

# Recent Case Law in German Patent Law



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## FOREWORD

In this year's review of case law, we needed to insert a separate section on "patent interpretation" at the beginning. The need arose from a conflict between the two courts of instance for revocation matters (the Federal Patent Court and the Federal Court of Justice), and there could hardly be a legal issue of greater importance for patent law as a whole (and hence also for infringement proceedings). The issue concerns the relationship between the claims of a patent and the description of the invention. In an impressive series of four judgements, the Federal Court of Justice has (once again) lent added weight to the patent specification as such.

A judgement on equivalent patent infringement can again be found in the section headed "Patent infringement". Among the various noteworthy judgements on "Validity", those reflecting the new (?) principles of patent interpretation crop up once more.

Things are gradually calming down in the field of revocation procedure. The main issues relating to the new

procedural law appear to have been clarified, so this Case Law Review includes discussion of just two judgements in that regard.

From our own vantage point, the past year was indelibly marked by groundbreaking developments in connection with "standard-essential" patents (SEPs). The European Court of Justice (finally) published its landmark judgement in the case Huawei vs. ZTE – and all parties (patent proprietors and patent users) now think they know what to do. The first judgements handed down by the courts of instance and referring the ECJ precedent are commented upon in this Case Law Review.

June 2016

**EISENFÜHR SPEISER**

# I. INTERPRETATION OF PATENTS

## 1. Limits of the wording?

*Federal Court of Justice, judgement of 14.10.2014, X ZR 35/11 – Zugriffsrechte*

*Federal Court of Justice, judgement of 19.05.2015, X ZR 48/13 – Übertragungsleistung*

*Federal Court of Justice, judgement of 13.10.2015, X ZR 74/14 – Luftklappensystem*

*Federal Court of Justice, judgement of 12.05.2015, X ZR 43/13 – Rotorelemente*

### BACKGROUND

The primacy of the claims in a patent, the decisive factor for determining the scope of protection conferred, is clearly defined in Section 14 PatG (and also with the same wording in Article 69 EPC) – the scope of protection conferred by the patent is determined by the claims, and the rest of the patent specification (the description and drawings) is referred to solely for the purpose of interpreting those claims.

In a noteworthy series of decisions addressing this dichotomy between claims and the material for interpreting them, the Federal Court of Justice has now emphasised the importance of the material aiding interpretation and has ruled that the wording of the claim itself (taken in isolation) cannot be the sole criterion.

### DECISIONS

The rationale of the *Zugriffsrechte* decision is comparatively easy to follow. In the case dealt with there, the (revocation) judgement at first instance had arrived at an interpretation of the claim that contradicted, unnecessarily, the description of the invention.

That judgement has now been repealed by the Federal Court of Justice: an interpretation of the claim that would entail none of the embodiments described in the patent specification being included in the subject-matter of the patent can only be considered under very narrowly defined conditions, namely only when other possible interpretations which lead to at least some of the embodiments being included are absolutely out of the question, or when sufficiently clear indications can be found in the claim that something is actually being claimed that deviates so extensively from the description.

The facts of the case were similar in the *Übertragungsleistung* judgement, where the (revocation) judgement at first instance attached a particular meaning to the claim, without having concerned itself at all with the rest of the contested patent specification. However, that presumed meaning contradicted not only the other feature groups of the claim itself, but also the function that the feature in question was supposed to perform, according to the description of the invention.

The Federal Court of Justice now comes to the opposite conclusion and emphasises in the appeal judgement that these contradictions could have been avoided. The Federal Court of Justice was able to interpret the patent in a way that harmonised with the patent specification as a whole and which also keeps within the limits imposed by the wording of the claim.

In the headnote of its recent *Luftklappensystem* judgement, the Federal Court of Justice establishes the

principle that, if two different measures (blocking and throttling a flow of air) are mentioned in the description of the patent, this does not necessarily allow the conclusion to be drawn that the measure with the weaker effect is insufficient to realise the technical principle being protected, if, in the claim itself, protection is claimed for the stronger measure only (in this case blocking).

In the case in dispute, the accused product was unable to block the flow of air completely. The District Court Mannheim dismissed the statement of claim with a reference to the wording of the claim. The Federal Court of Justice has now set that judgement aside, on the grounds that the teaching of the patent is also realised when the flow of air is throttled. When interpreting the patent, the decisive aspect is not the linguistic or logical scientific meaning of the expressions used in the claim, but their technical meaning, taking the stated problem and the solution into consideration. Since it can be seen from the description that partially blocking the flow of air may be sufficient to achieve the effect aimed at with the invention, the patent is also infringed by the throttling action.

In its *Rotorelemente* decision, the Federal Court of Justice now goes a step further and shows that determination of a patent's scope of protection does not have to stop at the limits imposed by the wording of the claim. In the claim to which the decision relates, two different die members were mentioned which are provided for punching out "body portions" and "pole portions", respectively, and which were then specified in further detail in the other features of the claim. How-

ever, as the Federal Court of Justice establishes, it was clear for a person skilled in the art that when the claim was being written, the terms "body portions" and "polar portions" were swapped. The Federal Court of Justice realised that a slip had quite simply occurred during the granting procedure, and also refers to it as such in the judgement ("wording gone wrong"). Correcting that slip lies at the heart of this judgement.

Taking interpretation to these lengths (and very surprisingly, for some) requires meticulous reasoning by the Federal Court of Justice, of course. The judgement thus begins with a detailed analysis of what the invention is supposed to achieve, according to the description. It then identifies why this is one of those rare cases in which the claim must be understood in a way that runs contrary to what is otherwise the clear wording of the claim – more specifically why a literally understood claim would contradict every page of the description, without any plausible reason being discernible, and also why the other features of the claim and the dependent claims supported the interpretation "correcting the wording".

The Federal Court of Justice argues that only when these conditions have been met is it possible to interpret a claim differently from its wording – because the point of patent interpretation is to develop, from the perspective of a person skilled in the art, an overall understanding of the claims and of the description written to explain them that makes sense and does not involve any contradictions. The limits of the wording may then be exceeded under these premises, but only under certain conditions.

## ASSESSMENT

Anyone concerned with avoiding patent disputes might consider the repercussions of the *Rotorelemente* judgement to be catastrophic – the judgement takes to the extreme the notion that every patent specification forms its own lexicon, and undermines confidence in the wording of claims. In practice, however, that confidence is the basis for the most important freedom-to-operate analyses that are conducted. It seems almost impossible here – at any rate in the face of the commercial imperatives that exist – to weigh up every word of a claim and to question whether the wording actually does

signify what it purports to. Such analyses are already confronted by the problem of knowing whether the patent searcher has found the essential and relevant IPRs in the first place, and now there is another inherent uncertainty on top of that – even the claim itself does not seem to offer a sure compass for reliably assessing the extent of protection conferred by patents.

For all that, the judgement is perfectly correct (see our discussion in Mitt. 2015, 376). Above all, it ensures that every single case is judged on its own merits, but grant-

ing the patent proprietor protection for what he really discovered and "claimed" (as far as a person skilled in the art can see). The judgement does not stand in isolation, either. When seen in the light, it only confirms the treatment of "*falsa demonstratio*" in German law – not just in general civil law (RGZ 99, 147), but also in patent law (BGH GRUR 1994, 357 – *Muffelofen*).

A practitioner faced with performing a freedom-to-operate analysis may console him-/herself with the idea

that constellations such as the one found in the *Rotorelemente* judgement appear to arise in very rare cases only. Basically, they only ever occur when absolutely all the interpretational material (the systematics of the features, the systematics of the claims as well as the drawings and description) indicate "wording gone wrong." (Henke/Dahle)

## 2. Binding force

### Federal Court of Justice, judgement of 02.06.2015, X ZR 103/13 – Kreuzgestänge

#### BACKGROUND

It is theoretically possible, according to the German principle of separation, for different or contradictory judgements to be handed down in revocation proceedings, on the one hand, and infringement proceedings, on the other. The two branches of the court system are not bound by the patent interpretation made in the respective other branch, and the infringement courts are not even bound by the Federal Patent Court ruling on valid-

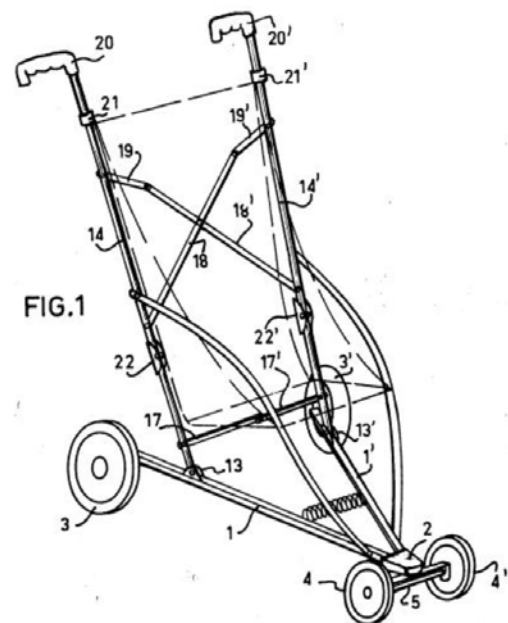
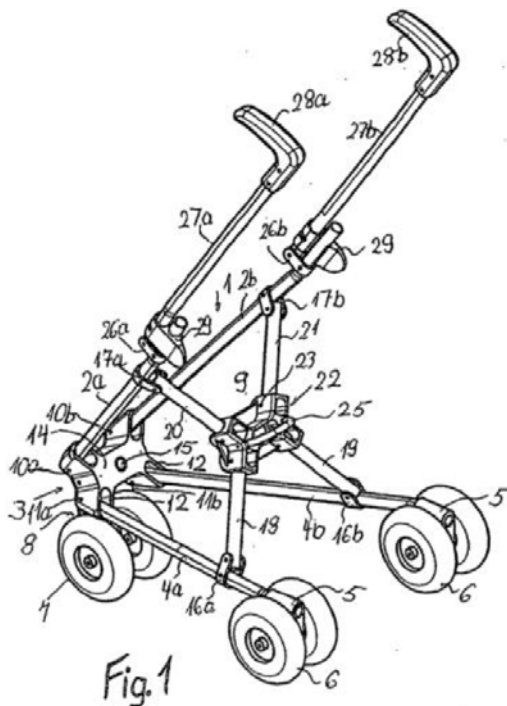
ity. That said, both sets of proceedings converge at the Federal Court of Justice as the last instance, so one would like to think that judgements are consistent there, at least.

In the case under discussion here, the issue concerned whether and to what extent the infringement courts are bound by a decision that the Federal Court of Justice issued in revocation proceedings.

#### DECISION

The patent protected a collapsible stroller for children and/or dolls, comprising V-shaped upper and lower bars each connected to a shared connecting element. The bars are connected by a spreader bar in the form of a cross-bar (reference signs 18-21 in Figure 1 inserted below), said spreader bar being designed in such a way that when folding the spreader bar the upper and lower bars (2a,b und 4a,b) "swivel simultaneously to each other".

In 2012, in the X ZR 58/11 **patent revocation case**, the Federal Court of Justice had handed down a judgement and had upheld the patent. In the patent granting and revocation proceedings, a laid-open French application was discussed, which showed a collapsible pushchair frame according to Figure 1 inserted below, in which collapsible folding bars 18, 18', 19, 19' were provided between the backrest struts 14, 14', and the backrest struts were mounted at their bottom end to V-shaped bars 1, 1'.





At the time, the Federal Court of Justice came to the conclusion that the design principle of the stroller frame according to the contested patent was essentially that the four bars 2a,b, 4a,b are pivotably connected to the same connecting element, and are also connected to each other by a spreader bar in the form of a cross-bar. This meant that the upper and the lower bars could be brought into a V-shaped position relative to each other, like an umbrella, when unfolding the stroller, and swivel simultaneously to each other when collapsing the stroller.

Referring to the cross-bar in the French patent application, the judgement argues as follows:

*A cross-bar, the bars of which can merely be swivelled in one plane relative to each other, as in the folding bars shown in K7 [the French patent application], cannot be seen as a cross-bar within the meaning of feature group 6.3. [relating to the cross-bar], because it is not formed in such a way that when folding the spreader bar the upper and lower bars swivel simultaneously to each other.*

In the parallel **infringement proceedings**, the Upper District Court saw itself bound by that interpretation and accordingly dismissed the claims asserted by the patent proprietor. The accused product had a cross-bar with bars that could only be swivelled to each other in one plane, which could not be considered a cross-bar (within the meaning of the patent in suit) such that the upper and lower bars swivel simultaneously to each other.

Unlike in the French citation, the cross-bar in the accused product was mounted between respective V-shaped upper and lower bars. The difference from the patent in suit was that the relative movement between the upper and the lower bars was attributable to movement of the upper bars only.

In the first headnote of its decision, the **Federal Court of Justice** clearly rejects that argument now:

*The infringement court has to interpret the patent in suit independently and is neither legally nor factually bound to the interpretation by the Federal Court of Justice in patent revocation proceedings concerning the patent in suit.*

The second headnote emphasises once again, in continuation of established case law, the basic principles of the Federal Court of Justice regarding correct interpretation of a claim:

*If several embodiments are presented in the description of a patent as being in accordance with the invention, the expressions used in the claims must be understood, in the event of doubt, in such a way that all the embodiments can be taken into consideration in order to complete the claim. Only if and insofar as the teaching of claim is irreconcilable with the description and the drawings, and an unresolvable contradiction remains, may those parts of the description which are not reflected in the claim be taken into account in order to determine the subject-matter of the patent.*

In the specific case in question, therefore, the feature according to which the upper and the lower bars are to swivel "simultaneously" to each other when folding the spreader bar, must be interpreted in light of the description. Although it is specified therein that a frame according to the invention is similar in construction to the ribs of an umbrella, there is also subsequent mention of the possibility that only the upper bars, not the lower bars, be pivotably mounted (relative to the lower bars). This is also congruent, moreover, with the embodiments of the dependent claims.

This means (in the opinion of the Federal Court of Justice in the infringement proceedings) that a functionally based interpretation is required on the whole. This also justifies the conclusion that, during simultaneous swivelling to each other as specified in the claim, it is not imperative that the lower and the upper bars are involved. The patent is also infringed, rather, when there is simultaneous relative movement of all four bars relative to each other (as in the accused product).

The reasons given by the Federal Court of Justice for departing from its previous decision in revocation proceedings were of crucial importance. At the time, the simultaneousness of bar movement in the French patent application was not the decisive aspect for assessing the two reasons for revocation: the support rods 18, 18', 19, 19' of the folding bars in the French citation are hingedly connected at their two ends at the backrest struts 14, 14' only, so operating the folding bars can

only cause a movement of said struts 14, 14'. In other words, the question whether both pairs of bars move when the backrest struts 14, 14' and the lower bars 1, 1' are swivelled to each other, or only the upper pair of

bars moves towards the lower pair, is not raised in the first place when the folding bars in the French citation are operated.

## ASSESSMENT

The judgement clearly illustrates once again that patent interpretation is a legal issue. The competent court in each case must therefore conduct its own assessment of this issue, independently of any contrary decisions by other courts, even when that other court is the Federal Court of Justice. This lack of binding force is an expression of the (constitutionally defined) independence of the courts and prevents an erroneous assessment by one court being maintained without question by another court. The logical consequence is that even the Federal Court of Justice itself will not shy away from correcting itself – as if to encourage its lower courts.

If this judgement is correct beyond a doubt, both systematically and in constitutional law, this could give rise to some major problems and uncertainties for practitioners, in that even decisions by the Federal Court of Justice must now be called into question in the courts of lower instance. That is particularly the case when there are differences in the main focus of argument in the two cases in question. For obvious reasons, however, the courts of instance will probably continue to be very reticent to depart from a patent interpretation made by the Federal Court of Justice. We expect that the Federal Court of Justice will only be corrected by the Federal Court of Justice in most cases. (Winkelmann)

## II. PATENT INFRINGEMENT

### 3. Right of action

*Düsseldorf Upper District Court, judgement of 21.04.2015, I-2 U 30/15*

#### BACKGROUND

Who may (in his/own name) assert rights to a patent and file an infringement suit? Although such a right is always held by the registered patent proprietor, there may be problems when it comes to a licensee's right of action. A general rule of thumb that basically applies is that an exclusive licensee has a right of action, whereas

a simple licensee requires additional and explicit authorisation from the patent proprietor to assert intellectual property rights against third parties. The Upper District Court in Düsseldorf has now made some further distinctions in respect of that basic rule.

#### DECISION

In the case under consideration, the plaintiff had applied to the Düsseldorf District Court for an interim injunction to be granted due to patent infringement. The plaintiff referred to a licence agreement concluded with patent proprietor S, domiciled in the USA, in which the plaintiff was granted an exclusive licence to the patent in suit. However, it was also evident from the licence agreement that, prior to conclusion, the patent proprietor had already granted simple licences to third parties. The plaintiff was therefore required by the licence agreement to assume all the rights and obligations of the patent proprietor in respect of these simple licence agreements.

The Upper District Court in Düsseldorf dismissed the application for grant of an interim injunction (like the District Court previously). Unlike the District Court, which had argued that a patent infringement could not be affirmed with the certainty required in injunction proceedings, the Upper District Court dismissed the action because the plaintiff did not have any right of action.

In its reasoning, the court of appeal noted that the plaintiff did not qualify as an exclusive licensee. The licences that were previously granted elsewhere remained in effect even after the "exclusive" licence was granted to the plaintiff, as could be seen from the fact that the plaintiff had committed itself to fulfil the previously

concluded licence agreements. For that reason, in the opinion of the appeal court, the plaintiff's licence did not qualify as an exclusive licence. A licence is exclusive only when the licensee is the only entity (in a specific material and/or geographical area, at least) with entitlement to use the patent.

The right of action of the exclusive licensee is based on the latter acquiring a position similar to that of the patent proprietor, by virtue of the exclusivity of its licence. Since the licensee alone has the right to use the patent, it should also have the right to assert the patent on its own.

These requirements are not met, in the view of the Upper District Court, if the patent proprietor already granted simple licences to other parties before granting the "exclusive" licence. In that case, the licensee does not have the sole right of use, so the licence is actually a non-exclusive licence.

The court of appeal did not accept the plaintiff's objection that the continued validity of the previously granted licences was irrelevant because the same situation would have arisen if the exclusive licensee had granted simple sub-licences after concluding the agreement. In the view of the court, it makes a significant difference whether the exclusive licensee grants sub-licences of its own accord, or whether it has to accept the existence

of such licences granted by the patent proprietor. As soon as the patent proprietor granted licences to third parties, it was no longer in a legal position to grant an exclusive licence.

The provision in the licence agreement, according to which the plaintiff assumed all the rights and obligations of the patent proprietor in respect of the licence agreements previously concluded by the plaintiff, does not justify any other assessment in the eyes of the Upper District Court. Although the plaintiff's takeover of the existing licence agreements is basically one suitable way of giving the plaintiff the position of an exclusive licensee (and the concomitant right of action), such takeover of agreements cannot be done under German law without the participation of the third party with

whom the patent proprietor concluded the agreement in question. In the view of the appeal court here, the takeover was therefore invalid, so the existing licences between the patent proprietor and the other licensees remain in force, alongside the plaintiff's licence.

In an aside, the Upper District Court also dismissed the objection that the defendant did not dispute the right of action until the appellate instance and that its arguments in that regard were submitted too late. Although the general preclusion rules apply in temporary injunction proceedings as well, the existence of simple licences parallel to the plaintiff's licence was undeniable – and undeniable facts cannot be dismissed as being submitted too late.

## ASSESSMENT

The judgement highlights the problems that small details can often cause when licensing intellectual property rights. In the case in question, the plaintiff was ultimately brought down by the fact that the licence agreement's provisions regarding the takeover of other licence agreements was invalid under German law. As a result, the licences previously granted by the patent proprietor remained in force, which meant that the plaintiff never actually acquired any exclusive legal status that would have permitted it to assert the patent. Great caution must therefore be exercised when licensing IPRs, also with regard to aspects that are apparently of secondary importance only, because otherwise the intended legal consequences might not ensue.

In the matter itself, however, one can only agree with the Düsseldorf Upper District Court. If the patent proprietor has already granted licences to third parties, he can no longer grant any exclusive licences without noti-

fying the other licensees beforehand. If the licensee is only one of several, he does not have any right of his own to file an action, because he does not have the kind of monopoly that the patent proprietor enjoys.

If the intention is to obtain an exclusive licence, despite the existence of other, non-exclusive licences, and it is not possible to terminate the agreements in place, the Upper District Court judgement shows that taking over the existing agreements is one way out of the conundrum. If the "new" licensee takes over the existing agreements and thus obtains an exclusive licence, he acquires a status similar to that of the patent proprietor and thus the right to assert the patent as well. However, this solution involves considerable difficulties, because the "country of protection" principle means that the law of the state in which the patent was granted is applicable to any grant of an exclusive licence. (Müller)

## 4. Capacity to be sued

*Düsseldorf Upper District Court, judgement of 11.06.2015, I-2 U 64/14*

### BACKGROUND

It has long been one of the general principles of intellectual property protection that when a company infringes intellectual property rights, its managers also bear liability for such infringements. Especially in cases where the plaintiff saw a risk that the company being sued by him might escape execution measures by winding itself up, or in some other way, the managers of that company were personally sued as well, not just the company itself. Escaping liability by exploiting company law was largely removed as an option due to the manager bearing personal liability as a natural person.

These old certainties, previously been taken for granted, have now been shaken to the core, however, in particular by a judgement on competition law handed down by the First Appellate Division at the Federal Court of Jus-

tice. In its *Geschäftsführerhaftung* decision of 18 June 2014, the first appellate division rules that the manager's executive role cannot establish *per se* his capacity to be sued. What is required, instead, is that the manager is either actively and personally involved in the act of infringement, or bears liability as a guarantor for averting such an infringement. Even positive knowledge of the act of infringement is not sufficient *per se* to establish such involvement or liability.

This imposes considerable limitations on the option of making the manager liable for infringements of intellectual property rights. One year after this decision by the First Appellate Division, the Düsseldorf Upper District Court has now concerned itself with applying that precedent to patent law.

### DECISION

The patent in the decision in question relates to a medical apparatus for relieving respiratory problems, especially during sleep. To produce the apparatus, dental impressions are made for the patient by the dentist, and the "anti-snoring" device, similar to a brace, is then fabricated in a dental laboratory using the dental impressions.

In the view of the Düsseldorf Upper District Court, the patent in suit is infringed by the accused products. Liability for that infringement is borne not only by defendant 1), a limited liability company (GmbH), but also by defendant 2) as the managing director of the GmbH.

In its rationale for holding both defendants liable, the court firstly states that "offering" an infringing product is an act of infringement in itself, under patent law and that it is therefore irrelevant whether the party offering the infringing product also manufactures or sells the product itself. Nor is it a requirement that the party offering the product submits a binding offer to conclude a contract. It suffices, rather, that demand for the object

which infringes an IPR is created by the statement of offer; the actual person who subsequently provides the product is of no relevance.

Given that context, the Upper District Court firstly established that defendant 1) had offered the patent-infringing products in Germany by advertising them in German on its website. Such advertising makes it clear to potential buyers that the infringing apparatuses are obtainable. The fact that they are purchased through dentists and dental laboratories, and not through defendant 1) itself, is of no consequence, according to the Upper District Court.

It then addresses the issue of the liability borne by the manager of defendant 1). The court of appeal takes as its point of departure the fact that the manager must ensure, given his position in the company he leads, that no third-party rights are infringed by the activities of the company. According to the court, this is congruent with decades of precedents established by the courts of lower instance in the field of patent law, and is also

approved by the Xth Division of the Federal Court of Justice, the competent division for patent law. The Upper District Court then discusses the Federal Court of Justice decision, in the field of competition law, concerning the liability of managers – and states that the limitations imposed by that decision on the liability of managers are not meant to apply to patent law, in the view of the Upper District Court.

In the last analysis, however, that is not the crucial point anyhow in the decision in question here, because defendant 2) produces the business model of defendant 1) personally, in his role as managing director and sole shareholder, and personally signs the offers made for the infringing products by defendant 1). The Upper District Court accordingly adjudged both the company and its managing director for patent infringement in the case under consideration.

## ASSESSMENT

The fact that the Düsseldorf Upper District Court explicitly rejected the recent case law of the Federal Court of Justice in the field of competition law when handing down its present judgement, even though there was no necessity to do so here in order to rule against the managing director, shows that it was a matter of concern for the court to address the issue. It is regrettable that the judgement does not contain any more detailed reasoning as to why the recent precedent established by the Federal Court of Justice on the liability of managers does not apply to the field of patent law, in the view of the Düsseldorf Upper District Court.

That said, it is also difficult to give legal reasons why different criteria for the liability of managers should apply in patent law as compared to competition law or trademark law. The criticism to be levelled at the latest decision by the First Civil Division of the Federal Court of Justice must therefore be fundamental in nature and for that reason cannot be confined to patent law. That is also the explanation for the Upper District Court neglect-

ing to provide a full rationale for its view that the established legal practice of the Federal Court of Justice does not apply to patent law.

The basic problem with this precedent is that liability principles established in criminal law are making inroads into the field of civil law. It seems obvious in this regard that criminal liability, which has serious substantial consequences, must be assessed using stricter criteria than for liability under civil law. There is no such thing in German criminal law as corporate criminal liability, and therefore no such thing as liability of a company's executive bodies for the business activities of the company. Assessing the civil-law liability of a company's executive bodies on the basis of criminal law concepts seems questionable from the outset, therefore.

It would therefore be a good thing if the view taken by the Düsseldorf Upper District Court were to prevail. However, the debate will continue until the Federal Court of Justice has ruled once again on this issue. (Müller)

## 5. Equivalent patent infringement

### *Federal Court of Justice, judgement of 13.01.2015, X ZR 81/13 – Kochgefäß*

#### BACKGROUND

The Federal Court of Justice has issued several rulings on equivalent patent infringement in recent years, although its most recent decisions, especially the *Okklusionsvorrichtung* and *Diglycidverbindung* judgements,

show a clear tendency towards limiting the extent to which the doctrine of equivalence can be applied. In the present judgement, the Federal Court of Justice extends these established precedents.

#### DECISION

The case concerned a patent relating to a cooking pot and to the design of its bottom. Referring to the prior art, the patent stated that it was advantageous to provide cooking pots with a bottom made of a material with good thermal conductance, such as aluminium. In most cases, this thermally conductive layer was surrounded by another metal layer which is more resistant to corrosion, scratching and oxidation. This protective layer is typically applied not only to the underside of the cooking vessel, but is also extended part-way up the sides, so that the thermally conductive layer is completely encased by a metal layer of greater durability but with less thermal conductance.

The disadvantage this creates, however, is that the different metal layers expand to different degrees when the vessel is heated, which can result in deformation of the cooking pot. Given that background to the invention, the object of the patent was to develop a cooking pot having a capsular bottom, in such a way that deformations are prevented. The solution for which protection was claimed was to provide the side wall of the protective layer of the capsular base with raised portions and depressions.

However, the pots made by the defendant do have the complete encapsulation of the thermally conductive layer as claimed by the patent in suit. For that reason, the District Court and the Upper District Court rejected any literal infringement. However, both courts acknowledged equivalent infringement, because deformation of the base can still occur even when said layer is not completely encapsulated. The purpose of complete encapsulation is primarily to protect the pot against

oxidation, corrosion and mechanical damage – although this is unimportant as far as the advantage of the invention according to the patent in suit is concerned.

The Federal Court of Justice has now set aside the decision of the Upper District Court, ruling that the prior instance had wrongly assumed equivalent infringement of the patent.

The prerequisite for equivalent patent infringement is that the modified means includes not just an equivalent solution which can be found by a skilled person on the basis of the patent specification, without an inventive step being involved. Rather, the modified means must also have an equivalent effect. The decisive aspect for this equivalent effect, as the Federal Court of Justice elaborates in the present decision, is whether the accused product achieves the same effect as the claimed teaching of the patent in suit, but by other means. The teaching of the patent in suit must be viewed thereby in its entirety. An equivalent patent infringement can only be assumed when the modified means achieves the selfsame effects that are meant to be achieved by the features which are not used in a literal manner.

The Federal Court of Justice rules that the Upper District Court did not give sufficient consideration to these principles when handing down the decision that is now set aside. The distinction drawn by the Upper District Court between effects essential to the invention (in this case: preventing deformation of the cooking pot) and additional effects (in this case: protecting the thermally conductive layer against corrosion, oxidation and scratches) is not permitted when examining for equivalent patent

infringement. An equivalent effect requires, rather, that all the effects produced by the teaching of the patent are also achieved by the modified variant. In the case in question, therefore, it was necessary to establish that

the defendant's pots protected the conductive layer to the same extent as achieved by total encapsulation, before equivalent patent infringement could be affirmed.

## ASSESSMENT

One can only agree with the decision reached by the Federal Court of Justice. The distinction made in the prior instances between features essential to the invention and other features stands in contradiction, from the very outset, to the principle that the teaching of the patent must always be seen in its entirety and may not be subdivided into important and less important features. Above all, however, the question whether the same effect is achieved by the feature that is not used in the literal sense as is achieved by the teaching for which protection is claimed cannot be left unanswered in the case of an equivalent patent infringement.

The Upper District Court did not establish any findings of fact regarding the question whether the same protection is achieved by incomplete encapsulation of the thermally conductive layer as is achieved by the total encapsu-

lation that is claimed, but based its ruling purely on the fact that this is an additional feature that is non-essential for the teaching of the patent. This view hollows out in large measure the criterion of equivalent effect as a key requirement of equivalent infringement, because an equivalent effect would only be of any relevance then if the modified feature is an essential element of the invention.

Prior to any infringement, the manufacturers of modified products would then have to establish which features are essential to the invention and which are not. Since this is a matter of assessment that cannot be established with certainty, the result would be considerable legal insecurity. Fortunately, the Federal Court of Justice curtailed such insecurity with its ruling. (Müller)



## 6. Succession protection and non-assert

*Munich District Court, judgement of 08.01.2015, 7 O 28263/13*

### BACKGROUND

The German courts have barely concerned themselves hitherto with “non-asserts”, with which a proprietor of an IPR agrees not to assert the IPR against the contracting partner. Yet such agreements raise the specific

problem of whether they lag behind the legal consequences of a licence (and if so, to what extent). This question can be of considerable importance with regard to the exhaustion and sale of the IPR involved.

### DECISION

In this particular judgement, the District Court Munich thus had a rather rare opportunity to address the problem. In the case ruled upon, the patent proprietor had initially granted a licence to the patent in suit to an affiliated company that was involved as a intervenor in the case under consideration. The intervenor had the right to grant sub-licences and in order to avoid patent litigation it later concluded an agreement with the defendant, in which it agreed not to assert any rights under the patent in suit against the defendant. The agreement literally read as follows:

*S. [the intervenor] and their subsidiary companies will not assert any rights against C [the defendant] or its*

*subsidiary companies or cooperation partners on the basis of EP ...*

After concluding this agreement, the patent proprietor sold the patent in suit to the plaintiff, who then sued the defendant for infringement of the patent before the District Court in Munich. The case centred on the question of whether the aforementioned agreement is a licence (to which the plaintiff is bound under Section 15 (3) PatG), or a “non-assert” that has no binding effect on the plaintiff.

### DECISION

In its judgement, the Munich District Court concludes that the agreement between the intervenor and the defendant is a licence to which the plaintiff, too, is bound.

In its grounds for judgement, the District Court goes back to the case law of the Reichsgericht and begins by outlining, long-windedly at first, how the legal assessment of licences has developed in German law over the past 100 years, and the concepts of simple and negative licence. The court explains that the concept of a “non-assert” is alien to German law and must be conceived of as a sub-category of negative licence.

Following these very theoretical comments, the court then addresses the specific case and states that it is necessary to determine in the individual case, by inter-

preting the agreement, whether the latter is a pactum de non petendu (a “non-assert”, in other words) or a licence. It is not the wording of the agreement alone that is the decisive criterion in that assessment, but rather the imputed will of the parties.

On the basis of the specific situation, the court then concludes that the defendant had a positive right to use the patent in question and that it should therefore receive a licence. This is because the intention of both parties was to rid themselves once and for all of the threat posed by the patents of the respective other party. This would not have been possible with a “non-assert” applying to the other party only, but not to its customers. Moreover, a “non-assert” is normally agreed with other wording.

## ASSESSMENT

With its digression into the terminology of German law, which has no relevance for the outcome, the judgement of the Munich District Court shows that the concept of negative licence is inappropriate for grasping the legal impacts of a “non-assert”. So much for the theory.

What is interesting, however, is the reason given by the courts for taking the agreement that was formulated as a “non-assert” and concluding that it was a licence. In accordance with the principles of interpretation laid out in the German Civil Code, the court is less directed by the wording of the agreement and focuses first and foremost on the will of the parties. It became clear from the context of the agreement that a conclusive arrangement was intended that provided both sides with legal peace all round.

It should be emphasised that it was unusually easy for the court to establish the will of the parties. This was because the company that had concluded the agreement with the defendant at the time had joined the dispute as intervenor on the side of the defendant and

confirmed that it was the intention of both parties to resolve the conflict once and for all. All that the plaintiff was left with was the wording of the agreement, but that is not the sole criterion under German law.

However, it is difficult to follow the court’s logic when it maintains that a “non-assert” is normally worded differently. It is not clear what that view is based upon, and it does not appear to be correct.

For practitioners, on the other hand, the point to realise is that the parties themselves should clearly state in their agreement what effects the granting of rights is intended to have. In cases of doubt, it helps to clarify explicitly that a “non-assert”, rather than a licence (or vice versa!) is the intention. One cannot rely on the wording alone, under German law, and the parties run the risk of a court arriving years later at an interpretation that was not intended. (Müller)

## 7. Scope of entitlement to information from abroad

*Karlsruhe Upper District Court, judgement of 11.02.2015, 6 U 160/13*

### BACKGROUND

The patent proprietor has entitlement to information from any infringer (and from third parties), and said entitlement includes the submission of more extensive information in respect of production, acquisition and sales of products which infringe the patent. This entitlement is used to draft a claim to damages, which cannot generally be quantified during the infringement proceedings.

Assertion of a claim to information usually involves a considerable burden for the defendant. Not only must information, vouchers and documents relating to purchase and sales of the products in question be collated for several past years and organised in an orderly list – in

many cases, the information also gives the patent proprietor in-depth insight into the infringer's sales organisation, which is more than annoying for the party owing the information when the parties are competitors.

The content of the information is prescribed in detail by the wording of the law. The geographical scope of the claim, and above all whether distribution channels in foreign countries are affected, has been unclear until now, however. The Karlsruhe Upper District Court judgement means that the first appeal court decision in this regard is now available.

### DECISION

The judgement handed down by the Karlsruhe Upper District Court concerned a dispute over a patent infringement by bicycle parts (rims and wheels). The defendant, domiciled in California, imported the products in question to Germany and offered them here for sale.

The Upper District Court concurred with the District Court in deeming this to be an infringement of the patent, with the inevitable consequence that the patent proprietor is entitled to information being provided. The

court ruled in this connection that this entitlement to information about the origin of the infringing products also relates to activities that occur in foreign countries not covered by the patent. In its grounds for judgement, the court of appeal argued – remarkably succinctly – that the entitlement to information is meant to enable the proprietor of rights to trace the path of items that infringe a patent in the home country, so as to be able to combat any further infringements effectively.

### ASSESSMENT

At first sight, and from the practical perspective especially, the decision by the Upper District Court deserves acceptance. Many patent-infringing products placed on the market in Germany are produced abroad, often in countries where there is no patent protection. If the entitlement to information were limited to the home country, the patent proprietor would be unable in many cases to identify the products' country of origin. Especially in the case of mass-produced goods, the risk would then arise that, after winning an infringement

case, the products are placed on the market in Germany via a slightly modified channel of distribution.

However, it is not so simple to explain in terms of doctrine why infringement of a national patent should have consequences that extend beyond the borders of the respective state. The activities carried out in foreign countries not covered by the patent are totally legal, and good reasons are needed, at least, if information is to be provided about those activities, particularly since provid-

ing such information can indeed be a painful intrusion for the entity owing it (as mentioned at the outset).

Unfortunately, such reasons are missing from the judgement handed down by the Upper District Court. That is particularly regrettable because it would appear to be the only decision by an Upper District Court to address this issue. In that respect, the court refers in its judgement to legal literature, but that, too, is of little help, in that the same view is put forward therein without any further reasoning, or with further references and in brief form.

The hope remains that the Federal Court of Justice will take up the issue and add to the reasoning provided by the Upper District Court.

In future, in any case, patent infringers will have to accept that detailed information must be provided about sales activities carried out in foreign countries not covered by the patent in question. For patent proprietors, the entitlement to information, which can already be enforced after the first instance (against lodging an amount of security that is relatively small in most cases), has become a sharper sword than it has been up to now. (Müller)

### III. VALIDITY

#### 8. Actual disclosure, impermissible broadening, priority

*Federal Court of Justice, judgement of 09.06.2015, X ZR 101/13 – Polymerschaum II*

*Federal Court of Justice, judgement of 14.10.2014, X ZR 35/11 – Zugriffsrechte*

*Federal Court of Justice, judgement of 19.05.2015, X ZR 48/13 – Übertragungsleistung*

*Federal Court of Justice, judgement of 12.05.2015, X ZR 43/13 – Rotorelemente*

#### BACKGROUND

The Federal Court of Justice must repeatedly warn that the interpretation of claims in the grounds for judgement is a separate step in the administration of justice, and must not be confused with the consequential legal issues (impermissible broadening, claiming of priority).

Although the rationale for the judgements discussed here could well be applied to infringement judgements as well, it is the Federal Patent Court in particular that has challenged its higher court again and again in patent validity proceedings to require this clarification.

#### DECISIONS

In the *Polymerschaum II* case, the Federal Patent Court had based its interpretation of the patent merely on the general technical understanding of those skilled in the art, and on that basis had deemed the specific expression used in the claim to be unspecific and “unsuitable for characterising” the invention.

The Federal Court of Justice now expresses some very clear criticism of the judgement at first instance: the court was failing to discharge its essential duty to providing binding answers to legal questions. Just as little as a judge in infringement proceedings can retreat to a position of not having the technical expertise to identify the subject-matter of the invention, the issue cannot be left unresolved if it is necessary in validity proceedings to delineate the subject-matter from the prior art. The Federal Court of Justice referred the case back to the Federal Patent Court so that a “proper” interpretation of the claim could be made there (for the same time, in a sense).

A similar situation existed in the *Übertragungsleistung* case, where there was a complete lack of interpretation in the section of the judgement at first instance of crucial relevance for the decision. The judgement had attributed a specific essential meaning to the wording of the claim, without basing that on the material admissible for interpretation in the patent specification itself (in particular the description and drawings). The *Zugriffsrechte* and *Rotorelemente* judgements were afflicted in the same way – according to the clear dictum of the Federal Court of Justice, the wording of a claim may not be viewed in isolation, nor is one allowed to revert too early to sources outside the patent specification. It is always imperative, instead, to develop an overall understanding of the claims (on the one hand) that makes coherent sense, as free of contradictions as possible, and of the description explaining those claims (on the other hand). It is particularly important that this interpretation step be carried out independently of the other steps involved in examining the case.

## ASSESSMENT

This set of judgements can only be welcomed. It remains to be hoped, especially with regard to the established practice of the Federal Patent Court, that the court will now make more of an effort to understand patents the way they were written by the applicant and were granted by the Patent Office.

It was precisely here (before the Federal Patent Court) that patents had been destroyed in the past without justification (and totally unnecessarily on merits), due to deficiencies in patent interpretation. In validity proceedings, especially, severe errors can occur in judgements when there is no separate argumentation for the interpretation of claims – if the claim is interpreted in isolation from the description of the invention, and with reference to purportedly unambiguous wording of the claim, then the scope of protection conferred on the patent departs, on purely argumentative grounds alone,

from the actual disclosure of the patent application. This is because the content of an application ensues, by definition, from the specification in its entirety, and the primacy of the claims does not apply in that respect. Argumentation relating to actual disclosure becomes circular if it is not based on separate determination of the scope of protection (conferred by the patent) and fails to take the description of the invention (in the patent) sufficiently into account.

If this (repeated) dictum by the Federal Court of Justice now becomes established practice at the Federal Patent Court as well, the high rate at which revocation judgements at first instance are subsequently set aside can presumably be expected to fall. Infringement and revocation proceedings would be further harmonised – and thus would ultimately ensure greater legal security. (Henke)

## 9. Existence of a technical principle

### *Federal Court of Justice, judgement of 30.06.2015, X ZB 1/15 – Flugzeugzustand*

#### BACKGROUND

In revocation proceedings, the Federal Patent Court and the Federal Court of Justice are continually addressing the issue of whether the claimed teaching of a patent solves a technical problem using technical means. The point of departure is Section 1 PatG (Article 52 EPC), according to which only technical inventions are eligible for protection and, more importantly, where it is clearly stated that software and mathematical methods in particular are not to be seen as technical inventions.

The Federal Court of Justice examines for patentability in two stages, therefore, and asks in the first step whether the invention is of a technical nature, as required by Section 1 (1) PatG (Article 52 (1) EPC). That is already the case when the claimed teaching involves the

use of technical apparatus, so if the claim includes a processor for running a software program, then this hurdle has already been taken.

The second examination step has recently proved to be a much bigger stumbling block to overcome. The Federal Court of Justice analyses whether the application is excluded from patentability from the outset under Section 1 (3) PatG (Article 52 (2) EPC), for example whether software “*per se*” is claimed. This question is judged according to whether or not the invention solves a technical problem using technical means. If the answer is affirmative, then even an invention that is mainly based on data processing may be patentable.

#### DECISION

In the judgement under consideration, the Federal Court of Justice ruled on the patentability of a method for determining the position of aircraft. The core of the invention was a mathematical method for analysing a number of measurement values.

In the first examination step according to the aforementioned scheme, the Federal Court of Justice briefly and concisely affirmed the presence of a technical teaching (like the Federal Patent Court before it), on the grounds that the claim specified the use of a computer. In the second examination step, however, the Federal Court of Justice then decided differently from the prior instance and ruled – in contrast to the Federal Patent Court – that the invention was patentable.

The Federal Court of Justice established that the same principles apply to the mathematical method at issue here as to software or the reproduction of information. According to Section 1 (3) PatG, these are only patentable if they are used to solve a technical problem with technical means. However, the Federal Court of Justice went on to insist that consideration be given to the fact that a mathematical method cannot be deemed

non-technical *ipso jure*. Working with natural forces is a technical act, and the laws governing such natural forces are generally described with the help of mathematical methods. A mathematical method can therefore be deemed non-technical only if, in connection with the claimed teaching, it does not relate to the targeted application of natural forces.

The Federal Court of Justice sees this requirement – that the method relate sufficiently to the targeted application of natural forces – as met. The Court bases that view on the fact that the aim of summarising measurement values mathematically in accordance with the patent is to obtain more reliable information about the status of an aircraft and by that means to influence the functioning of the system for which the determination of said status is used. In conclusion, the Federal Court of Justice rules that the decisive aspect for patentability is not whether the problem being addressed has already been solved by the prior art, or whether the claimed invention is an improvement on known methods. It suffices, rather, if the invention shows a different way of solving the stated problem from that shown in the prior art.

## ASSESSMENT

The Federal Court of Justice has continually ruled in the past on the question of whether software-based solutions in various patents are excluded from patentability under Section 1 (3) PatG. In that context, we now have the first decision concerning mathematical methods. This is particularly interesting because the mathematical methods in the claims as filed are ultimately implemented by software, of course.

At first glance, the Federal Court of Justice seems to be applying a more generous criterion to mathematical methods when it states that such methods cannot automatically be deemed non-technical, and that they are excluded from patenting only if there is no relationship to the targeted application of natural forces. However, a closer comparison with the criteria used to assess the patentability of software-based inventions shows that there is indeed a consistency in assessment.

The decisive aspect for patentability of data processing programs, according to the established legal practice of

the Federal Court of Justice, is whether components are either addressed differently by said programs, the data processing program is governed by technical circumstances outside the computer, or whether the program is designed in such a way that consideration is given to the technical configuration of the computer. The crucial aspect, in other words, is whether there is an interaction between the (virtual) software and the physical environment. The requirement for mathematical methods that they achieve a specific technical success likewise requires an interaction between mathematical theory and the physical environment.

Reasons as to why different criteria should apply to software patentability than to the mathematical methods likewise included in Section 1 (3) PatG would otherwise have been difficult to provide. The decision must therefore be seen as a consistent continuation of case law on these problems. (Müller)



## **BACKGROUND**

Many will be familiar with the patent at issue in this case from their own use. The case concerns a patent held by Apple, as a manufacturer of mobile telephones, and relating to the well-known “slide-to-unlock” function, where the user can unlock the telephone by sliding a finger over the display.

As in the “aircraft status” decision discussed above, this case centred above all on the issue of which features of the claim contribute to the solution of a technical problem using technical means. The feature group on which discussion centred specified that an unlock image be moved along a predefined path on the display in unison with user contact, the unlock image being a graphic image with which the user interacts.

The Federal Patent Court had revoked the patent at first instance due to lack of inventive step. The aforementioned feature group was not disclosed by the prior art, but neither did it contribute to the solution of a technical problem using technical means. This is because signalling of how the unlock operation is progressing is aimed purely at the user, but the manner in which the device operates is not affected as a result. Information is merely displayed in graphic form so that the user receives visual feedback. The Federal Patent Court ruled that in this case there was no technical problem which is solved by technical means, and ignored this feature group when assessing for inventive step.

## **DECISION**

In its “slide-to-unlock” decision, the Federal Court of Justice corrected the comments made at first instance in one key point, because in its view the Federal Patent Court had not identified correctly the technical principle of the feature group at issue here.

The point of departure for the judgement is that features relating to information can only contribute to inventiveness to the extent that they make a contribution to, or at least influence, the solution of a technical problem using technical means. The consequence, however, is that such features relating to information must be examined to determine whether the information which is displayed is an embodiment of a technical means that is not already included elsewhere in the claim. Such features, according to the Federal Court of Justice, must generally be viewed as technical because there is no justification for ignoring a technical feature purely on the grounds that it is included, in the claim, in the form of information being displayed.

In that light, the Federal Court of Justice takes a differentiated view of the feature group in question: it firstly analyses the feature that involves an unlock image being moved along a displayed path on the screen in unison with user contact. The claim thus teaches visually indi-

ating to the user that, by making the movement, he has given the computer a command that can unlock the device and that actually does unlock the device if the required finger movement is performed. Not only does the finger movement cause the device to be unlocked, it also results in a visual display symbolising the command and the progress in executing it.

That is viewed by the Federal Court of Justice as a technical solution to a technical problem, in that the operational reliability of the device is enhanced by visualising the command being entered. While making the movement, the user can see whether he is entering the command correctly.

When the claim requires, in contrast, that said display of information is performed as movement of an unlock image along a displayed path on the screen, then that, in the view of the Federal Court of Justice, is a way of embodying the information which is outputted using graphical means. Information is thus conveyed in a particularly lucid manner, but that does not constitute a technical solution to a technical problem.

Despite that correction to a key point of the first-instance judgement, the Federal Court of Justice ulti-

mately upheld the decision. The reason was that, insofar as the feature group under discussion entails a technical problem being solved by technical means, this solution

can be found in the cited prior art without an inventive step being involved (albeit with different reasoning from that of the Federal Patent Court).

## ASSESSMENT

This Federal Court of Justice judgement is particularly interesting not only because it is the last decision to be reached in the “patent war” between Apple and Samsung that has meanwhile been settled. Above all, the decision deserves attention because it develops the established case law for assessing a technical teaching.

The Federal Court of Justice makes it clear that it is necessary to examine precisely in each individual case the specific function that features relating to information actually have. If the features merely relate to the way that informational content is displayed, then the respective features must be viewed, as before, as not involving a technical principle. However, the instruction to display information may well conceal a technical principle, if a technical effect such as the reduction of operating errors is achieved.

There is no reason for not agreeing with that analysis, because technical solutions can indeed be hidden in features relating to information, and the fact that such a solution is dressed up in the wording of the claim in such a way that attention is focused on how information is displayed, according to the solution, can have no effect on the patentability of the features. The implication for future revocation proceedings, of course, is that a ruling that a feature merely relates to the display of information should not be accepted prematurely. A precise examination must be carried out, instead, to determine whether and to what extent such a display of information is the manifestation of a technical solution to a technical problem. (Müller)

## 10. Inescapable trap

### *Federal Court of Justice, judgement of 17.02.2015, X ZR 161/12 – Wundbehandlungsvorrichtung*

#### BACKGROUND

Paras. (2) und (3) of Article 123 EPC can easily turn into an inescapable trap for patent applicants if features are added to the claim during opposition proceedings. If such features subsequently prove to constitute impermissible broadening of the subject-matter (para. (2)), the patent proprietor may feel compelled to delete them again in opposition appeal proceedings (or in revocation proceedings). However, that would generally mean the scope of protection being extended (para. (3)).

This has been a subject of intense discussion over the past two decades. It now looks as if the European Patent Office and the Federal Court of Justice are going separate ways. The solution proposed by the Federal

Court of Justice is that no rights can be derived from a feature that limits the claim, but which is insufficiently disclosed.

However, that principle only applied to German patents initially, and it was unclear whether this solution, which is very accommodating to patent proprietor interests, can also be applied to national parts of European patents. Article 123 EPC speaks a clear language, after all. The Federal Court of Justice has now had an opportunity to clarify matters.

#### DECISION

The German part of the European patent related to a wound treatment apparatus with which the wound healing process is fostered by applying negative pressure. A porous foam pad is placed in the wound and sealed with a dressing such that fluids can be drawn from the wound via a drainage tube in the pad and collected in a canister. The original application had not disclosed how contact was to be made between the pad and the disc-like cup. However, the claim as granted was focused on a *disc-like cup* as a cover "*whose lower surface is in contact with the porous pad*".

In this constellation, the Federal Court of Justice saw the patent proprietor in an inescapable trap: the claimed subject-matter went beyond the application as originally filed and was in breach of Article 123(2) EPC. On the other hand, however, the feature could not be deleted, so as to avoid an the scope of protection being extended within the meaning of Article 123(3) EPC. In our previous Case Law Review, we had to report with reference to the *Fettabsaugevorrichtung* judgement of 8 April 2014 (BPatG 4 Ni 34/12 (EP)) that, in actions for revocation concerning German parts of European patents, there was still a serious risk of a patent being destroyed

by the Federal Patent Court, due to the unambiguous legal situation created by Article 123 EPC.

In the case under consideration, the Federal Court of Justice now considers the claim as granted to have been impermissibly broadened. Although the lower surface of the disc-like cup being in contact with the porous pad was not disclosed in the original disclosure as belonging to the invention, this does not introduce a new technical aspect, but merely limits the claim as granted.

This impermissible broadening does not result in loss of the patent, however. Instead, the Federal Court of Justice solves the problem by ruling that no rights may be derived from the extended feature: although the feature must be taken into consideration when examining for infringement, it must be ignored with regard to novelty and inventive step when assessing for patentability.

That solution needs to be substantiated, in no small measure. In order to resolve the apparent conflict with Article 123 EPC (and also with the case law of the Boards of Appeal of the European Patent Office), the Federal Court of Justice refers to Article 138 EPC, to the

(German) law implementing international patent treaties (IntPatÜbkG) and to the Basic Law. When deciding whether to revoke the German parts of European patents, Article II.6 of the law implementing patent treaties is applicable, rather than the European Patent Convention directly. On the basis of Article 138 EPC, the German legislature established the reasons for revoking patents for the sovereign territory of the Federal Republic of Germany. According to that law, a European patent may only be revoked for the reasons exhaustively listed therein – subject to Article 139 EPC, which governs how senior rights and rights with the same filing or priority date are handled. Additional reasons for revocation could not be created by the national legislature, in other words.

The Federal Court of Justice is now interpreting this rule, conversely, to mean that a national court may *dis-pense* with revocation even when there is actually a reason for revocation pursuant to Article 138 EPC (this is the inescapable trap set by paras. (2) und (3) of Article 123 EPC). The Federal Court of Justice remarks that Article 123 EPC as understood by the Enlarged Board of Appeal of the EPO may not be contravened, however.

The solution proposed by the Federal Court of Justice in such a case that a patent limited by a feature that was not originally disclosed be upheld, and that the feature in question be taken into consideration when examining for infringement, but not when examining for patentability. It also refers in that regard to the constitutional protection of property (Basic Law, Article 14), which also includes the right to a patent and protects the patent proprietor against state interference, such as revocation. This protection of property has priority if revocation is unnecessary and the legitimate interests of third parties and the public can also be safeguarded in other ways.

There is another twist to the case that is mentioned here as a marginal note only, but which gives a good idea of how the Federal Court of Justice deals with different kinds of impermissible broadening.

The application as originally filed for the patent related to a portable apparatus in which it was less easy than in the prior art to determine the pressure prevailing at the wound site. A multi-lumen tube with an additional conduit and with pressure-detecting means was therefore

provided in the original application. In the view of the Federal Court of Justice, the connector referred to in the claim as granted as a disc-like cup was mentioned only in the context of said pressure detection and the additional conduit. That the invention was also supposed to relate to an apparatus without these features could not be derived directly and unambiguously from the original disclosure (an “inadmissible intermediate generalisation”). It is precisely this intermediate generalisation that led in the case in question to the patent, in the version as granted, being revoked – although it could be remedied by an auxiliary request (adding the respective features).

The Federal Court of Justice has thus confirmed that the following principles are also applicable to the German parts of European patents:

- Revocation or destruction is not imperative if the subject-matter of the patent has been inadmissibly generalised in relation to the content of the application as originally filed (inadmissible intermediate generalisation). In this case, the impermissible broadening can be remedied by removing the inadmissible generalisation from the claim – which is normally done by adding the missing features.
- No revocation or destruction even when insertion of a feature which is not disclosed in the application as originally filed, or as belonging to the invention, results in mere limitation of the subject-matter being filed. The feature can then remain in the claim and must be taken into consideration when examining for infringement – but the patent proprietor cannot derive any rights from it (no inescapable trap any longer).
- Revocation or destruction is unavoidable if, as a result of adding a feature that was not originally disclosed, the claim as granted has a different invention (an aliud) from that in the original application as its subject-matter (since this jeopardises the legal security provided to third parties. The public may trust in the application not resulting in a patent whose subject-matter is broader than or different from what is disclosed in the application.) Whether an aliud

is involved is dependent on whether the “new” feature is merely renders more specific an instruction for technical action that was already disclosed as belonging to the invention in the application as originally filed – or whether a

technical aspect is introduced which was not included in the original application, either as that specific embodiment or even in abstract form as “belonging to the invention”.

## ASSESSMENT

For patent proprietors, the rejection of the “inescapable trap” by the Federal Court of Justice, now for the German parts of European patents as well, offers welcome and long-awaited relief. Many felt that the inescapable trap resulting from the conflict between Article 123(2) and (3) EPC, and in inevitable loss of the patent, was too harsh – especially since the principles of interpretation regarding what is disclosed in the original application and what not have been repeatedly modified in recent years.

By applying the law governing the implementation of international patent treaties, the Federal Court of Justice has found a way to balance the principles of protecting property, as well as the legitimate interests of third parties and the public, and for applying, to European patents also, the approach already taken for German patents and found by many to be even-handed. (Winkelmann)

## IV. OTHER SUBSTANTIVE LEGAL ISSUES

### 11. Standard-essential patents

*European Court of Justice, judgement of 16. 07.2015, C-170/13*

*Düsseldorf District Court, judgement of 03.11.2015, 4a O 93/14 and 4a O 144/15*

*Mannheim District Court, judgement of 27.11.2015, 2 O 106/14*

#### BACKGROUND

There is hardly any other issue in patent law in which there is as much movement as in the question of the specific conditions under which a claim to injunctive relief deriving from standard-essential patents (SEPs) can be asserted in infringement proceedings. In last year's issue of this Case Law Review, we reported on the oral proceedings before the ECJ in *Huawei vs. ZTE* and commented in particular on the opinion of Attorney-General Wathelet that was published in November 2014.

Our assessment concluded that the Attorney-General was taking a middle way between the established legal practice of the Federal Court of Justice and the decisions taken by the European Commission. More specifically, the Advocate General wanted to significantly strengthen the rights of the patent proprietor, by clearly stating that seeking injunctive relief is permissible in cases, at least, where the infringer does not respond seriously to the licence offer made by the patent proprietor, or tries to delay concluding a licence agreement.

In summer 2015, the long-awaited judgement of the European Court of Justice was finally pronounced. The judgement substantially follows the line adopted by the Attorney-General and specifies a set of obligations to be fulfilled, in a ping-pong manner, by the patent proprietor and the patent infringer. If the patent proprietor wants to assert its portfolio of standard-essential patents, he must first alert the infringer to the infringement, designating the SEP and specifying the way in which it has been infringed. The infringer is then required to express its willingness to conclude a licence agreement on FRAND terms. In the next step, the patent proprietor

must then present a specific, written offer for a licence on FRAND terms, specifying, in particular, the amount of the royalty and the way in which that royalty is to be calculated. That puts the ball back in the court of the patent infringer – it must diligently respond to that offer, in accordance with recognised commercial practices in the field and in good faith, and must not adopt any delaying tactics. In particular, the infringer must submit, promptly and in writing, a specific counter-offer that corresponds to FRAND terms. If that counter-offer is rejected, the infringer must provide security from that point onwards for the royalties it proposed. If no agreement is reached following the offer and the counter-offer, the parties are free to request, by common agreement, that the amount of royalty be determined by an independent third party.

As expected, the European Court of Justice largely concurred with the opinion of the Attorney-General, so the judgement mainly provides specific details of what was already in the offing in late 2014. However, a number of very relevant questions remain unanswered even after the judgement was handed down by the European Court of Justice:

- One issue that needs to be clarified, for example, concerns the requirements that an SEP must meet to denote a dominant market position within the meaning of antitrust law.
- The extent and the depth to which the patent proprietor must inform the infringer about its patents being infringed is still a controversial issue in practice. The presentation of detailed claim charts is often required – although

nothing to that effect is specified in the ECJ judgement.

- A similar situation exists regarding the way in which the patent proprietor must show how the royalty is calculated. Is it sufficient to state “0.12 Euro per licensed product”, or does the patent proprietor have to show in detail how it arrived at the amount being demanded?
- It is still not clear whether the patent proprietor may also offer its patents as a bundle to be licensed (keyword: global portfolio licence), or whether the licensee is also allowed to confine its licence offer to single patents (in suit).

These and other issues, some of which are of major practical importance, were not clarified conclusively by the European Court of Justice and must now be ruled upon by the courts of instance. The cards have been reshuffled, at any rate – proprietors of patents essential to a standard (hereinafter: “SEPs”) think they now know how to assert their patents (also in the claim to injunctive relief), and users of patents see opportunities for defending themselves against SEPs. Dozens of in-

fringement proceedings that were stayed in the courts of instance are now being resumed, and a number of new infringement actions have been filed.

It is not possible to say at this point whether a new “wave” of infringement actions is involved, such as those familiar from previous wars over mobile radio communication patents. One thing is certain: the European Court of Justice has enlivened the debate with its clearly delineated grounds for judgement. Patent proprietors, patent users and also the national courts must re-address the core issue, namely the specific circumstances in which an action for prohibitory injunction can be filed on the basis of an SEP.

The first judgements by the District Courts in Düsseldorf and Mannheim are now available, in which the stipulations made by the European Court of Justice are applied to different case situations. The first decision at second instance now exists as well, in the form of the Düsseldorf Upper District Court court order of 13 January 2016. These decisions provide important starting points regarding how, in practice, the FRAND defence can be handled in future.

## JUDGEMENTS BY THE DISTRICT COURTS IN DÜSSELDORF AND MANNHEIM

In the case decided by the Düsseldorf District Court, the plaintiff had alerted the defendant to its infringement of the patent in suit; the court proceeded on the basis that the statement of claim is sufficient information in transitional cases that were pending before the European Court of Justice handed down its judgement. The plaintiff had also offered the defendant a licence agreement, and the defendant had responded with counter-offers, but the latter were turned down by the plaintiff. Whether the content of the offer and the counter-offer were FRAND or not was left unanswered by the court in its judgement. The primary aspect for the court, instead, was that the defendant did not lodge any security after its counter-offer was rejected, which meant that it did not adhere to the requirements laid down by the European Court of Justice. The depositing of security after the oral proceedings were completed was dismissed by the court as too late, with the result that a prohibitory injunction was imposed on the defendant.

The Mannheim District Court ruled very similarly: the court dismissed the FRAND defence invoked by the defendant and based that decision on the fact that the defendant had not responded to the plaintiff’s licence offer with its own counter-offer. The court did not answer the question whether the plaintiff’s offer satisfied FRAND criteria, and stated that said aspect was not relevant for the infringer’s obligation to submit a counter-offer. There is nothing in the judgement by the European Court of Justice to indicate that only a FRAND offer gives rise to this obligation to respond, nor does such a conclusion have to be drawn in the context of the decision. This is because the rationale for the obligation to submit a counter-offer is to establish whether the patent user is willing to license – which in turn is a fundamental requirement for invoking the defence that a dominant position is being abused.

## THE COURT ORDER OF JANUARY 2016 ISSUED BY THE DÜSSELDORF UPPER DISTRICT COURT

The latter precedent has now been overturned in one small but possibly crucial point by the Düsseldorf Upper District Court in its court order of 13 January 2016. The court order was issued at the defendant's request that execution measures ensuing from the aforementioned judgement by the Düsseldorf District Court be temporarily suspended.

The Upper District Court took the view that it was by no means irrelevant whether the content of the patent proprietor's first offer satisfied FRAND terms or not. Only an offer on FRAND terms can trigger the subsequent duties of the infringer. In the grounds for the order, reference is firstly made to the operative part of the ECJ judgement, where it is stated that, after the defendant has expressed its willingness to conclude a licensing agreement on FRAND terms, the patent proprietor must present to it "a specific, written offer for a licence on such terms". Not until the infringer has failed to respond diligently "to that offer" may the SEP proprietor enforce its entitlement to a prohibitory injunction and still be in compliance with Article 102 TFEU. From use of the word "that", the

court concluded that the content of the offer must include FRAND criteria. That is also appropriate, according to the court, in that the proprietor of an SEP entered into a commitment to license the patent on FRAND terms, to which commitment it can be held. The patent proprietor is also in a better position to assess what terms are to be seen as FRAND.

If, in contrast, there is no offer to license on FRAND terms, then the patent proprietor has failed to meet its obligations, and it not possible to determine that it has not abused its dominant position. For that reason alone, the weighing up of interests must be to its detriment, and the infringement action must be dismissed. It would be inequitable, moreover, to require the infringer to respond if the first offer by the patent proprietor is not FRAND. If the infringer were to be required to respond diligently in every case and regardless of the quality of the first offer, then in the view of the Upper District Court this would be tantamount to releasing the patent proprietor from the obligations incumbent on it, and to imposing obligations one-sidedly and excessively on the infringer.

## ASSESSMENT

There is no doubt that the decision by the Düsseldorf Upper District Court is of considerable weight. It is also congruent with comments in the literature by other prominent German judges, so to that extent it does not come as a surprise.

It does indeed seem problematic to discharge the patent proprietor from its obligation to license on FRAND terms as soon as it has presented any kind of offer at all. That much is evident not only from the arguments put forward in the court order, but almost from common sense – as the Upper District Court correctly notes, the patent proprietor is obligated on account of its own commitment and antitrust law to license the patent on FRAND terms. So why should the patent proprietor not be expected to design offers which it itself must now present, according to the European Court of Justice, so that they also conform to those terms?

One can easily construct cases that lead *ad absurdum*: if a proprietor of a UMTS patent were to demand EUR 200 in royalties to market any mobile telephone conforming to the standard, its offer would be far beyond any kind of range that could possibly be deemed FRAND. Such a patent proprietor cannot expect to force all licensees into complex negotiations and settlements with such an offer that is totally divorced from reality. Anyone who fails to keep within FRAND limits cannot expect negotiations to be conducted in good faith and loses his right to prohibitory injunction.

One must agree to that extent with the rationale provided by the Düsseldorf Upper District Court.

However, there were also good arguments in support of the view taken by the two District Courts, according to which, in the specific situations in the cases ruled upon,



the specific content of the patent proprietors' offers was not the decisive point, because the defendant in each case was obviously unwilling to take a licence on FRAND terms.

If one insists that the first licence offer presented by the SEP proprietor must satisfy FRAND criteria, as a requirement for setting the cascading obligations in train, then this raises a very complex issue, and one that can only be resolved with considerable effort. Ruling on that issue ultimately means that seeking a prohibitory injunction, which at this stage is still in dispute, is delayed for a protracted period because the "FRANDiness" of an isolated licence offer can generally only be clarified by commissioning an expert opinion. That would entail a severe encroachment on the legal rights of the patent proprietor that can hardly be justified if the defendant (who can trigger the SEP proprietor's obligation to present an offer by simply stating that it is interested in the patent) does not show any signs on its part of making serious efforts to obtain a FRAND licence.

Furthermore, examining whether the patent proprietor's offer meets specific FRAND criteria would ultimately impose the risk of what is FRAND on the plaintiff alone. If the patent proprietor does not succeed in presenting a FRAND offer, due to the lack of clear criteria for determining whether terms are FRAND, and if the royalty it proposes, for example, is slightly above the royalty that the courts deems to be FRAND, then it loses its entitlement to injunctive relief. How the defendant behaves after receiving such an offer would then be no longer relevant.

There is yet another aspect which argues in favour of not examining conclusively at this stage of the proceedings whether the content of the offer presented by the SEP proprietor satisfies FRAND criteria: under antitrust law, the SEP proprietor has an obligation to grant licences on FRAND terms. Assuming that several offers can be FRAND, the patent proprietor is not required to license its patent at "particularly good" FRAND criteria, however. It can demand that a licence be taken on terms that are just about FRAND, i.e. at the top end of what is deemed FRAND. If the requirement is now made that the first offer by the patent proprietor must be FRAND – and if that is also established by a court of law –, then there is no room left for a counter-offer by

the infringer; it has to accept that FRAND offer. There is no entitlement to "better" FRAND terms. If the first offer is not FRAND, however, it no longer has to respond to it. The communication process described by the European Court of Justice for the period after the first FRAND offer has been presented by the SEP proprietor would thus be obsolete in any case.

The decisive question for the FRAND defence and for asserting the entitlement to injunctive relief is ultimately whether the patent proprietor is trying to force the infringer of the patent to pay unreasonably high royalties, or whether the infringer is trying to avoid taking out a licence on reasonable terms.

Proceeding from there, the question that is then raised, indirectly so to speak, is which terms are to be deemed FRAND in the specific case in question. Answering that question is problematic because it is very difficult and complicated in practice to determine which licensing terms are FRAND and which are not. If it were possible to determine what is "FRAND" with mathematical precision (generally, or in a particular case), the entire discussion of recent years would not arise, since no proprietor of an SEP disputes its commitment to granting FRAND licences.

There are many reasons for bringing this complicated problem back to the original question, in patent infringement proceedings, and for determining whether the parties' *behaviour* is FRAND. There would then be no need to rule conclusively on what contractual content *is* FRAND in the specific situation. If the parties behaviour is FRAND and both sides are willing to conclude a FRAND licence, then the FRAND terms, in particular the royalties, can and should be determined in separate proceedings ending with an agreement that is binding on both parties.

This would also be congruent with the line taken by the European Court of Justice, which did not even concern itself in its judgement with the actual content of the offers (FRAND or non-FRAND?) – but basically only developed requirements for the negotiating behaviour of the parties.

Whether the parties' behaviour is FRAND or not would have to be clarified in the infringement proceedings

(purely) on the basis of a check for the reasonableness of the opposing offers:

- If a summary examination shows that the content of SEP proprietor's first offer is not FRAND, then the infringer's counter-offer is no longer relevant, because the patent proprietor has acted in breach of the obligations incumbent on it by making an offer that is obviously unreasonable.
- If, in contrast, the court determines by a check on reasonableness that the patent proprietor's offer was not obviously beyond what can be seen as FRAND, then the infringer's counter-offer acquires crucial importance: if its counter-offer – summarily examined according to the same criterion – obviously does not meet the FRAND criteria, there is no reason to withhold from the patent proprietor its entitlement to injunctive relief. If, in contrast, the infringer presents a counter-offer that is likewise shown by a check on reasonableness to be within the boundaries of what is deemed FRAND (and if

he then also lodges a reasonable amount of royalties as security if its counter-offer is rejected), then the patent proprietor can be expected to have the question as to what is FRAND determined conclusively in separate proceedings, and that its assertion of its entitlement to injunctive relief be refused until then.

That the criterion for examination be reduced in infringement proceedings to a summary check on reasonableness also appears to be in line with the view taken by the European Court of Justice. According to its grounds for judgement, the parties may have the FRAND terms defined by a third party if they agree to adopt that procedure. A conclusive decision on what specifically is to be deemed FRAND is not meant to be subject-matter of the infringement proceedings – since the procedure involving determination by a third party would be obsolete if that problem had to be solved already when it deciding on the claim to injunctive relief. (Henke/Müller)

## V. PROCEDURAL LAW

### 12. Injunction proceedings

#### *Karlsruhe Upper District Court, judgement of 23.09.2015, 6 U 52/15 – Ausrüstungssatz*

##### BACKGROUND

The courts are very reticent to grant temporary injunctions on the basis of patents. This is attributable to the fact that complex legal and technical issues concerning the infringement and validity of patents cannot be examined appropriately in the summary examination that is required in summary proceedings. For the infringer, moreover, a prohibitory order granted by way of temporary injunction is particularly distressing, because it must promptly remove the accused products from the market. Another aspect is that the infringer is not protected in injunction proceedings by security deposited in the event of enforcement – in contrast to proceedings on the main issue.

The consequence, in practice, is that temporary prohibitory injunctions are only granted when evaluating the infringement issue does not pose any problems and when there are no legitimate doubts regarding the patentability of the patent. In most cases, therefore, the courts require that the patent has been upheld in previous opposition or revocation proceedings. Another requirement that is always made when granting a temporary injunction is that the applicant show the urgency of the case by taking the resolute steps necessary to determine the facts of the matter and to pursue its rights (“urgency”).

##### DECISION

In the case under consideration, the infringement of the patent by the accused products had already been established in other main proceedings against an affiliate of the defendant. The patent had also survived opposition proceedings successfully, and the appeal against the opposition ruling upholding the patent in suit had been dismissed. However, in awareness of the infringement, and before applying for the temporary injunction, the applicant had awaited a forthcoming judgement in the parallel main proceedings over a period of several months. The Mannheim District Court nevertheless granted the temporary injunction for which application was made. The defendant lodged an appeal against the injunction, on the grounds that the temporary injunction had to be rescinded due to lack of the requisite urgency.

The Karlsruhe Upper District Court dismissed the appeal and upheld the District Court decision. Proceeding from the established legal practice described above, the court of appeal ruled that, even with a summary examination, the infringement could be established with the required

certainty in the present case. The Upper District Court likewise had no doubts about the validity of the patent in view of its having been upheld in opposition proceedings.

The court also acknowledged the urgency of the matter in this case, even though the patent proprietor did not apply for the injunction until about six months after discovering the infringement by the defendant.

The Upper District Court firstly notes that the required urgency can no longer be assumed as a rule if the patent proprietor allows more than four weeks to pass between learning of the infringement and filing the application for injunction. However, that principle can be departed from in this particular case, because a greater litigational risk may not be imposed on the applicant for injunction by strict deadlines for urgency. It is acknowledged accordingly in the established legal practice of other Upper District Courts, the court of appeal went on, that the applicant for injunction may await the outcome

of opposition or revocation proceedings before applying for a temporary injunction, without this being deemed prejudicial to urgency.

In the view of the Karlsruhe Upper District Court, this consideration also applies with regard to the infringement. So the fact that the plaintiff waited here until a

decision had been reached on infringement in the parallel proceedings against the affiliate of the respondent in injunction proceedings is not to be viewed as prejudicial to urgency. This is because the plaintiff had cause for concern, prior to positive acknowledgement of infringement, that the District Court might not deem the infringement to be established with sufficient certainty.

## ASSESSMENT

The decision by the Karlsruhe Upper District Court affirms once again the established legal practice of the courts of instance, according to which the grant of a temporary injunction can only be considered if the infringement and the validity of the patent can be verified with prevailing certainty.

What is interesting about the decision, above all, are the court of appeal's comments regarding urgency. It has been an acknowledged principle hitherto that the patent proprietor may await the outcome of opposition or revocation proceedings before applying for an injunction, but that is a logical consequence of the fact that the assured validity that is required for a temporary injunction is generally not established until the patent has survived such proceedings.

The Upper District Court is now applying these principles to the infringement issue as well, stating that waiting for the outcome of a parallel infringement case cannot be deemed as prejudicial to urgency, either. That may be surprising at first, because a decision on infringement by another court (in contrast to validity) is not binding on the court that has to decide in temporary

injunction proceedings. Every court, rather, must independently reach its own decision on infringement.

That said, if another court has already conducted a detailed examination of infringement in main proceedings and affirmed such infringement, then this, of course, makes matters much easier in injunction proceedings, because the injunction court can then confine itself to reviewing the findings that were made in the other proceedings.

In practice, the judgement handed down by the Karlsruhe Upper District Court may make injunction proceedings relating to patents easier to conduct in future. In the case of patents that are infringed in the same manner by products made by different manufacturers, it is now possible to await the outcome of main proceedings against one infringer before taking further action. If successful, it is then possible to apply for temporary injunctions against other infringers who make technically identical products. (Müller/Dahle)

## 13. New procedural law for revocation cases

### *Federal Court of Justice, judgement of 07.07.2015, X ZR 64/13 – Bitratenreduktion*

#### BACKGROUND

The decision in the bitrate reduction case is interesting in two respects: one is that interpretational issues as discussed in the first section above are addressed once again in this Federal Court of Justice judgement, the other is the court's opinion on the scope of examination

in the appeal instance. The latter was approximated by the 2009 reforms to appeals confined to reviewing questions of law only, with the consequence that the Federal Court of Justice may only conduct a limited review of the facts.

#### DECISION

The **Federal Patent Court** had ruled at first instance that the claims as granted went beyond the actual disclosure in the original application, and revoked the contested patent due to impermissible broadening. The court based that decision on the following considerations:

The patent, relating to a method for encoding audio and video data, claimed protection in the key feature for encoding a sequence of two signal values (signal value A and signal value B) with a single codeword. Signal value A and signal value B are thus meant to be jointly encoded, in a sense.

On that basis, the Federal Patent Court had ruled that the claim does not specify how the encoding is to be carried out when the runlength of signal value A is zero – in other words, when signal value B is not preceded by a signal value A. Although it is clear from the description that that, too, is an event to be encoded in accordance with the claim, this was not incorporated into the claims, in the view of the Federal Patent Court, with the result that, in the version as granted, the solution to that problem was left entirely at the discretion of a person skilled in the art. In the application as originally filed, however, this particular situation (signal value B is not preceded by a signal value A, or is preceded by a runlength of zero) was *not* left unspecified. The "discretion" now granted by the claim as granted for resolving this situation therefore goes beyond the disclosure of the original application.

Since the contested patent had already been deemed to be impermissibly broadened, the Federal Patent Court did not concern itself any further with the cited prior art, nor did it reach any conclusions of its own regarding novelty and inventive step.

The **Federal Court of Justice** has now set the decision at first instance aside and referred the matter back to the Federal Patent Court for reconsideration and judgement.

The Court firstly notes that the Federal Patent Court had not provided an adequate interpretation of the claims. The judgement lays stress yet again on the principles of interpretation that are considered to be established in the meantime (see the set of judgements discussed in the first part of this booklet) and emphasises that the claims and the patent specification must be viewed as a single entity. What is required is an interpretation that understands both as a meaningful whole. Only if this is not possible can one conclude that parts of the description do not allow any conclusions to be drawn with regard to the claimed subject-matter.

On the basis of that principle, the Federal Court of Justice continues, the Federal Patent Court erred when it dismissed the passage in the description preceding the encoding of a signal value B which is not preceded by a signal value A, with the remark that those statements were not incorporated in the claims. The claims as a whole show the necessity of this constellation also being encoded. Thus, the embodiment does not relate

to a special constellation only, the Federal Court of Justice goes on, but includes the inventive solution for a general problem.

When a correct interpretation is made, this means that the encoding method for which protection is claimed is also applied when signal value A preceding signal value B has a runlength of zero. Therefore, there is no impermissible broadening, in the view of the Federal Court of Justice.

However, the court sees itself prevented from reaching any further decision on novelty or inventive step. Since the Federal Patent Court did not address the cited prior art, the judgement must be set aside instead and the matter referred back to said court. The Federal Court of Justice realised the possibility, of course, of handing down its own ruling on the matter. That is inappropriate, however, if the Federal Patent Court, which also includes technically competent judges as members, has not even performed an initial evaluation of the prior art.

## ASSESSMENT

The judgement evinced the practical consequences, first of all, that ensue from the principles of interpretation established by the Federal Court of Justice and applicable also to revocation proceedings. Impermissible broadening, as a reason for revocation that has often proved to be a particularly sharp sword that can be wielded by the applicant for revocation, loses much of its importance as a result, in that the description of a patent has now acquired greater significance for interpretation of the patent due to the recent precedents set by the Federal Court of Justice.

With regard to procedural law, secondly, the Federal Court of Justice has also made it clear that it will generally refer proceedings back to the court of first instance if the latter refrained completely from evaluating the cited prior art and that aspect is relevant from the perspective of appeal proceedings.

What this means, for both the Federal Patent Court and for the applicant for revocation, is that the focus on

(alleged) impermissible broadening can quickly turn into a Pyrrhic victory. If that reason for revocation is not upheld in the appellate instance, then the proceedings have to be re-run at first instance, and a final decision on the validity of the patent recedes further into the distance.

The question that is left unanswered is how the Federal Court of Justice will decide in future when not all the citations presented were evaluated at first instance and when, in addition, the citations on which the first-instance decisions was based do not support revocation. Strictly speaking, decisions in such cases also should be referred back to the Federal Patent Court so that it can focus on the prior art that was not assessed. All those involved in proceedings would be well advised, therefore, to conduct a full analysis of all the documents presented, in order to avoid a repetition of first-instance proceedings. (Müller)

## **BACKGROUND**

Ever since the patent law reforms of 2009, it is up to the Federal Patent Court to concentrate the dispute in revocation proceedings on the key issues by giving the parties a “qualified guideline” to that effect in accordance with Section 83 (1) PatG. After issuing the guideline, the court can set the parties a period within which they can submit their final comments. Once that deadline has expired, any new facts and arguments that are presented may be dismissed as too late, in accordance with

Section 83 (4) PatG, if the proceedings are delayed and no convincing reasons for late submissions are presented. The purpose behind the revision of Section 83 PatG is to concentrate the process of identifying the relevant facts for a decision within the first instance, at the Federal Patent Court, so as to relieve the Federal Court of Justice of having to ascertain the facts itself and thus to expedite appeal proceedings in patent revocation matters at the Federal Court of Justice.

## **DECISION**

In proceedings before the Federal Patent Court, the applicants for revocation had not argued lack of practical feasibility as a reason for revocation until after the court had issued its qualified guideline and after the period set by the Patent Court for responding thereto had already expired.

In the judgement it handed down, the Federal Patent Court upheld the patent with limitations, and left the question unanswered as to whether said reason for revocation was submitted too late, on the grounds that the application was unsubstantiated anyhow. In their appeal, the plaintiffs continued to seek revocation of the patent in its entirety, in particular due to lack of practical feasibility.

The Federal Court of Justice set the Federal Patent Court decision aside, insofar as the application with lack

of practical feasibility as reason for revocation had been dismissed, and referred the matter back to the Federal Patent Court for judgement. The arguments concerning lack of practical feasibility can no longer be dismissed by the Federal Court of Justice in the appellate instance as being submitted too late, since the Federal Patent Court had objectively ruled on the request thus amended. Dismissal as being too late also requires that giving consideration to the new facts and arguments would require postponement of the hearing before the Patent Court, which was not the case in these appeal proceedings. Nor is there an inadmissible amendment of the application for revocation within the meaning of Section 116 (2) PatG because the “new” reason for revocation was presented at first instance, although not until late.

## **ASSESSMENT**

In this decision, the Federal Court of Justice has once again defined the limits applying to lateness of submissions in revocation proceedings. In appeal proceedings, the Federal Court of Justice can no longer dismiss means of attack or defence, or an amendment of an application, or a limitation of claims as being too late, if the Patent Court has already ruled on the matter of lateness. Furthermore, the Federal Court of Justice cannot subsequently decide on dismissal on behalf of the Federal Patent Court, or correct the latter’s decision.

In order to defend oneself effectively in the appellate instance against late submissions, it is therefore essential that attorneys insist in the proceedings before the Federal Patent Court that the court explicitly rule on the issue of whether late submissions shall be admitted, and that it does not leave that issue aside for substantive reasons, for example. (Dahle)





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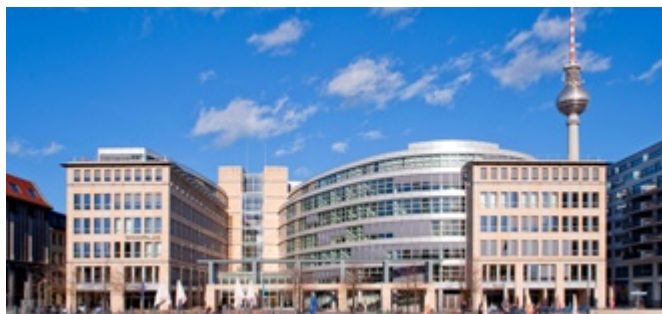
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