

Examination for Nonobviousness - A Critical Comment on German Patent Practice **

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I. The Problem

A great deal has already been written on the subject of nonobviousness and inventive step. For this reason, this article does not put forward any new proposals for defining the concept. ¹ Its focus, rather, is on the examination method used in the German legal system, which, from the point of view of applicants, is far from uniform. ²

Criticism is not directed at the uncertainty or lack of foreseeability in result generated by the tests for nonobviousness in individual cases. A degree of incertitude is a necessary concomitant of the application of a general legal concept to a variety of factual patterns. The present critique deals instead with the lack of uniformity in the tests for nonobviousness used by the German Patent Office and the Chambers of the Federal Patent Court, particularly with respect to the evaluation of evidence of nonobviousness. There are two different "schools of thought" and the school to which a particular examiner or Chamber adheres can be seen in any individual decision for affirmance or reversal. A comparison of excerpts from decisions of the Federal Patent Court on the one hand, and the Federal Supreme Court on the other, is illustrative:

Federal Patent Court:

Secondary considerations relating to nonobviousness are without effect if from the (technical) facts of the case it is apparent that no inventive step is given. ³

and

Claim No. 1 can therefore not be allowed for want of an inventive step. Since the absence of an inventive step, as set forth above, can be derived from the state of the art in combination with the knowledge of a person skilled in the art, it is unnecessary to take account of secondary consideration evidence. ⁴

Federal Supreme Court:

[We reverse] since it cannot be deduced with certainty from the reasoning of the challenged decision whether secondary considerations were taken into account in the balancing of factors for and against the presence of nonobviousness by the Appeals Chamber. ⁵

and

If a new proposal by itself appears "obvious" from the state of the art as expressed in printed matter, circumstances such as these [previously discussed secondary considerations] can show that the idea was not in fact obvious, but was rather nonobvious to a person skilled in the art... The Appeals Chamber therefore should have come to grips with this argument by the applicant before denying the nonobviousness of the challenged application. ⁶

The contrariety expressed in these quotations from the decisions of the Federal Patent Court on the one hand, and the 10th Civil Division ("Patent Senate") of the Federal Supreme Court on the other hand, is not accidental. It shows, rather, that the long-standing, mainly judicially developed, jurisprudence concerning the treatment of subtests for nonobviousness has either been ignored or apparently misunderstood by a number of Appeals Chambers, particularly in granting and opposition proceedings, and points to an erroneous development which can only be altered by a clear and unambiguous decision by the Supreme Court. To illustrate that the cited Patent Court decisions are not shared by all Chambers of the Federal Patent Court, contrary examples will be provided in this article. ⁷

The cited Patent Court decisions demonstrate that the understanding of its respective Chambers has, apparently from the outset, been at variance with the case law developed by the Supreme Court for logical and legal reasons, and that those Chambers adhere to their own particular examination method. ⁸ Their test consists of a comparison of the invention with the prior art limited to technical facts, the result of which is depending upon the subjective impression of similarity, the statement "obvious" or "nonobvious." Only "thereafter" is supplementary treatment given to what those Chambers usually describe as "auxiliary considerations. Almost always, the subtests for nonobviousness are held to "support" a favourable decision or to be "irrelevant" with respect to a finding of obviousness. ⁹ The following statement is typical: "The absence of nonobviousness cannot be offset by demonstrated advantages." ¹⁰

Such a statement, as well as the sequence of reasoning found in the above-cited decision,¹¹ is logically and legally erroneous. The Chamber reached a final decision on the inventive step (obviousness to a person skilled in the art) in the first part of its reasoning. **Then** it defined this "skilled person" (although he should have served earlier as a yardstick for nonobviousness), which also shows a misconception as to the logical order of reasoning to be followed. It was not until the end of its opinion that the Court discussed secondary considerations, whose recognition by this time was ostensibly "without effect." What it apparently meant is that the subtests had become irrelevant in light of the conclusion already reached.

A rational process of appraising indicia, according to long-established case law of the Federal Supreme Court, must specifically refute an allegedly longstanding prejudice against of the inventive solution in the prior art, for example, through proof that this prejudice had existed in the literature ten

years before, but that it had been retracted five years prior to the filing of the patent application. ¹²

A number of Chambers of the Federal Patent Court, however, see no compelling need to refute the relevance of indicia or even discuss them in detail and thus to substantiate a finding of obviousness. For the sake of simplicity, the probative value is instead discredited and the presence of an inventive step even denied in the face of a number of subtests.

II. Further Consequences in Other Areas of the Examination Process

Before contrasting the case law of the Federal Supreme Court and of the Federal Patent Court, reference will be made to further consequences which, in addition to increasing the general uncertainty of the applicant, result from the refusal of the examining instances to consider objective factors relating to patentability.

It is evident that the rejection of an application for lack of an inventive step requires little methodological effort or legal reasoning skill if the decision restricts itself to citing a few references in the prior art, without indicating, however, how such references rendered the invention obvious and without specifically refuting the relevance of secondary considerations. Many examiners and judges are of the opinion that they can base their decisions on their subjective conviction about the obviousness of the invention. Of course, such a decision is the ultimate in "fast and efficient decision-making" and because of the limitations of appeal grounds under § 41p (3) Patent Act, it is also totally safe from attack before the Supreme Court, as will be shown below.

Such practice results in other possible impediments to patentability otherwise requiring the admission of evidence - being "left undecided" or "left open," because "in any event, there has been no inventive step." These include objections of prior public use, the alleged lack of industrial application or utility of the invention or insufficient disclosure. It is unimportant whether such objections are serious or are only raised as a sham in opposition proceedings. Most patent practitioners know that such objections enhance the possibility of rejection for lack of an inventive step more than the exhumation of a Russian or Japanese reference - and save, e.g., an opponent, an ultra-technical discussion. He need only substantiate his objections to a sufficient degree so that the examining division or the Appeals Chamber, under their legal obligation to make inquiries, become afraid of time-consuming depositions and hearing of witnesses, which they can avoid by choosing the "obvious" way of rejection for lack of an inventive step.

It is difficult to determine whether examiners and judges are aware of the practice, which is generally well known to patent practitioners (and in part strongly deplored). No great imagination is needed to realize how difficult it must be for an examiner or judge to unconditionally affirm the presence of an inventive step, if the inevitable consequence will be the need to hear an endless number of witnesses on the issue of prior public use. The proportion of rejections which are "makeshift" with regard to obviousness therefore

cannot even be approximately assessed. ¹³ This situation is a direct consequence of the common, totally subjective evaluation of obviousness as described above, and a further reason for the urgent call for a change in the examination methods as to the inventive step. ¹⁴

At this point the reader will probably ask the question why any applicant would content himself with a decision of a Court of Appeals if there is a higher instance to which a further appeal can be filed. The reason lies with the Supreme Court's competence in the patent granting procedure. Due to § 41p (3), No. 5 ¹⁵ of the Patent Act, there is only a very limited possibility of review in **ex parte** and also opposition proceedings by the Supreme Court. According to this provision, an appeal on the law to the Federal Supreme Court is possible only if the grounds for a decision of the Federal Patent Court are insufficient but not if the grounds are "simply" wrong. The Supreme Court therefore cannot reverse even if it finds a manifestly incorrect evaluation of facts, except for a case where the Patent Court has expressly given leave to an unrestricted review under § 41p (II), Patent Act. As the Court has repeatedly held, § 41p (3), No. 5, Patent Act, merely serves to ensure that grounds for a decision are at all stated, not that the cases are correctly decided. ¹⁶

The Federal Patent Court surely cannot completely dispense with reasoning nor fall back on stock phraseology in making a finding of obviousness. But if it cites a few references and concludes from these that the subject matter of the invention would be obvious to a person skilled in the art, such a "belief" will usually suffice.

For procedural reasons - contrary to the law and practice in nullity cases the Supreme Court is also unable to reverse a judgment of the Patent Court which negligently or intentionally fails to discuss the relevance of indicia in determining the question of nonobviousness if "technical" grounds for lack of nonobviousness are given. The decisions of the Supreme Court, and in particular its refusal to consider secondary considerations on appeal for procedural reasons, has led some Chambers of the Patent Court to believe that the same is permissible at the fact-finding level. The decisions of the Supreme Court in patent prosecution and opposition cases are falsely interpreted as approval of a de-emphasis on the subttests for nonobviousness and their non-consideration in a decision as correctly stating the law. Those Chambers overlook the fact that the question of whether the challenged grounds are correct or incorrect is always left open by the Supreme Court for procedural reasons, since this is outside the scope of its review power under § 41p (3), No. 5. The Patent Court fails to recognize that the refusal to hear and discuss evidence on the question of nonobviousness, although unchallengeable by appeal under § 41p (3), No. 5 nevertheless constitutes wrong reasoning under the general principles of procedural law. The Supreme Court is only prevented from so finding in an appeal on the law in which leave has not been granted, because of the restrictive language of § 41p (3), No. 5, Patent Act. The Court's disapproval of the described practice of the Patent Court can be seen in cases in which leave to appeal has been given by the Patent Court which opens the door to an unlimited review by the Supreme Court - or in which the grounds of the Patent Court were so

confused that the decision was regarded as lacking sound reasoning and led to a comprehensive re-examination by the Supreme Court of the decisions appealed from. This will be shown in part III.

III. Methods Used by the Supreme Court for Testing the Presence of an inventive step

Despite the limited number of appeal cases in which the Supreme Court has had occasion to take a position on tests for nonobviousness (i. e. to review the reasoning used in decisions of the Patent Court), it is not at all difficult to ascertain the Supreme Court's view with respect to this issue which is of critical importance for patent applications. The numerous appellate opinions, particularly in nullity cases,¹⁷ but also in utility model¹⁸ and patent cases dealing with the patentability of sub-combinations,¹⁹ where the infringement court is - as an exception - also competent to decide validity questions, are good examples of the tests for nonobviousness.²⁰ In these cases, the Supreme Court always takes secondary considerations into account and makes a decision on the presence of an inventive step only after examining the indicia of nonobviousness.²¹ Citations of these Supreme Court opinions before the Patent Division during granting proceedings, however, are usually met by an unbelieving shake of the head or sometimes even by an open refusal to deal with such issues. From this it can be concluded that the Supreme Court is not reaching all those for whom its decisions are intended.

Before illustrating the view of the Supreme Court with a specific example, the following remarks should be made. It is true that neither the Patent Act nor the present Patent Office Rules provide for any particular order in testing for nonobviousness. For logical reasons, however, it is evident that one cannot decide the question of nonobviousness of an invention, which under § 2a of the Patent Act is to be determined by reference to a person skilled in the art, if one does not first define who this skilled person is,²² and what is stated as the technical problem of the invention.²³ In this area as well, an explicit opinion from the Supreme Court would be very helpful, although the proper order of the factual inquiries when examining patentability can be carried over from decisions of that Court in nullity cases. It is also noteworthy that the Nullity Chambers of the Federal Patent Court appear to be generally more objective (i. e. with respect to secondary considerations)²⁴ in deciding on nonobviousness, although here, too the Supreme Court is occasionally a bit more favourable to inventor.²⁵

Since the decisions on appeals from Patent Office decisions are much more numerous than those in nullity cases, however, a decision on such an appeal by the Supreme Court will be given as a concrete example. This decision, surprisingly, has never been published.²⁶ The opinion of the Court will therefore be extensively quoted.

The invention concerned a "process and a machine for loading, horizontally dispersing and pressing agricultural products. In the opposition proceeding, the claims, after amendment by the applicant, were granted by the Patent Office, but patentability was then denied by the Federal Patent Court.

The decision of the Patent Court, reported in detail by the Supreme Court, exhibited two peculiarities with respect to secondary considerations. The first was that the Patent Court followed its usual two-step analysis, discussing the inventive step in light of cited references and holding the invention "obvious," prior to discussing secondary considerations in a separate section of the opinion. ²⁷

The Patent Court held the

discussion... unnecessary for the decision, since the patent must be denied for the reasons already advanced.

The second peculiarity of the Patent Court's decision was its justification for not taking account of secondary considerations. The Court referred to the above-mentioned cases of the Supreme Court in appeals on the law under § 41p (3), No. 5 of the Patent Act and came to a surprising conclusion: The arguments of the applicant for an inventive step were deemed as directed only to individual elements of the entire question of nonobviousness. Secondary considerations could not be regarded as an independent issue to be dealt with since they only embraced a set of facts which **per se** did not provide a legal basis for the final decision of inventive step.

The Patent Court thereby referred to statements made in the context of the very special situation on the appellate level, in which the Supreme Court merely saw itself procedurally prevented from going into the indicia for nonobviousness, and improperly applied it to the situation of the trial instance, whose precise task it is to deal with the facts of the case. ²⁸ A grosser misunderstanding of the reasoning of the Supreme Court decisions is hardly conceivable. ²⁹ This misunderstanding of procedural law by a number of Chambers of the Patent Court is probably one of the main reasons for the inconsistent examination method applied within that Court.

The Supreme Court therefore had sufficient cause to examine the case carefully, ³⁰ and it did so very meticulously, as the following quotations show: ³¹

*"The Appeals Chamber first revealed in parts I, II and III of the challenged decision that a person skilled in the construction of agricultural equipment would have been in a position to arrive at the inventive solution to this problem on the basis of his general knowledge of the field. In so doing, it considered the applied-for invention solely in comparison with the previously known state of the art in deciding on the presence of an inventive step and deduced that a skilled person would not have had to overcome any particular difficulties in finding the solution proposed by the application, since it would have been obvious from the state of the art viewed in its entirety. **The Appeals Chamber nevertheless inquired into the question of an inventive step once again** and took a position on secondary considerations argued by the applicant for the presence of an inventive step in the separate part V of the challenged decision.*

"The subtests of nonobviousness subsequently discussed by the Appeals Chamber, however, provide indications for a decision that the invention involved creative effort in the technological field, especially since they point out difficulties which the proposed solution faced and which could only have been overcome if more was involved than the technical knowledge and skill of the average person skilled in the art, so that the proposed solution does not appear to have been obvious (see BENKARD, "Patentgesetz," § 1, annot. 72 (6th ed.)). The appreciation by the Appeals Chamber of the indicia put forward by the applicant therefore should have supplemented the technical considerations and in combination with each other should have been the entire basis for determining the presence of an inventive step.

*"The statements of the Appeals Chamber in part V of the challenged opinion in connection with the secondary considerations put forward by the applicant **are in themselves contradictory** and to some extent show no connection to the rest of the opinion.*

"The Appeals Chamber correctly emphasized at the outset of its appraisal of the secondary considerations that substantial technical progress achieved by an invention is by itself insufficient to establish nonobviousness. At the same time, however, it stated that it did not agree 'with the foregoing arguments' that technology had not found the solution disclosed in the application despite a need existing over a long period of time. The Appeals Chamber thus expressly mentions one more subtest of nonobviousness. In addition, it referred to doubts in the technical world about farm equipment loading from below in connection with its discussion of the state of the art and produced other indicia to indicate that these were purely theoretical doubts which could have been removed by testing. Finally, the Court mentioned other secondary considerations set forth by the applicant without identifying the indicia to which it was making reference.

"The response of the Appeals Chamber to the expressly mentioned consideration of long-felt, unsatisfied need, moreover, evidences no connection to the preceding discussion of nonobviousness.

" There is no discussion of the time element. In particular, there are no findings on whether the factual circumstances from which these secondary considerations were derived were actually present or not. The same is true of the indicia addressed but not further described by the Appeals Chamber. Since the Court merely stated that an open discussion of these indicia was not necessary, it cannot be determined with certainty from the opinion whether these indicia were considered by the Appeals Chamber in the balance of factors for and against nonobviousness that it regarded as necessary. The required detailed discussion of factual evidence cannot be replaced by a citation of the case law of this Court which holds that an insufficient reasoning with respect to individual secondary considerations cannot be challenged by way of an appeal on the law.

"Since the challenged decision in its entirety does not indicate which considerations finally tipped the scale to a denial of an inventive step, it 'does not state the grounds' as required under § 41p (3), No. 5, of the Patent Act."

Uniform compliance with these principles by the examining and appeals bodies could contribute considerably to eliminating the widespread disillusionment of applicants and would indeed bring about a situation of entire satisfaction. Unfortunately, the present practice is far from ideal.

It would, however, be incorrect to generalize from the negative examples. Positive decisions of other Chambers of the Patent Court, i.e. those which use objective criteria, do indeed exist. In a decision of September 18, 1974,³² the 9th Chamber approvingly quoted the judicially developed law of the Federal Supreme Court regarding the tests of nonobviousness and explicitly warned against misappraising a solution which in retrospect appeared simple. The Patent Court referred with great clarity to the crux of examination procedures, stating:

It is generally difficult [for examiners and judges to mentally eliminate the knowledge once obtained (on the basis of the applicant's disclosure) in deciding on the factual circumstances

and

a subjective evaluation of nonobviousness should not take place...

It is particularly accurate to test whether such technical knowledge was in fact already available on the date of application. It should further be shown which special knowledge stands as a bar to patentability, i. e. how the objects or activities (to be described in greater detail in terms of type and manner of use) are generally supposed to be known to the relevant skilled person.

This is even more valid if - as here - apparently simple technical results are claimed as the invention.... The denial of patentability was often based in these types of cases on arguments based on general technical knowledge, which in reality were little more than simple allegations, whereby a standard false conclusion may have been that the ground which appeared simpler was more correct.

In a decision of the 15th Chamber, the inadequate discussion of secondary considerations by the Examination Department was denounced:

*The Examination Department should have at least informed the applicant of the extent to which the asserted surprising technical effect could not support the nonobviousness of the object of the application in the present case.*³³

These statements fully correspond to the consistent practice of the Supreme Court.³⁴

Judge *Schulze* of the Federal Patent Court also gave a very clear description of the tests for nonobviousness in an article published in 1976.³⁵ His example of a core brake, the patentability of which was affirmed by the Patent Court on the basis of secondary considerations such as "*long-felt need*," "*long existing prior art*," "*failure of others*," and "*considerable technical progress*," was initially viewed as obvious by the Patent Office. The elements of the proposed solution - the "braking" was achieved through the use of solid foamed plastic - were already known. Foamed plastic was a part of the state of the art and elastic materials had already been used for core brakes, i. e. rubber, cork, oakum, etc. The examination could have ended here in view of the state of the art if the above-criticised examination method had been applied³⁶ since the "*immediate technical appreciation*" was certainly sufficient to support a finding of obviousness. One could even have fallen back on "reliable" negative indicia, since there was nothing other than a "*mere exchange of material*" involved here.³⁷

The decision discussed by *Schulze*, however, proceeded otherwise. He explains that as long as secondary considerations were not shown, the examination could have led to a negative result: As soon as indicia were demonstrated, however, they had to be incorporated into the examination. It was proven that engineers had long occupied themselves with the problem, which consisted of the apparently small step of combining the two known elements of elastic material and foamed plastic, and had settled for disadvantageous solutions. The nonobviousness finding of the Patent Court had also not been shaken in opposition proceedings, since no new prior art had been discovered. The Patent Court therefore ordered the Patent Office to grant the patent. Then, several years later, one of the patentee's competitors brought a nullity action for which also the Federal Patent Court is competent in the first instance. The competitor had found a prior Italian specification which had proposed foamed rubber instead of solid foamed plastic, and the patent was finally nullified. *Schulze* describes in detail why the indicia thus lost their evidentiary relevance and how this was to be supported: The attempts in "other" directions were ended with the Italian solution, technical progress was also attained through the proposed foamed rubber, the need was equally satisfied by the Italian invention, and the "long existing prior art" only spoke, as did all of the remaining considerations, for the patentability of the (prior) Italian patent and no longer for that of the later German invention.³⁸

Other voices in the Federal Patent Court, such as *Bossung*³⁹ and *Schulte*⁴⁰ have likewise called for a consideration of the subtests **before** the decision on obviousness is taken, not **after** the examination. The discrepancy in practice among the various Chambers of the Patent Court thus remains all the more incomprehensible to applicants.

IV. The Need for Supreme Court Guidance

The foregoing discussion should not give the impression that the "Supreme Court method" is not fraught with its own difficulties in reaching a particular decision or that a weighing of the prior art against demonstrated indicia must always come out in favour of the applicant. Reference has correctly

been made to some Supreme Court decisions which leave something to be desired in terms of **equal weight** to be attributed to technical and factual considerations.⁴¹ This point is worth noting, however, only if a simultaneous appraisal of both criteria is approved in the first place. The decisions of the Supreme Court and of those Chambers of the Patent Court which employ the same approach represents the only practical starting point for guaranteeing an objective decision on patentability in granting and nullity proceedings.

How do we attain a uniform application of these principles by the lower courts and administrative bodies, however?

A photocopy of the quoted Supreme Court opinion as an appendix to appellate briefs would be certain to win only a few cases. Another Supreme Court decision expressly intended for publication and clearly prescribing the standards of the examination methods to be used by the Patent Court (and thereby also the Patent Office) would undoubtedly be much more effective. An appeal on the law allowed by a Chamber of the Patent Court in which the secondary considerations were fully taken into account, however, would hardly give the Supreme Court occasion to draw up special guiding principles, since an appellate decision is generally not written to praise a lower court's issuance of an exemplary decision. On the other hand, since an appeal allowed by a Chamber adhering to the "two step" analysis cannot be expected, the only remaining possibility is to call on the Supreme Court to accept an especially appropriate case analogous to the one described above, by liberally construing § 41p (3), No. 5, and to give clearly formulated guidelines for the conduct of the examination for nonobviousness by the Patent Court and Patent Office, not only as to the particular issues to be decided in that case, but as general observations on the practical method required. The decision of the United States Supreme Court in *Graham v. John Deere Co.*⁴² might be regarded as a model. This decision still serves as a guide for examination by the U.S. Patent and Trademark Office, because the case describes the individual steps of examination in detail.⁴³

V. Proposals for the Presentation of a Case Before the Patent Office and the Federal Patent Court

The foregoing considerations lead to certain consequences as to the presentation of a case before the examining authorities. In this context, attention must be drawn to a clear and correct formulation of the "technical problem" of the invention, which is of particular importance under German law and sometimes overlooked by foreign applicants and their attorneys. Here a somewhat different situation must be faced by applicants, after the former patentability requirement of technical progress has been abolished in German law,⁴⁴ since patent attorneys were used to first look to the invention's advance in the art or technical progress and then formulate the technical problem in view of the advantageous results obtained. It has already been suggested elsewhere that the equation of the formulation of the technical problem with technical progress in the prior German practice was by no means imperative⁴⁵ since, where technical progress is not apparent at the examination stage, the formulation of the technical problem is of course also possible.⁴⁶

The following manner of drafting the description of an invention would be appropriate under the new law. Following the description of the state of the art and the disadvantages of the previously known solutions, the approach of the inventor or the goal he has set out to achieve should be described in the same manner as before - in patent law terms, a statement of the "technical problem". Usually, this arises for the skilled person directly from the lacunae and inadequacies in the state of the art, so that further exposition at this point is not necessary. Because of the elimination of technical progress as a requirement for patentability, it is obviously no longer necessary for the inventor to have wanted to fill lacunae or correct inadequacies in the state of the art and thereby achieve an advance in the art. The technical problem may rather be limited to simply developing new and different processes or products vis-à-vis the state of the art, and its solution may contain the same lacunae and inadequacies already found in the state of the art. The inventor's solution need not be better, cheaper or simpler. ⁴⁷ It need only be an alternative to the state of the art (otherwise it would already lack novelty).

In particular with respect to chemical products, this consideration leads to acceptable consequences. It is sufficient that the claim contains a new product without any indication whether the new compound is of a better quality. In such cases, the question of the utility of a new compound is also unhelpful since this requirement, contrary to the American law, ⁴⁸ is not named in the German Patent Act or the Munich Patent Convention and may not be required as a separate condition. ⁴⁹ The reason for the foregoing considerations in connection with the future treatment of nonobviousness is that the amended law is to be observed not only in the formulation of the problem and solution in the specification, but also in the language used in applicant appeals or in the opinions of the Patent Office and the Federal Patent Court. The following outline is therefore suggested to be used for the drafting of such briefs and opinions.

The discussion of the enumerated conditions of patentability now expressed in the statute should properly begin with novelty i. e. the difference between claim 1 and the state of the art. Since it will not normally be possible to discuss the solutions found to be disadvantageous in the state of the art without explaining the advantages sought by the inventor, these should properly be treated when dealing with nonobviousness. The description of the state of the art can therefore be limited to a concise paraphrase of what is contained in the preamble of the claims.

The second step should be a discussion of nonobviousness or the inventive step. ⁵⁰ The problem and solution can be treated as two separate subparts since the statement of the problem may itself be inventive and secondary considerations which are eventually put forward may be directed more to the problem or the solution.

On the filing date, secondary considerations will sometimes not be demonstrable, since some do not arise until the invention is put on the market. Other indicia, on the other hand, such as long-felt need, recognition by others in the field, overcoming of difficulties in the solution, unsuccessful

attempts by others, etc., can provide useful indications already at this point. Supplementation of the secondary considerations - those arising from the exploitation of the invention - is always possible in the further progress of the examination proceedings.

A type of checklist in which all of the secondary considerations collected from case law ⁵¹ are dealt with, has proven its worth in practice. A series of questions are routinely asked the inventor for each indicium; these can help prepare the factual material necessary for proof of the secondary considerations.

With this method, many relevant facts normally occur to even a fully inexperienced, first-time inventor. This "interrogation system" helps the attorney at the same time to conceptualize fully the background of the invention.

The collation of indicia best takes place under the following scheme:

a) One should begin with the collection of facts, i. e. pulling together all the relevant factors for the proof of secondary considerations. If professional recognition is alleged, e.g., the relevant literature should be quoted. Failure of others can be shown through unsuccessful prior applications or through products found on the market which demonstrate particular disadvantages.

b) Proof of causality should follow, i.e. a causal relationship should be established between the collected factors and the invention (the contents of the claims). This usually occurs together with the enumeration of the different secondary considerations under a), in which a brief reference will be made, e.g., to the fact that the *scepticism of experts* in fact concerned the very means of solution proposed in the characterizing part of claim 1, or e.g., to the fact that *commercial success* set in at precisely the moment that a special improvement was applied to a product already found on the market. If the state of the art is not very distinct or is unclear and there are numerous similar solutions, proof of causality may generally require evidence that this invention was the first to *satisfy a long-felt need* ⁵² or that the difficulties to be overcome and the high financial investments were not due to the inventor's lack of experience, but rather to the fact that the technical knowledge of the average person skilled in the art was insufficient to find the solution and that inventive imagination was needed.

c) Points a) and b) can be considered as dealing with the factual side. The scheme concludes with legal evaluations having to do with the evidentiary value and relevance of indicia. This is the true domain of the judge, who, however, does not have free discretion in making his findings, as the cases of the German Federal Supreme Court show. The judge must rather minutely set forth which precise technical knowledge of the person skilled in the art makes the invention obvious. ⁵³ An applicant might already indicate that certain indicia put forward are of high evidentiary value, as e.g., the existence of *professional recognition*, *unsuccessful attempts* by others, *satisfaction of long-felt need*, etc., ⁵⁴ and that the great number of secondary considerations adds further weight. Two or three considerations regarded as "convincing" according to the case law of the Supreme Court should suffice

for a finding of nonobviousness. If the invention, however, involves an apparently simple solution or if it is necessary to contest the arguments in an expert opinion of the opponent or a negative decision of a lower court, a more explicit demonstration that the invention does not contain an obvious solution may be necessary. ⁵⁵

These rules should be carefully observed by applicants and their representatives, since arguments relying on secondary considerations have partly been discredited because applicants usually believe that it is sufficient simply to enumerate sufficient indicia to cause the Patent Office or Patent Court to affirm patentability. A substantiated argument will rather be necessary before an appreciation in the decision can be expected.

VI. Conclusion

With the harmonization of the German Patent Act to the text of the Munich Patent Convention, legislative codification has replaced judge-made law, particularly in the area of patentability requirements. In most European countries, not the least of the purposes of a uniform and textually consistent law has also been to bring about greater legal certainty, insofar as it concerns national patents. It is to be hoped that this goal will not be frustrated in Germany by inconsistent case law on a central point of the examination process.

For the first time, applicants have an alternative as to the form and kind of patent protection. They will not make their decision solely dependent on the percentage of patents granted by the European or national Patent Offices (although consideration of objective indicia in doubtful cases does tend to have a favourable effect for applicants), but rather primarily on the degree of predictability in the examination process and their experience in hearings and discussions with examiners. Should the European Patent Office succeed in realizing an objective examination method by means of secondary considerations⁵⁶ despite (or because of?) the multiplicity of nationalities in the examination departments and appellate divisions, a surprising result might ensue. A European examination proceeding based on the German system and oriented towards the German measure of nonobviousness, ⁵⁷ might turn out to be more objective and accurate than that provided by the German Patent Office. This would be regrettable, since the German practice is not that far removed from an objective system providing sufficient legal certainty as is shown by the decisions of the Supreme Court and the Patent Court decisions cited above. It should also be mentioned that a number of examiners in the German Patent Office, and not only the younger ones, do take account of indicia put forward. ⁵⁸ What is missing is sufficient communication between the various decisional bodies and a more consistent and uniform use of the approach developed by the Supreme Court.

Here it must be repeated that one or two successful appeals to the Supreme Court clarifying the elements of the tests for nonobviousness should have a persuasive effect on the granting and appellate authorities. In the long run, an effect of this sort - undoubtedly desired by the Supreme Court as well will considerably reduce the number of appeals lodged. ⁵⁹ In the meantime, one should consider publishing such decisions of the Patent Office and Patent

Court as do not follow the guidelines provided in the Supreme Court cases not by way of reprimand, but rather to attain the most far-reaching clarity possible and to provide a basis for discussion among applicants and granting authorities. ⁶⁰

Some readers might feel that the foregoing comments were already "pre-published". Yet applicants find daily that the views expressed here do not form part of the knowledge of every "person skilled in the (patent) art". Despite **long and intensive research** and numerous attempts by experts, there is still an unsatisfied need for objective examination methods. Many **difficulties** and much **scepticism** must still be **overcome** to achieve **simplification, improvement** and hence also **cost reduction** (in the examination process). From the point of view of applicants, this would be regarded as **a new and unexpected (?) result** and would constitute an important advance in the art. **Commercial success** (for applicants as well as the Patent Office) would be the inevitable result - thus an **obvious** step to take?

***This article is based upon a more comprehensive version which appeared in GRUR 1980 766 et seq.*

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¹Legal writers appear to be in full agreement on the definition of the concept and the general approach as to its examination, both at the national and European level. See VAN BENTHEM & WALLACE, "The Problem of Assessing Inventive Step in the European Patent Procedure," 9 IIC 297 (1978); PAGENBERG, "The Evaluation of the 'Inventive Step' in the European Patent System - More Objective Standards Needed," 9 IIC 1, 121 (1978); CASALONGA, "The Concept of Inventive Step in the European Patent Convention," 10 IIC 412 (1979).

²See, e.g., the comments by WENZEL, 1979 Mitt. 196 and POPP, 1979 Mitt. 134.

³1979 Mitt. 195 (Fed. Pat. Ct.).

⁴Case No. 17 W (pat) 5/78 (Fed.Pat.Ct., Aug. 7, 1979), unpublished. Further examples of formalistic denials of nonobviousness are given by LIEDEL, "Das deutsche Patentnichtigkeitsverfahren" 200 (Cologne, 1979).

⁵Ladegerät, (Loading Machine) Case No. XZB 24/71 (Fed.S.Ct., July 11, 1974). See also the parallel decision of the same day, Loading Machine (Ladegerät II), 7 IIC 110 and the discussion in Part III, *infra*.

⁶Schweißelektrode, GRUR 1965 416, 419 (Fed.S.Ct.), with a comment by FISCHER.

⁷See notes 21, 22 and 25, *infra*.

⁸For a detailed explanation of the reasoning process used by the Federal Supreme Court in nullity proceedings, see LIEDEL, *supra* note 4, at 145 et seq.

⁹The same observation is made by LIEDEL, *supra* note 4, at 232, 234, with respect to nullity proceedings.

¹⁰Patent Office Board of Appeals, 1959 Bl.f.PMZ 359; headnote reprinted in GRUR 1960 78. Similar formulations can be found in countless examination decisions of the German Patent Office, which seems to take comfort in the observation that "an indicium for the existence of inventive activity. cannot offset the deficient character of the invention." No. P 15 74 399.4-

22 (Fed.Pat.Off., Jan. 4, 1980). Such decisions also follow the two-step test for examining nonobviousness criticized here.

¹¹1979 Mitt. 195 and note 4 supra.

¹²See the pleasantly clear statement of the 9th Chamber of the Federal Patent Court in 1975 Mitt 87, as well as the recommendations by SCHULZE in 1976 Mitt. 132, 136-37

¹³It may be interesting from a comparative law perspective to note that "judicial economy" considerations dictate the opposite of the practice in Germany with respect to the affirmation of patentability in the U.S., a country which as yet does not have a general opposition procedure. If the U.S. examiner grants a patent, the procedure is ended and the case may be entered into the statistics as "settled." If denied however, the applicant may appeal to the Court of Customs and Patent Appeals. Since this court attributes great weight to secondary considerations, an examiner risks reversal and therefore renewed If with the same case. See PAGENBERG, "Die Bedeutung der Erfindungshöhe im amerikanischen und deutschen Patentrecht" (The Concept of Nonobviousness in American and German Patent Law). at 49, footnotes 259-61 (Cologne. 1975). For the status of reasoning in nullity proceedings in Germany, see LIEDEL, supra note 4, at 172 et seq.

¹⁴A further comparison with the United States is interesting here. In a much noticed speech, Chief Judge Markey of the CCPA (cf. the explanations in note 13 supra, and note 21, infra) held lawyers responsible for the lack of certainty as to nonobviousness issues. Since judges are legal laymen for the most part, it is a patent lawyer's responsibility to state the governing law clearly. In his speech, Markey asks accusingly; Who taught the courts to engage in the jurisprudential disgrace of totally ignoring evidence of unobviousness, like the filling of a long-felt need, commercial success, defendant's copying, numerous licenses, etc." 454 PTCJ at A-5 (1979).

¹⁵Sec. 41p, Patent Act reads as follows:

¹⁶Kompostrohrgut, Case No. X ZB 21/74 (Fed.S.Ct., Oct. 10. 1975); Warmpressen, 39 BGHZ 333, 338; Aluminiumdraht, GRUR 1977 214 (Fed.S.Ct. 1976); and Farbfernsehsignal, GRUR 1974 352 , 353 (Fed.S.Ct.). See the case commentary of HOEPFFNER, GRUR 1979 222 and KLAKA, GRUR 1978 358 , who indicate that an appeal on the law under Sec. 41p (3), No. 5, is not the proper means of overturning a decision of the Federal Patent Court which is simply erroneous. See also ENGEL, 1979 Mitt. 61 who suggests that the intent of Parliament was merely to avoid imposing too heavy a caseload on the Supreme Court

¹⁷See Erdölrohre, 1978 Mitt. 136 (Fed.S.Ct.); case No. X ZR 54/74 (Fed.S.Ct, June 23, 1977). A detailed description of the examination method to be used in nullity proceedings is given by LIEDEL, supra note 4. at 145 et seq.

¹⁸See Dosendeckel, Case No. X ZR 6/73 (Fed.S.Ct, Sept. 16. 1975); and Lenkradbezug, GRUR 1971 115 , 118 (Fed.S.Ct.).

¹⁹Spreizdübel, GRUR 1974 715 (Fed.S.Ct).

²⁰This is not to say that the findings made in particular cases are always deserving of approval. See, e.g., as to the danger of "speculating" about the ability of the person skilled in the art. LIEDEL, supra note 4, at 234.

²¹See 1978 Mitt. 137 (Fed.S. Ct.). In the United States, where the Supreme Court is less specialized and experienced in such matters because of the relatively small number of patent cases it decides (the German Supreme Court hears more than 100 patent cases per year) the relationship between the court of last instance and the court of appeals is exactly reversed. The Court of Customs and Patent Appeals, which corresponds to the German Federal Patent Court, continuously fights for consideration of the subtests before a decision on obviousness or nonobviousness is made, see, e.g., *Stevenson v. International Trade Comm'n*, 204 USPQ 276 (CCPA 1979), while the Supreme Court follows more of an "unpredictable line." See *Graham v. John Deere*, 383 U.S. 1 (1966) on the one hand, and *Sakraida v. Ag Pro.*, 425 U.S. 273 (1976) on the other hand, and comments thereto. cf.

lectures given at the BNA Conference on "Nonobviousness; The Standard of Patentability in the United States, in September 1977, cf. the review in 347 PTCJ, at A-6 et seq.

²²In the decision of the Federal Patent Court in 1979 Mitt. 195 et seq., exactly the reverse was done: first the lack of nonobviousness was determined, then the skilled person was defined and then the secondary considerations were rejected as unhelpful.

²³This was "forgotten." for example, by the Patent Court as the court of previous instance in the Federal Supreme Court decision of Oct. 12, 1976, discussed *infra* at 10.

²⁴In his review of Liedel's book. ROGGE, 1979 Mitt. 200. is skeptical of such a view and regards a 36% rate of remanded cases as "clear language. "

²⁵See Erdölrohre, 1978 Mitt. 136 (Fed.S.Ct.); Etikettiergerät II, 1978 Mitt. 2 17 (Fed.S. Ct.). Both are decisions in which the Supreme Court decided contrary to the negative opinion of an expert. Further examples include Schaltungsanordnung, GRUR 1978 98 (Fed.S.Ct); Rotationseinmalentwickler, 1975 Mitt 117 (Fed.S.Ct.); and Wasser-Aufbereitung, GRUR 1972 704 (Fed.S.Ct).

²⁶Case No. XZB 24/71 (Fed.S.Ct, July 11. 1974). See note 5. *supra*. Contrary to, e.g., U.S. practice, only a small percentage of the Supreme Court cases is actually published in Germany.

²⁷The Federal Supreme Court expressly refers in its opinion to the incorrect separation of the two steps in the testing of nonobviousness. see also the following excerpts from the Court's decisions.

²⁸Even though the Court did indicate in most of its decisions that it did not approve of the Patent Court's procedure at all.

²⁹See *supra* p. 7.

³⁰In addition, the litigation value on which the legal fees are calculated was DM 6 million.

³¹The excerpts are quoted directly from pp. 13-17 of the copy of the decision with emphasis added by the author.

³²1975 Mitt 85.

³³Case No. 15W (pat) 105/79 (Fed.Pat.Ct., Oct. 31, 79).

³⁴Positive decisions of the Fed.Pat.Ct. are published at 1964 Mitt 190 (Fed.Pat.Ct.); Fußnotenhinweis, GRUR 1979 544 ; and 1978 Bl.f. PMZ 321

³⁵1976 Mitt. 132. esp. 13N37.

³⁶See notes 3 & 4 and *supra* p. 3.

³⁷See Einlegesohle, GRUR 1962 83 (Fed.S. Ct.). with comment by HEINE. on the one hand, and GRUR 1934 28, 30, on the other. See also PAGENBERG, *supra* note 13, at 255 et seq.

³⁸How secondary considerations for nonobviousness are evaluated by the Supreme Court, see PAGENBERG, *supra* note 1, at 149-50.

³⁹1974 Mitt. 148.

⁴⁰"Patentgesetz" annots. 14 et seq. to § 2a, with numerous references (2d ed.).

⁴¹LIEDEL, *supra* note 4, at 234 et seq.

⁴²383 U.S. 1 (1966).

⁴³See *id.* at 556-57

⁴⁴See "Begründung zum Entwurf eines Gesetzes über Internationale Patentübereinkommen" (Official Notes on the Patent Conventions Bill), Part B. Art. IV (1) (1). 1976 Bl.f.PMZ 332.

⁴⁵PAGENBERG, Note 1, 9 IIC 121 . 133 et seq. (1978). CALDEWEY, GRUR 1978 1 . See also PREU, "Die patentierbare Erfindung und der Fortschritt," GRUR 1980 444 , 445 ; Opp., BLUMENBERG & GRÜNECKER, "Patent ohne Fortschritt?." GRUR 1978 63 .

⁴⁶Id.

⁴⁷See, e.g., VAN BENTHEM & WALLACE, supra note 1.

⁴⁸See 35 U.S.C. § 101 (1976).

⁴⁹With respect to the identical European text, see VAN BENTHEM & WALLACE, supra note 1. PREU, however, favors a social utility requirement. GRUR 1980 444 .

⁵⁰Only in exceptional cases would an examination of the third requirement, industrial applicability, be necessary.

⁵¹See the compilation of secondary considerations in PAGENBERG supra note 1, at 127-43. and id. supra note 13, at 188 et seq.

⁵²See the example provided by SCHULZE in the text accompanying notes 35-38, supra.

⁵³See 1975 Mitt. 88 (Fed.Pat.Ct.).

⁵⁴For the evidentiary value of indicia see PAGENBERG, supra note 13. at 263 et seq.

⁵⁵See, e.g., Case No. X ZR 39/75 (Fed.S.Ct., Aug. 15, 1978); Case No. X ZR 18/73 (Fed.S.Ct., March 14, 1978).

⁵⁶VAN BENTHEM & WALLACE, supra note 1.

⁵⁷Conference Report in 9 IIC 351 (1978).

⁵⁸Nevertheless. a great deal is still desired by applicants. since the work and time pressure under which an examiner operates sometimes results in mere formal reasoning with respect to alleged obviousness. See the critique by the 15th Chamber of the Patent Court in No. 15W (pat) 105/79 (Fed.Pat.Ct., Oct. 31. 1979).

⁵⁹RÖHL, GRUR 1966 122 . indicated what is still relevant today - that the careful reasoning process used by the Supreme Court in appeals on the law under § 41p (3), No. 5. is inconsistent tent with the purpose of the legislature to reduce the work load of the Federal Supreme Court by limiting the possibilities of an appeal on the law.

⁶⁰See POPP, 1979 Mitt. 134 et seq. (comment). for a similar suggestion.