

## CASENOTE- PATENTS

### **CICADA CUBE PTE LTD v NATIONAL UNIVERSITY HOSPITAL (SINGAPORE) PTE LTD [2018] SGCA 52**

The case involved a dispute over the contributions of parties in a collaborative effort party to the inventive concept of patents and corresponding issue of rightful ownership. It also addresses procedural issues relating to patent entitlement proceedings before the Registrar or the Court under s 47 Patents Act (“PA”).

In the High Court below, the Judge had found that both parties contributed to the invention and were entitled jointly to the patent in suit. Both parties appealed, both arguing that they were entitled to sole ownership of the patent on the basis that their respective employees were solely responsible for the inventive concepts disclosed in the patent.

#### **Procedural issues**

The Court of Appeal found that the High Court and Registrar of Patents have concurrent jurisdiction to determine questions of patent entitlement and accordingly, there is no requirement for an applicant to submit a reference under section 47 PA to the Registrar and see whether the Registrar will decline to deal with the reference before he can invoke the High Court’s jurisdiction. The Court of Appeal also clarified that under section 47(9) PA, applications to the High Court to determine patent entitlement must be made within 2 years from the grant of the patent unless it can show that patentee actually knew at the time of the grant that it was not entitled to the patent.

On the facts, the Court of Appeal found that since the patentee knew that they were not solely entitled to the patent at the time of the grant, the 2 year timebar did not operate.

#### **Ownership of patent**

The Court of Appeal laid out a two-part inquiry to determine the proper owner of a patent.

##### (a) Identifying the inventive concept and the contributors to the concept

The Court of Appeal found that the Judge in the High Court below was correct in considering both the claims and the specifications to determine the inventive concept of the patent. The Court then determined that based on the evidence, employees of both the Appellants and Respondents were inventors. Both sets of employees were the main drivers of the project leading to the invention and also had co-authored and jointly published of two articles relating to the invention. Whilst the “seed” of the invention was planted by the Appellant, it only “took root” with the aid of Respondent’s software expertise and “bloomed” when both parties nurtured it together.

# NEWS & UPDATES

ISSUE NO 01-18  
JANUARY – JUNE 2018  
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(b) Determine who owns the patent

The Court found that ownership follows from the determination of inventorship and accordingly, both the Appellants and Respondents were jointly entitled to ownership of the patent.

### **Comment**

This case is significant as provides a thorough analysis of how ownership of a patent is to be determined. It also further clarifies various procedural issues relating to patent entitlement proceedings, particularly restrictions on a party's right to bring entitlement proceedings before the Registrar under s 47 PA.

## **CASENOTE – PATENTS & PHARMACEUTICAL LICENSING**

### **MILLENNIUM PHARMACEUTICALS, INC V DRUG HOUSES OF AUSTRALIA PTE LTD [2018] SGHC 149**

This case discusses the concept of patent linkage in relation to the licensing of pharmaceutical products in Singapore, which is significant in view of the growing market for generic medical products around the world.

Patent linkage can broadly be defined as the connection between patents (usually owned by the maker of the originator medical products) and the licensing process of medical products (submitted usually by generic makers). The regulatory process prohibits the grant of licensing approval to any generic maker prior to the expiration of the patent term, or determination by Court or patent office that the patent will not be infringed by the making or selling of the generics or found to be invalid. In effect, the regulatory authority takes the role of a patent policing agency.

### **Regulatory Framework**

In Singapore, Regulation 23 of the Health Products (Therapeutic Products Regulations ("TPR")) requires an applicant, at the time of the application for a medical product licence, to declare to the Health Sciences Authority ("HSA") whether a patent under the Patents Act is in force in respect of the medical product. If the applicant declares that there is no patent in force, the HAS will proceed to issue a medical product licence.

Where the applicant is not the proprietor of the patent in respect of the medical product and there is a patent in force, the applicant must state whether —



- (a) the proprietor has consented to or acquiesced to the grant of the registration of the product; or
- (b) in the opinion of the applicant and to the best of his belief, the patent is invalid or will not be infringed by the doing of the act for which the registration of the product is sought.

The HSA will then require the applicant to serve a notice to the patentee that it is the applicant's opinion and belief the patent is invalid or will not be infringed by the doing of the act for which the registration is sought. The patentee will then have 45 working days to file proceedings in Court to seek an order to restrain the act for which the registration of the medical product is sought and for a period of 30 months thereafter, the HSA will not proceed to grant a license for the medical product in issue.

### **The Present Case**

The plaintiff is the owner of two process patents involving the use of a cancer drug known as bortezomib. The defendant obtained managed to obtain a licence for its medical product and circumvented the regulatory requirements outlined above by, making a declaration that no patent was in force with respect to the medical product to which the application related. In other words, the defendant did not serve any notice to the plaintiff pursuant to Reg 23 TPR because it had declared that there was no patent in force.

The plaintiff subsequently discovered the defendant's license approval and filed an application for an interlocutory injunction to restrain the defendant from performing any of the acts for which the registration was sought. At the time of the application, there was no dispute that no actual acts of infringement act, such as making, importing or selling, had actually taken place yet.

### **Prospective Infringement Declaration Claim**

The main point of interest in this case is how the Court interpreted Regulation 24 TPR, namely, whether it provided a cause of action to restrain prospective infringement.

Reg 24 TPR provides that the HSA may, upon an application by any interested person, cancel the registration of a medical product, if satisfied that

- a Court or the Patents Office has determined that the doing of an act authorised by the medical product registration infringes a patent under the Patents Act, or
- a Court has determined that the declaration made under regulation 23 contains a statement that is false or misleading in a material particular or omits to disclose any matter that is material to the application.



The plaintiff claimed that it had a cause of action in prospective infringement under Reg 24 TPR.

The Court disagreed and drew a distinction between an action brought pursuant to Reg 23 TPR (where subsequent to a notice being served on the patentee, a patent action can be commenced by the patentee for prospective infringement) and Reg 24, where acts of actual infringement must be shown.

The plaintiff also argued that the defendant had made a material falsehood by claiming that there was no patent in force at the time of the licence application. The Court agreed that an applicant must make a truthful and accurate declaration as to the existence and validity of any patent in respect of its medical product, and should the applicant fail to do so, an affected patent holder has a cause of action entitling it to seek declaratory relief pursuant to Reg 24 TPR.

### **Comment**

This case provides a useful analysis of how Reg 23 and 24 TPR operates and significantly, the possible loophole (out of the mandatory stay of 30 months against the entry of a generic into the market) by simply making a declaration that there is no patent in force. Whilst this may attract a claim for making a false declaration, the consequences under the TPR is the cancellation of the product licence, which may be a commercial risk worth undertaking. Also, where the subject patent is eventually found to be invalid, then the applicant can arguably claim that the declaration is in fact true and accurate.

## **CASENOTE- COPYRIGHT**

### **DISNEY ENTERPRISES, INC AND OTHERS V M1 LTD AND ORS [2018] SGHC 206**

The Plaintiffs own copyrights in various theatrical motion pictures, including the subtitles. The Defendants are network service providers engaged in the business of providing telecommunications services, including internet services in Singapore.

The Plaintiffs sought blocking orders under s 193DDA Copyright Act (“CA”) to require the Defendants to take reasonable steps to block its subscribers’ access to certain websites which infringe or facilitate copyright infringement. There were two types of orders sought:



- (a) The first order sought required the Defendants to take reasonable steps to disable access by its subscribers to Fully Qualified Domain Names (“FQDNs”), which were being used to enable or facilitate access to copyright infringing material (“the main injunction”). The Plaintiffs submitted that 53 websites were “Flagrantly Infringing Online Locations” (“FIOLs”).
- (b) The second order sought to require the Defendants to block new FQDNs not presently listed in the Plaintiffs’ schedule which are subsequently discovered to provide access to the same FIOLs that are subject to the main injunction, upon notification from the Plaintiffs (“the dynamic injunction”)

### **Locus Standi and Procedure**

The Court was satisfied that the Plaintiffs had the requisite locus standi as subsistence and ownership of the copyright was not put into question by the Defendants. It was also satisfied by the evidence that the requirements under s 193DDB CA were met as the Plaintiffs took reasonable efforts to identify the owners of the 53 online websites and notify them as well as the Defendants of proceedings.

The Court first observed that ‘online location’ was not expressly defined in the Copyright Act so that it could accommodate changes in technology. It also considered the factors found s 193DDA(2) CA to be considered in determining if an online location is “flagrantly infringing” and concluded that the 53 websites were all FIOLs and met the requirement under s 193DDA(1)(b) CA.

The main injunction was allowed as the factors under s 193DB(3) CA were satisfied. The Court found that it was necessary to mitigate further harm caused to the Plaintiffs and agreed that the methods proposed to block access to the FQDNs were within discretion of the Defendants, technically feasible and did not place an excessive burden on the Defendants.

### **Dynamic Injunction**

The Court considered whether it had jurisdiction to issue a dynamic injunction and observed that s 193DDA CA was sufficiently broadly worded to allow for a dynamic injunction to be ordered. It observed that the Defendants were only compelled to block additional domain names that provided access to the same websites that were the subject of the main injunction, rather than blocking new infringing websites not included in the main injunction.

The factors under s 193DB(3) CA were also found to support the grant of the dynamic injunction. The Court found that the dynamic injunction would not significantly increase the burden on the Defendants from that already imposed under the main injunction. In fact, they were of the view it could potentially reduce the burden as it obviates the need to return to court each time a new FQDN arises.



In granting the dynamic injunction, the Court endorsed the UK position in *Cartier International v BskyB* [2017] 1 All ER 700 where dynamic injunctions were permitted as a practical means of ensuring continued effectiveness of the original injunction.

### **Comment**

The case is significant as it is the first instance of a dynamic injunction being granted in Singapore, and providing legal recourse for rights holders against infringers circumventing site-blocking measures. This is a significant step forward for copyright protection in Singapore.

## **CASE NOTE - COPYRIGHT**

### **NANOFILM TECHNOLOGIES INTERNATIONAL PTE LTD V SEMIVAC INTERNATIONAL PTE LTD AND OTHERS [2018] SGHC 167**

The Plaintiff, Nanofilm Technologies International Pte Ltd (“Nanofilm”), is a Singaporean company that manufactures and provides Filtered Cathodic Vacuum Arc (“FCVA”) technology products and services. The Defendant, Semivac International Pte Ltd (“Semivac”), is a Singaporean company that provides products and services in the vacuum industry.

Hu Lang (“Hu”) and Xu Yibo (“Xu”) were both former employees of Nanofilm. Hu left Nanofilm in January 2008 to set up Semivac and subsequently became its managing director. Xu became a director at Semivac whilst still in the employment Nanofilm he was dismissed by Nanofilm in January 2016.

Nanofilm sued Semivac for the reproduction of 14 of their technical drawings, diagrams and/or photographs. It also claimed ownership of the copyrights to another 48 drawings made by Xu while he was employed by the Plaintiff (“the 2nd Set of Drawings”) on 3 bases:

- These drawings were created by Xu in the course of his employment with the Plaintiff, pursuant to s 30(6) Copyright Act (“CA”);
- A constructive trust in favour of the Plaintiff as the creation of these drawings fell within the scope of employment of Xu and he had used the resources of Nanofilm to create the drawings; and/or
- An Agreement of Invention Assignment and Confidentiality signed by Xu.



The Court agreed that on s 30(6) CA applied and concluded that Nanofilm owned the copyright in the 2nd Set of Drawings, even though some drawings related to components or parts that were not exclusive to FCVA machines.

Xu had argued that since he had breached his contract with Nanofilm by engaging in work for Semivac, the drawings were not made in the course of his employment with the Plaintiff and the Plaintiff cannot claim ownership over them.

The Court relied on the decision of *Missing Link Software v Magee [1989] 1 FSR 361* and agreed that an employee cannot rely his own breach of fiduciary duty to deny that a work was created in his course of employment. Accordingly, the ownership of the 2nd Set of Drawings remained with the Plaintiff.

The Court also found that copyright is a proper subject matter of a constructive trust, relying on the UK cases of *A-G v Guardian Newspapers Ltd (No 2) [1990] 1 AC 109*, *A-G v Blake [1998] 2 WLR 805* and *A-G v Blake [2001] 1 AC 268*. A constructive trust arose as the 2nd Set of Drawings were made in flagrant breach of confidence owed by Xu to Nanofilm.

Finally, the Court agreed that Nanofilm would be entitled to the copyright in the 2nd Set of Drawings as there was a signed Agreement of Invention Assignment and Confidentiality that would be enforced by s 195 CA.

### **Misappropriation of Idea**

The Plaintiff had also proceeded with a general claim of misappropriation of copyright. The Court opined that copyright is not concerned with protecting confidential information or concepts as such and that its concern is original authorial expression. It acknowledged that some areas of copyright overlap with confidentiality, but these areas specifically limit protection to expression and not ideas. Accordingly, copyright could not be used to protect against misappropriation by others.

### **Useful Article Defence**

Section 70(1) CA provides that the making of any useful article in 3D does not infringe the copyright in an artistic work (such as a 2D drawing) if the work was industrially applied by the making of 50 or more articles for sale.

The Court found that the useful article defence applied, as testimony from Nanofilm's witness indicated that 12 pre-existing technical drawings relating to FCVA technology were already industrially applied by the Plaintiff.



As for 2 drawings forming part of the 2nd Set of Drawings, the defence was also applicable as Nanofilm had sent photocopies of the drawings to a third-party engineering firm to obtain a quotation, as such copies amounted to a “reproduction in 2D reasonably required for the making of the article”, as provided in section 70(1) CA. But for the 46 drawings, the Plaintiff succeeded in its claim of copyright since there was no evidence of any industrial application by the Plaintiff of these drawings.

### **Comment**

The confirmation by the Court that a constructive trust can include copyright as subject matter of that trust and breach of employment cannot excuse a duty of fidelity owed to the employer affords greater bases for employers to protect its copyright works from errant employees.

## **LEGISLATION UPDATE**

### **Enhanced border enforcement measures**

The Intellectual Property (Border Enforcement) Bill (“Bill”) was introduced in Parliament for first reading on 17 May 2018. The Bill proposed to introduce new border enforcement measures by amending existing laws found in the Copyright Act, Trade Marks Act, Registered Designs Act and Geographical Indications Act, with the intention of implementing Singapore’s obligations under the European Union-Singapore Free Trade Agreement (EUSFTA) to afford greater protecting for intellectual property rights (IPR)

Following the second reading on 9 July 2018, the Bill was passed on the same day. The new Intellectual Property (Border Enforcement) Act (‘Act’) will come to force on a date that the Minister appoints by notification in the Gazette. The key amendments have been summarized below.

First, under the new Act, a framework for the seizure of suspected infringing goods that are to be exported outside of Singapore has been introduced. The existing Copyright Act and Trade Marks Act only provide for the seizure of suspected infringing goods imported into Singapore. With the proposed amendments, seizures of exports of suspected infringing goods will soon be available.

The Act also introduces a new border enforcement regime for seizure on request of suspected goods infringing the Registered Designs Act that is imported into, or to be exported from Singapore, which is currently absent from the Registered Designs Act.

The new Geographical Indications Act passed in April 2014 already constitutes these enhanced border enforcement measures, but have not been brought into force yet.





Second, the Act confers powers to the Singapore Customs to seize upon any IPR holders' request the following:

- (a) goods which are suspected of infringing copyright or trade marks that are to exported, and;
- (b) goods which are suspected of infringing registered designs that are imported or to be exported.

Such requests can be made by an owner of a valid copyright or registered trade mark in Singapore, or a licensee with the power to give a notice of seizure. It can similarly be made by the owner or exclusive licensee of a registered design.

Upon making such requests, the relevant IPR holders must provide a security deposit. Additionally, any person subject to the seizure action is entitled to apply to the Court for compensation if the right holder fails to take infringement action after filing a request for seizure.

### **New powers for Singapore Customs**

The amendments will now enable information to be obtained and provided in order to facilitate infringement and enforcement actions. In addition to having the power to request for any information or document that may be relevant for border enforcement purposes, the Singapore Customs will have the power to provide IPR holders with the names and contact details of person connected with the import or export of the seized goods, in order for legal proceedings to be mounted, provided that (a) the infringing goods have been seized by Singapore Customs; and (b) IPR owners have provided Singapore Customs with a security deposit and documents evidencing ownership of the IPR that have been infringed.

### **Standardizing terms and provisions**

The terms and provisions relating to border enforcement will be standardized across the various IP acts, so that the same procedures may be used despite the different IPR involved. The implementation of the various key changes will be undertaken in phases.

We will provide further update and details once they are made available by the Ministry of Law ([www.minlaw.gov.sg](http://www.minlaw.gov.sg)).

January / June 2018

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