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BOOK REVIEWS

“Making matter available to the public within the meaning of section 2(2) requires the communication of information. The use of a product makes the invention part of the state of the art only so far as that use makes available the necessary information.”¹¹

In this respect, the Patents Act changed the law: previously, a patent could be invalidated for lack of novelty if it had been anticipated by prior use, even if the prior use were secret or uninformative. But under s.2(2), a secret prior use, or one that conveyed no relevant information, is not something that makes the invention available to the public and hence part of the state of the art. The use had to make the necessary information available to the public. In the present case, Emson submitted that what Mr Berardi did in his garden did not communicate any information to anybody because nobody was actually standing on the road watching him. There was some evidence that one or two of his neighbours saw him from time to time working in his garden, but there was no suggestion that they were either close enough to see, or had any interest in discovering, quite what he was up to in his garden.

However, Hozelock argued that the law was plain and that the authorities established or illustrated a bright-line test that was determinative of the present case, namely that if someone standing in a public place could see something, that was potentially a relevant disclosure. It did not matter whether anyone actually saw it or not; what mattered was whether the information was accessible to the public in the sense that it was available to be seen by a member of the public if they had been there and looked. As Nugee said, the nub of the problem was “What then does it mean to make information available to the public?” In the end, it was the evidence of the inventor himself that convinced the judge that what the inventor had done did not communicate any information to anybody: had the inventor been aware of someone watching him, he would have packed up his equipment and either waited until the visitor had left, or at least taken it round to the back of his house where it would be out of sight of the road. Nugee J commented that:

“No authority was cited on the point, and so far as anything I was shown is concerned, it does appear to be a novel point.”¹²

Although obiter on this point, Mr Justice Nugee’s comments do seem to suggest that the “bright-line” test for prior use (as it was referred to in *Milliken Denmark AS v Walk Off Mats Ltd*¹³) might not be watertight.

Of further interest is the fact that a very similar obviousness attack was considered in *Blue Gentian LLC v Tristar Products (UK) Ltd*,¹⁴ in which Birss J found that claim 1 (the main product claim) of GB 276 was novel

and not obvious over either Ragner or McDonald; the defendants’ appeal (confined to the question of obviousness) was subsequently dismissed by the Court of Appeal.¹⁵ In *Tristar*, Birss J said that he was not satisfied that the skilled person would have experience and knowledge of specialist hose applications. However, as Nugee J said:

“[Q]uestions of fact are to be decided on the basis of the evidence admitted at the trial in question and the conclusions of another judge, however eminent, on the evidence they heard at a different trial do not carry any particular weight; indeed strictly speaking I do not think they are even relevant or admissible (that is, on the well-known principle of *Hollington v Hewthorn* [1943] K.B. 587, reaffirmed as still good law in *Rogers v Hoyle* [2014] EWCA Civ 257).”

Trade Secrets in Italy: Criminal and Civil Perspective (Italian Supreme Court, Criminal Division, judgment No. 488895, issued on 20 September 2018)

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☞ Criminal liability; EU law; Hacking; Italy; Secrecy; Trade secrets

This judgment is one of the most recent examples (at the date of submission of this comment) of how the Italian system protects, with critical difference, trade secrets under Criminal and Civil Law. Well before the entry into force of Trade Secrets Directive 2016/943 (transposed in Italy with the Legislative Decree No.63 of 11 May 2018) Italy had both criminal and civil rules on protection for know-how (art.623 of the Criminal Code and arts 98 and 99 of the Industrial Property Code). This case shows

¹¹ *Merrell Dow Pharmaceuticals Inc v H N Norton & Co Ltd* [1996] R.P.C. 76 HL at 86.

¹² *Emson v Hozelock* [2019] EWHC 991 (Pat) at [147].

¹³ *Milliken Denmark AS v Walk Off Mats Ltd* [1996] F.S.R. 292 Ch D at 74.

¹⁴ *Blue Gentian LLC v Tristar Products (UK) Ltd* [2013] EWHC 4098 (Pat) 746; [2015] 7 WLUK 725.

¹⁵ *Blue Gentian LLC v Tristar Products (UK) Ltd* [2015] EWCA Civ 746; [2013] 12 WLUK 810.

the difference in the concept of trade secrets according to the criminal and civil rules. This difference has a certain impact on the granted protection.

Introduction/legal background

Legislative Decree No.63 of 11 May 2018 came into force in Italy, on June 22 2018, implementing EU Directive 2016/943 on the protection of undisclosed know-how and business information (Trade Secrets) against their unlawful acquisition, use and disclosure and introducing important amendments to both the Italian Industrial Property Code (IPC) and the Criminal Code.

In Italy, trade secrets are protected under two provisions of the IPC: art.98 and art.99. In addition, it is disciplined by the unfair competition legislation provided by art.2598 of the Italian Civil Code and by art.623 of the Italian Criminal Code.

The protection granted by Civil Law (arts 98–99 IPC)

Article 98 defines the perimeter of what is considered secret information under the IP Code. According to that article:

- “1. Corporate information, and technical-industrial experiences, which are under the legitimate control of its holder are protected, if such data:
 - a) are secret in the sense that they, as a whole or in the combination of their single components, are not known among (or readily accessible to) experts and professionals;
 - b) have economic value due to their secrecy;
 - c) are subject to adequate secrecy measures by persons who lawfully control such data.”

According to art.98(2), all data representing the result of experiments or other kind of secret information are considered object of protection. In particular the protection is granted to the above-mentioned kind of data if their publication is subject to obtaining an authorisation to launch in the market chemical, pharmaceutical and agricultural products which do contain new chemicals.

The other article contained in the IPC governing the protection of trade secrets is art.99 IPC, which states at para.(1) that the legislation on unfair competition still holds, whoever is the owner of those business information, technical-industrial or business know-how (i.e. the entrepreneur). This individual has the right to prohibit third parties, unless given consent, to achieve the above-mentioned information and knowhow through unauthorised acquisition, disclosure and unauthorised

use. It is not possible for the owner to prohibit the use of the above-mentioned information in cases where the third party has obtained that information independently.

Moreover, in para.1bis, a person who acquires, uses or discloses a trade secret, or who produces, offers or markets infringing goods “in an unconscious manner”, that is to say by ignoring the unlawful origin of a trade secret, is also expressly punished by the measures to protect secrecy if that person should, according to the circumstances of the case, have known that the trade secrets were obtained or, as the case may be, used unlawfully.

Paragraph 1ter also introduces a ban on trade in those products that are goods which, at the level of design, characteristics, function, production and/or marketing shall benefit in such a way as to of acquired trade secrets, used or unlawfully detected.

The rights and actions deriving from the unlawful conduct referred to in paras 1, 1bis and 1ter shall be time-barred within five years.

The protection granted by the Criminal Law (art.623 Criminal Code)

Apart from the rules stated in the IPC and Civil Code, another degree of protection can be found in the Criminal Code under art.623.

Article 623 of the Italian Criminal Code punishes, by imprisonment up to two years, whoever reveals or uses business information in order to pursue their own or a third-party profit.

Now this provision has been extended also to those who, having acquired trade secrets in an abusive manner, reveal them and use them for their own purposes or other people’s profit and an increase in punishment if the act is committed through the use of any computerised instrument.

This is the legal frame concerning the current Italian legislative situation concerning the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

Facts of the case

The Court of Appeal of Bologna handed down its judgment on 12 December 2017, in partial reform of the sentence of the Court of First Instance of Reggio Emilia of 15 February 2016, condemned the defendant for the crime of unauthorised access to a computer system under art.615ter of the Criminal Code, for having, at the time of his resignation from a limited liability company, where he worked as a manager, without prior permission, copied on to DVD some files containing confidential data of his employer. The defendant appealed the decision before the Supreme Court, claiming violation of the criminal law, as well as the inconsistency and manifest illogicality of the grounds, given that the contested judgment had based criminal liability on two erroneous assumptions,

namely that the manager, operating outside the technical tasks reserved to him, had acquired access to the computer system, extrapolating data having right of access, but not within his authorised competence, and that within the company there was a system of filtered access to corporate data and that the manager enjoyed precisely a power of limited access.

The decision of the Supreme Court

The Italian Supreme Court is a court of legitimacy. First of all, the judges of the Supreme Court determined the interpretation of art.615ter of the Criminal Code. This article concerns the abusive access to computer system. The court states that this article has to be interpreted to punish the access to a computer system by a person, even if authorised, when this access is carried out for purposes other than those authorised, and thus also independently from the following facts and results. The court therefore rejected the appeal based on the fact that accused person was legitimately aware of the password and held a high-level position in the company (not simply an employee but a manager). Consequently, no particular relevance is given by the court to the fact that the system access was protected by a simple password and that there was no documented evidence of the existence of protection policy guidelines.

Secondly, the judges evaluated the admissibility of a further ground of appeal aimed to ascertain the distinction between the know-how of the company and the personal experience of the past employee. The ground was rejected for procedural reasons. Unfortunately, the court had no chance to examine this interesting issue.

Thirdly, the judges considered the difference between the criminal and civil protection of trade secrets. Here comes the main point. The defendant raised the argument that pursuant to art.98 of the IPC there was no evidence of the existence of a protected know how. The court pointed out that the civil rules stated in art.98 IPC differ from those stated in art.623 of the Criminal Code. Article 623 criminalises the disclosure of scientific or industrial secrets. This provision is related to “common” or “traditional” crimes. But art.623bis extends these “rules” to all types of communication, such as internet communication. Furthermore, the disclosure may be carried out by any type of means (included technological means). The court then clarified that the concept of data or information pursuant to criminal rules has to be evaluated according to the interest of the owner to keep the information secret. The object of criminal protection is the industrial secret to be interpreted in a broader way to include the confidential knowledge as whole as well as the *modus operandi* of the company capable of decreasing risks of mistake in designing and tooling. What is relevant for the court is the compression of timing in manufacturing. If the accused person gains this advantage owing to the stolen information, then there is a criminal offence. The broader interpretation of the concept of trade secrets from a criminal perspective is justified by the

court in consideration of the fact that civil rules protect trade secrets and confidential information with specific rules (arts 98 and 99 IPC) as well as with general rules on unfair competition (art.2598(3) Civil Code).

Regarding the measures of protection of trade secrets (which have to be ascertained and evaluated for granting protection pursuant to art.98 IPC), the court reiterated that these measures were not so relevant, while the circumstance which becomes decisive is the advantage gained by the competitor due to the stolen information in terms of timing in studies, design and operating procedures.

Comment

This decision of the Supreme Court (criminal division) sets out the contrast between criminal and civil definition of trade secrets/confidential information. The broader interpretation conferred by the criminal rules and by the criminal courts raised and is still raising conflict in applying criminal and civil sanctions to same conduct. In fact, this discrepancy may open the scenario to a possible guilty verdict by the criminal courts and acquittal by the civil courts. In the present case the Supreme Court did not enter into a detailed examination of the stolen data/information, as required by art.98 IPC. The court based its decision on the simple ascertainment of the following circumstances: the employee accessed data and information beyond the limits of his activity pursuant to his specific role in the company; these data and information were protected by a password and allowed the competitor in gaining time in design and manufacture (it is to be noted that no technical evaluation admitted in the case). On the contrary, the ascertainment required by art.98 IPC implies a more consistent activity of evaluation of the data and information by the judge (measures to protect secrecy, technical and economic value). The result is that data and information which may arise in connection with trade secrets in a criminal case (with an easier and broader concept), may not enjoy protection in a parallel civil proceeding. In fact, the Supreme Court clearly stated that rules contained in arts 98 and 99 IPC did not apply and cannot be considered in criminal cases. In conclusion the approach by the criminal courts is divergent with respect to the approach by the civil courts.

Another interesting question is that related to art.1(3) of the Trade Secrets Directive, which states:

“Nothing in this Directive shall be understood to offer any ground for restricting the mobility of employees. In particular, in relation to the exercise of such mobility, this Directive shall not offer any ground for:

- (a) limiting employees’ use of information that does not constitute a trade secret as defined in point (1) of Article 2;
- (b) limiting employees’ use of experience and skills honestly acquired in the normal course of their employment;

- (c) imposing any additional restrictions on employees in their employment contracts other than restrictions imposed in accordance with Union or national law.”

Unfortunately, the Supreme Court in the present case could not examine the proposed ground of appeal for procedural reasons, but the argument is quite interesting. Judges will be entitled to examine and rule on the border between trade secrets and the personal competence and knowledge of employees, and the differing approach by the criminal and civil courts in the definition of trade secrets may have a certain impact on the above principle granting the mobility of employees.

We are confident that the recent transposal of the Trade Secrets Directive may lead to a certain uniformity of interpretation and application of the rules on trade secrets, thus avoiding possible abuse of the criminal proceedings in this very complex matter.

Steak Preparation is Recognised as Eligible Subject-Matter by IPHCJ of Japan: Review of Business Method Patents in Japan

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[♣] Business method; Excluded subject matter; Food processing; Japan; Patentability; Restaurants

On 17 October 2018, the Intellectual Property High Court of Japan (IPHCJ) reversed the decision of the Board of Appeals of the JPO and ruled in favour of restaurant food company that had sought to patent a steak preparation method in a subject-matter eligibility case, Pepper Food Service Co Ltd v Commissioner of Japan Patent Office, Heisei 29 (gyo-ke) 10232. This is an interesting pro-owner decision because the IPHCJ set out a flexible and pro-applicant approach in determining what constitutes eligible statutory subject-matter in terms of business

methods. This article will also provide an updated review of the current position of business method patents in Japan.

Background

Pepper Food Service Co Ltd (PFS), the owner of the popular Japanese “Ikinari! Steak” franchise, successfully overturned an adverse opposition decision and persuaded the IPHCJ of Japan to confirm that its method invention titled “Steak providing system” constituted patent eligible subject-matter.¹

PFS, a specialty franchise and direct owner restaurant operator, filed its patent application entitled “Steak providing system” (JP No.2014-115682) with the Japan Patent Office (JPO) on 4 June 2014 and the invention was registered as a patent on 10 June 2016 (JP Patent No.5946491).

An opposition was filed against the present patent on 24 November 2016 (Opposition No.2016-701090), and the plaintiff requested a correction of the claims on 22 September 2017. JPO made a decision on 28 November 2017 stating that the correction of claims 1 to 6 was approved and claims 1 to 6 were revoked. Then, the plaintiff appealed to the IPHCJ. On 17 October 2018, the IPHCJ held that the subject-matter of the invention claimed in JP Patent No.5946491 “Steak providing system” was patent eligible, overturning the JPO board of appeal’s revocation decision on patent opposition (Opposition No.2016-701090).

Claimed invention

The constituent features of corrected claim 1 of JP Patent No.5946491 are as follows.

[Claim 1]

- “A. a steak providing system for implementing a method of providing steak including a step of guiding a customer to a table of a buffet-style meal, a step of asking the customer about an amount of steak, a step of cutting the asked amount of steak out of a meat block, a step of grilling the cut meat, and a step of conveying the grilled meat to the customer’s table, comprising:
- B. a label on which a table number to which the customer was guided is described;
- C. a measuring apparatus for measuring the meat cut in accordance with a request by the customer; and
- D. a mark for distinguishing the meat cut in accordance with the request by the customer from that of another customer, wherein

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¹ *Pepper Food Service Co Ltd v Commissioner of Japan Patent Office, Heisei 29 (gyo-ke) 10232 (17 October 2018) (the Steak case).*