

# Industrial Property

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## LEGISLATION

### ITALY

#### Decrees

concerning the Temporary Protection of Industrial Property Rights at Two Exhibitions

(Of August 29 and September 8, 1967)

#### Single Article

Industrial inventions, utility models, designs and trademarks relating to objects appearing at the following exhibitions:

VII° Salone internazionale del mobile (Milan, September 24 to October 1, 1967);

XI° Salone internazionale Campeggio Sport — SINCAS (Milan, October 8 to 10, 1967)

shall enjoy the temporary protection provided by laws No. 1127 of June 29, 1939<sup>1)</sup>, No. 1411 of August 25, 1940<sup>2)</sup>, No. 929 of June 21, 1942<sup>4)</sup>, and No. 514 of July 1, 1959<sup>5)</sup>.

<sup>1)</sup> Official communication from the Italian Administration.

<sup>2)</sup> See *La Propriété industrielle*, 1939, p. 124; 1940, p. 84.

<sup>3)</sup> *Ibid.*, 1940, p. 196.

<sup>4)</sup> *Ibid.*, 1942, p. 168.

<sup>5)</sup> *Ibid.*, 1960, p. 23.

According to the decree of June 10, 1965, when a judge feels he should resort to expert evidence in matters of patent litigation, he must consult, as regards the choice of the expert, one of the organs designated by departmental order. The organs so designated are university faculties and scientific schools or research laboratories and services.

The purpose of this measure is to enable the judge to become well informed as to the competence, in the branch of technology of the patent at issue, of the expert he proposes to appoint.

A quite recent, and as yet unpublished, judgment of the Court of Cassation has ruled that the consultation required by the above decree is a substantial formality and that, if the judge has not held such a consultation and mentioned that he has done so, then his decision is irregular.

#### Unpatented Inventions

According to French legislation, the inventor's exclusive rights are subject to the following three rules:

(i) it is the patent which establishes these rights: this means that, if the inventor does not apply for a patent, he cannot benefit from the privileges of the law;

(ii) the right to a patent belongs to the first applicant: that is, the exclusive right of exploitation, established by law, is not necessarily granted to the first inventor but to the first applicant for a patent;

(iii) the right to a patented invention does not, properly speaking, constitute a property right; it constitutes a temporary monopoly of exploitation, only.

Does this mean that an unpatented invention lacks any legal value? Certainly not.

The invention, as long as it has not been disclosed, is patentable and, as such, constitutes an economic possession that is negotiable.

If an unpatented invention is used by a third party without due authorization, what are the sanctions for this usurpation?

A Court of Paris judgment (*Ann. prop. ind.*, 1964, p. 245) of November 8, 1963, ruled that the sanction for such usurpation should be effected by applying the classical theory of unjustified enrichment: the inventor whose invention has been used by a third party may request compensation for the loss he has suffered.

It should, however, be made quite clear that, according to established rules of law, such unauthorized use of an unpatented invention is liable to compensation payment only if it is really without justification. Consequently, if the inventor had been granted a patent, he can no longer rely on unjustified enrichment, for example, in order to obtain remuneration after the expiry of his patent.

#### Patentable Inventions

(1) It is a well-established principle in French case law that the patentability of an invention is determined by its subject matter and not by the intellectual process that brought it about: as long as a legally patentable invention is new, it may be validly patented regardless of its merit.

## CORRESPONDENCE

### Letter from France\*)

By Paul MATHÉLY  
Barrister at the Court of Paris,  
Professor at the Center of International Studies  
in Industrial Property, Strasbourg

(First Part)

It is the intention of this letter to sum up the industrial property legislation, case law, and doctrine of France published in 1964 and 1965.

#### Patents

##### Legislation

A decree of June 10, 1965, (*Journal officiel* of June 23, 1965) instituted a special formality in the procedure for civil court decisions ordering technical expert evidence in respect of patents.

It is known that, under French law, it is up to the judges — if they deem it necessary — to open an inquiry and, more particularly, to call for expert evidence.

\*) BIRPI translation.

The Court of Cassation has just referred to this principle in two judgments.

In the first one, the Court stated that the recognition of a low degree of originality or inventive effort involved in the patented combination was of little importance, since no prior art fully anticipating it had been cited (judgment of February 12, 1964; *Ann. prop. ind.*, 1964, p. 112).

In the second judgment, the Court stated that the simplicity of the invention was no obstacle to its patentability (judgment of June 22, 1964; *Ann. prop. ind.*, 1965, p. 163).

(2) According to a traditional rule, prior art — in order to destroy the presumed novelty of the patented invention — must “fully anticipate” it: this means that, to be operant, the prior art must be complete and perfect. In other words, it must comprise all of the elements of the invention, and these elements must be applied and put together in like fashion so as to produce the same result.

The Court of Cassation referred to this rule in a judgment delivered on July 3, 1962 (*Ann. prop. ind.*, 1964, p. 121).

The Court justified the rule as being the consequence of the principle laid down in Article 31 of the Law of July 5, 1844, according to which a publication that destroys the novelty of an invention is one that, upon simply being read by a person skilled in the art, enables him to carry out the invention.

In application of this rule, it was deemed in particular that:

(a) There is patentable novelty where the means of the patent, as compared with that of the prior art, presents a structural difference that improves the industrial result produced (Court of Cassation, April 7, 1965; *Ann. prop. ind.*, 1965, p. 22).

And the judgment, which declares the nullity of the patent in view of the prior art cited against it, must be reversed, since it does not inquire into whether or not the improvement effected by the patent — the existence of which is noted — produced an industrial result (Court of Cassation, June 2, 1965; *Ann. prop. ind.*, 1965, p. 26).

(b) On the other hand, the patent is invalid in cases where the same material elements are found in the prior art as in the patent and give the same result, since there is nothing essential in the difference of arrangement of such elements (Court of Cassation, December 13, 1964; *Ann. prop. ind.*, 1964, p. 114).

The mere fact of finding a better way to make a known device work cannot constitute patentable novelty either, as such an improvement pertains to the technique of execution alone and does not represent patentable invention (Court of Cassation, November 27, 1963; *Ann. prop. ind.*, 1964, p. 115).

(3) A Court of Cassation judgment, delivered on May 26, 1964 (*Ann. prop. ind.*, 1964, p. 109, and A. Chavanne, *Rev. droit comm.*, 1965, p. 601), had the merit of clearly setting forth the two requirements for a patentable combination, namely: the existence of a common result, and the joint action of the combined means to produce this common result.

Another Court of Cassation judgment, delivered on June 8, 1964 (*Ann. prop. ind.*, 1964, p. 230), held that a validly

patentable new application of known means was to be found in the use of nylon to form a self-braking elastic fitting for screw-nuts, as it was seen that this use produced special, novel results that would not have been expected from the known properties of nylon.

(4) On March 17, 1965, the Court of Paris delivered a judgment on an invention consisting in selection (*Ann. prop. ind.*, 1965, p. 1 and the critical note of B. de Passemar).

The case was as follows: the application of phenylurethans to the conservation of consumable substances was known; a French patent described the application of a particular phenylurethan, the isopropyl ester of carbanilic acid, which had been found by the inventor to have special and incomparably greater effectiveness in the conservation of potatoes; an infringement suit in respect of this patent had been instituted.

The question was thus whether or not the selection, within a class of materials having a known industrial application, of one such material having more advantageous application can be considered a patentable invention.

The above-mentioned judgment ruled that it cannot, pointing out that the selection is not an invention of a new industrial product or means, nor is it a new application of a known means.

The solution provided in this judgment has been criticized.

It seems that, legally, the selection does indeed confer a partial characteristic of novelty to the patented means, since such means no longer lies in the use of a group of elements without distinction but in the deliberate choice of a particular element, and the selection produces an industrial result derived from the greater effectiveness of that element.

Moreover, in industry, there is no doubt that many inventions consist in the discovery of an effective means chosen in a field that has already been imprecisely and sometimes extensively revealed. It would certainly be unfair to disregard the worth of such inventions.

#### *The Patent Description*

The French patent does not include claims; it covers everything contained in the description, supplemented if necessary by drawings.

The description of the invention must, however, be sufficient, or the patent is not valid.

The description is sufficient if a person skilled in the art is able to execute the invention by referring only to the text of the patent and the attached drawings.

A Court of Cassation judgment of April 7, 1965, lays down, in interesting terms, the requirements to be fulfilled by the description (*Ann. prop. ind.*, 1965, p. 22).

The description must, of course, reside in the actual text of the patent, and the drawings cannot make up for any gaps in the text.

The drawings may, however, supplement the description. Where the patent concerns a shape that can only be “drawn” and not “written,” the drawings referred to in the text of the patent are integrated into the description.

In addition, the description is only to supply the elements that a person skilled in the art requires in order to execute the invention; it is not to explain the consequences or results of the invention.

#### *Certificate of Addition*

The patentee may, any time during the term of his patent, protect the "changes, improvements or additions" he makes to his invention, either by means of an independent patent, or by means of a certificate of addition. The certificate of addition is attached to the main patent, expires when the main patent expires, and is not subject to the payment of annual fees.

A Law dated January 27, 1944, provides that, as long as a certificate of addition has not been issued, the applicant may have the application of addition converted into an application for an independent patent: thus, the patentee has the possibility of exercising a sort of "right to repent" and of taking out an independent patent on the improvement he had originally intended to protect by a mere certificate of addition.

The following specific case has, however, caused a difficulty to arise in the practical application of this Law. The proprietor of a main patent had filed an application for a certificate of addition; he then stopped paying the annual fees in respect of the patent; finally he asked to have his application for addition converted into an application for an independent patent.

The difficulty came from the fact that, under the Law, the rights deriving from the patent are forfeited if the annual fee due on the patent is not paid, and the forfeiture affecting the main patent also extends to the certificate of addition.

In the case referred to above, the patent — and consequently also the application for addition — had already lapsed when the conversion of the addition into a main patent was requested. The question was therefore whether or not an application for addition that is no longer valid can be validly converted into an independent patent application.

Scholars were divided in their opinions.

In a judgment of November 4, 1964 (*Ann. prop. ind.*, 1965 and the note by P. Mathély), the Court of Cassation ruled that the conversion could be validly effected.

The Court justified its ruling by saying that the conversion provided for in the Law was retroactive: as a consequence of the conversion, an application for an independent patent is substituted for the application for addition that had been filed. As a result, the application for addition disappears and is regarded as having never existed; the defects later affecting the main patent cannot, therefore, have any effect on the application for addition, which is considered to have never been anything other than an application for an independent patent.

#### *Patent Ownership*

(1) A Court of Paris judgment of January 23, 1965, was delivered in connection with a curious case (*Ann. prop. ind.*, 1965, p. 29).

A patent application had been filed in Italy by an individual and a corresponding patent application, in the same

name, had been filed in France claiming the right of priority under the Union. The application filed in France indicated by mistake, however, that the applicant was a company — a company which, moreover, did not exist.

The following two difficulties arose:

(i) first of all, was it the province of the Administration or of the courts to correct the error;

(ii) secondly, despite the rectification, should the French patent application not be considered non-existent, inasmuch as it had been filed in the name of a party that did not exist?

The above-mentioned judgment ruled that what was involved was an issue of patent ownership falling within the jurisdiction of the courts of justice, and that it was not a simple correction that could be made by the administrative authorities.

It was further ruled that the decision recognizing the individual as the true applicant is a declaratory judgment: consequently, this person must be considered the applicant, *ab ovo*, and the patent is therefore not non-existent.

(2) The Court of Lyons, in a judgment of December 2, 1964 (*Ann. prop. ind.*, 1965, p. 143, and the commentary by Ch. Billereau), ruled on the delicate question of the joint ownership of a patent.

A patent may belong to more than one party either because the application was filed by joint applicants or because the patent was transferred — by succession, for example — to more than one owner.

Joint ownership of a patent is not regulated by law and, as a result, there has been some uncertainty regarding the rights of the joint owners.

The Court of Lyons considered the ownership of a patent to be undivided and concluded from this that each joint owner had the right to work the patent for his own profit without having to give an account to the other joint owners. However, the Court felt that, if a joint owner granted a license, he had to give an account to the other joint owners who could claim their share of fees.

(3) The matter of the guarantee to be given by the licensor of a patent is, in the absence of special provisions, an important one.

The Court of Cassation, in a judgment of June 19, 1963 (*Ann. prop. ind.*, 1964, p. 126), said that in principle the licensor guarantees the validity of the patent and the possibility of working it industrially, but not the commercial value of the invention.

(4) Where a patent application has been filed in respect of an invention taken away from the inventor or in breach of contract, the injured party may claim ownership thereof. More often than not, the usurping party tries to oppose such a claim by contesting the very patentability of the invention.

For the first time, or so it seems, the Court of Cassation has just ruled that the claim of ownership is independent of the actual validity of the claimed patent: before any attempt is made to determine whether or not a patent is valid, the question of the ownership of the patent, as applied for, must be settled (judgment of November 19, 1963; *Ann. prop. ind.*, 1964, p. 124).

(5) There are still a great many disputes regarding the delicate question of ownership in respect of employees' inventions.

(a) The ownership of employees' inventions is not regulated by law; it is a matter to be decided by agreement between the parties.

In the chemical industry, a national collective work agreement provides that any invention made by engineering or senior staff and having to do with the activities, studies or research of the enterprise belongs to the employer; and, if the employer works the invention, the employee may have the right to a certain remuneration.

It was thus ruled that a company bound by the collective agreement of the chemical industry has the right to claim the ownership of a patent taken out by an employee in breach of the provisions of that collective agreement; an expert must simply ascertain the amount of remuneration that might be owed to the employee (High Court of Pontoise, April 15, 1964; *Ann. prop. ind.*, 1965, p. 168).

(b) In the absence of express agreements, the ownership of employees' inventions is decided by the judge on the basis of well-established case law.

Service inventions — those made by an employee while carrying out an inventive mission resulting from an employment contract — belong to the employer. Personal inventions — those not made pursuant to an employment contract — remain the property of the employee. Lastly, inventions made by an employee outside his employment contract but with the cooperation of his employer are owned jointly by the employer and his employee.

The following rulings were thus made:

(i) that an invention made by a study or research engineer must belong to the employer, especially since, in the case concerned, the employer had continued with the studies and experimentation in respect of the invention and had incorporated it into his manufacturing processes (Court of Cassation, May 5, 1964; *Ann. prop. ind.*, 1965, p. 157);

(ii) that an invention made by a sales engineer, whose duties are of a commercial nature, belongs to that engineer if the invention was not made at the employer's instigation or with the use of his facilities (Court of Paris, February 11, 1964; *Ann. prop. ind.*, 1960);

(iii) that an invention made by an engineer with the help of a department he is not in charge of is owned jointly by that engineer and his employer (Court of Lyons, December 2, 1964; *Ann. prop. ind.*, 1965, p. 143).

#### Licenses

(1) It often happens that, under the terms of the license agreement, the licensee is prohibited from criticizing the validity of the licensed patent. Is such a provision valid?

Some scholars claim it is not, on grounds that such an obligation would be contrary to law and order.

In a judgment of December 7, 1964 (*Ann. prop. ind.*, 1965, p. 174, and the note of R. Plaisant, *Dalloz*, I, 1966), the Court of Cassation ruled that the prohibition was valid.

But, such a clause may pertain only to the execution of the license agreement: nothing prevents the licensee, if sued

for infringement because of facts outside the scope of the license, from relying on the nullity of the patent as a means of defense (Court of Cassation, December 17, 1964; *Ann. prop. ind.*, 1965, p. 172).

(2) Unless he has agreed not to do so, the licensee may have the nullity of the patent pronounced and, as a consequence, have the license agreement rendered null.

But, where the licensee is being sued for the payment of arrears in fees and where, long after the suit was filed, he requests that the patent be declared null and void, the judge is not obliged to suspend the ruling on the payment of arrears until the decision in respect of nullity is handed down: such suspension is, in fact, not compulsory and the judge may rightly deem it inadvisable to grant it, inasmuch as the patent is presumed to be valid and the license is being worked (Court of Cassation, November 27, 1963; *Ann. prop. ind.*, 1964, p. 130).

(3) If the patent is cancelled and the license agreement therefore regarded as invalid, what happens to fees already paid by the licensee? Should the patentee reimburse them or may he keep them?

According to a strict concept of law, where there is no provision to the contrary, such fees have been paid without justification and should be reimbursed.

However, the application of this rule of law may lead to results which are excessive and unfair.

This is why the Court of Cassation, in a judgment of April 5, 1960 (*Ann. prop. ind.*, 1965, p. 176), ruled that the invalidity of a license agreement, as a consequence of the nullity of the patent under license, does not necessarily result in the retroactive elimination of all grounds for the amounts charged to the licensee in exchange for privileges he did, in fact, enjoy.

(4) The licensee's essential obligation is to work the patent under license.

Where the licensee has not worked it and where he does not justify such non-work by insurmountable difficulties in elaborating the invention, the license agreement must, therefore, be terminated and the blame placed on the licensee (Court of Cassation, December 2, 1963 *Ann. prop. ind.*, 1964, p. 128).

#### Infringement

(1) On April 15, 1964 (*Ann. prop. ind.*, 1964, p. 105 and the note by P. Mathély; A. Chavanne, *Rev. droit comm.*, 1965, p. 604), the Court of Cassation delivered a very important judgment concerning the responsibility of an agricultural cooperative in a matter of patent infringement.

Article 40 of the Patents Law of July 5, 1844, provides that infringement consists either in the manufacture of a patented product or in the use of a patented product or process.

The manufacture of a patented product is repressed *per se*, regardless of the intended use of the product. Hence there is no need to determine whether the article is being manufactured for commercial purposes or for personal use.

As to the use of patented means, this is not always punishable. On April 29, 1892, the Court of Cassation had ruled

that Article 40 of the Law "may perhaps not apply to someone who purchases an infringing article for purely personal use and with no commercial speculative intent," but that it must be applied in cases where "the infringing article is used in the interests of industrial exploitation."

In the particular case with which the cited judgment was concerned, an agricultural cooperative had been using a grain silo recognized as being an infringement. The Amiens Court of Appeals, in a judgment of February 5, 1958, had exonerated the cooperative of any infringement on the ground that it had been using the infringing device neither in the interests of trade or industry nor for the purpose of making a profit. It is, in fact, true that an agricultural cooperative does not have a trading capacity and does not make any profit.

The question was an important one, for there are some 15,000 cooperatives in France with a turnover of several thousand million francs. The operations of these cooperatives thus make up a sizeable portion of the economy and, in the interest of justice and progress, cannot be exempted from the rules of industrial property protection.

Fortunately, the Court of Cassation reversed the judgment of the Amiens Court, stating that the use of a patented device by an agricultural cooperative in the achievement of its social objectives falls within the provisions of Article 40 (concerning infringement) of the Patents Law.

The Court of Cassation's decision is justified by logic and common sense. The exclusive rights conferred by the Law to the patentee relate to the exploitation of the invention. He should thus be protected from any unauthorized exploitation. It is quite obvious that the use of patented means by an agricultural cooperative constitutes exploitation of such means. It is of little importance that, because of special regulations, the agricultural cooperative does not have a trading capacity, as this is defined in the Code of Commerce; in actual fact, it nevertheless carries on exploitation in the economic sense of the word.

Furthermore, it would have been possible to draw an argument from the Paris Convention, Article 1(3) of which states that "industrial property... shall apply... likewise to agricultural... industries." Consequently, just as an agricultural invention is protectable, so must the agricultural use of an invention constitute infringement.

It can thus be concluded from the Court of Cassation's judgment that any use of a patented invention constitutes infringement thereof, unless such use is for purely personal or domestic purposes.

(2) The problem of the reparation of injury caused by infringement and the assessment of the damages to be awarded is often neglected and misunderstood.

Two court decisions in the same litigation and doctrinal studies made in connection with them have recently contributed greatly to the solution of the problem (Court of Paris, February 22, 1963, and the note of R. Valabrègue, *Ann. prop. ind.*, 1963, p. 284; Seine Court of High Instance, February 5, 1964, final, *Ann. prop. ind.*, 1965, p. 41; P. Mathély, "De l'évaluation de l'indemnité de contrefaçon," *Ann. prop. ind.*, 1963, p. 249; A. Chavanne, *Rev. droit comm.*, 1965, p. 400).

The case was as follows. An inventor had patented the improvement of a so-called "fishing reel" apparatus. The improvement consisted in a small accessory device which slightly improved the functioning of the apparatus. The patentee worked his invention as a craftsman on a small scale. An industrialist manufactured and sold a large number of apparatuses which, as they incorporated the patented device, were deemed to infringe the invention. The industrialist then continued to manufacture and sell the apparatuses on a large scale, but without the patented device.

The patentee claimed he should be paid, as damages for the infringement, the amount of profit he earned on each apparatus turned out in his craftsman's shop multiplied by the number of apparatuses sold by the industrialist charged with infringement.

The patentee's claim was rejected.

First of all, it was ruled that the Patents Law did not provide for the transfer to the patentee of any profits that might have been made by the infringer.

It was then ruled that the damages must be assessed according to the general rules of law, meaning that the patentee may claim damages corresponding to the loss he actually suffered from the fact of the infringement alone, but nothing more.

Hence, it must be determined to what degree the turnover and profit of the infringer are due to the use of the infringing device. It is possible that the profit made by the infringer is only partially ascribable to the infringement: this is so where the infringement is merely partial or where the infringing improvement has only partially influenced the customer's choice.

This was the case of the issue under discussion. It was recognized that the patented, infringed device played only an accessory role in the apparatus, that the device had never been relied upon by the infringer as a sales argument to win over his customers, and that the infringer's sales had continued to increase after the infringement had been stopped.

The judges therefore felt that the damages owed to the patentee should be assessed by taking into account the fact that the usurpation committed by the infringer was merely of a qualitative nature and by estimating what the patentee might have charged for authorizing the exploitation of his invention.

#### *Union Law*

In a decision of March 5, 1964, that has become final, the Seine Court of High Instance settled an interesting question of Union law (*Ann. prop. ind.*, 1964, p. 240).

A United States citizen had filed a patent application in the U. S. A. in August 1939. Under the terms of agreements entered into, the right of priority deriving from the United States application was assigned to a British national. The latter party, relying on the United States priority and benefiting from war moratoria, applied for a French patent in 1946.

There were, however, two types of moratoria. On the one hand, there was a Franco-American moratorium resulting from an agreement of April 4, 1947; on the other hand, there was a Franco-British moratorium resulting from an agreement of

August 29, 1945, and from the Neuchâtel Agreement (to which France and Great Britain acceded but not the United States). The duration of patents obtained under the terms of the agreements was not the same in each case: the Franco-American agreement provided that patents benefiting from the moratorium would have a limited duration, to be counted from the date of the application relied upon as priority; the Franco-British agreements, on the contrary, included no restrictive provisions, so that patents applied for under the terms of those agreements had a normal duration calculated from the date of application.

The question was thus whether the French patent, filed by a British national with claim to a United States priority date, was subject to the legal régime of the Franco-American moratorium or to that of the Franco-British moratorium: the duration of the French patent depended on the choice made.

The cited judgment ruled that the patent was subject to the régime of the Franco-British moratorium.

There were two grounds for this decision:

(i) The right of priority, which derives from the first application filed in a country of the Union is, from the very outset, independent of that application, inasmuch as it subsists even if the application itself should be withdrawn or refused; it then attaches itself to the later patent and its effects are governed by the national law of the State in which the patent is applied for and by the treaties concluded by that State.

(ii) The Franco-British Convention and the Neuchâtel Agreement are applicable because the contracting parties have linked the granting of time-limit postponements to the nationality of the party who files an application for the later patent, and not to that of the original applicant.

The Court added that it cannot be held that this solution would lead to the granting of greater rights to an assignee than the previous owner would have had. There must, in fact, be no confusion between the assigned right, which is always the same legal means of defense regardless of the hand in which it passes, and the exercise of this right, which may be regulated differently since it is governed by the laws of the countries where it takes place.

(To be continued)

## Letter from Great Britain<sup>1)</sup>

By Frederick HONIG, Barrister-at-Law, London

### *The Law of Industrial Property and Restrictive Practices in 1965 and 1966*

#### I. Legislation

The Development of Inventions Act, 1965, has increased the maximum number of members of the National Research Development Corporation from 10 to 12 and in addition has extended the upper limit of advances which can be made to

<sup>1)</sup> For the "Letter" covering the year 1964, see *Industrial Property*, 1965, pp. 255 *et seq.*

the Corporation out of public funds from £ 10 million to £ 25 million.

Regulations have been made under the Plant Varieties and Seeds Act, 1964<sup>2)</sup>, providing for the grant of plant breeders' rights in respect of certain plants and prescribing the periods during which such rights can be exercised in the case of individual plant varieties.

The following have become Member States of the Paris Convention (or Convention countries in their own right): Algeria, Argentina, Bulgaria, Cyprus, Dahomey, Kenya, Malawi, Mauritania, the Philippines, the Soviet Union, Uganda and Uruguay.

## II. Jurisprudence

### (a) PATENTS

#### 1 Application for Grant

#### *Patent Office practice - Applications by foreign incorporated bodies other than limited companies*

For about 50 years it has been the practice of the Patent Office to require all applications by foreign partnerships and other incorporated bodies other than limited companies for the grant of patents or trademarks to be made by the individual partners or other persons of which such bodies are composed. Whenever a change in the composition of such bodies occurred, such change had to be registered while patents or trademarks remained on the register. The Comptroller, on advice received from the Law Officers of the Crown in 1905 and 1928, took the view that only natural persons and companies similar in status to corporate bodies under English law were entitled to apply for a grant in their own names. Applications by German partnerships (*Offene Handelsgesellschaften*) and companies consisting partly of partners with limited and partly of partners with unlimited liability (*Kommanditgesellschaften*) were refused on a number of occasions, and all applications had to be made by all the partners jointly and in their own names.

In *Schwarzkopf's Application*<sup>3)</sup> the applicant company, a *Kommanditgesellschaft* under German law, was joined by another *Kommanditgesellschaft* and an *offene Handelsgesellschaft*, in an attempt to obtain a reversal of the existing practice of the Patent Office. The attempt succeeded, and the Comptroller was directed to allow the applications to proceed in the names of the companies.

The old practice was inconsistent with German law which itself permits companies possessing the status of the applicants in the present case to apply for and own industrial property rights<sup>4)</sup>. It was also inconsistent with section 1 (2) of the Patents Act which provides, in respect of Convention applications, that the application in the United Kingdom "may be made by the person by whom application for protection was made...". Section 1 (2) thus requires only identity of person,

<sup>2)</sup> See *Industrial Property*, 1965, pp. 255 and 256.

<sup>3)</sup> Patents Appeal Tribunal, April 7, 1965; (1965) R. P. C. 387.

<sup>4)</sup> German law invests *Kommanditgesellschaften* and *offene Handelsgesellschaften* with distinct legal personality. Thus, as provided in the German Commercial Code, such companies can acquire any kind of corporeal and incorporeal property, sue and be sued (sections 124 and 161); and where an executory title has been obtained against the company, no execution can be levied, on the strength of that title, against the partners personally (sections 129 and 161).

so that in effect if an applicant in a Convention country is regarded as a "person," he should also be so regarded in the United Kingdom.

The decision of the Patents Appeal Tribunal is of considerable importance, and a good deal of hardship and inconvenience will be avoided in the future.

*Patentability - Method of collating statistical data by use of known pieces of equipment in specified order*

In *Stahl and Larsson's Application*<sup>5)</sup> it was held that a method and apparatus for automatically recording the journeys of passengers in a transport system, for the purpose of working out how much to charge individual passengers, by processing the recorded journeys at a central depot, was not a "manner of new manufacture" (section 101 (1) of the Patents Act) and accordingly was not patentable<sup>6)</sup>.

*Patentability - Application for grant relating to system to aid hearing - System requiring insertion of receiving device in user's teeth - Whether patentable invention or method of treating disease*

A method of treating disease of the human body is not a "manner of manufacture" within the meaning of the Act and thus not patentable. In *Puharich and Lawrence's Application*<sup>7)</sup> the invention was a system to aid hearing which for its effectiveness required a radio transmitter modulated by a microphone and a radio receiver fixed into the patient's mouth and connected to his dental nerves. It was a system designed to correct hearing defects by means other than the usual means of amplifying sound and thus of great potential value in cases of impairment or destruction of the Organ of Corti. To enable it to function, a dental operation was required, and the question therefore arose whether it was concerned with a method of treatment, which would not be capable of patent protection. The Patents Appeal Tribunal held that the application should be allowed to proceed because to hold otherwise, merely on the ground that a dental operation was required, would be tantamount to saying that a new material for dental fillings was incapable of protection. Moreover, the dental operation required was merely incidental to the manufacture and use of the device and should not therefore be considered an obstacle to patentability.

**2. Opposition to Grant**

*Opposition on ground that invention obvious - Appeal to Divisional Court*

Section 14 (4) of the Patents Act provides that an appeal shall lie from any decision of the Comptroller whereby, in opposition proceedings, he refuses a grant on the ground, *inter alia*, that the invention is obvious and clearly does not involve any inventive step. The appeal lies to the Patents Appeal Tribunal whose decision is final, except where there has been an excess of jurisdiction or where an error of law appears on

the face of the record. In either of the two last-mentioned cases a further appeal lies to the Divisional Court. This is an appeal by way of *certiorari* to quash the decision of the Appeal Tribunal<sup>8)</sup>.

In *Lister & Company Limited's Patent*<sup>9)</sup> the Divisional Court refused to interfere with a decision of the Patents Appeal Tribunal allowing an application for the grant of a patent to proceed in respect of a process which proposed the use of fibres of differing characteristics one of which would respond to shrinkage treatment while the other would not, with the result that the finished product would resemble natural fur having closely mingled ground fur pile and longer guard hair pile. It was contended on behalf of the opponents that the idea of using an artificial fibre whose properties were known, instead of using natural fibres, and using it in a known process, could not be the subject of patent protection. The Court rejected this argument, mainly on the ground that an invention could not be obvious when no one except the applicants had adopted this particular process "as the key to a rewarding market". Where the evidence failed to show the reason why no one had ever thought of adopting the process, it was not one which, as section 14 (1) (e) of the Act required, "clearly" does not involve any inventive step. It was not therefore right, in the view of the Court, to preclude an application from proceeding to grant<sup>10)</sup>.

*Opposition on ground that applicant has obtained invention from opponent - "Obtaining" alleged to have occurred abroad - Whether allegation can be entertained*

In *Du Pont de Nemours & Company's Application*<sup>11)</sup> it was held that a grant cannot be opposed on the ground that the invention has been obtained from the opponent, if the allegation refers to obtaining the invention in a foreign country (the United States of America). This is so whether the application, as in the present case, is a Convention application, or whether it is a first application in the United Kingdom. Accordingly, where this particular ground of opposition is included in a notice of opposition, it must be struck out.

*Insufficiency of description alleged on ground that "starting material" difficult to obtain at time of publication of specification*

Where a micro-organism to be used in a fermentation process was sufficiently identified by a deposit number in the *American Type Culture Collection* but was not readily available at the time of publication of the complete specification, the Court rejected an application opposing a grant on the ground of insufficiency<sup>12)</sup>. The Court held that a distinction must be made between the identification of a starting material (which satisfies the test of sufficiency) and its non-availability (which does not negative sufficiency), and that on the facts, in any event, the defect of non-availability had been cured by the time the opposition proceedings were heard.

<sup>5)</sup> Patents Appeal Tribunal, May 13, 1965; (1965) R. P. C. 596.

<sup>6)</sup> An application for the same method was accepted by the Canadian Patent Office. Section 2 (d) of the Canadian Patents Act, 1935, however, defines an invention as "any new and useful art, process, machine, manufacture . . .", whereas section 101 (1) of the Patents Act, 1949, defines an invention as "any manner of new manufacture . . ." and is thus narrower in scope than its Canadian counterpart.

<sup>7)</sup> Patents Appeal Tribunal, June 11, 1964; (1965) R. P. C. 395.

<sup>8)</sup> Examples of the exercise of this jurisdiction will be found in *Industrial Property*, 1963, at p. 195, and 1964, at p. 149.

<sup>9)</sup> Divisional Court (Queen's Bench Division), May 6, 1965; (1966) R. P. C. 30.

<sup>10)</sup> In revocation proceedings, of course, the position might eventually turn out to be different.

<sup>11)</sup> Patents Appeal Tribunal, May 19, 1965; (1965) R. P. C. 582.

### 3. Extension of Term

#### *Practice - Position of original patentee where application for extension made by assignee*

In *Ajax Magnethermic Corporation's Patent*<sup>13)</sup> assignees of a patent made an application for extension and named the assignors as respondents. It was held that the assignors could, at their option, withdraw from the proceedings or take steps to oppose the application.

#### *Practice on opposition to application for extension being lodged by government department - Joint or separate representation of government department and Comptroller*

In *Letters Patent Nos. 103,188 and 107,007 of Western Electric Co., Ltd.*, a case in which an application for extension of patents was opposed by a government department, the Court directed that the Comptroller and the opposing department should not be separately represented, and that all relevant matters should be put before the Court on behalf of the Comptroller<sup>14)</sup>. This practice has stood unchallenged for over 30 years<sup>15)</sup>, but in the recent case of *Western Electric Company's Patent*<sup>16)</sup> the Court expressed the view that, unless there were other opponents, in addition to an opposing government department, the latter and the Comptroller should be separately represented, the reason being that the Comptroller is in the position of an *amicus curiae*, rather than an opponent, and might therefore, if not separately represented, feel circumscribed in putting forward the arguments which he himself considers appropriate, and which may not necessarily coincide with those of the opposing government department<sup>17)</sup>.

#### *Extension on ground of inadequate remuneration - Initial industrial use of invention limited to one particular field in country of origin - Such field not practicable in United Kingdom for some years to come - Practicability of use in a variety of other fields*

In *Ionics Incorporated's Patent*<sup>18)</sup> the applicants, an American company, applied for the extension of a patent relating to improvements in ion-exchange materials and methods of using the same. In the United States where the patent was first exploited its main use was in the desalination of water. This particular use in the United Kingdom was not considered practicable for a number of years (probably until 1972), but it was evident that the patent offered a variety of other uses, and it was on some of the latter that the application for extension was based. The Court held that if the use of the invention for desalination of water had been put forward as the main field of exploitation no extension would have been granted, but that as a variety of other uses had been asserted and proved, there should be an extension of four years.

#### *Extension on ground of inadequate remuneration - Use of invention delayed by governmental intervention*

In *American Cyanamid Company's Patent*<sup>19)</sup> the patentees were granted an extension of four and a half years in respect of insecticides, on the ground that the losses incurred by them during the life of the patent were in part due to the fact that their introduction and use were not permitted under governmental regulations until they had been tested and found to be safe, such testing period extending over a period of about three years.

#### *Extension on ground of war loss - Alleged rule that no extension permissible if period of extension would be less than period between normal date of expiry and date of hearing of application for extension*

In *Michelin Tyre Company Limited's Patent*<sup>20)</sup> it was held that an extension on the ground of war loss can be granted, notwithstanding that the invention was patented after the war, provided that the patentee's inability to exploit the patent is due to the war, as e. g. where the belated installation of manufacturing facilities results from shortages caused by the war. The opponents' argument that an extension can never be granted if the period of extension (in this case two years) is less than the period between the normal date of expiry of the patent and the date of the hearing of the application for extension was rejected. It was rejected because its acceptance would result in the applicants' being deprived of royalties during a merited period of extension merely by reason of the fortuitous circumstance that the proceedings for extension have been unduly protracted.

#### *Extension on ground of war loss - Glass for television tubes suitable for colour television*

In *Philips Electrical Limited's Patent*<sup>21)</sup> the Court accepted the applicants' contention that the war had delayed the introduction of colour television and, accepting the experience gained in the United States where within ten years from the introduction of colour television 6½% of all receivers were colour receivers, estimated the penetration of the English market by colour receivers to the extent of 10% of all receivers to take three years from the introduction of colour broadcasting. On the further assumption that colour broadcasting might be introduced within a year, an extension of four years and nine months was granted, the nine months additional to the period of four years being the time which had elapsed between the expiry of the patent and the hearing of the petition.

### 4. Amendment of Specification

#### *Application to amend specification - Duty to give full particulars of reasons for applications*

An application to amend a specification must — as required by section 29 (2) of the Patents Act — “give full particulars of the reasons for which the application is made”. In *Clevite Corporation's Patent*<sup>22)</sup> it was held that it is not suf-

<sup>12)</sup> Patents Appeal Tribunal, July 18, 1966; *Dann's Application* (1966) R. P. C. 532.

<sup>13)</sup> Chancery Division, June 15, 1965; (1965) R. P. C. 480.

<sup>14)</sup> Chancery Division, March 17, 1932; (1932) 49 R. P. C. 342.

<sup>15)</sup> In fact the practice dates back to 1850.

<sup>16)</sup> Chancery Division, January 11, 1965; (1965) R. P. C. 335.

<sup>17)</sup> It may be observed that in the case here referred to the point was really academic, and in fact the Comptroller and certain government departments were represented by the same counsel, but there were a number of other opponents whose responsibility it was to represent the opposition case as a whole. This being the case, separate representation of the government departments and the Comptroller was not considered necessary.

<sup>18)</sup> Chancery Division, July 27, 1966; (1967) R. P. C. 143.

<sup>19)</sup> Chancery Division, March 31, 1965; (1966) R. P. C. 54.

<sup>20)</sup> Patent Office, February 2, 1966; (1967) R. P. C. 6.

<sup>21)</sup> Chancery Division, October 26, 1965; (1967) R. P. C. 113.

<sup>22)</sup> Patents Appeal Tribunal, November 16, 1965; (1966) R. P. C. 199.

ficient for an applicant merely to state that he wishes to limit the claim by a disclaimer, so as to distinguish from a prior art disclosed in a foreign patent. He is under a duty to disclose that prior art. His failure to do so results in rejection of his application to amend.

*Application to amend specification - Application opposed - Procedure*

In *Temmler-Werke's Patent*<sup>23</sup>) it was held that an opponent to an application to amend a specification is not normally entitled to discovery of documents by the applicant. The powers of the Comptroller under section 29 of the Act were considered sufficient to enable the Comptroller himself to elicit the reasons prompting an applicant to seek an amendment of the specification.

**5. Revocation**

*Application for revocation of Convention application - Anticipation alleged by reason of publication before priority date - Publication without consent of applicant for patent*

Section 50 (2) (a) of the Patents Act provides that an invention shall not be deemed to have been anticipated by reason of publication of the invention before the priority date, if the applicant proves that the matter published was obtained from him and published without his consent. In *Ethyl Corporation's Patent*<sup>24</sup>) it was held that an applicant for a patent can rely on this provision if he can prove that the matter published was obtained abroad. The facts were that in June 1955 the applicants sent to the American Chemical Society an abstract of a paper to be read at a meeting of the Society to be held in September of the same year. The abstract was published well before the meeting and became available in the United Kingdom Patent Office on September 15, 1955. Application for the grant of a patent in the United States was made on September 23, 1955, and the priority date claimed in the United Kingdom was September 23, 1956. On an application for revocation under section 33 of the Act, on the ground that the abstract when becoming available in the United Kingdom constituted an anticipation, it was held that, although obtained in the United States, the abstract had been "obtained" from the applicants within the meaning of section 50 (2) (a) of the Act and had been so obtained without the applicants' consent, because the applicants could not be expected to know that it would be published before the date when the paper was actually going to be read at the September meeting of the American Chemical Society.

**6. Contractual Licences**

*Construction of licensing agreement - Meaning of "invention"*

Where a licensing agreement provides that the licensor shall disclose to the licensee an invention "covered" by applications for letters patent and the licensee shall use the invention only as provided in the agreement, and it subsequently appears that the applications for letters patent, which are unknown to the licensee, "cover" far more than the invention actually disclosed, the licensee's rights relating

to the use of the invention are limited to the invention as disclosed to him, and do not extend to the invention as set out in the applications for letters patent<sup>25</sup>). The matter arose on a special case stated by an arbitrator for the decision of the Court on a point of construction of the agreement between the parties, and the merits of the case were not considered.

*Licensee's obligation under agreement to disclose to licensor "improvements developed" - Time when licensee's obligation arises - Corresponding obligation of licensor to disclose improvements and further inventions - Whether licensor's obligation can extend beyond termination of agreement - Use of confidential information after termination of agreement*

The House of Lords and the Court of Appeal have affirmed — in part — the judgment of the court of first instance in *National Broach & Machine Co. v. Churchill Gear Machines Ltd.*<sup>26</sup>) and have held that where a licensing agreement provides that the licensee shall communicate to the licensor any "improvements developed" by him during the subsistence of the agreement and, if so required by the licensor, shall apply for patent protection in respect thereof, the licensee's obligation to disclose arises as soon as he is in a position to apply for a grant, and not at such later stage when, if at all, the licensee may be in a position to produce a workable machine<sup>27</sup>).

The licensees had developed certain improvements before the termination of the agreement between the parties but had delayed their application for a grant until after the date of termination. Their contention that they were entitled to delay their application until such time as they had developed a machine which could be seen to work in practice was rejected, and the plaintiffs were held to be entitled to disclosure of all improvements developed by the defendants in respect of which they would have been able to apply for patent protection prior to the termination of the agreement.

The clause of the agreement to which reference has been made also provided that any patents obtained by the licensees at the request of the licensors "shall be the property (of the licensors) but so that (the licensees) shall have exclusive licences under such patents . . .". The defendant licensees contended that this clause should be so interpreted as to give them a right to exclusive licences for the duration of the patents. The plaintiff licensors, on the other hand, contended that the licensees' right to exclusive licences was limited to the duration of the agreement. The House of Lords and the Court of Appeal accepted the plaintiffs' contention and held that the defendants' right to exclusive licences ceased upon the termination of the agreement between the parties.

Lastly, the Court of Appeal considered the extent of the inquiry as to damages to which the plaintiffs were entitled as a result of the use by the defendants of confidential information supplied by the plaintiffs, in the shape of drawings, after the termination of the agreement<sup>28</sup>). The court of first instance had held that the inquiry should be limited to the wrongful use of those drawings to which the plaintiffs had

<sup>25</sup>) Court of Appeal, May 11, 1965; *Fluflon Ltd. v. William Frost & Sons, Ltd.* (1965) R. P. C. 562.

<sup>26</sup>) Cf. *Industrial Property*, 1965, at p. 260.

<sup>27</sup>) House of Lords, November 24, 1966; (1967) R. P. C. 99; Court of Appeal, June 15, 1965; (1965) R. P. C. 516.

<sup>23</sup>) Patents Appeal Tribunal, November 12, 1965; (1966) R. P. C. 187.

<sup>24</sup>) Patents Appeal Tribunal, November 12, 1965; (1966) R. P. C. 205.

referred in their statement of claim. The Court of Appeal rejected this limitation and directed an inquiry in general terms covering any drawings used by the defendants in breach of confidence.

#### 7. Compulsory Licences

##### *Compulsory licence for medicine - Effective date of licence*

Section 41 (1) of the Patents Act provides that the Comptroller may grant a compulsory licence "on such terms as he thinks fit" but does not specify the date from which such licence is to operate. In *Hoffmann-La Roche & Co. AG. v. Inter-Continental Pharmaceuticals, Ltd.*<sup>29)</sup> it was held that a compulsory licence operates as from the date of the Comptroller's decision. In *Geigy S. A.'s Patent*<sup>30)</sup> the question arose whether the date of decision is the date when the Comptroller decides to grant a licence or the date when he approves the terms of the licence. The Assistant-Comptroller when ordering a licence to be granted on August 20, 1963, left it to the parties to prepare the licensing agreement, adding that if they were unable to reach agreement on its final form he would be prepared to decide any matter in issue between them. It was not until April 15, 1965, that the parties again came before the Assistant-Comptroller and submitted to him the draft agreement for approval. It then appeared that the parties had been at variance during the intervening period over such important matters as the right of the licensees to import or export the patented drug, to manufacture only by their own servants or also by employing sub-contractors, and how to define the selling price on the basis of which the royalties were to be calculated. These matters, in the opinion of the Court, were not matters of pure formality which followed as a matter of course from the decision made on August 20, 1963, but matters of substance which were not "decided" until the matter again came before the Assistant-Comptroller on April 15, 1965, and it was accordingly held that the "decision" which was relevant was that made on April 15, 1965, and that the licence should begin to operate on that date<sup>31)</sup>.

#### 8. Use of Invention for Services of Crown

##### *Basis of compensation - Apportionment of compensation between co-patentees - Relevance of prior agreement between co-patentees as to sharing of royalties*

In *Patchett's Patent*<sup>32)</sup> the inventor had made an agreement with his employers that the letters patent should belong solely to the employers but should continue to stand in the joint names of the parties. The agreement further provided that in the event of the employers themselves exploiting the patent by manufacture and subsequent sale of articles manufactured under the patent the inventor was to receive 2½% of

of the selling price of manufactured articles, and that in the event of a licence being granted to a third party the inventor was to receive 40% of the royalties or of the purchase price of the licence, as the case may be.

The patent was subsequently used by the Crown, and the question arose as to the proper compensation to be paid by the Crown and the apportionment of such compensation between the two co-patentees. It was held that the proper basis of compensation was a reasonable royalty which would normally be that arrived at between a willing licensor and a willing licensee<sup>33)</sup>, and that in the present case it should be 5% of the total value of the articles manufactured by the Crown. As far as the apportionment between the two co-patentees was concerned, the agreement between them did not provide for the contingency of the patent being used for the services of the Crown, and accordingly the proportions provided for in the agreement were not applicable to this contingency. The proportions had to be determined either as between co-grantees or as if the inventor had assigned all his rights in the patent in which case as assignor he was entitled to compensation under section 47 (3) of the Patents Act ("in such proportion as . . . in default of agreement may be determined by the court"). In all the circumstances the Court considered an apportionment in equal parts between inventor and employer to be appropriate.

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

The House of Lords has dismissed the appeal of the Pfizer Corporation (*Pfizer Corporation v. Ministry of Health*)<sup>34)</sup> against the judgment of the Court of Appeal<sup>35)</sup> in which it was held that the Minister of Health was entitled, under section 46 of the Patents Act, to authorise the importation of drugs from abroad for use by the National Health Service. It may be recalled that the appellants were the patentees of a drug which was widely used in the National Health Service and until 1961 was obtained from licensees of the patentees. In 1961 the respondent, the Ministry of Health, authorised an English company to import supplies of the drug from an Italian manufacturer, for supply to the National Health Service. In authorising the importation of the drug the Ministry relied on the power conferred upon it by section 46 (1) of the Patents Act, which — as far as here material — provides as follows:

"Notwithstanding anything in this Act, any Government department, and any person authorised in writing by a Government department, may make, use and exercise any patented invention for the services of the Crown . . ."

The appellants thereupon sought declarations that the Ministry had no power under the section to authorise a person in the United Kingdom to import from abroad, for use by the National Health Service, a drug which in the absence of such authorisation could not be imported for such use without constituting an infringement of the appellants' patent. The appellants put forward three main contentions which may be summarised in this way:

<sup>33)</sup> This is the basis recommended by the Royal Commission on Awards to Inventors.

<sup>28)</sup> The House of Lords did not pronounce on this aspect of the case because the parties agreed to accept the finding of the Court of Appeal, as set out above.

<sup>29)</sup> Cf. *Industrial Property*, 1965, at p. 260.

<sup>30)</sup> Divisional Court of the Queen's Bench Division, February 9, 1966; (1966) R. P. C. 250.

<sup>31)</sup> It is to be observed that there are occasions when the final terms of the licence are a pure formality, in which case the operative date would be the date when the Comptroller makes the basic decision of whether or not to grant a compulsory licence. Also, in the normal course of events the time lag between the earlier decision and the final agreement on the precise terms of the licence is much shorter than in the present case.

<sup>32)</sup> Chancery Division, June 21, 1966; (1967) R. P. C. 77.

(1) that section 46 (1) of the Act merely enabled a government department to authorise the use of an invention "for" the services of the Crown but not "by" the services of the Crown for the benefit of third parties, viz. patients of the National Health Service;

(2) that the supply of a drug under the National Health Service scheme to out-patients against the statutory nominal payment of 2 shillings for each prescription constituted a sale of the drug<sup>36</sup>) and was therefore outside the scope of section 46 (1), which was concerned only with "making, using and exercising" an invention and, unlike section 49 (1) of the Act, did not include "vending";

(3) that the importation of the drug from Italy by the person purporting to have been authorised by the Ministry to "make, use and exercise" the invention did not constitute an infringement and therefore neither required the Ministry's authorisation nor enabled the Ministry to give it; and that as the only act of infringement committed by the person authorised by the Ministry was the sale of the drug to the Ministry it was an act of infringement, viz. "vending", which the Ministry could not authorise under the powers conferred upon it by section 46 (1).

The House of Lords, by a majority of three to two, dismissed the appeal and expressed the following views on the appellants' three main contentions:

(1) Three of the Law Lords held that it would be unrealistic to draw a distinction between services "for" the Crown and services "by" the Crown for the benefit of third parties, viz. National Health patients<sup>37</sup>), and they accordingly reached the conclusion that the Ministry's authorisation in the present case was an authorisation to use the invention "for" the services of the Crown, within the meaning of section 46 (1).

(2) The House of Lords was unanimous in holding that the supply of drugs to out-patients did not constitute a sale ("vending"), notwithstanding that such patients when obtaining the drug from the hospital dispensary or a chemist had to pay a statutory charge of 2 shillings<sup>38</sup>). The patient who obtained the drug was merely exercising a statutory right, and it would be unrealistic to qualify the exercise of this right as a contract of sale.

(3) The House of Lords was also unanimous in rejecting the third contention of the appellants. It was held that the importation of the drug by the person authorised by the Ministry was undertaken with a view to dealing with the drug in the importer's regular course of business and as such was

a "use and exercise" of the subject-matter of the appellants' patent which, in the absence of authorisation, would have constituted an infringement<sup>39</sup>).

In conclusion it may be pointed out that the House of Lords was not concerned with the right of the Crown itself to sell a patented invention under powers conferred by section 46 (1) of the Act. In fact any such right was expressly disclaimed on behalf of the Crown in the course of the argument addressed to the Court. In periods of emergency, as defined by section 49 (2) of the Act, the position is, of course, entirely different because section 49 expressly confers powers on the government to "vend", as well as to "make, use and exercise" an invention.

#### 9. Actions for Infringement

##### *Application for interlocutory injunction - Alleged infringement of drug patent - Counter-allegation of invalidity - Burden of proof*

In *F. Hoffmann-La Roche & Co. AG. v. Inter-Continental Pharmaceuticals, Ltd.*<sup>40</sup>) it was held that in suitable cases a patentee should be granted an interim injunction against a defendant alleged to have infringed a drug patent, notwithstanding that the defendant has applied for the grant of a compulsory licence. The Court of Appeal made clear its disapproval of the argument that because a defendant has applied for the grant of a compulsory licence and is likely to be granted one in due course he is entitled to anticipate such grant by infringing the plaintiff's patent. This particular issue may now be said to have been finally resolved in favour of the owner of the patent.

The case of *Hoffmann-La Roche & Co. AG. v. D. D. S. A. Pharmaceuticals Ltd.*<sup>41</sup>) was again a case in which the defendants had imported an infringing drug from abroad and put it on the market, in the face of the plaintiffs' patent. The contention that the plaintiffs' application for an interlocutory injunction should be refused, on the ground that an application by the defendants for the grant of a compulsory licence was pending, was not seriously pursued, except that it was suggested on the defendants' behalf that this pending application should be taken into account as a relevant factor in determining where the balance of convenience lay.

The main argument of the defendants in this case was that the first two claims in the plaintiffs' specification were so widely framed as to cover a multitude of compounds and were accordingly invalid, and that only the third claim was sufficiently narrow to escape the risk of invalidity. In these circumstances, they argued, they only had to show that there was a possibility that at the trial the plaintiffs' patent might be held invalid, and that this was sufficient to disentitle the plaintiffs from obtaining an interlocutory injunction. The Court of Appeal rejected this argument and held that, in order to succeed in interlocutory proceedings, a defendant has to establish a *prima facie* case of invalidity, and not a mere possibility that ultimately the patent might be held invalid. As in the present

<sup>34</sup>) House of Lords, February 1, 1965; (1965) R. P. C. 261.

<sup>35</sup>) For the judgment of the Court of Appeal, see *Industrial Property*, 1964, at p. 151.

<sup>36</sup>) The statutory charge of 2 shillings has now been abolished, and all drugs are supplied free to National Health patients. It may also be observed that the appellants did not contend that the supply of drugs to in-patients of hospitals constituted a sale.

<sup>37</sup>) The majority consisted of Lords Reid, Evershed and Upjohn. Lords Pearce and Wilberforce dissented on this point and held that use for patients was not use "for the services of the Crown," as e.g. the supply of arms might have been for the armed services. Lord Wilberforce, in a closely reasoned judgment, took the view that the scope of section 46 (1) was limited and did not include the right to authorise a sale or supply to the public. He contrasted section 46 (1) with section 49 (1) and pointed out that in periods of emergency, for which section 49 provided, the powers of the government were wider than under section 46.

<sup>38</sup>) After the abolition of the nominal charge of 2 shillings this somewhat artificial argument would no longer have been tenable in any case.

<sup>39</sup>) The two Law Lords who dissented from the majority in holding that the course of conduct authorised by the Ministry was not authorised for the services of the Crown would have allowed the appeal on this ground, but they felt obliged to deal with the other two contentions.

<sup>40</sup>) Cf. *Industrial Property*, 1965, at p. 260.

case the plaintiffs' patent had existed in many countries for a number of years and as no citation had been made against it in any of those countries, the plaintiffs had established a *prima facie* case of validity and the defendants had failed to establish a *prima facie* case of invalidity. The interlocutory injunction was therefore granted.

*Application to stay action for infringement while defendants' application for grant of compulsory licence pending*

In *Pfizer Corporation v. D.D.S.A. Pharmaceuticals Limited and others*<sup>42)</sup> the Court refused to grant the application of defendants, in an action for infringement, for a stay of the action until such time as the defendants' application for the grant of a compulsory licence had been determined. The defendants contended unsuccessfully that the infringement action should be stayed, on the ground that "concurrent" proceedings should not be allowed to proceed simultaneously when the grant of a compulsory licence might render the infringement proceedings academic and cause unnecessary costs to be incurred<sup>43)</sup>.

*Defence of invalidity, alternatively denial of infringement - Construction of claim in specification to determine issue of validity - Claim to be construed as likely to be understood by expert in the art*

In *Henriksen v. Tallon Limited*<sup>44)</sup> the plaintiff brought an action for infringement of a patent relating to ball point pens, the subject-matter of the invention being the insertion, between the column of ink in the reservoir of the pen and the air inlet, of a paste-like mass (plug) incapable of mixing with the ink and thus "preventing air from contacting the ink". It was obvious to an expert that the invention as claimed was of value only in pens with a narrow bore tube but not in pens with a wide bore tube. The Court of Appeal construed the claim as applying to both types of bore and accordingly held the patent to be invalid for inutility. The House of Lords reversed the judgment of the Court of Appeal and held that the claim must be construed on the basis that an expert would know that it applied only to pens with narrow bore tubes, and that accordingly the claim was valid. On the issue of infringement the House of Lords, having found that the plug manufactured by the defendants was only about 60% effective in

preventing contact between the air and the ink in the reservoir, held that there was no infringement. The House of Lords rejected the defendant's contention that there can be no infringement unless an infringing article was virtually 100% effective. This, in the words of Lord Reid<sup>45)</sup>, "would simply be inviting infringers to take the invention but make it work inefficiently".

*Defence of anticipation - Reliance on foreign specification more than 50 years old - Meaning of "re-publication" within 50-year period*

Section 50 (1) (b) of the Patents Act provides in effect that a defendant in an infringement action who contends that the patent in suit has been anticipated is not entitled to rely on publication in the United Kingdom "in a specification describing the invention for the purposes of an application for protection in [a foreign country] made more than fifty years before" [the date of the complete specification of the patent in suit]. In *AMP Incorporated v. Hellermann Limited*<sup>46)</sup> the defendants sought to rely on certain United States specifications more than 50 years old which had been referred to by their numbers in a specification less than 50 years old. It was held that such reference to a specification more than 50 years old by number only, and not by a full description of it, was not re-publication, and that accordingly the defendants were not entitled to rely on it in support of their contention that the plaintiffs' invention had been anticipated<sup>47)</sup>.

*Defence to action for infringement on ground that invention obvious and not involving any inventive step - Vacuum cleaner for collection of "fly" from floor of textile mill*

In *Parks-Cramer Company v. G. W. Thornton & Sons Limited*<sup>48)</sup> it was held that a method of causing a vacuum cleaner to traverse the aisles between textile machines at frequent intervals so as to suck "fly" (waste material, i. e. broken pieces of cotton fibre) from the whole of the floor into an overhead receptacle travelling with the suction cleaner was not obvious and did involve an inventive step. While it was obvious that a vacuum cleaner would clean the area which it traversed, what was not obvious was that by using the method patented by the plaintiffs the vacuum cleaner was capable of cleaning not only the area over which it actually passed but also the rest of the floor.

## 10. Threat of Infringement Proceedings

*Remedy available to plaintiff where defendant fails to defend*

In *R. Demuth Limited v. Inter-Pan Limited*<sup>49)</sup> the plaintiffs, when asking for judgment in default of defence in an action to restrain unjustifiable threats of infringement proceedings, also asked for a declaration that a threat contained in the letter on which their action was founded was unjusti-

<sup>41)</sup> Court of Appeal, June 29, 1965; (1965) R. P. C. 503.

<sup>42)</sup> Chancery Division, January 21, 1965; (1966) R. P. C. 44.

<sup>43)</sup> See also the cases referred to in *Industrial Property*, 1965, at p. 260, footnote 38, where the general proposition was laid down by the Court of Appeal that notwithstanding a defendant's application for the grant of a compulsory licence, the plaintiff was entitled to pursue his remedies for infringement of a patent. In view of this matter now having been resolved in the patentee's favour, a patentee is also entitled to an interim injunction to restrain infringement, as against a defendant who has applied for the grant of a compulsory licence. Accordingly the Court, on granting an interim injunction, is not entitled to stay the injunction, merely because an application for a compulsory licence is pending. Where such a stay has nevertheless been granted, it must be removed on the application of the patentee. The Court is, however, entitled to give the defendant time before the removal of the stay takes effect, because otherwise the defendant might be embarrassed in the conduct of his business: Chancery Division, July 21, 1966; *Pfizer Corporation v. Inter-Continental Pharmaceuticals Limited* (1966) R. P. C. 565, where the removal of the stay of the injunction was ordered to take effect two months after the date of the order removing the stay.

<sup>44)</sup> House of Lords, May 27, 1965; (1965) R. P. C. 434.

<sup>45)</sup> *Idem*, p. 445.

<sup>46)</sup> Court of Appeal, November 25, 1965; (1965) R. P. C. 159.

<sup>47)</sup> The outcome of the action, which was decided in favour of the defendants on other grounds, was not affected by this particular finding in favour of the plaintiffs.

<sup>48)</sup> Court of Appeal, March 11, 1966; (1966) R. P. C. 407.

<sup>49)</sup> Chancery Division, June 17, 1966; (1967) R. P. C. 75.

fiable. The Court held that, while the plaintiffs were entitled to an injunction to restrain threats of proceedings, they were not entitled to the declaration for which they asked, on the ground that as a rule of practice a declaration cannot be granted in default of defence, viz. without hearing argument on behalf of the defendants.

(b) DESIGNS

*Design of recent registration - Imitation of design admitted - Motion for interlocutory injunction in infringement action*

As a general rule the courts are disinclined to grant an interlocutory injunction to restrain infringement where the design is of recent registration. In *Marx (Louis) & Co. v. Fairchild Plastics Ltd.*<sup>50</sup>) the design of a toy was registered in the United States of America on March 22, 1965, and in the United Kingdom on December 21, 1965. A search at the Patent Office between these two dates was negative, and the defendants thereupon proceeded to market in the United Kingdom an exact replica of the plaintiffs' design. The plaintiffs' motion for an interlocutory injunction was refused, on the ground that the registration was of recent date and that its validity was seriously contested by the defendants.

(c) TRADEMARKS

1. Registrability

*Sketch of female figure clothed in blouse and slacks*

In *Pantino Incorporated's Application*<sup>51</sup>) it was held that the sketch of a female figure clad in a blouse and tight-fitting trousers, for which registration was sought in class 25 (clothing), was not entitled to registration as a trademark. The argument that in previous cases sketches had been admitted to registration and that uniformity of practice required the registration of the sketch applied for was rejected, on the ground that each case must be considered on its merits and that sketches which on earlier occasions had been admitted to registration might well have had distinctive features absent in the present case.

*Blank panel with representations at top and bottom of panel of parts of two articles forming part of class in which proposed mark sought to be registered*

In *Renold Chains Limited's Application*<sup>52</sup>) the applicants, manufacturers of chains and wheels, sought to register a design consisting of a blank space in the shape of the link of a bicycle chain, with the arc of a sprocket wheel at the top and the corresponding arc of a bicycle chain at the bottom of the blank space. The applicants' intention was to use the mark, if granted, as a group mark and to insert, as occasion demanded, the name of one or other of the companies in the group, in the blank space. The application was refused, it being held that the proposed mark was neither adapted to distinguish nor capable of distinguishing the goods in respect of which it was sought to be registered. It was merely pictorially descriptive of the goods in which the applicants dealt.

*Application for registration of "Scotsman" for goods in class 11 not originating in Scotland*

In "*Scotsman*" *Trademark*<sup>53</sup>) it was held that the word "Scotsman" for goods in class 11 (installations for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes) qualified for registration as a "word having no direct reference to the character or quality of the goods" (section 9(1)(d) of the Trade Marks Act). The Registrar's objection to registration, on the ground that as the goods were not produced in Scotland registration of the mark would convey the false impression that they were, was overruled because goods in class 11 were not goods which *prima facie* would be thought by the public to have a special connection with Scotland.

*Proposed mark comprising name and pictorial representation of deceased monarch - "King Edward the Seventh"*

Rule 15(b) of the Trade Marks Rules provides that "the Registrar may refuse any application for the registration of a mark upon which . . . appear . . . representations of Their Majesties or any member of the Royal Family . . .". In "*Edward VII*" *Trademark*<sup>54</sup>) this rule was interpreted as applying only to living members of the Royal Family, and accordingly an application for the registration of the words "King Edward the Seventh" and a representation of that King, who died in 1910, was allowed to proceed.

*"Madame" for tobacco products*

In "*Madame*" *Trademark*<sup>55</sup>) it was held that the word "Madame" for tobacco products was not entitled to registration as a trademark. Registration was applied for by Danish manufacturers of cigars who submitted that the shape and size of their cigars was especially suitable to appeal to women. Registration was refused, notwithstanding that the applicants' previous application for the registration of "Mamselle", also for tobacco products, had been granted in Part B of the register.

*Application for registration in Part A of the register of a mark already registered in Part B - Mark distinctive of applicants' goods but not inherently adapted to distinguish*

In "*Weldmesh*" *Trademark*<sup>56</sup>) the applicants, who were the proprietors of the mark "Weldmesh" registered in Part B of the register, applied for registration of the mark in Part A, alleging that the mark had become distinctive of their goods by user, and with the object of securing for it the more extensive protection of section 13 of the Act. The application was refused. The Court took the view that, although the applicants had established extensive user since the date of registration in Part B of the register, such user only made the mark "capable of distinguishing" the goods of the applicants within the meaning of section 10 (which permits registration in Part B), but not "inherently adapted to distinguish" their goods within the meaning of section 9 (which permits registration in Part A), because the goods concerned were steel mesh made of wire and rods and the mark thus had a close

<sup>50</sup>) Chancery Division, February 18, 1966; (1966) R. P. C. 314.

<sup>51</sup>) Board of Trade, March 15, 1966; (1966) R. P. C. 527.

<sup>52</sup>) Court of Appeal, March 11, 1966; (1966) R. P. C. 487.

<sup>53</sup>) Board of Trade, April 5, 1965; (1965) R. P. C. 358.

<sup>54</sup>) Chancery Division, March 15, 1965; (1966) R. P. C. 1.

and direct reference to the character of the goods. The Court did not accept the argument that once it was accepted that on the facts a mark was distinctive of the applicants' goods the distinction between what was inherently "capable" of distinguishing (section 10) and what was inherently "adapted" to distinguish (section 9) disappeared. On the contrary, it took the view that the legislature must have intended to distinguish between "capable" and "adapted" and that, although distinctiveness in fact would be conclusive that a mark was "capable" of distinguishing, it did not follow that it was also "adapted" to distinguish<sup>57</sup>).

## 2. Opposition to Registration

### *Likelihood of confusion - "Buler" and "Bulova" for watches and parts of watches*

In "*Buler*" Trademark<sup>58</sup>) the applicants (Montres Buler S. A.) sought to register the word "Buler" in respect of watches and parts of watches. The opponents (Bulova Watch Company Limited) were the registered proprietors of "Bulova" for watches and parts of watches. They opposed registration on two grounds: (1) That "Buler" was not an invented word but merely a mis-spelling of a surname, and (2) that it so nearly resembled "Bulova" as to be likely to cause confusion. In the court of first instance the opponents failed on the first ground, and it was held that "Buler" was an invented word and not merely a mis-spelling of the names "Buhler" or "Buller"<sup>59</sup>). On the second ground, however, the opponents succeeded.

The Court of Appeal upheld the court of first instance and refused registration under section 12 of the Act, holding that the applicants had not discharged the burden of proving that confusion was not likely to arise between "Buler" and "Bulova". There was no cross-appeal by the opponents under section 9 of the Act, viz. that "Buler" was an invented word and not merely a mis-spelt surname. This ground of opposition was accordingly not considered by the Court of Appeal.

### *Likelihood of confusion - "Accutron" for clocks and watches against "Accurist" for wrist watches and "Accularm" for alarm clocks*

In "*Accutron*" Trademark<sup>60</sup>) the Court of Appeal refused an application for registration of the word "Accutron" for clocks and watches and upheld the opposition of the registered proprietors of "Accurist" for wrist watches and "Accularm" for alarm clocks. It was held that the applicants had failed to discharge the onus of proving that there was no likelihood of confusion. The Court also rejected the applicants' contention that the opponents, as proprietors of "Accurist" and "Accularm", were attempting to monopolise the ordinary English word "accurate", which was alleged to be specially apposite in the case of watches and clocks.

<sup>55</sup>) Board of Trade, July 27, 1966; (1966) R. P. C. 541.

<sup>56</sup>) Court of Appeal, January 28, 1966; (1966) R. P. C. 220.

<sup>57</sup>) The Court of Appeal granted leave to appeal to the House of Lords.

<sup>58</sup>) Court of Appeal, November 16, 1965; (1966) R. P. C. 141.

<sup>59</sup>) The Report does not indicate whether or not "Buler" was held to be a non-existent name altogether, which is somewhat surprising, considering that the applicants were known as "Montres Buler S. A."

<sup>60</sup>) Court of Appeal, November 2, 1965; (1966) R. P. C. 152.

### *Likelihood of confusion - Application for registration of "Rheinlieblich" for Rhine wine opposed by users of "Liebling" for Rhine wine*

In "*Rheinlieblich*" Trademark<sup>61</sup>) the applicants, who were the registered proprietors of "Rheinliebchen" for Rhine wine, applied for registration of the word "Rheinlieblich". The application was made in November 1962. In May 1962 the opponents had begun to use the word "Liebling" in respect of Rhine wines imported by them, and between May and November of that year they had sold 263 dozen bottles and 81 dozen half-bottles of Rhine wine under that name. It was held that the application for registration of "Rheinlieblich" must be refused, on the ground — mainly — that the only element of distinction between "Rheinlieblich" and "Liebling" was descriptive, viz. the word "Rhein" (Rhine), which indicated the source of the goods concerned. As far as user by the opponents was concerned, the Court held that the sale of quantities such as those given in evidence could not be said to be insignificant, considering the type and price of the commodity concerned.

### *Likelihood of confusion - Application for registration of "Mem" against opposition by proprietors of "Gem"*

In "*Mem*" Trademark<sup>62</sup>) the applicants, Gillette Industries Limited, sought to register "Mem" in respect of safety razors and safety razor blades. Their application was opposed by Ever-Ready Razor Products Limited, the registered proprietors of "Gem", previously registered for similar goods. It was held that there was no likelihood of visual confusion. Nor was there any likelihood of phonetic confusion, having regard to the fact that the meaning associated with "Gem" was quite different from that associated with "Mem". The opposition based on section 12 (i) of the Act therefore failed. The opposition based on section 11 also failed as on the facts the opponents, whose sales had been negligible, had failed to show that "Gem" had become distinctive of their goods.

### *Likelihood of confusion - Application for registration of "Players" for use on cigarettes made of confectionery against opposition by proprietors of "Players" registered for manufactured tobacco*

In "*Players*" Trademark<sup>63</sup>) the applicants sought to register the word "Players" in respect of non-medicated sugar confectionery, intending to use it especially on cigarettes made of chocolate. The opponents who were manufacturers of tobacco goods, including cigarettes, had used trademarks consisting of or including the word "Players" continuously since 1877, and their reputation was world-wide. Their opposition was based on section 11 as well as on section 12 (1) of the Act. They failed under section 12 (1) because, although cigarettes and confectionery were normally sold through the same trade channels, they were not goods of the same description. They succeeded, however, under section 11 because in view of the opponents' extensive reputation the applicants' goods would be thought to emanate from the opponents and the

<sup>61</sup>) Chancery Division, October 12, 1965; (1966) R. P. C. 68.

<sup>62</sup>) Assistant-Comptroller, July 8, 1964; (1965) R. P. C. 347.

<sup>63</sup>) Assistant-Comptroller, February 27, 1964; (1965) R. P. C. 363.

use of the same trademark would thus be likely to cause confusion.

*Likelihood of confusion - "Woodies" against opposition by proprietors of "Woodbine" and "Wild Woodbine"*

In "*Woodies*" Trademark<sup>64</sup>) the same applicants sought to register "Woodies" for non-medicated sugar confectionery. Their application was opposed by the proprietors of "Woodbine" and "Wild Woodbine" who were identical with the opponents in the "*Players*" case and one of whose marks was registered in respect of tobacco as well as confectionery. There was evidence that the abbreviation "Woodies" was widely used by purchasers of "Woodbine" and "Wild Woodbine" cigarettes, and accordingly registration of "Woodies" was refused as being likely to cause confusion. Unlike in the "*Players*" case, the opposition also succeeded under section 12(1), as one of the opponents' marks was registered in respect of confectionery as well as tobacco products.

*Likelihood of confusion - Application for registration of "Acec" (conveying impression of initials) against opposition by proprietors of "Ace" (conveying impression of a word)*

In "*Acec*" Trademark<sup>65</sup>) the applicants sought to register the initials "Acec"<sup>66</sup>) in respect of goods in two different classes: (1) electric surgical or curative lamps, and (2) electric heating and lighting apparatus. The opponents were the proprietors of "Ace" registered in respect of (ordinary) electric lamps. While the opponents' mark conveyed the impression of being a word, standing for supremacy or excellence of quality, the applicants' mark conveyed no more than the impression of being a string of initials. The application was allowed to proceed, there being no likelihood of confusion.

### 3. Infringement

*Likelihood of confusion - "Butazolidin" and "Butazone"*

There is no likelihood of confusion between "Butazolidin", a trademark registered by the plaintiffs in respect of the drug phenylbutazone, and "Butazone", a trade name used by the defendants for their brand of the same drug, especially where, as here, the drug was not on sale to the general public but was obtainable only from pharmacists on a doctor's prescription. Accordingly the plaintiffs' motion for an interlocutory injunction was dismissed<sup>67</sup>).

*Likelihood of confusion - "V-CIL-K" and "econoCIL-VK"*

In *Eli Lilly & Co., Ltd. v. Chelsea Drug Chemical Co., Ltd.*<sup>68</sup>) the plaintiffs were the registered proprietors of the mark "V-CIL-K" which they used for their brand of penicillin potassium. The defendants were the registered proprietors of the mark "Econocil-VK" registered in respect of their brand of penicillin. The defendants, instead of using their mark as registered, used it in the form of "econoCIL-

VK", thus giving prominence to the letters "CIL-VK" which were not only considerably larger than the particle "econo" but were the only capital letters in the combination of letters used by them as their purported trademark.

The plaintiffs who brought an action for infringement and passing off were granted an interlocutory injunction on the trademark issue, on the ground that the form in which the defendants used the combination of letters constituted a departure from their registered trademark and was therefore not a use of that mark at all, and further on the ground that in any event it was likely to lead to confusion.

The plaintiffs also succeeded on the issue of passing off as they had proved that their mark had become distinctive of their goods.

*Meaning of the term "use as a trademark" - Reference in defendants' advertising material to former business relationship with plaintiffs - Plaintiffs' trademark forming part of plaintiffs' trade name*

In *Pompadour Laboratories Ltd. v. Frazer*<sup>69</sup>) the plaintiffs were the registered proprietors of the trademark "Pompadour" registered in respect of hair shampoos, haircream and brilliantine. The defendant, until the end of 1964, had manufactured hair lacquer for the plaintiffs. In 1965 he began to sell hair lacquer to customers other than the plaintiffs, stating (on the goods sold and in his advertising literature) that "Frazer Chemicals (the name under which the defendant traded) have manufactured hair lacquer for Pompadour Laboratories Ltd. for several years". The plaintiffs claimed an interim injunction to restrain the defendant from infringing their trademark "Pompadour" and from passing off his hair lacquer "as and for hair lacquer which is the same as the hair lacquer marketed or distributed by the plaintiff company"<sup>70</sup>).

On the trademark issue the plaintiffs failed on two grounds:

- (1) That their trademark was registered in respect of hair shampoos, haircream and brilliantine, and not hair lacquer, and
- (2) that the defendant, in referring to the fact that for several years he had manufactured hair lacquer "for Pompadour Laboratories Ltd.", made reference to the plaintiffs' name, but not to the plaintiffs' trademark, and that accordingly the use of the word "Pompadour" in this context was not use in a trademark sense.

On the issue of passing off the plaintiffs failed, on the ground that the reference to the fact that the defendant had previously manufactured hair lacquer for the plaintiffs could not be interpreted as implying that the defendant's hair lacquer was the plaintiffs'<sup>71</sup>).

<sup>69</sup>) Chancery Division, April 14, 1965; (1966) R. P. C. 7.

<sup>70</sup>) It will be observed that the injunction to restrain passing off was not claimed in the usual form, viz. "from passing off his goods as being the plaintiffs' goods," but as goods which are "the same as the plaintiffs' goods."

<sup>71</sup>) It was pointed out in the course of the judgment that the plaintiffs might have had an arguable case if they had merely asked for an injunction to restrain the defendant from advertising that he was (still) manufacturing hair lacquer for the plaintiffs, because the words "Frazer Chemicals have manufactured hair lacquer for Pompadour Laboratories

<sup>64</sup>) Assistant-Comptroller, February 27, 1964; (1965) R. P. C. 366.

<sup>65</sup>) Assistant-Comptroller, March 23, 1964; (1965) R. P. C. 369.

<sup>66</sup>) The initials stood for "Ateliers de Constructions Electriques des Charleroi," which was the applicant company's name.

<sup>67</sup>) Chancery Division, September 3, 1965; (1966) R. P. C. 64.

<sup>68</sup>) Chancery Division, September 13, 1965; (1966) R. P. C. 14.

#### 4. Rectification

*Likelihood of confusion - Potential market in goods of applicants for rectification restricted - Only one sale by applicants of their goods prior to registration of mark sought to be expunged*

In "*Transfermatic*" Trademark<sup>72</sup>) the applicants for rectification were an American company which from 1947 onwards used the word "Transfer-Matic" in respect of complex and very expensive machinery for use in the engineering industry, initially in the United States but subsequently also in the United Kingdom. Such subsequent use in the United Kingdom, which began in about 1949, was concerned with advertisements in the English trade press, the distribution of technical literature and the solicitation of orders from engineering concerns. In spite of these extensive efforts the applicants for rectification sold only one machine in 1955, the price being well over £ 100,000. The registered proprietors of the trademark "Transfermatic" (which was held to be indistinguishable from "Transfer-Matic") were also manufacturers of machinery for use in the engineering industry. Their machinery, however, was less expensive and less complex than the applicants'. They had registered their trademark in 1958, and on their behalf it was contended that at the date of registration there was no likelihood of confusion such as would have disentitled the use of their trademark to protection, on the ground that the market in the applicants' goods was extremely restricted, and that the applicants had only made one single sale in the United Kingdom prior to the date of registration of their mark.

The application for rectification was successful. It was held that if in 1958 — when the registered proprietors registered their mark — the applicants for rectification had brought proceedings for passing off, such proceedings would in all probability have been successful. This was the real test, and the fact that the market in the applicants' goods was restricted did not matter, considering that in 1958 a large part of the engineering industry identified "Transfer-Matic" with the applicants' goods. Nor did it matter that prior to 1958 the applicants had sold only one of their machines.

*Mark sought to be expunged registered for last 20 years - Non-user due to special circumstances in the trade (import restrictions) - Likelihood of deception - Whether such likelihood relevant only as at date of registration or also as at date of application to rectify - "Bali" and "Berlei"*

Where a person is registered as proprietor of a trademark, that fact is *prima facie* evidence of the validity of the registration (section 46 of the Trade Marks Act). After the expiration of seven years a registration in Part A of the register becomes "valid in all respects", unless — *inter alia* — "the trademark offends against the provisions of section 11" (section 13, subsection 1). Section 11, in turn, does not permit the registration as a trademark of any matter the use of which would, "by reason of its being likely to deceive . . ., be disentitled to protection . . .".

Ltd. for several years" were, in the grammatical sense, open to two interpretations, viz. that the defendant had now ceased to manufacture for the plaintiffs, and also that he was continuing to manufacture for them.

<sup>72</sup>) Chancery Division, March 29, 1966; (1966) R. P. C. 568.

In "*Bali*" Trademark<sup>73</sup>) the applicants for rectification, an English company, were the registered proprietors of the trademark "Berlei" in respect of brassieres. They had used their trademark in the United Kingdom since 1930. In 1960 they sought the removal from the register of the trademark "Bali" which was registered in respect of brassieres by an American company in 1938. The American company had not used their mark between 1939 and 1947 because all American imports of brassieres into the United Kingdom were prohibited during that period. Between 1947 and 1959 imports were permitted only on a limited and uneconomic quota basis.

Two questions arose for the decision of the Court: (1) whether, as the registration by the American company had endured for more than seven years, their mark could be removed as not having been entitled to registration in 1938 by reason of its then being likely to cause confusion with the applicants' mark, and (2) whether non-user by the American company between 1939 and 1959 was "due to special circumstances in the trade" beyond the American company's control, so as not to entitle the applicants to rely on non-user for a period of five years before the date of the application for rectification (section 26 (1) and (3) of the Act).

On the first question it was held that as in 1938 there was a substantial likelihood of confusion between "Bali" and "Berlei", section 1, in conjunction with section 13 (1), applied. The mark "Bali" was accordingly ordered to be removed from the register. It was also held, as a matter of law, that, in considering the relevant date at which confusion must exist in circumstances such as those in the present case, regard must be had either to the date when the "offending" mark was registered or to the date when application is made for rectification, with this proviso, however: that in the latter case the "offending" mark must have become deceptive by reason of conditions over which the "offending" owner had control.

The Court held — and this depended on the answer to the second question posed, viz. whether non-user by the respondents to the application for removal of their mark from the register was "due to special circumstances in the trade" within the meaning of section 26 (3) of the Act — that the respondents (proprietors of the "offending" mark) had no control over the conditions which by 1960 had resulted in likelihood of confusion. The reason for the Court's so holding was that the limited import quota system which came into operation in 1959 created conditions "making impracticable the ordinary usages of international trade". Thus the application for removal of the mark, in so far as founded on section 26 (1) (b), failed. This, however, could not affect the first ground, viz. likelihood of confusion at the date of registration of the "offending" mark, and the result was as stated above, viz. that the respondents' mark "Bali" was removed from the register.

<sup>73</sup>) Chancery Division, December 3, 1965; (1966) R. P. C. 387.

## (d) UNFAIR COMPETITION

## 1. Passing Off by Use of Similar Name

*Proceedings between Carl Zeiss Foundation in German Democratic Republic and Carl Zeiss Foundation in Federal Republic of Germany*

Reference has previously been made to the preliminary stages of the passing off action brought by *Carl-Zeiss-Stiftung*, of Jena (in the German Democratic Republic) against the *Carl-Zeiss-Stiftung*, of Heidenheim (in the Federal Republic of Germany)<sup>74</sup>. The judgment of the Court of Appeal<sup>75</sup> which denied the right of the plaintiffs to pursue the action, on the ground that the East German authority which had authorised the institution of the proceedings was not entitled to do so, has been reversed by the House of Lords<sup>76</sup>. Accordingly, the action is now proceeding on the merits after a delay of well over 10 years.

*Use of similar name for similar business - "Southern Music Publishing Co., Ltd." and "Southern Songs Ltd."*

In *Southern Music Publishing Co., Ltd. v. Southern Songs Ltd.*<sup>77</sup> the plaintiffs, music publishers of some 30 years' standing, who were known and referred to in relevant trade circles as "Southern", were granted an interlocutory injunction restraining the defendant company (*Southern Songs Ltd.*), which had been formed only a few weeks earlier but had not yet commenced business, from using the words "Southern Songs", without sufficiently distinguishing their business from that of the plaintiffs.

*Breach of undertaking not to use a certain name except as part of a name specifically defined in the undertaking - Proceedings for contempt*

In *Ronson Products Limited v. Ronson Furniture Limited*<sup>78</sup> it was held that where there is a breach of an undertaking by a company not to do a certain act, the directors of the company cannot be heard to say, in order to escape being found guilty of contempt, that they were not personally served with the court order embodying the undertaking. The requirement of personal service must be satisfied only in a case where the order requires the performance of a positive act, because in such a case a director is entitled to know what precisely he is required to do and the time within which he is to do it. In a case, on the other hand, in which the undertaking is negative in character, a director is usually aware of its content without subsequent service<sup>79</sup>.

*Use of own surname in pluralised form and imitation of layout of plaintiff's stationery*

In *Parker & Son (Reading) Ltd. v. Parker*<sup>80</sup> the plaintiffs and the defendant were both estate agents carrying on business

<sup>74</sup>) Cf. *Industrial Property*, 1965, at p. 264.

<sup>75</sup>) *Ibidem*.

<sup>76</sup>) House of Lords, May 18, 1966; (1966) 2 All E. R. 536.

<sup>77</sup>) Chancery Division, July 13, 1965; (1966) R. P. C. 137.

<sup>78</sup>) Chancery Division, March 15, 1966; (1966) R. P. C. 497.

<sup>79</sup>) Nevertheless the party seeking to enforce an undertaking must satisfy the Court that in fact the director concerned was aware of the undertaking. As in the majority of cases, and certainly in cases concerning small companies, an undertaking is usually given by the directors concerned on behalf of the company, knowledge of the undertaking can fairly be inferred.

<sup>80</sup>) Chancery Division, February 16, 1965; (1965) R. P. C. 323.

in the same town. The defendant's name was John Thomas Parker, and for some years he was a director of the plaintiffs who widely advertised their business as "Parkers". Subsequently he left the plaintiff company and set up his own business which he registered as "Parkers". In addition he used stationery closely resembling that of the plaintiffs. The Court rejected the defendant's contention that in using the name "Parkers" he was merely exercising his right of trading under his own name and granted an interim injunction to the plaintiffs restraining the defendant "from using in connection with his business of estate agent (in the town concerned) the trading style 'Parkers' or any other style so closely resembling the name of the plaintiffs as to be calculated to lead to the defendant's business being confused with the plaintiffs', without clearly distinguishing such business from the business of the plaintiffs".

## 2. Passing Off by Use of Similar Title, Advertisements and Publicity

*Use of title of beauty contest: "Miss Britain" (title chosen by defendants) and "Miss Great Britain" (title previously chosen by plaintiffs)*

In *The Borough of Morecambe and Heysham v. Mecca Limited*, to which reference was made on an earlier occasion<sup>81</sup>, the Court refused to grant an interim injunction to the promoters of a beauty contest under the title of "Miss Great Britain" who sought to restrain similar contests from being conducted under the title of "Miss Britain". The action on the merits has now been dismissed<sup>82</sup>. The evidence adduced at the hearing of the action failed to disclose any actual confusion between the two in the minds of either the persons entering the defendants' contest as participants or the persons attending the defendants' contest as spectators. Nor was there any reason to draw an inference that such confusion was likely to arise, because the full designation of the plaintiffs' contest was "Miss Great Britain Bathing Beauty Contest", whereas that of the defendants was "Miss Britain" followed by the year (within the title) in which the defendants' contest was held. In addition the plaintiffs' contest was held in the open air, whereas the defendants' contest was held in a hall.

*Use of publicity material*

In *Hospital for Sick Children v. Walt Disney Productions Limited*<sup>83</sup>, on a motion for an interlocutory injunction, it was held that the plaintiffs to whom the rights in the well-known play "Peter Pan" had been bequeathed by the author (Sir James Barrie) and who had granted to the defendants an exclusive licence to make an animated cartoon film of the play, while retaining all other rights (such as the right to produce stage and film productions of the play), were not entitled to restrain the defendants from issuing publicity material containing the words: "See Walt Disney's 'Peter Pan' this Christmas". These words did not, in the opinion of the Court, suggest that the defendants' version was a film version with live actors, which the defendants were not entitled to produce, as the plaintiffs alleged, but suggested that it was none other

<sup>81</sup>) Cf. *Industrial Property*, 1963, at p. 202.

<sup>82</sup>) Chancery Division, January 19, 1966; (1966) R. P. C. 423.

<sup>83</sup>) Chancery Division, December 21, 1965; (1966) R. P. C. 246.

than an animated cartoon version, which they were entitled to produce and show to the public.

*Use of title of book widely advertised prior to publication*

In *W. H. Allen & Co. v. Brown Watson Limited*<sup>84</sup>) the plaintiffs, who had widely advertised the impending publication of a book under the title "My Life and Loves" by a certain author, obtained an injunction against the defendants who later advertised the impending publication of a book under the same title, notwithstanding that the defendants offered to add to that title, in accordance with the true position as far as their publication was concerned, the words: "The original expurgated and abridged version". The defendants' contention that they were entitled to use the same title as the plaintiffs, provided that they made it clear that theirs was an expurgated and abridged edition, was rejected on the ground that once the plaintiffs had advertised the full edition of the work and thus acquired a distinctive reputation in its title, the use of the same title by the defendants would be calculated to deceive, viz. would induce prospective purchasers of the defendants' book to believe that they were buying the plaintiffs'<sup>85</sup>).

*Imitation of artistic style of greeting cards*

In *Gordon Fraser Gallery Limited v. Tatt*<sup>86</sup>) the Court refused to grant an interim injunction to the manufacturers of greeting cards who had retained the exclusive services of an artist to design cards of a distinctive character and who complained that greeting cards manufactured by the defendant had been designed in imitation of the plaintiffs' distinctive cards. For the purpose of determining an application for an interim injunction mere imitation of an artistic style could not easily be regarded as passing off. Moreover, the general public was not likely to select the defendant's cards in the mistaken belief that they were the plaintiffs'<sup>87</sup>).

*Importation of goods bearing unregistered mark and sold without indication of importer's name - Failure to establish reputation as exclusive importer of goods*

In *Evian (G. B.) Limited v. Bowles*<sup>88</sup>) the plaintiffs were importers of cycle accessories which they sold under the name "Evian". Subsequently they began to import plastic water bottles supplied by way of advertisement by the makers of the well-known French mineral water. The bottles which were extensively used by racing cyclists, being carried on their cycles during races, bore the inscription "Evian", without indicating the full name of the plaintiffs. Advertisements issued by the plaintiffs were concerned mainly with extolling the virtues of the mineral water, and they only made incidental reference to the bottle marketed by them. The defendant subsequently imported similar bottles, and the plaintiffs there-

upon brought an action for passing off, their contention being that the word "Evian", in relation to the bottles advertised and sold by them, had become distinctive of them and was associated in the public mind with their goods. The Court rejected the plaintiffs' contention and held that the absence of the plaintiffs' full name on the bottles and the form of advertisement which featured the mineral water rather than the bottles themselves prevented the name and get-up of the bottle from becoming distinctive of the plaintiffs.

3. Breach of Confidence

*Use of confidential information - Use after publication of foreign patent specification by plaintiff - Whether such publication capable of destroying confidentiality*

Where the plaintiffs themselves apply for patent protection in a foreign country (in this case Belgium) in respect of a process previously disclosed by them in confidence to the defendants, they lose their right to damages for breach of confidence as from the date of publication of their specification abroad. The date when the specification becomes available at the Patent Office in the United Kingdom is not the decisive date on which they lose that right<sup>89</sup>). There may nevertheless be cases in which, notwithstanding publication abroad, "relative secrecy" remains, in which case the plaintiff would still be entitled to succeed. Thus, each case must depend on its own facts.

*Use of confidential information after termination of contract - Appropriate remedy to prevent such use*

In *Brian D. Collins (Engineers) Ltd. v. Charles Roberts & Co., Ltd. and another*<sup>90</sup>) the plaintiffs supplied the defendants with certain drawings, for the purpose of enabling them to manufacture trucks to the order of the plaintiffs. After the termination of the contract between the parties the defendants continued to manufacture trucks in accordance with the plaintiffs' drawings, intending to sell the trucks in competition with the plaintiffs. The plaintiffs thereupon applied for an interim injunction to restrain the defendants, not only from using the drawings, but also from supplying to customers trucks already manufactured by them. The defendants offered an undertaking to desist from further manufacture but insisted on reserving to themselves the right to dispose of existing stocks. There was evidence that the market in trucks manufactured in accordance with the plaintiffs' drawings was limited, and in these circumstances the Court held that the appropriate remedy was to restrain the defendants not only from further manufacture but also from disposing of existing stocks.

*Confidential information used by former employee in his own interest - Information based on former employee's own effort*

In *Cranleigh Precision Engineering Ltd. v. Bryant*<sup>91</sup>) it was held that the director of a company who, while in the employment of that company, invents a method of construction (which is not patented) of a kind which may be said to

<sup>84</sup>) Chancery Division, November 20, 1964; (1965) R. P. C. 191.

<sup>85</sup>) For the purpose of the present motion for an injunction it was not disputed that the defendants were in fact entitled to publish an expurgated and abridged edition of the work.

<sup>86</sup>) Chancery Division, May 13, 1966; (1966) R. P. C. 505.

<sup>87</sup>) No issue of copyright was raised in the proceedings, which were based on "misrepresentation".

<sup>88</sup>) Chancery Division, February 22, 1965; (1965) R. P. C. 327.

<sup>89</sup>) Chancery Division, July 6, 1966; *Franchi and others v. Franchi and another* (1967) R. P. C. 149. The evidence disclosed that British patent agents were accustomed to inspect foreign specifications as soon as they were published abroad.

<sup>90</sup>) Chancery Division, October 30, 1964; (1965) R. P. C. 429.

<sup>91</sup>) Queen's Bench Division, April 14, 1964; (1966) R. P. C. 81.

be in the nature of a trade secret, is guilty of a breach of confidence if, after leaving the employment of the company, he uses knowledge acquired in the course of such employment for his own and the benefit of a company formed by himself. The fact that he owes his knowledge not to others, but to his own ingenuity, is immaterial.

It was further held that the failure of such a person to disclose to a company, while still in the latter's employment as a director, knowledge of a foreign patent specification under which a rival product to that of his company may be manufactured, can in certain circumstances also constitute a breach of confidence, notwithstanding the fact that — generally speaking — a specification once published can no longer be said to be "confidential". The result would be different if the specification incorporating what was previously confidential was published by a person's own employer. In such a case the employer could not be heard to say that matter published by him could yet remain confidential.

*Disclosure by employee of confidential information obtained in course of employment - Liability of employee - Liability of new employer to former employer of person disclosing information*

In *Printers and Finishers Ltd. v. Holloway and others*<sup>92)</sup> the Court laid down certain important principles governing the two aspects of liability for disclosure of confidential information obtained by an employee in the course of his employment, viz. the liability of the employee himself and the liability of his new employer who obtains the benefit of that information.

As far as the liability of the employee himself is concerned, the following rules apply:

(1) The employee can be restrained, at the suit of his former employer, from making use of any documentary material, such as descriptive matter, photographs, drawings, etc.

(2) The employee can likewise be restrained from making use of information which has not been committed to writing but merely memorised. In the latter case, however, he cannot be restrained from making use of the general knowledge and skill acquired in the course of his employment, provided that he can reasonably be expected to recognise such knowledge as not being in the nature of a secret of, or peculiar to, his former employer's business.

(3) If an employer wishes to restrain an employee from using his general skill and knowledge when entering the employment of another employer, he must exact from his employee, by contract prior to the latter's entry into his employment, a restrictive covenant to prevent such use after the termination of the contract of employment.

As far as the liability of the new employer is concerned, the following rules apply:

(1) A new employer who, though not procuring a breach by an employee of his duty towards his former employer, is content to cooperate with the employee in taking advantage of such a breach, can be restrained from doing so and from deriving any benefit from it. An injunction can be granted in such a case even if the new employer acquires the information

without knowledge that the imparting of it involves a breach of duty on the part of the employee.

(2) In order to succeed in an action for damages, however, the former employer must be able to show that he has in fact suffered damage.

#### 4. Restraint of Trade

*Covenant restricting employee's business activities for three years after leaving employment - Contract of employment terminable by one week's notice - Area comprised in covenant exceptionally wide - Covenant in terms not to solicit orders in districts in which employee "has operated" in course of employment*

In *Gledhow Autoparts Ltd. v. Delaney*<sup>93)</sup> it was held that a covenant in a contract terminable by one week's notice which seeks to restrain an employee, for a period of three years from the date of termination of his contract of employment, from soliciting orders in an exceptionally wide area in which he has "operated" during the currency of his contract of employment is in unreasonable restraint of trade and therefore void and unenforceable, mainly for two reasons: (1) it includes potential customers of the former employer whom the employee may never have visited at all during the currency of his employment, and (2) the period of restriction is too long, in view of the fact that the contract was terminable by one week's notice when entered into. It is irrelevant that in fact the employee has remained in his employment for six years, because a covenant in restraint of trade must be looked at as at the date when it is imposed (viz. when it is terminable by one week's notice), and not in the light of what in fact has happened (viz. that in fact the employment has lasted for six years).

*Covenant restricting employee for three years after leaving employment - Covenant comprising area within 5-mile radius of two of employer's business establishments - Employee employed only at one such establishment - Severability of covenant to take account of difference between the two establishments*

In *Scorer v. Seymour-Johns*<sup>94)</sup> the Court severed a covenant which sought to restrict an employee, for a period of three years from the date of termination of his employment, from being engaged in work similar to his former employer's business within a radius of 5 miles of the two business establishments owned by the employer, in only one of which the employee had in fact been employed; the Court held that part of the covenant which was concerned with the establishment in which the employee had actually worked to be valid and enforceable, while declaring void and unenforceable that part of it which was concerned with the other establishment.

*Covenant restricting covenantor to exclusive sale of covenantee's products - So-called "solus" agreement between oil companies and garages*

In recent years the large oil companies have adopted the practice of entering into so-called "solus" agreements with garages and petrol stations. A typical solus agreement is usually made for a period of years and contains provisions to the

<sup>92)</sup> Chancery Division, November 4, 1964; (1965) R. P. C. 239.

<sup>93)</sup> Court of Appeal, June 21, 1965; (1965) 3 All E. R. 288.

<sup>94)</sup> Court of Appeal, June 29, 1966; (1966) 3 All E. R. 347.

effect that the proprietor of the station shall buy all his requirements of petrol from the company, shall not sell petrol supplied by any other company and shall observe the company's retail prices<sup>95</sup>). In return he is granted certain discounts. Some agreements are coupled with long-term mortgages granted by the company to enable a garage owner to set up in business. Where the agreement is coupled with a mortgage, it provides that the mortgage shall not be redeemed before the expiration of the term of years for which it has been granted.

In *Esso Petroleum Co., Ltd. v. Harper's Garage (Stourport), Ltd.*<sup>96</sup>) the Court was concerned with two solus agreements one of which was for a term of between four and five years and the other for a term of 21 years. The latter agreement was coupled with a mortgage for 21 years and contained a clause against earlier redemption of the mortgage. While the agreements were in force, the garage proprietors, contrary to the agreed terms, began to sell petrol supplied by other companies, and an injunction was sought to restrain them from doing so. The garage proprietors contended that the agreements were in unreasonable restraint of trade and therefore unenforceable. It was held that the agreement relating to one of the garages, which was concluded for a term of between four and five years, was enforceable but that the other, which was for a term of 21 years, was in unreasonable restraint of trade and therefore unenforceable, and that accordingly the garage proprietors were entitled to redeem the 21 years' mortgage at any time they wished.

In *Petrofina (Great Britain) Ltd. v. Martin and another*<sup>97</sup>) the Court was concerned with a solus agreement concluded for a term of 12 years and thereafter terminable by three months' notice, subject however to the proviso that the garage proprietor could not terminate the agreement by such notice unless prior to termination he had bought 600,000 gallons of petrol from the company. There was evidence that unless the garage proprietor was able to sell 50,000 gallons per year he would incur a loss, and that in fact for the first few months he was able to sell petrol only at an annual rate of 30,000 gallons, so that the agreement if adhered to might have lasted for well over 12 years. He broke the agreement by selling petrol supplied by a competing company, and the Court refused to grant the company relief, on the ground that the agreement was in unreasonable restraint of trade and therefore unenforceable.

In *Regent Oil Co., Ltd. v. J.T. Leavesley (Lichfield), Ltd.*<sup>98</sup>) the Court discharged an interim injunction granted to an oil company before the judgments of the Court of Appeal in the two cases previously referred to had become known. The agreement in this case was for a term of eight and a half years<sup>99</sup>).

<sup>95</sup>) The covenant on retail prices is no longer of importance because the oil companies have decided not to seek to enforce price maintenance. This decision was made after the coming into force of the Resale Prices Act, 1964.

<sup>96</sup>) House of Lords, February 23, 1967; (1967) 1 All E. R. 699.

<sup>97</sup>) Court of Appeal, December 17, 1965; (1966) 1 All E. R. 126.

<sup>98</sup>) Chancery Division, April 5, 1966; (1966) 2 All E. R. 454.

<sup>99</sup>) It may be added that in all the cases referred to above the agreements contained an additional term that the garage proprietor, on selling his garage to someone else, would have to procure the purchaser of his business to enter into a similar solus agreement with the company. This additional term was also held to be unreasonable in that it might make the owner's business virtually unsaleable.

## Letter from Israel

By Dr. Reinhold COHN, Patent Attorney, Tel Aviv

This report links up with the "Letter from Israel" published in *"Industrial Property"*, 1963, page 176.

These last three years have been fruitful in legislative activity with which this report will deal at comparatively greater length than with the practice under the various laws.

### I. INTERNATIONAL AGREEMENTS

The following changes occurred in Israel's international relations in this field:

1. Israel ratified the Lisbon Act of the Paris Convention and the Lisbon Act of the Madrid Agreement for the Repression of False or Deceptive Indications of Source.

2. Israel ratified the Lisbon Agreement for the International Registration of Appellations of Origin.

3. Israel adhered to the European Convention relating to the Formalities required for Patent Applications and to the European Convention on the International Classification of Patents for Inventions.

### II. PATENTS

#### A. Legislation

The Patents and Designs Ordinance has been in force since 1924, and the need for its thorough revision has been felt for some time. A Committee was appointed years ago by the Minister of Justice under the chairmanship of the Registrar of Patents, and after it had completed its work a Patent Law Bill was laid before the Israeli Parliament (Knesset) in 1965; it passed the first reading and is now before a special Sub-committee of the Law Committee of the Knesset in preparation for the second and third readings. The Bill, as published in 1965, is a lengthy document, much more explicit than the present Ordinance. Since it cannot be reported here in full, only a few salient features are referred to below. Of course, in its passage through the Knesset the Bill may still undergo changes.

#### *Invention*

The Bill does not give a detailed definition of the term "invention" but stipulates in general terms that a patentable invention is an invention, whether an article or a process, which is new, useful, can be used in industry or agriculture and has an inventive element. The following are expressly excluded from patentability:

- (a) methods for the therapeutic treatment of the human body;
- (b) new varieties of plants or animals, except micro-organisms which have not been derived from nature.

#### *Applicant*

The application may be filed by the "owner of an invention," who is defined as the inventor or a person entitled to the invention by law or by transfer or by agreement.

### Novelty

The requirement of "national" novelty of the present Ordinance is replaced by that of "universal" novelty. Any description anywhere in writing, visual, oral or otherwise, as well as public use or exhibition in Israel will destroy the novelty.

### Examination and Opposition

The application will be examined for patentability, novelty (except prior public use, but including the inventive element) and fulfilment of formal requirements, including the proper drafting of the specification and claims. The Patent Office may require the applicant to submit a list of references cited in the course of the examination of corresponding patent applications abroad.

An accepted application will be published in the Patent Gazette. Opposition may be made within three months; it can be based on any of the grounds on which the application could have been refused before the publication, and in addition on prior public use and the allegation that the opponent and not the applicant is the owner of the invention.

### Revocation

Applications for the revocation of patents are made in the first instance to the Patent Office. The grounds of revocation are the same as the grounds of opposition.

### Limitations of the Exclusive Rights

The right of the patentee to prohibit to others the use of the invention can be limited in the following cases:

- (a) use by the Government or its contractors if the use is required for the defense of the State or for the maintenance of essential supplies or services, or if the invention is important for the development of sources of nuclear energy or for nuclear research;
- (b) by compulsory licenses in cases of abuse of monopoly;
- (c) by compulsory licenses where the use of a patented later invention would infringe an earlier patent and the later invention either serves for another industrial purpose than the earlier invention or constitutes a significant progress in relation to the earlier one; and in the second case, i.e. where the two inventions serve the same industrial purpose, the owner of the earlier patent is entitled to a compulsory license under the later patent;
- (d) by compulsory license in the case of patents relating to therapeutic substances and their production, or to apparatus for therapeutic purposes.

In all cases, royalties or compensation are due to the patentee. The royalties due in connection with a compulsory license under paragraphs (b), (c) and (d) are fixed by the Registrar of Patents or, on appeal, by the Court, and compensation for the use by the Government is fixed by a Committee for Compensation and Royalties, which is composed of a Judge of the Supreme Court, the Registrar and a further member from among the teaching staff of an Institute of Higher Education.

### Service Inventions

For the first time an attempt is made at a comprehensive regulation of the respective rights of employees and employers in inventions made by the former. The Bill stipulates that in the absence of other agreements the invention of an employee arrived at by him in consequence of his service and during the period of his service, shall belong to the employer, except if the employer renounces his right within six months from the date when the employee notified him of the invention. The employee has the duty to notify the employer of the invention as soon as possible after he made it, and of any patent application which he has filed. Any dispute whether an invention is a service invention may be decided by the Registrar if the employer or the employee submit the matter to him within three months of the notification. If no agreement on compensation for service inventions exists, the matter may be decided by the aforesaid Committee for Compensation and Royalties.

### Infringement

According to the Bill:

- (a) an action for infringement may be brought by the patentee or an exclusive licensee;
- (b) no action can be brought before the grant of the patent but the Court may grant relief for infringements that have taken place in the time interval between the publication of the acceptance of the application and the grant of the patent;
- (c) damages may be assessed on the basis of the direct damage caused to the plaintiff, or of the profit made by the infringer, or of the reasonable royalties which the infringer would have had to pay if he had obtained a license, or in any other way which the Court may deem fit; and where the infringement has been intentional the Court may award punitive damages up to three times the maximum amount assessed as aforesaid;
- (d) any ground on which opposition can be made to a patent application can serve as a defense in an action for infringement;
- (e) a person who intends to exploit an article or process, may petition the Court for a declaratory judgment that his intended act will not infringe a specified patent, on condition that he has disclosed to the patentee full details of the article or process in question and the patentee has refused to give him a declaration of non-infringement, or has in fact not given to him such a declaration within a reasonable time.

### B. Case Law

There have not been many decisions by the Patent Office and Courts on points of interest during the period under review.

#### 1. Patentability

A unit composed of a portable radio receiver and a casing is not a patentable combination but a mere collocation of integers (March 23, 1960).

This is, of course, in line with earlier cases in this country (see "Letter from Israel", *Industrial Property*, 1963, page

177, case cited under 1. *Patentability*, letter (g)) and with the general conception of patentable combinations.

## 2. *Novelty*

(a) The question of novelty is still governed by the stipulation of the present law that, in order to be a "publication", a document must have been available to the public in this country at the relevant time. This question will cease to be pertinent when the new law comes into force since, as pointed out above, "universal" novelty will replace "national" novelty.

Two cases illustrate the present law:

(i) One copy of a scientific periodical not otherwise available in Israel was shown to a chemist who passed his knowledge on to his collaborators within the same factory. It was held in opposition proceedings that this did not constitute a publication of the document (Patent appln. 11 413, August 10, 1961).

(ii) In opposition proceedings a scientific Report was produced. The Report was sent two months before the patent application date by the scientific counsellor of the Israeli Embassy in the U. S. A. to a scientist in Israel, who, at that time, occupied the chair of organic chemistry at the Hebrew University in Jerusalem, and was a member of several public committees, among others a committee on the matter with which the opposed patent application dealt. By consent of the institutions concerned he kept at his home some literature concerning his committee activities and this fact was known to all interested persons who could get the literature from him at any time. It was held that in view of his public functions this scientist had the task to bring the literature to the notice of his colleagues in the field concerned and he had to be regarded as "the address" in connection with these matters. The Report was therefore held to be a publication (Patent applns. 12 037 and 12 039, January 11, 1965).

(b) Does the fact of showing a single copy of a drawing to an expert make the invention public?

In a patent litigation case the defendant asked the Court to declare the patent in suit to be invalid. One of the plaintiff's own witnesses testified that before the date of the patent the patentee had consulted him on the invention and shown to him a drawing, without asking him to treat the matter as confidential. The Court ruled that this was sufficient to invalidate the patent (District Court of Tel Aviv, TA 779/64, March 3, 1966).

## 3. *Obviousness*

In line with the conceptions of, for example, the British and U. S. patent laws, the law of Israel distinguishes between the notions of lack of novelty and of obviousness. An invention is not new if it has been described in one single prior publication. In order to show that an invention is obvious it is admissible to make a "mosaic" of several publications which, taken together, furnish a background against which the obviousness can be tested.

This principle has been restated by the Israeli Patent Office in an opposition case but the decision adds that obviousness can be assumed only "if there is a clear and unambiguous case" (Patent appln. 16 256, July 1, 1966).

## 4. "Obtaining" and unauthorized publication

The staff of a public institution concerned with the increase of working efficiency in industry conceived the idea of improving an apparatus for use in building work. It entrusted to an independent craftsman the task of constructing the apparatus from a rough sketch and an oral explanation of the general idea. The craftsman accomplished the task and delivered the apparatus to the institution which, in accordance with its general objects, published a description of the apparatus in order to introduce it into general use. After the date of this publication the craftsman filed a patent application for the apparatus. This was opposed by the institution on the grounds that:

- (a) the invention was not new in view of the aforesaid publication;
- (b) the craftsman obtained the invention from the institution.

The applicant contended that he was the inventor and that the publication by the institution was unauthorized and did not, therefore, destroy the novelty of the invention.

The evidence showed that the information given to the craftsman by the institution was scanty and the craftsman had to do all the real work in order to construct an apparatus embodying the general idea. The Patent Office held that under these circumstances the craftsman was the inventor and had not obtained the invention from the institution.

On the other hand, the craftsman was specifically appointed by the institution to do this work and did not reserve any rights in the invention when delivering the apparatus to the institution. The Patent Office decided that the institution was entitled to the ownership of the invention and could, therefore, lawfully publish it. The patent application had thus to be rejected because of that publication (Patent appln. 14 865, September 4, 1964).

## 5. *Opposition (Patent Office Practice)*

(a) *Amendment of specification.* — The principles guiding the Patent Office in allowing or refusing to allow an applicant to amend the specification of his patent application in opposition proceedings are on the whole the same as those governing the amendment of the specification of a granted patent, that is, the amendment must be by way of correction, explanation or disclaimer and the invention claimed in the amended specification must not be substantially larger than or substantially different from the invention claimed in the unamended specification. A decision of the Supreme Court reported in the preceding "Letter from Israel" (*Industrial Property*, 1963, page 179, 5(b)) had laid down the rule that claims originally drafted to a very wide genus could be restricted to a single species, provided the invention thus restricted was not substantially different from the invention claimed in the unamended specification.

This rule was applied by the Patent Office when it allowed a patent application in which a wide group of chemical compounds was claimed originally, to be limited to one single compound of this group, which compound was described specifically in the unamended specification as well as claimed in one of the sub-claims thereof (Patent appln. 11 277, January 1, 1966).

(b) *Duty of the Patent Office when only party takes part in the proceedings*

(i) Where an opponent had filed evidence but did not appear at the Hearing before the Registrar, the Registrar had to decide the case on its merits. In this particular case the evidence filed by the opponents was sufficient for the refusal of the patent (Patent appln. 7821, December 10, 1959).

(ii) On the other hand, where applicants no longer showed an interest in their application, several times requested the postponement of the Hearings and finally did not react when at last another date was fixed for the Hearing, the Registrar decided to accept the opposition and to refuse the grant of a patent in order to prevent the wasting of monies of the opponents and the public (Patent appln. 15 301, April 18, 1966).

(c) *How literature should be presented by the parties.* — In an opposition which in the end was rejected, the opponents cited isolated pages or passages from six different books and articles in the Hebrew, English, German and Polish languages. As far as prescribed the cited literature was accompanied by English translations which the decision of the Registrar qualified as “fragmentary, bad and mostly unintelligible.” The Registrar blamed the practice of presenting single pages from books and articles, since it did not make it possible to evaluate the true meaning of the publications (Patent appln. 13 407, June 21, 1964).

### 6. *Amendment of specification*

There are two procedural ways for a patentee to apply for leave to amend the specification of his patent: the first by application to the Registrar of Patents, and the second by applying to the Court while infringement proceedings are pending.

In connection with an application of the second kind the Court of first instance had refused to grant leave to amend the claims of the patent in suit but the decision was reversed on appeal by the Supreme Court which formulated a new Claim I, and the file was returned to the District Court for proceeding with the infringement suit. In these further proceedings the defendants pleaded that the amended Claim I was ambiguous while the plaintiffs argued that inasmuch as the Supreme Court had allowed the amendment of the claims the matter was *res judicata* and the plea of ambiguity must fall down.

The Court held that the Supreme Court merely allowed the amendment of the claims but did not pronounce on their validity and that the plea of invalidity because of ambiguity was still open. In the result the amended Claim I was held to be valid (District Court Tel Aviv, TA 1290/57, October 21, 1964). The Supreme Court confirmed in substance the finding of the District Court that the amended Claim I was valid, but did not decide the question whether the plea of *res judicata* could have been raised (Supreme Court CA 25/65, February 24, 1966).

### III. APPELLATIONS OF ORIGIN

Israel was one of the original twelve signatories of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, and the third to ratify it. At the time of the Lisbon Conference the law of Israel made

no distinction between indications of source and appellations of origin, and *a fortiori* there existed no machinery for the automatic protection of appellations of origin which would be registered at the International Bureau in accordance with the Lisbon Agreement, nor for transmitting to and registering at the International Bureau such Israeli appellations of origin as might enjoy some sort of protection in Israel under the law then existing. It was necessary, therefore, to create the legal basis for the implementation in Israel of the rights and obligations flowing from the Lisbon Agreement. This was done by the Appellations of Origin (Protection) Law, 5725-1965, and since this law was a new departure for which no model could be found in the existing legislation of other countries, some of its features will be set out below:

#### 1. *Definition of “appellation of origin” and of “country of origin”*

These reproduce the stipulations of Article 2 of the Lisbon Agreement.

#### 2. *Protection of Israeli appellations of origin*

Since under Article 1 of the Lisbon Agreement protection is given in other countries only to those appellations of origin which are protected as such in the country of origin, provision has been made for the registration of Israeli appellations of origin in a Register established at the Patent Office and kept under the supervision of the Registrar of Trade Marks. This was believed to establish a safer basis for giving and proving protection in the home country, than mere recognition by the Courts or administrative orders.

#### 3. *Procedure for the registration of Israeli appellations of origin*

(a) *Applicant and Person Entitled.* — Any person interested in the protection of an Israeli appellation of origin may file an application for the registration of the appellation, of the product which it denotes, and of the person entitled.

By implication the applicant and the person entitled to the use and protection of the appellation are not necessarily the same. For example, the applicant may be one of a number of persons entitled, or the applicant need not be at all a person entitled. It is thus conceivable that the applicant is a Chamber of Commerce or other public or semi-public institution which is not itself entitled to the use of the appellation but procures, as a part of its public functions, the registration in favour of the persons entitled, for example the wine-growers or olive-growers of certain regions.

(b) *Examination and Opposition.* — The examination of the application extends to the fulfilment of formalities and to the question whether the designation is an appellation of origin or merely an indication of source or of type. The Registrar may ask the applicant or any person entitled for any information, and he may also consult any other person.

When the application is accepted it is published and opposition may be made within three months on the grounds that the designation is not an appellation of origin or that the person claiming to be a person entitled to the appellation is not entitled to use it.

#### 4. Term of Registration

The term of registration of an Israeli appellation of origin is ten years from the application date. It can be renewed for any number of terms of ten years each, but each application for renewal is examined like an application for a new registration so that the Registrar can ascertain whether the designation is still an appellation of origin. The application for renewal is published and open to opposition.

#### 5. Cancellation

A registration can be cancelled on the application of an interested person or on the initiation of the Registrar if the appellation has become a mere indication of source or of type, or if the conditions which served as a basis for the registration have ceased to exist.

#### 6. Registration of appellations of origin under the Lisbon Agreement

(a) When an Israeli appellation of origin has been registered, the Registrar, upon application by an interested person registered in Israel, shall submit an application for the international registration to the International Bureau.

(b) When the International Bureau notifies the Registrar of the registration of a foreign appellation of origin in the International Register, the Registrar shall treat this notification in the same way as a national application for registration, including publication for opposition. If the examination has not been terminated within one year from the receipt of the notification, the Registrar shall inform the International Bureau that the appellation cannot be given protection in Israel, but this refusal will be withdrawn if the Registrar finally finds that the appellation qualifies for protection in Israel.

(c) In accordance with the Lisbon Agreement, the registration of a foreign appellation of origin in Israel remains valid as long as it is protected in the country of origin.

#### 7. Infringement

(a) Every improper use of a registered appellation of origin is an infringement of the right to that appellation, even if the true origin of the goods is indicated beside the appellation of origin and even if the appellation appears in translation or is accompanied by expressions such as "kind," "type," "class," or "imitation."

(b) The law provides both civil actions and criminal proceedings against infringers.

#### 8. Bilateral Agreements

The stipulation of this law regarding the protection of foreign appellations of origin under the Lisbon Agreement are applicable to the appellations of origin of any foreign State with which the State of Israel concludes an agreement for the reciprocal protection of their appellations of origin.

### IV. TRADE MARKS

#### A. Legislation

By a law dated March 4, 1965, the Trade Marks Ordinance 1938 has been modernized. The following are some of its new features:

#### Three-dimensional marks

These have now become registrable by the re-definition of the notion of "mark" in the terms:

"Letters, figures, words, devices or other signs, or combinations thereof, in two or three dimensions."

#### Service Marks

These can now be registered. The services to which the marks are applicable, are classified in Classes 35 to 42 of the International Classification of Goods and Services.

#### Collective Trade Marks

The revised law makes provision for the registration of collective trade marks. As distinct from certification marks which had been registrable even before the amendment of the law, collective marks are trade marks or service marks owned by a body corporate for the purpose of allowing its members to use the mark, provided the body corporate has control over the use of the mark by its members.

#### "Telle quelle" Marks

As pointed out in earlier communications "Letter from Israel," *Industrial Property Quarterly*, No. 5, 1957, p. 4. *La Propriété industrielle*, 1956, p. 30, the stipulations of international agreements to which Israel is a party, do not become automatically a part of the law of this country. Where the existing law can be interpreted in a manner so as to enforce an international obligation, such interpretation must be preferred. Where there is a conflict between international obligations and the local law, the latter prevails.

The stipulations of Sections 7 and 8 of the Trade Marks Ordinance 1938, whereby certain marks are excluded from registration, are more rigid than the provisions of Article 6B of the Paris Convention (London Act, or Article 6<sup>quinquies</sup> B of the Lisbon Act) by which the registration of certain marks may be refused in other countries in spite of their being registered in the country of origin. In particular, difficulties have arisen in the past in connection with surnames (*noms patronymiques*) and geographical denominations as well as with marks deemed to lack distinctiveness.

The rigidity of the criteria of registrability under Sections 7 and 8 of the Trade Marks Ordinance has been maintained in principle but their effect has been mitigated in regard to marks registered in the home country. For this purpose a new Section 11A has been added to the Ordinance to the effect that notwithstanding the provisions of Sections 7 and 8 the Registrar shall register a trade mark registered in its country of origin, except in those cases where the registration may be refused by the stipulations of Article 6<sup>quinquies</sup> B of the Paris Convention.

This new provision has already shown its usefulness in practice, and numerous marks have been accepted for registration as "telle quelle" marks, after objection had initially been made to their registration independently of the home registration.

The registration of "telle quelle" marks in Israel remains conditional upon the existence of the registration in the country of origin, and when the home registration has ceased to

exist, the registration in Israel may be cancelled at any time upon application by an interested person on any ground on which its registration could have been refused under Sections 7 and 8 of the Ordinance.

#### *Licensing of Trade Marks*

The law had been silent on the question whether the licensing of trade marks was admissible. In accordance with earlier British case law it had been assumed in Israel that the express or tacit consent by the registered proprietor of a mark to the use of this mark by another person was deceptive and constituted a ground for removing the mark from the Register. Of course, the legal bar to licensing a trade mark was very unsatisfactory from an economic point of view and did not suit modern requirements.

The revised law has adopted the institution of "permitted user" which is similar in principle to the "registered user" system of the British law. The following is a summary of the salient points of the new stipulations:

- (a) a trade mark license shall not be valid until it is registered in the Register of Trade Marks, and the Registrar may register the license subject to conditions and restrictions;
- (b) the use of the trade mark by the licensee in accordance with the registered license shall be deemed to be use of the mark by the registered proprietor;
- (c) variations in the conditions of the license or the termination of the latter have to be registered;
- (d) the registration of the license may be cancelled by the Registrar upon request, if the existence of the license or the use of the mark by the licensee are contrary to public policy or calculated to deceive;
- (e) by the cancellation of the registration of a license the license itself becomes also void.

#### *Cancellation of a trade mark registration because of non-use*

Section 22 of the Ordinance stipulates that a trade mark may be removed from the Register if there was no *bona fide* intention to use the mark or if there has in fact been no *bona fide* use of the mark during the two years immediately preceding the application for cancellation, except if the non-use has been due to special circumstances in the trade and not to any intention not to use or to abandon the use of the mark.

The question what constitutes "*bona fide use*" was not answered by the Ordinance and had to be determined in each case. The revised Ordinance gives at least a partial answer by stating that except if there exist particular circumstances, the use of the mark in Israel merely by way of advertisement in local newspapers or in foreign newspapers reaching Israel shall not be deemed to be a *bona fide* use of the mark.

#### *Assignment*

The provisions of the Ordinance regarding the assignment have been improved in two significant respects:

- (a) a trade mark may be assigned with or without the goodwill of the business concerned in the goods for which the mark has been registered;
- (b) the assignment may be effected even before the registration of the mark has been completed, that is, while an application for registration of a mark is still pending.

## B. Case Law

### 1. Registrability

#### (a) *Distinctive and Descriptive Marks*

This is a selected list of marks whose registration was refused because they lacked distinctiveness or were descriptive:

- the combination of letters and numerals "nf 180" for veterinary products (TM 16 424, April 28, 1960);
- the word "Superlac" for paints and coloured lacquers, as being a laudatory term and directly descriptive of the goods (TM 19 918, October 28, 1963);
- the device of a white circle round a filter tip end of a cigarette, for cigarettes (TM 19 806, February 2, 1964);
- "Teenform" for brassières, descriptive since the first syllable pointed to teenagers and the second syllable to the purpose of use (TM 17 048, May 26, 1960);
- "Veramic" for tableware of plastic material — misdescriptive since it hinted to the description "ceramic" (TM 17 272, May 11, 1960);
- "Saranit" for furniture, descriptive in view of the reference to "saran" which had become the generic term for a certain thermoplastic synthetic resin (TM 17 787, April 3, 1961);
- "Vendo" for coin-fed automatic distributors and their parts (TM 19 956, February, 1963);
- "Anthra" for dyestuffs, since the word was a combining element of chemical names such as anthracene, anthraquinone etc. (TM 19 050, November 1, 1962);
- "Pupilentes" for contact lenses, since this word was composed of the words "pupila" and "lentes" both of which are generic terms, and the word as a whole is descriptive of the goods (TM 23 775, January 18, 1966);
- "Apoplectal" for a pharmaceutical composition for the treatment of cerebral and cardiac circulatory troubles (TM 22 746, July 19, 1965);
- "Dany" for furniture. In Hebrew the word "Dani" means "Danish," and Danish furniture has become particularly famous in this country (TM 21 090, September 25, 1964);
- "Orangina" and "Narangina" for fruit juice and concentrates. Both terms were held to be descriptive of orange products (in Spanish "naranja" = orange) although they were "coined" words. Appeal was made to the High Court of Justice which returned the files to the Registrar for re-examination as "*telle quelle*" marks (the country of origin being Spain), but since then the applications have not been accepted (TM 20 877, 20 878, September 25, 1964);
- "Duraflox" for synthetic fibres and various goods made therefrom, because the word "flocks" is a generic term for certain staple fibres, while "dura" merely states that the fibres are hard or resistant (TM 19 423-19 429, June 11, 1964);
- "Kontrola" for milking machines (TM 17 622, February 23, 1961);
- "Eytan" for wines. This is a Hebrew word meaning "strong, firm." (Its rejection for lacquers was reported in the

- “Letter from Israel,” 1963, *Industrial Property*, 1963, page 182) (TM 17 838, June 3, 1960);
- “Versatil” for writing instruments (TM 20 453, July 31, 1963);
- “Resistine” for chemical preparations increasing the resistance of seeds (TM 22 831, June 3, 1965);
- “Zincmarin” and “Silvermarin” for paints and lacquers; descriptive of marine paints with zinc pigments, or such as impart to the painted surface a silvery colour (TM 19 916, 19 917, November 1, 1963);
- “Simplifix” for pipes, couplings, cocks, valves, pipe spouts (TM 21 450-51-52, November 6, 1963);
- “Micropore” for cigarette paper (TM 18 186, December 17, 1964);
- “Adwell” for adding machines (TM 21 837, December 17, 1964);
- “Fontana” for light beverages and mineral water (TM 22 556, December 17, 1964);
- “Progresso” for writing instruments and stationery (TM 20 454, July 31, 1963).

Against this, the following were registered after initial objection because in the result the Registrar was satisfied that they were not directly descriptive but at most suggestive:

- “M-Zyme” for enzyme preparations for industrial use in the processing of animal hides, since the registration of this mark would not interfere with the legitimate use of the word “enzyme” (TM 20 591, November 1, 1963);
- “Dermacult” for non-medicated preparations for the treatment of the skin (TM 20 945, November 6, 1963);
- “Chick-Master” for chicken-hatching apparatus (TM 21 338, November 6, 1963);
- “Aquafilter” for cigarette filters and cigarette holders (TM 20 792, July 13, 1964);
- “That Man” for cosmetic preparations (TM 20 801, November 29, 1964);
- “Maestro” for gramophone records (TM 22 190, December 17, 1964);
- “Prismo” for a light-reflecting coating material (TM 17 887, December 5, 1960);
- “Jerlaine” for wool-containing fabrics and clothing (TM 21 663, 21 664, June 10, 1965).

Summing up it may be useful to state the principle underlying the question of descriptiveness in the words of the High Court some years ago in case 197/51, “Coca-Cola”: “A word is a descriptive word excluded from registration, if it has been received into the living vocabulary in this country in Hebrew or at least in one of the foreign languages which the various groups of immigrants have brought with themselves from their countries of origin.”

#### (b) Similarity

The rules governing the comparison of trade marks are so well known that they need not be repeated.

The following is a list of cases decided by the Patent Office. In all cases the goods of the recent and earlier marks were the same, or of the same description. In the list the more recent mark is always the one named first.

##### (i) Marks that were held to be confusingly similar:

“Bazooka” - “Mazurka” (chewing gum): In this case the Registrar held not only that the two words were confusingly similar by themselves but he also compared the labels or wrappers actually in use (which did not form part of the application and registration, respectively) and found them to be too close (TM 17 114, 17 115, June 14, 1961);

“Quick” - “Quix” (TM 29 974, December 30, 1965);

“Akaritan” - “Karathane” (TM 17 057, September 2, 1959);

“Amo” - “Ami” and “Emu” (TM 17 647, November 18, 1960);

“Rota” - “Rotaprint” (TM 17 885, 17 886, March 7, 1961);

“Camillan” - “Kamillosan” (TM 19 391, December 23, 1962);

“Tricloryl” - “Tricoryl” (TM 21 379, November 6, 1963);

##### (ii) Marks that were held not to be confusingly similar:

“Jaffina” - “Jafora” (TM 21 629, July 20, 1966);

“Sunora” - “Jafora” (TM 19 574, 19 575, November 23, 1965);

“Omo” - “Ama” (TM 15 862, January 1, 1960);

“Filtrox” - “Filtrex” (TM 17 945, November 17, 1960).

(iii) Borderline cases. — The prohibition to register a newer mark if it is confusingly similar to an older registered mark is absolute, and even if the proprietor of the older mark consents to the registration of the newer mark, the Registrar has to consider the public interest and to refuse the newer application if there is a danger of confusion. However, where there is a doubt, the Registrar may accept an application upon receiving the consent of the proprietor of the older registration or subject to an obligation by the newer applicant to notify the proprietor of the older registration after the publication of the application so that opposition can be made. In this manner the following marks were accepted and registered:

##### (1) by consent:

“Zyma” - “Takazyma” (TM 20 642, February 3, 1963);

(2) on condition of notifying the proprietor of the older registration (in none of these cases opposition was made):

“Parliament” - “Knesset” (the name of the Israeli Parliament) (TM 20 774, November 3, 1963);

“Galaxy” - “Gala” (TM 21 200, May 23, 1965);

“Arlin” - “Orlon” (TM 23 643, June 10, 1965).

##### (c) Misleading Marks

A German manufacturer of tobacco and tobacco products tried to register a composite mark in which there appeared the words “Lincoln”, “Cavendish” and “American shag mixture”, in addition to other indications in English. The applicants submitted that they were licensees of an American firm whose name was also stated in the mark. The application was refused because the mark as a whole gave an erroneous impression regarding the origin of the goods (TM 20 280, February 19, 1964).

“Vendôme for jewellery, artificial pearls and the like, implies an association with Paris in view of the world-famous Place Vendôme in that city, and would falsely hint at the French origin of the goods.

“Bon voyage”, however, was accepted for sweets as the Hebrew translation of this expression appeared on the same package and no French origin of the goods was implied (TM 17 508, January 5, 1960).

*(d) Geographical names*

"Canaan" for wines, spirits and liqueurs. The mark consisted in a label which, apart from other indications and devices, contained the name "Canaan" in Hebrew and Latin characters. The mark was accepted for registration subject to the condition that the registration should not prevent others from using the name "Canaan" for wine produced at a wine-cellar located on Mount Canaan or for wine produced from grapes grown on Mount Canaan or its surroundings (TM 18 244, April 28, 1966).

"Cincinnati" for metal shaping machines. The application was refused by the Registrar. On appeal the file was returned by the High Court to the Registrar for considering the possibility of registering the mark as a "*telle quelle*" mark on the strength of the corresponding U. S. registration, but up to the moment of writing this report no publication of the acceptance of the application has appeared (TM 19 849, March 5, 1965).

2. *Miscellaneous**(a) Conditions imposed by the Registrar*

The Registrar may make the registration of a trade mark subject to conditions. In a case where there was no confusing similarity between an earlier and a younger mark when both were considered as words by themselves (see above: "Jafora" - "Jaffina"), the Registrar made it a condition of the registration of the younger mark that, in actual use of the mark, the applicants changed the label of their bottles so as to avoid any similarity with the label used by the opponents (TM 21 629, July 20, 1966).

*(b) Lis alibi pendens*

The fact that in the home country of the applicants (Great Britain), opposition proceedings as well as court proceedings concerning the same mark are pending, is irrelevant for the proceedings in Israel, which cannot be held up for this reason (TM 20 049, April 17, 1963).

*(c) Opposition proceedings - Locus standi*

The opponent need not be a person interested in the opposed mark. It is sufficient for him to show that the opposed mark is not entitled to registration (TM 17 114, 17 115, June 14, 1961).

*(d) Opposition proceedings - evidence*

It is not always required that a person residing abroad, who has given a sworn declaration as evidence in opposition proceedings, be summoned to appear for cross-examination or be examined by commission at his place of residence, but he may be made to answer a questionnaire in lieu of cross-examination (TM 15 510, May 8, 1961).

*(e) Concurrent registration of identical marks*

Identical or confusingly similar marks must not be registered for different proprietors, but Section 18 of the Ordinance provides that such concurrent registrations may be made in a case of honest concurrent use or other special circumstances. In a case before the Registrar, two different persons, one a manufacturer and one a merchant, between whom there had been some connection since the latter had

exported goods manufactured by the former, claimed to be proprietors of the same trade mark. In the first instance the application of the manufacturer was accepted and that of the merchant was rejected. In appeal proceedings a compromise was reached, whereby both marks were registered for export only (TM 19 339, 19 340, 19 378, 19 379, April 29, 1965).

*(f) "telle quelle" marks*

"Parsons Pleasure" for tobacco, accepted on the strength of the registration in Great Britain, though "Parsons" is a surname (TM 22 173, May 23, 1965).

"Barneys" like the preceding mark (TM 22 173, May 23, 1965).

Since then, the new clause of the local law which implements the "*telle quelle*" stipulation of the Paris Convention, has gained great importance in the routine practice of the Patent Office and has proved to be of considerable value to applicants.

## GENERAL STUDIES

### Invention and Nonobviousness in United States Patent Law \*)

By Jeanne BOUCOURECHLIEV, Paris

(First Part)

#### *The Search for a Test of Patentable Invention before 1952*

- A. "Invention" as a Requisite of Patentability
- B. The Intrinsic Value of the Invention
  1. The Invention's Importance
  2. Technical Progress and the Commercial Success Indication
  3. The Invention's Scientific Value
- C. Evaluation of the Mental Process or Capacity of the Inventor
- D. The Distinction between Invention and Mere Mechanical Skill
- E. Invention and the Patent Policy of the Judiciary

#### *The 1952 Act and the Notion of Obviousness*

- A. The Origins and Intents of Section 103 of the 1952 Act
- B. Doctrinal and Case-Law Interpretation of Section 103
- C. A New Method of Judgment
  1. Differences over the Prior Act
  2. The Subject Matter as a Whole
  3. The Time the Invention Was Made
  4. Reference to the Person Having Ordinary Skill
  5. Obviousness
  6. The Continuity of Supreme Court Case Law
- D. The Role of the Notion of Obviousness in Determining Patentability

"The process of development in manufactures creates a constant demand for new appliances, which the skill of ordinary head-workmen and engineers is generally adequate to devise, and which, indeed, are the natural and proper out-

\*) BIRPI translation.

growth of such development. Each step forward prepares the way for the next, and each is usually taken by spontaneous trials and attempts in a hundred places. To grant to a single party a monopoly of every slight advance made, except where the exercise of invention, somewhat above ordinary mechanical or engineering skill, is distinctly shown, is unjust in principle and injurious in its consequences.

The design of the patent laws is to reward those who make some substantial discovery or invention which adds to our knowledge and makes a step in advance in the useful arts. Such inventors are worthy of all favor. It was never the object of those laws to grant a monopoly for every trifling device, every shadow of a shade of an idea, which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufactures."

This opinion of the United States Supreme Court, formulated in 1882 by Justice Bradley in the *Atlantic Works v. Brady* case<sup>1)</sup>, remains the most vigorous and concise expression of an ever-present problem in patent law, a problem to which Anglo-Saxon jurists, with their traditional distrust of monopolies, have devoted vigilant attention. Even where invention is defined as being any novel — i. e., not hitherto identically achieved — industrial process, machine, material or product, under no patent law would a monopoly be granted to just any novelty that happened to have an industrial application.

Germanic law reinforces the precedential requirement of "*Erfindungshöhe*" (inventive level) with that of technical progress; this is all the more rigorously applied because of the fact that utility models offer fair protection to certain minor innovations. Scandinavian law is now tending to strengthen its evaluation of "inventive activity" on the occasion of the creation of a Scandinavian patent system. The British courts worked out the requirement of "inventive step" which has since been introduced into the statutes. Under Italian law, there is a distinction between the patent, which is based on the principle of creation, and the utility model, which is based on the principle of innovation, but this distinction is often blurred by the laxity of its application.

The French Law of 1844 and the Belgian Law of 1854 recognize only two requisites of patentability: novelty and industrial character. Although Belgian case law and doctrine further require the patented invention to be of an inventive nature (of originality), traditional French doctrine expressly rejects any supplementary requirement that might involve a "subjective" evaluation endangering the rights of the patentee. Nevertheless, French case law has achieved somewhat similar results by making an extensive application of the novelty concept that goes far beyond the mere absence of identical anticipation. The decisions include such expressions as "of no creative effect," "simply a particular use of no originality," "without any creative modification or adaptation." From this, a series of rules has been deduced that denies patentability for mere changes of shape, dimension or material, the use of equivalents, or simple juxtaposition, and that distinguishes, for example, a new application of a known means (patentable) from a new use of such a means (unpatentable).

1) *Atlantic Works v. Brady*, 107 U. S. 192 (1882).

Following Dean Roubier, some scholars<sup>2)</sup> have denounced the insufficiency of the method and the incoherency of the fragmentary rules it has led to, and have stressed the necessity of a notion that can serve as a guide to case-law decisions. The bill now before Parliament tends to introduce into French law the requirement of inventive activity, taking its inspiration both from the text of the Council of Europe Convention, which brings unification to certain elements of patent law, and from that of the preliminary draft of a Convention on a European patent law. These two texts are worded identically: "An invention is considered to result from (imply) inventive activity if it does not obviously follow from the state of the art"<sup>3)</sup>. This definition, more than any European law, takes direct inspiration from the U. S. Patent Act of 1952.

It therefore seemed to us that, aside from its inherent interest, a study of the evolution of American law in its search for a supplementary requisite of patentability would perhaps clarify the problems confronting the French and European jurists and which are soon likely to become pressing.

We shall first review the efforts made by the U. S. courts since the middle of the Nineteenth Century to establish, over and above the requirements of statute law, a criterion for patentable invention that goes beyond mere industrial novelty. We shall then set forth the origins and intents of the 1952 Act which, although it does not mention inventive activity, introduces into U. S. statutes the notion of unobviousness. In concluding our study, we shall endeavor, not only to define this notion, but to specify its role in U. S. patent law: does it constitute a distinct requisite, a test or a standard of patentable invention?

## PART I

### The Search for a Test of Patentable Invention before 1952

#### A. "Invention" as a Requisite of Patentability

The decision of the Supreme Court in the *Hotchkiss v. Greenwood* case, generally cited as having laid down the classic standard of patentability in the United States, dates back to 1850. The concern to limit the grant of monopolies only to those cases where they are likely "to promote the progress . . . of useful arts," in the terms of the Constitution<sup>4)</sup>, has nevertheless been apparent from the very beginning. The board in charge of examining inventions in pursuance of the 1790 Act already rejected mere changes of shape or use, and Jefferson, who was a member of it, spoke of "unpatentable combinations." The 1793 Act, which instituted a system of simple registration of applications, formally excluded changes of shape, dimension and composition. The Act of July 4,

2) P. Roubier, "*Le droit de la propriété industrielle*," Vol. II, pp. 57 et seq. and p. 112, *Recueil Sirey*, Paris 1954; note *Juris-Classeur Périodique (JCP)* 1956, J. 9311. M. Chavrier, "*L'activité inventive dans les brevets d'invention*" and R. Plaisant, "*Critères objectifs et subjectifs en matière de brevetabilité*" in *Mélanges en l'honneur de Paul Roubier*, Vol. II.

3) M. A. Pérot-Morel, "*L'incidence, sur le droit français, de la Convention de Strasbourg unifiant certaines règles des brevets d'invention*," *JCP* 1965, doc. 1905. A. Chavanne, "*Le brevet européen*," in "*Colloque de la Semaine Européenne*," *Bourdonnements*, February 1966.

4) Article 1 (8) of the Constitution pertains to both copyright and patents. It provides that: "The Congress shall have Power . . . to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

1836, the general outlines of which can be seen in present-day law, re-established preliminary examination and, as a corollary, took up the terms of the 1790 Act according to which, the requirements of novelty and inventive character being fulfilled, a patent is granted when the invention is "sufficiently useful and important." In decisions prior to 1850, patents were, in fact, rejected or declared invalid for being "in all essentials anticipated," "nothing essentially new," "substantially alike," "not materially different" <sup>5)</sup>.

The patent pronounced invalid by the Supreme Court in *Hotchkiss v. Greenwood* <sup>6)</sup> related to a doorknob made of potter's clay, a material already used for doorknobs, and of a shape, intended to ensure satisfactory fastening, that was also not new except that previous doorknobs of that shape had been made out of metal. The decision did not represent a departure from established practice and could have been based on this extensive application of the statutory novelty requirement. It is the wording of the Supreme Court's decision which is of interest and which is the reason for its abundant judicial posterity.

"It (the invention) may afford evidence of judgment and skill . . . but nothing more . . . for unless more ingenuity and skill in applying the old method of fastening the shank and knob were required in the application of it to the clay or porcelain knob than were possessed by an ordinary mechanic acquainted with the business, there was an absence of that degree of skill and ingenuity which constitute essential elements of every invention. In other words, the improvement is the work of the skillful mechanic, not that of the inventor." <sup>6)</sup>

Beginning with this decision, the term "invention" in U. S. legal terminology no longer designated simply the thing invented, i. e. the subject of the patent, but the inventive activity. As the term "invention" appears — in its original meaning — in the Constitution and in the statutes, the courts were to attach to it their requirement of something more than simple novelty <sup>7)</sup> and make it a distinct condition of patentability <sup>8)</sup>. Naturally, this condition allows of much greater extension than the concept, even enlarged, of novelty, which is henceforth limited to literal anticipation.

From *Hotchkiss v. Greenwood* (1850) to *Atlantic Works v. Brady* (1882), quoted at the beginning of this study, the "invention" requirement (for the moment, we shall use the term in the sense given to it at that time by American jurists) took root and became systematized <sup>9)</sup>. Walker <sup>10)</sup>, before he

<sup>5)</sup> P. J. Federico, "The Concept of Patentable Invention" in the Forum of the New York Patent Law Association on the Subject of 'Patentable Invention,' 32 *Journal of the Patent Office Society (JPOS)* 118 (1950). A. H. Seidel, "The Constitution and a Standard of Patentability," 48 *JPOS* 5 (1966).

<sup>6)</sup> *Hotchkiss v. Greenwood*, 52 U. S. 248 (1850).

<sup>7)</sup> *Hollister v. Benedict and Burnham Mfg. Co.*, 113 U. S. 59 (1884), and *Thompson v. Boisselier*, 114 U. S. 1 (1884) include the first references of the Supreme Court to the Constitution as having established the "legal condition of invention."

<sup>8)</sup> The judicial decisions include such expressions as "the question of determining whether a specific invention is new and useful or whether the achievement thereof requires some further invention with respect to what existed previously . . ." *Stimpson v. Woodmann*, 77 U. S. 117 (1869).

<sup>9)</sup> E. W. Kitch, "Graham v. John Deere Co.: New Standard for Patents," 49 *JPOS* 237 (1967).

<sup>10)</sup> A. H. Walker, *On Patents*, Baker, Voorhis and Co., New York, 1883; Deller's 1937 edition, latest supplement 1965. We shall henceforth refer to this edition. New edition: 1967.

takes up novelty and utility, devotes 140 pages of his classical treatise to invention as a legal requisite of patentability and quotes eight pages of decisions handed down on that criterion alone. The titles themselves of the sections in this chapter are interesting, due both to the fact that there are so many — 23 — and to their heterogeneity which shows how difficult it was to systematize such voluminous case law.

Most of these titles cover technical structures or technical steps such as changes of shape or dimension, multiplication of elements, substitution of equivalents, or combinations. The importance given to this empirical approach to the problem in the United States can be explained, not only by the custom of Anglo-Saxon jurists experienced in analysis that delves into factual detail, but also by the existence of a preliminary examination procedure. Examination is entrusted to technical people who feel analogies of technical structure more easily than they do the legal principles and who, even in confining themselves to a novelty search, supply any courts later ruling on a case with a precise description of the state of the art and the contribution made by the patent. All of these sections end with the conclusion that such and such a step is, or is not, generally patentable, but there are "important" or "classic" exceptions. These categories group together cases which can be handled similarly, but they do not lay down any real test of patentability and, although they may offer the practitioner the convenience of a presumption, they do not clarify the notion of patentable invention for the jurist <sup>11)</sup>.

Certain titles cover elements that are external to the subject matter of the patent, such as the need felt or the commercial success. The role played by these indications in U. S. case law — in particular the consideration of commercial success — will induce us to come back to them. Walker notes, however, that, even if commercial success is sometimes decisive in cases of doubt, it does not represent an infallible test and carries no weight "where invention is plainly lacking . . ."

Finally, other titles try to define invention by seeking out, along the lines of the *Hotchkiss v. Greenwood* decision, what distinguishes it from the mere skill of a mechanic acquainted with the art. In these sections, analysis is confused with the search for external tests, and the sections do not succeed in giving a definition of invention fully coherent with the established rules and the exceptions to the rules.

A certain uniformity in the multitude of expressions and methods of judgment used by the courts during these decades is ensured by the constant reference to *Hotchkiss v. Greenwood* which supplies a definition of patentable invention if not a criterion of application. At the turn of the century, a certain number of queries regarding its grounds and scope can be detected in certain decisions of the newly established courts of appeals, along with a desire to improve the traditional test; the need for a standard of invention is frequently invoked and divergent trends or themes can occasionally be discerned in the search for a method of judgment.

These various trends, which we shall make no attempt to classify since chronological order would be somewhat arti-

<sup>11)</sup> At the beginning of the century, Roberts, *The Law of Patents* (1914), devoted considerable scholarly work to an unsuccessful attempt to synthesize these rules on the basis of the "new mode of operation" notion.

cial, will enable us to group the major problems that confronted U. S. jurisprudence, as they did all patent systems, in defining a supplementary requisite of patentability and which the U. S. courts have analyzed with infinite insight. The legislator of 1952 was faced with all of these problems, together with the very considerable efforts that had been made by case law and the literature to solve them.

## B. The Intrinsic Value of the Invention

### 1. The Invention's Importance

The Constitution empowers Congress to authorize the grant of patents for the purpose of promoting the progress of the "useful arts." This term, which corresponds to the former French expression "*arts et métiers*" and which is today translated by "*techniques industrielles*," defines the field of patent law. Furthermore, utility — along with novelty — has from the beginning been a requirement of patentability. Like industrial character in French law, this is a complex notion covering not only the field of application but also certain features of the patentable invention. "To possess utility," writes Walker, "an invention must be capable of producing a result, and that result must be a good result capable of being so applied in practical affairs as to prove advantageous in the ordinary pursuits of life" <sup>12</sup>). It is this provision that permits the barring of immoral and frivolous inventions, as well as those not fulfilling their functions.

From 1836 to 1952, the Commissioner of Patents was authorized to grant the title if, from the examination undertaken, it was shown that the invention was "sufficiently useful and important" <sup>13</sup>). Does this provision merely refer to the utility requirement or does it add to it a quantitative evaluation of the invention's merit as the wording would seem to suggest? Could it have been used to define — either as a certain degree of utility or as the standard of a technical contribution — this supplementary requisite of patentability set up by the Supreme Court?

A text as old as *The Law of Patents for Inventions* by Phillips (1837) very clearly marks the boundary we are trying to determine between the evaluation of utility and the evaluation of invention. "An invention may be slight and trivial as being so obvious and apparent that it cannot be considered a discovery, or it may be trivial or frivolous in respect to its effect upon industry and production. A defect in the first sense renders the patent void as being for a subject that is not an invention. But an invention of a very slender character in the latter sense is still the subject of a patent, since it is not the province of the court to go into the question of the extent or degree of usefulness. It is enough that the invention is useful; how useful it may be is immaterial." <sup>14</sup>)

<sup>12</sup>) A. H. Walker, *op. cit.*, p. 310.

<sup>13</sup>) 5 Statutes at large 117, 1836, Sec. 7; 16 Statutes at large 198, 1870, Sec. 31; Revised Statutes, 1874, Sec. 4893 (United States Code, Title 35, Section 36).

<sup>14</sup>) See also Curtis, *On Patents* (1849), and Robinson, *The Law of Patents for Useful Inventions*, Little, Brown Co. (1890), paragraph 341 entitled "The degree of usefulness is of no interest"; for an exhaustive account of traditional doctrine, see in re Nelson 280 F. 2nd 172 (Court of Customs and Patent Appeals (CCPA) 1960), the opinion of the Court as expressed by Judge Rich.

In the case law prior to 1952, there is no requirement for a considerable or even an appreciable contribution to technology or its advancement, any more than there is a requirement for a particularly profitable effect for industry; patents are not reserved exclusively to "important" inventions. On the contrary, quite a number of decisions indicate their distrust of a quantitative evaluation of the invention, which might be all the more exacting because it is retrospective, and "refuse to measure invention by the size and complexity of the product" <sup>15</sup>). "In other words, the invention may be broadly new, subjecting all that comes after it to tribute; it may be the successor, in a sense, of all that went before, a step only in the march of improvement, and limited, therefore, to its precise form and elements, as the patent in suit is conceded to be. In its narrow and humble form it may not excite our wonder as may the broader or pretentious form, but it has as firm a right to protection." <sup>16</sup>) Like its importance or, so to speak, the contribution to technology that the invention represents, the degree of its utility certainly helps to define the subject matter of the patent and therefore the scope of the protection granted, but it does not affect the right to the patent: "It is not the degree of utility which is decisive, but the existence of some utility" <sup>17</sup>). Doctrine and case law have been in agreement as regards discarding the possibility, offered by Article 4893 of the Revised Statutes, of making a quantitative evaluation of invention. The text itself is practically never referred to and, at the time of the 1952 codification, it was possible to abandon this forgotten provision as being "obscure" and "unnecessary."

More recent decisions, in the search for objective methods of judging the patentable invention, have demanded or have sought a standard or yardstick of invention in the Supreme Court rulings. Such expressions become more frequent in the 1940s, but the courts make no distinction between such terms as "standard" and "rules" <sup>18</sup>), "standard of invention" and "originality," "standard of patentability" <sup>19</sup>) and even "inventive genius" <sup>20</sup>). Consequently, this "standard" is simply a more-or-less severe test of patentability and does not imply a quantitative evaluation of invention; no analysis or method of application is given to such an evaluation in any of the decisions.

### 2. Technical Progress and the Commercial Success Indication

It therefore suffices that the patented invention "add something of significance though not necessarily very much" <sup>21</sup>). Must this "something" — no matter how limited it is — at least represent progress or improvement with respect to the state of the art? Is it on the basis of this qualita-

<sup>15</sup>) *Reiner v. Leon*, 285 F. 2nd 501 (2nd District Court of Appeals (CA 2) 1960).

<sup>16</sup>) *Diamond Rubber Co. v. Consolidated Rubber Tire Co.*, 220 U. S. 428 (1911); *McKee v. Graton & Knight Co.*, 87 F. 2nd 262 (CA 4, 1937).

<sup>17</sup>) *National Slug Rejectors Inc. v. A. B. T. Mfg. Corporation*, 164 F. 2nd 333 (CA 7, 1947); also *Lamb Knit Goods Co. v. Lamb Glover & Mitten Co.*, 120 Fed. 267 (CA 6, 1902); on the application of this requirement in the case of a chemical process, see *Brenner v. Mason*, 383 U. S. 519 (1966).

<sup>18</sup>) *Packwood v. Briggs & Stratton*, 195 F. 2nd 971 (CA 3, 1952).

<sup>19</sup>) *Lenox v. Landers*, 188 F. 2nd 744 (CA 2, 1951).

<sup>20</sup>) *Paramount Ind. v. Solar Product Corp.*, 186 F. 2nd 999 (CA 2, 1951).

<sup>21</sup>) *Packwood v. Briggs & Stratton*, *op. cit.*

tive test that the merit and patentability of the invention can be determined? Although the two criteria of the importance of the invention and technical progress are of a different nature, the arguments on which they can be based and the reasons for discarding both of them are the same.

The definition given by U. S. patent law to utility tends to dismiss, as a condition of patentability, the requirement that progress be achieved on the same grounds that it rejects the requirement that an important contribution be made. "Absent proof of total incapacity, the defense of nonoperativeness or nonutility is not available."<sup>22</sup>) Utility is not *a fortiori* "negated by the fact that the device is susceptible of improvement or that like inventions are so far superior to it that they may entirely supersede the use of it"<sup>23</sup>). The invention requirement is not a requirement of a certain quality of utility which would involve evaluating the improvement brought about in each case by the patented invention. The progress referred to in the Constitution is that of science as a whole, which it is the objective of the patent system to promote and to which every new contribution adds without discrimination. Moreover, there have been a great many "pioneer" inventions whose merits and revolutionary effects on an art have been revealed only after a certain lapse of time. It should be noted that, under German law, the technical progress requirement, which may be regarded as an additional degree of utility, is distinct — at least in theory — from that of inventive level which corresponds to the invention requirement in U. S. law, and adds to it.

In this connection, the old provision of Section 4893 of the Revised Statutes was omitted from the Act of 1952 not only because it was not necessary but "because of the possibility that, although obsolete and dying, it could be interpreted as imposing some limitation on the legal conditions of patentability in excess of the requirements of Sections 101, 102 and 103"<sup>24</sup>). The Court of Customs and Patent Appeals has since stated that the technical improvement requirement is based solely "on a theory of patentability we find to be outside of the patent statutes"<sup>25</sup>). It adds, however, that the proof of an improvement or of advantages may be indicative of nonobviousness.

Despite its importance, the distinction between the requisite of patentability and the indication which may help to establish it is not always clearly apparent. The opinions which — without forming part of the judicial decision or even, strictly speaking, constituting its grounds — accompany such a decision have been worded in such a way as to add to the confusion. Their expatiation and discursive nature result in a relative laxity of wording<sup>26</sup>); furthermore, in the midst of a number of corroborating or conflicting arguments or types of arguments, it is sometimes difficult to perceive the underlying

reason or to distinguish the indication from the test. Although not essential to the existence of utility, the achievement of progress is a pertinent indication of its existence; a means of evaluation in determining invention can likewise be seen in it. It does not then constitute a distinct requirement, or even a test, but simply an element in the application of the criterion established by *Hotchkiss v. Greenwood*: is the patented invention beyond the skill of an ordinary mechanic in the art under consideration? It should be noted, however, that a good many courts of appeals consider this element to be particularly important, even though it is often repeated that it is not decisive and should be discarded "where invention is plainly lacking"<sup>27</sup>).

In connection with technical progress, we must take up another indication which has been quite popular, that of commercial success. Commercial success, an indication of an indication, presupposes the intrinsic technical merit of the invention, with the judges basing themselves on public opinion. As Justice Robert declared in *Goodyear Tire & Rubber v. Ray-o-Vac Co.*: "Once the method was discovered it commended itself to the public as evidenced by marked commercial success. These factors were entitled to weight in determining whether the improvement amounted to invention..."<sup>28</sup>) In *Wahl Clipper Corp. v. Andis Clipper Corp.*, the following statements can already be found: "Instead of comparing the mental activities (and eccentricities) of genius and the 'mechanic skilled in the art,' it would seem safer and more accurate to study the product itself and, if possible, ascertain the verdict of the public... In most instances, the judgment of those who pay their money to secure the benefits of the patented article is truer and better than the opinion of experts or the speculations of an arbitrator"<sup>29</sup>). The decision then lists all of the correctives to be taken into account when considering commercial success: intensive advertising, economic expansion, etc. Not only does this indication call for important correctives, it cannot be used negatively: the lack of commercial success can under no circumstances lead to a verdict of unpatentability even in doubtful cases.

Faced with the popularity of the indications of technical progress and commercial success and noting a certain confusion regarding their scope at the lower-court level and in part of the literature, the Supreme Court found it necessary — well before 1952 — to point out sternly the nature and limits of application of these indications.

In *Paramount Publix Corp. v. American Tri. Ergon Corp.*<sup>30</sup>), the Supreme Court declared that a process of registering sound and picture on the same film was wanting in "novelty and invention." The Court of Appeals had held the patent valid in view of the considerable commercial success of the process and its superiority over other processes having the

<sup>22</sup>) *Technical Tape Corp. v. Minnesota Mining & Mfg. Co.*, 110 U. S. *Patent Quarterly (USPQ)* 260 (CCPA 1956).

<sup>23</sup>) *Remington Cash Register Co. v. National Cash Register Co.*, 6 F. 2d 585 (District Court Conn. 1925).

<sup>24</sup>) G. S. Rich, "Principles of Patentability," 28 *The George Washington Law Review* 393; Bailey, "Progress as a Requirement to Patentability," 42 *JPOS* 223 (1960).

<sup>25</sup>) *In re Ratti*, 123 *USPQ* 349 (CCPA 1959).

<sup>26</sup>) *Union Carbide Co. v. American Carbide Co.*, 181 F. 104 (CA 2, 1910), for instance, uses the terms "patentable progress" and "patentable novelty" as being synonymous.

<sup>27</sup>) *Jaybee Mfg. Corp. v. Ajax Hardward Mfg. Corp.*, 287 F. 2d (CA 9, 1961).

<sup>28</sup>) *Goodyear Tire & Rubber Co. v. Ray-o-Vac Co.*, 321 U. S. 275 (1944).

<sup>29</sup>) *Wahl Clipper Corp. v. Andis Clipper Corp.*, 66 F. 2d 162 (CA 7, 1933) along the same lines: *Dewey & Almy Chem. Co. v. Mimex Co.*, 124 F. 2d 986 (CA 2, 1942).

<sup>30</sup>) *Paramount Publix Corp. v. American Tri Ergon Corp.*, 294 U. S. 464 (1934); already in *McClain v. Ortmayer*, 141 U. S. 419 (1891) which, on this point, compares U. S. law with English law.

same objective. The Supreme Court restricted the test "of utility and prompt acceptance of the patented method (to) where the method or device satisfies an old and recognized want." Then "invention is to be interfered, rather than the exercise of mechanical skill, for mere skill of the art would normally have been called in action by the generally known want"<sup>31</sup>). Even in such a case, however, there can be no certainty, for "commercial success is really a make weight where the patentability question is close." It was on this basis that, in *Jungersen v. Ostby & Barton Co.*<sup>32</sup>), the Supreme Court declared invention to be lacking in a lost-wax process of making jewelry that had not only revolutionized the jewelry industry but had answered a long-felt want. Although people skilled in the art had never thought of resorting to a technique already described and used by Benvenuto Cellini for bronze casting and gold or silver work, the Supreme Court considered the process to be "obviously applicable to the type of casting sought to be effected by Jungersen," and felt that "where . . . invention is plainly lacking, commercial success cannot fill the void."

### 3. The Invention's Scientific Value

The foregoing rejects *a fortiori* the scientific value of the invention as a test of a supplementary requisite of patentability. To tell the truth, the scientific value of the invention is neither a requisite nor even a positive indication of patentability; it has always been considered external to the very system of patents, regardless of the extent and the utility of the contribution made to science. The *Morton v. New York Eye & Ear Infirmary* decision (1862)<sup>33</sup>) is usually cited as having established this rule in the United States and gives the following justification for it: a scientific invention is always the discovery of a natural law or of its application; as the law already existed, its discovery creates nothing new. As a result, "it is only where the explorer . . . has laid hold of the new principle, force or law and connected it with some particular medium or mechanical contrivance, by which or through which it acts on the material world, that he can secure the exclusive control of it under the Patent Act," assuming that the medium or contrivance itself meets the requirements of patentability.

This well-established principle<sup>34</sup>) was questioned not by a decision of the Supreme Court but by the opinions of two of its Justices in *Great Atlantic and Pacific Tea Co. v. Supermarket Equipment Corp.*<sup>35</sup>), generally cited as *A & P.*

<sup>31</sup>) Application of this test led the Supreme Court to hold valid the patents concerned in *Keystone Mfg. Co. v. Adams*, 151 U. S. 139 (1894), and *Diamond Rubber Co. v. Consolidated Rubber Tire Co.* (1911), cited above. These decisions were referred to in *Great Atlantic and Pacific Tea Co. v. Supermarket Equip. Corp.* (1950) which held the contested patent invalid.

<sup>32</sup>) *Jungersen v. Ostby & Barton Co.*, 335 U. S. 560 (1949). Other decisions rejecting the indication of commercial success in cases of combinations of old elements answering a long-felt want: *Toledo Pressed Steel v. Standard Paris*, 307 U. S. 350 (1939); *A & P v. Supermarket Equip. Corp.*, 340 U. S. 147 (1950).

<sup>33</sup>) *Morton v. New York Eye & Ear Infirmary*, 17 Fed. Cas. 879 (Circuit Court, Southern District N. Y. 1862). Jackson and Morton had discovered the anesthetic power of ether inhalations, certain effects of which were already known.

<sup>34</sup>) *De Forest Radio Co. v. General Electric Co.*, 283 U. S. 664 (1931); *Picard v. Aircraft Corp.*, 128 F. 2nd 632 (CA 2, 1942).

<sup>35</sup>) *Great Atlantic and Pacific Tea Co. v. Supermarket Equip. Corp.*, cited above; subsequently, *Packwood v. Briggs & Stratton*, cited above.

In terms somewhat reminiscent of the *Atlantic Works v. Brady* case, the decision holds invalid a patent covering a new combination of known means operating according to known principles; this is called an "aggregation" by the courts and is traditionally unpatentable. Neither a more exacting standard nor a new test of patentable invention can be inferred from the decision itself, yet certain scholars have seen in it a distressing "doctrinal trend toward ever higher standards of inventive ingenuity"<sup>36</sup>). The concurring opinion of Justice Douglas, approved by Justice Black, was, however, to overshadow the moderate expression of the Court's opinion and produce strong reactions.

This concurring opinion, or more specifically "so-called concurring" opinion, drafted in deliberately polemic terms, begins with the statement that the Constitution has established a standard of patentable invention which results from the objective assigned to Congress "to promote the progress of science and useful arts." The Justices deduct from this that "the invention, to justify a patent, had to serve the ends of science — to push back the frontiers of chemistry, physics, and the like; to make a distinctive contribution to scientific knowledge." They attach to this requirement the test of inventive genius, commonly referred to in the opinions of the Supreme Court, and conclude that "the Constitution never sanctioned the patenting of gadgets."

The critics were fair enough to point out that the most recent of the "unbelievable patents" stigmatized by the Justices had been granted in 1894 and to point out a misinterpretation of the Constitution<sup>37</sup>). An analysis of Article 1 (8) of the Constitution<sup>38</sup>), confirmed by the earlier work of Congress, numerous contemporary texts and the legislative tradition, demonstrates unquestionably that the words "promote the progress of science and useful arts" do not refer to patent law alone — the objective of which is the promotion of useful arts — but also to copyright, which is intended to promote science taken in its older, much broader sense of "knowledge." It would be abusive to mix up these two objectives which Congress has been empowered to satisfy in two distinct legislations, both of which were already known in the United States at that time.

The scientific value of the invention is, therefore, not capable of providing a test of patentable invention. It would be an understatement to say that such a test would be excessively severe; it would in fact define a new field of patent law which would correspond neither to a tradition that has never really contradicted itself, nor to the objectives of the framers of the Constitution or to those of the legislators. As one court states quite plainly, "The Patent Office does not welcome Prometheuses"<sup>39</sup>).

<sup>36</sup>) A. J. Michel, "The Standard of Invention and the U. S. Supreme Court," 33 *JPOS* 297 (1951), who finds here a search for "something approximating the product of genius."

<sup>37</sup>) P. E. Holbrook, "Science v. Gadgets," 33 *JPOS* 87 (1951); G. S. Rich "Principles of Patentability," 28 *The George Washington Law Review* 393 (1960). See also B. Lutz, "Patents and Science, a Clarification of the Patent Clause of the Constitution," 18 *The George Washington Law Review* 50 (1949) prior to *A & P.*

<sup>38</sup>) Cf. *supra* note 4.

<sup>39</sup>) *Schering Corp. v. Gilbert*, 153 F. 2nd 428 (CA 2, 1946).

### C. Evaluation of the Mental Process or Capacity of the Inventor

Robinson sees three facets in the monopoly granted to the patentee: it is a reward; it is an inducement to future efforts; it is a contract between the inventor and the public for the disclosure of the invention<sup>40</sup>). The first two facets take the inventor himself into consideration rather than his invention and imply the idea of effort and merit. It was for this reason that, in pre-classic times, the question came up whether an accidental discovery should be protected, or only discoveries resulting from intellectual work<sup>41</sup>). Hotchkiss v. Greenwood defines the patentable invention by a distinction between the ingenuity of the skillful mechanic and that of the inventor, whereas the requirements of novelty and usefulness are based on an examination of the subject matter of the invention. Is this not an invitation to seek the test of invention, the supplementary requisite of patentability, not in the subject matter of the patent, but in the mental process of the inventor or his intellectual capacities, which are assumed to be of a different nature from those of the ordinary skilled person since they imply "more than judgment and skill?"

After Hotchkiss v. Greenwood, a century of Supreme Court cases abound in expressions that seem to warrant such a search. The very word genius, frequently used, merits a special study since the evolution of its meaning gives a good account of the evolution of the invention requirement. At the time of the Constitution and the first patent laws, mention is made of promoting "skill and genius"<sup>42</sup>); genius then meant scarcely more than the natural aptitudes of an individual. Hotchkiss v. Greenwood defines invention as being "more than ingenuity or skill." In Reckendorfer v. Faber (1875)<sup>43</sup>), the word switches sides: it becomes linked with invention and a distinction is made between "inventive genius" and "mechanical skill." A number of variants can be pointed out on the theme of invention's being defined as a particular faculty of the inventor: this "intuitive faculty of the mind" as opposed to "the exercise of the ordinary faculties of reasoning upon the materials supplied by a special knowledge, and the facility of manipulation which results from its habitual and intelligent practice"<sup>44</sup>); "genius or invention"<sup>45</sup>); "the peculiar intuitive genius which is a characteristic of great inventors"<sup>46</sup>). This evolution was to lead, in 1941, to the phrase of Cuno Engineering Corp. v. Automatic Devices Corp.<sup>47</sup>): "the new device . . . must reveal the flash of creative genius, not merely the skill of the calling." It was after this decision that certain lower courts wondered whether a new element had been introduced into the determination of invention and whether the Supreme Court was reserving patent protection to inspiration of an exceptional nature.

Thus, with the progressive slipping from one expression to another and the change in the current acceptance of the word genius from meaning a particular turn of the mind to meaning an exceptional faculty, the notion of invention was able to evolve while the classic decisions were still being referred to and quoted.

An analysis of the mechanism of the inventive process could have led not only to a stricter standard of invention but also to an extremely narrow concept of inventive activity and to paradoxical results regarding the very objective of the patent system, namely industrial progress. After having eliminated from the right to a patent, in the Atlantic Works v. Brady tradition, "the slow but inevitable progress of an industry through trial and error . . . the exercise of persistent and intelligent search for improvement,"<sup>48</sup>) there was a risk that an important part of organized industrial research would also be eliminated. A ruling that goes far in that direction is Potts v. Coe<sup>49</sup>), handed down against a company wholly dependent on Bell System which, as the ruling points out, dominates research and manufacture in the communication field by means of thousands of patents. "Though the discovery may appear to be a startling innovation, actually it is frequently the product of years of research by many men who come and go, who consult each other and the employees of other corporations with which their own employer has affiliations and agreements<sup>50</sup>). The result is a gradual advance in scientific knowledge made possible because large funds have been spent on research — not an invention."

This is an isolated, backward first-instance decision, the sole interest of which is proof *ad absurdum* of the dangers of a subjective test of patentability. As a matter of fact, even when they rely on "inventive genius," American courts scrutinize the invention itself rather than the inventive process — concerning which no attempt at analysis is to be found anywhere — or the supposed exceptional capacities of an individual. Perhaps there was a certain confusion at the beginning; this was of little importance at the time of Hotchkiss v. Greenwood when, in the absence of organized industrial research and in the state of the art of that period, the idea behind the invention constituted the main part of the invention, especially in the field of mechanical engineering which was then of paramount interest<sup>51</sup>). The originality of the idea, and therefore of the inventor, could thus serve as an indication. From the beginning of the Twentieth Century, however, the volume, systematic character, and high cost of the research leading to a patented invention are, on the contrary, recognized as being so many indications of the presence of invention<sup>52</sup>). In the words of Piganiol and Villecourt, this is becoming increasingly true because "scientific and technical

<sup>40</sup>) Robinson, *op. cit.*, paragraph 40.

<sup>41</sup>) Earle v. Sawyer, 8 Fed. Cas. 254 (Circuit Court Mass. 1825).

<sup>42</sup>) Texts and decisions quoted by A. H. Seidel, *op. cit.*

<sup>43</sup>) Reckendorfer v. Faber, 92 U. S. 347 (1875).

<sup>44</sup>) Hollister v. Benedict and Burnham Mfg. Co., and Thomson v. Boisselier (1884), cited above.

<sup>45</sup>) Smith v. Whitman Saddle Co., 148 U. S. 674 (1892).

<sup>46</sup>) Potts v. Craeger, 155 U. S. 597 (1894).

<sup>47</sup>) Cuno Engineering Corp. v. Automatic Devices Corp., 314 U. S. 84 (1941).

<sup>48</sup>) Picard v. United Aircraft Corp. (1942), cited above.

<sup>49</sup>) Potts v. Coe, 145 F. 2d 27 (District of Columbia Court of Appeals, 1944).

<sup>50</sup>) In fact, this argument raises the quite different problem of the inventor's real identity.

<sup>51</sup>) The Supreme Court notes from this period that in chemistry "the discovery of a novel substance by means of a chemical combination of known materials is empirical and discovered through experience," Tyler v. Boston, 74 U. S. 327 (1869).

<sup>52</sup>) Minerals Separation Ltd. v. Hyde, 242 U. S. 261 (1916); American Safety Table Co. v. Singer Sewing Machine Co., 95 F. 2d 543 (CA 3, 1938).

research has taken on a systematic character in recent years, and the most astonishing inventions are in fact possible thanks to a method — the scientific method — which has quite often become a veritable method of discovery”<sup>53</sup>).

Already in *Diamond Rubber*<sup>54</sup>), the Supreme Court in accepting the invention that is “a step only in the march of improvement” adds: “nor does it detract from its merit that it is the result of experiment and not the instant and perfect product of inventive power.” Likewise, in *Radiator Specialty Co.*<sup>55</sup>), the Third Circuit Court of Appeals settled the matter quite clearly: “We are constrained to hold the patent valid on a fact finding of invention in its subject matter . . . Invention is not always the offspring of genius; more frequently it is the product of plain hard work; not infrequently it arises from accident or carelessness; occasionally it is a happy thought of an ordinary mind; and there have been instances where it is the result of sheer stupidity. It is with the inventive concept, the thing achieved, not with the manner of its achievement or the quality of the mind which gave it birth, that the patent law concerns itself.”

In *Trabon v. Dirkes*<sup>56</sup>), pronounced after the Supreme Court’s decision on *Cuno Engineering*, the Sixth Circuit Court of Appeals clarifies the problem by stating, “We are not unmindful of the high standards set in recent years by the Supreme Court as a test of the inventive quality.” The Court denies, however, that this decision had been intended to signify anything other than the requirement of “something more than expected mechanical skill.” Criticizing the literary concept of the flash of genius, the Court considered the manner in which the invention was made to be of no interest and, while dismissing “routine experimentation leading to a reasonably expectable result,” recalls that “certain it is that Edison placed little confidence in inspiration when he defined genius as ‘2% inspiration and 98% perspiration.’” Even before the last sentence of Section 103 of the 1952 Act closed the discussion by stating, “Patentability shall not be negated by the manner in which the invention was made,” the Supreme Court had refuted the abusive interpretation certain lower courts had made of the intents of *Cuno Engineering* decision by declaring<sup>57</sup>): “A long line of cases has held it to be an essential requirement for the validity of a patent that the subject matter display ‘invention,’ more ingenuity . . . than the work of a mechanic skilled in the art . . . This test is often difficult to apply; but its purpose is clear. Under this test, some substantial innovation is necessary, an innovation for which society is truly indebted to the efforts of the patentee. Whether or not those efforts are of a special kind does not concern us. The primary purpose of our patent system . . . is not a certificate of merit, but an incentive to disclosure . . . Consequently it is not concerned with the quality of the inventor’s mind, but with the quality of his product.”

What then is the meaning of the terms “inventive genius” and “flash of genius” and what is the scope of these terms? As we have just seen, they do not define the supplementary requisite of patentability that has been required since 1850, nor do they indicate the course to follow in searching for a subjective indication of its existence. They take on meaning only in opposition to mere mechanical skill, an opposition established by *Hotchkiss v. Greenwood* which did not mention them<sup>58</sup>). Yet, all of the decisions that have used these terms, even the most extreme such as *Cuno Engineering Corp.*, refer to *Hotchkiss v. Greenwood*. A fuller quotation from *Cuno* is as follows: “The principle of the *Hotchkiss* case applies to the adaptation or combination of old and well-known devices for new uses (cases); that is to say, the new device, however useful it may be, must reveal the flash of creative genius, not merely the skill of the calling.” Negatively, the Supreme Court qualifies the *Cuno* invention as being “an advance plainly indicated by the prior art.” These expressions thus seem to be merely a conventional reference, somewhat flattering to inventors whose achievements are distinguished from the results of mere technical skill. In recent decisions the Supreme Court has, with a certain offhandedness, called such expressions “rhetorical embellishment”<sup>59</sup>). In fact, they cover — and have largely supplanted — the term “invention” as it was used in the second half of the Nineteenth Century. This does not mean that no evolution has taken place, but it is striking that, after *Cuno*, the question foremost in the minds of lower court judges was not whether this decision had introduced a *new test* of patentability, but whether the Supreme Court had laid down a more severe standard for judging the patentable invention<sup>60</sup>).

The Court of Customs and Patent Appeals ended the debate in *re Shortell* as follows<sup>61</sup>): “We do not find it necessary here to decide whether appellant’s improvement resulted from a ‘flash of genius’ or not, assuming that the term means a higher standard of invention than had been for many years required. The Supreme Court, for more than a hundred years, held, and this court (the CCPA) has held that subject matter is patentable if the thing claimed was not obvious to one skilled in the art . . . [W]e are of the opinion that the use of the term ‘flash of creative genius,’ above quoted, was intended to mean nothing more than that the thing patented must involve more than the skill of the art to which it relates.”

It is thus this comparative notion which must now be presented.

#### D. The Distinction between Invention and Mere Mechanical Skill

In an effort to analyse this supplementary requisite of patentability which American jurists called invention for a

<sup>58</sup>) The term genius also appears neither in *Atlantic Works v. Brady*, quoted above (footnote 1), which uses “inventive faculty,” nor in *A & P*, quoted above (footnote 35), which sought “the presence or absence of invention”; *Walker, op. cit.*, p. 118, devotes no proper development to it: he assimilates it to what is distinguished from the skill of an ordinary mechanic and rejects any psychological criterion of invention.

<sup>59</sup>) *Graham v. John Deere Co.*, 148 *USPQ* 459 (1966).

<sup>60</sup>) In particular, *Trabon Engineering Corp. v. Dirkes*, cited above (1943).

<sup>61</sup>) In *re Shortell*, cited above (1944).

<sup>53</sup>) *Piganiol et Villecourt, Pour une politique scientifique*, Flammarion, Paris. *Picard United Aircraft Corp.* (1942), cited above, and especially the concurring opinion of Judge Frank.

<sup>54</sup>) *Diamond Rubber Co. v. Consolidated Rubber Tire Co.* (1911), cited above.

<sup>55</sup>) *Radiator Specialty Co. v. Buhot*, 39 F. 2nd 373 (CA 3, 1930).

<sup>56</sup>) *Trabon Engineering Corp. v. Dirkes*, 136 F. 2nd 24 (CA 6, 1943).

<sup>57</sup>) *Sinclair & Carroll Inc. v. Inter Chemical Corp.*, 325 U.S. 327 (1945). See also in *re Shortell*, 142 F. 2nd 292 (CCPA 1944).

century, we have singled out notions never treated individually by the courts. Since *Hotchkiss v. Greenwood*, U. S. case law has been more consistent than the method we have adopted would lead one to believe, due to the constant references to the decision of 1850 and to the opposition it sets up between an invention — patentable — and the result of mere mechanical skill. Even decisions which have introduced new expressions refer to the case and to the distinction it makes, and such references are not lip service.

It is certainly beside the point to wonder — as has often been done — whether such and such a Supreme Court decision modifies the principle established by *Hotchkiss v. Greenwood* and whether it lays down a new test of patentability. The question is instead as follows: does this distinction constitute, by itself, the test, or at least the method of judgment, of patentable invention; or is it a starting point from which investigation should proceed and from which fixed rules, not indicated in it, should be set up?

It appears that, from about 1890 to 1930, the lower courts and doctrine adopted the second interpretation and that their entire effort was devoted to the establishment of fixed rules based on this distinction<sup>62</sup>). This resulted in a number of certainties which we have pointed out in the previous sections: the distinction between invention and mere mechanical skill should not be sought in the scientific character of the invention, in the manner it was made and the talent it involved, or in its usefulness or technical merit. These certainties are valuable but, although they clearly define the field (technical) of the patentable invention and the nature (objective) of its evaluation, they are still purely negative. The attempt to establish positive rules led to the 23 sections of the Walker treatise, based — as we have seen — primarily on the technical structure of the invention or on indications external to it. Even though none of them provide a sure test of patentability, they were generally used during that period.

Now, the Supreme Court has always quite plainly refused to adhere to these rules: “The truth is the word (invention) cannot be defined in such manner as to afford any substantial aid in determining whether a particular device involves an exercise of the inventive faculty or not . . . Courts, adopting fixed principles as a guide, have by a process of exclusion determined that certain variations in old devices do or do not involve invention; but whether the variation relied upon in a particular case is anything more than ordinary mechanical skill is a question which cannot be answered by applying the test of any general definition”<sup>63</sup>). Similarly, in *A & P*, which, however, confronts the facts of the case with the classic rules, it is stated: “While this Court has sustained combination patents, it never has ventured to give a precise and comprehensive definition of the test to be applied in such cases. The voluminous literature which the subject has excited discloses no such test. It is agreed that the key to patentability of a mechanical device that brings old factors into cooperation is presence or lack of invention.” Often, the Court does not even mention the positive rules of patentability.

In point of fact, the Supreme Court kept to a paraphrase of *Hotchkiss v. Greenwood*, to which it gave social-economic justification in *Atlantic Works v. Brady*. The Supreme Court's refusal to abide by the rules so painstakingly worked out by the lower courts and scholars had a great deal to do with its reputation for strictness in regard to patents and with the commentators' state of confusion when confronted with the problem of patentability. This has often been analyzed as being a repudiation of the general attitude or conclusions of the lower courts in respect of patents; however, it seems to us that it instead represents complete disagreement regarding the method used.

Nevertheless, especially after 1930, some courts understood the Supreme Court's attitude and considered that, despite its flaws, the distinction between invention and mere mechanical skill was the sole valid test. One of them stated, in terms that presage *A & P*: “We deprecate such *a priori* rules for determining invention. Nothing has tended more to confuse and obscure the issue than the attempts of courts to lay down generalities. The issue does not admit of such treatment, for invention is always a function of the particular situation, of the conditions which preceded and followed the appearance of the composition or the machine. That this is a treacherous standard is true enough, but at least it is less treacherous than easy absolutes which fit the immediate occasion, but lie athwart any realistic treatment in the next case”<sup>64</sup>).

This approach to the problem was all the more admissible in that the question of patentability had for some time been considered a “question of fact, to be determined, however, by rules of law . . . and the issue necessarily depends upon a shifting standard, just as in cases of due care”<sup>65</sup>). Just as it cannot be decided that a certain act will of necessity involve the civil responsibility of its author regardless of the circumstances, it cannot be laid down as a rule that a certain type of combination of known elements or a certain type of modification of an existing machine will or will not meet the invention requirement.

The inventive genius test, which is objective despite the terms used and relates to the invention rather than the inventor, should, as we have seen, be put back in the framework of this search. The decisions that refer to it are innumerable and recourse to the expression is persistent since examples of it are found even after 1952<sup>66</sup>). Through its success, it contributed greatly to the abandonment of the old positive rules of patentability, that were relegated to the position of presumptions or indications, and to the working out of a method of evaluating invention case by case, beginning with the deter-

<sup>64</sup>) *Du Pont de Nemours & Co. v. Glidden Co.*, 67 F. 2d 392 (CA 2, 1933).

<sup>65</sup>) Walker, *op. cit.*, p. 115, citing *Radiator Specialty Co. v. Buhot*, cited above, and *Kirsch Mfg. Co. v. Gould Mersereau Co. Inc.*, 6 F. 2d 793 (CA 2, 1925). Since that time, the nature of patentability as an issue of fact or law has been widely discussed and the courts are not in agreement on this point. Cf. A. M. Smith, *Patent Law, Cases, Comments and Materials*, Overbeck Co. Publishers, Ann Arbor, 2nd Ed., 1964, p. 502; *An Analysis of Patent Litigation Statistics*, Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary, 86th Congress, 2nd Session (1961), p. 6; Lutz, “Questions of Fact and Law in Patent Litigation,” 38 *JPOS* 600 (1956); T. Cooch, “The Standard of Invention in the Courts,” in *Dynamics of the Patent System*, Central Book Co., New York (1960).

<sup>66</sup>) See the cases cited by Smith, *op. cit.*, p. 558.

<sup>62</sup>) This trend coincides with the setting-up of the Circuit Courts of Appeals. Before 1890, the Supreme Court ruled directly on patent appeals.

<sup>63</sup>) *McClain v. Ortmyer* (1891), cited above.

mination of the prior art and the "average imagination" of a person skilled in that art<sup>67</sup>). We shall analyze this method, which is still being used, in Part II of our study.

The reason improvements and new means brought in by a person having ordinary skill in the art are not patentable is, to paraphrase *Atlantic Works v. Brady*, that they are the natural and proper outgrowth of technical development, resulting from spontaneous trials and attempts in a hundred places and that this result normally belongs to the public domain. To grant patent monopolies to such contributions would be senseless because their achievement and disclosure — both multiple and spontaneous — do not require encouragement; it would further result in frustrating the public by subtracting "from former resources freely available to skilled artisans" (A & P).

This social-economic argument appears in another expression found in patent law language: as early as 1891, the Supreme Court explained in *McClain v. Ortmayer* that the reason an invention had to reveal "inventive faculty," "a product of intuition or of something akin to genius," and differentiating it from simple mechanical skill, was in order to permit a distinction to be made between "what is new" and "that which is a colorable variation of what is old" and consequently belongs to the public domain. It was in an effort to define this distinction that, before 1952, the courts happened to refer to colorable variations of what was old as being "obvious" and to recognize the patentability of an invention on the ground that it was not obvious to those skilled in the art<sup>68</sup>).

The distinction between the patentable invention and the capabilities of the average skilled person is not simply a test or an indication among others. Walker, who treats it as such although dealing with it a great length, does not attribute to it the general value it really possesses. In the light of the last 30 years of case law, however, it appears that this test alone permits a synthesis to be made of the positive rules of patentability and their exceptions, that it alone is able to provide the courts with a unifying principle and a method of investigation. Yet, it cannot, properly speaking, provide them with a standard of invention. This expression appears often in decisions and shows that the judges are aspiring to certainties in a matter of such far-reaching economic implications. But they cannot avoid "the point when the question must be resolved by a subjective opinion as to what seems an easy step and what does not. We must try to correct our standard by such objective references as we can, but in the end the judgment will appear, and no doubt be, to a large extent personal, and in that sense arbitrary"<sup>69</sup>).

### E. Invention and the Patent Policy of the Judiciary

This "question of fact to be determined, however, by rules of law" is actually a difficult problem of economic policy, the solution to which lies in the hands of the judiciary. Jefferson had already noted "the difficulty of drawing a line between

the things which are worth to the public the embarrassment of an exclusive patent, and those which are not"<sup>70</sup>). Subsequent to the 1952 Act, Judge Smith stated: "Despite the attempt to 'codify' the concept of 'invention,' the courts have continued to pass upon the patents which have been in litigation with one eye to the merits of the particular litigation and with the other eye fixed upon the public rights therein. Thus, the courts have continued to determine where the line should be drawn in the public interest between that which should be patentable and that which should not be patentable . . . Courts are alert to the importance of preserving the public's right to use freely those ideas which have been evolved through the application of the ordinary skills of the art to the problems at hand . . . As a matter of paramount public importance, it is necessary at the same time to encourage invention by sustaining proper patents."<sup>71</sup>)

The American patent system has recently celebrated its 175<sup>th</sup> anniversary and during that period has known times of triumph and times of lesser triumph. Opinions have varied as to where, ideally, to draw this necessary dividing line between novelties that ought to fall in to the public domain and inventions justifying the grant of a temporary monopoly of exploitation. As the other conditions of patentability had been defined in such a way as to leave little room for judgment, it was in the application of this shifting test of invention that the courts' attitude toward the system was given expression and reflected, rather accurately, a general opinion that had evolved. As our purpose is not a historical one, we shall merely give a brief background so that the state of jurisprudence before 1952 — and consequently the intents of the changes made in the statute at that time — can be understood.

It has thus been possible to distinguish "recurring cycles . . . during which the patent system appeared to enjoy favor or hostility"<sup>72</sup>). During the years 1880-1890, due to a series of decisions holding patents invalid, certain courts concluded that there was a tendency towards strictness on the part of the Supreme Court. Another of these periods appears to have begun in the 1930s, along with the depression but before the Justices appointed by Roosevelt took office, and was considered to have continued even into the 1950s; as can be seen, these dates correspond to two periods during which the economic institutions of the United States were generally at issue, the first one leading to the Sherman Act and the second one culminating in the New Deal.

The statistics relied upon are impressive<sup>73</sup>), but in point of fact they call for quite a number of corrections<sup>74</sup>). First of all, it should be noted that only one patent in 290 actually goes before the courts and that the weakest ones are frequently

<sup>70</sup>) Letter to Isaac McPherson, August 13, 1813, *Works of Thomas Jefferson*, Washington Edition, Vol. VI, p. 181.

<sup>71</sup>) Smith, *op. cit.*, p. 458.

<sup>72</sup>) Daniel H. Kane, "Patentable Invention and Our Political Economy," in the Forum of the New York Patent Law Association on the Subject of 'Patentable Invention,' 32 *JPOS* 89 (1950).

<sup>73</sup>) E. A. Evans, "Disposition of Patent Cases by the Courts," 24 *JPOS* 19 (1942); "An Analysis of Patent Litigation Statistics," Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary, U. S. Senate, 86th Congress, 2nd Session (1961).

<sup>74</sup>) W. H. Davis, "The Impact of Recent Supreme Court Cases on the Question of Patentable Invention," 44 *Illinois Law Review* 41 (1949); H. R. Mayers, "The U. S. Patent System in Historical Perspective," 3 *IDEA, Journal of Research and Education* 33 (1959).

<sup>67</sup>) *Hollister v. Benedict & Burnham Mfg. Co.* (1885), cited above.

<sup>68</sup>) *Loom Co. v. Higgens*, 105 U. S. 580 (1882); *Pittsburgh Iron and Steel Co. v. Seaman-Sleeth Co.*, 248 Fed. 705 (CA 3, 1917); *McKee v. Graton & Knight Co.*, 87 F. 2nd 262 (CA 4, 1937).

<sup>69</sup>) *Kirsh Mfg. Co. v. Gould Mersereau Co. Inc.* (1925), cited above.

those that are contested; a petition for a writ of certiorari is often presented to the Supreme Court following inconsistent holdings by two courts of appeals<sup>75</sup>), thus implying that the question of validity is quite doubtful. Furthermore, as the number of decisions handed down by the Supreme Court, especially since 1900, is low, the variations in percentage are exaggerated<sup>76</sup>); the curve of decisions made by the courts of appeals, shows less divergence. Lastly, in making a comparison covering over a century, one must take account of the effect, at the end of the Nineteenth Century, of a reaction on the part of the Supreme Court to the abuse of reissues by the Patent Office, as well as the effect, in 1934, of the Declaratory Judgments Act enabling a supposed infringer to take the initiative in submitting the validity of a patent to the judgment of a court.

These observations bring the phenomenon down to more accurate proportions but do not make it disappear. It shows a difference of judgment between the Patent Office and the lower courts on the one hand, and between the lower courts and the Supreme Court on the other<sup>77</sup>). We have noted in the Supreme Court's decisions of modern times an undeniable concern for continuity, a constant reference to previous decisions, and the application of a traditional method and of classic rules of law<sup>78</sup>). However, this method and these rules lead to the holding of patents to be invalid when it seems they would have been held valid fifty years earlier.

Certain courts saw no contradiction in this, as was the case with the First Circuit Court of Appeals which stated, in analyzing *Cuno*: "To us this indicates no change in doctrine but instead points to recognition of the fact that the classic test for invention, like the classic test for due care to which it is closely analogous, must, like any standard for human conduct, be applied in the environment of today, not yesterday, and that today, due to the tremendous advance in technological knowledge and the wide dissemination of education, the general level of the capacity of those skilled in the various arts is far higher than it used to be." This seems to mean that recent decisions of the Supreme Court only indicate that it is necessary to achieve more now than before in order to qualify as an "inventor"<sup>79</sup>). From this point of view, the Supreme Court's decisions demonstrate the adaptation of the classic principles to new conditions, an effort to fill "this fundamental growing gap between law and technology" which stems from the fact that the framers of the Constitution could not predict the evolution of invention itself, "the colossal economic machinery of today, organized research and collective invention"<sup>80</sup>).

<sup>75</sup>) This is the case with *Cuno Engineering and Jungersen*, in particular. In the United States, a legal decision on the validity of a patent is only of interparty value.

<sup>76</sup>) From 87.7% between 1850 and 1859 (eight decisions) to 0% between 1950 and 1957 (two decisions) supporting the validity of the contested patent.

<sup>77</sup>) E. L. Reynolds, "The Standard of Invention in the Patent Office," in *Dynamics of the Patent System*, Central Book Co., New York, 1960. E. L. Reynolds makes a detailed analysis of the reasons, especially the procedural ones, why the evaluation of an invention by a patent office tends to be low.

<sup>78</sup>) A. M. Smith, "Recent Developments in Patent Law," 44 *Mich. Law Rev.* 900 (1946).

<sup>79</sup>) *Brown and Sharpe Mfg. Co. v. Kar Engineering Co.*, 154 F. 2d 48 (CA 1, 1946); see also *Falkenberg v. Bernard Edward Co.*, 175 F. 2d 427 (CA 7, 1949); the writ of certiorari was refused by the Supreme Court in both cases.

Most of the courts, however, concluded from the Supreme Court's decisions of modern times that there was a "new doctrinal trend," "high standards" or a "raising of the standard of invention." There were countless decisions along those lines; they refer primarily to *Cuno* (1941), *Jungersen* (1949) and *A & P* (1950)<sup>81</sup>). The courts were particularly impressed by the weakening presumption of validity accorded to Patent Office and lower court decisions, by the expression "flash of genius" which seemed to them to introduce — if not a new test — at least a more exacting requirement, and by the refusal to recognize patentable invention in cases where reliance is placed upon considerable commercial success. Certain judges thought it scandalous that new articles adopted by the trade or for which people "pay their money" should be denied the protection of the law<sup>82</sup>).

Whether this interpretation was well founded or not<sup>83</sup>), the courts repeated that they could not "ignore the fact that the Supreme Court, whose word is final, has, for a decade or more, shown an increasing disposition to raise the standard of originality necessary for a patent"; they saw in these rulings "a mandate to raise the standard of invention" and concluded: "It is our duty, cautiously to be sure, to follow not to resist"<sup>84</sup>). They did so with reticence and many shared and quoted the dissenting opinion of Justice Jackson in the *Jungersen* case, according to which: "The only patent that is valid is one which this Court (the Supreme Court) has not been able to get its hands on."

As a matter of fact, there was a great deal of anxiety over this very wide-spread interpretation of the Supreme Court's decisions: specialists were uncertain; interested circles were afraid of finding here a hostile attitude towards the basic principles of the system; dissenting judicial opinions indicated a certain resistance. In general, the confusion, incoherence and injustice reigning in this field were being decried. "The foundation of the patent system — the definition of what is patentable — became a base of sand, shifting with the winds from Washington."<sup>85</sup>)

The vote on the 1952 Bill, which takes up Title 35 of the U. S. Code concerning the codification of patent law, was to permit the legislator to settle this key problem of patentability.

(To be continued)

<sup>80</sup>) Borkin, "The Patent Infringement Suit," 7 *University of Chicago Law Review* 634 (1950); Dawson "Some Reflections in Connection with the Recent Centenary of *Hotchkiss v. Greenwood*," 34 *JPOS* 975 (1952). L. F. Weklind, "No Valid Patent? U. S. Supreme Court in *Jungersen v. Ostby & Barton Co.*," 31 *JPOS* 859 (1949).

<sup>81</sup>) In particular *Anderson v. Lion*, 127 F. 2d 454 (CA 1, 1942); *Belleavance v. Frank Morrow Co.*, 140 F. 2d 419 (CA 1, 1944); *Picard v. United Aircraft Corp.* (1942), cited above; *F. C. Russel Co. v. Comfort*, 194 F. 2d 592 (CA 7, 1952); *Paramount v. Solar*, 186 F. 2d 999 (CA 2, 1951).

<sup>82</sup>) The patents contested before court are obviously those having the greatest commercial importance; these are the only ones that are worth the costs involved in legal action in the United States, especially litigation before the Supreme Court.

<sup>83</sup>) E. J. Balluff, "Do Recent Supreme Court Opinions Raise the Standard of Invention and Are Lower Courts Misunderstanding Such Opinions?" 34 *JPOS* 847 (1952); *Graham v. John Deere Co.* (1966), cited above.

<sup>84</sup>) *Picard v. United Aircraft Corp.* (1942), cited above.

<sup>85</sup>) Donald J. Libert, "Section 103 of the Patent Act and the Standard of Invention: Comments on *Lyon v. Bausch Optical Co.*," 44 *The Georgetown Law Journal* 100 (1955), and 38 *JPOS* 304 (1956).

# BOOK REVIEWS

## Selection of New Publications

ALVES DE ARAUJO (H.). *Vade mecum of industrial property in Latin America*. Rio de Janeiro, C. de Almeida. - Loose leaf.

INSTITUT FÜR GEWERBLICHEN RECHTSSCHUTZ UND URHEBERRECHT DER UNIVERSITÄT MÜNCHEN. *Neuerwerbungen der Bibliotheken, November 1966*. Munich, Max-Planck-Institut, 1967. - 61 p. Max-Planck-Institut für ausländisches und internationales Patent-, Urheber- und Wettbewerbsrecht.

MIOGA (Willy). *Internationaler Marken- und Herkunftsschutz*. Munich, Wila Verlag für Wirtschaftswerbung Wilhelm Lampl, 1967. - 534 p.

WILDBUR (Peter). *Trademarks. A Handbook of International Designs*. London & New York, Studio Vista & Reinhold, 1966. - 96 p.

The BIRPI Library itself has published two bibliographical studies which are available on request, free of charge:

Bibliographie sélective de commentaires concernant la Convention de Paris. Geneva, BIRPI, 1967. - 44 p. (Etudes bibliographiques de la Bibliothèque des BIRPI, No. 10.)

Bibliographie sélective de commentaires de la Convention de Berne. Geneva, BIRPI, 1967. - 26 p. (Etudes bibliographiques de la Bibliothèque des BIRPI, No. 12.)

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## Books Received - Note

The publications of Adams and Adams listed in the September 1967 issue of *Industrial Property* under "Books Received," are for private circulation only and are intended for the use of Adams and Adams' Foreign Correspondents.

# CALENDAR

## Meetings of BIRPI

Date and Place	Title	Object	Invitations to Participate	Observers Invited
December 12 to 15, 1967 Geneva	Permanent Committee of the Berne Union (13 <sup>th</sup> Session)	Consideration of various questions concerning copyright	Belgium, Brazil, Denmark, France, Germany (Fed. Rep.), India, Italy, Portugal, Rumania, Spain, Switzerland, United Kingdom	All other Member States of the Berne Union; interested international inter-governmental and non-governmental organizations
December 18 and 19, 1967 Geneva (Headquarters of ILO)	Intergovernmental Committee (Neighbouring Rights). Meeting convened jointly by BIRPI, ILO and UNESCO (1 <sup>st</sup> Session)	Adoption of the rules of procedure; election of officers; various questions	Congo (Brazzaville), Czechoslovakia, Ecuador, Mexico, Sweden, United Kingdom	All other States parties to the Rome Convention (1961)
December 18 to 21, 1967 Geneva	Interunion Coordination Committee (5 <sup>th</sup> Session)	Program and Budget of BIRPI	Belgium, Brazil, Ceylon, Czechoslovakia, Denmark, France, Germany (Fed. Rep.), Hungary, India, Italy, Japan, Mexico, Morocco, Netherlands, Nigeria, Portugal, Rumania, Spain, Sweden, Switzerland, Union of Soviet Socialist Republics, United Kingdom, United States of America, Yugoslavia	All other Member States of the Paris Union or of the Berne Union
December 18 to 21, 1967 Geneva	Conference of Representatives of the International Union for the Protection of Industrial Property (2 <sup>nd</sup> Session)	Program and Budget (Paris Union)	All Member States of the Paris Union	United Nations; International Patent Institute

Date and Place	Title	Object	Invitations to Participate	Observers Invited
December 18 to 21, 1967 Geneva	Executive Committee of the Conference of Representatives of the Paris Union (3 <sup>rd</sup> Session)	Program and Budget (Paris Union)	Ceylon, Czechoslovakia, France, Germany (Fed. Rep.), Hungary, Italy, Japan, Mexico, Morocco, Netherlands, Nigeria, Portugal, Spain, Sweden, Switzerland, Union of Soviet Socialist Republics, United Kingdom, United States of America, Yugoslavia	All other Member States of the Paris Union
December 20 and 21, 1967 Geneva	Council of the Lisbon Union for the Protection of Appellations of Origin and their International Registration (2 <sup>nd</sup> Session)	Annual Meeting	All Member States of the Lisbon Union	All other Member States of the Paris Union

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September 24 to 27 1968 Geneva	Interunion Coordination Committee (6 <sup>th</sup> Session)	Program and Budget of BIRPI	To be announced later	To be announced later
October 2 to 8, 1968 Locarno	Diplomatic Conference	Adoption of a Special Agreement concerning the International Classification of Industrial Designs	All Member States of the Paris Union	To be announced later

## Meetings of Other International Organizations Concerned with Intellectual Property

Place	Date	Organization	Title
Strasbourg	November 6 to 10, 1967	Council of Europe	Committee of Experts on Patents
The Hague	December 4 to 6, 1967	International Patent Institute (IIB)	94 <sup>th</sup> Session of the Administrative Council
Buenos Aires	April 15 to 19, 1968	International Association for the Protection of Industrial Property (IAPIP)	Presidents' Conference
Munich	April 22 to 26, 1968	Committee for International Cooperation in Information Retrieval among Examining Patent Offices (ICIREPAT)	Standing Committee II
Tokyo	October 21 to November 1, 1968	Committee for International Cooperation in Information Retrieval among Examining Patent Offices (ICIREPAT)	8 <sup>th</sup> Annual Meeting
Lima	December 2 to 6, 1968	Inter-American Association of Industrial Property (ASIPI)	Congress