

## COVER SHEET FOR RESPONSES

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Please indicate below which issues are covered by your response. Not all issues will be relevant to all respondents – please feel free to skip questions that are not relevant to you.

General Questions covered:	
How IP is awarded	
How IP is used	
How IP is licensed and exchanged	
How IP is challenged and enforced	

Specific Issues covered:	
Current term of protection on sound recordings and performers' rights	
Copyright exceptions – fair use and fair dealing	
Copyright – digital rights management	
Copyright – orphan works	
Copyright – licensing of public performances	
Copyright – designated archive status	
Patents – utility patents	
Pharmaceutical Supplementary Protection Certificates (SPCs)	
Trade Marks – international issues	
Designs – registered designs and unregistered design rights	✓
Legal sanctions on IP infringement	
Parallel Imports / International Exhaustion	
Coherence between competition policy and IP policy	

Have you raised any other issues in your response?

(Y) / N

Details of accompanying documents (Please continue on additional sheet if necessary)

Please TICK BOX if you DO NOT want your response posted on the Gowers Review website.

## Ashurst

### Response to the Gowers Review of Intellectual Property

#### 1. **ASHURST**

Ashurst is a leading international law firm advising corporate and financial clients in a wide variety of business areas. Ashurst's intellectual property practice has vast expertise in all aspects of IP law and our experience is wide-ranging both in terms of the industry sectors in which our clients operate, such as healthcare, media and FMCG, and the issues on which we advise. The intellectual property practice is multi-jurisdictional, comprising lawyers in London, Madrid, Milan, Munich and Paris advising clients on often complex non-contentious, contentious and transactional matters, often in relation to pan-European issues. The practice regularly assists clients in the Patents Court, High Court and at both OHIM and the EPO.

Given the wide remit of the Gowers review, Ashurst has limited its response at this time to more general comments on the following:

- (a) the general effectiveness of the current UK intellectual property system and the value and importance of IP in industry;
- (b) the efficiency of the European IP system and difficulties arising from the harmonisation of IP across Europe; and
- (c) with a view to b) above, the current anomalies in relation to the various IP rights which may subsist in designs under English law.

#### 2. **GENERAL COMMENTS**

- (a) It is our opinion (and one that is likely to be shared by the vast majority of respondents) that the protection afforded by the IP rights system remains of great importance and benefit to all areas of industry and commerce and therefore, to the UK economy in general. This is particularly clear in the biotechnology sector which must continue to take advantage of the protection granted under patent law to encourage continued investment in the research and development of medical products.

However, we also take the view that, whilst there are a number of issues that would merit further consideration such as threats action provisions and the current design right system (which is discussed in a little more detail below) it should be remembered that the current IP framework has been developed over a long period and that, in a broad sense, the current IP framework is built around sound principles which should not be altered. In addition to this, given the influence of international laws and European legislation in particular, we would suggest that the Government would in any event have limited scope should it decide that fundamental changes to the current framework were necessary.

- (b) Whilst European legislation has sought to harmonise IP laws across Europe (for example through the establishment of OHIM, the European Registered Trade Mark and European Registered and Unregistered Design Right), there have been a number of practical problems.

There has been a lack of consistency among European governments when implementing European legislation, in addition to inconsistency between national courts in their interpretation of the provisions of European legislation. It is our view

that this may have been exacerbated by the different Court procedures of the various European countries.

This in turn has led to an inclination among various national courts to refer points of contention to the European Court of Justice (ECJ), which will then result in a delay of around two years before the ECJ hands down its judgment. This invariably leads to uncertainty for IP rights owners when seeking to protect or enforce their IP rights, as well as increased costs for the litigants involved.

This is particularly frustrating where the ECJ declines to consider fully, if at all, a question which has been put before it. For example, the Court of Appeal in the case of the *British Horseracing Board –v- William Hill* asked (among other things) what quantum of investment was necessary in order to meet the requirement of "substantial investment" and how such investment could be measured. In reply, the ECJ did not consider the issue in detail, stating that the collection or verification of a database required substantial investment "in quantitative and/or qualitative terms within the meaning of Article 7(1) of the Directive". Although the ECJ did state that the investment in this case did not reach the threshold required, questions remain regarding the interpretation of the relevant provision in the Database directive.

Given the influence of European legislation in UK law, such uncertainty has a direct effect on the ability of UK IP rights holders to adequately protect their rights.

Despite the concerns expressed above, it is our belief that unitary European IP rights are effective and beneficial to rights owners, providing an efficient and cost-effective method for protecting IP rights. The most glaring omission is the fact that to date, it has not been possible for the European Parliament and Commission to reach agreement on the legal framework for providing a unitary European Community Patent Right. However, any such system should clearly run concurrently with national patent rights and would not prevent the continued registration of national patents.

- (c) In addition, given the nature of European legislation and its need to provide a "one size fits all" approach to the provisions implemented, it can lead to inconsistencies with national laws. In the UK, this can be shown with reference to the relationship between UK registered and unregistered design rights and European registered and unregistered design rights (as highlighted by questions (d) and (e) in the section "Designs – registered designs and unregistered design rights" in the specific issues section of the Gowers Review).

It is our view that the current design rights framework for holders of design rights in the UK is overly complex. At present in the UK, a design may attract up to 5 types of IP right:

UK registered design right;

UK unregistered design right;

Community registered design right;

Community unregistered design right; and

Copyright as a result of the design being considered a "work of artistic craftsmanship" under the Copyright Designs and Patents Act 1988.

It is clear from the above that the current situation is very complicated and that a designer and those advising them will need to consider all five sets of requirements

in order to establish what protection the design will attract. Obviously this results in higher costs for the designer to obtain and protect their rights.

Although there has been some harmonisation between some of these rights, most notably the fact that the UK registered design right have been harmonised with the European registered design right, inconsistencies remain in relation to both sets of registered and unregistered design regimes.

In particular, the UK and European unregistered design right regimes will need to be reviewed in relation to a number of areas including the duration of protection granted; the requirements for protection and what constitutes infringement.

We have had the opportunity to consider an advance draft of the submission of the IP Committee of the City of London Law Society which sets out the issues involved in greater detail. We do not propose to repeat them in this response but we support and endorse the views set out in their submission.

With regard to other questions raised in the review, we would be happy to contribute further should you subsequently focus on specific issues with which we can be of assistance.

**Ashurst**  
**21 April 2006**