendants undertook to use the mark "Polly Peck" only on two-piece garments comprising a jacket and skirt.

In 1962 the defendants exhibited a skirt (and not a two-piece garment) bearing the mark "Polly Peck", and the plaintiff thereupon applied for an injunction to restrain such use of the mark as being in breach of the agreement between the parties. The injunction was granted, and the Court rejected the defendants' contention that at this stage of the proceedings the defendants were entitled to rely on an alleged misrepresentation by the plaintiffs which was said to have induced the defendants to make the agreement in 1958, viz. the plaintiffs' alleged representation that they were engaged in a business similar to that of the defendants when in fact — according to the defendants — they were not. It was held that for the purpose of the present motion, which relied on the breach of an agreement, the nature of the plaintiffs' business was quite irrelevant.

(c) UNFAIR COMPETITION

Passing off: Application for interlocutory injunction - Isolated trap order

In *Hilti AG v. Ucan Development Ltd.*²⁶) the Court refused to grant an interim injunction on the strength of an isolated trap order placed by a person acting on behalf of the plaintiffs. The defendants had previously been the agents of the plaintiffs, a foreign company, and had sold the plaintiffs' goods in the United Kingdom. Their agency had terminated before proceedings were instituted, but they still held limited stocks of the plaintiffs' goods. In response to a trap order for the plaintiffs' goods placed by someone on the plaintiffs' behalf, an employee of the defendants supplied some goods of the plaintiffs' manufacture but also, contrary to instructions received from the defendants, some which were not of the plaintiffs' manufacture. The latter, however, were sup-

plied in boxes of a colour different from that of the boxes containing the plaintiffs' goods. It was in these circumstances that the Court refused to grant an interim injunction, although it has occasionally been held that one isolated trap order may justify the grant of an interim injunction²⁷).

Restraining former employee from disclosing or using knowledge of manufacturing processes obtained in course of employment

It is well established that a provision in restraint of trade, as affecting a former employee, is valid only if reasonable in the interests of the public as well as the parties. It is also well established that even without a specific agreement a former employee is precluded from using confidential information obtained in the course of his employment. On the other hand a provision purporting to restrain a former employee from using his general skill and knowledge, a so-called "restraint of competency", is always unreasonable and unenforceable.

In *Clark v. Electronic Applications (Commercial) Limited*²⁸) it was held that, in order to ascertain whether a provision in restraint of trade, or — as in the present case — an injunction to which a former employee has voluntarily submitted in previous proceedings, is reasonable and therefore valid, regard must be had to all the surrounding circumstances. The plaintiff, who had been a director of the defendant company, in proceedings instituted against him by the latter, had submitted to an injunction whereby he undertook to refrain, *inter alia*, from disclosing the company's secret manufacturing process, from disclosing anything relating to two specific devices manufactured by the company, from disclosing anything relating to research work carried out by him in the course of his employment, and from manufacturing any of the company's products based on the company's processes or designs. In the present proceedings the plaintiff sought a declaration that the terms of the injunction were in unreasonable restraint of trade and therefore void, and in particular sought to rely on the argument that the injunction could be interpreted to mean that it purported to restrain him from using processes, etc., which he might develop in the future. The Court held that the injunction could not reasonably be so interpreted, that it was binding in its present form, and that the action must accordingly fail.

Use of confidential information in manufacture of goods - Nature of account of profits to be rendered by defendant

In *Peter Pan Manufacturing Corporation v. Corsets Silhouette, Ltd.*²⁹) it was held, on the facts as found, that the defendants had used confidential information supplied to them by the plaintiffs, for the purpose of manufacturing goods. An injunction restraining them from using such information was accordingly granted to the plaintiffs, and the injunction included an order for an account of profits to be rendered to the plaintiffs. The Court refused to deal with a

²⁷) Cf. Chancery Division, June 13, 1917; *Pearson v. Valentine* (1917) 34 R. P. C. 267; Chancery Division, January 17, 1958; *Thomas French & Sons Ltd. v. John Rhind & Sons Ltd.* (1958) R. P. C. 82.

²⁸) Chancery Division, March 12, 1963; (1963) R. P. C. 234.

²⁹) Chancery Division, November 1 and 16, 1963; (1963) 3 All E. R. 402.

²⁵) Chancery Division, February 5, 1963; (1963) R. P. C. 85.

²⁶) Chancery Division, March 19, 1963; (1963) R. P. C. 160.

wider issue raised by the defendants (which was not necessary for the decision), namely whether the duty of a person to desist from the wrongful use of confidential information imparted to him ceases when such information has become common knowledge.

In the course of its judgment on the correct form of order for an account of profits the Court made it clear that "profits" in this context meant the difference between the expenditure incurred by the defendants in manufacturing the goods in breach of confidence and the price received by them on the sale of the goods. It rejected the defendants' contention that "profits" meant the difference between the profits made from manufacture with the aid of the confidential information obtained from the plaintiffs and the profits which would have been made if the confidential information had not been used.

(d) RESTRICTIVE TRADE PRACTICES

1. Agreements Liable to Registration

Individual agreements in identical terms. "Conscious parallelism"

The Court of Appeal has dismissed an appeal against the judgment of the Chancery Division³⁰) in *British Basic Slag, Ltd.'s Agreement*³¹) in which it was held that a number of identical agreements made between different sellers and one and the same buyer, in the knowledge that each individual seller will make an identical agreement with the sole buyer, constitutes an "arrangement" within the meaning of section 6 (3) of the Act and is therefore subject to registration; and once registered cannot be removed from the register under section 13 of the Act.

It may be recalled that a number of steel manufacturers set up a company whose purpose it was to dispose of basic slag, a byproduct of steel manufacture. Each of the manufacturers was represented on the board of the company and each made an agreement with the company whereby he undertook to sell all basic slag produced by him to the company and not to anyone else without the company's consent. It was conceded that the undertaking by each manufacturer constituted a restriction within the scope of section 6 (1) of the Act. The company, on its part, undertook, to use its best endeavours to dispose of the whole of the basic slag produced by each manufacturer and "to allocate and apportion in an equitable and reasonable manner between the vendor and other vendors who have entered into similar agreements all deliveries" made by the vendors (manufacturers). The effect of the company's undertaking was to prevent the company from buying from manufacturers as a whole such quantities of basic slag as would disable it from disposing of a fair proportion of an individual manufacturer, i. e. a proportion that was fair in relation to the total quantities of slag disposed of by the company. This was held to be a restriction as to the quantities to be acquired by the company, as provided in section 6 (1) (c) of the Act, and thus to be subject to registration.

³⁰) Cf. *Industrial Property*, 1963, at p. 203.

³¹) Court of Appeal, May 27, 1963; (1963) 2 All E. R. 807; L. R. 4 R. P. 116.

Agreement for allocation of order to individual manufacturer. Committee to determine recipient of allocation. Agreement complementary to agreement between Crown and manufacturers as a group

The Court of Appeal has allowed an appeal against the judgment of the Chancery Division in *Telephone Manufacturers' Application*³²). It has now been held that where an agreement between the Crown and a number of manufacturers provides that the Crown will notify a committee of manufacturers of any orders it proposes to place for their goods and will then order such goods from the individual manufacturer to whom the committee has allocated the order, and where there is a complementary agreement between the manufacturers laying down the machinery which the committee is to use in allocating orders from the Crown, the complementary agreement is not subject to registration and, if registered, must be removed from the register.

The Court of Appeal took the view that if such a complementary agreement were to remain on the register and were ultimately to be referred to the Restrictive Practices Court which might declare it to be contrary to the public interest, such declaration might prejudicially affect the Crown whose agreement with the manufacturers could not operate without the complementary agreement. There was, in the view of the Court of Appeal, nothing in the Restrictive Trade Practices Act which made any of its provisions applicable to the Crown and, in the absence of any specific provision making it so applicable, the Act, in accordance with well established rules of construction³³), must be held not to bind the Crown. The Court of Appeal accordingly ordered that the complementary agreement (between the telephone manufacturers) be removed from the register.

Manufacturers' scheme for payment of levy related to quantities of goods sold and for sharing resulting "profits pool"

In *Linoleum Manufacturers' Association's Agreement*³⁴) the members of a trade association agreed on a so-called "profits pool scheme" which operated in the following manner: Each member was assessed for a levy chargeable against him on the basis of the sales of certain types of linoleum to Government departments. The levy represented a fixed percentage of the weighted average marginal cost of production of the goods concerned, i. e. the average ascertained by multiplying the average marginal cost of production of all members by the quantity of goods supplied to Government departments. At the end of each relevant period a member was required to pay into the pool the amount, if any, by which the levy applicable to him exceeded his share of the pool, alternatively entitled to a payment from the pool if his share from the latter exceeded the levy chargeable against him.

It was contended by the association that the scheme did not fall within the scope of section 6 of the Act and accord-

³²) Cf. *Industrial Property*, 1963, at p. 203. The judgment of the Court of Appeal of March 29, 1963, sub nom. *Automatic Telephone & Electric Co., Ltd.'s Application*, is reported in (1963) 2 All E. R. 302.

³³) Cf., *inter alia*, King's Bench Division, December 19, 1939; *Attorney-General v. Hancock* (1940) 1 K. B. 427; (1940) 1 All E. R. 32.

³⁴) Chancery Division, July 10, 1963; (1963) 3 All E. R. 221; L. R. 4 R. P. 156.

ingly was not registrable. The Registrar, on the other hand, contended that the scheme contained a restriction within section 6 (5) of the Act because the parties to it accepted an obligation to make payments "calculated by reference to the quantity of goods supplied, being payments calculated . . . in respect of quantities . . . exceeding any quantity specified in or ascertained in accordance with the agreement". The Court accepted the Registrar's contention and held the scheme to be subject to registration. It was not disputed that the payments under the scheme were to be calculated by reference to the quantity of goods supplied, and the real question to be determined by the Court was whether they were also calculated in respect of quantities exceeding those specified in the agreement. This question had to be resolved in favour of the Registrar because, although no member was restricted as to the quantities he might wish to supply, it was financially disadvantageous for him to exceed a certain quantity, and this was held to be a situation contemplated by section 6 (5) of the Act.

Agreement between association of suppliers and association of purchasers to accept schedule of standard descriptions of goods

In *Agreement between the British Waste Paper Association and the British Paper and Board Makers Association (Incorporated)*³⁵ two trade associations, one of which had as members suppliers of waste paper and the other users of waste paper for the manufacture of paper and board, made an agreement whereby a code of standard descriptions of different types of waste paper was accepted, it being expressly agreed, however, that individual members of the associations were free to enter into contracts for the purchase and supply of special types of waste paper not referred to in the code. The agreement contained a further clause that "except by special agreement, all waste paper of every grade shall be free from . . . all contraries" (i. e. extraneous matter, such as dirt, ink bottles or string, etc.) "not suitable for cold repulping processes"³⁶.

It was contended on behalf of the associations that the two clauses here referred to did not constitute restrictions within the meaning of section 6 (1) of the Restrictive Trade Practices Act because the code of standard descriptions accepted by the members of the associations was no more than a nomenclature of goods which facilitated reference to the goods required in any particular case, and did not contemplate the kinds of goods which were to be supplied or acquired. The Court accepted this contention and held that the word "descriptions" in section 6 (1) (c) of the Act was equivalent to "kinds" and did not include the nomenclature of goods, so that anyone accepting the code was free to choose any of the kinds of goods referred to in the code.

In so far as concerned the clause which stipulated that (except by special agreement) the waste paper was to be free from so-called "contraries", this likewise was held not to be a restriction within section 6 (1) because it added nothing to

the general law governing the sale of goods, which in any event required a seller to deliver goods free from "contraries"³⁷.

The associations accordingly succeeded under section 6 (1) of the Restrictive Trade Practices Act. As, however, the Court was asked to determine the validity of the agreement between the parties on the alternative assumption that its finding under section 6 (1) of the Act was wrong in law, it had to consider whether on that assumption the agreement was contrary to the public interest under section 21 (1) (b) of the Act. On this alternative assumption the Court held that the clauses of the agreement could not be justified because there was no evidence that, even if the cost of production of manufactured paper and board were to rise as a result of the removal of the "restrictions", the price payable by purchasers of paper and board would also rise. Accordingly the terms of the agreement, on the assumption, and only on the assumption, that they fell within the scope of section 6 (1) of the Act, were held to be contrary to the public interest.

2. Judicial Investigation of Registered Agreements

Agreement not to sell below fixed minimum prices

In *British Jute Trade Federal Council's Agreements*³⁸ the Court was concerned with agreements between a number of trade associations whose members were concerned in the production of goods made from jute. The agreements provided for minimum prices below which jute goods could not be sold. The jute industry was almost entirely located in Dundee, Scotland, which had a long history of over-average unemployment, and it was not disputed that if the jute industry were to contract, mainly as a result of imports from India and Pakistan, unemployment would increase appreciably. The danger of cheap imports was well known, and the Government had appointed a jute controller who alone had the right to import jute products from India and Pakistan and so to adjust the prices of such products that home-produced products were able to compete with them.

The respondents sought to justify the agreement on minimum prices on the ground that their removal would have a serious and persistent adverse effect on the general level of employment, as provided in subsection (e) of section 21 (1) of the Act. The Court rejected this contention and declared the agreements to be contrary to the public interest, mainly because the protective action taken by the jute controller against foreign imports was adequate and these restrictions were not required to make that protective action effective.

Recommendation to members of trade association to guarantee minimum purchase prices to suppliers

In *Agreement between the Members of the British Paper and Board Makers Association (Incorporated)*³⁹ the members of a trade association of manufacturers of paper and board accepted a recommendation that they should guarantee certain

³⁵ Restrictive Practices Court, April 29, 1963; (1963) 2 All E. R. 424; L. R. 4 R. P. 29.

³⁶ Two clauses providing for maximum and minimum prices were abandoned before the hearing and were formally declared to be contrary to the public interest.

³⁷ Cf. section 14 of the Sale of Goods Act, 1893.

³⁸ Restrictive Practices Court (Scotland), March 26, 1963; (1963) 107 *Solicitors' Journal* 275; *The Times*, March 27, 1963.

³⁹ Restrictive Practices Court, April 29, 1963; (1963) 2 All E. R. 417; L. R. 4 R. P. 1.

minimum prices to local authorities for waste paper supplied by the latter. Waste paper was an important raw material used in the manufacture of paper and board and was considerably cheaper than alternative raw materials, such as straw or imported wood pulp. The association contended that if the recommendation were to be abandoned, the public as purchasers (of paper and board) would be denied specific and substantial benefits because local authorities would no longer have any incentive to salvage waste paper and the more expensive alternative raw materials would have to be used by manufacturers, thus increasing the price of the end products. The Court rejected this contention and found on the facts that manufacturers were sufficiently eager to secure supplies of waste paper from local authorities to make their own individual arrangements with them, so that in practice salvage by local authorities would continue.

In the result the Court declared that the recommendation to members of the association to offer a minimum price guarantee to local authorities for the purchase of waste paper was contrary to the public interest.

Agreement restricting supply of goods to traders admitted to special register. Qualifications of traders so admitted determined by committee of manufacturers and traders. Protection of public against injury pleaded in justification

In *Tyre Trade Register Agreement and Staffordshire Motor Tyre Co., Ltd.'s Agreement*⁴⁰⁾ agreements between tyre manufacturers and between the latter and tyre distributors provided that replacement tyres for motor cars and heavy motor vehicles would be supplied only to traders admitted to a register by a committee consisting of representatives of manufacturers, traders and certain trade associations. The criteria governing admission to the register were of a technical nature and designed to ensure that only those traders were admitted whose facilities regarding premises, tools and personnel were such as to enable them to fit tyres safely and reliably. The agreements did not provide for any commercial restrictions on the admission of traders to the register, so that any trader satisfying the requisite criteria was entitled to be admitted.

It was sought to justify the restriction on the ground that it was reasonably necessary to protect the public against injury [section 21 (1) (a) of the Act]. A further restriction of relatively minor importance which limited the right of traders on the register to purchase tyres at trade prices for their own use to a certain percentage of their total purchases was ancillary to the main restriction, and it was sought to justify it as being "reasonably required for purposes connected with the maintenance of any other restriction" [i. e. the main restriction, as provided in section 21 (1) (g) of the Act].

The Court declared both restrictions to be contrary to the public interest. It was not satisfied that the main restriction was required to protect the public against injury because even without the restriction members of the public could be expected, in the interest of their own safety, to have tyres fitted by persons who in their judgment were qualified to do so, and there was ample evidence to justify the expectation

that in a trade where supply greatly exceeded demand suppliers of tyres would be anxious to fit tyres for their customers, whether or not there was a register of approved traders, and that they would fit these tyres with skill. In any event the admission of a trader to the register did not imply any guarantee that a trader so admitted was in fact skilful and reliable.

As the Court took the view that the main restriction could not be justified on the ground of protection of the public against injury, it followed that the ancillary restriction had also to be declared contrary to the public interest.

Combination of buyers to ensure fair terms of purchase of imported raw material from foreign preponderant supplier

The judgment of the Court in *National Sulphuric Acid Association, Ltd.'s Agreement*⁴¹⁾ is believed to be the first in which an agreement between buyers has been upheld on the ground that it enabled the parties to secure fair terms for the supply of goods from a preponderant seller⁴²⁾.

The respondent was a trade association of manufacturers of sulphuric acid, an important industrial raw material used in a variety of industries. Its members set up a pool whose object it was to carry out the combined buying and shipping of imported sulphur for all of them. The restrictions which formed the subject matter of the proceedings were four in number:

- (i) Common prices and conditions on which members bought their imported sulphur from the pool.
- (ii) Members agreed not to buy imported sulphur for acid-making except from the pool.
- (iii) Sulphur which had been bought was not to be used except for acid-making.
- (iv) No sulphur bought from the pool was to be sold to anyone who was not a member of the pool.

The association sought to justify the first two restrictions on the ground that they enabled members to negotiate fair terms of supply from a seller controlling a preponderant part of the trade, and the other two on the ground that they were required for purposes connected with the maintenance of the first two restrictions⁴³⁾. The main source of supply of sulphur was an American corporation, and subsidiary sources were located in France and Mexico. The American corporation accounted for less than 50% of imports of sulphur into the United Kingdom, and the question to be determined by the Court was whether this percentage was sufficient to constitute the corporation a person controlling a "preponderant part" of the trade. The Court held that it was, and rejected the argument that a "preponderant part" necessarily meant more

⁴¹⁾ Restrictive Practices Court, July 12, 1963; (1963) 3 All E. R. 73.

⁴²⁾ This is the "escape clause" for which subsection (d) of section 21 (1) of the Act provides. Cases in which the parties sought to rely (albeit unsuccessfully) on the converse proposition, i. e. that the restriction was necessary to enable them to secure fair terms from a preponderant buyer, were: *Water Tube Boilermakers' Association's Agreement*, Restrictive Practices Court, July 31, 1959; (1959) 3 All E. R. 257; L. R. 1 R. P. 285; and *Associated Transformer Manufacturers' Agreement*, Restrictive Practices Court, March 24, 1961; (1961) 2 All E. R. 233; L. R. 2 R. P. 295.

⁴³⁾ Cf. subsections (d) and (g), respectively, of section 21 (1) of the Act.

⁴⁰⁾ Restrictive Practices Court, March 15, 1963; (1963) 1 All E. R. 890.

than half of the total. In the view of the Court the question of "preponderance" was one of fact to be determined in the light of the individual circumstances of each case, and in the present case the Court was satisfied that the supplies accounted for by this one supplier were so much in excess of the supplies of its nearest rival that it was in a position to set the tone for the price payable by the members of the pool. The existence of the pool was held to be necessary because it encouraged purchases from alternative suppliers in France and Mexico and also enabled its members to present a united front vis-à-vis the preponderant supplier and, as experience showed, to secure more favourable terms than could have been secured if members had acted individually, and not in combination. The fact that for the present, and for some five years to come, there was an excess of supply over demand was held not to militate against the validity of the restrictions, especially as the evidence showed that by about the year 1970 demand would catch up with supply and the proportionate strength of the preponderant seller increase still further.

The first two restrictions were accordingly upheld under subsection (d) of section 21 (1) and the other two under subsection (g) as being "reasonably required for purposes connected with the maintenance of any other restriction".

Restrictions in building contracts: Use of standard forms of contract and restrictive conditions governing tenders

In *Birmingham Association of Building Trades Employers' Agreement*⁴⁴) the Court was concerned with a local association of builders whose rules provided that the rules of the National Federation of Building Trades Employers were binding on individual members of the local association. The latter had over 200 and the National Federation over 13,000 members.

The agreement provided for four types of restrictions:

- (i) a recommendation that members contracting with building owners should "press" for the use of certain prescribed standard forms of contract;
- (ii) a rule forbidding members to tender for contracts of more than £ 8,000 in value unless the persons calling for tenders supplied bills of quantities (the preparation of which by a quantity surveyor would cost the person inviting tenders 2½% of the value of the building work to be carried out);
- (iii) a rule forbidding members submitting tenders to submit priced schedules to building owners without the prior consent of the committee of the Association;
- (iv) a recommendation relating to charges to be made for so-called "daywork", viz. work charged on the basis of time spent and materials used, with an addition for profits.

The Association contended that the removal of the recommendation to press for the use of specified forms of contract would deny substantial benefits to the public, but the Court rejected this contention and held the recommendation to be contrary to the public interest, mainly because in practice

contracts were made either in a form agreed in individual cases or in the standard form suggested, independently of any "pressure" for their adoption that might be exercised by members of the Association.

The rules forbidding tenders for contracts of over £ 8,000 in value except where bills of quantities were submitted, and forbidding the submission of priced schedules stood and fell together [restrictions (ii) and (iii) above]. It was contended that these restrictions were not subject to registration under section 6 (1) of the Act, alternatively that if they were they escaped condemnation under section 21 (1) (b). Both contentions were rejected. As far as the argument under section 21 (1) (b) was concerned, the Court was of opinion that the restrictions did not confer any specific and substantial benefits on building owners.

The recommendation relating to charges for so-called "daywork" [restriction (iv) above] called for rather different considerations because it was designed to take effect only after the completion of the work; as such it had no contractual effect, the wording of the recommendation being that it was to apply only "in the absence of any agreement between builder and client as to daywork charges". As the general law of contract, in the absence of specific agreement as to price, implies that a reasonable price has to be paid, there is no room for any so-called "schedule of prices". It followed that this particular recommendation did not give rise to any restriction which fell within the jurisdiction of the Court, and the Court so held. The Court added, however, that if it was wrong in holding that the recommendation on daywork charges was not within its jurisdiction, it would hold it to be contrary to the public interest because the Association had failed to prove that the schedule of prices was reasonable. This schedule provided for uniform rates for all builders, large and small, throughout the length and breadth of England and Wales, and it was not likely that rates which were reasonable for one part of the country or one type of builder were also reasonable for another part of the country or another type of builder.

3. Jurisdiction in Special Cases

Voluntary termination of agreement prior to reference to Court. Whether Court still entitled to exercise jurisdiction

The House of Lords has affirmed the judgment of the Court of Appeal in *Newspaper Proprietors' Agreement* in which it was held that an agreement remains subject to the jurisdiction of the Restrictive Practices Court, notwithstanding the fact that it has been terminated before being referred to the Court by the Registrar⁴⁵). There are, in fact, many agreements on the register which have been terminated, and the point now decided by the House of Lords is not, by any means, academic. The wording of sections 1 (2) and 20 (1) of the Act supports the view previously taken by the Court of Appeal and now taken by the House of Lords. There is, however, a more important reason why the Court must remain competent to exercise jurisdiction after the termination of an

⁴⁴) Restrictive Practices Court, April 10, 1963; (1963) 2 All E. R. 361; L. R. 4 R. P. 54.

⁴⁵) House of Lords, December 18, 1963; (1964) All E. R. 55. For the judgment of the Court of Appeal, see *Industrial Property*, 1963, at p. 205.

agreement. It is to be found in section 20 (3) (b) of the Act, which provides that the Court may "make such order as appears . . . proper for restraining . . . persons . . . from making any other agreement . . . to the like effect". This power can be exercised only if all agreements once registered remain subject to the jurisdiction of the Court for all time.

Jurisdiction of Restrictive Practices Court after removal of restrictions from register on direction of Board of Trade. Powers of Board of Trade to direct removal of restrictions

In *British Steel Founders' Association's Agreement*⁴⁶⁾ it was held that where in previous proceedings the Court has declared some, but not all, of the restrictions of an agreement to be contrary to the public interest and the Board of Trade has thereupon directed the removal of the remaining restrictions from the register (as being "of no substantial economic significance"), the Court need not make any order under section 20 (1) of the Act in relation to the restrictions affected by the direction of the Board of Trade.

The Court, without having heard full argument, inclined to the view — albeit with some hesitation — that the Board of Trade is not precluded from directing the removal from the register, under section 12 of the Act, of such restrictions as still subsist after condemnation by the Court of other restrictions, i. e. that the Board of Trade is entitled to give directions for the removal from the register of part only of an agreement.

⁴⁶⁾ Restrictive Practices Court, April 26, 1963; (1963) 2 All E. R. 530.

BOOK REVIEW

Marcas de fábrica y nombres comerciales (Trademarks and Trade Names), by German Cavalier. One volume of 266 pages, 24 × 17 cm. (In Spanish). Editorial Temis, Bogotá, D. E., 1962.

(Translation)

In this profound study, Mr. Cavalier's main object is to show that under Colombia's industrial property legislation, actions can be brought to ensure that a trade name is fully protected. He criticizes the decision of the High Court of Bogotá, in particular in rejecting opposition and revocation actions against trade names without recognizing the legal value of registration.

The author begins by pointing out the difference between a trademark and a trade name; the first is defined by Articles 30 and 32 of Law No. 31 of February 28, 1925¹⁾, and the second by Article 15 of Law No. 59 of 1936 and Articles 57 and 60 of Law No. 31 of 1925.

The author reaches significant conclusions through a thorough analysis of the case law and literature on trademarks and trade names, in particular with respect to the legal basis for actions for opposition or revocation. His opinion is that, in Colombian legislation, trade names are assimilated to marks so far as the means of acquiring property rights over them are concerned — namely, adoption and use. He challenges the argument that, on the basis of Article 62 of Law No. 31 of 1925, the trade name cannot be registered, because Article 18 of Law No. 59 of 1936 envisages registration of the trade name and recognizes the right of the holder to bring an action for revocation of any identical or similar name. Furthermore, Article 6 of Decree No. 1707 of September 28, 1931²⁾, establishes a special category, No. 14, for the registration of trade names.

On the basis of the legal situation of the trade name holder and the legal provisions applying to that situation, Mr. Cavalier classifies actions as follows:

- (a) an unregistered trade name is protected, on grounds of prior use, by means of actions for an injunction (against the party desiring to register it); for annulment (against another registered name); for prohibition of use (against another name used but not registered); and actions alleging unfair competition (in cases of confusion between two undertakings, not between the articles produced by them);
- (b) a trade name which is registered and used is protected by means of actions for an injunction, for annulment, and actions alleging unfair competition as well as through administrative channels. An action for prohibition of use can also be brought as an alternative to administrative protection;
- (c) a trade name which is registered without being used can be protected by means of the same actions mentioned in (b) above but, as in the case of marks, it is liable to a cross-action for annulment on grounds of non-use.

Completing Mr. Cavalier's clear and exhaustive study is an appendix which reproduces three very interesting judgments handed down by the High Court of Bogotá in 1961, relating to the protection of trade names and the capacity to sue of foreign firms.

G. R.

¹⁾ Cf. *La Propriété industrielle*, 1925, p. 88 and 1931, p. 197.

²⁾ *Ibid.*, 1931, p. 198.

NEWS ITEMS

Calendar of BIRPI Meetings

Place	Date	Title	Object	Invitations to participate	Observers
Geneva	September 28 to October 2, 1964	Interunion Coordination Committee	Program and budget of BIRPI	Belgium, Brazil, Czechoslovakia, Denmark, France, Germany (Fed. Rep.), Hungary, India, Italy, Japan, Morocco, Netherlands, Portugal, Rumania, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia	All other Member States of the Paris Union or of the Berne Union
Geneva	September 30 and October 1, 1964	Consultative Committee and Conference of Representatives (Paris Union)	Triennial budget of the Paris Union	All Member States of the Paris Union	—
Geneva	October 5 to 7, 1964	International Committee of Novelty-Examining Patent Offices	Examination of the problem: "Abandonment of inventions to the public by an international publication of patent applications where the grant of a patent is no longer required"	Australia, Austria, Brazil, Bulgaria, Canada, Czechoslovakia, Denmark, Finland, Germany (Fed. Rep.), Hungary, Iceland, Ireland, Israel, Japan, Mexico, Netherlands, New Zealand, Norway, Poland, Rumania, South Africa, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia	Argentina, Chile, India, Pakistan, Philippines, USSR; United Nations, Council of Europe, International Patent Institute, Inter-American Association of Industrial Property, International Association for the Protection of Industrial Property, International Chamber of Commerce, International Federation of Patent Agents
Geneva	October 12 to 16, 1964	Committee of Experts concerning the international classification of industrial designs	Study of an international classification of industrial designs	All Member States of the Paris Union	—
Geneva	October 19 to 23, 1964	Committee of Experts for the study of a model law concerning inventions and technical know-how for developing countries	Study of a model law concerning inventions and technical know-how for developing countries	Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Ceylon, Chile, China (Taiwan), Colombia, Congo (Leopoldville), Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Israel, Jamaica, Jordan, Kenya, Korea, Kuwait, Laos, Lebanon, Liberia, Libya, Malaysia, Mali, Mexico, Mongolia, Morocco, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sudan, Syrian Arab Republic, Tanganyika and Zanzibar, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Uruguay, Venezuela, Viet Nam, Western Samoa, Yemen	United Nations Organization, Council of Europe, African and Malgasy Industrial Property Office, International Patent Institute, Interamerican Association of Industrial Property, International Association for the Protection of Industrial Property, International Chamber of Commerce, International Federation of Patent Agents

