

# INTELLECTUAL PROPERTY

SEPTEMBER 2011

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## CONTENTS

<b>UNITED STATES</b> . . . . .	<b>4</b>
Sterne, Kessler, Goldstein & Fox	
<b>CANADA</b> . . . . .	<b>8</b>
Norton Rose OR LLP	
<b>FRANCE</b> . . . . .	<b>12</b>
TaylorWessing	
<b>NORWAY</b> . . . . .	<b>16</b>
Tandbergs Patentkontor AS	
<b>INDIA</b> . . . . .	<b>20</b>
AZB & Partners	
<b>SOUTH AFRICA</b> . . . . .	<b>24</b>
Gunter Attorneys	

## FRANCE

Dr Simon Christiaën, TaylorWessing

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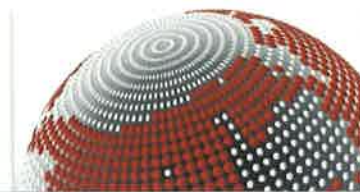
**Have there been any recent legislative or regulatory developments in your country that will affect intellectual property going forward?**

IP and patent litigation in France has been growing for at least the last 10 years and is more and more attractive for foreign companies. The French act of 29 October 2007, entitled 'Fight against counterfeiting' (n°2007-1544), transposed the 2004/48/EC Directive. This act has been implemented in the French Intellectual Property Code (IPC), with the objectives of reducing IP and patent infringement principally by improving the means to fight against it, and increasing the damages granted by a modification of the legal grounds. Regarding patent law, the French IPC prohibits manufacturing, offering, putting on the market or using a product which is the subject matter of the patent, or importing or stocking a product for such purposes. It also forbids using a patented process which is the subject matter of the patent or, when the third party knows, or it is obvious in the circumstances, that the use of the process is prohibited without the consent of the owner of the patent, offering the process for use on French territory. Additionally the law bans offering, putting on the market or using the product obtained directly by a process which is the subject matter of the patent or importing or stocking for such purposes. However, if the individual who offers for sale, puts on the market, uses or holds with a commercial view an infringing product, is not the manufacturer, his liability may only be incurred if he acted in full knowledge of the facts (Article L. 615-1 IPC). This implies that the owner of a patent who wishes to bring an action against a retailer, for example, should, firstly, inform them of the existence of a patent or a patent application and of the fact that he may be infringing it.

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**Could you outline any high-profile court cases and decisions that have arisen over the last 12 months? What impact could they have on the market?**

Since 1 November 2009, the Paris Court of First Instance has had an exclusive jurisdiction to hear patent cases. Before this reform, there were seven Courts of First Instance competent for patent cases but 70 percent of the litigation was handled by the Courts of First instance and the relevant Courts of Appeal of Paris and Lyon. In the Paris Court of First Instance there is only



one chamber – the Third Chamber – which specialises in IP matters. This chamber is composed of four Sections. More than 300 patent cases are heard each year in France and therefore French judges of the Third Chamber are used to dealing with complicated patent cases. This chamber has jurisdiction to appreciate and decide the infringement and is also able to appreciate and decide the legal validity and opposability – infringement and invalidity proceedings are examined simultaneously, which is different in German law, in particular. Consequently, it makes the decision on infringement coherent with the analysis of the patent right validity. As a result, French and foreign patentees and/or licencees can expect a high level of competence from French judges.

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**In your experience, are companies doing enough to manage their IP portfolio effectively? What key considerations do they need to make?**

We can conclude that the management of patents, designs and trademarks portfolios by companies increasingly depends on the costs involved. IP portfolio strategy is becoming a budget strategy, notably within a context of the economical and financial crisis. At the same time, we have to recognise that because of the same crisis, companies are increasingly focused on IP assets and protection which are becoming the wealth of tomorrow.

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**What advice would you give to companies on patent protection and enforcement? How important is it to police and monitor IP rights in today's global marketplace?**

It is a fact that the European market is expanding, and with it, the possibilities of exploitation and infringements. Both French and foreign enterprises are increasingly preoccupied by the need to protect the results of their R&D and their intellectual property in general, not only in France but also beyond its borders. The largest among them are in search of a 'complete service' firm. IP litigations, specifically concerning patent inventions, are on the rise and very often require a tremendous amount of work, precision and an inquisitive nature in order to be effectively managed. Cases involving patents, at the point where law and technique meet, become increasingly complicated and, in my opinion, can only be correctly understood and handled by

## FRANCE

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*continued...*

teams of lawyers who are dedicated, highly motivated and involved, experienced in working with scientists and technicians, and acting as their intermediary with the judges. I would strongly advise that an attorney-at-law specialising in IP deals manages the IP litigation.

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**In your opinion, should IP due diligence be considered an essential part of M&A transactions? What are the main areas that acquirers need to address?**

It is a fact that IP due diligence should be increasingly considered as an essential part of M&A transactions. From the employees inventions point of view in particular, consider the fact that, in accordance with French law article L. 611-7 IPC, employees who are the authors of inventions have the right to claim 'additional remuneration', or *remunération supplémentaire*, from their employer. Case-law regarding this matter is growing in France and is very sensitive.

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**Are you seeing any recurring themes in IP-related disputes? What steps should companies take as soon as an IP dispute surfaces?**

First, after the usual checking, companies should send a formal notification to the alleged infringer, and if it does not answer, sue it by the way of 'normal' or emergency proceedings, depending of the situation and the budget allotted.

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**What advice would you give to companies on contractual issues surrounding IP rights? What key clauses should be included in contracts to account for the possibility of future disputes arising from an agreement?**

The French Supreme Court (Cour de cassation), in a decision of 24 May, and the Tribunal de Grande Instance of Toulouse (Toulouse TGI) in a decision of 19 January 2006, have stated that the assignor is entitled to introduce a legal action for the protection of his IP rights between the assignment and the publication of its registration with the patent registry. The Toulouse TGI considers that the assignor, during this period, remains the owner of the assigned patent. These



decisions are in total contradiction with a decision of the Paris Court of Appeal dated 29 May 1996 and a part of the French legal writing which says that this period is a 'gap period' in the course of which neither the assignor nor the assignee are in the position to enforce a patent right against an infringer. With the view to avoid all conflict in the future, we suggest inserting a clause in the assignment agreement clarifying who is entitled to sue against third parties during this period.

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