

3.7 Module 23 Intellectual Property Law

3.7.1 Headline information about the module

Module title	Intellectual Property Law
Module NFQ level (only if an NFQ level can be demonstrated)	8
Module number/reference	Module 23
Parent programme(s) the plural arises if there are embedded programmes to be validated.	LLB (Hons)
Stage of parent programme	3
Semester (semester1/semester2 if applicable)	Semester 1 or Semester 2
Module credit units (FET/HET/ECTS)	ECTS
Module credit number of units	5
List the teaching and learning modes	Full Time, Part Time,
Entry requirements (statement of knowledge, skill and competence)	Successful completion of Stages 1 and 2 of the programme
Pre-requisite module titles	None
Co-requisite module titles	None
Is this a capstone module? (Yes or No)	No
Specification of the qualifications (academic, pedagogical and professional/occupational) and experience required of staff (staff includes workplace personnel who are responsible for learners such as apprentices, trainees and learners in clinical placements)	Lecturers expected to hold at least a level 8 legal qualification, preferably with a professional legal qualification. It is an advantage to have completed the Certificate in Training and Education provided by Griffith College.
Maximum number of learners per centre (or instance of the module)	60
Duration of the module	One Semester, 12 weeks
Average (over the duration of the module) of the contact hours per week (see * below)	2 hours per week
Module-specific physical resources and support required per centre (or instance of the module)	Lecture room with internet access and digital projector.

Analysis of required learning effort (much of the remainder of this table must also be presented in the programme schedule—take care to ensure consistency)										
Effort while in contact with staff										
Classroom demonstration and		Mentoring and small-group tutoring		Other (specify)		Directed e-learning (hours)	Independent learning (hours)	Other hours (specify)	Work-based learning hours of learning effort	Total effort (hours)
Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner					
24	1:60						101			125
Allocation of marks (within the module)										
				Continuous assessment	Supervised project	Proctored practical examination	Proctored written examination	Total		
Percentage contribution							100	100%		

3.7.2 Module aims and objectives

This module comprises a specialized focus on patents, copyright and trademarks and the principles and legislation regulating each. Learners critically analyse the law from both a practical and theoretical perspective in the context of a wide range of communications and commercial activities, both traditional and online.

The module also familiarizes learners with the range of remedies available. Finally, learners employ advanced research skills in the learner as well as the ability to apply Intellectual Property rules and principles to hypothetical factual scenarios.

3.7.3 Minimum intended module learning outcomes

On successful completion of this module, learners will be able to:

- (i) Apply a detailed understanding of the principles of Intellectual Property Law.
- (ii) Critique the theoretical and philosophical underpinnings of Intellectual Property Law.
- (iii) Critically discuss the principles of copyright law.
- (iv) Explain and critique the principles of patents.
- (v) Develop and apply a critical and detailed understanding of the principles of trademark and passing off.
- (vi) Apply enhanced legal reasoning and analytical skills in the subject area.
- (vii) Engage in detailed research in a clear manner.

3.7.4 Rationale for inclusion of the module in the programme and its contribution to the overall MIPLOs

Matters relating to intellectual property play an important role in the fields of science, technology, business and the arts and the need for expertise in intellectual property issues has increased significantly in recent decades. This is particularly the case in Ireland where so many multi-national businesses related to this area are now operating. Whereas in the past such knowledge was divided among several departments within a company or various experts within a law firm, the complexity of modern IP transactions now demands that each person involved on a project or case possess a more specialised and well-rounded knowledge of IP Law related issues. From a commercial perspective, access to specialised IP Law knowledge improves the internal processes and image of a business as well as the finished product.

This module serves to directly underpin programme learning outcomes 1, 2, 5, 6.

3.7.5 Information provided to learners about the module

Learners will receive the following resources and materials in advance of commencement including:

- Learner Handbook;
- Module descriptor;
- Module learning outcomes;
- Assessment strategy;
- Reading materials;
- Class Notes (on a weekly basis).

Additionally, this material is available through Moodle, the College Virtual Learning Environment, along with other relevant resources and activities.

3.7.6 Module content, organisation and structure

Intellectual Property Law is a 5 ECTS credit module taught and assessed over one academic semester. The module is delivered over 12 lecture sessions of 2 hours' duration.

The Learning Outcomes for this programme have been aligned with the knowledge, skills and competencies indicated as appropriate for Level 8 on the NFQ. They have been articulated using the *Quality and Qualifications Ireland (QQI) Awards Standards for Honours Bachelor of Laws and Master of Laws (July 2014) and for Generic Higher Education and Training (July 2014)*.

The Module content is:

- **Copyright**
 - History of Copyright
 - Originality, *De Minimis*, Idea/Expression Dichotomy
 - Literary Copyright
 - Artistic Copyright
 - Musical Copyright
 - Dramatic Copyright
 - Duration of Copyright
 - Ownership of Copyright
 - Infringement
 - Defences to Infringement
 - Remedies

- **Patent**
 - History of Patent
 - Novelty and Inventive Step
 - Industrial application and Non Patentability
 - Duration of Patent
 - Registration of Patent
 - Ownership of Patent
 - Infringement of Patent
 - Remedies

- **Trademark and Passing Off:**
 - History of Trademark
 - Scope of Trademark
 - National and International marks
 - Absolute grounds for refusal of a mark
 - Relative grounds for refusal of a mark
 - Revocation of a patent
 - Invalidity of a patent
 - Trademark registration process
 - Infringement of trademark
 - Remedy

- **Misappropriation of personality, privacy and publicity rights**
 - Passing off

3.7.7 Module teaching and learning (including formative assessment) strategy

The module uses participative lectures, which consist of tutorial-style discussions, group work sessions and exercises. The lectures are supplemented by structured on-line resources and directed reading. Formative assessment is provided in the form of interactive exercises such as directed class discussion topics which reference current affairs pertaining to Intellectual Property Law at the time of instruction. Formative assessment is also provided through tutorial-style discussions, group work and exercises. These focus on specific case law and problem-based learning requiring learners to analyse the law and apply it to practical intellectual property law disputes or issues.

Learners also engage in collaborative work in pairs or small groups to brainstorm what learning has been achieved at the end of lectures. In order to support learners through the examination process, they engage in the answering of sample examination questions and correction of their own or peer's papers, thereby familiarising themselves with the marking criteria. Learners also engage in activities where they draft their own exam questions in order to recap and consolidate a particular topic.

Learners undertaking the course via blended learning benefit from varied and additional options for engagement to compensate their reduced attendance of campus. These include webinars, screencasts (recorded lectures), discussion fora, and increased use of the College's VLE (Virtual Learning Environment), Moodle.

In addition to what has been stated, classroom assessment and benchmarking techniques are deployed to encourage learners to develop more agency in terms of their own learning including in-class presentations, group work, peer-review exercises and reflective practice. The variety of teaching, learning and assessment techniques reflect an enhanced emphasis on skills acquisition to deepen practical knowledge. Finally, the attention of learners is drawn to current industry practice and technology used in the specific area of law to add a further dimension to learning, tracking the actual practice of legal professionals.

3.7.8 Work-based learning and practice-placement

Intellectual Property Law is a class based 5 ECTS credit module and does not require work-based learning and practice placement.

3.7.9 E-learning

Moodle is used to disseminate notes, advice, and online resources to support the learners. Moodle can be accessed in the learner's home, various open labs on campus and in the library. The learners are also given access to Lynda.com as a resource for reference.

3.7.10 Module physical resource requirements

Requirements are for a fully equipped classroom. The classroom is equipped with a PC and Microsoft Office; no other software is required for this module.

The College library has a dedicated law section and online legal research tools (Justice One, Westlaw, Hein Online).

3.7.11 Reading lists and other information resources

Primary Reading:

Bently, L. & Sherman, B. (2018) Intellectual Property Law. Oxford: OUP

Clark R., Smyth S. & Hall, N. (2016) Intellectual Property Law in Ireland. Dublin: Bloomsbury

Secondary Reading:

Caddick, N., Davies, G. & Harbottle, G. (2017) Copinger and Skone James on Copyright.

London: Sweet and Maxwell

Clark, R. (2018) Irish Copyright and Design Law. Dublin: Bloomsbury

Cornish, W. (2019) Intellectual Property: patents, copyright, trademarks and allied rights.

London: Sweet & Maxwell

Bainbridge, D. (2018) Intellectual Property Law. Harlow: Longman

Goldstein, P. (2016) International Intellectual Property Law: Cases and Materials. New York:

FoundationPress

Nagle, E. (2012) Intellectual Property Law. Dublin: Round Hall

3.7.12 Specifications for module staffing requirements

Lecturers expected to hold at least a level 8 legal qualification, preferably with a professional legal qualification. It is an advantage to have completed the Certificate in Training and Education provided by Griffith College.

Learners also benefit from the support of the Programme Director, Programme Administrator, Lecturers, Learner Representative, Students' Union and Counselling Service.

3.7.13 Module summative assessment strategy

Theoretical knowledge will be assessed by a summative end of year examination (100%). The examination will consist of one compulsory question (50 marks) based on a case study to be provided to learners in advance of the examination date, with learners to choose two additional questions (25 marks each) to complete from a choice of four with both essay and problem style questions. Essay style questions will place emphasis on the demonstration of understanding pertaining to Intellectual Property Law. Problem Style questions will enable learners to apply the principles of Intellectual Property Law to a factual scenario.

The assessed work breakdown can be seen in the table below.

No	Description	MIMLOs	Weighting
1	Exam	i, ii, iii, iv, v, vi, vii	100%

3.7.14 Sample assessment materials

Question 1 (50 marks)

Compulsory Question

Vestergaard Frandsen A/S v Bestnet Europe Ltd [2009] EWHC 1456 (Ch)

- (a) Outline in detail the facts of the case
 - (b) Outline the findings of the case
 - (c) Discuss the remedies available
- (a) The Plaintiff made and sold long-lasting insecticidal mosquito nets, including the successful polyester net called 'PermaNet'. The Defendants, who were two former employees of the claimant and the companies associated with them, developed a polyethylene net called 'Netprotect'.

The Plaintiff alleged that the Defendants' net had been produced through misuse of confidential information contained in a database, which recorded development work that had been undertaken for the Plaintiff by a consultant.

- (b) The information contained in the database was confidential. The Defendants had used the information in the development of their polyester net. However, the information was not simply copied but had formed the starting point for substantial further development by the defendants. (The defendants' net was different to the Plaintiff's.) Arnold J clarified the following points of law:

Publication of confidential information brings the obligation of confidence to an end, regardless of who has published the information – the confider, a stranger or the confidant himself.

Information may have a limited degree of confidentiality even though it can be ascertained by reverse engineering or through compilation of public domain sources. In this situation, an injunction may be granted but only for a limited period, i.e. for as long as it would take some time to reverse engineer or compile the information.

- (c) An injunction may be granted to stop the defendant from benefiting from a past misuse of confidential information even if the information is no longer confidential. (The usual remedy in this situation would be a financial one.)

Question 2

"The absence of any formal requirements to file for copyright protection renders it quite difficult for Judges to decide between a number of parties all claiming to be the author of collaborative works."

Critically discuss this statement with reference to legislation and case law.

Sample Answer 2

Student has discretion in terms of which cases to refer to, but should identify "originality" as the key concept and whether any individual's input amounts a sufficiently original/distinctive contribution to merit co-authorship.

50% basic idea correct and two relevant cases identified
60% and three to four cases included.
70% more than 4 relevant cases included and use of academic commentaries.
(Comparison with U.S. Feist decision might also merit over 70%)

A claim to authorship will not succeed if the contribution is regarded as one by a performer or if the contribution is insubstantial² In Hadley v Kemp the contribution by a vocal performance of the lead singer in the pop group Spandau Ballet was regarded as insufficient for musical copyright protection. Vocal performance however innovative as aforementioned is specifically excluded as part of the calculus of musical copyright.

In Bamgboye v Reed³ the contribution of a melody and a significant amount of the drum pattern was in principle enough for musical copyright protection. That case is also authority for the proposition that joint authorship does not require a 50/50 contribution and that unequal shares in a work would be possible in principle. The court also distinguished between such contribution and mere technical assistance such as the role the plaintiff had to the contribution of the sound recording and his part as a performer in the fixing of the sound recording.

*The test for joint authorship of a work was sated in Geoffrey v Lees⁴ thus:
“what the claimant to joint authorship of a work must establish is that he has made a significant and original contribution to the creation of the work and that he has done so pursuant to a common design.”*

In the context of a musical work in Neudorf v. Nettwerk Productions Limited ⁵the plaintiff claimed joint authorship as a result of his contribution to 4 songs. The judge determined in order for the argument to succeed the plaintiff had to show that significant original expressions had been contributed, that the plaintiff and other authors intended their contributions to be merged and that each intended the other to be a joint author. On the facts of the case most of the plaintiffs’ contributions were mere ideas and suggestions and that save for a contribution to a verse melody no joint authorship was made out.

*The intent criteria has been disapproved of in subsequent case law⁶
Ownership is vested in the author though of course ownership may be assigned. The stipulation that the author is the owner of the copyright is contained in Section 23/1 of the Copyright and Related Rights Act 2000. Section 21 of the same act stipulates that the author is the creator of the work.*

² Hadley v. Kemp [1999] EMLR 589.

³ [2004] EMLR 589.

⁴ [1995] emir 307

⁵ (199) 3 car 129.

⁶ Buckingham v Hodges [2002] EMLR 1005. *Bagboy v Reed*[2004] EMLR 589.

In order to constitute authorship there must be copyright protected contribution thus in Tate v Thomas⁷ the suggestion by Peterman of the names of characters and details of plot development in a libretto was deemed insufficient for copyright protection. Also in Donoghue v Allied Newspapers⁸ the supply of racing stories by a jockey to a journalist was insufficient for copyright protection. Of course the journalist by converting those stories into a narrative was entitled to his own copyright protection. Mere transcription or acting as an amanuensis would not entitle you to independent copyright protection.

In contrast in Cummins v Bond it was held that a medium who had transferred messages from the spiritual world was the author of a work⁹ Eve J held that she had exercised sufficient skill, labour and effort to be treated as an author.

Also In Walters v Lane ¹⁰ a reporter who took a shorthand report of a speech exercised sufficient skill to be treated as the author of the work

The act of collaboration may involve taking part of an existing work and reworking it to make it different. Thus in Fisher v Brooker¹¹ the plaintiff re-imagined the piano part for "A Whiter Shade of Pale" as a work for organ. The court determined that:

"It is abundantly clear to me that Mr Fisher's instrumental introduction (ie the organ solo in the first eight bars of the work and as repeated) is sufficiently different from what Mr Brooker has composed on the piano to qualify in law and by a wide margin as an original contribution to the work."

In the context of a literary work to claim joint authorship the contribution requires the person to show that the text was the result of a significant contribution by the putative joint author. In Boudreau v Lin¹² a postgraduate student submitted a term paper to his professor Lin who took the paper and published it in the name of himself and a colleague. The court held that the defendant's contribution (suggestions, corrections, alterations) was on a level below joint authorship.

In contrast in Cala Homes v Alfred Macalpine ¹³where a director of a company provided very detailed instructions to architects to construct drawings that was sufficient to constitute joint authorship.

In Ray v Classic FM ¹⁴it was held that joint authorship is made out by the penman's expertise, knowledge and skill which in this case constituted selecting a classical music playlist. The court determined that someone acting as a mere scribe without making any creative contributions was not an author. Lightman J held there must be creative input and a direct responsibility for what happens on paper.

⁷ [1921] 1 Ch 503

⁸ [1937] 3 All E R 503

⁹ [1927] 1 Ch 167

¹⁰ [1900] AC 539

¹¹ [2007] FSR 255

¹² [1997] 75 CPR 1.

¹³ [1995] FSR 818

¹⁴ [1998] FSR 622

Thus Ray who advised the station as to the playlist for classical music and created a catalogue and the classification of the music into 5 documents and had an input into selection of the tracks and the assessment of the popularity of the works was an author whereas the defendant merely assisted in his work of creating the catalogue and were not a joint author.

In Brighton v Jones¹⁵ which concerns the authorship of a play the court held that although she made suggestions to the interpretation and theatrical presentation of the work Brighton did not make suggestions to the dialogue which was authored by Jones and thus she had not made the right sort of contributions for joint authorship.

Question 3

The law surrounding infringement of patents is sufficiently clear and provides sufficient protection for patent owners without stifling legitimate commerce.

Critically discuss this statement with reference to legislation and case law.

Sample Answer 3

This is a question on sections 40 and 41 of the Patents Act.

Student has discretion in terms of which cases to refer to, but should identify “claim construction” as the central idea. Credit can also be given regarding the defence of “repair” (e.g. United Wire v Screen Repair)

50% basic idea correct and two relevant cases identified

60% and three to four cases included.

70% more than 4 relevant cases included and use of academic commentaries.

Alternatively, if student stresses the debacle around the interpretation of Article 39 EPC and the 2000 Protocols, a mark of over 70% should be given.

*The question of when a patent infringes and the construction of patent claims is a thorny and intellectually recondite matter which has recently received detailed judicial attention in this jurisdiction. Before we delve into the details of the Ranbaxy decision.¹⁶ It is necessary to trace the evolution of the interpretation of patent claims and in particular focus its evolution in a trinity of UK cases *Catnic*,¹⁷ *Improver*¹⁸ and *Kirin Amgen*.¹⁹ It will be also necessary to discuss the position under Article 69 of The European Patent Convention and briefly trace the competing justifications for patent in continental jurisprudence.*

The scope of patent protection for infringement has to meet two competing agendas. On the one hand effective protection has to be afforded to the patentee for his invention and potentially any close variant of same. On the other hand, third parties

¹⁵ [2005] FSR 288

¹⁶ *Ranbaxy Laboratories Limited, Ranbaxy Europe Limited and Ranbaxy Ireland Limited v. Warner Lambert Company*, Clarke J, 10TH July 2007.

¹⁷ *Catnic Components Ltd v. Hill & Smith Ltd* [1982] RPC 183

¹⁸ *Improver Corp. v. Raymond Industries* [1990] FSR 181.

¹⁹ *Kirin Amgen Inc. v Hoechst Marion Roussel Ltd* [2005] RPC 169

*need to ascertain from the patent specification the extent of the monopoly granted so that they can be reasonably certain that any activities they are contemplating do not fall foul of patent law. Historically the position in UK Courts was to adopt a literal method of patent construction. For example in *Electric & Musical Industries Ltd v Lissen Ltd*²⁰ Lord Porter indicated that:*

"If the Claims have a plain meaning in themselves, then advantage cannot be taken of the language used in the body of the Specification to make them mean something different."²¹

Thus this plain meaning was to be adopted regardless of the context or background against which the words were used, unless they were "ambiguous" and capable of having more than one meaning.

The problem with the literal approach was that it often provided the patentee with ineffective protection against a competitor who was able to ascertain from the language of the claim that a subtle modification or variant or equivalent would not infringe. Further issues with this approach were well summarised by Lord Hoffman thus:

These rules, if remorselessly applied, meant that unless the court could find some ambiguity in the language, it might be obliged to construe the document in a sense which a reasonable reader, aware of its context and background, would not have thought the author intended. Such a rule, adopted in the interests of certainty at an early stage in the development of English law, was capable of causing considerable injustice and occasionally did so. The fact that it did not do so more often was because judges were generally astute to find the necessary "ambiguity" which enabled them to interpret the document in its proper context. Indeed, the attempt to treat the words of the claim as having meanings "in themselves" and without regard to the context in which or the purpose for which they were used was always a highly artificial exercise.
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*In recognition of these difficulties gradually, if slowly, the UK Courts began to jettison the literal approach to interpretation. In *Rodi & Wienenberger AG v. Henry Showell Ltd*²³ Lord Reid opined that:*

"Claims are not addressed to conveyancers: they are addressed to practical men skilled in the prior art, and I do not think that they ought to be construed with that meticulousness which was once thought appropriate for conveyancing documents."²⁴

It might be noted a new approach was adopted whereby the differences between the variant or equivalents and the invention were considered and the question was whether they differed in essential or inessential respects. The invention was

²⁰ (1938) 56 RPC 23

²¹ Op. Cit at 57.

²² *Kirin Amgen Inc. v Hoechst Marion Roussel Ltd* [2005] RPC 169 At Para 29 of the judgement.

²³ [1969] RPC 367.

²⁴ At 378.

*deemed to contain essential and non-essential integers and it was only essential integers, which if taken, constituted a violation. This doctrine became known as the pith and marrow doctrine²⁵. However, the pith and marrow doctrine was subject to the objection that the more imprecise and loose the language of the claim the greater the monopoly that was afforded and the greater the range of variants or equivalents that was caught. Much depended on the construction of what constitutes an essential integer and often differing substantive conclusions were arrived at. For example, in *Rodi* it was held that replacing two U shaped bows in a flexible watch strap with a single large C shaped bow was not infringement because the U shaped bow was an essential integer. Conversely, in *Marconi v. British Radio Telegraph & Telephone (1911)* 28 RPC 181 the replacement of an auto transformer with a two coil transformer led to a finding of infringement because the auto transformer was held to be an essential integer.*

A Purposive Approach endorsed/Catnic.

Thus the pith and marrow doctrine never satisfactorily worked out the issues and failed to resolve the issues of interpretation and the matter was revisited in the seminal *Catnic Components Ltd v. Hill & Smith Ltd.*²⁶ As Lord Hoffman intimated in *Kirin-Amgen* that case was a consequence of the realisation that:

the author of a document such as a contract or patent specification is using language to make a communication for a practical purpose and that a rule of construction which gives his language a meaning different from the way it would have been understood by the people to whom it was actually addressed is liable to defeat his intentions.

²⁷

The facts of the case concerned steel lintels and Claim 1 required that a rear member of the lintel should “*extend vertically.*” The lintel produced by the defendants differed only from the claim in that the rear member instead of being vertical was inclined slightly to the vertical. (See Drawings in Exhibit A). The House of Lords held that on a purposive rather than a literal construction, the patent was infringed. Lord Diplock summarised his finding thus in a passage of historical importance:

My Lords, the proper specification is a unilateral statement by the patentee, in words of his own choosing, addressed to those likely to have a practical interest in the subject matter of his invention (i.e. ‘skilled in the art’), by which he informs them what he claims to be the essential features of the new product or process for which the letters patent grant him a monopoly. It is those novel features only that he claims to be essential that constitute the so called ‘pith and marrow’ of the claim. The patent specification should be given a purposive construction

²⁵ A phrase invented by Lord Cairns in *Clark v Adie* (1877) 2 App Cas 315, 320

²⁶ [1982] RPC 183

²⁷ *Kirin Amgen Inc. v Hoechst Marion Roussel Ltd* [2005] RPC 169.

rather than a purely literal one derived from applying to it the kind of meticulous verbal analysis in which lawyers are too often tempted by their trainee to indulge. The question in each case is: whether persons with practical knowledge and experience of the kind of work in which the invention was intended to be used, would understand that strict compliance with a particular descriptive word or phrase appearing in a claim was intended by the patentee to be an essential requirement of the invention so that any variant would fall outside the monopoly claimed, even though it could have no material effect upon the way the invention worked."

In substance the reason for infringement was that construing the claim purposively persons with practical knowledge and experience of the invention in question would interpret the claim in substance to include the alleged infringing invention.

Lord Hoffman Steps In: Improver.

The next significant case is *Improver Corp. v. Raymond Industries*²⁸ where the test for infringement was modified by Hoffman J (as he then was) who has subsequently become the eminence grise of patent lawyers in The House of Lords. The patent claim was for a device called the "*Epilady*" for removing hair from arms and legs. The defendant's device which performed the same function was called "*Smooth and Silky*." Hoffman J (as then was) reformulated Diplock J's test into a new three-part test:

If the issue was whether a feature embodied in an alleged infringement which fell outside the primary, literal or acontextual meaning of a descriptive word or phrase in the claim ("a variant") was nevertheless within its language as properly interpreted, the court should ask itself the following three questions:

- (1) Does the variant have a material effect upon the way the invention works? If yes, the variant is outside the claim. If no?*
- (2) Would this (ie that the variant had no material effect) have been obvious at the date of publication of the patent to a reader skilled in the art? If no, the variant is outside the claim. If yes?*
- (3) Would the reader skilled in the art nevertheless have understood from the language of the claim that the patentee intended that strict compliance with the primary meaning was an essential requirement of the invention? If yes, the variant is outside the claim.*

On the other hand, a negative answer to the last question would lead to the conclusion that the patentee was intending the word or phrase to have not a literal but a figurative meaning (the figure being a form of synecdoche or metonymy) denoting a class of things which include the variant and the literal meaning, the latter being

²⁸ [1990] FSR 181.

perhaps the most perfect, best-known or striking example of the class."

A further way of expressing the third question is whether the skilled reader would understand from the language of the claim that strict compliance with the primary meaning of the claim was intended.

On the evidence in that case there was no material difference as to how the inventions worked both devices trapped and plucked hair from the skin and it was obvious that both worked the same way. The answer to the first two questions above was therefore "no" and "yes" respectively which brought us to the third question. The alleged infringing device would have been acceptable as long as it could perform the same task differently with respect to one essential integer and this would be so even if the difference had no material effect upon the way in which the invention worked. Thus with respect to the third question the specification and relevant claim must therefore be construed from the perspective of a reader skilled in the arts to determine what the essential integers were and comparing them to the alleged infringing product or process.

In *Improver* the specification and claim referred to a helical spring that was rotated to pluck out hairs. It was held that this was an essential integer and the fact that the defendant had used a rubber rod instead indicated that the defendant's product did not infringe the patent. The skilled man reading the patent specification and claim would have considered that the patentee had not intended to include such a variant. Thus the answers of Hoffmann J (as he then was) to the three questions were "No", "Yes" and "Yes" and therefore in his opinion the "*Smooth and Silky*" hair remover did not infringe.

It might be noted that there was parallel litigation between the same parties and patent in Germany and the German court determined that the "*Epilady*" did infringe on the then German doctrinal basis that a mechanical equivalent that is obvious will infringe even though the integer it replaces is an essential one. The doctrine of equivalents, an analogous expression to a variant, will be discussed in detail later.

Article 69 of EPC

The *Improver* questions have been applied by the UK Courts on a number of occasions and judges now refer to them as the Protocol questions. It has been accepted that these protocol questions assist the court to construe a claim in accordance with Article 69 of The European Patent Convention. The full text of Article 69 which jettisons literal approach to construction and instead replaces it with a focus on the language of the claim is:

Article 69 should not be interpreted in the sense that the extent of the protection conferred by a European patent is to be understood as that defined when a strict, literal meaning of the wording used in the claims, the description and drawings

being employed only for the purposes of resolving an ambiguity found in the claim. Neither should it be interpreted in the sense that the claims serve only as a guideline and that the actual protection conferred may extend to what, from a consideration of the description and drawings by a person skilled in the art, the patentee has contemplated. On the contrary, it is to be interpreted as defining a position between these extremes which combines a fair protection for the patentee with a reasonable degree of certainty for third parties."

In summary there are three aspects to Article 69:

- Strict literalism is abandoned which in effect is what Lord Diplock did in *Improver*.
- The wording and construction of the claim is focused upon.
- A fair resolution is called for combining fair protection for the patentee with a reasonable degree of certainty for third parties.

However, some UK Courts expressly doubted whether the Diplock test in *Catnic* was in compliance with Article 69. The entire jurisprudence has now been exhaustively reconsidered by Lord Hoffman in *Kirin Amgen*.

Kirin Amgen/Lord Hoffman Clarifies the Jurisprudence

In *Kirin Amgen* where the complex facts concerned Kirin-Amgen Inc ("Amgen"), a Californian pharmaceutical company which was the proprietor of a European patent relating to the production of erythropoietin ("EPO") by recombinant DNA technology. EPO is a hormone made in the kidney which stimulates the production of red blood cells by the bone marrow. The discovery by Amgen of a method of making EPO artificially for use as a drug was, apparently, a significant advance in the treatment of anaemia, particularly when associated with kidney failure. Amgen marketed the product under the name Epogen and the patent was successful.

The case arose out of the activities of two other pharmaceutical companies. Transkaryotic Therapies Inc, a Massachusetts corporation, had also developed a method of making EPO, which it marketed under the name Dynepo. It used a process which it called "*gene activation*" and the product was referred to as "GA-EPO". Hoechst Marion Roussel Ltd is the English subsidiary of a well-known multinational pharmaceutical company which had been proposing to import GA-EPO into the United Kingdom. Amgen claimed that GA-EPO infringed the claims of the patent in suit and TKT and Hoechst claimed a declaration of non-infringement and revocation of the patent.

Lord Hoffman considered, as aforementioned, the literal approach to patent interpretation and indicated how unsatisfactory it had proved to be. The learned judge then turned to *Catnic* and after quoting the Diplock principles in that case opined that:

Construction, whether of a patent or any other document, is of course not directly concerned with what the author meant to say. There is no window into the mind of the patentee or the author of any other document. Construction is objective in the sense that it is concerned with what a reasonable person to whom the

*utterance was addressed would have understood the author to be using the words to mean. Notice, however, that it is not, as is sometimes said, "the meaning of the words the author used", but rather what the notional addressee would have understood the author to mean by using those words. The meaning of words is a matter of convention, governed by rules, which can be found in dictionaries and grammars. What the author would have been understood to mean by using those words is not simply a matter of rules. It is highly sensitive to the context of and background to the particular utterance. It depends not only upon the words the author has chosen but also upon the identity of the audience he is taken to have been addressing and the knowledge and assumptions which one attributes to that audience.*²⁹

The judge then reverted to the Diplock principles and argued in a consideration of *Catnic* that:

*In the case of a patent specification, the notional addressee is the person skilled in the art. He (or, I say once and for all, she) comes to a reading of the specification with common general knowledge of the art. And he reads the specification on the assumption that its purpose is to both to describe and to demarcate an invention - a practical idea which the patentee has had for a new product or process - and not to be a textbook in mathematics or chemistry or a shopping list of chemicals or hardware. It is this insight which lies at the heart of "purposive construction". If Lord Diplock did not invent the expression, he certainly gave it wide currency in the law. But there is, I think, a tendency to regard it as a vague description of some kind of divination which mysteriously penetrates beneath the language of the specification. Lord Diplock was in my opinion being much more specific and his intention was to point out that a person may be taken to mean something different when he uses words for one purpose from what he would be taken to mean if he was using them for another. The example in the *Catnic* case was the difference between what a person would reasonably be taken to mean by using the word "vertical" in a mathematical theorem and by using it in a claimed definition of a lintel for use in the building trade.*³⁰

Lord Hoffmann then considered purposive construction in conceptual detail and opined that:

"Purposive construction" does not mean that one is extending or going beyond the definition of the technical matter for which the patentee seeks protection in the claims. The question is always what the person skilled in the art would have understood the patentee to be using the language of the claim to mean. And for this purpose, the language he has chosen is usually of critical importance. The conventions of word meaning and syntax enable us to express our meanings with great accuracy and subtlety and the skilled man will ordinarily assume that the

²⁹ At Para 32 of the judgement.

³⁰ At Para 33 of the judgement.

patentee has chosen his language accordingly. As a number of judges have pointed out, the specification is a unilateral document in words of the patentee's own choosing. Furthermore, the words will usually have been chosen upon skilled advice. The specification is not a document inter rusticos for which broad allowances must be made. On the other hand, it must be recognised that the patentee is trying to describe something which, at any rate in his opinion, is new; which has not existed before and of which there may be no generally accepted definition. There will be occasions upon which it will be obvious to the skilled man that the patentee must in some respect have departed from conventional use of language or included in his description of the invention some element which he did not mean to be essential. But one would not expect that to happen very often.”³¹

I have underlined and highlighted a part of the above judgement in that, it is in effect the position endorsed by Clark J in *Ranbaxy*.³²

The learned judge then proceeds to discuss the doctrine of equivalents in The United States to the effect of which was to extend protection to something outside the claims which performs substantially the same function in substantially the same way to obtain the same result. The purpose of such a doctrine was well captured by Learned Hand where he indicated that the purpose of the doctrine of equivalents was *"to temper unsparing logic and prevent an infringer from stealing the benefit of the invention"*.³³

Lord Hoffman concludes however that in substance that once the US allowed the claim for infringement to be determined by matters beyond the language of the claim that the scope of patent protection had taken on a life of its own to the benefit of clever attorneys. In contrast to the US approach which adheres to literalism in construing the claims but evolved a doctrine which supplements the claims by extending protection to equivalents *Catnic* in The UK abandons literalism.

Lord Hoffman then details how subsequent UK Courts felt that *Catnic* was not in compliance with the Protocol or if it was that it was superfluous and indicated in a memorable passage in dismissing such notions that:

"This echoes, perhaps consciously, the famous justification said to have been given by the Caliph Omar for burning the library of Alexandria: "If these writings of the Greeks agree with the Book of God, they are useless and need not be

³¹ At Para 34 of the judgement.

³² Quoted at Para 3.16 of the judgement.

³³ *Royal Typewriter Co v Remington Rand Inc* (CA2nd Conn) 168 F2nd 691, 692.

preserved: if they disagree, they are pernicious and ought to be destroyed" - a story which Gibbon dismissed as Christian propaganda.³⁴

Lord Hoffman then offers to explain how *Catnic* is in compliance with the protocol in that Art 69 abandons literalism but does not suggest an alternative solution but does say that the object is to combine a fair protection for the patentee with a reasonable degree of certainty for third parties. The question then is how was that to be achieved? Lord Hoffman opines that *Catnic* achieves precisely that in that:

"The claims must be construed in a way which attempts, so far as is possible in an imperfect world, not to disappoint the reasonable expectations of either side. What principle of interpretation would give fair protection to the patentee? Surely, a principle which would give him the full extent of the monopoly which the person skilled in the art would think he was intending to claim. And what principle would provide a reasonable degree of protection for third parties? Surely again, a principle which would not give the patentee more than the full extent of the monopoly which the person skilled in the art would think that he was intending to claim. Indeed, any other principle would also be unfair to the patentee, because it would unreasonably expose the patent to claims of invalidity on grounds of anticipation or insufficiency. The Catnic principle of construction is therefore in my opinion precisely in accordance with the Protocol. It is intended to give the patentee the full extent, but not more than the full extent, of the monopoly which a reasonable person skilled in the art, reading the claims in context, would think he was intending to claim³⁵"

Lord Hoffman then opines that equivalents can be a guide to construction in that although Article 69 prevents equivalence from extending protection outside the claims, there is no reason why it cannot be an important part of the background of facts known to the skilled man which would affect what he understood the claims to mean and the learned judge concludes that *Catnic* and *Improver* recognised such a principles and that his three principles in *Improver*, which have come to be known as the *Improver* questions, provide guidance, but no more than mere guidance for deciding whether equivalents fall within the scope of the claim. In short there is no mystical doctrine of equivalents it is merely a question of construction as to whether the equivalent is within the claim or not as the case may be.

In conclusion in finding no infringement Lord Hoffman concluded that:

"In the present case, however, I agree with the Court of Appeal (and with the judge, before he came to apply the Protocol questions) that the man skilled in the art would not have understood the claim as sufficiently general to include gene activation. He would have understood it to be limited to the expression of an exogenous DNA sequence which coded for EPO."

³⁴ At Para 46 of the judgement.

³⁵ At Para 47-48 of the judgement.

[See Q6 on Ranbaxy notes.]

Question 4

Write an outline of the various avenues and instruments for commercialising intellectual property including references to the appropriate legislative provisions. (33.33 marks)

Sample Answer 4

Wide discretion regarding an award of 50-69% so long as student includes the below in their answer.

70% or more for a very detailed answer setting out almost of the below and references to appropriate legislation.

Assignment/transfer/licensing to third parties

Before considering the practice in this area, it is essential to remember that there are specific statutory provisions governing the assignment and transfer of IP (e.g. section 28 of the Trade Marks Act 1996). These provisions should be your first port of call.

Some basic terms:

*A **license** gives the consent to use the IPRs on specified terms (i.e. use which without your consent would constitute infringement). They are employed particularly where the IP owner does not have the resources or the expertise to exploit the IP themselves. In certain circumstances the law will imply certain provisions (e.g. license to use it yourself but not to sublicense).*

***Exclusive licence** means that the owner licences a third party to carry out some or all of the restricted acts to the exclusion of all others including the owner. This is the most common commercialisation mechanism used.*

***Non-exclusive licences** permit the owner to licence as many other people as he wishes to carry out the same act.*

***Sole licences** permit the owner of the IP right to exploit the right as well as the person to whom he has licensed the work.*

***Cross-licensing** has become a very common practice. Each of the parties will have the right to use for a specified period the other's right to use the patented technology w/out being sued*

***Assigning a licence** is different from granting a sub-licence. When a licensee grants a sub-licence, he or she retains some rights to the IP, and shares other rights with the sub-licensee. Assigning a licence occurs when the licensee grants a sub-licensee which has a product, field, or territorial restriction, in the same way that a licensor may do so. In contrast, an assignment involves the transfer of all the licensed rights from the licensee to the assignee.*

Typically, a licence will state that:

- *A licensee must not assign the licence without the prior written consent of the licensor; and*
- *Such consent must not be unreasonably withheld.*

Assignment is a transfer of ownership of an IPR from one party to another. As a result, the assignee stands in the shoes of the assignor and can deal with the right as they wish. Even with the complete loss of IP ownership (the owner retains no rights to the IP), assignment is worth considering as an alternative commercialisation strategy. For example, an owner may prefer to receive a substantial up-front lump sum payment for the assignment, instead of smaller royalty payments throughout the commercialisation period, which is the case with a licence. This lump sum payment should be regarded as a purchase price which has a different tax treatment than royalty fees payable by a licensee. Assignments of an unregistered right (copyright and unregistered design right) does not require to be registered to be effective, as there is no register on which assignment could be placed. Assignments of registered rights, such as patents and trademarks can, but need not to be registered.

Different forms of **royalties** depending on the industry type (as different industries have different benchmarks for what are appropriate rates); the intellectual property's state of development (as the closer the resulting product or service is to a market-ready state, the higher the royalty that can be secured); and the relative bargaining positions of the licensor and the licensee.

The second most common royalty paid to the licensor is when sub-licence fees are received by a licensee from a sub-licensee.

Sometimes the licensed IP does not result in a product, but instead is IP that is used in manufacturing existing products. If the product is manufactured using licensed IP, then it is appropriate that a royalty be paid for the use of that process. The most common way of structuring IP royalty rates in relation to a process is to pay the royalty based on the gross sales price of the product manufactured with that process. Sometimes royalties may be 'ramped up', that is, as product sales reach certain milestone points, the royalty rate increases.

A **lump sum** licence fee is often sought at the time of granting a licence. However, a lump sum licence fee cannot be regarded as a purchase price. Generally, a lump sum fee will recover the following components of the licensors expenses in developing the IP to a point where a licence is possible:

- All research and development costs;
- All administrative costs;
- All indirect costs; and
- A profit margin component = some profit on top of it

If structured in this way a lump-sum licence fee would be regarded as a purchase price, and as such suggests there would be no royalties.

Milestone payments are another type of lump-sum licence fee, which are made by the licensee as certain, defined milestone events occur during the conduct of the commercialisation process by the licensor.

A milestone event demonstrates the IP progress stages as it gets closer to a market-ready state. As the commercialisation process advances through these milestone

events, the uncertainty of market entry reduces and the IP correspondingly becomes more valuable. A milestone payment is designed to compensate the licensor for this increase in value, or the increased revenue generated by the licensee from the use of the licensor's IP.

Examples of milestones that may trigger such a payment are:

- Manufacturing a working prototype;
- Manufacturing a production model;
- A licensee granting a sub-licence to operate in North America;
- A patent being granted;
- The first sale of a product; or
- The making of cumulative sales of a stipulated amount.

If commercialisation milestones are not achieved by the agreed dates, the licensor has the right to terminate the licence and grant that to another person or company who has better resources, capabilities or commitment to ensure the product is developed at a better rate of progress.

Best /reasonable endeavours clause could require the licensee to use his best or reasonable endeavours.

Minimum royalties' provision. If there are no sales despite the best/reasonable endeavours of the licensee; it is useful to have this => the licensee can guarantee a certain minimum of royalties per annum as well as accepting to use reasonable endeavours.

Warranties and Indemnities by Grantor

Providing that the state of affair exists and it will continue to exist in the future.

- Title to rights licensed or transferred = licensee should warrant that they have the right to license
- Freedom from infringement of third party rights = and that they are not aware of any infringements
- Validity of rights licensed or transferred = IPR is not being challenged at the moment.

Choice of law is often the more contentious provision in international license agreements. It often will be the law of third country (neutral law).

Arbitration clauses should consider and set out, inter alia:

- Appointment or arbitrator.
- When arbitration is engaged.
- Where arbitration is to take place
- Mandatory or optional.

Due diligence & embarking on joint ventures

Companies regularly collaborate on projects for a certain period. If a standard licensing arrangement is not suitable (due to the complexity of the project), then the companies might create a third company as a vehicle for carrying out the project.

Before entering a binding agreement both companies will conduct research on their potential partner to assess if the project will work. (This process is governed by the rules of confidentiality and trade secrets covered earlier in the course.)

Due diligence is a pre-contractual investigation or an audit of a potential investment. It serves to confirm all material facts in regards to a sale. This includes reviewing all financial records and anything else deemed material to the sale-and so in our case the IPRs. This important to assess whether the price is fair and to evaluate risk and risk apportionment.

The scope of the due diligence that can be carried out on the borrower's portfolio will be determined by whether it is registered or unregistered rights that are being examined.

There are usually five stages in the due diligence process:

Obtaining the information (Questionnaire, due diligence room etc.)

- *Evaluating the results of the due diligence.*
- *Negotiation on agreement.*
- *Transfer of the IP rights.*
- *Post completion matters.*

A detailed questionnaire is usually sent, which covers the following essential issues:

- *Have the necessary fees been paid?*
- *Duration. How long is left in the life of the IP?*
- *Conflicting interests: as discussed earlier, the registration system means that any security interest granted to a lender will be subject to any earlier interests registered against the IP. The lender should therefore confirm that there are no earlier security interests registered against the IP over which security is to be granted, or any licences (particularly exclusive licences), which would significantly impact on the resale value of the IP should the lender's security need to be realised.*
- *Have there been earlier licences granted in respect of the IP? If so, provide details.*
- *Are there any legal proceedings in being, or threatened?*
- *Any other factors affecting the ownership of the IP (e.g. corporate structure).*

Question 5

Rob and James are attending the same college course on web development. During the Christmas of their final year, Rob invites James to his workshop in the basement of his parents' house. This workshop contains the state of the art computers. James spends seven hours developing a programme that uses artificial intelligence to create a website when given five or more parameters through standard voice-recognition software. During this time, Rob brings James food and hot drinks. Rob is also asked by James to contact the owner of the voice recognition software to see if they will grant a licence for use of their product.

Rob and James present their software in class during week 1 of their next semester. Two weeks later they file for a joint patent. Three months later, after their application is published in the Official Journal, James contacts the patent office to withdraw the patent application, which they do. James then files for the same patent in his own name.

You have been approached by James, who wants to know if he is entitled to be named as co-inventor of the software and whether their invention is patentable. Advise James. (33.33 marks)

Sample Answer 5

50% Student identifies that there are two issues in this case: Entitlement and disclosure/anticipation/novelty. [The right answer is that James is not entitled to be named as a co-inventor because he arguably contributed nothing to the inventive concept. Also, the invention is likely to fail the novelty assessment because the earlier application anticipated the later application.]

60% where student includes references to two or three relevant cases.

70% where student refers to 4 or more relevant cases and refers to academic commentaries.

Entitlement

Under section 6 of the Patents Act 1992, the following people can apply for a patent under Irish law, either solely or jointly with another person:

The inventor.

Someone to whom the inventor assigned the right to apply.

The personal representative of a person who, immediately before his/her death was entitled to make the application.

Note that companies or other legal entities cannot make a patent application.

The two most contentious entitlement issues are: how to identify the true inventor(s), and when assignment is deemed to have occurred.

Identifying the true inventor(s)

The central focus here is determining who came up with the inventive concept by considering, among others:

Who identified the problem that needed to be overcome?

Who framed the question to be answered?

Who contributed to the discovery of a solution/answer? How?

Did anyone make an improvement to the originally suggested solution/answer?

How several contributions fit in to the overall process of devising the patent, in terms of their significance?

Some contributions which are not usually deemed to be inventive input:

Managerial input.

Provision of finance, work-space or materials.

Donkey work.

Application of common knowledge.

Selected case law

Henry Bros (Magherafelt) Ltd v Ministry of Defence and Northern Ireland Office [1998]

All ER (D) 545; [1999] RPC 442

Facts: A dispute arise between two persons regarding a patent application for a blast proof prefabricated building. Mr X drew up some plans. Mr Z saw Mr X's plans (at a meeting at which Mr X was not present) and replaced one type of joint (intended to produce a labyrinthine effect) with another type (a key-joint intended to produce distribution of blast pressure, including rebound pressure).

Finding: The joint suggested by Mr Z was the embodiment of the invention. Therefore, despite the effort made by Mr X, Mr Z was found to have been the sole inventor.

Staeng Ltd's Patents [1996] RPC 183

Facts: 'A' noticed a specific difficulty in the securing of electric cables. A approached 'B' with the problem. B devised a solution from his expertise, which was outside the expertise of A.

Finding: A and B were found to be co-inventors because B would not have devised the product had A not raised the issue with him.

Novelty/Anticipation

Under section 11 of the Patents Act 1992, an invention is considered to be new if it does not form part of the state of the art. Therefore, a search and assessment, by a person skilled in the art, of what already exists in the public domain (the prior art) is required to determine this issue. If something similar is found to have been publically disclosed in a manner which would enable the person skilled in the art to re-create the invention (i.e. enabling disclosure), then the invention is not novel.

Selected case law

Woolard's Application [2002] RPC 39

Facts: Woolard filed a patent application on 1 December 1995, but later decided to withdraw it. The Patent Office published his application on 4 June 1997. Woolard filed a fresh application on 3 June 1997.

Finding: Woolard's second application was refused, due to lack of novelty because the earlier application formed part of the state of the art.

Merrell Dow v Norton [1996] RPC 76

Facts: In 1972 Merrell Dow was granted a patent for a drug called terfenadine. Its research team later discovered that terfenadine was metabolized into acid metabolite in the human body. Merrell Down sought a patent for acid metabolite in 1980, which was granted. When the earlier patent expired, the defendant started to sell terfenadine. Merrell Dow sued on the basis that the supply of terfenadine gave consumers the means of making the patent-protected acid metabolite (in their body).

Finding: The second patent was invalid because it was anticipated by the first.

Question 1 (Compulsory Question)

Case

ORDER OF THE COURT (Second Chamber)

3 December 2001 (1)

(Article 104(3) of the Rules of Procedure - Public works contracts - Contracts with a value below the threshold values laid down in Directive 93/37/EEC - Clause requiring the use of a product of a specified make, without any possibility of using a similar product - Free movement of goods)

In Case C-59/00,

REFERENCE to the Court under Article 234 EC by the Vestre Landsret (Denmark) for a preliminary ruling in the proceedings pending before that court between

Bent Moustén Vestergaard

and

Spøttrup Boligselskab,

on the interpretation of Articles 6 and 30 of the EC Treaty (now, after amendment, Articles 12 EC and 28 EC),

THE COURT (Second Chamber),

composed of: N. Colneric, President of the Chamber, R. Schintgen and V. Skouris (Rapporteur),
Judges,

Advocate General: P. Léger,

Registrar: R. Grass,

after informing the referring court of its intention to give its decision by reasoned order in accordance with Article 104(3) of the Rules of Procedure,

after inviting the parties referred to in Article 20 of the EC Statute of the Court of Justice to submit observations,

after hearing the Opinion of the Advocate General,

makes the following

Order

1.

By order of 14 February 2000, received at the Court on 23 February 2000, the Vestre Landsret (Western Regional Court) referred for a preliminary ruling under Article 234 EC three questions on the interpretation of Articles 6 and 30 of the EC Treaty (now, after amendment, Articles 12 EC and 28 EC).

2.

The questions were raised in proceedings between Mr Vestergaard and Spøttrup Boligselskab concerning the compatibility with Community law of a clause in the general

conditions of the contract documents of a public works contract relating to the construction of 20 housing units in Spøttrup, Denmark, specifying that windows of a particular make should be used for the contract.

The main proceedings and the questions referred for a preliminary ruling

3.

Spøttrup Boligselskab is a Danish public housing body. In spring 1997 it called for tenders, in an open procedure, for the construction of 20 social housing units in the municipality of Spøttrup. The 20 units were to be built on four separate sites, which constituted separate legal entities.

4.

As the total budget amount for the contract was DKK 9 643 000, below the threshold of EUR 5 000 000 laid down in Article 6 of Council Directive 93/37/EEC of 14 June 1993 concerning the coordination of procedures for the award of public works contracts (OJ 1993 L 199, p. 54), Spøttrup Boligselskab did not follow the procedure under Directive 93/37. However, the conditions of tender were sent to those artisans who so wished.

5.

For the 'carpentry' lot for each site, which included the outside doors and windows, the contract documents contained the following clause: 'PVC windows and doors. Outside doors and windows shall be supplied by: Hvidbjerg Vinduet, Østergade 24, 7790 Hvidberg (Denmark) ...'.

6.

Mr Vestergaard, a master carpenter, submitted tenders for all the 'carpentry' lots. As his tenders for two of the sites were the lowest, they were accepted. However, in connection with the signature of the contract, Mr Vestergaard made a reservation concerning the provision of windows of the Hvidbjerg Vinduet make, since he had calculated his tenders on the basis of providing windows of the Trokal make, which are made in Germany. The additional price if windows of the Hvidbjerg Vinduet make were used was DKK 23 743 excluding VAT. When signing the contract on 31 July 1997, Spøttrup Boligselskab stated that it could not accept that reservation.

7.

The work was carried out. Mr Vestergaard used Hvidbjerg Vinduet windows, as required by Spøttrup Boligselskab. However, he maintained his claim for payment of DKK 23 743. Spøttrup Boligselskab rejected that claim.

8.

On 29 October 1997 Mr Vestergaard made an application to the Klagenævnet for Udbud (Procurement Review Board, 'the Review Board'), asking it to find that, by requiring in the call for tenders the use of a specified product for the outside doors and windows, Spøttrup Boligselskab had infringed Articles 6 and 30 of the Treaty.

9.

The Bolig- og Byministeriet (Ministry of Housing and Urban Affairs, 'the Ministry') intervened in support of Mr Vestergaard. According to the Ministry, the disputed clause in the contract documents was contrary to its recommendations to contracting authorities.

10.

The Bygge- og Boligstyrelsen (Construction and Housing Authority, now the Ministry) had stated in a memorandum of 2 May 1995 that it followed from the EC Treaty that, even if a call for tenders for public works contracts is not covered by the 'public procurement' directives, the tenderers must be chosen on the basis of objective criteria and contracts concluded in a non-discriminatory manner. In addition, in a letter of 4 June 1997, that authority had stated that no contract concerning *inter alia* public works should contain terms which amounted to discrimination against suppliers on grounds of nationality or of the origin of the goods within the European Union.

11.

Before the Review Board, the Ministry referred *inter alia* to the judgment in Case 45/87 *Commission v Ireland* [1988] ECR 4929.

12.

By decision of 11 November 1988, the Review Board dismissed Mr Vestergaard's application.

13.

It considered that *Commission v Ireland* concerned a large-scale project whose value exceeded the threshold laid down in Council Directive 71/305/EEC of 26 July 1971

concerning the coordination of procedures for the award of public works contracts (OJ, English Special Edition 1971 (II), p. 682) - since repealed and replaced by Directive 93/37 -, so that that judgment was of no relevance for the application before it.

14.

The Review Board decided that public works contracts of low value which, unlike that at issue in *Commission v Ireland*, do not exceed the threshold in Directive 93/37, are generally of no interest or importance in the Community context, and that for such contracts the cost to the contracting authorities of complying with the provisions of Directive 93/37 on technical specifications would be disproportionate. It therefore concluded that Articles 6 and 30 of the Treaty do not, at least generally, impose an obligation to have the indication of a specified make required by the contracting authority followed by the words 'or equivalent' for contracts below the threshold laid down in Directive 93/37.

15.

Mr Vestergaard brought the matter before the Vestre Landsret, which stayed the proceedings and referred the following questions to the Court for a preliminary ruling:

'1. Is a public body which invites tenders for works which are not covered by Council Directive 93/37/EEC, inasmuch as the threshold value is not exceeded, entitled to stipulate in the tender documents that a specified Danish make must be used, where that requirement in the tender documents is not accompanied by the words "or an equivalent make"?

2. Is a public body which invites tenders for works which are not covered by Council Directive 93/37/EEC, inasmuch as the threshold value is not exceeded, entitled to stipulate in the tender documents that a specified make must be used, where that requirement in the tender documents is not accompanied by the words "or an equivalent make"?

3. If Question 1 or Question 2 is answered in the negative, can such wording of tender documents as described in Questions 1 and 2 be regarded as constituting an infringement of Article 12 EC or Article 28 EC?'

Findings of the Court

16.

By its three questions, which should be examined together, the Vestre Landsret essentially asks whether the inclusion by a contracting authority in the contract documents for a public works contract not exceeding the threshold laid down in Directive 93/37 of a clause requiring the use of a product of a specified make is contrary to the fundamental rules of the Treaty, in particular Articles 6 and 30, where that requirement is not followed by the words 'or equivalent'.

17.

Since it considered that the answer to the questions, as reformulated, was clear from the case-law, in particular Case C-359/93 *Commission v Netherlands* [1995] ECR I-157, the Court, in accordance with Article 104(3) of the Rules of Procedure, informed the national court that it intended to give its decision by reasoned order and invited the parties referred to in Article 20 of the EC Statute of the Court of Justice to submit observations.

18.

None of those parties raised any objection to the Court's intention to give its decision by reasoned order referring to the existing case-law.

19.

To rule on the questions, it should be noted, to begin with, that the Community directives coordinating public procurement procedures apply only to contracts whose value exceeds a threshold laid down expressly in each directive. However, the mere fact that the Community legislature considered that the strict special procedures laid down in those directives are not appropriate in the case of public contracts of small value does not mean that those contracts are excluded from the scope of Community law.

20.

Although certain contracts are excluded from the scope of the Community directives in the field of public procurement, the contracting authorities which conclude them are

nevertheless bound to comply with the fundamental rules of the Treaty (see, to that effect, Case C-324/98 *Telaustria and Telefonadress* [2000] ECR I-10745, paragraph 60).

21.

Consequently, notwithstanding the fact that a works contract is below the threshold laid down in Directive 93/37 and thus not within the scope of that directive, the lawfulness of a clause in the contract documents for that contract must be assessed by reference to the fundamental rules of the Treaty, which include the free movement of goods set out in Article 30 of the Treaty.

22.

In the light of that finding, it must be observed, next, that according to the case-law on public supply contracts the failure to add the words 'or equivalent' after the designation in the contract documents of a particular product may not only deter economic operators using systems similar to that product from taking part in the tendering procedure, but may also impede the flow of imports in intra-Community trade, contrary to Article 30 of the Treaty, by reserving the contract exclusively to suppliers intending to use the product specifically indicated (see, to that effect, *Commission v Netherlands*, paragraph 27).

23.

Moreover, in paragraph 22 of *Commission v Ireland*, which concerned a public works contract which did not fall within the scope of Directive 71/305, the Court considered, with reference to the conformity with Article 30 of the Treaty of a clause requiring asbestos cement pressure pipes to be certified as complying with Irish standard 188:1975, that by incorporating in the notice in question the words 'or equivalent' after the reference to the Irish standard, the Irish authorities could have verified compliance with the technical conditions without from the outset restricting the contract solely to tenderers proposing to utilise Irish materials.

24.

It is therefore clear from the case-law that, notwithstanding the fact that a public works contract does not exceed the threshold laid down in Directive 93/37 and does not thus fall within its scope, Article 30 of the Treaty precludes a contracting authority from including in the contract documents for that contract a clause requiring the use in carrying out the contract of a product of a specified make, without adding the words 'or equivalent'.

25.

In the light of the above considerations, there is no need to rule on the possible incompatibility of a clause such as that at issue in the main proceedings with Article 6 of the Treaty.

26.

In those circumstances, the answer to the national court's questions must be that Article 30 of the Treaty precludes a contracting authority from including in the contract documents for a public works contract which does not exceed the threshold laid down in Directive 93/37 a clause requiring the use in carrying out the contract of a product of a specified make, where that clause does not include the words 'or equivalent'.

Costs

27.

The costs incurred by the Austrian Government and by the Commission, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT (Second Chamber)

hereby orders:

Article 30 of the EC Treaty (now, after amendment, Article 28 EC) precludes a contracting authority from including in the contract documents for a public works contract which does not exceed the threshold laid down in Council Directive 93/37/EEC of 14 June 1993 concerning the coordination of procedures for the award of public works contracts a clause requiring the use in carrying out the

contract of a product of a specified make, where that clause does not include the words 'or equivalent'.

Luxembourg, 3 December 2001.

R. Grass

N. Colneric

Registrar

President of the Second Chamber