

# Recent Case Law in German Patent Law



2014



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## FOREWORD

A fair proportion of this year's case law report is taken up, once again, by the doctrine of "equivalence". The decisions reviewed also include one in which equivalent patent infringement was affirmed, and that in itself is worthy of note. Established case law on contributory infringement was also developed by the courts of lower and higher instance. This is particularly important in cases of cross-border patent infringement and is also the subject of mounting debate in conjunction with "exhaustion of rights" issues.

In the field of computer-implemented inventions, the approach developed by the Federal Court of Justice for examining patentability has become established practice, it would appear. However, the *Chipkarte* judgement provides renewed cause to focus on the far-reaching implications of those precedents.

Among the various decisions on disclosure, the *Kommunikationskanal* judgement attracts particular attention. In the case in question, the Federal Court of Justice ruled for the first time that determining the actual disclosure (of a patent application or a priority document) is not just a cognitive act, but also an expression of judicial evaluation.

Enforcement of standard essential patents (SEPs) is still an area where the goalposts continue to move. In the preliminary ruling procedure before the European Court of Justice, initiated by the District Court in Düsseldorf, the Opinion of the Advocate General has meanwhile been filed, and there are signs that the principles enshrined in Germany by the *Orange Book* precedents will be deemed invalid. The contrary view taken by the European Commission, perceived in many quarters as highly accommodating to infringers, will not prevail, either, however.

Special reference is made, in closing, to the *Garagentor* judgement by the Upper District Court in Düsseldorf, in which co-inventor parties are given extensive guidance regarding what they may seek and expect from one another.

February 2015

**EISENFÜHR SPEISER**

# I. PATENT INFRINGEMENT

## 1. Equivalence / Means of interpretation

*Düsseldorf Upper District Court, judgement of 13 September 2013, I-2 U 26/13 – Drospirenon*

*Karlsruhe Upper District Court, judgement of 9 July 2014 – 6 U 29/11 – Auslegungshilfe*

### BACKGROUND

“Equivalence is dead!” is a common platitude, and it has indeed become more difficult over the past decade to broaden the extent of protection conferred by patents beyond their literal meaning. That does not mean, however, that patent proprietors have not tried again and again to do so – the doctrine of equivalence is far from dead in the courts of first and higher instance. There are

continual reports of judgements in which the courts had to address equivalence issues.

In the two appeal court judgements discussed in this section, the infringement suits were dismissed. A different outcome ensued in the case discussed in the chapter that follows, however (the *Sitzgelenk* decision).

### DECISIONS

The Düsseldorf Upper District Court uses the *Drospirenon* case to clarify some general issues of patent interpretation (in a way that is nothing short of “by the book”).

- The patent in suit was initially granted with one method claim that included the step of dehydration by addition of an acid.
- In the opposition proceedings, that claim was limited and now only includes the step of dehydration by addition of p-toluene sulphonic acid.

As far as infringement was concerned, there was no dispute that the teaching of the invention was not realised in the literal sense. Although the defendant produced the material drospirenone by dehydration, it used pyridine (a basic compound) to release water.

In this case, however, the plaintiff did not succeed with its accusation of equivalent patent infringement.

The first reason was that the base used in the accused product is not an equivalent substitute for the claimed acid. The Upper District Court outlines once again the

basic principles of equivalence as laid down in supreme court judgements and emphasises that, when interpreting the patent, the technical principle taught by it must be assumed to make sense. The court is not permitted to cast doubt on the objective justification of the invention recorded in the patent specification. The equivalence of a substitute must therefore be negated when a person skilled in the art, when using his product, does the opposite of what the claim teaches (be it objectively lawfully or objectively unlawfully!). For that reason, a symmetrical embodiment can never be an equivalent substitute for a claimed asymmetric embodiment, and a base is not an equivalent substitute for an acid.

The second reason for the judgement is at least equally important: Any broadening of the extent of protection conferred by the patent is out of the question for the Upper District Court, given that the claim had been limited in the opposition proceedings. While it is true that the patent prosecution file is not an admissible means of interpretation as a basic principle (mainly for legal security reasons), the facts of this particular case are different, however, in that the “amendment” of the

claims did not occur behind the curtain of the patent prosecution file, but arose from the difference between the version as originally granted and the version of the patent that was upheld in the opposition proceedings.

The Upper District Court in Düsseldorf based its judgement explicitly on Art. 69 EPC and noted that the patent as originally granted is included among the admissible material for interpretation. The original patent specification (in contrast to the laid-open patent specification) can therefore help towards understanding the patent as amended in opposition or revocation proceedings. As a basic principle, determining the extent of protection in a manner that ignores a limiting feature in the substantive matter is therefore inadmissible. That, in the view of the

court, is also how matters lay in the case in question: In the opposition proceedings, the original generic expression (acid) was reduced to a single member of the generic species (p-toluene sulphonic acid). This limitation could not be reversed during subsequent interpretation of the patent.

The view that patent specifications are means of interpretation for claims upheld in limited form is also shared by the Upper District Court in Karlsruhe, which ruled the same way very recently in its **Auslegungshilfen** judgement.

## ASSESSMENT

What is particularly impressive is the cautionary note by the Düsseldorf Upper District Court that individual features of a claim may not be turned into their opposite when interpreting the extent of protection conferred by the claim. Symmetrical is not equivalent to asymmetrical, integral embodiments are not equivalent to detachable connections, and acids are not equivalent to bases!

Another helpful aspect is that B-specifications may be consulted in order to interpret amended patents. Whether that also applies to the relationship between laid-open patent specifications and (unamended) patents is a question that will need to be ruled upon in the future. The Federal Court of Justice has already provided a pointer in that respect in its *Okklusionsvorrichtung* decision (judgement of 10 May 2011, X ZR 16/09). (Henke)

## BACKGROUND

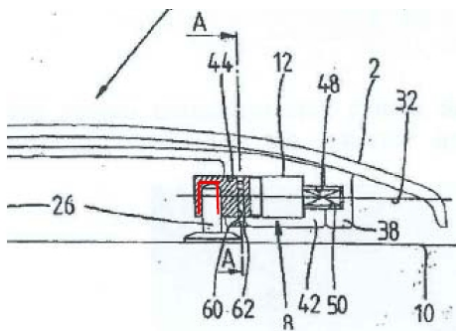
In contrast to the decisions discussed in the previous section, equivalent patent infringement was affirmed by the Düsseldorf Upper District Court in its *WC-Sitzgelenk* decision, in which the Court distanced itself from the Federal Court of Justice decisions in the *Okklusionsvorrichtung* case (judgement of 10 May 2011, X ZR 16/09) and the *Diglycidverbindung* case (judgement

of 13 September 2011, X ZR 96/10). In those decisions, the Federal Court of Justice had imposed significant limitations on applying the doctrine of equivalence in patent infringement cases. As distinct from those decisions, the Upper District Court outlined the remaining areas in which equivalent patent infringement still applied.

## DECISION

The patent on which the *WC-Sitzgelenk* decision was based related to a hinge for a toilet seat, for securing a toilet seat to the ceramic base. This seat hinge was specifically characterised by an adapter in which a “blind bore” for receiving a hinge pin is formed.

The Court firstly established that a person skilled in the art understands a blind bore to mean a bore which does not go all the way through the workpiece, in other words as a bore with a specific depth that ends in the solid material. The patent in suit was also aware of other bores (as indicated by the description of the patent), in particular “through bores” and “stepped bores”. To illustrate this, we have marked a blind bore (as claimed) and a stepped bore (as mentioned in the description of the invention) in the following figure.



All that was claimed, however, was the adapter with the blind bore. No such bore is found in the accused product, where instead the bore passed through the

adapter, which accordingly had no continuous bottom at the end of the bore.



No literal patent infringement could be established here anyhow, yet the appeal court ruled that the patent in suit was infringed by equivalent means.

The Upper District Court initially affirmed the equivalent technical effect and findability of the accused, modified device, and thus that the first two conditions for equivalent patent infringement were satisfied. In its Grounds for Judgement, the Court then addressed the aspect of equivalence that had been negated by the District Court at first instance.

In its decision, the District Court had concluded that there was no equivalent patent infringement, pointing out that, in addition to the claimed blind bore, the patent also discloses a through hole and in particular a stepped bore of the kind found in the accused product. Referring to the established legal practice of the Federal Court of Justice in the *Okklusionsvorrichtung* and *Diglycidverbindung* cases, the District Court therefore concluded that the patent proprietor had deliberately chosen to claim only the one alternative (the blind bore) of the three disclosed bores. A selective decision was thus

made, so there can be no equivalent patent infringement.

The Upper District Court has now rejected that line of argument in view of the specific circumstances of the case. The other bores, in particular the stepped bore, were not disclosed by the patent in suit in connection with the adapter and with receiving a hinge pin. For this

particular hinge, there is only mention of a blind bore, whereas the through hole and stepped bore were mentioned solely with regard to other parts of the patented device. Given that background, the Upper District Court dismissed any selective decision by the patent proprietor, because the patent in suit does not disclose the different bores as alternative embodiments of the adapter for receiving the hinge pin.

## ASSESSMENT

In its *WC-Sitzgelenk* decision, the Düsseldorf Upper District Court outlines a remaining area, following the *Okklusionsvorrichtung* and *Diglycidverbindung* decisions, in which the doctrine of equivalence may still be applied. In the aforementioned judgements, the Federal Court of Justice had argued that equivalent patent infringement is basically inapplicable when the patent discloses several alternatives for solving a technical problem, but only one of those alternatives is included in the claim, and the accused product makes use of one of the other alternatives (for which no protection is claimed). In the view of the Federal Court of Justice, the patent proprietor has deliberately taken a selective decision to limit the scope of the patent to the claimed alternative. There is no question, therefore, of extending the scope of the patent, by way of equivalent patent infringement, to the optional solutions for which no protection is claimed.

In practice, this leads to the question of where the doctrine of equivalence can be applied. Said doctrine requires the “findability” of the equivalent patent infringement on the basis of the patent specification, which generally requires that a person skilled in the art is prompted by the patent specification to use the optional solution that is not included in the claim. That said, the embodiments that are disclosed in the description but not included in the claims cannot, according to the established legal practice of the Federal Court of Justice, be taken as a basis for equivalent patent infringement since the patent proprietor deliberately refrained from conferring protection on them.

The decision discussed here now concludes that there may indeed be equivalent patent infringement, at least in those cases where the patent specification discloses different optional solutions (the stepped bore, in particular), but does not describe them with regard to the specifically claimed feature (here: in connection with the adapter for receiving the hinge pin).

The ruling by the Upper District Court is convincing, because if a patent specification discloses different options for solving different technical aspects, these options do not constitute alternatives within the meaning of the patent specification. The patent specification does not show two solutions to one and the same technical problem (with protection being claimed for only one of those solutions), but two solutions to two different technical problems (of which only one problem and one solution are subject-matter of the claim). Those different solutions, within the meaning of the actual patent specification itself, are still not alternatives even when a person skilled in the art realises that one of the disclosed options is also suitable for solving the other technical problem. In similar cases, the factual basis therefore lacks the “selective decision” assumed by the Federal Court of Justice. These cases, albeit very narrowly defined, thus constitute a remaining area in which the doctrine of equivalent patent infringement can still apply. (Müller)



## 2. The infringing action

### *Düsseldorf Upper District Court, judgement of 27 March 2014 – I-15 U 19/14 – Ausstellen auf Messe*

#### BACKGROUND

The question of whether exhibiting goods at a domestic trade fair that is more than just an exhibition constitutes an offer within the meaning of the German Patent Act has been a controversial issue among patent courts ever since the *Sauggreifer* decision of 29 October 2010, handed down by the District Court in Mannheim. In that decision, the Mannheim District Court ruled that merely exhibiting a product at a trade fair in Germany does not

substantiate, (even) in patent law, a risk of first infringement or repetition, to the effect that the exhibited product will (soon) be offered for sale or placed on the market. The District Court in Mannheim thus applied the established legal practice of the 1st Division of the Federal Court of Justice, which is responsible for trademark matters (judgement dated 22 April 2010 – 1 ZR 17/05 – *Pralinenform II*).

#### DECISION

The Düsseldorf Upper District Court has now come down in favour of the patent proprietor in this dispute and deems that the presentation of goods at events which are more than just exhibitions constitutes an offer within the meaning of patent law.

The accused product had been exhibited at the Medica trade fair in 2012. According to the fair organisers, the Medica fair in Düsseldorf is a world forum for medicine, with an international fair and congress attracting more than 4,000 exhibitors who present their latest equipment, products and systems for in-patient and out-patient care.

The point of departure for the Düsseldorf Upper District Court is that an offer within the meaning of Section 9, Sentence 2, No. 1 PatG is to be understood as a purely commercial process involving any act performed in Germany that provides, by virtue of its objective explanatory force, the object of demand in a visibly perceptible manner for the purpose of acquisition. The Düsseldorf Upper District Court thus rejects the different view taken by the District Court in Mannheim, according to which the patent proprietor, also in the case of trade fairs, must show and if necessary prove or convincingly argue that the goods are specifically offered for sale at

the trade fair, in order to substantiate a risk of first infringement in the form of such an offer. The purpose of Section 9 PatG is to assure the patent proprietor basically all the commercial advantages ensuing from use of the patented invention, and to grant the proprietor effective protection of its rights. It is not necessary, therefore, that an offer satisfies the requirements for a legally valid and binding offer of contract within the meaning of Section 145 BGB. The only relevant criterion is whether the activity in question actually prompts a demand for the item infringing intellectual property rights, a demand that the offer prospectively meets.

Based on that principle, according to the Upper District Court in Düsseldorf, any preparatory actions aimed at allowing or fostering a subsequent business transaction involving use of that item is specifically included under an “offer” within the meaning of Section 9 PatG.

The Upper District Court in Düsseldorf held that these conditions were met beyond a doubt by the Medica 2012 trade fair, since Medica is not just an exhibition, but also a sales fair at least, and because its purpose, as described in Medica’s own words, is for trade visitors to use the fair “to nurture business contacts, and to gain new customers, suppliers or business partners”. The

sales objective is clearly evident as well from the general terms of business.

The Düsseldorf Upper District Court therefore concluded that an “offer” was made, since exhibiting the accused

devices at the Medica 2012 trade fair constituted use within the meaning of Section 9, Sentence 2, Nos. 1, 2nd Alternative PatG.

## ASSESSMENT

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The patent litigation divisions at the Hamburg and Munich I District Courts view acts of offering in a way similar to the Düsseldorf District Court, although it should be noted that the Upper District Courts in Munich and Brunswick are even more generous and in some cases will even view the depiction of the product in a catalogue to be sufficient evidence of an offer.

The consequences for IP practitioners is clear: Temporary injunctions in respect of trade fairs can be now obtained in patent matters from the District Court in Düsseldorf without proof of a specific “offer”, as understood under general civil law. The same holds true for the courts in Brunswick, Hamburg and Munich – but not for Mannheim. (Förster)

### 3. Contributory infringement

#### *Karlsruhe Upper District Court, judgement of 8 May 2013 – 6 U 34/12 – MP2 devices*

##### BACKGROUND

In its *MP2-Geräte* decision, not published until 2014, the Upper District Court in Karlsruhe addressed a number of fundamental issues relating to indirect or contributory infringement.

In cross-border cases, particularly, contributory infringement is often a problematic aspect due to the “dual domestic nexus” required by Section 10 PatG (German Patent Act) (namely that only the offer to sell and the actual delivery must occur in Germany, but also that the means offered for sale must also be used in Germany in the context of the patented invention). Contributory infringement thus requires that the infringer

offers to a third party in Germany a means for using the invention, and that such use must also occur in Germany. This dual proof of a (domestic) offer and (domestic) use is often difficult, particularly when components are supplied from abroad.

Another problematic aspect is that, ever since the *MPEG-2 Videosignalcodierung* decision by the Federal Court of Justice (judgement of 21 August 2012, X ZR 33/10), it has often been difficult to determine when a “means” for using the invention is being offered within the meaning of Section 10, especially in the field of electronic data processing.

##### DECISION

The plaintiff sued the defendant for infringement of a patented method of transmitting digital audio signals. The asserted method claim in the patent in suit described not only encoding steps on the encoder side, but also (encoding and decoding) steps performed on the decoder side.

The defendant, a company domiciled in China, sold “MP2 devices” that are suitable, in combination with a PC and software, for receiving and decoding audio signals in the DVB signal. The specific products were DVB USB sticks and TV cards with DVB functions. It should be emphasised in this regard that the devices merely demodulate the DVB signal and do not provide a decoder function. This demodulation of data was not the subject-matter of the claim, which was limited to a method of encoding and decoding a signal. On the other hand, decoding in accordance with the patent was not performed by the accused devices; instead, as demodulators, they merely provided the signal required for decoding (in accordance with the patent).

Moreover, the defendant itself had not offered the accused devices for sale or placed them on the market in the Federal Republic of Germany. It supplied the devices

instead to two German companies (T and THG), with the goods always being handed over in China, according to the evidence taken at first instance. Only on its English website did the defendant refer to the firm of THG as its “distributor” in Germany.

Proceeding from these facts of the case, the Upper District Court in Karlsruhe firstly established that the demodulators supplied by the defendant were “means” within the meaning of Section 10 PatG. The accused devices merely received the analogue carrier signal in order to demodulate it and forward it to the computer, which meant that decoding in accordance with the patent was performed later, by the computer, so the function of the accused devices was limited to extracting the signal needed on the decoder side. That, nevertheless, is a significant contribution to the claimed decoding operation, in the view of the Upper District Court in Karlsruhe, because without such prior demodulation it is not possible for decoding to be carried out in accordance with the patent.

In its judgement, the Upper District Court departs explicitly from the *MPEG-2 Videosignalcodierung* decision, in which the Federal Court of Justice ruled that a data

storage medium containing data encoded in accordance with the DVD standard is not an essential means within the meaning of Section 10 PatG and with regard to the patented decoding method. In the view of the Federal Court of Justice, the data storage medium itself contributed nothing to the inventive achievement, even though the data storage medium was part of the claim sued upon. The Upper District Court has now stated in that regard that the accused devices in the case in question are used to acquire the data signal to be decoded from the received radio signal in the first place. Their intended technical purpose is therefore to pass this data signal to the PC and the software running on it, so that decoding can be carried out in accordance with the patent. The accused demodulators therefore caused the patent law hazard characteristic of Section 10 (1) PatG.

The Court also established that the “dual domestic nexus” requirement was satisfied. The fact that the defendant delivered the accused devices to its customer, THG, in Hong Kong does nothing to alter that. Contributory infringement does not depend on the time until which the defendant has possession or ownership of the goods that are ultimately delivered in Germany. In cross-border cases, a supplier domiciled in a foreign country shares responsibility for infringement of domestic patent rights if it supplies the patent-infringing devices in full awareness of the patent in suit and in full

awareness of the country of destination, and thus deliberately and willingly contributes to their being sold in that country.

As a final point in its Grounds for Judgement, the Court addresses the issue of exhaustion. The Court takes the view that there is no exhaustion even when the accused demodulators sold by the defendant are used in conjunction with licensed decoding software (Microsoft Media Player). In the event of doubt, it must be assumed that the person who obtains, from the proprietor of a method patent, a device which is required to carry out the protected method, is permitted to use that device in the intended manner, but the condition for doing so is that the ready-to-use device originates in its entirety from a licensed source. Use is not permitted, in contrast, when all that is supplied are individual components which result in the patented method only when other, unlicensed devices are used. Licensing the decoding software was not sufficient in this particular context to exhaust the claims deriving from the patent in suit since it was beyond dispute that the demodulators sold by the defendant, which are likewise required to perform the method, were not licensed.

The conclusion drawn by the Upper District Court in Karlsruhe was that the defendant had committed contributory infringement.

## ASSESSMENT

The decision handed down by the Upper District Court in Karlsruhe sheds light on three key aspects of contributory infringement that continually give rise to problems.

The Court firstly had to address the issue of whether the demodulators, which are not the subject-matter of the claim, constituted an essential means for carrying out the claimed decoding method. The long-standing principle that every feature specified in a claim is basically an essential means for achieving the invention has recently been qualified in two different decisions handed down by the Federal Court of Justice and the Upper District Court in Düsseldorf. It comes as a bit of a surprise in that context that the Upper District Court in Karlsruhe, in the decision discussed here, considered components not specified in the claim as potentially being “essential

means” within the meaning of Section 10 PatG, if they are necessary for technical reasons to carry out the method. This seems rather dubious, because the patent proprietor is basically in a position to specify the extent of protection conferred by the patent, by wording the claims accordingly. If the protection conferred by the patent is also extended, with the precedent established by the Upper District Court in Karlsruhe, to unclaimed but technically necessary means, then this leads to substantial legal insecurity on the part of infringers.

The ruling against the defendant is also noteworthy because there is no disputing that it did not offer the accused devices in Germany or place them on the market there. The defendant’s actions were confined instead to supplying its German customer (with delivery

being made in China), with the accused devices only being offered by that German customer to final customers in Germany for use in Germany. However, the defendant knew that its customers would offer and sell the goods in Germany.

This knowledge about sale in Germany made the defendant itself an accomplice in legal terms. This means that suppliers domiciled and operating in foreign countries cannot claim to be uninvolved in the sale of patent-infringing products in Germany. Instead, they bear full responsibility for the actions of their sales partners. The

patent proprietor is thus given a way to eliminate the source of patent-infringing products, and no longer needs to take legal action against every single importer.

The Court's observations on exhaustion are also important, but are questionable when applied to "means" as a broad expression in Section 10 PatG. If the Court's logic is accepted, then means which are not mentioned in the claim but which are technically imperative are enough to substantiate contributory infringement. In practice, however, such unmentioned means are not going to be included in any licensing agreement. (Müller)

## **BACKGROUND**

In another decision, the Upper District Court in Karlsruhe concerned itself with the contributory infringement problems that ensue when spare parts are offered for sale. One problem that frequently arises in this regard is whether offering wearing parts or spare parts for a patented device constitutes contributory infringement.

In its much-commented *Nespressokapseln* decision (judgement of 21 February 2013, I-2 U 72/12), the Upper District Court in Düsseldorf recently addressed the question of whether offering Nespresso capsules for use in the well-known Nespresso coffee machines con-

stitutes contributory infringement of a patent that related not only to the design of the capsules, but also to the characteristics of the coffee machine. The Düsseldorf Court rejected any contributory infringement on the grounds that the properties of the capsules mentioned in the claim were already known from the prior art and therefore did not make any relevant contribution to the invention, which mainly related to improving the insertion mechanism.

The present decision by the Upper District Court in Karlsruhe takes exception to the previous ruling.

## **DECISION**

The plaintiff in the present proceedings held two patents for oil filters in motor vehicles. The claims being sued upon describe a fluid filter comprising a filter housing and an annular filter insert. The core concept of the claimed inventions was to facilitate insertion of the annular filter into the filter housing. This was achieved by a ramp on the filter housing, along which a journal on the annular filter insert slides, such that the annular filter can be brought into its final position by a rotational movement, with the journal sliding along the ramp into a hole formed in the filter housing for receiving the journal.

The use of annular filter inserts with a journal that engages, when the annular filter is correctly inserted, with a hole formed in the filter housing was known from the prior art. The aim now was to improve insertion by adding a ramp, with the journal being guided into the hole by the ramp.

The defendant offered annular filter inserts that were suitable for use in the plaintiff's oil filters.

Since it was largely undisputed that the annular filter inserts were configured in accordance with the patent, the Upper District Court in Karlsruhe concentrated in its decision on the issue of exhaustion. Referring to the precedents set by the Federal Court of Justice, the Court established that the exclusivity rights deriving from the patent are basically exhausted when the pro-

tected product is placed on the market with the consent of the patent proprietor – the lawful purchaser of such a product is authorised to use it in the intended manner, and such use also includes maintaining and restoring its utility by adding spare parts. In the case in question, the main criterion for the question of exhaustion was whether replacing the oil filter constituted “maintaining” the patented filter system (in which case the rights would be exhausted) or whether such replacement must be seen instead as “remaking” (in which case there is no exhaustion of rights).

The Upper District Court ruled that there was no exhaustion of rights in the case in question. It can be expected, in the case of the patented fluid filters, that the annular filter insert will need to be replaced several times during the service life of the filter. This is clearly evident from the subject-matter of the patent in suit, the aim of which is to improve or facilitate replacement of the filter inserts. However, replacing the annular filter must be seen here, by way of exception, as “remaking” the protected filter system, the reason being that the replaced parts embody the technical effect of the invention. The invention protected by the two patents in suit was based on the assumption that the ramp present in the filter housing was matched to the journal of the annular filter insert so that the journal glided along the ramp until it reached the opening in the filter housing.

The inventive concept can only be achieved if the journal and ramp have the correct radial position and have contact surfaces which allow the journal to slide when the annular filter insert is twisted into place. According to the teaching of both the patents in suit, improved insertion was also achieved, in the view of the Upper District Court, not only by the ramp formed on the housing, but also by physical features of the annular filter insert. Nothing is altered by the fact that the journal formed on the annular filter member was already known from the prior art cited in the patent in suit.

The Upper District Court in Karlsruhe takes explicit exception to the decision handed down by the Upper District Court in Düsseldorf in the *Nespressokapseln* case. In contrast to the Düsseldorf case, the replacement part of the device in the present case (the annular filter insert) was a key component of the technical principle protected by the patent. The Court therefore concluded that replacing the annular filter insert amounted to re-making the protected filter device. The defendant forfeited its right due to contributory infringement.

## ASSESSMENT

The view propounded by the Upper District Court in Karlsruhe, according to which the journal of the annular filter insert embodied a concept essential to the invention, is not entirely convincing. There is no disputing that forming such a journal on the annular filter housing was already known from the prior art cited in the patent in suit. According to the teaching of the patent in suit, insertion of the filter was facilitated by a ramp being provided on the filter housing. Such a journal slides along the ramp, which guides the journal into the hole in the housing designed to receive it. Only one of the patents in suit claimed protection, in a number of dependent claims, for a special embodiment of the journal, but these were not infringed by the accused products. To that extent, it was obvious that forming the ramp on the filter housing was to be seen as the concept essential to the invention, not the journal of the annular filter inserts, which was already known from the prior art.

That was also how the Upper District Court Düsseldorf ruled in its *Nespressokapseln* decision, in which the coffee capsules mentioned in the claim had an edge which was already known from the prior art cited in the patent. The invention in that case made use of this previously known edge of the coffee capsules for an improved mechanism for insertion and handling of the capsules by the machine, said mechanism being formed entirely by the coffee machine.

The constellation in the *Nespressokapseln* case was similar indeed to the present case. The Upper District Courts in Düsseldorf and Karlsruhe differ quite obviously in their opinion of when a replacement part embodies a concept essential to the invention, and when it does not. It can only be hoped that the Federal Court of Justice will soon have an opportunity to clarify this issue once and for all. (Müller)

## 4. Utility model law

### *Mannheim District Court, decision of 10 December 2013 – 2 O 4/13 – Mechanisches Arretiersystem*

#### BACKGROUND

In this decision, the District Court in Mannheim concerned itself with the special requirements for staying utility model infringement proceedings.

For holders of intellectual property rights, utility model infringement suits are an attractive alternative to patent infringement proceedings because it is possible to derive a divisional application from a patent application during the patent granting procedure. The utility model is then registered within a short period (without a de-

tailed patent office examination in respect of legal validity). Branching a utility model from the patent application thus offers the IPR holder an opportunity to protect and assert its rights, in the form and on the basis of a utility model, long before the patent itself is granted. However, utility model infringement cases obey different rules to those governing patent infringement proceedings, as the present decision by the District Court in Mannheim shows.

#### DECISION

In the case in question, the utility model sued upon related to a mechanical locking system for a construction panel, in particular a floor panel. The plaintiff sued the defendant for injunctive relief, submission of accounts, product recall and destruction, due to infringement of said utility model. In its statement of claim, the plaintiff did not assert the utility model in the form in which it was granted, but limited the suit to dependent claims 2, 5, 6 and 10 and to a further feature derived from the description.

The defendant defended itself by invoking a private right of prior use. Parallel to that, it also applied to the German Patent and Trademark Office for cancellation, in its entirety, of the utility model sued upon.

In its *mechanisches Arretiersystem* decision, the District Court in Mannheim stayed the utility model infringement proceedings in accordance with Section 19, Sentence 2 GebrMG (Utility Model Act) until a final decision is reached in the cancellation proceedings on the validity of the utility model sued upon. The question as to whether

the defendant is entitled in fact to the right of prior use it was invoking was one that the Court could explicitly leave unanswered.

In the view of the Court, staying utility model infringement proceedings under Section 19, Sentence 2 GebrMG does not require (unlike patent infringement proceedings) that the decision in the infringement dispute depends solely on the legal validity of the utility model sued upon. It is imperative, rather, to stay proceedings if the court concludes – irrespective of the infringement issue – that the utility model lacks legal validity.

That was the case here. The Court took the view that both, the granted version of the utility model and also the limited version asserted in the infringement proceedings were not legally valid. In the view of the Court, the case had to be stayed without any prior decision being reached on infringement of the utility model (against which the defendant had defended itself with a right of prior use).



## ASSESSMENT

The decision handed down by the Mannheim District Court spotlights a key difference between utility model and patent infringement proceedings. If, in patent infringement proceedings, the defendant claims that the patent in suit lacks legal validity, and refers thereby to a parallel action for revocation, the court may consider staying the infringement proceedings, under Section 148 ZPO (Code of Civil Procedure) at most, until a decision has been reached on the action for revocation. In utility model infringement proceedings, the legal validity of the utility model sued upon must be examined ex officio, in contrast. If the court concludes that the utility model sued upon is not legally valid, the infringement suit is not stayed, for example, but dismissed. This applies even when there are no cancellation proceedings pending against the utility model.

If cancellation proceedings are already pending against the utility model in suit, then Section 19 GebrMG applies. According to the first sentence thereof, the court

may stay the infringement proceedings at its own discretion until a decision has been reached on the petition for cancellation. In contrast thereto, it must stay proceedings if it considers the registered utility model to be invalid, pursuant to Section 19, Sentence 2 GebrMG. Thus, sentence 2 of Section 19 GebrMG does not provide the court any discretionary scope.

With its present decision, the Mannheim District Court has ruled that, in such a context, it is also irrelevant whether the utility model is infringed or not. In contrast to patent infringement disputes, where a stay of proceedings is only an option when the patent in suit is infringed, the court may leave the issue of infringement unanswered in utility model cancellation proceedings and nevertheless stay the proceedings under Section 19, Sentence 2 GebrMG. (Müller)

## II. VALIDITY

### 5. Patentability of computer-implemented inventions

*Federal Patent Court, decision of 5 March 2014 – 20 W (pat) 18/09 – Chipkarte*

#### BACKGROUND

In this decision handed down by its 20th Division, the Federal Patent Court develops its established legal practice regarding the patentability of computer-implemented inventions. The Federal Court of Justice recently established in a number of decisions that features which do not serve to solve a technical problem by technical means are unable to contribute to the inventiveness of the patent. We drew attention to this in last year's report, with reference to the *Audiowiedergabe von Straßennamen* decision, in which the patentability

of the contested patent is always bound, ultimately, to the requirements of novelty and inventive step (i.e. Section 3 or Section 4 PatG (German Patent Act)).

The present decision by the Federal Patent Court, in contrast, goes one step back and "works" with Section 1 PatG only, according to which an entire teaching is not patentable if none of the features solves a problem by technical means.

#### DECISION

The decision concerned a German patent. The patent had initially been granted and was then upheld in limited form by the Patent Department following an opposition lodged by the opponent. This is challenged by the appeal lodged by the opponent with the Federal Patent Court and which was aimed at revocation of the patent in its entirety. The contested patent related to the certification of cryptographic keys for chip cards. The object of the patent was to improve such certification, and that object was to be achieved by keys being verified entirely on the chip card itself, in accordance with the method of the patent. The aim thereby was to improve the security of the chip cards in relation to the prior art, where validation is performed outside the chip card, on a computer with high performance capacity. The Federal Patent Court structures claim 1 of the contested patent as follows:

M1 A method for validating a public cryptographic key for a chip card, comprising the following steps:

M2 a) transferring a validation key to the chip card,

M3 wherein the validation key is a public key certified by a trustworthy authority and put on the chip card in a secure environment,

M4 b) transferring a certificate to the chip card,

M5 wherein a first part of said certificate includes the public cryptographic key and administrative data for assigning the public cryptographic key to one or more applications of the chip card,

M6 and a second part of the certificate includes a digital signature of the said first part of the certificate,

M7 c) testing the digital signature by means of the validation key on the chip card, and

M8 d) marking the public cryptographic key as a valid key by setting a bit in a status byte of the public cryptographic key,

M9 if, when testing the digital signature, it is verified as the digital signature of the first part of the certificate.

In its decision, the Federal Patent Court refers initially to the established legal practice of the Federal Court of Justice on the topic of inventions in the field of electronic data processing, according to which it is necessary to examine first of all whether at least one aspect of the invention relates to a technical field. In a second examination step, it is then necessary to establish whether the subject-matter as such is merely a program for data processing equipment and therefore ineligible for patent protection. This is basically the case when the teaching does not include any instructions for solving a specific technical problem by technical means.

In applying this established case law to the present case, the Federal Patent Court comes to the conclusion that the method of claim 1 is at least partially in a technical field. Both the transfer and the verification of the digital data mentioned in the claim relate to the chip card and hence to a specific use of technical components, in the form of the storage medium for digital data implemented on the card.

However, the Federal Patent Court takes the view that claim 1 does not include any instructions for solving a technical problem by technical means. Technical means for solving a technical problem are present when (1) components of a device are modified or are basically addressed differently, (2) the execution of a data processing program used to solve the problem is determined by technical circumstances external to the data processing system or (3) when the solution consists in

designing a data processing program such that it takes account of the technical circumstances of the data processing system. This is not the case here, however, in the view of the Court.

The Court thus deemed that there was no technical problem from the start. The claims relate to a method for validating a cryptographic key. However, such validation does not constitute a technical problem, but is merely a measure for creating or enhancing trust – also, if necessary, in a technical object such as a chip card.

The Court did not see any use of technical means to solve the stated problem, either, however. The actual achievement of the claimed method comprises four steps, namely transferring the validation key to the chip card (feature M2), transferring the certificate to the chip card (feature M4), testing a digital signature as part of the transferred certificate by means of the validation key (feature M7) and marking the public cryptographic key as a valid key (feature M8). These instructions amount to nothing more than transferring digital data to a chip card, performing a logical comparison operation and storing the result of that comparison on the chip card. From the Court's perspective, this is nothing but a programming measure for processing digital data using the usual technical components of a chip card. The teaching of the patent does not go beyond the field of data processing as such, and for that reason is not patentable.

The Court therefore revoked the patent in its entirety.

## ASSESSMENT

The present decision is congruent with recent case law on the patenting of computer-implemented inventions and once again includes the three-step test to be applied nowadays:

1. The first step is to examine whether at least one aspect of the patent's teaching relates to a technical field. Only in rare exceptions will this requirement not be met, as all that is needed is for the claim to include some technical means or other, for example a processor, a server or (as in the present case) a chip card.

2. The decision then addresses the second examination step, namely establishing whether the claimed teaching, taken as a whole, solves a technical problem by technical means. This involves testing, irrespective of the prior art, whether the claimed teaching addresses a technical problem in the first place, and whether it proposes a technical means of solving said problem. If, for example, the solution proposed by the patent is confined to a particular data processing operation, then the answer must be negative.

3. In a third examination step, it is then necessary to determine whether the teaching of the patent is novel and inventive, whereby any features which do not serve to solve a technical problem by technical means are ignored. If the claimed teaching differs from the prior art only by a particular data processing operation, for example, or a specific way of presenting information, then that teaching will lack novelty and will not involve an inventive step.

In recent years, case law has primarily been focused on the third step of the examination scheme as described above; now, with this judgement, the patentability of the

contested patent is addressed in the second step, namely from the perspective of Section 1 PatG.

The judgement is a clear indication that the patentability requirements imposed in established legal practice are becoming increasingly strict. This will need to be considered in future application proceedings, especially, but probably also when patents already granted are reviewed in revocation proceedings. It is regrettable that the Federal Patent Court did not allow an appeal on points of law. (Müller)

## 6. Disclosure / Impermissible broadening / Priority

*Federal Court of Justice, judgement of 11 February 2014 – X ZR 107/12 – Kommunikationskanal*

*Federal Court of Justice, judgement of 18 March 2014 – X ZR 77/12 – Proteintrennung*

### BACKGROUND

In last year's case law report, we described the challenging hurdles that legal precedents were creating with regard to the claiming of priorities, and how narrowly the actual disclosure of written documents is interpreted. One consequence of the Federal Court of Justice's *Olanzapin* decision, in particular (judgement of 16 December 2008, case no. X ZR 89/07), is that disclosure now coincides almost with the literal meaning of documents: All that is disclosed, over and above the literal meaning, is what is directly and unambiguously clear from the document (i.e. that is "read in"). The

actual disclosure, in any case, does not include anything that requires the technical knowledge of a skilled person to be self-evident.

In early 2014, the Federal Court of Justice issued two rulings in quick succession that may have put a stop to the trend towards restricting what is considered the actual disclosure of written documents. This applies equally to all three fields for which the issue being raised is relevant: examinations as to novelty, cases of impermissible broadening, and the claiming of priority.

### DECISIONS

The *Proteintrennung* (protein separation) decision concerned assessing the disclosure of a "senior right" that was to be taken into account when assessing the novelty of the contested patent.

- The contested patent claimed a plurality of steps for protein separation, the last step describing freeze-drying of the preparation.
- The senior document disclosed all the features of the claimed method – except for the freeze-drying step.

The latter step was not explicitly mentioned in the cited document. The Federal Court of Justice reached two findings, however: At the date of priority, the freeze-drying feature mentioned in the last step of the method was the conventional method with which the disclosed method could be applied for therapeutic purposes. "Other methods" were theoretically conceivable at the priority date (for example, permanent freezing, without drying), but these were of no relevance in actual practice.

In view of that situation, the Federal Court of Justice explained its ruling by stating that there were indications in the senior document that the preparation produced in accordance with the method was also intended to be used for therapeutic purposes. There was specific reference to problems that might arise when administering the preparation to patients. The Federal Court of Justice inferred from this that it would have been obvious to a person skilled in the art reading that document that further steps were necessary. However, given that "freeze-drying" was the normal method in that respect, the Federal Court of Justice concluded that the teaching of the contested patent was anticipated by the senior document.

This judgement is important in the context of the *UV-unempfindliche Druckplatte* decision (judgement of 14 August 2012, case no. X ZR 3/10) that we discussed in the previous edition of our case law review. That decision similarly related to a step that was not specifically disclosed, but which was always in fact implicit when the disclosed method was actually carried out.

The situation was somewhat different in the *Proteintrennung* case, however – the senior patent was considered to be novelty-destroying because a skilled person was provided with sufficient information in the written document that something not explicitly disclosed was also required. In its Grounds for Judgement, the Federal Court of Justice expressly stated that the issue did not entail “supplementing the disclosure with the technical knowledge of one skilled in the art”, but establishing the technical information that a skilled person obtained from a document as a whole.

It is quite clear that the Federal Court of Justice views its *Proteintrennung* judgement as a continuation of its *Olanzapin* precedent. For those applying the law, the judgement provides further clarity about how to assess the actual disclosure of a document – it is necessary to study and interpret the respective document in and of itself, namely with the eyes of a person skilled in the art (but without adding his technical knowledge to the document).

The *Olanzapin* precedent is given a further nuance by the ***Kommunikationskanal*** judgement, which may have even further-reaching implications for practitioners.

The issue in that case concerned the legal validity of a mobile radio communications patent that was derived from a priority application.

- The contested patent mainly sought protection for methods and devices for power control in mobile telephones. The features related to particular details of how and when acknowledgement signals were to be transmitted.
- The priority document that the dispute hinged upon was highly detailed in its entire content. More specifically, the description of the invention already included those passages that well characterised the general inventive concept. However, the claims themselves were obviously unnecessarily narrow in their wording. All that was claimed was the application of the inventive teaching to a frequency division duplex communication channel.

The Federal Court of Justice came to the conclusion that deletion of that feature cannot render the priority claim invalid. That is because a person skilled in the art read the overall disclosure of the priority document in such a way that the deleted features were clearly associated with the embodiments described, but not with the invention itself. A skilled person realised that, although the description of the embodiments in the priority document mentioned the frequency division duplex channel, that in itself did not establish a relationship between the frequency division duplex aspect and the claimed solution. There was nothing to indicate that the problem of power control only arose (or arose in a specific form) in the case of a frequency division duplex communication channel. Nor was there any indication that choosing such a channel contributed in any way to solving said problem.

In terms of dogma, this judgement is important in two respects:

Firstly, it concurs with the principle of the “equivalence of disclosure means” (within a document) and explicitly acknowledges that the claims of a patent application define not only the extent of protection conferred in respect of subsequent claims to damages, but that they are also, of course, part of the “content of the application”. The situation in this particular case differed from the norm: Initial attempts at wording claims generally make the claims as broad and as brief as possible, but in this case they included two features that were “superfluous” for the invention.

Secondly, the judgement provides further elaboration of the *Olanzapin* precedent. Although it is essential, when determining the actual disclosure of a document, that one determines the content of that document oneself, one is not permitted to determine it in a schematic way; determining the actual disclosure is not just a cognitive act, but an expression of judicial evaluation – only an evaluative analysis can determine what the general inventive concept is, and what is an embodiment. This is expressed in a key passage of the judgement as follows:

*“The requirement of direct and unambiguous disclosure must be applied in such a way that consideration is given to the fact that establishing what is disclosed to a skilled person as the invention and what is disclosed as an embodiment of the invention is a matter of evaluation, [...].”*

This core statement in the Grounds for Judgement could well have been considered as a headnote, in our estimation.

## ASSESSMENT

The two decisions cited here are designed to dispense justice. There are inevitable limits to linguistic expression in written documents. In all three constellations (examination as to novelty, impermissible broadening and claiming of priority), however, it would be inappropriate to interpret the wording so narrowly that the objective perspective of the receiver is ignored. To that extent, it is correct to read the document as such through the eyes of one who is skilled in the art, and to enquire evaluatively as to what belongs to the general core of the disclosure for a person skilled in the art, and what belongs to the implementing “frills” in the form of examples.

For parties and their legal counsel, things could now become tougher again, in practice. The *Kommunikationskanal* decision shows clearly that determining the actual disclosure of a document is not as simple as people thought – the pure cognitive act is “old hat”, and practitioners will now have to develop lines of argumentation of an evaluative nature as well. (Henke)

## 7. Impermissible broadening / Disclaimer

### *Federal Patent Court, judgement dated 8 April 2014 – 4 Ni 34/12 (EP) – Fettabsaugvorrichtung*

#### BACKGROUND

According to Article 123 (2) EPC, a European patent application and a European patent cannot be amended in such a way that the subject-matter extends beyond the content of the application as originally filed. A feature that limits the extent of protection but is not sufficiently disclosed must therefore be removed from the claim. On the other hand, however, Article 123 (3) EPC stipulates that the claims may not be amended in such a way that the extent of protection conferred is broadened, so the respective feature must therefore be left in the claim. In such a case, the patent is liable to be revoked by the EPO because there is basically no escape from the dilemma created by Article 123 (2) and (3) EPC, apart from the special cases mentioned below.

In such situations, the patent can only be upheld in opposition proceedings if the respective features to be deleted due to lack of sufficient disclosure can be replaced by other (narrower) features for which a basis is provided in the application as originally filed, or if, by incorporating the undisclosed feature, protection is ex-

cluded merely for part of the subject-matter of the claimed invention, and said feature does not make a technical contribution to the subject-matter of the claimed invention (EPA GRUR Int 1994, 842 – *Beschränkendes Merkmal / Advanced Semiconductor Products*).

Things are different when it comes to German law, however – namely when German patents are involved. The inescapable trap can be avoided here by not deriving any rights from the insufficiently disclosed feature – though the feature must be included in any examination of infringement. A disclaimer by the patent proprietor was previously needed in that respect, although the Federal Court of Justice ruled in the *Winkelmesseinrichtung* decision (decision of 21 October 2010, Xa ZB 14/09) that the same result can be achieved by properly interpreting the (unamended) patent.

#### DECISION

In its *Fettabsaugvorrichtung* decision, the Federal Patent Court has now affirmed the application of German case law to European patents: An action for revocation against the German part of an EP patent, based on impermissible broadening, results in revocation of the contested patent even “when the impermissible broadening consists in the inadmissible inclusion of a limiting feature (improper broadening), and the patent proprietor also defends the contested patent by adding an appropriate disclaimer.” The potential rescue line for German patents (adding a disclaimer, or properly interpreting the claim) does not work, in other words, for the German parts of European patents.

The Court had to rule on an action for revocation against the German part of a European patent. Impermissible

broadening was one of the asserted reasons for revocation. According to the claim as granted, the patented liposuction apparatus was meant to have a free space of a specific size, the free space being large enough for vibration to initiate dislocation of the fat (feature 1.9.1). All that was disclosed in the contested patent, however, was a free space between the cannula and the housing for the following technical purpose: “To allow the nutation movement, a free space 18 is provided between the cannula and the handle”.

The applicable criterion for identifying a disclosure which is identical and with content that does not broaden the application is the understanding of a person skilled in the art at the time of the patent application. This skilled person must be able to find the subject-matter of the



claim as belonging to the filed invention, and identical in content to the disclosure of the entire application. When assessing this, the requirements of direct and unambiguous disclosure applicable when examining as to novelty and for claiming priority are likewise applicable. For that reason, further-reaching content is deemed to be insufficiently disclosed when it cannot be found directly and unambiguously in the application as originally filed, or when a skilled person does not read it as taken for granted into the application but can arrive at by adding to the disclosure on the basis of his general technical knowledge, or by modifying the disclosed teaching. It is necessary to take into account that the requirement of identical disclosure must be applied in such a way that consideration is given to the fact that establishing what is disclosed to a skilled person as the invention and what is disclosed as an embodiment of the invention is a matter of evaluation. It is necessary to avoid any unreasonable restriction of the applicant in exhausting the actual disclosure of the previous application.

Applying these principles, the Federal Patent Court concludes that feature 1.9.1 of claim 1 constitutes impermissible broadening of the teaching compared with content of the application, in that the free space is placed in a causal relationship with the vibration component and a result (dislocation of the fat) that is given its first mention. In contrast, all that was stated in the application with reference to Fig. 4 was that a free space is present in order to allow the nutation movement. The patent application did not establish any direct relationship between the free space, the nutation movement and the vibration component included in the latter: It only explained that vibration of the cannula causes dislo-

cation of the fat and there has been not any indication in the application of a causal relationship between the free space and the nutation movement.

The Federal Patent Court therefore applied Article 123 (2) and (3) EPC and revoked the patent on the grounds of impermissible broadening.

In its grounds for revocation, however, the Court points out that revocation seems questionable as a conclusion, because there is much to indicate that feature 1.9.1 merely specified the originally disclosed technical principle in more detail, and therefore had the effect of limiting it. The feature does not address a different technical aspect that turns the original teaching into some other technical principle. The configuration of the claimed liposuction apparatus turns out to be a special one only, without changing the manner of operation or the essential design principle of the apparatus. Another indication of this is that the inclusion of feature 1.9.1 does not lead to a shift in the extent of protection conferred by Article 64 EPC and Sections 9, 10 PatG, but merely limits it with regard to the specified configuration of the free space. The Court seems to discern parallels with the aforementioned constellations in which the EPO made an exception and accepted a way of escaping from the trap.

However, the conditions for that exception were not met sufficiently clearly, so the Federal Patent Court had no option but to presume the inescapable trap associated with improper broadening of the contested patent and set by Article 123 (2) and (3) EPC.

## ASSESSMENT

The Federal Patent Court has clearly indicated that it considers the established legal practice of the EPO to be inequitable. Due to the clear legislation in Article 123 (2) and (3) EPC, and until further notice, actions for revocation against the German part of European patents, based on impermissible broadening, continue to have excellent prospects of succeeding.

That said, the patent proprietor has filed an appeal against the judgment. The decision of the Federal Court of Justice will have to be waited on, in other words, particularly since the Xth court division, in its *Winkelmesseinrichtung* decision, had viewed the German and European rules on impermissible broadening to be "largely identical". Clarification of the issues can now

be expected of the Federal Court of Justice. It will be interesting to see whether the Federal Court of Justice manages to reach a decision that departs from that of the Federal Patent Court, or whether such a decision is even possible, given the expression of lawmakers' will in Article 123 (2) and (3) EPC, and the limits to which judges can develop the law.

As long as there is no harmonisation of legal practice between the EPO, for the one part, and the German courts, for the other part, it may be advisable in certain cases to file a parallel German patent. (Förster/Unland)

### III. OTHER SUBSTANTIVE LEGAL ISSUES

#### 8. Rights of exploitation in communities of co-inventors

##### *Düsseldorf Upper District Court, judgement of 7 August 2014 – I-2 U 91/13 – Garagentor*

###### BACKGROUND

In the wake of several recent judgements by courts of lower and higher instance concerning the requirements for co-inventorship, another judgement has now been handed down on the rights of exploitation in communities of co-inventors.

The benchmark in this field, since 2005, is the *Gummielastische Masse II* judgement handed down by the Federal Court of Justice. In said judgement, the Federal Court of Justice drew a distinct line in the sand with regard to the financial claims to compensation among parties sharing in an invention. Such claims to compensation do not exist without further ado – anyone wishing to participate financially in the exploitation of an

invention by other co-owners must conclude an agreement or obtain a resolution to that effect, and if necessary must assert his claim to an equitable arrangement in respect of exploitation under Section 745 (2) BGB (German Civil Code).

The case discussed below related to such an “equitable arrangement” governing rights of exploitation. The judgement resurrects the claim to financial compensation, which appeared to no longer exist after the *Gummielastische Masse II* ruling.

###### DECISION

The background to the *Garagentor* decision was a protracted legal dispute over the co-ownership of intellectual property in the form of two patents protecting mechanisms for opening garage doors. It had been ruled in previous proceedings that the plaintiff was entitled to a 5% share in the patents in dispute. The case could only acquire such importance due to the substantial number of garage doors based on the patent that had been sold.

The plaintiff had had its share in the patent assigned to it by a co-inventor and in September 2005 (during vindication proceedings with regard to ownership) had asserted claims to compensation out of court on account of its co-inventorship (asserted by way of alternative). That proved in retrospect to be a clever move, because it meant that the plaintiff had promptly responded to the rulings in the *Gummielastische Masse II* judgement; instead of relying on its (previously discussed) claim to compensation under Section 743 (2) BGB, it raised the dispute to a different level altogether.

Another aspect of relevance was that the defendant had been exploiting the invention extensively while the plaintiff had refrained from doing so (even though it was a competitor in the field of garage doors).

The Upper District Court has now ruled, for this specific situation, on how an equitable exploitation arrangement under Section 745 (2) BGB can be construed.

The court firstly grants the plaintiff its claim to compensation “on merits”. The statutory criterion of fairness requires an objective evaluation of the respective party’s interests, which entails concessions and counter-performance that the exploiting co-owner must fairly accept, also to his own detriment, in view of the opposing interests of the other co-owner. It is irrelevant whether the one co-owner voluntarily refrained from exploiting the invention, or whether failure to exploit the invention was due to certain extraneous or even imperative factors – the one who could have exploited the invention but refrained from doing so for whatever reason could

still possibly demand that some form of compensation be paid.

Secondly: that claim to compensation only ensues, however, if the exploiting party also uses the particular contribution to the invention made by the other co-owner who makes little or no use of the invention. At this juncture, the court follows up with a “specific” discussion of infringement in which it concluded, in the case in question, that a 5% share of the invention, attributable to the plaintiff, was being exploited by the defendant (because the respective contribution had

been incorporated in claim 1). Whether use of the patent equitably entitles a third party to a share in the financial revenue from such acts of use is dependent on precisely such exploitation of the third party’s inventive contribution.

Thirdly, the amount of monetary compensation that is equitably owed must be determined on the basis of a reasonable royalty.

## ASSESSMENT

Decisions pertaining to communities of co-inventors are highly welcome. There is still a stark contrast between the frequent occurrence of jointly held patents and the disproportionate rarity with which the courts have an opportunity to address the (difficult) legal issues that arise in this context (see also my paper in GRUR 2007, 89). This judgement is likely to attract more than a little attention, therefore, particularly since it quantifies for the first time what had previously been laid down in *Gummielastische Masse II*.

In the matter itself, however, the dictum and the grounds of the judgement give cause for concern.

One may accept the notion that a claim to compensation only arises if the claimant can find his own intellectual input realised in the product using the invention, given that there is a general, equitable core to the notion – one is only meant to share in something that stems from one’s own intellectual contribution. That said, the notion itself is not easy to justify as dogma: It breaks into constituent parts something that only becomes a unitary right, the patent, when taken as a whole. For that reason, it would have been easier to argue that a duty to compensate always arises when use is made of the teaching of the (whole) patent. This is because the individual contributions are worth nothing, per se; only in combination do they constitute the patent that can be exploited as such. The act of granting the patent is a caesura in the creation of rights. The precedent is likely to produce some very new problems for practitioners, and we now have to learn to conduct infringement tests

(or more precisely: “exploitation tests”) for parts of the patent.

I consider the decision to be a wrong turning in both, dogma and legal policy insofar as it recognises the right to compensation regardless of whether the claimant refrains from exploitation voluntarily or under duress. Section 745 (2) BGB is very deliberate in basing the right to compensation on the interests of both parties. One would think that the claimant’s reasons for not exploiting a patent are of considerable importance – if he had had the opportunity to exploit the invention, then he could have exploited that opportunity. Why should he be able to lean back and let the other co-owner bear the financial risk of exploitation all on his own?

One can only surmise that the Upper District Court was guided here by the specific circumstances of this particular case. After all, there was uncertainty over a period of years (during the vindication process) over who was now the lawful proprietor of the patent. In that respect, the plaintiff might simply have refrained from exploitation because it felt exposed to the threat of injunctive claims. If these were the (perfectly understandable) reasons that led the Court to its ruling, then unfortunately they were not expressed in the Grounds for Judgement.

Why the court should refuse an appeal on points of law is also difficult to understand. In my view, there is clearly a need here for further elaboration of legal principles. The issue at stake is nothing less than how the

general, civil-law principles of Sections 741 ff. BGB can be applied to the field of intellectual property law, and particularly to patent law. This deserved a Supreme Court judgement.

Nevertheless, practitioners in the field have now been given some important pointers, on the whole, to the future direction of case law in Düsseldorf. One fact has now been established at any rate, and had to be

demonstrated for the first time: Claims to compensation under Section 745 (2) BGB are possible. As the Federal Court of Justice had previously indicated, however, such claims have to be asserted and, more to the point, as explicitly as possible – like the plaintiff did in the case in question. (Henke)

## 9. Standard essential patents (SEPs) / FRAND principles

### *Opinion of Advocate General Wathelet, delivered on 20 November 2014 – Huawei vs. ZTE*

#### BACKGROUND

The antitrust barriers to the enforcement of standard essential patents (SEPs) have been occupying the courts in Germany and Europe for many years already. The core issue concerns the specific terms and conditions under which an infringer can defend itself against the injunctive relief claimed by the patent proprietor, by arguing that it is entitled to a licence to the SEP for antitrust reasons.

In its guiding decision in 2009 on the *Orange-Book-Standard*, the Federal Court of Justice provided extensive clarification for Germany. It placed narrow limits on the antitrust defence of compulsory licensing, with the result that such a defence strategy was rarely successful in practice in the years that followed.

Matters took a different turn, however, when the European Commission instituted antitrust proceedings against Samsung and Motorola on the grounds that they had sought injunctive relief against Apple in Germany on the basis of various SEPs. The Commission issued a press release stating that, in its view, it was problematic under antitrust law if a standard essential patent is en-

forced against an infringer who is willing to accept a licence. In early 2013, this prompted the District Court in Düsseldorf to stay the Huawei vs. ZTE infringement proceedings and to refer the question of when the antitrust defence of compulsory licensing is justified to the Court of Justice of the European Union for a preliminary ruling.

In early 2014, before the oral proceedings before the European Court of Justice, the Commission published its decisions against Motorola and Samsung, in which it defined a “safe harbour” for SEP infringers. If the infringer states its willingness to take out a licence to the patent in suit and to have a court of law or arbitration determine reasonable licensing terms, then the patent proprietor may no longer seek injunctive relief. This meant that any infringer could frustrate the patent proprietor’s statutory entitlement to injunctive relief by merely making a declaration of intent. In that light, the opinion of the Advocate General in the preliminary ruling procedure before the European Court of Justice was eagerly awaited.

#### FINAL PETITIONS

In his opinion, Advocate General Wathelet sought a middle way between the established legal practice of the Federal Court of Justice as expressed in the *Orange-Book-Standard* decision, and the view taken by the European Commission.

The Advocate General considers the precedent established by the Federal Court of Justice to be inapplicable because the standard to which the decision related was a “de facto” standard. There was no obligation on the patent proprietor at that time to license its patents on FRAND terms. In his Opinion, the Advocate General also criticised the view taken by the European Commission, stating that mere willingness on the part of the infringer to negotiate, as required by the Commission, is too

vague and non-committal to limit the SEP holder’s right to seek injunctive relief.

After these initial thoughts, the Advocate General then addressed the question of dominant position. The mere fact that an undertaking owns a standard essential patent does not necessarily mean that it holds a dominant position, but is at most an indication that that might be the case. It was not possible by law to examine that issue any further, as it was not included in the questions referred to the ECJ; however, the Advocate General makes it plain that it is basically a matter for the national court to establish whether an SEP provides a dominant position. It must be possible, in his view, to rebut the presumption of a dominant position, based on a patent

being essential to a standard, with specific, detailed evidence.

The Advocate General then addresses the need, in the case in question, to strike a balance between the right to intellectual property, on the one hand, and antitrust law, on the other hand. The point of departure for his analysis is that exercising a patent and seeking injunctive relief cannot in itself constitute an abuse of a dominant position. Any restriction of that right to seek injunctive relief constitutes, instead, a significant limitation of intellectual property rights that can only be permitted in exceptional and clearly defined circumstances.

However, the Advocate General points out that bringing Huawei's patent into the LTE standard resulted in ZTE's dependence on that technology. Under the ETSI statutes, Huawei was only able to bring in its patent because Huawei had committed itself to grant a licence under the patent to any user of the standard (and thus to ZTE as well) on FRAND terms. The patent proprietor's dominant position that ensued from bringing the patent into the standard is ultimately based, therefore, on its willingness to license the patent to third parties on particular terms. In such a situation, seeking injunctive relief in respect of the patent may constitute an abuse of a dominant position. However, the conduct of the patent proprietor and the conduct of the patent infringer in the specific case need to be examined in further detail.

Applying his findings, the Advocate General then formulates specific requirements regarding the conduct of patent proprietors and infringers:

It is not unreasonable, in principle, for the infringer to start using the patent and subsequently to enter into

negotiations on a licence agreement with the patent proprietor. The first step should be taken by the patent proprietor, who should alert the infringer to the infringement by specifying the relevant SEP and the way in which it has been infringed, in its view. The patent proprietor must also offer the infringer a written licence agreement containing all the terms normally included in such licence agreements within the industry in question, in particular the precise amount of the royalty and the way in which it is calculated.

Once that has been done, it is then up to the infringer to act accordingly. If it does not accept the patent proprietor's offer, it must promptly submit in writing, in the opinion of the Advocate General, a reasonable counter-offer relating to the clauses with which it disagrees. If, in contrast, the infringer does not respond in a serious manner to the negotiations, but acts in a purely tactical or dilatory manner, the patent proprietor is no longer prevented from seeking injunctive relief.

If negotiations between the infringer and the patent proprietor are not successful, the infringer's conduct cannot be deemed dilatory or as not serious if the infringer asks for the FRAND licence terms to be determined by a court of law or court of arbitration. In that case, however, the holder of the patent may require the infringer to provide security in the form of a bank guarantee or deposit for the royalties in dispute.

The same principle should apply, in the view of the Advocate General, if, during negotiations, the infringer reserves the right to challenge the validity or infringement of the patent before a court of law or court of arbitration after concluding the licence agreement.

## ASSESSMENT

The Opinion of the Advocate General is binding on neither the European Court of Justice or the national courts, but it does carry considerable weight. As mentioned at the beginning, judgements handed down by the ECJ tend to accept the comments of the Advocate General in the majority of cases. It is highly likely, therefore, that the final verdict of the ECJ will point in a direction similar to that taken in the Opinion of the Advocate

General. It must be assumed, however, that the comments made by the ECJ in its final verdict will be less detailed than those made by the Advocate General.

In terms of content, the Advocate General does indeed take a middle way, as intended, between the established legal practice of the Federal Court of Justice and the decisions taken by the European Commission. The

rights of SEP holders are significantly strengthened in comparison with the prevailing approach of the European Commission in recent years. For example, the Advocate General clearly states that seeking injunctive relief is permissible in cases where the infringer does not respond seriously to the licence offer made by the patent proprietor, or tries to delay concluding a licence agreement.

However, a number of key issues still need to be clarified by national courts.

There is still a blurred distinction between a *de facto* standard, to which neither the Commission decisions nor the Opinion of the Advocate General are meant to apply, and the LTE standard at issue in this case. The Advocate General states that the strict requirements of antitrust law are meant to apply whenever the patent proprietor makes a FRAND commitment and thus allows its patent to be incorporated in the standard – which is not the case with *de facto* standards. It is foreseeable that this distinction is an issue that will acquire considerable importance in future infringement proceedings.

The Advocate General also indicates in his Opinion that not every SEP inevitably grants its holder a dominant position. Whether this was so in the case in question was not one of the questions referred to the ECJ and for that reason could not be answered. In his Opinion, however, the Advocate General does indicate one way for patent proprietors to circumvent the strict requirements of antitrust law, namely by showing how the respective

patent is essential to the standard but does not provide a dominant position. This distinction is thus another issue that will gain significantly in importance.

A third aspect that will need to be clarified by case law in the next few years is the fixing of FRAND licence terms in court or arbitration proceedings, as outlined by the Advocate General. Even when an infringer is seriously interested in a licence under the SEP it is infringing, it will be almost impossible in many cases to reach agreement on licence terms that both sides consider fair and reasonable. Since the infringer in such a situation can only escape an injunction by having a court of law or arbitration define such terms, proceedings to set the amount of royalty payable are likely to become increasingly important in the years ahead.

There are numerous questions in this regard that are still not clarified. For example, it is virtually impossible for the courts to rule, with any kind of procedural efficiency, on the infringement and validity of the dozens or even hundreds of patents that are typically involved in a patent portfolio licence agreement. Apart from these procedural issues, the question of what is "*fair reasonable and non-discriminatory*" is also something that needs defining by substantive law. The few court decisions hitherto, that have addressed the question of what amount a reasonable royalty must be, are highly problematic in their content, so new paths will need to be taken in this respect if a reasonable balance of interest is to be achieved between patent proprietors and licensees. (Müller)



## BACKGROUND

In addition to the dispute just described, which is being conducted in the limelight of patent law, so to speak, there is another trend emerging that would appear to be of major importance not only for the holders of SEPs, but also for their “potential licensees”.

Until now, a frequently seen defence involved the infringer of standard essential patents (SEPs) acting conciliatorily and pretending to be a “good” infringer. It filed a licence offer properly drafted in accordance with the principles laid down in the *Orange-Book-Standard* case law with the infringement court (typically with its response to the infringement suit) and began to deposit royalties for the past and future. However, it calculated the royalties in a way that no patent proprietor could accept: Starting from a hypothetical total royalty burden for the final product, the “share” that would be attributable to the respective patent in suit is then calculated (typically about 1/2000 of the total royalty burden in the case of mobile radio communications standards). Royalties were then calculated for that two-thousandth share, namely just for the respective patent sued upon in pro-

ceedings (only for Germany, and ignoring the remainder of the plaintiff’s patent portfolio).

In a much-cited decision to stay proceedings (case no. 7 O 65/10), the District Court in Mannheim accepted such a licence offer as proposed by the infringer and made it clear to the patent proprietor that, for antitrust reasons, it was in no position to refuse the requested “single licence” to the patent in suit. Patent proprietors, according to the Court, could not insist on potential licensees only being granted a licence to their entire portfolio of intellectual property rights. Licensees must be free to decide whether and to what extent they wanted to distribute which products with which product configurations on which geographical markets. An exception could only be made in those cases where the potential licensee was acting in abuse of law by merely seeking a single licence to the patent in suit. In case no. 7 O 65/10, that would have meant annual instalments of a few thousand Euro, despite the fact that the patent proprietor was a major electronics corporation and even though the defendant marketed mobile telephones worldwide.

## DECISION

In the *DVD-Forum* case, which is similar in some respects, the proceedings were likewise stayed, but only due to the pending ECJ case *Huawei vs. ZTE* – and not due to the territorially and materially limited licence offer.

In that case also, the two parties had made respective licence offers that they each deemed to be “FRAND”. Both parties had also provided the option of having the amount of royalty determined in subsequent proceedings by a court of law, although the defendant wanted to have the licence to be granted only for the respective patent in suit and only for Germany (which is why it deposited a three-digit Euro sum per quarter), whereas the patent proprietor based the offer on its entire global portfolio of patents. Here, too, the plaintiff is a globally operating electronics corporation with a large number of

standard essential patents, and the defendant sells identical devices worldwide.

In this situation, the District Court Mannheim has now ruled differently from case 7 O 65/10: In the European Court of Justice proceedings, one of the issues was whether European antitrust law stipulates any special qualitative and/or timing requirements regarding the patent proprietor’s willingness to negotiate, or regarding the potential licensee’s licence offer, and whether the offer must include all the arrangements, if necessary, that are normally included in licence agreements in the technical field in question. The District Court in Mannheim now takes the view that the plaintiff (if the above questions are to be answered in the affirmative) might successfully argue that a global portfolio licence is customarily agreed in similar cases.

The reason why the District Court Mannheim was able to arrive at these grounds for its decision was because the plaintiff side had argued and substantiated its case significantly more strongly (in contrast to the plaintiff in case no. 7 O 65/10), that a portfolio of patents was being infringed worldwide and that identical products were also being sold worldwide.

Despite that, we believe that there is a clear change of tack here by the Court. Anticipating the forthcoming ECJ

judgement as ruling that the parties must stick to what is “customary” if they want to operate within permissible antitrust limits, one can presume that patent infringers will not get away quite so cheaply in future as has been the case since the ruling in 7 O 65/10. If infringers invoke the FRAND defence, then they also have to present an offer that conforms to customary practice in the respective industry; they cannot just deal with the patent in suit by concluding a “single licence agreement”.

## ASSESSMENT

Although it is not yet set in stone, the fact that the District Court Mannheim has indicated its departure from its unwieldy decision in case no. 7 O 65/10 can only be welcomed. That decision was due to a specific situation in those particular proceedings, but was barely applicable as a dogma and also, in effect, produced results that were incorrect.

The earlier decision was wrong, as a dogma, because it ignored the fact that patent law and antitrust law are not congruent with each other. Injunctive relief under patent law is a territorially limited protective right that extends from Flensburg in the north to Garmisch in the south of Germany. Antitrust law, in contrast, relates to “markets” that extend far beyond Germany’s borders and which may include the whole world. Another aspect is that individual products generally infringe more than just single patents, but several. That is the case, at any rate, when a patent proprietor holds a large portfolio of standard essential patents.

It is clear from the small amount of royalties that the ruling in case no. 7 O 65/10 produces the wrong results.

Were it to prevail, German courts could allow the sharpest weapons of patent proprietors to be bought for a pittance. One thing is certain, namely – the licensing campaign has run its course as soon as the German part of the patent portfolio has been licensed. No patent proprietor nowadays can seriously consider enforcing a global portfolio in every single industrial nation (or even in just the biggest). The transaction costs would far exceed the potential revenue from the licence agreement.

It is precisely such judicial practice in Germany in combination with forthcoming ECJ jurisdiction that is already causing industrial partners to consider leaving the ETSI and the standardisation programme. The District Court in Mannheim has set a minor example here and indicated that things might not turn out quite as badly as feared. The Court will hopefully find an opportunity to verify this precedent – which will hopefully be accepted and applied by courts elsewhere in Germany. (Henke)

## IV. PROCEDURAL LAW

### 10. Provisional judicial relief

#### *Düsseldorf District Court, judgement of 8 May 2014 – 4a O 66/13 – Reinigungsroboter*

##### BACKGROUND

In the judgement under consideration here, the District Court in Düsseldorf addressed the validity requirements that patents must satisfy in injunction proceedings. A temporary injunction can basically only be granted when the injunction patent has already survived contentious opposition or revocation proceedings and its legal validity can therefore be deemed to be sufficiently certain.

The Düsseldorf Upper District Court defined an exception, albeit limited, to that rule in the much-cited *Olanzapin* decision (judgement of 29 May 2008, ZR 47/07). With the present decision, the District Court has now outlined another constellation that qualifies as an exception.

##### DECISION

The plaintiff in the injunction action was the registered proprietor of a patent relating to a drive and control system for a robot. This patent had not yet been subject to opposition or revocation proceedings before the injunction proceedings began.

On 29 July 2013, the plaintiff applied to the District Court in Düsseldorf for an injunction to be granted against the defendant. In its court order of 14 August 2014, the courts granted the requested injunction against the defendant without a prior hearing. The order was served on the defendant the very same day, at a trade fair in Berlin.

On 10 January 2014, i.e. almost five months after the injunction was granted, the defendant in the injunction action filed an action for revocation against the injunction patent. On 28 January 2014, it appealed against the temporary injunction and simultaneously requested that enforcement be temporarily suspended.

The District Court Düsseldorf dismissed the application for temporary suspension of enforcement and confirmed the temporary injunction with its judgement of 8 May 2014. In said judgement, the courts acknowledged that the injunction patent was infringed by the

accused products and assumed that the legal validity of the injunction patent was sufficiently certain. While the validity of the IPR to which the injunction relates must basically be sufficiently certain for a temporary injunction to be granted, this validity can generally only be affirmed when the IPR in question has withstood an opposition or an application for revocation.

That was not the case here. However, the Court made an exception and saw no reason in this case why special requirements should be made regarding verification of the legal validity of the injunction patent. Due to the fact that the defendant did not oppose the patent until five and half months had elapsed since the temporary injunction was granted, it conducted the injunction proceedings effectively like proceedings on a main issue. The defendant had had sufficient time in between to conduct extensive searches on the legal validity of the patent. In such a case, the injunction order had therefore to be verified if the cited prior art provided no reason to stay the proceedings on the main issue. In the case in question, however, the District Court in Düsseldorf considered these tough requirements as not being met, so the injunction was therefore upheld.

## ASSESSMENT

In this decision, the District Court is applying the established precedents laid down hitherto by the Düsseldorf courts (see also the Upper District Court Düsseldorf judgement of 14 July 2009, 2 U 87/08; Düsseldorf District Court, judgement of 19 August 2004, case no. 4b O 199/04). At second glance, however, this latest judgement by the Düsseldorf District Court raises a number of issues.

The Court is correct in ruling that a patent in injunction proceedings does not have to satisfy any tougher requirements in respect of its legal validity, if the defendant in the injunction action conducts the proceedings like proceedings on a main issue. In normal patent infringement proceedings, the defendant generally has three to four months' time to conduct searches into the legal validity of the patent in suit, to file an action for revocation and, in its response to the infringement suit, to petition for proceedings to be stayed due to the patent lacking validity. If the defendant in injunction proceedings, having filed its opposition, likewise takes several months to conduct a detailed search regarding the legal validity of the patent, then there is no apparent reason why the different requirements in respect of legal validity should be made from those made in proceedings on the main issue.

This fails to explain, however, why the District Court in Düsseldorf granted an injunction in the first place here – without a hearing and thus without hearing the defendant. The injunction patent is basically required in that case to be legally valid with a sufficient degree of certainty, as can be assumed when the patent has survived opposition or revocation proceedings, but which was not the case here. Why the courts departed from that principle when granting the temporary injunction is not evident from the decision.

For practitioners, this judgement shows that the defendant in injunction proceedings should respond immediately by filing an appeal against a temporary injunction. If it fails to do so, it runs the risk of the court assessing the legal validity of the patent according to the strict criteria applied in proceedings on the main issue. For the defendant in injunction proceedings, this entails a serious tactical disadvantage that can lead to the case being lost (as it was here). (Müller)

## 11. Enforcement measures following destruction of patent

*Federal Court of Justice, decision of 8 July 2014 – X ZR 61/13 – Kurznachrichtenfunktion I*

*Federal Court of Justice, decision of 19 September 2014 – X ZR 61/13 – Kurznachrichtenfunktion II*

### BACKGROUND

In summer 2014, the Federal Court of Justice issued two court orders, in the same case and in quick succession, concerning temporary suspension of enforcement in appeal proceedings. The background to both decisions is the separation, peculiar to the German legal system, of patent infringement proceedings from the opposition or revocation proceedings often instituted as a defence.

Patent revocation proceedings before the Federal Patent Court take much longer than patent infringement proceedings conducted before the ordinary courts of law. This means that a decision on infringement of the patent

is usually pronounced before the Federal Patent Court has decision on the legal validity of the patent in suit. Until now, the infringement appeal proceedings may even be completed before such a decision is reached. As a result, the defendant is often confronted with enforcement measures based on the infringement verdict without the legal validity of the patent having been reviewed in court. The two court orders now issued by the Federal Court of Justice address the defendant's options for protecting its legitimate interests in such a situation, particularly when an appeal court judgement has already been issued.

### DECISIONS

The defendant had been adjudged by the District Court and the Upper District Court in Munich for infringement of the patent in suit, which related to a short message function (*Kurznachrichtenfunktion*) of mobile telephones, *inter alia* to cease and desist, to provide information, to recall the products and to destroy them. The defendant appealed against the judgement of the Upper District Court in Munich with an objection of non-admission so that the appeal verdict would be reviewed by the Federal Court of Justice. Prior to the Federal Court of Justice decision on the objection of non-admission, the patent in suit was revoked by the Federal Patent Court. The defendant then applied for temporary suspension of any enforcement measures deriving from the judgement by the Upper District Court in Munich, which was enforceable without any security being deposited.

In its *Kurznachrichtenfunktion I* order, the Federal Court of Justice dismissed that request, citing the rule in Section 719 (2) ZPO that explicitly governing the suspension of enforcement measures in the appellate instance. According to said rule, suspension of enforcement measures deriving from an appeal court judge-

ment can only be considered when enforcement would cause an irreversible detriment to the debtor and there is no prevailing interest on the part of the creditor.

In the view of the Federal Court of Justice, however, there is no such irreversible detriment in the case in question. The fact that the patent in suit had meanwhile been revoked by a Federal Patent Court judgement at first instance did not constitute such a detriment. Revocation of the patent in suit in first-instance proceedings did not constitute *per se* an "irreversible detriment" within the meaning of Section 719 (2) ZPO. Since the first-instance judgement by the Federal Patent Court was not final, the offer to cease and desist made in the infringement proceedings lacked a substantive legal basis, in the view of the Federal Court of Justice.

The defendant appealed against that decision with an objection that it had not had its day in court (filed with the Federal Court of Justice). In September 2014, the Federal Court issued its *Kurznachrichtenfunktion II* court order. This time, the defendant's objection of not having its day in court was viewed by the FCJ as a

remonstrance and was successful. The FCJ ordered that temporary suspension of enforcement measures against depositing of security. In its rationale for the order, the FCJ argued that, although the requirements of Section 719 (2) ZPO governing suspension of enforcement measures in the appellate instance were not met, the Court now concluded that the provisions in Sections 719 (1) and 707 (1) ZPO applicable to suspension of enforcement measures in the appellate instance had to be applied analogously to appeals on points of law, at least in patent infringement matters. Suspension of enforcement measures deriving from a first-instance judgement, pursuant to Section 719 (1) and 707 (1) ZPO, is generally indicated in the appellate instance when the patent in suit has been revoked by the Federal Patent Court at first instance. Although Section 719 (1) ZPO applies only when an appeal on questions of fact and law has been filed against a provisionally enforceable judgement, the Federal Court of Justice concludes here that said rule must be applied analogously in appeal proceedings on questions of law.

The meaning and purpose of this distinction between the requirements stipulated in Section 719 (1) ZPO, which places suspension of enforcement at the discretion of the court, and Section 719 (2) ZPO, according to which suspension of enforcement can only be consid-

ered when an irreversible detriment is caused to the debtor, is the enhanced "guarantee of correctness" that lawmakers assign to appeal proceedings on questions of fact and law. This evaluation is thus inapplicable to the peculiarities of overlapping patent infringement and patent revocation proceedings, because, in appeal proceedings also, the court of appeal can merely evaluate the legal validity of the patent in suit in summary form. As far as legal validity is concerned, the appeal judgement therefore lacks the enhanced guarantee of correctness that lawmakers basically associate with decisions handed down at second instance. If the Federal Patent Court grants the application for revocation after the appeal judgement has been handed down, this guarantee of correctness is upset for reasons beyond the judgement – namely to the same extent as the guarantee for correctness inherent in a first-instance judgement.

In the case in question, it was therefore necessary, in the view of the Federal Court of Justice, to apply the rules governing suspension of enforcement measures deriving from first-instance judgement accordingly. This analogous application of Section 719 (1) and Section 707 (1) ZPO then resulted in suspension of enforcement measures deriving from the appeal court judgement, against lodging of security by the defendant.

## ASSESSMENT

The decisions of the Federal Court of Justice in *Kurznachrichtenfunktion I* and *II* are noteworthy from the outset because the same court division corrected its own rulings in the same proceedings within two months. In July 2014, the Federal Court of Justice kept strictly to the rule in Section 719 (2) ZPO concerning the suspension of enforcement in appeals on questions of law, and rejected any suspension of enforcement; it now corrected that view a mere two months later by deciding on analogous application of the respective rules governing enforcement of judgements handed down at first instance.

In terms of content, the second of these decisions is definitely to be welcomed. Trust in the legal validity of a patent is seriously undermined when the patent is revoked at first instance by the Federal Patent Court. In such a situation, it is imperative as a basic principle to allow the alleged infringer to ward off any further enforcement measures against lodging of security. Given that the infringement courts had merely addressed the legal validity of the patent in suit in summary form in both the first- and second-instance proceedings, nothing different can apply to first-instance judgements than for judgements by the court of appeal. (Müller)

## 12. New procedural law for patent revocation proceedings

*Federal Court of Justice, judgement of 14 January 2014 – X ZR 148/12 – Positionsdefiniertes Aufspannen*

*Federal Court of Justice, judgement of 20 March 2014 – X ZR 128/12 – Arretiersystem*

### BACKGROUND

The basic concept underlying the Patent Law Modernisation Act passed in 2009 is that the facts of a case are to be clarified primarily in first-instance proceedings before the Federal Patent Court, so that the court of second instance can then concentrate (theoretically, at any rate) on checking for errors. The results of the pro-

ceedings at first instance are to be taken as a basis. Since mid-2012, the first Supreme Court judgements have now been pronounced in which the new procedural law has been applied in practice, and to good effect (see also last year's review of case law).

### DECISIONS

In the period now under review, two important decisions were handed down (continuing the Federal Court of Justice judgement of 28 May 2013, X ZR 21/12 – *Walzstraße*) that show ways that a patent proprietor can still defend a patent with amended claims at second instance also.

- In the ***Positionsdefiniertes Aufspannen*** case, it was not until the oral proceedings before the Court that the patent proprietor found a version of claims that led to a patentable form of the patent.

The Federal Court of Justice deems the limited defence of the contested patent to be admissible in this specific case and considers the two (cumulative) requirements of Section 116 (2) PatG as being met: Firstly, the auxiliary request is expedient because it appropriately addresses the doubts that had been voiced by the Court in the oral proceedings. Secondly, the Court was able to base its decision on facts that had to be taken into account anyhow, pursuant to Section 117 PatG. According to Section 531 (2) ZPO, these also and specifically include aspects that were obviously overlooked or deemed irrelevant by the court of first instance. In the case under consideration here, the core of the

reworded request derived from an auxiliary request filed at first instance that, from the legal viewpoint of the Federal Patent Court, was of no relevance. In the second instance, rewordings of that request were not considered relevant enough to exceed the limits drawn by Section 117 PatG in combination with Section 531 ZPO.

- The situation was also similar in the ***Arretiersystem*** case. Here, too, it was not until the appeal proceedings that the patent proprietor filed the auxiliary request that was ultimately successful. However, that request differed from a previous auxiliary request only by a certain "simplification". The request added only the features of dependent claim 2 to claim 1, and left out the features of dependent claims 4 and 5 (which had been included in claim 1 in the first-instance proceedings).

In that constellation also, in the view of the Federal Court of Justice, the patent proprietor is still within the scope of what is admissible under Section 116 (2) and Section 117 PatG, in combination with Section 531 (2) ZPO.

## ASSESSMENT

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The Federal Court of Justice has shown once again that it takes the problems of patent proprietors seriously. The issue is an all-or-nothing one for the patent proprietor (in contrast to the applicant for revocation). The two Federal Court of Justice judgements clearly help to simplify first-instance proceedings and to that extent are conducive to procedural efficiency – under the new procedural law also, patent proprietors are not compelled to lay every conceivable wording of their claims on the table in the first-instance proceedings and no later.

The limits to what can still be presented in the second-instance proceedings may have been reached when the patent proprietor acts carelessly. However, no rulings have been handed down in that respect as yet. Until now, the judgements of the Federal Court of Justice have always had a liberal bent – as far as the duties of patent proprietors and respondents to revocation suits are concerned, at least. (Henke)



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