

Recent Case Law in German Patent Law



2017



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FOREWORD

Last year saw little in the way of unexpected or momentous decisions. Established supreme court practice appears instead to have been continuously developed and consolidated in many fields. Examples include the decisions on equivalence and contributory patent infringement on which we have already reported. On the whole, they build consistently on what had previously been elaborated in jurisdiction.

'Disclosure' is still a perennial issue in validity matters, but here as well there are signs of German and European law converging (namely in respect of undisclosed disclaimers). One focus of this year's case law review is therefore decision G 1/16 of the Extended Board of Appeal of the European Patent Office, which has received much attention.

Nonetheless, there are also two prominent decisions by the Federal Court of Justice that stand out: in **Raltegravir**, a compulsory licence (for an HIV drug) was awarded by the supreme court for the first time ever. In **Sektionaltor II**, the Federal Court of Justice finally had an

opportunity to specify in greater detail the conditions under which a co-inventor can claim financial compensation from the other inventors, thus correcting the very unwieldy ruling applied in the previous instance. The crucial factor on which entitlement to compensation depends is the situation of the beneficiary – if he can easily exploit the invention in his own establishment, then he has also to do so as a priority. It is not enough to approach co-owners, but remain personally inactive on the market.

What about FRAND? The courts in Mannheim and Düsseldorf continue to develop their case law. Both venues are converging on some key issues, with the 'requirement for transparency' (involving the disclosure of licensing agreements already concluded) increasingly becoming a major irritant for patent proprietors. We are still waiting with bated breath on an appeal decision from the Upper District Court in Karlsruhe and above all a decision from the Federal Court of Justice in an appeal decision on points of law.

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EISENFÜHR SPEISER

I. PATENT INTERPRETATION, PATENT INFRINGEMENT

1. Equivalence

Munich Upper District Court, judgment of 18.05.2017, 6 U 3039/16 – Pemetrexed II

BACKGROUND

Last year, we discussed a Federal Court of Justice decision on equivalent patent infringement under the catchword **Pemetrexed**. The court ruled that the claim relating to pemetrexed disodium is also infringed equivalently by a variant based on pemetrexed dipotassium. The fact that the patent proprietor only claimed pemetrexed disodium from the group of disclosed antifolates cannot be understood, argued the Federal Court of Justice in its 2016 judgment, as a selective decision according to which all other antifolates – such as

pemetrexed dipotassium – are not meant to be covered by the patent.

The case now decided upon almost a year later by the Munich Upper District Court in expedited proceedings shows that the dispute over pemetrexed continues, even after the Federal Court of Justice judgment. This time, however, the patent proprietor took action against a cancer drug based on pemetrexed diacid, in contrast to the case already ruled upon by the supreme court in 2016.

DECISION

The Munich Upper District Court affirmed equivalent patent infringement in this case also. In its judgment, the court division analysed the requirements for equivalent infringement with scholastic formality.

With regard to the equivalent effect that must firstly be examined, the Upper District Court stated that the claim itself is all that matters. The applicable criterion is whether the derived embodiment produces the same effects as the teaching of the patent, as specified by the claim. For that reason, the court deemed it irrelevant that the accused products also included tromethamine as a buffering agent. The question whether the accused drugs are incompatible with other cancer drugs due to the tromethamine, or may not be used in patients with chronic kidney disease, could be left unanswered, to that extent, because neither of those aspects are included in the claim. This means they cannot detract from equivalent infringement.

The Upper District Court also affirmed that pemetrexed diacid can be found as a replacement for the claimed pemetrexed disodium. The court refers in that regard to

the parallel proceedings before the High Court of Justice and the Court of Appeal in the United Kingdom, in which the UK courts concluded that a skilled person would have considered pemetrexed diacid as a possible replacement – although the question of solubility would have required further tests. The fact that the solubility of pemetrexed diacid could only have been clarified by further tests was seen by the UK courts as a reason for negating any equivalent infringement. However, the court in Munich takes a different view, namely that the question of solubility is quite simply irrelevant with regard to equivalent infringement. This is because the claim seeks protection for a substance or composition for use in medical therapy. Problems that may have to be overcome in the production process, which also includes the solubility of pemetrexed diacid, are therefore beside the point as far as finding equivalents is concerned.

The Munich Upper District Court accepted the view of the Federal Court of Justice, not surprisingly, when conducting its subsequent examination of equivalence. The fact that only pemetrexed disodium is claimed, from the

group of antifolates disclosed in the patent, cannot be understood, therefore, as a selective decision. For a person skilled in the art, pemetrexed diacid is therefore an

equivalent replacement substance, ruled the Upper District Court, in line with the Federal Court of Justice.

ASSESSMENT

Following the Federal Court of Justice judgment in which pemetrexed dipotassium was viewed as an equivalent infringement of the patent relating to pemetrexed disodium, the Upper District Court has now ruled that the same applies to pemetrexed diacid. The fact that, when conducting its test of equivalence, the Munich court stuck closely to the analysis provided by the Federal Court of Justice in the previous parallel proceedings should come as no surprise. What is noteworthy, rather, are the grounds for judgment regarding equivalent effect and 'findability'.

In both cases, the view taken by the Upper District Court keeps very close to the claim. From that perspective, disadvantages of the modified solution are irrelevant as long as they do not detract from the effect or use covered by the claim. However, the court's analysis appears to be too narrow in this respect, because any incompatibility with other cancer drugs, or typical side-effects, will limit the uses of the active agent, which is claimed for a specific use. From the perspective of one skilled in the art

who proceeds from the patent specification and is looking for a replacement substance, that aspect may be an important one that repudiates any equivalent effect.

At first glance, the situation may seem similar for the court's analysis on findability. Production of the active agent has nothing to do with the scope of protection conferred by the patent for a particular substance, however. For that reason, the diacid may well be an obvious replacement substance, proceeding from the claim in the patent. Whether or not it is necessary to overcome a problem in order to produce the replacement substances – or be inventive in doing so – has no bearing on the findability of the alternative.

One consequence of the Upper District Court judgment, in any case, is that the range of equivalent patent infringement is extended. This only goes to show that equivalent infringement is alive and kicking, despite being declared dead only a few years ago. (Müller)

Düsseldorf Upper District Court, judgment of 07.07.2016, I-2 U 5/14 – Partikel-Auffangvorrichtung

BACKGROUND

This judgment marks another decision on equivalent patent infringement – and a successful action, in the end, based on such infringement. It is noteworthy because the

Düsseldorf Upper District Court could concern itself with a rather rare constellation, namely indirect equivalent patent infringement.

DECISION

The subject-matter of the patent in suit was a method for operating a diesel engine, in which a mixture of diesel and a cerium compound soluble in fuel is used. The inventive concept was that, when combusting this mixture, cerium compounds are emitted into the exhaust gas, with the result that the combustion temperature in the catalytic converter is advantageously reduced. The patent proprietor brought its action against fuel additives which the buyer can mix with diesel fuel. The accused fuel additives contained cerium nanoparticles which cause the combustion temperature in the catalytic converter to be reduced.

The Düsseldorf District Court had dismissed the action in the preceding instances on the grounds that the cerium nanoparticles in the accused products are not dissolved in the diesel fuel, but form a colloidal mixture (in which the particles are not dissolved, but are present in unchanged form in the liquid). In the view of the District Court, only a homogeneous, molecularly dispersed solution is to be deemed as conforming to the patent, but not the colloidal solution offered by the defendant.

The Düsseldorf Upper District Court annuls that decision and rules that the defendant had committed indirect equivalent infringement.

The court firstly focused in some detail on the interpretation of the patent in suit and the question whether a colloidal solution of nanoparticles and diesel fuel could be considered as ‘fuel-soluble’ within the meaning of the patent (i.e. on literal, indirect infringement). It concluded that this was not the case, however, on the

grounds that nanotechnology was still in its infancy at the date of priority. Although the scope of protection conferred by the patent was not limited, in principle, to subject-matter that was known at the date of priority, the expression ‘fuel-soluble’ could only be interpreted as a molecularly dispersed solution, based on the knowledge of a skilled person at the date of priority. That was the only way a sufficiently stable solution could be produced, at that time.

In accordance with the old familiar triad, the court then tests whether there is indirect equivalent infringement:

In the first step, the court affirmed that a colloidal solution of cerium nanoparticles has the equivalent effect of a dispersion, and referred in this regard to an expert opinion it had commissioned.

It then addressed the question of whether such a mixture of fuel and nanoparticles was ‘findable’ for a person skilled in the art. The fact that nanoparticles were not yet commonplace at the date of priority and that the respective technology was still in its infancy did not preclude its findability, according to the court. Equivalent infringement would otherwise be ruled out even when a person skilled in the art can see, without any creative thinking on his part, that the invention can also be carried out with the same objective effect with a substance that subsequently becomes known. That would ultimately mean classifying a replacement substance as unfindable even though it was actually obvious to a skilled person.

The court argued that the patent proprietor participates in the scientific progress that occurs beyond the patent. If a skilled person comes across a replacement substance due to the general development of technology, it must be assumed, for the purposes of the equivalence test and with regard to findability, that he already knew of the subsequently discovered replacement substance at the date of priority. Based on that hypothetical perspective, it must then be examined whether the replacement substance is an obvious alternative for the claimed substance.

In the case decided upon here, the question was therefore whether a skilled person would have recognised in cerium nanoparticles a suitable replacement substance

for the claimed soluble compounds, if nanotechnology had been available to him at the date of priority. Referring to the expert opinion it had obtained, the court answered that question in the affirmative, and hence that the replacement substance was findable as an equivalent infringement.

Lastly, the court also affirmed equivalence. Whether or not the cerium was added to the fuel in a molecularly dispersed state or as a colloidal solution is of no relevance for the success of the invention, namely to reduce the combustion temperature. The crucial aspect, instead, is a sufficiently stable solution without flocculation, which is achieved just as well by nanoparticles as with dissolved cerium compounds.

ASSESSMENT

This judgment by the Düsseldorf Upper District Court shows that patents can be asserted effectively even in cases of indirect equivalent infringement, like this one, that are on the outer verges of the scope of protection. It deserves attention for that reason alone.

However, it is above all the reasons given for equivalent infringement that are noteworthy. As was shown, it was possible in the course of time, due to technological progress, to discover replacement substances which were not yet commonplace at the date of priority, and therefore remote, and these replacements can form the basis for equivalent infringement. One need only imagine the defendant already offering a fuel additive containing cerium nanoparticles shortly after the application for the patent

in suit had been filed to realise how problematic this analysis by the Düsseldorf Upper District Court can be. At that time, when nanotechnology was still in its early days, such a product would have been seen as the result of creative activity on the part of the defendant, and one which is not 'findable' in the sense of equivalent infringement. Although such use may have been obvious a few years later, following the dissemination of nanotechnology, does that mean that the defendant's product becomes an equivalent patent infringement in the course of technological progress?

Clarification of this question cannot be expected in the near future, however, because the Upper District Court judgment is final. (Müller)

2. Contributory infringement

Federal Court of Justice, judgment of 24.10.2017, X ZR 55/16 – Trommeleinheit

BACKGROUND

Indirect/contributory infringement cases in the spare parts and repairs business involve a situation in which the patent proprietor has placed the protected product on the market either itself or through authorised third parties, and the buyer repairs or services the product later using spare/replacement parts.

Such constellations have been the subject-matter of numerous court cases for many years. In some cases, the question whether the product keeps its identity when a replacement part is installed (in which case exhaustion applies and there is no patent infringement) or whether

this constitutes impermissible (patent-infringing) 're-making' or 're-manufacturing' of the product, is examined separately from the question of whether the replaced part mirrors the technical effects of the invention.

In certain kinds of cases, the latter question can be set aside, which then means that a decision on whether re-making is involved need only be based on the view of the trade. The case now ruled upon by the Federal Court of Justice shows that the debate over when this is the case has not been conclusively clarified yet.

DECISION

The patent in suit related, inter alia, to a 'photosensitive drum unit' in printers. The defendants sell reconditioned cartridges that can be used in printers instead of the (original) cartridges made by the plaintiff. They replace the used imaging drum forming part of the drum unit with new parts that do not originate from the plaintiff. The plaintiff then sued the defendant for indirect infringement of the patent in suit by selling reconditioned toner cartridges for laser printers.

The Düsseldorf Upper District Court saw replacement of the imaging drum as a reconstruction of the drum unit (and thus as a patent infringement). The court based its decision on the fact that the imaging drum accounted for about 70% of the value of the drum unit, which meant that the view taken by the trade (determined on a normative basis) is that the drum unit is reconstructed, due to the replacement of the imaging drum. In the aforementioned precedents based on the view of the trade, one aspect that remained unexamined was whether the replaced part mirrored the technical effects of the invention in the patent in suit.

The Federal Court of Justice has now annulled this judgment handed down by the Düsseldorf Upper District Court and dismissed the action.

A hypothetical view of the trade cannot be the applicable criterion for the question as to whether replacing the imaging drum constitutes remaking of the drum unit, or whether the drum unit is still being used in the intended manner, if the protected product ('drum unit') is sold only as one component of a more comprehensive object ('process cartridge').

The Federal Court of Justice is thus developing another exception from the priority focus on the view of the trade. Whenever a claim protects a product consisting of several parts, but the proprietor places objects on the market that comprise further additional components, a hypothetical trade view cannot be the applicable criterion. A trade view can basically only ensue for a product that has actually been placed on the market in that particular form.

In the case under consideration, however, there was only a trade view in respect of printers and process cartridges, but not in respect of a drum unit, so the previous instances were impermissibly based on a 'fictitious trade view'.

The Federal Court of Justice is thus introducing a new set of cases in which there is no trade view, or none which can be verified. In these cases, the question of 'remaking' cannot be decided from the perspective of the trade, but only according to whether the effects of

the patent are present in the replacement part. If it is not possible to refer to the view of the trade, the question of remaking must be decided on the basis of whether or not the technical effects of the invention are reflected in the replaced parts of the protected product.

That was not the case here, because the imaging drum as such was already known from the prior art and because the claim did not specify any modifications concerning the specific characteristics, workings and service life of the imaging drum.

ASSESSMENT

The judgment relates to the situation in which the product protected by the patent differs from the object being sold. If it is not possible in such a situation for the trade to form a view with regard to one component of the overall device, then it is necessary instead to examine whether the replaced parts mirror the technical effects of the invention. An examination based on the claim is also extended, therefore, beyond the acknowledged exceptions in the case of spare/replacement parts, to those cases in which the trade has not formed or is unable in the circumstances to form a 'real' view of its own.

Indirect/contributory infringement is construed by the legislature as a risk of offence, the question of whether replacement constitutes a normal measure necessary to

maintain the joint object, or a remaking of the product and therefore an infringement of the patent, could mostly be decided until now regardless of whether the replace part mirrored the technical effects of the invention. The Federal Court of Justice has now limited that established practice in respect of impermissible remaking to those cases in which a trade view actually exists. It would be helpful if the Federal Court of Justice could continue this line of analysis in future and require an examination, also in other types of cases, of whether the replaced parts mirror the technical effects of the invention. (Förster)

3. Acts committed in foreign countries

Federal Court of Justice, judgment of 16.05.2017, X ZR 120/15 – Abdichtsystem

BACKGROUND

The decision to be discussed here is interesting in several respects. Our focus here is on whether and to what extent acts committed in foreign countries can constitute an infringement of a German patent.

Supreme court precedents on this issue have recently shown a clear tendency, according to which actions committed in other countries can result in patent infringements in certain circumstances. Until now, one principle that applied with regard to tortious liability was that supplies from undertakings domiciled abroad to

customers domiciled abroad may constitute infringements of German patents (or 'participation' in such infringements) if the supplier knows (or does not know as a result of negligence) that the customer will supply the products to Germany. Whereas matters were still relatively simple in the *Audiosignalcodierung* case dealt with by the Federal Court of Justice (case no. X ZR 69/13), because it was a positive fact that the defendant's customer was also exporting products to Germany, the situation here was more complicated.

DECISION

In the case under review, the defendant was domiciled in Italy. It produced repair kits for car tyres. In proceedings through the instances in a first case, the action was brought exclusively against the repair kits being (directly) offered and placed on the market in Germany; the accusation of infringement was then extended at a later stage to also include supplies to third parties domiciled in foreign countries. The question then was whether and to what extent the domestic purchase necessary for a patent infringement in Germany (i.e. within the territorial extent of protection conferred by the German patent) actually existed.

The Federal Court of Justice begins by repeating the principles guiding its legal practice hitherto. A supplier domiciled abroad is under no obligation, to begin with, to check or monitor how the customer subsequently uses the supplied goods. The customer who buys a product is itself responsible, as a basic principle, for ensuring that the product is used only in a legally permitted manner. It must be assumed, in principle, that at first sight there is only an unobjectionable delivery to a foreign country. That alone cannot jeopardise the patent proprietor's rights just yet, but the Federal Court of Justice then goes on to argue that the supplier has a special duty to protect others' rights not only when it has (positive) knowledge that the

customer is reselling or offering the supplied goods in Germany (as was the case in the *Audiosignalcodierung* decision). Instead, the supplier already has an obligation to check the facts of the matter if there are specific indications which strongly suggest that such acts are being committed.

The Federal Court of Justice is thus extending the precedents it previously established, and the issue in the rest of the judgment is whether, in this particular case, there are any such 'indications' of exports to Germany. In this regard, the Federal Court of Justice spreads out the following possibilities:

'Abstract possibilities' of the goods being resold in Germany are insufficient anyhow. (This would also render the territoriality principle in patent law totally meaningless.)

'Specific indications' of goods being resold in Germany might be sufficient, however. Such indications would exist, for example, when the quantity procured is so great that it could hardly be sold only on markets not covered by IPRs, or when the behaviour of the customer correlates conspicuously with perceptible and potentially IPR-infringing activities of the customer on the German market. In such cases, the supplier must make enquiries with

the customer and draw attention to the fact that such activities may constitute patent infringement. If a plausible response to such enquiries is not obtained, the supplier becomes involved in the infringement of a foreign patent, even if it has no positive knowledge of same. If it continues to supply the goods, it is acting in breach of a duty to behave in such a way that the foreign patent is protected.

The present case could also involve such a situation. In the enforcement proceedings at first instance, the defendant had stated that even short-term enforcement

would have severe commercial impacts, because it supplied numerous automotive manufacturers with the accused products, and that it would suffer major consequences if it were even temporarily unable to supply the German market.

That statement of facts and arguments now redounded to its disadvantage, because the Federal Court of Justice referred the matter back to the lower court of appeal for further clarification of the facts.

ASSESSMENT

The Federal Court of Justice draws a wide circle around those responsible for patent infringement, so wide, indeed, that this new case law runs the risk of colliding with the opposing principle of territoriality. A step this far forward can only succeed if the rationale is expounded very meticulously. Said reasoning is based on a concept of attribution that inherently provides the advantage of the individual case being judged to a large extent on its own merits – but it also harbours the risk of impermissible generalisation.

In future cases, it will therefore be necessary to examine the details of the individual case very carefully. If patent infringement by a third party has already occurred, or if there is at least a risk of first infringement, activities prior to that, but which ‘foster’ patent infringement may also be deemed to infringe a patent. In that case, there is a

possibility of indirect patent infringement within the meaning of Section 10 of the Patent Act (PatG), at most, which is an offence of its own.

The legal consequence of such ‘fostering’ of patent infringement does not necessarily have to be an unconditional prohibition. In the concluding passages of the judgment, the Federal Court of Justice rightly points out that a series of graduated measures might be required. The question is which measures the obligee can reasonably be expected to carry out in order to prevent patent infringements by its customers. On the one hand, this is a wide-open field for attorneys and parties, but on the other hand it is a sharp warning to all those who think that in foreign countries they are safe from German patents. (Henke)

Düsseldorf Upper District Court, judgment of 23.03.2017, I-2 U 5/17 – Nicht-invasiver Pränataltest I

BACKGROUND

In the medical technology field especially (but not only), there is increasing use of transboundary processes in which some of the steps of a method are carried out in other countries. The reason in some cases is that the quality in other countries is better, or the costs are lower, whereas in other cases it is simply because the relevant server is located in another country.

This produces problems for patent proprietors, because the territoriality principle imposes limits on the extent to

which rights can be asserted in cases where methods are carried out across national boundaries. There is often no patent protection in other countries, and even when a parallel patent was granted, a German court will never pass judgment on infringement of a foreign patent.

This problem is addressed by the present judgment by the Düsseldorf Upper District Court, which shows not only the limits to patent enforcement, but also the opportunities that exist.

DECISION

In the case ruled upon, the patent being asserted related to a non-invasive prenatal diagnostic method. The first step in the method entailed taking a blood sample from the mother-to-be. According to the following steps, that blood sample was to be processed by separating it into a cellular and a non-cellular fraction, by detecting a nucleic acid and finally by producing a diagnosis on the basis of the nucleic acid.

The defendant performed the patented method, but the only step it performed in Germany was the first one (taking a blood sample). The sample was then sent to a laboratory in the USA, where it was analysed in accordance with the patented method, and where the diagnosis was also produced. That diagnosis was then sent back to Germany and made available to the doctor providing treatment.

The Upper District Court negates any patent infringement. In its grounds for judgment, it began by stating that infringement of a patent in Germany can only be assumed if the steps carried out abroad can be attributed to the person who also performs the other steps in Germany.

It is irrelevant in that respect whether the person who operates in the foreign country is a third party or the same person, or whether the third party engaged in activity at the

behest of the domestic party. In the view of the Upper District Court, it is imperative to attribute such activities whenever the steps carried out abroad result in a precursor or intermediate product which is then supplied to Germany and refined by applying the remaining steps of the method. According to the Upper District Court, the person who is active in Germany 'adopts' the steps carried out abroad as his own, so to speak. It makes no difference whether the one who performs the last steps of the method in Germany arranges for the preceding steps to be carried out in a foreign country either by himself or by third parties.

The situation is different, however, when the step carried out in Germany must be seen merely as the preliminary product for the method that is carried out abroad – as in the case ruled upon here. This is because the part of the method that produces the success of the invention is carried out in a foreign country.

In the view of the court, whether steps which are performed abroad are used to produce the success of the invention in Germany is a matter that has to be assessed on the basis of the features of the claim – not its commercial exploitation. In the case of medical diagnostic methods, in particular, it is irrelevant where the patient lives and where payment for the diagnosis is made.

The action in the present case was dismissed for these reasons.

What is interesting is that the Upper District Court passed its judgment with an obiter dictum in which the patent proprietor is shown the circumstances in which a patent infringement can be assumed. If, according to the court, the

claim also included informing the patient of the diagnosis, then one can assume the patent has been infringed. This is because the last person to perform an activity in Germany would be adopting the steps carried out abroad as his own, and would use them to achieve the success of the invention. It is irrelevant whether announcing the diagnosis is a secondary contribution, in technical terms.

ASSESSMENT

The decision handed down by the Upper District Court in Düsseldorf must be welcomed for the simple reason that it provides a measure of clarity that is urgently needed by practitioners. Even though it no longer helps the plaintiff to win the case, the court does show ways of wording claims, with which the patent proprietor can also acquire protection in Germany even when important steps are carried out abroad. This is the case, according to the court, when the first and the last steps of the method are carried out in Germany.

For practitioners, this means that the claim has to start and end with the patient. If intermediate steps are carried out in foreign countries, this does not detract from direct infringement in Germany, according to the precedent set by the Düsseldorf Upper District Court at any rate. This

applies even when the activities carried out in Germany are technically of secondary importance.

The fact that realisation in Germany of a feature having little technical relevance is enough to affirm direct infringement, even when all the technically relevant and preceding steps are performed abroad, is difficult to understand at first glance. The legal basis for that assessment is found, however, in the principles, correctly applied by the court, governing how the actions of others are attributed. Such attribution of actions requires that the infringer commits actions of its own in Germany, with which it adopts as its own the steps performed abroad. The technical significance of the respective steps is not the relevant aspect for the principles of attribution, which are based on criminal law. (Müller)

II. VALIDITY

4. Actual disclosure, impermissible broadening, priority

EPO, decision of the Enlarged Board of Appeal of 29.11.2017, G 1/15 – Partial priority

BACKGROUND

Decision G 1/15 concerns the validity of a claim when the content of the priority application and the second filing are not identical. If the priority application was a European patent application, or if a European divisional application existed, loss of the claim could result in the applicant's own applications from the same family of patents being cited

as novelty-destroying prior art – these are then referred to as 'toxic priorities' or 'toxic divisional applications'. Such a 'toxic divisional application' also resulted in the matter being referred to the Enlarged Board of Appeal and to decision G1/15.

DECISION

According to the European Patent Convention (EPC), the applicant filing a European patent application may claim the priority of an earlier application if it discloses the same invention (Article 87 EPC). According to Article 88 (2), (3) EPC, multiple priorities may be claimed for any one claim. Claims can thus be subdivided according to subject-matters having different priority dates, thus resulting in a claim having 'partial priorities'. 'Partial priority' refers, in other words, to a situation in which part of the subject-matter of a claim validly claimed the priority date of an earlier application, whereas the priority date of the rest of the subject-matter is only the filing date of the (second) European patent application itself, because that subject-matter was not included in the priority application and was added at a later date.

The earlier decision G 2/98 of the Enlarged Board of Appeal stated in this regard that partial priorities must be acknowledged if a *limited number of clearly defined alternative subject-matters* can be identified by comparing the subject-matter claimed in the second filing with the disclosure of the first application.

In the past, Technical Boards of Appeal have routinely denied the validity of the partial priority if the latter did not contain any features which could be individualised, e.g. with wording such as '*A device comprising element A or element B*'. In decision T 1877/08, for example, a

claim with one feature was denied the validity of the priority claim 'in the range from 30 to 65', because the priority document only disclosed the 'range 30 to 55'. At the same time, however, the disclosure of the 'range 30 to 55' destroyed the novelty of the 'range 30 to 65'.

The Enlarged Board of Appeal has now clarified that a partial priority may not be rejected, according to the EPC, if the other known requirements of the first unambiguous and feasible disclosure in the priority document are fulfilled. In view of the legislator's intentions and given the interpretation of the priority concept in the EPC in accordance with international conventions and regulations, such as the Paris Convention for the Protection of Industrial Property, the Enlarged Board of Appeal has ruled in all clarity that the priority right of the applicant is a right for which no additional requirements may be set other than disclosure in the previous application.

The grounds for the decision also state the specific procedure to be applied in order to check for partial priorities:

1. The first step is to determine the actual disclosure of the priority document. The basic standard according to decision G 2/98 applies here, according to which the actual disclosure is determined by what a person skilled in the art can

derive directly and unambiguously from the previous application as a whole, using his general technical knowledge.

2. It is also necessary to determine whether the claims in the application claiming that priority include or cover subject-matter which is disclosed in the priority document.
3. If point 2 is answered positively, the claim must be subdivided conceptually into two parts:
 - one part which is disclosed directly and unambiguously in the priority document and therefore can validly claim the priority, and
 - a remaining part which cannot claim said priority, but itself substantiates a priority right.

This would mean, for the ranges quoted from decision T 1877/08, that the priority is validly claimed for the partial range from 30 to 55 and that the filing date of the second filing is to be seen as the priority date for the partial range from 55 to 65 that remains.

The Enlarged Board of Appeal also emphasises that the findings required for this procedure are common practice at the European Patent Office and as such do not involve any additional difficulties or uncertainties for third parties.

ASSESSMENT

The problem of 'toxic priorities' or 'toxic divisional applications' has now been overcome with decision G 1/15. The Enlarged Board of Appeal has clarified that it is possible to split the claimed subject-matter into parts in order to assess their priority, regardless of whether that splitting is conceptual or based on clearly defined alternative subject-matters. The application substantiating priority, or a divisional application, cannot be novelty-destroying for a European application or a European patent. Either there is novelty – or the priority is valid. *Tertium non datur* (a third is not given).

This is a huge relief for patent proprietors, especially when building patent portfolios alongside product development, where in practice it is common for inventions to

be filed early with a first application in order to pre-empt the competition. Important advancements, which are then included in second filings, generally ensue at the same time, especially during the twelve-month priority period. Even during the granting procedure, companies often make changes to products or obtain new information about imitations by competitors, which leads in turn to changing requirements regarding the protective scope that is sought, and which in many cases can only be addressed by divisional applications. Both of these – adding further developments to second filings and filing divisional applications – are now possible and safe again, following this decision by the Enlarged Board of Appeal. (Winkelmann)

5. Undisclosed disclaimers

Federal Court of Justice, judgment of 25.07.2017, X ZB 5/16 – Phosphatidylcholin

EPO, decision of the Enlarged Board of Appeal of 18.12.2017, G 1/16 – Disclaimer/OLED

BACKGROUND

As reported in our discussion of the Federal Patent Court order in case no. 14 W (pat) 30/13 – **Kosmetische Zubereitung** and EPO decision T0437/14 – **Complexes of form L2IrX**, in our 2016 Case Law Review, both the Federal Court of Justice and the Enlarged Board of Appeal of the European Patent Office had to rule on the question of the admissibility of undisclosed disclaimers. In appeal proceedings on a point of law, the Federal Court of Justice was concerned with the question whether undisclosed disclaimers are admissible in the

granting procedure. The Enlarged Board of Appeal of the European Patent Office had been referred the question whether the examination criterion specified in decision G 2/10 for the admissibility of amendments in the form of disclosed disclaimers under Article 123(2) EPC (the 'gold standard') is also applicable to undisclosed disclaimers, or whether the exceptions for undisclosed disclaimers (cf. G 1/03) can retain their validity and whether a modified examination criterion is therefore to apply for disclaimers.

DECISION

The technical features of a claim define the elements and properties of the claimed subject-matter and are generally referred to as 'positive' technical features. However, the claimed subject-matter can also be defined by 'negative' features describing elements and properties which the subject-matter does not possess – for example in the form of a disclaimer.

The purpose of using a disclaimer in a claim is to remove non-patentable subject-matter from a more general definition. A distinction must be made between disclosed disclaimers, in which the subject-matter to be excluded is disclosed in the original application, and undisclosed disclaimers, where this is not the case. The Federal Court of Justice judgment and the Enlarged Board of Appeal decision both relate to such undisclosed disclaimers.

In the **Phosphatidylcholin** appeal proceedings on a point of law before the Federal Court of Justice, claim 1 related to cosmetic use of a preparation. In the granting procedure, the feature that such preparations 'are free of phosphatidylcholine' was added.

The Federal Court of Justice initially ruled that the *Wundbehandlungsvorrichtung* judgment of the Federal Court of Justice of 17.02.2015, case no. X ZR 161/12, on the 'inescapable trap' (see also the discussion in our 2015 Case Law Review) was not applicable in the granting procedure. In that judgment, the Federal Court of Justice had ruled that impermissible broadening introduced during the granting procedure may remain in the claim if it merely limits the subject-matter of that claim, but must otherwise be ignored when assessing validity.

In the present case, however, the Federal Court of Justice does not see the addition of the feature that the preparations are 'free of phosphatidylcholine' as impermissible broadening. In the original application, phosphatidylcholine was disclosed – under a different name – as a possible ingredient of the preparation, without being named as a necessary or even advantageous ingredient for the preparation. Phosphatidylcholine was not mentioned, either, in the examples of preparations given in the description. So the result of excluding preparations containing phosphatidylcholine from the subject-matter

of the claim is not that the claim now relates to a composition that may consist of specific ingredients only (this is where the decision departs from precedents previously set; cf. Federal Court of Justice, judgment of 12.07.2011, case no. X ZR 57/08 – *Reifenabdichtmittel*). Instead, there are many possible compositions (according to the application as originally filed), but with the exception of preparations containing phosphatidylcholine.

The Federal Court of Justice expressly remarks that such a limitation of the claim accords with the criteria that the Enlarged Board of Appeal of the European Patent Office developed in decision G 1/03 on the admissibility of a disclaimer in order to restore novelty over the prior art, according to which the limitation produced by an undisclosed disclaimer may not prove to be technically relevant.

Said decision G 1/03 has now been affirmed by the recently passed decision G 1/16 **Disclaimer (OLED)**, in which the Enlarged Board of Appeal clearly states that different examination criteria do indeed apply to disclosed disclaimers (and other amendments to claims on the basis of the original disclosure), on the one hand, and undisclosed disclaimers, on the other.

A disclaimer can satisfy the requirements of Article 123 (2) EPC if it comes under one of the following cases specified in G 1/03:

- i) restore novelty by delimiting a claim against state of the art under Article 54 (3) and (4) EPC (post-published prior art);
- ii) restore novelty by delimiting a claim against an accidental anticipation under Article 54 (2) EPC; an anticipation is accidental if it is so unrelated to and remote from the claimed invention that the person skilled in the art would never have taken it into consideration when making the invention;
- iii) disclaim subject-matter which, under Articles 52 to 57 EPC, is excluded from patentability for non-technical reasons.

The Enlarged Board of Appeal takes this opportunity to explain how these criteria defined in decision G 1/03 are to be applied, but at the same time it emphasises that this clarification from decision G 1/16 is neither intended as a departure from decision G 1/03, nor may it be interpreted as such. In the view of the Enlarged Board of Appeal, including an undisclosed disclaimer must not make any technical contribution to the claimed subject-matter and must not remove more than necessary from the claim. The claim may not be qualitatively amended in such a way that the applicant gains benefits in respect of other EPC requirements, such as inventiveness. To avoid this with certainty, the disclaimer must be ignored when assessing for inventive step.

ASSESSMENT

Patent proprietors will welcome the fact that undisclosed disclaimers may still be admissible – at the European Patent Office in the same, restricted circumstances as hitherto; the Enlarged Board of Appeal refrained from applying the ‘gold standard’ to undisclosed disclaimers and effectively abolishing them. And also according to the case law of the Federal Court of Justice, subject to the strict conditions set by the original disclosure of the claim’s subject-matter, and provided the limitation is non-technical.

At the same time, both these decisions affirm the very restrictive conditions for allowing undisclosed disclaimers, so

patent proprietors must continue to be very meticulous and circumspect when introducing undisclosed disclaimers. There is no doubt that, in many cases, opponents will continue to launch successful attacks on the admissibility of undisclosed disclaimers. Before including an undisclosed disclaimer, it is therefore recommended that patent proprietors examine whether it is not possible to achieve a similar objective with a (disclosed) amendment of the claim, or whether fall-back positions can be identified in case the disclaimer is deemed in subsequent proceedings to be inadmissible. (Winkelmann)

6. Use claims

Federal Court of Justice, judgment of 23.02.2017 – X ZR 99/14 – Cryptosporidium

BACKGROUND

Recent years have seen relatively solid precedents being set regarding the novelty of use claims. Just because the method according to the patent had also proved successful at an earlier date, when used for a different purpose, and without a person skilled in the art realising this, does not mean that the novelty of the patented method is negated. Lack of novelty can only be assumed in the case

of a “targeted method” if a person skilled in the art was aware that the method can be used for precisely the purpose for which it is claimed.

This established legal practice is continued in the judgment discussed here.

DECISION

The Federal Court of Justice had to concern itself with a contested patent that taught the use of ultraviolet (UV) radiation to ‘eliminate’ specific microorganisms called cryptosporidium oocysts, which are related to malarial parasites. The patent specified use of a relatively low dose of an active agent, ranging from 10 to 175 mJ/cm².

The Federal Patent Court had revoked the contested patent in first-instance proceedings on the grounds that the invention did not involve an inventive step, in any case. Inactivating 90% of cryptosporidium oocysts with doses of UV radiation ranging from 60 to 80 mJ/cm² is known from citation NK12. Another citation, NK14, likewise teaches the inactivation of microorganisms (cryptosporidium) with UV light and discloses use of a dose ranging from 50 to 100 mJ/cm². The latter document proposes using a dose that is twelve times as high, but this is related to the high flow velocity of the drinking water. Based on general technical knowledge, according to which UV light destroys the capacity of microorganisms to reproduce, and based on the teaching of NK14, a person skilled in the art has sufficient prospects of successfully eliminating contamination with cryptosporidium oocysts by using a dose of 50 to 100 mJ/cm².

The Federal Court of Justice granted the appeal and dismissed the action for revocation filed against the contested patent.

On the question of inventive step, the court division based its decision above all on the fact that NK14 selects the range of 50 to 100 mJ/cm² somewhat casually and unexpectedly, and that this range contrasts conspicuously, in the context of the document as a whole, with the dosages mentioned in the embodiments, which are all several times higher. Given that other publications recommend much lower dosages of UV radiation for inactivating other viruses and microorganisms, a person skilled in the art will consider the high values specified in NK14 to be necessary in order to combat cryptosporidium oocysts efficaciously. That this is also possible with the much lower UV dosage taught by the contested patent is not sufficiently evident to a person skilled in the art from citation NK14, according to the Federal Court of Justice. This is because the solution proposed in said citation leads away from the solution proposed by the contested patent, despite the low range of 50 to 100 mJ/cm² that is casually mentioned therein.

All that the Federal Court of Justice sees disclosed in NK12 is merely the use of UV light to kill bacteria and viruses, but not its use to combat cryptosporidium. The document is not novelty-destroying, therefore, because it does not disclose the purpose taught by the contested patent, which is anticipated in a novelty-destroying manner only if a person skilled in the art uses the teaching disclosed in the prior art for the specific purpose

protected by the patent. The fact that systems known from the prior art also eliminate cryptosporidium spores (without this being known to a skilled person) is not

sufficient, therefore, so the new purpose discovered by the contested patent suffices as substantiation of the patent's novelty.

ASSESSMENT

The decision must be welcomed for the simple reason that it provides clarity when use claims are being assessed. It is also appropriate in terms of content, however. The discovery that a known method can achieve a

purpose for which the method has never been used, can indeed be a novel step and one that advances technology significantly. There is no reason, therefore, to deny patent protection to such teachings. (Müller)

III. OTHER ISSUES IN SUBSTANTIVE LAW

7. Standard-essential patents

Düsseldorf Upper District Court, judgment of 31.03.2017 – I-15 U 65/15 – Mobiles Kommunikationssystem

Mannheim District Court, judgment of 10.11.2017, 7 O 28/16 – Sendeleistung

Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee setting out the EU approach to Standard Essential Patents, 29.11.2017, COM(2017) 712 final

BACKGROUND

'In terms of FRAND', the year 2017 was characterised by two events above all – firstly by the long-anticipated decision of the Düsseldorf Upper District Court in case no. I-15 U 65/15 (we reported in last year's Case Law Review on a Qualified Guideline issued in that case) and secondly by the new appointment to the 7th Civil Division of the Mannheim District Court.

Dr Rombach, the new Presiding Judge of this patent litigation division which is so important also for us personally,

previously worked in the patents division at the Upper District Court in Karlsruhe. It has therefore been awaited with great anticipation whether the established practice of the 7th Civil Division regarding standard-essential patents will continue. A first SEP judgment by the court division has provided some initial signs of a major shift.

In November 2017, finally, the European Commission published a Communication concerning the EU approach to SEPs.

DECISIONS

The new appointment to the 7th Civil Division foreshadows a change in the established practice of the Mannheim court regarding the **timetable for fulfilling** the scheme of obligations set up by the ECJ.

As a reminder: in last year's Case Law Review we reported that there were major discrepancies in this respect between the decisions handed down by the Düsseldorf and Mannheim courts. Whereas the patent litigation divisions in Mannheim see the bringing of an action as a caesura and only wish to take into account, as far as adherence to the Huawei/ZTE programme is concerned, how the parties have conducted negotiations up to that point,

the Düsseldorf courts ruled that the Huawei/ZTE obligations can also be fulfilled during the court proceedings (in accordance with the general rules on late submissions in the Germany Code of Civil Procedure).

This now seems to be changing. Even though the question of whether obligations can be fulfilled at a later stage is explicitly left unanswered in the rationale of the first decision issued by the newly formed 7th Civil Division of the Mannheim District Court, the *Sendeleistung* decision, the court comes out in favour of such subsequent fulfilment in an obiter dictum. However, the court tends to the view (thus departing from the Düsseldorf line) that the

SEP Proprietor that intends to fulfil its pre-litigational obligations during the proceedings (for the first time) is responsible for establishing a 'pressure-less' negotiating situation with the alleged infringer. One way of doing this is to stay the dispute so that negotiations can be conducted.

The 7th Civil Division of the Mannheim District Court is also converging with the established practice of the Düsseldorf courts with regard to the '**way in which the royalties are calculated**'. The starting point, after which an SEP proprietor must present facts and explain why it deems the royalties being charged to be FRAND, is not new. What is new, however, is that the court division has departed from the established practice of its former members and now requires that the patent proprietor presents specific and verifiable details about the licensing agreements concluded hitherto for the patent in question, in order to substantiate its view. The requirement is substantiated with reference to precedents established by the Düsseldorf Upper District Court, which will be discussed below.

The court has not ruled so far on whether the agreements themselves must be presented by the patent proprietor if the infringer disputes what is presented in that respect, but the rationale of the judgment, which establishes a very general requirement for transparency that has enormous scope, points very clearly in that direction.

The ***Mobiles Kommunikationssystem*** decision handed down by the Düsseldorf Upper District Court primarily addresses how the patent proprietor specifies the way in which the royalty is calculated. The court had already intimated, in the Qualified Guideline it issued back in 2016, that the SEP proprietor must present specific details about the way in which the royalty is calculated and in particular about licensing agreements concluded with third parties. Should the defendant dispute the conclusion and/or the content of the cited licensing agreements, it is up to the patent proprietor to provide further substantiation and proof of the disputed facts – which means presenting the licensing agreements.

In this particular judgment, the Düsseldorf Upper District Court clarifies this established case law in more detail. Although in principle it is the potential licensee who bears

the burden of assertion and proof, the SEP proprietor has a secondary burden of assertion. This includes details about which (specifically named) undertakings have taken out a licence on which terms, and about the importance of those undertakings on the relevant market. The reason given by the court is that the potential licensee usually has no detailed knowledge about the licensing practices of the SEP proprietor, and in particular knows nothing about the content of other licensing agreements.

The patent proprietor also bears the (primary) burden of assertion and proof that it has sufficient objective reasons for any unequal treatment. The criterion that the court applies to such objective reasons is very strict. For example, a single 'outlier' in a long chain of otherwise largely identical agreements may not be ignored, but instead defines a criterion that subsequent agreements must be measured against.

That the patent proprietor was forced to grant better terms by means that are illegal (according to German law at least) is not an acceptable objective reason justifying such an 'outlier'.

In addition to measures to improve information about the existence, scope and relevance of standard-essential patents, the *European Commission* also comments in its **Communication of 29.11.2017** on the general principles regarding FRAND licensing terms for SEPs, and the framework for enforcing them. With regard to the question, discussed above, of specifying the way in which the royalties are calculated, the Commission took the view that the SEP proprietor must provide '*clear explanations*' of the proposed royalty calculation and the non-discrimination element of FRAND. In that respect, however, the Commission is unspecific about how far those duties extend and in particular whether licensing agreements have to be presented. Yet given the context provided by the immediately preceding reference to the Guideline issued by the Düsseldorf Upper District Court in the aforementioned *Mobiles Kommunikationssystem* case, the conclusion can be drawn that the Commission probably inclines to the view of the Düsseldorf court, according to which information must be presented about the content of the licensing agreements, and that said agreements must also be presented, if need be.

The two major venues in Germany for patent litigation, Mannheim and Düsseldorf, are converging in their approach.

That applies first of all to the question of when exactly the Huawei/ZTE obligations are fulfilled. It looks as if the 7th Civil Division of the Mannheim District Court will likewise assume in future judgments that failure to fulfil obligations can be remedied at a later stage. There also appears to be increasing synchrony of approach regarding the way in which royalties are calculated, although Mannheim has yet to clarify how far the patent proprietor's burden of assertion actually extends, and in particular whether it has to present agreements concluded with third parties.

According to established case law as it currently stands, the entire burden of obligations is borne by the patent proprietor. Whereas the infringer merely needs to state its basic willingness to take out a FRAND licence (a meeting with the patent proprietor has even been deemed sufficient in that respect), the patent proprietor has to specify the infringement in technical terms, present a full offer to conclude a licensing agreement and explain why it considers the royalty being charged to be FRAND – not to mention having to provide extensive detail, at least, on agreements already concluded, preferably by presenting the agreements themselves.

Regardless of the rights or wrongs of this case law, it certainly confronts the patent proprietor with challenges

of a practical nature for which neither the legal literature nor the courts have found a satisfactory solution so far. Agreements already concluded are not designed, namely, to conform to these precedents. Most of them contain confidentiality agreements that would be breached if the agreements were to be presented in court proceedings. It does not help much if the courts comment that concluding such clauses should not have been allowed, due to the FRAND commitment, given that such agreements and such clauses actually exist. The licensee's interest in secrecy is also swept under the rug as a result. In most cases, this third party with no involvement in the legal dispute has a major interest in not being named, so as not to qualify as easy prey. On top of that, insufficient consideration is given to the anti-trust objections to sensitive information about the licensee being disclosed, perhaps to a direct competitor.

For the time being, proprietors of standard-essential patents will have to find creative solutions if they are unable or unwilling to present their licensing agreements with third parties. It may make sense, for example, to deliberately enforce patents relating to only an optional part of the standard, or to bring actions in other courts where this issue has not been ruled upon yet. It can only be hoped, in the end, that the Federal Court of Justice will soon bring clarity to these issues. (Müller/Scheltz)

8. Entitlement to compensation in co-inventorships

Federal Court of Justice, judgment of 16.05.2017, X ZR 85/14 – Sektionaltor II

BACKGROUND

As far back as our 2014 Case Law Review, we complained that the Düsseldorf Upper District Court had ruled in its *Sektionaltorantrieb* appeal judgment not to admit the appeal on points of law in the first place. The appeal raised some fundamental issues relating to the internal relationship among a community of co-inventors.

More specifically, the appeal related to the co-inventor's entitlement to financial compensation. In its *Gummielastische Masse II* judgment dating from 2005, the Federal Court of Justice had ruled nothing less than that the principles of general civil law also had to apply in patent law. Departing from the patent law debate at that time, which focused on Section 743 (1) of the German Civil Code (BGB) – which states that each part owner is entitled to a proportionate share of the rewards –, the Federal Court of Justice provided a different legal approach to the co-inventor's entitlement to financial compensation. Said entitlement could also derive from Section 745 (2) BGB – namely from an arrangement corresponding to the interests of all the co-

owners, which any co-owner may demand. However, the condition for financial compensation (adhering to the wording of Section 745 BGB) is (i) that the claim to compensation is part of equitable administration and use in the interests of all the co-owners, and (ii) that such an administrative arrangement is actually sought. The *Gummielastische Masse II* judgment did not specify what 'equitable discretion' meant in this difficult context, or what amount of financial compensation must be paid. These were matters that were not specified in greater detail by the Düsseldorf Upper District Court until later.

In the *Sektionaltor(-Antrieb)* case, however, a supreme court appeal judgment has now been handed down that calls for some discussion here. The appeal on points of law was admitted for good reason, given that it clearly broke new legal ground and involved the development of law. As before, the issue at stake is how the general, civil-law principles of Sections 741 ff. BGB can be applied to the field of intellectual property law.

DECISION

The background to the decision was a protracted legal dispute over the co-ownership of intellectual property, in the form of two patents whose teachings were applied in garage doors. A previous case involving the same parties resulted, in 2012 and after proceedings lasting seven years, in the plaintiff being awarded a 5% undivided share in the patents at issue.

The plaintiff had had its share in the patents assigned to it by a co-inventor and as early as September 2005 (i.e. during the ongoing claim and delivery proceedings) had asserted claims to compensation out of court on the basis of its status as co-inventor (claimed by way of precaution). That was a clever move, in that the plaintiff was responding promptly to the requirements laid down in the *Gummielastische Masse II* judgment. It did not want to rely

on the entitlement to compensation under Section 743 (1) BGB (which was being discussed at that time), but raised the dispute to a different level and sought an administrative arrangement (namely at least one element of it) within the meaning of Section 745 BGB. This was precisely what the Federal Court of Justice had required in the judgment handed down shortly beforehand.

The plaintiff had refrained from making any efforts of its own to exploit the invention, even though it was obviously in a position to do so. That failure may have wreaked its revenge.

The Federal Court of Justice has now annulled the appeal judgment in the *Sektionaltorantrieb* case. The circumstances of the specific case must be given full consideration

when assessing whether a co-beneficiary is equitably entitled to financial compensation – in continuity with the *Gummielastische Masse II* judgment. However, those circumstances also included the reasons why the claimant itself refrained from using the invention.

When weighing up the interests involved, the Federal Court of Justice focuses primarily on the claimant and takes its woes – but also its capabilities – into account. Two normal cases can be defined in that respect. If the claimant (e.g. an individual inventor or a company in a different technical field) is unable for structural reasons to simply use the invention and to exploit the patent, it is usually obvious that the (active) co-beneficiary who makes use of the invention by conducting its own production or sales activities be seen as having a duty to compensate. However, if the co-beneficiaries face each other as competitors, meaning the claimant could also have exploited the invention itself, then there is no entitlement to compensation – or not as a rule, at least. In such situations, it is therefore necessary to present further details about why it was not possible for the claimant to use the invention itself, or why the claimant did not avail of the existing opportunity to exploit the invention.

It should also be noted in the case under consideration, in favour of the plaintiff and within an overall assessment, that the question of entitlement (in the form of the claim and delivery suit) had not been clarified over a period of many years (this was also part of our analysis in the 2014 Case Law Review). While that may be a commendable reason for not using the invention, in principle, an overall assessment of all the facts of the case had not yet been made, which was why the case was ultimately referred back to the lower court of appeal.

As regards the amount of financial compensation payable, the Federal Court of Justice referred to the licence analogy principle. The latter is an appropriate benchmark for assessing the value of the invention and is able to produce an equitable balancing of interests. That said, the Federal Court of Justice does not wish to rule out categorically a surrender of profits. However, those would be exceptions that can mainly be construed by analogy with the law governing employee inventions ('reasonable share of the financial benefits').

ASSESSMENT

The decision is correct (for more detail, see also my comments on the judgment in: *Mitteilung der deutschen Patentanwälte* 2017, 420). Section 745 (2) BGB is very deliberate in basing the right to compensation on the interests of all the parties. If the co-owner had had the opportunity to exploit the invention itself, then it could have exploited that opportunity. Why should it be allowed to lean back so as to participate, in the event of success and free of risk, in the commercial profits generated by the other party in exploiting the invention?

Quite unlike the ruling in the *Gummielastische Masse II* case, the Federal Court of Justice is now providing an interpretation, specific to patent law, of the rules governing communities of co-proprietors. Patent law is based on a deliberate legislative objective. It can also be transferred to a case where there are several patent proprietors, and

should take into account the interpretation of Sections 741 ff BGB. The balancing of interests required by Section 745 (2) BGB is an appropriate legal instrument in that respect – the purpose of patents is to encourage inventors and enterprises to achieve technological innovations; they provide a reward, in the form of exclusivity rights, for disclosing the invention to the public. 'Rewards' and 'incentives' are not produced by a rigid governmental system of compensation, however; instead, the inventor is granted a monopolistic legal position and is told to generate his own reward (see Henke, GRUR 2007, 89, for application of this principle to communities of co-inventors).

However, if those involved were allowed to simply share in the efforts of others to exploit the invention, without referring them (primarily, at least) to efforts of their own,

then this would run counter to the rewarding and incentivising function of patents. The Federal Court of Justice is now returning such entitlement to compensation back to where it is systematically well situated: as a merely subsidiary instrument that can benefit, in the form of a mutual and equitable balancing of interests, the one who

is prevented from taking active measures of his own, or who has other good reasons for not exploiting the invention himself. The Federal Court of Justice rewards the active co-owner and sanctions the one who does nothing on his own behalf to exploit the invention. (Henke)

9. Compulsory licences

Federal Court of Justice, judgment of 11.07.2017, X ZB 2/17 – Raltegravir

BACKGROUND

This judgment is a novelty in German patent law! Never before, as far as can be seen, has a compulsory licence been granted in Germany. Section 24 of the Patent Act contains a provision to that effect that is also surprisingly detailed (for specific cases). However, there has only been one case in which the Federal Patent Court applied that provision, and even that isolated judgment was

subsequently set aside by the Federal Court of Justice (BGHZ 131, 247 – *Polyferon*).

In one particular clear-cut case, a licence-seeker has now invoked Section 24 PatG successfully and obtained permission – in interim injunction proceedings – to use the technical principle behind a pharmaceutical preparation.

DECISION

The facts on which the judgment is based are simple. Isentress, an antiretroviral drug containing raltegravir as active agent and which is used (for particular patient groups and for particular indications) to treat HIV, has been sold in Germany by the applicant for injunction since 2007. In 2012, the respondent obtained a patent (based on a priority dating from 2002) of dubious validity, to put it mildly. The patent was upheld in amended form in opposition proceedings, and the appeal before the EPO was still pending when the present judgment was handed down. The parties have been negotiating a global licensing agreement since 2014, which would also have included the German patent. Those negotiations failed, one reason being that the patent proprietor did not want to be fobbed off with the low offer made by the applicant for injunction. In the end, the patent proprietor filed an infringement action in Düsseldorf, but the infringement proceedings were stayed in view of the pending opposition proceedings.

During this ‘suspension phase’ (infringement proceedings stayed, no decision on the appeal concerning validity), an application for a compulsory licence to be granted was filed in January 2016, followed in June 2016 by the associated application in interim injunction proceedings. The applicant had previously presented at least two offers for using the invention, referring to the terms of its offers as ‘reasonable and customary in business’. In financial terms, the offer envisaged (only) a once-only payment,

with the applicant pointing out that it expected the patented to be destroyed, in all likelihood. This ‘fallibility’ of the patent’s validity was priced into the royalty, in a sense.

In the injunction proceedings, the issue in this situation was not the amount of royalty to be paid, but only ‘whether’ the licence had to be granted. Both courts, the Federal Patent Court and the Federal Court of Justice, decide in favour of the applicant and grant it provisional permission to sell Isentress in the four forms of administration already on the market.

Section 24 of the Patent Act specifies two different conditions for granting a compulsory licence, and the Federal Court of Justice judgment discusses both.

Public interest in a compulsory licence being granted in the present case ensued primarily from the fact that the drug is good for treating a severe illness. However, the Federal Court of Justice does not stand still with that finding, but draws further distinctions regarding the specific groups of patients for whom the efficacy of the drug (and its active agent) has been especially proved. The fact that these groups (pregnant women and children, in particular) are not particularly large is offset by the severity of the disease. The Federal Court of Justice also focused its arguments on available substitutes. In many cases nowadays, the means of choice is a combination therapy, so

(to summarise briefly in our own words) the loss of a single active agent (of several conceivable ones) entailed a noticeable restriction on the therapy options available. The fact that many patients had already been treated with Isentress also deserved special consideration. If the drug were taken off the market, these patients would have to be switched to other active substances, which is not an option for every patient and involves an additional risk in any event. For these reasons, the overall conclusion drawn by the Federal Court of Justice was that there is a public interest in a compulsory licence being granted.

When reading the judgment, a medical layperson and citizen would hardly think it possible that a different view could have been taken by the court. The crucial point, however, is that the Federal Court of Justice also kept in mind the rights of the patent proprietor and the basic concept of patent law, according to which the patent proprietor (as in all Western systems of patent law) must bring about its own 'reward' within the 20 years during which it is granted exclusivity rights. Only in special exceptions is it possible for the state to intervene – which is precisely what a compulsory licence entails. The public interest must therefore be carefully examined, and the Federal Court of Justice solves this problem by detailing all those treatments in which substitutes for Isentress are unavailable or are significantly worse.

The patent proprietor's own commercial interests on the market received surprising little attention. Nothing in that regard can be found in the facts of the case as set out in the judgment (or in the Federal Patent Court judgment at first instance). However, there is one passage in the grounds for appeal which shows that the patent proprietor was indeed active on the market with competing preparations (but not with raltegravir as the active agent). The Federal Court of Justice argues that the patent proprietor was being deprived of the opportunity, due to removal of competition from the applicant, to increase its sales of its own drugs, which were likewise covered by the patent. However, it was not unreasonable for those arguments to take a back seat, given the grave risks to an indeterminate number of patients. Another reason, in the last analysis, was because the legitimate financial interests of the patent proprietor

could be adequately accounted for by allowing it a reasonable royalty.

In a second aspect of the judgment, the Federal Court of Justice elucidates the other condition specified in Section 24 of the Patent Act, according to which the potential licensee must have endeavoured in vain, within a reasonable period, to obtain permission from the patent proprietor to use the invention on reasonable customary terms. This question reminds one of similar discussions currently being conducted before the German courts in connection with the licensing of standard-essential patents. One particular issue in that regard is whether it is only licensing negotiations conducted prior to an action being brought that are relevant, or whether the potential licensee's 'licensing efforts' may continue until the hearing is held.

The Federal Court of Justice adopts a position in the middle. Although the licence-seeker's behaviour prior to court proceedings were sufficient to reach a decision on the case, namely in favour of the licence-seeker, the Federal Court of Justice took the opportunity to add an obiter dictum on the interpretation of that criterion. The 'licensing efforts' made by the potential licensee did not necessarily have to be evident already when the action for compulsory licensing was filed, but the requirement that efforts had to extend over a reasonable period meant that it was not enough if the licence-seeker waited until the last minute, when court proceedings had already begun, to express its willingness to pay a reasonable royalty for the licence. Instead, it should have attempted over a certain period, in a manner appropriate to the respective situation, to reach agreement with the patent proprietor on a grant of licence. Which period and which measures are necessary in that regard depends on the specific case.

In the case under consideration, the question is decided in favour of the licence-seeker (as already mentioned), especially since its low offer could not be interpreted merely as sham negotiation (which was one of the main arguments of the patent proprietor). The Federal Court of Justice acknowledges that it is acceptable for the parties' expectations regarding whether or not the patent would prove valid to be reflected in the licence offer.

Although the decision of the Opposition Division reduced the prospects of success for the opposition or for subsequent revocation proceedings, a more favourable

assessment by the Technical Board of Appeal could not be ruled out – and the licence-seeker was allowed to price that uncertainty into its offer.

ASSESSMENT

The *Raltegravir* judgment is a very convincing one, all in all. It is rare that we patent lawyers are confronted with the public interest (in a specific case). No other judgment could have been passed here, simply because of the patients affected.

That said, we may keenly await the amount of royalty that is finally awarded. It remains to be hoped that the patent proprietor can recoup at least a large proportion of its research expenditures via the royalty awarded in the main

proceedings, and that the compulsory licence does not turn out to be a gateway that deprives researching pharmaceutical companies of their incentive to develop new drugs.

Purely as an aside, we also gained some insight, in anticipation of the pending SEP cases, of how the Federal Court of Justice views the interaction between ‘proper negotiations’ and the Code of Civil Procedure (the last day of the oral proceedings is decisive). (Henke)

10. Employee inventions law

Federal Court of Justice, judgment of 14.02.2017, X ZR 64/15 – Lichtschutzfolie

BACKGROUND

For many patent applications pending and for many granted patents, the rules set out in the old version of the law on employee inventions (Gesetz über Arbeitnehmererfindungen – ArbNErfG aF, where 'aF' stands for 'old version') are applicable. Those rules still apply to all inventions filed before 1 October 2009. Under the old version, the strict rules and consequences that operate if the deadline for claiming the service invention is not complied with result again and again in inventions being (unintentionally) released by the employer, with the rights then being held entirely by the inventors. In many cases, the

question of who owns such released patents does not gain significance until years later, for example when the inventor leaves the enterprise or when the company or the patent is sold.

The deadlines for claiming a service invention under the old version of the law were also addressed by the Federal Court of Justice in the case under review here, as was the question of how to handle reported inventions in respect of underlying and further developments, when only the later invention was validly claimed.

DECISION

In the case discussed here, the claimant was employed by the respondent as Head of the R&D department for technical films and packaging films and was the (co-)inventor of several service inventions that the respondent disputed were validly claimed.

On 25 February 2008, the claimant sent an email reporting the 'Lichtschutzfolie Impreg' invention ('Impreg light protection film'). On that basis, the respondent filed a German patent application on 17 December 2008, relating to a contact-transparent, UV radiation-absorbing film and its use as the outer tubular film for sewer pipe repair and rehabilitation systems. The respondent named the claimant as the inventor.

At the request of the respondent, the claimant filed a version of the reported invention on 25 February 2009 that was identical in content, but this time signed. In a letter dated 20 May 2009, the respondent claimed unrestricted ownership of the invention.

A first part of the decision addresses the question of when in this case the period for claiming the invention began and expired, pursuant to Section 6 (2) ArbNErfG aF. The Federal Court of Justice affirms that an email does

not satisfy the requirement of written form pursuant to Section 5 (1) Sentence 1 ArbNErfG aF, and that the period for claiming the service invention did not begin when it was reported by email on 25 February 2008. However, the Federal Court of Justice is also upholding its previous precedents (Federal Court of Justice, judgment of 4 April 2006 – X ZR 155/03 – *Haftetikett*), according to which the period for claiming the service invention begins when the employer files a patent application in respect of the invention, because when it files for patent protection, at the latest, the employer has the knowledge and the potential insights that should have been communicated to it with the notification of invention. The period that commenced when the patent application was filed on 17 December 2008 had already expired, therefore, by the time the service invention was claimed on 20 May 2009.

That the day on which the patent application is filed is also the date on which the period for claiming the invention commences is also applicable in the present case, where a written notification of the invention was subsequently submitted by the employee inventor after the application had been filed. Regardless of whether or not the period for claiming the invention had already expired, based on the filing date of the patent application, a written

notification of the invention submitted after the patent application had been filed is unable to restart the period for claiming the invention.

The second part of the judgment addresses the question of how to handle a later notification of invention that is based on the previous invention and which is summarised by the undertaking in a patent application with the previous invention, whereby only the later invention report was validly claimed.

As a further development of the previously notified invention relating to an *outer* tubular film for sewer pipe repair and rehabilitation systems, the claimant submitted another, signed, notification of invention on 26 May 2009, relating to an *inner* tubular film for sewer pipe repair and rehabilitation. In a letter of the same day, the respondent stated that it was claiming unrestricted ownership of the invention. On 18 September 2009, the respondent filed another German patent application, relating to the invention forming the subject-matter of the later notification, but which claimed the priority of the application filed on 17 December 2008. On 10 December 2009, the respondent filed an international patent application claiming the priority of the two German applications, relating inter alia to a system comprising an outer and an inner film and which resulted in a European patent being granted.

The Federal Court of Justice first clarifies that validly claiming the later invention cannot result in the earlier invention also being validly claimed in retrospect. Such a postulation would be absurd anyhow if the later invention were autonomous. However, the Federal Court of Justice states that the same also applies in a case where the later invention is only a development of the earlier invention, is important for the commercial exploitation of the earlier invention, but not eligible for protection on its own. It was not possible to take away from the employee the rights he had acquired to the earlier, released invention, by validly claiming the subject-matter of the invention that was reported later. That could only be done, at most, in a special case that does not exist here, where the true

potential of the invention is not revealed until the second invention report, for example because the first report did not yet describe the subject-matter of the invention correctly. In contrast to that, the subject-matter of each of the two reports in this case was an invention requiring separate assessment, and there is nothing to indicate that it is impossible to use the outer film without using the inner film, or that this would not make any commercial sense. Scale effects could be achieved if both films could be obtained from a single source, but that did not suffice to allow the respondent to claim the first invention subsequently after all. Nor was that altered by combining the inventions in a second filing, a joint international application.

However, by claiming the later invention, the employer acquired co-ownership rights to the patent applications and industrial property rights based on the later notification of invention. Due to the earlier invention being released and the later invention being validly claimed, both the claimant and the respondent acquired co-ownership rights (initially) to the European patent granted on the basis of the international second filing.

The result, however, was that the Federal Court of Justice referred the matter back to the court of appeal, because an inventor compensation agreement containing a precautionary declaration of assignment had been concluded by and between the respondent and the claimant on 9 December 2009. Whether that agreement and the provisions in it were valid or not and gave the respondent the rights to the entire subject-matter of the applications and industrial property rights in dispute will have to be clarified by the court of appeal. The federal court will also have to pass judgment on the size of the co-inventor share, and on the question whether there are special factors in this case which justify departure from the basic principle that, under Section 742 of the German Civil Code, each co-owner has equal entitlement, in principle, to use the subject-matter of a joint patent (cf. Federal Court of Justice, judgment of 22 March 2005 – X ZR 152/03 – *Gummielastische Masse II* and Henke, *Die Erfindungsgemeinschaft*, p. 60).

ASSESSMENT

Disputes over ownership of industrial property rights and (shared) rights in respect of them, under the old version of the law governing employee inventions, are mostly characterised by the fact that the law did not match the reality. In the everyday life of a company, it was not possible in practice to implement end-to-end the strictly defined way of handling invention reports, and the timely claiming of inventions, especially under the old version of the Employee Inventions Act. Employers and employees will therefore be confronted in many cases, also in the future, with disputes over patents and applications based on inventions reported before 1 October 2009.

In the judgment discussed here, the Federal Court of Justice has affirmed two important principles of established legal practice hitherto, also for the special features of this particular case. The first is that the period for claiming the service invention begins at the latest when the employer files an application for the industrial property rights. The second is the basic principle that the co-owners have the same entitlement to use a joint patent. Employees and employers have thus been given some important guidelines on these issues which can and should help them also to reach agreement out of court in further disputes over entitlement to 'old' industrial property rights. (Winkelmann)

IV. PROCEDURAL LAW

11. Scope of entitlement to injunctive relief

Federal Court of Justice, court order of 11.10.2017, I ZB 96/16 – Quarantäne-Buchung

BACKGROUND

That a prohibitory injunction in respect of industrial property rights can also mean the debtor being obligated to recall any infringing products was suggested for the first time by the Federal Court of Justice as long as three years ago. At that time, however, the decision did not attract much attention at first – the scope of the claim played only a secondary role in that particular judgment and was therefore only mentioned in passing by the Federal Court of Justice. Secondly, the case was about unfair competition. However, in the German law against unfair competition, in contrast to the Patent Act or the Trademark Act, there is no separate entitlement to recall of products, so the decision could easily be interpreted as ‘filling a gap’.

In September 2016, the Federal Court of Justice then handed down its next decision, in which it was reiterated – prominently, this time – that entitlement to prohibitory injunction also included the obligation to recall infringing products. That decision likewise related to unfair competition, however.

The question whether this precedent can also be transferred to patent and trademark law was thus left unanswered. In the decision handed down this year, the Federal Court of Justice has now given a clear-cut answer: Yes, it can.

DECISION

In the case before the Federal Court of Justice, the trademark proprietor had obtained an interim injunction prohibiting the opponent from placing drugs on the market which infringed the trademark. The respondent then referred to the products in question as being ‘placed in quarantine’ and ‘withdrawn from sale’. The trademark proprietor was nevertheless able to obtain infringing products by making test purchases from wholesalers who had been supplied by its opponent. It then filed a request for imposition of an administrative penalty due to breach of the interim injunction, but the application was rejected by the Upper District Court in Frankfurt.

The Federal Court of Justice has set that decision aside and referred the case back to the Upper District Court.

In its grounds for the decision, the court states that the prohibition imposed by the injunction obligated the debtor not only to cease and desist, but also to take active steps

to prevent the infringing products from being sold. The infringer therefore had a duty to make every endeavour to ensure that third parties discontinued the sale of such products. The duty to cease and desist was not exhausted by simply doing nothing, the Federal Court of Justice ruled. Instead, the party adjudged had to eliminate the ‘state of disturbance’ caused by its infringement. If infringing products have already been sold, the duty to cease and desist therefore includes the duty to recall delivered goods.

It is irrelevant in that regard whether the adjudged party has a legal basis for taking action against third parties. It has to exert any influence it can bring to bear, even on independent persons, if the latter have received infringing products from it.

Furthermore, the duty to recall that ensues from the prohibitory injunction is not limited, for example, by the fact

that the beneficiary has recourse to other special regulations that entitle it to recall and removal from the channels of trade. According to the Federal Court of Justice, such special regulations do not have any particular priority over a prohibitory injunction and the entitlement, included therein, to have infringing products recalled. Instead, the rights holder enjoys both entitlements parallel to each other.

However, the adjudged party is not liable for the success or failure of the recall action. In the case of an interim in-

junction, moreover, it suffices if the customers are ordered not to sell the products any longer (without being ordered to return them to the infringer).

In the case under consideration, therefore, the Federal Court of Justice saw many indications of the duty to cease and desist being breached. However, it was not clear what 'placed in quarantine' was supposed to mean, so the case was referred back to the Upper District Court for further clarification of that question.

ASSESSMENT

The decision handed down by the Federal Court of Justice deserves approval.

Its significance, from the patent law perspective, is largely confined to interim injunction proceedings, because in proceedings in the main action the patent proprietor has separately regulated entitlement anyhow to products being recalled from the channels of trade.

In the context of interim injunctions, however, the judgment is of considerable importance, since it is possible that

the special entitlement to recall cannot be successfully asserted for procedural reasons. In precisely such urgent cases, the patent proprietor has had little means at its disposal until now to stop the sale of products already at customers of the infringer. This has now changed. The Federal Court of Justice is also strengthening the effective enforcement of patents. (Müller)

12. Torpedo suits

Federal Court of Justice, court order of 13.09.2016 – Porsche

BACKGROUND

Torpedo suits have fallen out of fashion somewhat, and for all kinds of reasons. However, they are still part of the repertoire of good defence attorneys, and patent proprietors are also well advised to take a possible ‘torpedo’ into account when preparing patent infringement suits.

In patent law, their mechanism is as follows: the infringer of a European patent that is also validated in Germany does not wait until it is sued in Germany in a national infringement suit. Instead, the infringer takes the initiative and files, in a jurisdiction known for protracted proceedings (typically in Italy, Belgium or Greece) a declaratory action for the non-existence of rights, which is also extended to the German part of the European patent. Although it is clear that the foreign court has no jurisdictional competence to pass judgment on the infringement in Germany, several years can pass before this decision on competence has been passed (especially in courts with little experience in these matters), although the duration of such proceedings on jurisdictional competence before Italian courts is supposed to have improved somewhat over the past ten years.

Proceedings are effectively blocked during this interim phase – which is where the problem lies. This is because the German infringement court that actually has competence must stay the infringement proceedings subsequently brought before it, due to Article 29 of the Council Regulation on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, until the court first seised of the matter has established that it does not have competence. In terms of substantive law, both these proceedings concern ‘the same claim’ within the meaning of the Regulation (namely the infringement of the patent in Germany).

What can then happen is that the patent proprietor and the patent infringer join in a race against time. The first one to make its court action ‘pending’ has won.

This concept of ‘pending’ used to be assessed very disparately, depending on the respective national laws. For actions brought before German courts, it was required that a matter be ‘legally pending’ in the narrower sense. This imparted a considerable locational disadvantage, because a claim did not become legally pending until the statement of claim (filed with the court first of all) was actually served on the respondent. As practitioners are well aware, however, this may take several weeks (or even several months in the case of service abroad), so a torpedo suit could often prove successful (in the past) simply and solely because the matter often becomes legally pending at an earlier stage under local law (namely with the first act). The response in Germany in some cases has been to file the infringement suit firstly with the administration court, which does not have competence, but where the matter becomes legally pending earlier. In Germany, one could then relax and wait for the matter to be referred to the competent infringement court. This was still a faster procedure than having to sit through a torpedo suit.

Legislators have responded by recasting the Brussels I Regulation. Article 30 of the old version of Council Regulation (EC) No. 44/2001 (on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, now Article 32 of the ‘Recast Regulation’) defines independently (as European law) when a court is ‘seised’ – namely (briefly summarised) when the statement of claim is first received by the court or the respondent (whichever is earlier). If further steps are necessary after that act (for example, in Germany, service of the statement of claim on the respondent), however, the claimant must not fail to take the steps he was required to take in order to have service effected on the respondent (or, in countries where Romance languages are spoken: in order to lodge the document with the court).

DECISION

The case now decided involved differentiating the specific obligations incumbent on the claimant if it wishes to invoke the early definition of 'seised' in European law.

The situation is rather complicated in this particular case, but can be summarised quite well for practitioners: the claimant must take every step required to ensure that the second step of the procedure (namely service on the respondent) is carried out, and that the matter finally becomes pending. This includes either specifying the respondent's correct and complete address, or specifying a representative who either has real power to receive service or who the claimant can rely upon, without negligence at any rate, as actually having power to receive service.

The court order issued by the Federal Court of Justice, which is very detailed in its rationale, has to navigate some legal pitfalls and is also of interest to tabloid journalists. Our report here is brief.

The background to the case was the attempt by Porsche to take over VW, and the subsequent takeover of Porsche by VW. The parties to the dispute were a holding company in Germany (the claimant) and an investment company domiciled on the Cayman Islands (the respondent). In February 2012, the investment company had notified the claimant, through its English attorneys, that damages amounting to almost USD 200 million would be claimed in respect of losses incurred due to incorrect statements concerning the scale of trading activities in VW shares. This was a 'letter before claim' in accordance with the English "practice direction on pre-action conduct".

In June 2012, the holding company claiming the damages then filed a torpedo suit at the District Court in Stuttgart, in which it sought a declaratory judgment that the claims to damages being asserted did not exist.

However, the sordid story began with a mere act of negligence – the address of the investment company, the respondent, was stated incompletely on the statement of claim. Not only was the postcode missing, it was also not specified on which of the Cayman Islands the respondent was domiciled (we learn from the grounds for judgment

that there are three: Grand Cayman, Cayman Brac and Little Cayman). Matters were exacerbated by the District Court adding 'USA' to the address and posting the statement of claim, by way of service, as a registered letter with receipt of delivery.

The statement of claim was also sent, by way of service, to the attorneys in England (likewise by post).

Service directly to the respondent failed, and its attorneys did not respond until after a further attempt at service (in January 2013). In the meantime, however, the (positive) action for payment of USD 200 million was pending before the High Court of Justice. The issue in the case under consideration here was whether the German proceedings before the District Court in Stuttgart should be stayed in view of the proceedings in England. The request for a stay of proceedings was dismissed in the first two instances, and the courts wanted to continue the German proceedings.

In the appeal proceedings, the Federal Court of Justice set aside the court order and referred the matter back to Stuttgart.

There was no doubt that the claimant had done too little to serve the action 'directly' on the respondent. The Federal Court of Justice argues that the claimant should have given the court an address that also satisfied the requirements for service by post. This usually includes the postcode. In the case under consideration, the Federal Court of Justice convinced itself of that fact in respect of the Cayman Islands in particular, and it was still unclear on which of the three islands the documents were to be sent. The crucial point was whether the claimant took the steps it was obliged to take (from its subjective perspective) in order to bring about service of the document that initiated the proceedings (i.e. the statement of claim). It was irrelevant whether the postal services on the Cayman Islands could have served the document, in which case the claimant's mistake might have been remedied. This failure can also be ascribed to the claimant, because it could easily have been avoided if the case had been conducted conscientiously. The claimant did not need to obtain an extract from the register of companies, or a

public document – information from a reliable source concerning an address for service on the respondent would have sufficed.

The comments made by the Federal Court of Justice regarding service on the attorney in England (by way of precaution) are also instructive. Whether or not service may be made on a representative who is appointed in a legal transaction is a matter to be determined according to national law (in this case UK law). A claimant honours its obligations under Article 30 of the Brussels I Regulation (the old version) only if it specifies, as the addressee for service, a person who is actually authorised to receive

such service (or whom it can rely upon as having such authorisation). Whether that was true in this case was not clarified in the proceedings before the Federal Court of Justice. The appeal court had only clarified, albeit impermissibly, what the situation was in English law. Instead of commissioning a full legal opinion from an expert on English law, the court of appeal confined itself to obtaining a general opinion from a contact in the British Ministry of Justice, through the judicial network, and to obtaining two decisions by British courts. That was not enough, with the result that the case was referred back to the court of appeal for further clarification.

BEWERTUNG

The lessons from this case are clear-cut. Anyone who has to invoke Article 30 in the old version of the Brussels I Regulation in order to prevail in the contest against torpedo suits must also take that Article seriously and actually make every reasonable endeavour to ensure that the statement of claim is served on the respondent. On the Cayman Islands, a missing postcode can result in a letter

being lost, with the consequence that a claimant may then end up before the unloved torpedo court.

Although the court order is based on the 2001 version of the Brussels I Regulation, the analysis behind it are also directly applicable to the 'new' Brussels Ia Regulation. Articles 29 and 32 are the relevant ones here. (Henke)

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