Selected decisions of

The Court of Justice of the European Union
The General Court of the European Union
The European Patent Office
The German Federal Supreme Court
The German Federal Patent Court

Summarized and commented by members of

BARDEHLE PAGENBERG
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BARDEHLE PAGENBERG
Preface

No Opting Out of Harmonization

The main event in intellectual property legislation in 2012 was without doubt the conclusion of the negotiations on the creation of a Unitary Patent and a Unified Patent Court. The Regulation on the Unitary Patent, without Italy and Spain, was adopted on December 17, 2012, and the Unified Patent Court Agreement was signed on February 19, 2013, providing for a single patent jurisdiction across Europe, with the exception of Spain.

Like in the famous tale, the slow tortoise has suddenly crossed the finish line. It will take time, however, before these instruments enter into force – it will require thirteen ratifications of the Agreement, including by Germany, France, and the United Kingdom. Thus, the actual operation of the new system may not become a reality for quite a number of years. In any event, since the traditional European patent as a bundle of national patents continues to exist in parallel, and the new system provides for opt-outs and opt-ins, and transition periods, the strategy game will become more complicated. Even the most versatile of patent advisors and risk managers will have to learn anew the art of forum shopping, facing judges of different legal-cultural backgrounds. Whether to rather put all eggs in one basket with a Unitary Patent that can be revoked at one ruling of the Unified Patent Court, or opting out for European patents other than the unitary ones within the seven years period will likely depend on the quality of the patent and the courage of its owner. Many will probably take a mixed approach using both systems, waiting how the new system develops, or filing national patents for certain inventions.

On the European case law side, in the patent field, it was “Solvay” that cleared the way for trans-border preliminary injunctions for national courts having jurisdiction over one or more alleged infringers. According to the Court of Justice of the European Union, the main hurdle taken here was to avoid the risk of irreconcilable judgments resulting from separate proceedings adding that it is for the referring court to assess whether such a risk exists. A potential attack on the validity of the asserted bundle of patents does not prevent the issuance of a preliminary injunction. Harmonization is moving forward again, after the stalemate created by “GAT/Luk” and “Roche Netherland”, issued in 2006 by the Court of Justice of the European Union.
In a similar vein, as to developments in trademark law with regard to genuine use of a Community trademark, an outlook may be permitted at the “ONEL” decision (issued in December 2012, albeit not included in this volume but reported in BARDEHLE PAGENBERG IP Report 2013-I.) The Court of Justice of the European Union treated the controversial question whether use in one Member State is sufficient for preserving rights in a Community trademark: “(...) it follows (...) that the territorial borders of the Member States should be disregarded in the assessment of 'genuine use in the Community' within the meaning of Article 15 (1) of Regulation No 207/2009.” Again, and perhaps too vaguely, it was left to the national courts to consider the special circumstances of the case.

Another difficult and therefore interesting terrain is where different fields on IP law overlap: Such was the case in “Neuman” where the Court of Justice of the European Union had to decide on the conflict between an earlier mark and a later Community design. One central question here was whether the two conflicting designs produced the same or a different overall impression on the informed user (among them, in that case, young children). The Court, while confirming its concept of the “informed user” as “(...) lying somewhere between that of the average consumer, applicable in trademark matters, who need not have any specific knowledge and who, as a rule, makes no direct comparison between the trademarks at issue, and the sectorial expert, who is an expert with detailed technical expertise”, nevertheless caused more confusion because it considered that a side-by-side comparison of earlier and contested design was not necessarily the only method of judging similarity.

While Europe in 2012 has at least for the time being overcome the crisis of the EURO that threatened our common currency, this was achieved by demonstrating, financially and politically, that opting out is not an option. As the harmonization locomotive is picking up steam on in its journey across the European IP landscape, hold on to your seats, fellow practitioners, for the next harmonizing step is already looming closely on the horizon: the trademark reform on which we shall certainly give you a thorough analysis in one the upcoming issues of the BARDEHLE PAGENBERG IP Report in 2013.

Dr Henning Hartwig
Dr Tilman Müller-Stoy
Table of Contents

Preface 4

The Court of Justice of the European Union 8

OMNICARE 9
PROTI 12
Neuman 18
Solvay 26
Neurim 35
IP TRANSLATOR 37
GEISTBECK 40
MMF and NAI 43
Rizo 46
Celaya 48

The General Court of the European Union 51

Lemon Symphony 52

The European Patent Office 56

Celanese International 57
Fisher Rosemount 61
PHILIPS 65
Revision of Guidelines 71
SALMON BRANDS 77
Translation and Fees 80
# Table of Contents

## The German Federal Supreme Court

- Video Signal .......................... 83
- Alternating Current Generator for Cars .......................... 87
- Connection Assembly ..................... 90
- Neural Precursor Cells II .................. 92
- Pipe Cleaning Nozzle II .................... 95
- Desmopressin ............................ 99
- Pallet Container II ......................... 102
- Lid for Fish Cans ......................... 105
- Air-conditioned Cabinet ................... 108
- Ramipril II ................................ 111
- Polishing End Point Detection .......... 114
- Sensor Arrangement ...................... 116
- E-Mail via SMS ............................ 118
- ZAPPA .................................. 122
- CONVERSE ............................... 125
- Garden Pavilion ......................... 127
- Wine Decanter ............................ 129
- Pram ..................................... 131
- Basler Hair Cosmetics ..................... 134

## The German Federal Patent Court

- S-Bahn/City Train ......................... 138
- About the Authors .......................... 141
The Court of Justice of the European Union
In an opposition proceeding before OHIM, the earlier mark was OMNICARE and the contested marks were OMNICARE and OMNICARE CLINICAL RESEARCH. While in first instance the opposition was rejected, OHIM’s Board of Appeal held for the opponent, and the General Court confirmed (judgment of September 9, 2011 – Cases T-289/09 and T-290/09). After the losing party brought an appeal to the ECJ, the dispute was settled and the oppositions were withdrawn. The question now was what would happen with the appeal, which did not have suspensive effect. In fact, the appellant had sought an order from the ECJ seeking an interim measure to prevent OHIM from finally recording the rejection of the application. The President of the ECJ had rejected the request by Order of July 19, 2012 – Joined Cases C-287 and 288/11 P-R. Before the ECJ, OHIM had requested that the Court should make an explicit finding that in a case of this kind OHIM was not required to “execute” the judgment of the General Court, but rather should accept the result of the settlement between the parties.

The ECJ, in two identically worded short Orders, available only in English and French, decided that there was no need to adjudicate (“non-lieu” in French, “Erledigung der Hauptsache” in German), but did not accede to the request of OHIM:

9 (…) OHIM also asked the Court to clarify the situation by indicating that there is no impediment to OHIM’s accepting the withdrawal of an opposition and the limitation of an application made after a judgment of the General Court has been handed down, in circumstances such as those in the present case. (…)

11 The withdrawal by Astellas of the opposition which it had filed against the application submitted by Omnicare, following a transaction between
those parties, has the effect of putting an end to the dispute concerning
the rejection of that application, with the result that that appeal has be-
come devoid of purpose (see, to that effect, order of May 19, 2009 in Case
C-565/07 P AMS v OHIM, paragraphs 14 and 15).

12 Accordingly, it must be held that there is no need to adjudicate on that
dispute.

13 Under those circumstances, it is not for the Court to give a ruling on a
point of law as requested by OHIM.

Remarks

The appeal system in OHIM cases where in first instance the General
Court is competent to hear the appeal and in second instance the Court
of Justice, limited to issues of law, has raised a number of issues linked to
the specific nature of these appeals, which are limited to the determina-
tion whether OHIM (its Boards of Appeal) have committed legal error,
based on the legal and factual situation existing at the time of the ap-
pealed decision.

Among these issues is the fact that appeals to the Court of Justice do not
have suspensive effect (Article 278 TFEU), and that appeals from General
Court judgments similarly do not have suspensive effect (Article 60 of the
Statute of the ECJ). Article 64 (3) CTMR however provides for an “indi-
rect” suspensive effect, by providing that Board decisions shall take effect
only with the eventual dismissal of an appeal to the ECJ. Articles 64 and
65 CTMR do not take into account the jurisdiction of the General Court.
The question therefore has arisen in a number of cases whether OHIM,
onece an appeal against a Board decision is dismissed by the General
Court, must “execute” the judgment and, for example, cancel the contest-
ed mark, even when a further appeal has been filed. The interim measures
sought by Omnicare in the present cases were brought in order to prevent
OHIM from finalising the General Court’s judgment.
It is regrettable that the ECJ did not recognise the underlying problem, or, if it did recognise it, did not add a sentence or two to its Orders of September 19, 2012, in the reported cases.

As far as we are aware, OHIM takes the position that – even in the absence of a clear pronouncement of the ECJ – in cases such as the present one, any agreement between the parties according to which an opposition or a request for a declaration of invalidity is withdrawn, will be accepted, and the contested mark will remain “alive”.

*Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M.*
In an infringement action in Germany, the issue arose whether the German registered mark alleged to be infringed had been genuinely used. This was disputed because one of the variants actually used, closest to the mark alleged to be infringed, was also separately registered as a German mark. For purposes of illustration, the registered marks and the used marks, as well as the allegedly infringing mark, are reproduced hereafter:

<table>
<thead>
<tr>
<th>Registration</th>
<th>Use</th>
<th>Contested use</th>
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<tbody>
<tr>
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The question in the German case was whether PROTI could be considered to have been used because of the use of PROTIPLUS, even though PROTIPLUS was separately registered. The German Trademark Act provides in
Trademark Law

Section 26 (2) that in such a case the registration of the used variant does not constitute an obstacle. In view of the debate brought about by the General Court’s decision of February 23, 2006, in Case T-194/03, Il Ponte Finanziaria (BAINBRIDGE) and the confirmation of the General Court’s judgment by the ECJ in its judgment of September 13, 2007, in Case C-234/06 P, the German Federal Supreme Court, before which the case was pending, decided to refer the following questions to the ECJ:

1. Must Article 10 (1) and (2) (a) of Directive [89/104] be interpreted as meaning that in principle this provision generally precludes a national rule pursuant to which the use of a trademark (Trademark 1) must be presumed even if the trademark (Trademark 1) is used in a form differing from the form in which it was registered, without the differences altering the distinctive character of the trademark (Trademark 1), and if the trademark in the form used is also registered (Trademark 2)?

2. If question 1 is answered in the negative:
   Is the national provision described in the first question compatible with Directive [89/104] if the national provision is interpreted restrictively as meaning that it is not applicable to a trademark (Trademark 1) which is registered only in order to secure or expand the protection of another registered trademark (Trademark 2) that is registered in the form in which it is used?

3. If question 1 is answered in the affirmative or question 2 is answered in the negative:
   (a) Is there no use of a registered trademark (Trademark 1) within the meaning of Article 10 (1) and (2) (a) of Directive 89/104:

   (i) if the trademark proprietor uses the form of a sign which differs only in elements from the form in which it (Trademark 1) and a further trademark (Trademark 2) of the trademark proprietor are registered but the differences do not alter the distinctive character of the trademarks (Trademark 1 and Trademark 2);

   (ii) if the trademark proprietor uses two forms of sign, neither of which corresponds to the registered trademark (Trademark 1), but one of the forms used (Form 1) is the same as another registered trademark
(Trademark 2) of the trademark proprietor and the second form used by the trademark proprietor (Form 2) differs in elements from both registered trademarks (Trademark 1 and Trademark 2), without the differences altering the distinctive character of the trademarks, and if this form of sign (Form 2) displays greater similarity to the other trademark (Trademark 2) of the trademark proprietor?

(b) Is a court of a Member State permitted to apply a national provision (here the second sentence of Paragraph 26 (3) of the German Trademark Act [MarkenG]) which conflicts with a provision of a directive (here Article 10 (1) and (2) (a) of Directive 89/104) in cases in which the facts of the case had already occurred prior to a decision of the Court of Justice of the European Union in which indications of the incompatibility of the Member State’s legislation with the provision of the directive became apparent for the first time (the judgment of September 13, 2007 in Case C-234/06 P Il Ponte Finanziaria v OHIM […] [2007] ECR I 7333) if the national court values the reliance of a party to the court proceedings on the validity of its position, secured under constitutional law, more highly than the interest in the implementation of a provision of the directive?

The ECJ analysed the question with regard to the wording and the purpose of the applicable provision (Article 10) of the Trademark Directive (which is identical to Article 15 CTMR) as follows:

20 [T]here is nothing at all in the wording of Article 10 (2) (a) of Directive 89/104 to suggest that the different form in which the trademark is used cannot itself be registered as a trademark. Indeed, the only condition laid down in that provision is that the form in which the trademark is used may differ from the form in which that trademark was registered only in elements which do not alter the distinctive character of the mark.

21 The purpose of Article 10 (2) (a) of Directive 89/104, which avoids imposing a requirement for strict conformity between the form used in trade and the form in which the trademark was registered, is to allow the proprietor of the mark, in the commercial exploitation of the sign, to make variations in the sign, which, without altering its distinctive character, enable it to be better adapted to the marketing and promotion requirements of the goods or services concerned.
22 That purpose would be jeopardised if, in order to establish use of the registered trademark, an additional condition had to be met, whereby the different form in which that mark is used should not itself have been registered as a trademark. In fact, the registration of new forms of a trademark makes it possible, where necessary, to anticipate changes that may occur in the trademark’s image and thus to adapt it to the realities of a changing market.

23 Furthermore, it is clear from the twelfth recital in the preamble to Directive 89/104 that the provisions of the directive must be ‘entirely consistent with those of the Paris Convention’. Therefore, Article 10 (2) (a) of Directive 89/104 must be interpreted consistently with Article 5 C. (2) of the Convention. Nothing in the latter provision suggests that when a sign is registered as a trademark the consequence is that use of the sign can no longer be relied on to establish use of another registered trademark from which the sign only differs in a way that does not alter the distinctive character of the trademark.

24 Accordingly, registration as a trademark of the form in which another registered trademark is used, a form which differs from that in which the latter mark is registered, whilst not altering its distinctive character, is not a bar to the application of Article 10 (2) (a) of Directive 89/104.

The Court went on to distinguish its earlier Il Ponte Finanziaria case by pointing out that it dealt with the issue of defensive marks, the protection of which was beyond the scope of Directive and Regulation. In conclusion the Court gave the following answers:

1. Article 10 (2) (a) of First Council Directive 89/104/EEC of December 21, 1988 to approximate the laws of the Member States relating to trademarks must be interpreted as meaning that the proprietor of a registered trademark is not precluded from relying, in order to establish use of the trademark for the purposes of that provision, on the fact that it is used in a form which differs from the form in which it was registered, without the differences between the two forms altering the distinctive character of that trademark, even though that different form is itself registered as a trademark.
2. Article 10 (2) (a) of Directive 89/104 must be interpreted as precluding an interpretation of the national provision intended to transpose it into domestic law whereby Article 10 (2) (a) does not apply to a ‘defensive’ trademark which is registered only in order to secure or expand the protection of another registered trademark that is registered in the form in which it is used.

Remarks

The ECJ’s 2007 “Il Ponte Finanziaria” judgment, which gave rise to the debate about the effect of the registration of the used variant, was a decision by the ECJ’s Fourth Chamber, with (then) Judge Lenaerts as “rapporteur”. The present judgment was rendered by the Court’s Third Chamber, but again Judge Lenaerts (in the meantime: Vice-President of the ECJ) was the “rapporteur”. The decision was pronounced less than a year after having been referred by the German Federal Supreme Court, without an opinion of the Advocate General, and without oral argument. It seems that the ECJ wanted to act quickly to dispel any doubts or misinterpretations of its 2007 judgment.

In fact, the General Court had indeed said – in an *obiter* – that the registration of the variant precluded the attribution of the use:

50 In accordance with its purpose, the material scope of that provision must be regarded as limited to situations in which the sign actually used by the proprietor of a trademark to identify the goods or services in respect of which the mark was registered constitutes the form in which that same mark is commercially exploited. In such situations, where the sign used in trade differs from the form in which it was registered only in negligible elements, so that the two signs can be regarded as broadly equivalent, the abovementioned provision envisages that the obligation to use the trademark registered may be fulfilled by furnishing proof of use of the sign which constitutes the form in which it is used in trade. However, Article 15 (2) (a) does not allow the proprietor of a registered trademark to avoid his obligation to use that mark by relying in his favour on the use of a similar mark covered by a separate registration. (Emphasis added)

No argument was added to this bland – and as we now know – wrong assertion.
The ECJ actually had not endorsed that statement, but instead noted the following:

86  In any event, while it is possible (...) to consider a registered trademark as used where proof is provided of use of that mark in a slightly different form from that in which it was registered, it is not possible to extend, by means of proof of use, the protection enjoyed by a registered trademark to another registered mark, the use of which has not been established, on the ground that the latter is merely a slight variation on the former.

It thus was easy for the ECJ to differentiate the “Il Ponte Finanziaria” judgment from the present case. After the quick judgment of October 25, 2012, it is now clear that the registration of the used variant is not a relevant element in the analysis. Doubts about the validity of the corresponding German provision have now been dispelled. Defensive trademarks are not part of the European trademark system, but they are not in fact a separate category of marks – if the use of a variant constitutes an acceptable variation, it may support an existing registration, whatever the “intention” of the registrant may have been in obtaining registration of the mark.

Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M.
Conflicts between trademarks and designs are rare and corresponding guidance from the Court of Justice of the European Union (“ECJ”) is even rarer. The latest decision from Luxembourg is helpful but fails to draw a clear line between judging conflicts under design law and under trademark law.

1. The decision relates to a conflict between the prior figurative Community trademark No 1312651 (“earlier mark”) and the later registered Community design No 426895-0002 (“contested design”), both representing a seated figure. The question was whether the two designs produced the same or a different overall impression on the informed user, according to Article 6 Community Design Regulation ("CDR"). Both designs are reproduced below:
2. By decision of July 15, 2008, the Invalidity Division of OHIM had invalidated the contested design – not on the grounds of Article 6 CDR, however, but due to a conflict under Community trademark law. Upon appeal, the Third Board of Appeal of OHIM found, on October 14, 2009, that the Invalidity Division had erred in considering that the earlier mark had been used in the contested design. Nevertheless, it found that the contested design did not have individual character, because it did not produce on the informed users, namely young people or children who habitually purchase T-shirts, caps and stickers or users of printed material, an overall impression that differed from that produced by the earlier mark (Article 6 CDR). On December 16, 2010, upon further appeal, by way of an action for annulment of that decision, the General Court of the European Union annulled the contested decision (published in French and Spanish only), finding that

– the overall impression produced by the two silhouettes at issue was determined to a large extent by the facial expression of each of them,

– the difference in the facial expression of the two silhouettes constituted a fundamental characteristic remembered by the informed user,

– said expression, combined with the position of the body leaning forward, which gives the impression of a degree of irritation, would induce the informed user to identify the “earlier design” as an angry character, whereas the overall impression created by the contested design was not characterised by the display of any feeling, neither on the basis of the facial expression, nor of the position of the body perceived as leaning backward

– the difference in the facial expression would be clear to young people buying T-shirts and caps and all the more important for children using stickers to personalise items, more likely paying particular attention to the feelings expressed by each character appearing on a sticker

– the differences between the two silhouettes were sufficiently significant to create a different overall impression on the informed user, in spite of similarities concerning other aspects and the significant freedom enjoyed by the designer of silhouettes, such as those at issue in the present case.
Upon further and final appeal, the ECJ confirmed the decisions of the General Court and dismissed the appeals.

3. The ECJ largely, although not exclusively, dealt with two grounds of appeal. The first ground of appeal put forward by OHIM related to an alleged infringement of Article 61 CDR, with OHIM criticising the General Court for having carried out, during the assessment of the legality of the contested decision, a very detailed examination of the conflicting designs. OHIM argued that by failing to limit its review to manifest errors of assessment of the validity of such designs, the General Court exceeded the scope of Article 61 CDR. Furthermore, by considering that the expression of feelings of the characters of the designs at issue was more important than the graphic representation of those designs, the General Court substituted its own reasoning for that of the Board of Appeal. By doing so, the General Court carried out a new assessment of the facts rather than limiting its examination to a review of the legality of the contested decision.

The ECJ rejected the ground of appeal as unfounded, finding that the General Court did not exceed the limits of its competence for reviewing OHIM decisions and did not substitute its own assessment for that of OHIM. Pursuant to Article 61 (2) CDR, the General Court had jurisdiction to conduct a full review of the legality of OHIM’s assessment of the particulars submitted, including whether the legal classification of the facts of the dispute was correct and whether the assessment of the facts submitted was flawed. The ECJ, however, accepted that the General Court may, in appropriate cases, restrict its review of decisions in industrial design matters, by way of an exception, to an examination of manifest errors of assessment, in particular where OHIM is called upon to perform highly technical assessments.

In the case at hand, according to the ECJ, the General Court was competent to examine the Board of Appeal’s assessment of the similarity of the earlier mark and the contested design. Consequently, the General Court could, without making any error of law, carry out a detailed examination of the assessments made by the Board of Appeal and then annul the contested decision.

4. The second ground of appeal was related to whether the General Court was wrong in finding a different overall impression produced by the conflicting designs.
Design Law

In particular, OHIM criticised the General Court for having based the comparison of the designs at issue on the imperfect recollection that the informed user retains in his memory. In this regard, Mr Neuman, Mr Galdeano del Sel and OHIM considered that this comparison should not be based on the imperfect recollection of the informed user but on a direct, side-by-side comparison of the silhouettes at issue.

OHIM also criticised the General Court for having erred in law in that it did not base its examination of the impression produced by the designs at issue on the perception of the whole of the relevant public. Rather, the General Court limited its examination of those designs to the perception of a part of the relevant public only, namely that of young users of T-shirts, caps and stickers.

Finally, Mr Neuman and Mr Galdeano del Sel argued that the General Court erred in law when considering that the overall impression produced by the two silhouettes at issue on the informed user was determined by the facial expression of each of them, in particular when admitting that the designers of silhouettes enjoyed a significant degree of freedom.

The ECJ, firstly, confirmed its concept of the “informed user” (Article 6 [1] CDR) as “(...) lying somewhere between that of the average consumer, applicable in trademark matters, who need not have any specific knowledge and who, as a rule, makes no direct comparison between the trademarks at issue, and the sectorial expert, who is an expert with detailed technical expertise. Thus, the concept of the ‘informed user’ may be understood as referring not to a user of average attention, but to a particularly observant one, either because of his personal experience or his extensive knowledge of the sector in question.” Consequently, the very nature of the informed user meant that, when possible, he will make a direct comparison between the earlier mark and the contested design. However, according to the ECJ it cannot be ruled out that such a comparison may be impracticable or uncommon in the sector concerned, in particular because of specific circumstances or the characteristics of the items which the earlier mark and the contested design represent. As a result, the General Court did not err in law by basing its reasoning on the informed user’s imperfect recollection of the overall impression produced by the two silhouettes when comparing the earlier mark and the contested design.
Secondly, the ECJ rejected the complaint of OHIM that the General Court limited its examination of the earlier mark and the contested design to the perception of a part of the relevant public. Rather, the General Court “(…) took into consideration the whole of the relevant public as defined by the Board of Appeal, namely young people, children and users of printed matter, including advertising materials.”

Thirdly, the ECJ rejected the argument that the General Court wrongly considered the facial expression of the two silhouettes as determining the overall impression of the conflicting designs. In fact, the ECJ found this argument to be limited to the “(…) factual analysis undertaken by the General Court in the context of its assessment of the overall impression produced by the earlier mark and the contested design (…)”. The ECJ continued that it is established case law that “(…) the General Court has exclusive jurisdiction to find the facts, save where a substantive inaccuracy in its findings is apparent from the documents submitted to it, and to appraise those facts. That appraisal of the facts thus does not, save where the clear sense of the evidence has been distorted, constitute a point of law which is subject, as such, to review by the Court of Justice in an appeal (…)”.

Remarks

While the ECJ’s response to the first ground of appeal – the scope of examination by the General Court – is clear and leaves little room for interpretation, guidance as to the second ground of appeal appears to be less clear.

1. To start with the third portion of the second ground where the ECJ qualified the assessment of the overall impression under Article 6 CDR as being a question of fact, falling, in general, into the General Court’s exclusive jurisdiction, such distinction is in line with established case law from other areas and authorities of law (likewise, the German Federal Supreme Court found that a same or different overall impression of the conflicting designs has to be determined by the judge of facts, while the Supreme Court only has to verify whether the judge of facts referred to the correct legal concepts, whether general rules of logic and practice have not been infringed and whether all relevant circumstances have been taken into
account; decision of September 28, 2011 – Case I ZR 23/10 – Pram; cf. also BARDEHLE PAGENBERG IP Report 2012/II). This has the consequence that the General Court will in most cases be the final instance in invalidity proceedings started at OHIM when it comes to questions of similarities and differences between two conflicting designs. Interestingly, the General Court already elaborated on the so-called concept of reciprocity (decision of September 9, 2011 – Cases T-10/08 and T-11/08 – Kwang v Honda; cf. also BARDEHLE PAGENBERG IP Report 2011/IV) when finding that “(...) the greater the designer’s freedom in developing the challenged design, the less likely it is that minor differences between the designs at issue will be sufficient to produce a different overall impression on an informed user. Conversely, the more the designer’s freedom in developing the challenged design is restricted, the more likely minor differences between the designs at issue will be sufficient to produce a different overall impression on an informed user.” This (clear and correct) test for reciprocity seems to be a legal concept under which the facts of the individual case must be assessed. While the General Court has exclusive competence as regards the latter, it will be interesting to see whether the ECJ will confirm the concept as such in the future. As a further remark, it is interesting to note that the ECJ did not address the freedom of the earlier mark’s designer when discussing the “overall impression” test, although the assessment was challenged within the second ground of appeal. Actually, according to the reciprocity analysis carried out by the General Court in the above mentioned Kwang v Honda cases, there is a clear link between this test and the designer’s freedom. Hence, the General Court’s guidance and clarification on “the same overall impression” test under Article 6 (1) CDR will have utmost impact on the future development of Community design law.

2. Turning to the second part of the second ground of appeal where the ECJ allowed the General Court to qualify “young people, children and users of printed matter, including advertising materials” as the “whole of the relevant public”, such factual qualification appears to be questionable. First of all, the earlier mark is registered for “clothing, footwear, headgear; games and playthings; gymnastic and sporting articles; beers; mineral and aerated waters, other non-alcoholic drinks; fruit drinks and fruit juices, syrups and other preparations for making beverages” while the indication of product of the contested design reads “T-shirts (Ornamentation for -), caps (Vizored -) (Ornamentation for -), stickers (Ornamentation
3. Finally, the ECJ decision seems to be inconsistent and far from providing legal certainty when finding, in a first step (by way of a rule), that the “informed user” concept was different from trademark law where there is “no direct comparison between the trademarks at issue”, confirming, in a second step, that the “very nature” of the informed user “meant that, when possible, he will make a direct comparison” between the conflicting designs, limiting then, in a third step (without any need to do so), said principle by way of establishing an exclusion according to which “(...) it cannot be ruled out that such a comparison may be impracticable or uncommon in the sector concerned, in particular because of specific circumstances or the characteristics of the items which the earlier mark and the contested design represent (...)”, and finally, in a fourth step, setting this rule-exception-ratio aside by approving the “informed user’s imperfect recollection of the overall impression” test as applied by the General Court – without even discussing whether a direct comparison was neither “possible”, nor “practicable” nor “common” in the sector concerned. Overall it seems that this understanding unnecessarily blurs the boundaries between trademark and design law and, furthermore, is in clear contrast to case law from various national Community design courts. According to the England and Wales Court of Appeal (cf. [2007] EWCA Civ 936 at [27] – The Procter & Gamble Company v Reckitt Benckiser [UK] Limited), for instance, the “(...) main point of protection of a trademark is to prevent
consumer confusion or deception. The possibility of imperfect recollection plays a significant part in that. The point of protecting a design is to protect that design as a design. So what matters is the overall impression created by it: Will the user buy it, consider it or appreciate it for its individual design? That involves the user looking at the article, not half-remembering it. The motivation is different from purchasing or otherwise relying on a trademark as a guarantee of origin (...).

Hopefully the ECJ will find another opportunity for clarification and, even better, correction.

Reported by Dr. Henning Hartwig
On July 12, 2012, the Court of Justice of the European Union (ECJ) handed down its long-awaited decision in the “Solvay” matter, related to whether courts in the EU having jurisdiction over an alleged infringer have the competence to adopt transborder or “pan-European” preliminary measures including preliminary injunctions. The ECJ cleared the path for transborder preliminary measures.

Solvay brought infringement proceedings in The Netherlands against a number of Honeywell companies for infringement of European patents valid in a number of Member States, seeking preliminary relief under Dutch procedural law. Solvay invoked the jurisdiction of the Dutch courts as the courts in the Member State of the domicile of one of the defendants, pursuant to Article 2 of Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, the so-called Brussels-I-Regulation, successor to the 1968 Brussels Convention, as well as on Article 6 No 1 Brussels-I-Regulation which allows the joinder of several parties before the courts of the Member State where one of them is domiciled “when the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.” As the case presented issues of prosecuting patent infringement in several Member States, and as previous ECJ decisions had seemed (almost) to close the door to such actions, the District Court (Rechtbank) in The Hague referred the following question to the ECJ:

International jurisdiction of courts in preliminary proceedings for the infringement of European patents in several Member States – Joinder of parties – Application of “GAT/LuK” and “Roche Nederland” (Solvay SA v Honeywell Fluorine Products Europe BV – Solvay)
Regarding Article 6 (1) of Regulation No 44/2001:

1. In a situation where two or more companies from different Member States, in proceedings pending before a court of one of those Member States, are each separately accused of committing an infringement of the same national part of a European patent which is in force in yet another Member State by virtue of their performance of reserved actions with regard to the same product, does the possibility arise of “irreconcilable judgments” resulting from separate proceedings as referred to in Article 6 (1) of Regulation No 44/2001?

Regarding Article 22 (4) of Regulation No 44/2001:

2. Is Article 22 (4) of Regulation No 44/2001 applicable in proceedings seeking provisional relief on the basis of a foreign patent (such as a provisional cross-border prohibition against infringement), if the defendant argues by way of defence that the patent invoked is invalid, taking into account that the court in that case does not make a final decision on the validity of the patent invoked but makes an assessment as to how the court having jurisdiction under Article 22 (4) of (that) Regulation would rule in that regard, and that the application for interim relief in the form of a prohibition against infringement shall be refused if, in the opinion of the court, a reasonable, non-negligible possibility exists that the patent invoked would be declared invalid by the competent court?

3. In order for Article 22 (4) of Regulation No 44/2001 to be applicable in proceedings such as those referred to in the preceding question, must the defence of invalidity be subject to procedural requirements in the sense that Article 22 (4) of the Regulation is only applicable if invalidity proceedings before the court having jurisdiction under Article 22 (4) of (that) Regulation are already pending or are to be commenced within a period to be laid down by the court or at least that a summons in that regard has been or is being issued to the patent holder, or does it suffice if a defence of invalidity is merely raised and, if so, are requirements then laid down in respect of the content of the defence put forward, in the sense that it must be sufficiently substantiated and/or that the conduct of the defence must not be deemed to be an abuse of procedural law?

4. If question (2) is answered in the affirmative, does the court, after a defence of invalidity has been raised in proceedings such as those referred to
Patent Law

in question 1, retain jurisdiction in respect of the infringement action with the result that (if the claimant so desires) the infringement proceedings must be stayed until the court having jurisdiction under Article 22 (4) of Regulation No 44/2001 has given a decision on the validity of the national part of the patent invoked, or that the claim must be refused because a defence that is essential to the decision may not be adjudicated, or does the court also lose its jurisdiction in respect of the infringement claim once a defence of invalidity has been raised?

5. If question (2) is answered in the affirmative, can Article 31 of Regulation No 44/2001 confer on the national court jurisdiction to adjudicate on a claim seeking provisional relief on the basis of a foreign patent (such as a cross-border prohibition against infringement), and against which it is argued by way of defence that the patent invoked is invalid, or (should it be decided that the applicability of Article 22 (4) of (that) Regulation does not affect the jurisdiction of the Rechtbank [s’-Gravenhage] to adjudicate on the infringement question) jurisdiction to adjudicate on a defence claiming that the foreign patent invoked is invalid?

6. If question (5) is answered in the affirmative, what facts or circumstances are then required in order to be able to accept that there is a real connecting link, as referred to in paragraph 40 of the judgment (in Case C-391/95 Van Uden [1998] ECR I-7091), between the subject matter of the measures sought and the territorial jurisdiction of the Contracting State of the court before which those measures are sought?

In its judgment of July 12, 2012, the ECJ ruled as follows:

1. Article 6 (1) of Council Regulation (EC) No 44/2001 of December 22, 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, must be interpreted as meaning that a situation where two or more companies established in different Member States, in proceedings pending before a court of one of those Member States, are each separately accused of committing an infringement of the same national part of a European patent which is in force in yet another Member State by virtue of their performance of reserved actions with regard to the same product, is capable of leading to ‘irreconcilable judgments’ resulting from separate proceedings as referred to in that provision. It is for the referring court to assess whether such a risk exists, taking into account all the relevant information in the file.
2. Article 22 (4) of Regulation No 44/2001 must be interpreted as not precluding, in circumstances such as those at issue in the main proceedings, the application of Article 31 of that regulation.

Remarks

I. Introduction

In the European Union patents are granted as European patents by the European Patent Office or by national patent offices in the 27 Member States. In both cases, the patents are national patents subject to national law, especially as regards infringement and sanctions. This presents problems for patent proprietors when seeking to enforce their patents and the infringement has been committed or threatened in more than one Member State (“trans-border infringements”) and multiple potential defendants are involved, notably as regards the determination of which courts have international jurisdiction.

For the EU Member States the applicable rules are found in the Brussels-I-Regulation. For the Member States of the European Free Trade Agreement (EFTA), which includes all EU Member States and Iceland, Liechtenstein, Norway, and Switzerland, the rules are found in the Lugano Convention of October 30, 2007 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters (Lugano II), which is the successor agreement to the first Lugano Agreement adopted in Lugano on September 16, 1988. Under the Brussels-I-Regulation and under Lugano II, EU-wide (EFTA-wide) jurisdiction in cases of trans-border infringements is established as regards defendants domiciled in the EU or the EFTA at the courts of the Member State where the defendant is domiciled (Article 2 [1] Brussels-I-Regulation, Article 2 [1] Lugano II), or alternatively in the Member State where acts of infringement have been committed or threatened (Article 5 No 3 Brussels-I-Regulation, Article 5 No 3 Lugano II). Furthermore, Article 6 No 1 Brussels-I-Regulation (Article 6 No 1 Lugano II) allows the joinder of several parties before the courts of the Member State where one of them is domiciled “when the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.”
Applying these rules to trans-border patent infringements brings complicated problems with it because of the territorial nature of patent rights and the provision in Article 22 No 4 Brussels-I-Regulation (Article 24 No 4 Lugano II) which provides for exclusive jurisdiction of the courts of the Member State having granted the patent or in which the patent, in the case of European patents), is valid when the issue is the validity of that patent.

II. GAT/LuK and Roche Nederland

In two judgments of July 13, 2006, the ECJ interpreted these provisions in a way making enforcement of trans-border patent infringement of European patents very difficult if not impossible.

In Case C-4/03, Gesellschaft für Antriebstechnik mbH & Co. KG v Lamellen und Kupplungsbau Beteiligungs KG, commonly called „GAT/LuK“, the question presented by the Dusseldorf Court of Appeal was how the predecessor to Article 22 No 4 Brussels-I-Regulation was to be interpreted when the defendant in that case, accused of infringing a European patent valid in France, raised the defense of invalidity of that patent. The ECJ held that raising the defense of invalidity was no different from seeking a declaration of invalidity:

Article 16 (4) of the [Brussels] Convention of September 27, 1968 (...) is to be interpreted as meaning that the rule of exclusive jurisdiction laid down therein concerns all proceedings relating to the registration or validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection.

In Case C-539 /03, Roche Nederland BV v Primus, “Roche Nederland”, the question presented by the Dutch Supreme Court was whether the predecessor to Article 6 No 1 Brussels-I-Regulation could apply when several defendants belonging to the same group of companies were accused of infringing the same European patent in several Member States. The ECJ concluded as follows:

Article 6 (1) of the (Brussels) Convention (...) must be interpreted as meaning that it does not apply in European patent infringement proceedings involving a number of companies established in various Contracting States in respect of acts committed in one or more of those States even
where those companies, which belong to the same group, may have acted in an identical or similar manner in accordance with a common policy elaborated by one of them.

The reason for this holding was that since these patents are subject to the law of the respective Member State the factual and legal situation would not be the same, and thus one of the requirements for applying that provision was not met.

III. Provisional conclusions

1. Defense of invalidity

GAT/LuK established that a court having international jurisdiction is not competent to decide on the validity of an allegedly infringed patent valid in another Member State, regardless of whether the patent is attacked directly or indirectly. While this was broadly criticised because the “defense” did not constitute the “subject matter” (“Gegenstand”) of the case, and “concerning” in the English version of Brussels-I-Regulation or the Brussels Convention was not an accurate rendering of the language in the other versions, a return to a different reading is practically excluded, and now even more so than before, since Lugano II expressly incorporates that interpretation in its Article 22 No 4, which reads as follows (emphasis added):

“(…) in proceedings concerned with the registration or validity of patents, trademarks, designs, or other similar rights required to be deposited or registered, irrespective of whether the issue is raised by way of an action or as a defence, the courts of the State bound by this Convention in which the deposit or registration has been applied for, has taken place or is, under the terms of a Community instrument or an international convention, deemed to have taken place. Without prejudice to the jurisdiction of the European Patent Office under the Convention on the grant of European patents, signed at Munich on October 5, 1973, the courts of each State bound by this Convention shall have exclusive jurisdiction, regardless of domicile, in proceedings concerned with the registration or validity of any European patent granted for that State irrespective of whether the issue is raised by way of an action or as a defence.”
GAT/LuK more or less ended the practice of courts notably in Germany and in The Netherlands of accepting jurisdiction in trans-border infringement cases. Whether this was (and is) actually justified depends very much on the consequence of a defense of patent invalidity. The one (extreme) position would be that the court seized loses its jurisdiction also as regards the infringement claim. The other (moderate) position would be that the argument of invalidity is inadmissible and the court would be entitled (indeed obliged) to continue the infringement action, with the possibility of suspending that action when the invalidity is properly made an issue in the Member State where the patent is valid.

Question 4 referred in the Solvay case raised that very issue. However, the ECJ did not reach that question as the condition of an affirmative answer to Question 2 was not met (see Paragraph 52 of the Solvay decision).

We would strongly argue in favour of the moderate interpretation, which in our view is the only one compatible with the fact that the court properly seized with the infringement claim cannot be ousted of that jurisdiction as the result of a defense which, on its merits, must be adjudicated in another Member State.

2. Multiple defendants

As regards the interpretation of Article 6 No 1 (joinder of defendants) the judgment of the ECJ is solid: different patents, even though European, are different as to law and facts – thus, no joinder possible. Interestingly, the same ECJ, a few years later, allowed a joinder of parties not related among each other for the same act of (alleged) copyright infringement committed in various Member States even though the actual degree of harmony in the field of patents is quite advanced, at least as much as in the field of copyrights, although admittedly a harmonization directive applied (decision of December 1, 2011, Case C-145/10, Painer).

IV. Solvay

Solvay has moved the clouds hanging over trans-border litigation somewhat.
1. Multiple defendants

Roche Nederland was a case where each of the different defendants was accused of infringing the same European patent in different Member States. In contrast, in Solvay the situation was such that all of the defendants were accused of infringing the same European Patent in the same Member State. In that situation the ECJ was willing to accept that the possibility of “irreconcilable judgments” exists. Thus, provided the facts are the same or sufficiently similar, it is indeed possible for multiple parties to be joined before a court which is not in the Member State where the patent is allegedly infringed.

2. Preliminary actions

GAT/LuK was a case where the defense of invalidity of the French patent before the Dusseldorf court was raised in the main action. In contrast, in Solvay the case was one for preliminary relief. The ECJ analysed in detail the purpose and scope of the jurisdiction in preliminary proceedings (Article 31 Brussels-I-Regulation) and the reasons for the earlier GAT/LuK judgment, holding that in cases where the court would not judge even implicitly the validity of the allegedly infringed patent, preliminary relief could be granted even with regard to Member States other than the forum state.

V. Consequences

After Solvay, all courts in the EU (and in EFTA countries) having jurisdiction over an alleged infringer have the competence to adopt trans-border or “pan-European” preliminary measures including preliminary injunctions.

Consequently, German courts may, by preliminary injunction, order cessation of infringement of patents in all EU (or EFTA) Member States where acts of infringement are committed or threatened.

Similarly, German courts may order any other preliminary relief available, such as seizure of infringing products, or the disclosure of information regarding the origin or destination of infringing products.
The clearer the case of infringement, the more likely it is that a German court will issue such preliminary measures with effect in all countries where the claimant enjoys patent protection.

In preliminary relief cases before German courts, the defense of the (alleged) invalidity of the asserted foreign patent is not admitted, just as the defense of invalidity of an asserted German patent is not allowed.

Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M
Neurim Pharmaceuticals (Neurim) had discovered that melatonin, which was not patented as such, could be used as a medicine for insomnia. The European Commission issued Neurim a Marketing Authorisation (MA) on June 28, 2007 for its medicinal product called “Circadin”. Neurim applied for an SPC for its medicinal product, basing its application on the Circadin MA which it had just obtained.

The U.K. Intellectual Property Office (UKIPO) refused to grant the request. In its reasoning, the UKIPO stated that the MA for “Regulin”, dating from 2001, and issued for the regulation of seasonal breeding activity of sheep, was the first MA. Thus, according to the opinion of the UKIPO, the Circadin MA was not the “first MA” relating to melatonin in the sense of Article 3 (d) of the SPC Regulation 469/2009. That refusal was challenged by Neurim before the High Court of Justice (Chancery Division). In essence, Neurim argued, that the relevant MA for the application of Article 3 (d) of the SPC Regulation is the MA which concerns the product for which the application for the SPC is sought. Although the High Court considered Neurim’s arguments well founded, it nonetheless decided to stay the proceedings in order to refer the questions to the ECJ for a preliminary ruling.

In essence, the High Court asked, whether the provisions of article 3 and 4 of the SPC Regulation are to be interpreted as meaning that the existence of an earlier MA for a veterinary medicinal product is sufficient to preclude the grant of an SPC for the product application which obtained the other MA. As the Commission pointed out that these questions are essentially aimed at establishing whether there is a link between, on the one hand, the MA referred to in Article 3 (b) and (d) of the SPC Regula-
tion and, on the other hand, the basic patent referred to in Article 3 (a) of the Regulation.

The ECJ decided that in such a situation only the MA of the first medicinal product, comprising the product and being authorised for a therapeutic use corresponding to the one protected by the patent underlying the application for the SPC, may be considered to be the “first MA” of “that product”, as a medicinal product exploiting a new use within the meaning of Article 3 (d) of the SPC Regulation.

Remarks

This decision improves the situation of research and development in the pharmaceutical industry since it supports the development of new medicinal indications for a well-known drug. However, this is only possible in cases in which the scope of the basic patent is very small. The decision confirms the situation for SPC applicants, according to which the narrower the scope of a basic patent (and the related SPC) is, the better the chances are to obtain an SPC.

Reported by Dr. Christopher Brückner
Requirements for a description of goods and services – Scope of protection of specification consisting of class headings (Chartered Institute of Patent Attorneys v Registrar of Trade Marks – IP TRANSLATOR)

The Court of Justice of the EU (ECJ) establishes requirements of clarity and precision for the indication of goods and services in trademark applications and registrations and rules on the scope of class headings.

For many years questions of how to claim goods and services in trademark applications and the ability to use generic indications such as the class headings of the Nice Classification have been debated in Europe; practices of trademark offices as to the acceptability of class headings differed.

The Chartered Institute of Patent Attorneys, the organization of U.K. patent attorneys, brought a test case in the U.K. Intellectual Property Office (UKIPO), requesting registration of “IP TRANSLATOR” for all the class headings in cl. 41, namely “education; providing of training; entertainment; sporting and cultural activities”. The UKIPO refused the application, concluding that it covered not only these services but also every other service properly classified in cl. 41, including “translation services” (the Alphabetic List established as part of the Nice Classification contains “translation” as one indication in cl. 41) for which the mark was descriptive. The Institute appealed, contending that its application for registration did not specify, and therefore did not cover, translation services. The appeal was heard by the Appointed Person (Geoffrey Hobbs, QC), who – as was the purpose of this case as test case – referred the following questions to the ECJ:

1. Is it necessary for the various goods or services covered by a trademark application to be identified with any, and if so what particular, degree of clarity and precision?
2. Is it permissible to use the general words of the class headings of the [Nice Classification] for the purpose of identifying the various goods or services covered by a trademark application?

3. Is it necessary or permissible for such use of the general words of the Class Headings of [the Nice Classification] to be interpreted in accordance with Communication No 4/03 (…)?

The reference to the Office of Harmonization for the Internal Market’s (OHIM) Communication No 4/03 was included because in that Communication OHIM had explained in detail its approach to the issues, including the position that a use of all the class headings of a particular class was equivalent to claiming all goods or services properly classified in that class.

The ECJ, in its decision of June 19, 2012, held as follows:

Directive 2008/95/EC of the European Parliament and of the Council of October 22, 2008 to approximate the laws of the Member States relating to trademarks must be interpreted as meaning that it requires the goods and services for which the protection of the trademark is sought to be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection conferred by the trademark. Directive 2008/95 must be interpreted as meaning that it does not preclude the use of the general indications of the class headings of the Classification referred to in Article 1 of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, concluded at the Nice Diplomatic Conference on June 15, 1957, last revised in Geneva on May 13, 1977 and amended on September 28, 1979, to identify the goods and services for which the protection of the trademark is sought, provided that such identification is sufficiently clear and precise.

An applicant for a national trademark who uses all the general indications of a particular class heading of the Classification referred to in Article 1 of the Nice Agreement to identify the goods or services for which the protection of the trademark is sought must specify whether its application for registration is intended to cover all the goods or services included in the
alphabetical list of that class or only some of those goods or services. If the application concerns only some of those goods or services, the applicant is required to specify which of the goods or services in that class are intended to be covered.

Only one day later, on June 20, 2012, OHIM issued a new Communication (Communication No. 2/12), implementing the ECJ judgment, and revoking the 2003 Communication. Reactions from other offices have not become known so far.

Remarks

The requirement that specifications of goods and services must be sufficiently clear and precise is no surprise, in view of the ECJ’s earlier cases regarding smell marks (Sieckmann), colour combination marks (Heidelberger Bauchemie), and retail services (Praktiker). It is for the respective offices – and these of course include OHIM – to decide whether a particular term used in a specification satisfies the requirement of clarity and precision.

It follows from the judgment that class headings are as such not objectionable, but some may be too vague. For example, the German Patent and Trademark Office objects to “machines” in cl. 7, and “repair” in cl. 38, whereas OHIM has always accepted all class headings.

Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M
The Court of Justice of the EU (ECJ) establishes criteria for “reasonable compensation” in cases of plant variety rights infringements by farmers exceeding their privilege.

According to Article 94 (1) of Council Regulation (EC) No 2100/94 of July 27, 1994 on Community plant variety rights (CPVR), holders of Community plant variety rights are entitled to recover, in cases of infringement of their rights, “reasonable compensation”. In cases of intentional or negligent infringements, “any further damage” may be recovered as well (Article 94 [2] CPVR). Under the “farmers’ privilege” (possibility to use for propagating purposes the product of the harvest, Article 14 (1) CPVR) “equitable remuneration” may be due to the holder of the right.

The defendants in the case referred to the ECJ by the German Federal Supreme Court had used more material for their own plantings than they had notified to the plaintiff, who was acting on behalf of the breeder. The question before the Supreme Court was to determine the criteria for calculating “reasonable compensation” within the meaning of Article 94 (1) CPVR, and whether surveillance costs could be claimed under the aspect of damages within the meaning of Article 94 (2) CPVR.

The questions referred to the ECJ were as follows:

1. Must the “reasonable compensation” a farmer must pay to the holder of a Community plant variety right in accordance with Article 94 (1) of Regulation No 2100/94, because he has used propagating material of a protected variety obtained through planting and has not fulfilled the obligations laid down in Article 14 (3) of Regulation No 2100/94 and Article 8 of Regulation No 1768/95, be calculated on the basis of the average
amount of the fee charged for the licensed production of a corresponding quantity of propagating material of protected varieties of the plant species concerned in the same area, or must the (lower) remuneration which would be payable in the event of authorised planting under the fourth indent of Article 14 (3) of Regulation No 2100/94 and Article 5 of Regulation No 1768/95 be taken as a basis for the calculation instead?

2. In the event that only the remuneration for authorised planting must be taken as a basis for the calculation:

In the circumstances described above, may the holder, in the event of a single intentional or negligent infringement, calculate the damage for which he must be compensated in accordance with Article 94 (2) of Regulation No 2100/94 as a lump sum based on the fee for the grant of a licence for the production of propagating material?

3. Is it permitted or even required, when assessing the “reasonable compensation” due under Article 94 (1) of Regulation No 2100/94 or the further compensation due under Article 94 (2) of that regulation, for the special monitoring costs of an organisation which protects the rights of numerous holders to be taken into account in such a way that double the compensation usually agreed, or double the remuneration due under the fourth indent of Article 14 (3) of Regulation No 2100/94, is awarded?

The ECJ concluded that those exceeding their privileges under Article 14 (1) CPVR must be treated as infringers and are thus liable to pay reasonable compensation under Article 94 (1) CPVR. The license fee regularly paid for authorized propagation by others than privileged farmers should be the starting point for measuring “reasonableness”. The answer of the ECJ thus was:

1. In order to determine the ‘reasonable compensation’ payable, under Article 94 (1) of Council Regulation (EC) No 2100/94 of July 27, 1994 on Community plant variety rights, by a farmer who has used the propagating material of a protected variety obtained through planting and has not fulfilled his obligations under Article 14 (3) of that regulation, read in conjunction with Article 8 of Commission Regulation (EC) No 1768/95 of 24 July 1995 implementing rules on the agricultural exemption provided for in Article 14 (3) of Regulation (EC) No 2100/94, as amended by Commis-
Plant Variety Law

sion Regulation (EC) No 2605/98 of December 3, 1998, it is appropriate to base the calculation on the amount of the fee payable for the licensed production of propagating material of protected varieties of the plant species concerned in the same area.

As regards the second issue, the ECJ concludes that costs for monitoring compliance cannot enter into the calculation of “reasonable compensation”.

Remarks

The case arose in Germany where there had been a debate, primarily in the legal literature, about the approach to calculating compensation due to right holders when farmers exceeded the notified or authorized plantings under the farmers’ privilege rule. The Order of the Federal Supreme Court of September 30, 2010 in Case Xa ZR 123/09 – Solara, published, *inter alia*, in GRUR 2010, 1087, provides a complete review of the debate.

The outcome as well as the manner in which the ECJ reaches these results appear entirely reasonable.

*Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M.*
Trademark Law

MMF and NAI

Court: Court of Justice of the European Union
Date: March 15, 2012
Decision: Cases C–90/11 and 91/11

Registrability of abbreviations together with complete indication (Strigl v GPTO and Securvita v Öko-Invest – MMF and NAI)

The Court of Justice (ECJ) has developed rules for judging whether a mark is descriptive. In essence the test is whether the mark consists exclusively of indications which inform the relevant public – consumers of the goods or services for which protection is sought – directly and without further reflection about the product (what it is or does) or about its characteristics. New cases must be judged under this standard. Descriptive marks are also devoid of distinctiveness. Practice differed between OHIM and national offices as to how to apply the rule to marks consisting of abbreviations and an indication which allows the public to understand what the abbreviation stands for. This led to the present judgment.

In two parallel cases – ex parte examination and invalidation – the same question arose before the German Federal Patent Court on review of German Patent and Trademark Office decisions: Is a trademark descriptive (or lacking distinctiveness) when it consist of an abbreviation, which as such would be registrable, and words the initial letters of which make up the abbreviation and the words are descriptive or non-distinctive? The cases involved, first, the mark “Multi Markets Fund MMF” and “NAI – Der Natur-Aktien-Index” (NSI – the Nature Shares Index).

The Federal Patent Court referred the following questions to the ECJ:

Is the ground for refusal under Article 3 (1) (b) and/or (c) of the Directive also applicable to a word sign which consists of a descriptive word combination and a non-descriptive letter sequence, if the relevant public perceives the letter sequence as an abbreviation of the descriptive words because it reproduces their initial letters, and the trademark as a whole can thus be construed as a combination of mutually explanatory descriptive indications or abbreviations?
Trademark Law

Is the ground for refusal under Article 3 (1) (b) and/or (c) of the Directive also applicable to a word sign which consists of a letter sequence which is non descriptive – when considered on its own – and a descriptive word combination, if the relevant public perceives the letter sequence as an abbreviation of the descriptive words because it reproduces their initial letters, and the trademark as a whole can thus be construed as a combination of mutually explanatory descriptive indications or abbreviations?

The ECJ joined the two cases and decided, after having heard the Advocate General on January 26, 2012, as follows:

Article 3 (1) (b) and (c) of Directive 2008/95/EC of the European Parliament and of the Council of October 22, 2008 to approximate the laws of the Member States relating to trademarks must be interpreted as meaning that it is applicable to a word mark which consists of the juxtaposition of a descriptive word combination and a letter sequence which is non-descriptive in itself, if the relevant public perceives that sequence as being an abbreviation of that word combination by reason of the fact that it reproduces the first letter of each word of that combination, and that the mark in question, considered as a whole, can thus be understood as a combination of descriptive indications or abbreviations which is therefore devoid of distinctive character.

Remarks

The answer of the Court fits into or under the general rule governing the analysis of word marks under the descriptiveness or distinctiveness standards. Nevertheless, it is hardly convincing under the assumption that the abbreviation itself is neither descriptive nor non-distinctive. We are all familiar with abbreviations like IBM or BMW or ABC or NBC or HSBC etc., which may differ from the present cases because of the renown of these abbreviations. But think of something like BCJ – BCJ is a perfect trademark for fruit juices even if it stands for “black currant juice”, and remains so even if joined by the full term.
The advice to trademark applicants would therefore be to apply for stand-alone abbreviations like NAI or MMF or BCJ, and leave the full term to actual market use.

The present case is remarkable for the speed with which it was resolved, in less than 13 months.

*Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M.*
In cases of conflicts between Community trademarks among each other and between Community trademarks and national marks the date of filing (or date of priority) is decisive. No consideration may be given to the hour and minute of filing.

In an opposition case before the Spanish Patent and Trademark Office involving the marks “Rizo” and “Rizo’s” the issue arose whether in order to determine priority between a Community trademark and a national mark a smaller unit than the day of filing should or may or must be taken into account.

The Spanish Supreme Court referred the following question for a preliminary ruling:

“May Article 27 of [Regulation No 40/94 as amended] be interpreted in such a way as to enable account to be taken not only of the day but also of the hour and minute of filing of an application for registration of a Community trademark with OHIM (provided that such information has been recorded) for the purposes of establishing temporal priority over a national trademark application filed on the same day, where the national legislation governing the registration of national trademarks considers the time of filing to be relevant?

The Court proceeded to analyse Article 27 CTMR, which governs the “date of filing”, and concluded that “date” of filing was the same as “day” of filing. It then analysed whether the same result should or must apply in cases of conflicts between Community trademarks and national trademarks, and concluded that national authorities are not allowed to take into account a unit smaller than “day”.

Trademark Law

Rizo

Court: Court of Justice of the European Union
Date: March 22, 2012
Decision: Case C–190/10

Conflict between Community trademark and national trademark – Definition of “priority” (Génesis Seguros Generales v Boys Toys – Rizo)
Trademark Law

The answer given by the Court was as follows:

“Article 27 of Council Regulation (EC) No 40/94 of December 20, 1993 on the Community trademark, as amended by Council Regulation (EC) No 1992/2003 of October 27, 2003 must be interpreted as precluding account being taken not only of the day but also of the hour and minute of filing of an application for a Community trademark with the Office for Harmonisation in the Internal Market (trademarks and designs) (OHIM) for the purposes of establishing that trademark’s priority over a national trademark filed on the same day, where, according to the national legislation governing the registration of national trademarks, the hour and minute of filing are relevant in that regard.

Remarks

The decision seems self-evident. What is surprising is that there appear to be national trademark offices in the European Union, such as the Spanish office, which actually take smaller units than “day” into account. This is “legal” because the Harmonisation Directive of 1988 (as codified in 2008) does not provide for a harmonised rule for determining the date of filing. After the present judgment it is now clear – as it should have been even before – that as regards Community trademarks the “day” of filing (or priority) counts, not only in proceedings before OHIM, but also before all national IP offices. When two trademarks have the same filing (or priority) date, neither of them is “earlier” and neither prevails over the other. The marks therefore coexist.

Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M.
Registration of later conflicting design as Community design is no defence (Celaya SA v Proyectos SL – Celaya)

Guidance from the Court of Justice of the European Union (“ECJ”) on substantive Community design law is still rare. This includes Article 19 (1) Sentence 1 Community Design Regulation (“CDR” or “Regulation”) on the “rights conferred by the Community design” which, in case of a registered Community design, provides a true monopoly: “A registered Community design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it.”

In an infringement action pending before the Juzgado de lo Mercantil n°1 de Alicante y n°1 de Marca Comunitaria, the court decided to stay the proceedings and referred to the ECJ, for a preliminary ruling, the question whether – in a nutshell – the right under Article 19 (1) CDR (i) extends to any third party irrespective of whether such party likewise is the owner of a later registered Community design and (ii) whether the answer to the first question is connected with the intention or conduct of the third party.

In a dogmatic sense, this matter was about whether an accused infringer was allowed to raise – further to the codified, substantive defences of non-infringement (Article 10 CDR) and invalidity of the asserted design (Articles 85, 90 CDR) – a third defence sui generis, i.e., to be the owner of a valid (i.e., not yet invalidated) IP right conferring “the exclusive right to use it” (Article 19 [1] CDR). While such a defence may be valid against third parties without any better right, the ECJ rightly confirmed that such a defence is not valid where prior rights are asserted:

39 It should be noted (...) that (...) the provisions of the Regulation must be interpreted in the light of the priority principle, under which the earlier registered Community design takes precedence over later registered Community designs.
It follows in particular from Article 4 (1) of the Regulation that a design is to be protected by a Community design to the extent that it is new and has individual character. However, where two registered Community designs are in conflict with each other, the design that was registered first is deemed to have met those conditions for obtaining protection before the design that was registered second. Thus, the holder of the later registered Community design may be afforded the protection conferred by the Regulation only if he can demonstrate that the earlier registered Community design fails to meet one of those conditions, by seeking a declaration of invalidity, where appropriate by way of counterclaim.

In addition to that, the Court looked at the wording of the CDR to support its position:

(...*) the wording of Article 19 (1) of the Regulation does not make any distinction on the basis of whether the third party is the holder of a registered Community design or not.

Thus, that provision states that a registered Community design is to confer on its holder the exclusive right to use it and to prevent “any third party” not having his consent from using it.

Similarly, Article 10 (1) of the Regulation provides that the scope of the protection conferred by a Community design is to include “any design which does not produce on the informed user a different overall impression”.

It is apparent from those provisions that the Regulation does not preclude the holder of a registered Community design from bringing infringement proceedings to prevent the use of a later registered Community design which does not produce on the informed user a different overall impression.

As a consequence, the Court found that “Article 19 (1) of the Regulation must be interpreted as meaning that, in a dispute relating to infringement of the exclusive right conferred by a registered Community design, the right to prevent use by third parties of the design extends to any third party who uses a design that does not produce on informed users a different overall impression, including the third party holder of a later registered
Community design”, this finding being “unconnected with the intention or conduct of the third party”.

Remarks

After the ECJ decision on standards of infringement under Article 10 CDR (cf. BARDEHLE PAGENBERG IP 2011/V), this new decision provides further – helpful but not surprising – guidance on the scope of defences against infringement. We now know that being proprietor of a later registered Community design does not provide a defense to an infringement action brought by the proprietor of the earlier design.

This result corresponds to the grounds of invalidity in Article 25 (1) CDR. A later design which conflicts with an earlier design right is susceptible to be declared invalid. The ground of invalidity exists even if the earlier design right was not yet made available to the public at the time the later design was applied for (Article 25 [1] lit d CDR). It would be incongruous in such a situation to provide the proprietor of the later design with a defense against infringement, or require the proprietor of the earlier design right first to obtain a declaration of invalidity of the later design.

What is the situation in the reverse situation: Is the proprietor of a later design allowed to bring an action for infringement against the use of a design protected by an earlier design right? Can the proprietor of the earlier design raise, as a defence, that he has an earlier right? The CDR does not provide a clear answer. However, it corresponds to the principle of priority which governs conflicts between IP rights that the proprietor of a later right cannot bring an action against the proprietor of an earlier right. Also, in this hypothetical situation the proprietor of the earlier right could seek a declaration of invalidity of the later design by way of counterclaim.

The same problems can arise under Community trademark law, where the Community Trademark Regulation does not provide for a defense when the contested use is itself subject to a – later – trademark registration, and where there is no specific provision precluding an action against the proprietor of an earlier right.

Reported by Dr. Henning Hartwig
The General Court of the European Union
On September 19, 2012, the General Court of the European Union (GC) delivered its decision in four joined cases confronting Mr. Schräder, a plant breeder, and the Community Plant Variety Office (CPVO), the European Union’s agency responsible for administering the Union’s plant variety protection scheme. Mr. Hansson, a breeder from Denmark, was the intervening party. The decision is significant because it confirms the limited scope of review of CPVO decisions, while also confirming the importance of procedural rules.

Hansson is proprietor of Community plant variety rights in a variety of the species Osteospermum ecklonis, a kind of daisy, named LEMON SYMPHONY granted in 1999. Schräder applied for protection of a similar variety, SUMOST 01. The CPVO rejected the Schräder application, having concluded that SUMOST 01 was not distinct from LEMON SYMPHONY. Schräder appealed the decision to the CPVO’s Board of Appeal. Schräder also requested that the rights in LEMON SYMPHONY be declared invalid as having been improperly granted, and that the rights should be revoked because the variety was no longer stable. Schräder also claimed that the variety description for LEMON SYMPHONY, adapted by the CPVO in the course of the proceedings, should be declared invalid. All proceedings eventually reached the Board of Appeal, the CPVO having ruled in favour of the validity of LEMON SYMPHONY and the adaptation of the description. The alleged invalidity of LEMON SYMPHONY reached the Board in January 2009, whereas the other three cases were dealt with by the Board in December 2007.

As regards the validity of LEMON SYMPHONY, subject of Case T-242/09, Mr Schräder alleged, inter alia, that the CPVO and the German Bundessortenamt (Federal Plant Variety Office) had not properly examined
the submitted samples prior to grant. As regards the other three cases, a series of procedural violations were alleged, in addition to the violation of rules of substantive law. The principal violation alleged was the Board having summoned for the oral hearing in December 2007 against the protest of Schräder and without observing the statutory period of two months prior to the hearing.

The General Court confirmed the Board decision as regards the validity of LEMON SYMPHONY, but annulled the other three decisions because of the violation of the procedural rights of the claimant as regards the oral hearing held in December 2007.

As regards the validity of LEMON SYMPHONY, the Court first established that in invalidity actions based on Article 20 of the Community Plant Variety Regulation (Council Regulation [EC] No 2100/94 of July 27, 1994 on Community plant variety rights, OJ 1994 L 227, p. 1) the burden of proof as regards invalidity is placed on the party claiming invalidity (emphasis added):

128 The task of the Board of Appeal is solely to rule, on the application of an interested party, on the lawfulness of a decision of the CPVO adopted under Article 20 (1) (a) of the regulation refusing to declare the Community plant variety right null and void on the ground that it has not been ‘established’ by that party that the conditions set out in Article 7 or in Article 10 of that regulation were not satisfied at the time when the right was granted.

129 Since annulment proceedings were initiated not by the CPVO of its own motion, but on the application of an interested party, Articles 76 and 81 of the regulation, read in conjunction with Article 20 thereof, thereby place the onus on that party to prove that the conditions for that declaration of nullity have been met.

Next, as regards the substance of the CPVO’s decision concerning the requirements for plant variety protection – distinctness, uniformity, stability (DUS) – the Court limited its examining by inquiring only whether the Office had committed any manifest errors of assessment:

142 In this connection, it is therefore necessary to make a distinction depending on whether or not the findings and factual assessments made by
the Board of Appeal are the result of complex assessments in the botanical or genetics field, requiring expert or specific scientific or technical knowledge (emphasis added).

143 If that is so, the review which, according to case law, it is for the General Court to carry out of such findings and factual assessments is that as to manifest errors of assessment (Case T-187/06 – Schräder v CPVO [SUMCOL 01] [2008] ECR II 3151, paragraphs 59 to 53, essentially confirmed on appeal by the judgment in Case C 38/09 P – Schräder v CPVO [2010] ECR I 3209, paragraph 77). That is true, for example, of the assessment of the distinctive character of a variety, in the light of the criteria set out in Article 7 (1) of the regulation.

144 If that is not so, on the other hand, as regards factual assessments which are not of a specific technical or scientific complexity, it is apparent from that case law that the General Court carries out a complete or full review of legality (SUMCOL 01, paragraph 65, and Case C- 38/09 P Schräder v CPVO, paragraph 77).

The Court found that the contested decision was not erroneous.

As regards the other three cases, the Court annulled the contested decision because the Board had violated the claimant’s rights by holding the hearing on December 4, 2007 against his express protests and having summoned the claimant to the hearing without observing the statutory notice period of two months.

We report this judgment of the General Court for essentially two reasons, while we generally do not report judgments of the General Court, which in trademark cases reach 200 per year.

First, decisions of the General Court, and even more so of the Court of Justice of the European Union (ECJ) in plant variety matters are rare, even though the economic significance of plant variety rights is far from marginal. Thus, the Community Plant Variety Office, located in Angers, France, began operations in 1996, and currently close to 19,000 plant variety rights are in force, in the fields of agriculture, vegetables, ornamentals, and fruits.
**Remarks**

Appeals against the CPVO’s Board of Appeal to the General Court and further appeals on points of law are rare – the only case having reached the ECJ so far is the SUMCOL 01 case, referred to in paragraph 143 of the present decision, quoted above.

Second, the approach of the General Court to the examination of CPVO decisions, confirmed by the ECJ, distinguished between questions requiring technical expertise, such as determinations as to the DUS criteria, and those not requiring such expertise. In the former situations the Court will limit itself to determining whether there have been any manifest errors of appreciation (not present in the contested decisions subject to the reported judgment). In the latter situations the Court will do a full examination as to any errors committed. It is noteworthy that this approach differs from that taken by the Court in cases of reviewing decisions of the Boards of Appeal of OHIM, the European Union’s Trademarks and Designs Office. The scope or “depth” of review of OHIM decisions in design matters is currently before the ECJ (Case C-102/11 P).

BARDEHLE PAGENBERG represented the CPVO in these cases.

*Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M.*
The European Patent Office
Enlarged Board of Appeal confirms far-reaching interpretation of the requirement to raise an objection in respect of procedural defect (Objection under Rule 106 EPC/Celanese International)

In accordance with Article 112 (a) EPC, decisions of the Boards of Appeal of the EPO are subject to review by the Enlarged Board of Appeal on the grounds that a fundamental procedural defect occurred in the appeal proceedings. The only ground of practical relevance for a petition is the occurrence of a fundamental violation of the petitioner’s right to be heard. The reported decision concerns the obligation of the petitioner to raise an objection in the proceedings before the Board of Appeal as an admissibility requirement for the petition.

The petition was directed against the Board’s of Appeal decision revoking the petitioner’s patent. The Opposition Division had maintained the patent in amended form concluding that the claimed subject-matter was inventive starting from document D6 as closest prior art. In the communication accompanying the summons to oral proceedings before the Board, it was pointed out that the parties should be prepared to discuss which document, probably among D2, D6 and D8, represented the closest prior art and thus the starting point for the assessment of inventive step. In the oral proceedings, the choice of the closest prior art was discussed and the Board took the position that it was D8, because it had more features than D6 in common with the patent-in-suit. The Board concluded that the claimed-subject-matter lacked inventive step in view of D8 alone.

The petitioner submitted that the Board had raised a completely fresh objection at the oral proceedings based on D8 as closest prior art document. When this objection was raised, the petitioner requested remittal to the Opposition Division or, alternatively, postponement of the oral proceedings to provide it with an adequate opportunity to respond. While remittal was refused, a 30 minute adjournment was granted for the petitioner to
review D8 and consider the new line of argument advanced by the Board. According to the petitioner, this was clearly insufficient time to prepare a meaningful response which would have at the very least required consultation with technical staff from the client company. Furthermore, by raising of its own motion a completely new attack starting from D8, which had never been considered before, in particular not by the opponent, the Board had violated its duty to treat the parties equally fair and to conduct the proceedings in a neutral manner.

The Enlarged Board of Appeal (EBA) rejects the petition as clearly inadmissible for lack of an objection fulfilling the requirements of Rule 106 EPC as interpreted in its previous case law which is analysed in the reasons in great detail. In R 4/08 the EBA established the principle that an objection under Rule 106 EPC has to be additional and distinct from other statements of the party. Furthermore, it must be specific, i.e. the party must indicate unambiguously on which particular defect listed in the EPC it relies on. Finally, the EBA derives in a rather linguistic manner from Rule 106 EPC that the objection has to be submitted after the procedural defect has arisen.

**Remarks**

It seems that the above criteria developed by the EBA in applying Rule 106 EPC, which are not in its text, have taken the place of the provision itself and are treated as legal requirements. As correctly submitted by the petitioner in R 14/11, the travaux préparatoires to the EPC 2000 reveal as the purpose of the requirement in Rule 106 EPC only that this extraordinary means of redress be prevented from being abused by endless dragging out of proceedings. In addition, one may say that the provision prevents a party from waiting for the outcome of the proceedings and just keeping the option of a petition in case of a negative result. Furthermore, the EBA emphasises that the Board of Appeal should be given the opportunity of rectifying any deficiency which may have occurred.

All these possible purposes of the provision do not justify the restrictive approach taken by the EBA in applying the above requirements. This applies in particular to the alleged requirement that an objection cannot be raised before the Board has reacted to the request or criticism. If a party
Patent Law

has made it crystal clear that it considers a course of conduct envisaged by a Board of Appeal as a serious violation of its right to be heard, it has made an objection in respect of the alleged deficiency, and if the Board rejects a request to this extent, neglecting the objection, then no second warning is required for the Board which is already aware of the possible violation of the party’s procedural rights. Instead of relying on its criteria for applying Rule 106 EPC and interpreting all of them strictly, it would be more appropriate to look at all circumstances of the case and to ask whether or not the petitioner had made clear its position that the conduct of the proceedings was considered as a violation of its right to be heard. If the Board nonetheless takes a decision against the petitioner’s request, no further insisting on this request is required to clarify the procedural situation. This even more so, since in all other procedural situations, a party is not allowed to address a point on which a decision has already been taken. The high percentage of petitions which are held entirely, or in part inadmissible due to a lacking objection within the meaning of Rule 106 EPC may raise doubts whether the procedural hurdles for a petition have been fixed too high and whether the practice of the EBA provides for a practical and effective access to a Court in accordance with Article 6 of the European Convention on Human Rights.

Dealing with the substance of the case instead of rejecting the petition as clearly inadmissible would have given the EBA the opportunity to throw some light on the limits of the right to be heard and to clarify the rules of the game in appeal proceedings to the advantage of all concerned. In the case at hand, the remark concerning inventive step in the communication accompanying the summons had to be understood as a clear indication that there were serious doubts whether D6 was the correct point from which the fictitious person skilled in the art would have started. Since two other possible starting points among the previous citations were expressly mentioned, a proper preparation of the oral proceedings may have led the party to face the possibility that the discussion in the oral proceedings might have the result that one of these documents turned out to be the most promising starting point. In the absence of very specific circumstances, a party may be expected to make such a preparation, and if this is not possible, for whatever reason, such circumstances have to be shown by the party.
As to the complaint of unfair treatment, it has to be emphasised that the principle of examination ex officio pursuant to Article 114 (2) EPC, according to which the EPO is not restricted in its examination of the patent to the submissions of the parties, applies in all proceedings before the EPO. It was within the legal framework of the appeal proceedings as defined in the case law of the EBA to examine whether the assessment of inventive step by the Opposition Division was correct and whether the corresponding submissions of the parties in appeal proceedings were convincing. In this examination, the Board of Appeal is not bound to follow the approach taken by the parties.

A last remark is prompted by the fact that the EBA had to rely exclusively on the submissions of the petitioner in respect of the course of oral proceedings before the Board of Appeal. Whereas it is evident from the reasons of the decision under review that a procedural discussion had taken place and that the requests for remittal and postponement were rejected, nothing about these events is recorded in the minutes of the oral proceedings. In accordance with Rule 124 (1) EPC, the minutes shall contain *inter alia* the essentials of the oral proceedings and the relevant statements of the parties. This should, first of all and at least, include all pending requests. In respect of the practice of the departments of first instance, this obligation has been taken seriously by the Boards of Appeal. In case of incomplete minutes which did not make it possible to assess whether or not the right to be heard had been respected, a presumption was held to exist in favour of the party who alleged that this right had been violated. For the minutes of the Boards of Appeal the same obligation seems to be taken much less seriously: The minutes are deemed to be complete even if they don’t contain any details. The routine sentence contained in these minutes “The Chairman closed the debate” has been taken in petition cases as a kind of presumption that the parties were in a position to make their submissions in respect of all relevant points.
Patent Law

Fisher Rosemount

Court: European Patent Office
Date: July 23, 2012
Decision: Case G 1/10

Enlarged Board of Appeal of the EPO overrules established practice to correct the text of a granted patent (Request to correct patent/Fisher Rosemount)

In the case underlying the referral of a point of law to the Enlarged Board of Appeal (EBA), the patent had been opposed on the grounds that a feature in claim 1 of the granted patent had not been disclosed in the application as filed. The proprietor of the patent argued that this resulted from a typographical error made when amending this claim during grant proceedings and that the word “position” in this feature should read “portion”.

On his request, the opposition division took the interlocutory decision to stay opposition proceedings and to remit the case to the examining division for a decision on the proprietor’s request for correction of the decision to grant under Rule 140 EPC. On the opponent’s appeal, the Board of Appeal considered that there was a fundamental point of law and referred the questions to the EBA whether a request for correction of the grant decision filed after the initiation of opposition proceedings is admissible and, if yes, whether the examining division’s decision is binding upon the opposition division.

The EBA answered the questions as follows:

1. Since Rule 140 EPC is not available to correct the text of a patent, a patent proprietor’s request for such a correction is inadmissible whenever made, including after the initiation of opposition proceedings.

2. In view of the answer to the first referred question, the second referred question requires no answer.

In the reasons for the decision, the EBA emphasizes the need for legal certainty and the protection of third parties and notes that the proprietor has adequate remedies available to ensure that the text of the granted patent is correct. Before grant, the text of the application intended for grant has
to be communicated to the applicant for his final approval and an error like a misspelt or incorrect word can be corrected under Rule 139 EPC. If the decision to grant contains an error made by the examining division after the applicant’s final approval, so that the text of the patent as granted is not that approved by the proprietor, the proprietor is adversely affected and is entitled to appeal the grant decision.

In addition, the EBA notes that the granted patent is subject to the exclusive jurisdiction of the Contracting States and concludes therefrom that there is no reason why any subsequent decision of the EPO (other than in opposition or limitation proceedings) to change the text of the granted patent should be recognized in those jurisdictions. Furthermore, the EBA considers that the absence of a possibility to request corrections of the text of the patent under Rule 140 EPC should not prejudice patent proprietors.

Remarks

Rule 140 EPC stipulates that linguistic errors, errors of transcription and obvious mistakes in decisions of the EPO may be corrected. A need to correct a final decision obviously can only arise after the conclusion of the proceedings before the deciding body, i.e. when this body has ceased to be competent in the matter. The competence for correction of the decision has to be seen as an annex to the previous competence, or a limited competence for the deciding body to bring the text of its decision into conformity with what was intended to be decided when the decision was given. This appears to be widely accepted in national and international procedural law and there is no reason why this should not apply to decisions of the EPO.

The question referred to the EBA addressed the problem of the relation between the competence of the examining division to correct its decision to grant and the competence of the opposition division to decide on the validity of the patent. Apparently, the referring Board took it as granted that a possibility to correct the decision to grant in respect of the text of the patent exists.

This assumption seemed to be justified for at least two reasons. First, whereas the EBA, referring to G 1/97 and to the history of the provision, observes that Rule 140 should be limited to its restricted wording, nothing
in the wording of the provision or in its legal history indicates that the provision should not be applied to the most common and frequent decision of the EPO which is the decision to grant. Second, the previous decision G 8/95 (OJ EPO 1996, 481), not cited in the reported decision, has to be mentioned, in which the EBA was faced with the question whether a Technical Board of Appeal or the Legal Board of Appeal was competent to decide on an appeal against the refusal of a request to correct the decision to grant in respect of the text of the patent. The EBA decided that it was the task of the Technical Boards of Appeal “inter alia considering ... such a request is based on the allegation that there is a linguistic error, error of transcription or similar obvious mistake. This opportunity for corrections is a principle known in many legal systems (see e.g. Article 66 of the Rules of Procedure of the European Court of Justice); where a decision does not express the manifest intention of the deciding body, an obvious clerical mistake in the decision can be corrected.” This does not give the impression that such a request might be inadmissible from the outset, and indeed, before and after G 8/95, it was the consistent practice of the first instance and the Boards of Appeal that such requests were admissible. Thus, it is no surprise that neither the President of the EPO nor the two amici curiae in their comments on the referral even mentioned the possibility that Rule 140 EPC might not allow the correction of the text of the granted patent.

It is true that there was no uniform case law on the question how to deal with a request for correction of the decision to grant after opposition proceedings had been initiated, and it is also true, as pointed out by the President of the EPO, that applicants were tempted to use Rule 140 EPC beyond its proper limits. The EBA solved all problems by cutting the Gordian knot and declared Rule 140 EPC as not applicable at all to a request for correcting the decision to grant in respect of the text of the granted patent, i.e. also to a request before any opposition proceedings have been initiated, in particular to a request in reaction to the decision to grant. The EBA observes that this result “should not prejudice patent proprietors. If a correction would be obvious (as it should be to satisfy Rule 140 EPC), there can be no surprise and no adverse effect on opponents or others, because all concerned should read the patent as if corrected and an actual correction should not be necessary. If, on the other hand, a correction would be less than immediately obvious, then it should not in any event be allowed.” This consideration may be quite correct for the facts of the case underlying the referring decision.
However, there are quite different situations in which a correction of the decision to grant may be considered justified. Supposed the examining division, when assembling the documents intended for grant, mixes up the applicant’s requests or omits one of the pages, this mistake will be obvious from the content of the file, but it will not be obvious from the granted patent. Thus, only the deficient text of the patent specification will be the basis for the interpretation of the patent. The applicant, having overlooked the mistake when receiving the communication pursuant to Rule 71 (3) EPC, had so far did have the possibility to request a correction of the decision to grant – which the EBA has taken away. The possibility of filing an appeal remains, but it presupposes that the mistake is detected within the time limit for filing an appeal. Whereas the EBA correctly emphasizes that the applicant has to approve the text intended for grant and to check the documents of which he is informed under Rule 71 (3) EPC, sight should not be lost of the fact that the prosecution of patent applications is a routine business (in 2010: 62,112 published patents) in which occasional mistakes are unavoidable. If the EPO makes the mistake, this remains without detrimental consequences for the Office, if the applicant makes the mistake, the value of his title is endangered and if an attorney makes the mistake, his personal liability for an incalculable risk may be at stake.

Therefore, the users of the European patent system should consider the information of the intention to grant not only as a welcome success in the grant proceedings. Rather, they should keep in mind that a final and thorough check has still to be made in order to detect any errors which may have been made in the preceding proceedings in order to correct them before the decision to grant as far as still possible.

*Reported by Dr. Rudolf Teschemacher*
Disclosures on the Internet become increasingly important and can no longer be ignored for a serious evaluation of the existing prior art although, due to the peculiarities of the medium, such evaluation is faced with specific complications. In particular, issues of public availability and publication date may cause difficulties and provoke controversies among parties as to the proper standard of proof. In view of a small number of isolated decisions dealing with these problems, the case law of the EPO Boards of Appeal does not yet seem to have been firmly established. Hence, any additional clarifications are extremely useful.

This may have been the reason for a study committee for intellectual property of the Confederation of Netherlands Industry and Employers VNO/NCW to ask two of its members, Koninklijke Philips Electronics N.V. and DSM IP Assets B.V., to create test cases regarding the question of whether and, if so, under which conditions, documents placed deliberately on the Internet constituted prior art within the meaning of Article 54 (2) EPC 1973.

Consequently, after a patent had been granted by the EPO to Philips for a display device in parent and divisional applications EP 00200326.7 and EP 0207838.7, respectively, DSM filed two oppositions. In the parent case, the opposition was based on lack of novelty and/or inventive step with respect to the content of web pages allegedly found before the filing date in the World Wide Web with – or without – the aid of a search engine, as was certified by notarial records in some, but not all cases. For the divisional, lack of inventive step was argued, the main focus being on public availability of e-mails sent either encrypted or unencrypted before the filing date, as was again certified by notarial records. In the parent case, the opposition division maintained the patent in amended form, whereas in the divisional case the opposition was rejected.
The parties adversely affected by these decisions filed an appeal, i.e. the patentee and the opponent in the parent case, and the opponent in the divisional case. Apparently, the parties had informed the EPO in first instance proceedings that these were “dummy” cases, the Board, however, was left in the dark about their very nature and, from various circumstances in the file indicating a substantial level of cooperation between the parties, became suspicious of the admissibility of the oppositions, in particular having regard to the requirement that, in accordance with the Enlarged Board’s ruling in G 3/97, opposition proceedings must be contentious. Nevertheless, in the end the Board convinced itself that this requirement was fulfilled since, despite their cooperation in creating the cases, the parties defended mainly opposing positions. Whether this was within the framework of a test case and in order to obtain answers from the Board to certain specific legal questions was considered immaterial in this regard.

As to the substance in the parent case (T 1553/06), notarial records certified that two documents I1 and I2 could be found before the filing date on the Internet at certain dates and times after entering certain strings of keywords for each of them in a public search engine. As both parties agreed that the documents existed on the internet at the dates and times indicated in the notarial records, the Board considered this fact to have been proven beyond reasonable doubt in the present case, and saw no need to address the more general question as to the proper standard of proof.

Because the Board did not consider the notary as a member of the public, the sole reason for forming prior art might then be due to the fact that I1 or I2 existed on the Internet. In the Board’s view, availability in the sense of Article 54 (2) EPC involved two separate stages: availability of the means of disclosure, and availability of information which was accessible and derivable from such means. With respect to the former, the Board assumed that if the public, in practice, remained unaware of the existence of a certain means of disclosure or had no access to the means of disclosure, then there was no reason to deny a patent. While following opinion G 1/92 of the Enlarged Board of Appeal in that subjective elements, as e.g. the degree of burden involved, were in principle irrelevant to the determination of what constituted the state of the art, the Board nevertheless found that the fact alone that a document existed on the World Wide Web did not go beyond a mere theoretical accessibility. In order to conclude that the document was indeed available to the public, a practical possibility of having
access to it was decisive. Hence, it had further to be established that direct and unambiguous access to the document by known means and methods was possible.

Since the identical URL of both documents was known to the then web search engine AltaVista, the question boiled down to whether a member of the public had direct and unambiguous access to this URL. Only guessing the URL would in general not provide direct and unambiguous access to the corresponding web page because it was normally not straightforward to arrive at the correct result for a specific URL by a guessing approach. Given that the documents could be found on the basis of keywords, they must have been indexed. However, this would also not automatically guarantee that direct and unambiguous access to a document was possible as it was conceivable to store a document on the web by only indexing it with keywords unrelated to the essence of the content of the document. Furthermore, another necessary condition for accessibility was that a document stored at a given URL on the Web remained there for a sufficiently long period of time, which had to be assessed on a case-by-case basis.

In the light of these considerations, the Board proposed the following test for safely concluding that a document stored on the World Wide Web was made available to the public:

A document accessible via a specific URL is available to the public if, before the filing date,

(1) it could be found with the help of a public web search engine by using one or more keywords which all related to the essence of the content of that document, and
(2) it remained accessible at that URL for a period of time long enough for a member of the public not bound to secrecy to have direct and unambiguous access to the document.

These conditions were sufficient, but not necessary, for concluding public availability.

Since the keywords of documents I1 and I2 related to the essence of their contents, and the documents existed on the Web at the same URL for two and a half months and nearly three weeks, respectively, they were considered to have been made available to the public before the filing date of the
patent in suit. Document I1 was hence novelty destroying for the subject matter of claim 1 as granted, and the subject matter of claim 1 according to the first auxiliary request lacked an inventive step over document I2.

A further Internet document I3 cited by the opponent in combination with I2 against claim 1 of the second auxiliary request, however, was not considered to be publicly available, mainly because it was submitted to the Web only on one day, and only for twenty minutes. Moreover, I3 was neither indexed and the URL had not been made public before the filing date of the patent in suit, nor could the URL be guessed, nor was it plausible without further evidence that a “web crawler” could have indexed the document within its short existence on the Web. The second auxiliary request could therefore be allowed, and the patent was maintained in amended form on this basis.

In the divisional case (T 2/09), the Board found that the content of an e-mail did not become available to the public within the meaning of Article 54 (2) in 1973 for the sole reason that the e-mail was transmitted via the Internet before the filing date.

The appellant opponent had contended that the subject-matter of claim 1 was not inventive in view of document I2 and an unencrypted e-mail C5 sent to, and received by, the opponent’s representative before the filing date, as was certified in a notarial record. C5 was devised to disclose the problem remaining over I2 and the solution thereto by the final feature of claim 1. Therefore, an inventive step hinged on the question of whether C5 was made available to the public.

In the opponent’s view, e-mails may be routed inside and outside the E.U. and might be intercepted, either lawfully or unlawfully, thereby allowing third parties to gain knowledge of their contents.

The Board, however, had already serious doubts as to whether public availability of e-mails transmitted via the Internet could reasonably be established at all if the technical conditions of its above test for public availability of webpages were to be applied mutatis mutandis. Even under the assumption that the technical conditions of a test for public availability of e-mails could be devised that such e-mails could meet, e-mail transmission via the Internet would still not have rendered C5 publicly available for legal reasons connected with an alleged interception. This was the case because
an unlawful access by an individual was analogous to the breach of a confidentiality agreement where it has to be proven that a disclosure before the filing date had actually occurred.

Assuming lawfulness of interception of e-mails by an Internet Service Provider (ISP), either to check that ISP policies were complied with or to address technical issues or to follow government instructions, the law of confidence also prohibited their disclosure so that the e-mails must all be deemed to be non-public, unless a specific instance of divulgation had been proven. Hence, e-mail C5 did not form prior art so that the subject-matter of claim 1 was inventive.

The Board’s considerations relating to non-encrypted e-mail C5 applied a fortiori to encrypted e-mails. Moreover, as a consequence there was no need to assess any impact of disclaimers indicating confidentiality of e-mail content, no matter how they were phrased.

The two voluminous decisions (almost 100 pages each) give (ultra-) comprehensive guidance on public availability of webpages and e-mails indisputably existing on the Internet before the filing date. Whereas such webpages can be assumed to be publicly available if they can be found by entering keywords relating to the essence of their contents and remain accessible long enough to be found by an interested reader, e-mails are in any case party-to-party and not publicly available unless actual disclosure can be proven.

However, further difficulties in respect of Internet disclosures, in particular concerning publication dates and the correct standard of proof for assessing the particular circumstances of a given case, have still been left open.

As regards dates, the issues of which version of an Internet disclosure existed at which moment of time on this all-to-fleeting medium, and how sure we should be about this, regularly give rise to argument.
As regards standard of proof, the Board notes

- that the EPO standard of proof is generally the “balance of probabilities”,
- that in accordance with first instance instructions, this standard is explicitly also to be used for Internet citations,
- that, however, some board decisions applied the stricter standard “of beyond any reasonable doubt” or “up to the hilt” for Internet disclosures (which standard had originally been established for the specific situation where only one party had access to information about an alleged prior use),

Nevertheless, decisions T 1553/06 and T 2/09 hardly allow any further conclusions to be drawn in this respect. This (at least inter alia) appears to be due to the specific circumstances of the test cases where the above issues proved to be moot since both parties agreed on the fact that all documents relied upon existed on the Internet before the filing date, thus as a matter of course excluding any reasonable doubt concerning the versions uploaded and their associated dates, and that only the aspect of their accessibility was controversial.

 Reported by Dr. Stefan V. Steinbrener
The Guidelines for Examination in the EPO have been restructured into eight parts, their content has been updated, and parts of internal instructions have been incorporated in them. The EPO announces that the Guidelines will be published online in the EPO’s three official languages in June. To make the revised Guidelines easier to use, a concordance table and a table of contents with references to the old version are also published on the website.

So far the Guidelines have comprised five parts A to E. To these, 3 new parts F, G and H have been added. The new structure is as follows:

Part A: Guidelines for Formalities Examination;
Part B: Guidelines for Search;
Part C: Guidelines for Procedural Aspects of Substantive Examination;
Part D: Guidelines for Opposition and Limitation/Revocation Procedures;
Part E: Guidelines on General Procedural Matters;
Part F: The European Patent Application;
Part G: Patentability; and
Part H: Amendments and Corrections.

Not much has changed in Part A. The main amendment concerns the new procedure preceding grant pursuant to amended Rule 71 and new Rule 71a which provides for a further communication if the applicant does not agree to the text intended for grant. Whereas C-V, 4 mainly covers amendments in reply to a Rule 71 (3) communication, the fee aspects are dealt with in A-X, 11.

The structure and main content of Part B has not been changed. New topics dealt with comprise
Patent Law

– internet disclosures (B-VI, 7),
– claims contravening Article 123 (2) or Article 76 (1) EPC as a basis for restricting the search (B-VIII, 6), and
– information on prior art under Rule 141 EPC (B-XI, 9), the latter section containing the correct clarification that invitations under Rule 141 (3) EPC may be made only when the application has entered the examination phase.

Parts C and D no longer comprise aspects of substantive law but rather relate only to procedural aspects of examination and opposition proceedings, respectively. Substantive requirements are now dealt with in new parts F and G. In part C the section on decisions according to the state of the file (C-V, 15) has been substantially broadened, reminding examiners that using this type of decision is no exception to the principle that a decision has to be adequately reasoned. According to the case law of the Boards of Appeal, this principle is violated if proper grounds have to be constructed by “mosaicing” from the file various arguments related to various versions of claimed subject-matter. Matters taken from previous internal instructions include the conducting of interviews and the use of e-mail (C-VII, 2).

In part D only few amendments have been made, including a short paragraph on the filing of oppositions online (D-III, 3.2) and an equally short section on clarity (D-V, 5) which deals in three lines with one of the problems in opposition proceedings with the most diverse facets.

Many amendments have been made in Parts E and F. In Part E dealing with procedural matters relevant to several stages of proceedings before the EPO, the volume of the Chapter on oral proceedings has almost doubled and the Chapter on the taking of evidence has also been substantially expanded (Part E-II and III). There is a new paragraph on the use of models as means of evidence (E-III, 1.11). In the Section on evaluation of evidence, examples are given of which standard of proof may be applied in which situation (E-III, 4.3). It would have been even more pertinent to cite the statement of the Enlarged Board of Appeal in G 3/97 that proceedings before the EPO follow the principle of free evaluation of evidence and that this principle would be contradicted by laying down firm rules of evidence trying to define the extent to which certain types of evidence are, or are not, convincing.
Part F, dealing with the requirements other than patentability which the application must fulfill, in particular unity of invention, sufficiency of disclosure, clarity and the right to priority, contains the useful recommendation to use the relevant WIPO standards for identifying the background art in the description (F-II, 4.3.1). The Chapter on sufficiency of disclosure contains a new section on “reach-through” claims, stating that claims directed to merely functionally defined chemical compounds that are to be found by means of a new kind of research tool (e.g. using a new screening method based on a newly discovered molecule or a new mechanism of action) are directed to future inventions, for which patent protection under the EPC is not designed, and requiring that the claimed subject-matter be limited to the actual contribution to the art (F-III, 9). A further new section addresses in quite general terms the delicate borderline between the requirements of sufficiency of disclosure and clarity which is a typical problem when products are defined by parameters (F-III, 11). In the Chapter on claims, the paragraph on essential features has been expanded and examples illustrating essential features have been added (F-IV, 4.5).

The major part of Part G dealing in particular with the notion of invention, exceptions from patentability, novelty, inventive step and industrial application has been taken from previous Part C. As to the non-inventions in Article 52 (2) EPC, two items “User interfaces” and “Data retrieval, formats and structures” have been added to the paragraph “Presentation of information” (G-II, 3.7). In the Chapter on the state of the art, a new paragraph allows the examiner to base an objection on a machine translation. A party objecting to the use of such translation shall bear the burden of adducing evidence showing the extent to which the quality of the machine translation is defective and should therefore not be relied upon (G-IV, 4.1). Still in the same Chapter, a new paragraph deals with the question under which circumstances standards and standard preparatory documents belong to the state of the art. In this context it is stated that the EPO’s in-house databases are regarded as being available to the public (G-IV, 7.6). In respect of the interpretation of the state of the art, a new paragraph deals with error margins in numerical values stipulating that where no other error margins are given, the maximum margin should be ascertained by applying the rounding-off convention to the last decimal place, e.g. for a measurement of 3.5 cm, the error margin is 3.45 - 3.54. The passage continues in stating that, when interpreting ranges of values in patent specifications, the skilled person proceeds on the same basis.
(G-VI, 8.1). Thus, it may be hoped that the EPO applies the same criteria when interpreting the original disclosure of the application for assessing the allowability of an amendment. Concerning inventive step, a section on claims comprising technical and non-technical aspects has been added, based on decision T 641/00 (Comvik).

Part H deals with amendments and corrections. Only few Sections have predecessors in the previous Guidelines. Chapter H-I is an introduction, Chapters H-II and H-III deal with the admissibility of amendments at different stages in the different proceedings, while Chapters H-IV and H-V deal with their allowability (in particular Article 123 [2] and [3], Article 84 EPC). Chapter H-VI is dedicated to the correction of evident errors in documents submitted to the EPO or in decisions of the Examining or Opposition Divisions.

Remarks

The Guidelines for Examination are the most important working tool of an examiner next to the EPC itself. The Guidelines are based on long experience and generations of EPO staff have contributed to improving them.

The new text seems to have been finalized quite some time ago. At least did the EPO stop to accept proposals for amending this text some time ago. It can be seen from the epi information that the draft was presented last year to the SACEPO Working Party on Guidelines. The public does not know how this representation of the users reacted to the draft and what the effect of its input was. However, it might be that a broader consultation would assist the EPO in making the Guidelines even better. This would not only give more weight to the perspective of the users but also avoid inconsistencies. Inviting the public to make suggestions after the work has been done (see the preliminary remarks) cannot replace appropriate consultation before the practice of the office has been fixed for the years to come. Consultation policy of the USPTO could be a model for the EPO.

The Section on late filed requests can be taken as an example for an inconsistency. Referring to T 153/85, it is stated in H-II, 2.7.1, (1), that the Examining Division “will apply the criterion of ‘clear allowability’ in
exercising its discretion under Rule 137 (3) for treating requests filed late during the proceedings without proper justification”, and in the 3rd para. that this also applies to patent proprietors’ late filed requests in opposition proceedings. According to the 2nd para., not clearly allowable claims are claims which “clearly do not satisfy the requirements of the EPC, because, for example, they clearly violate the requirements of Article 123 (2)”. This definition is a mix of two different approaches, i.e. “not clearly allowable” and “clearly not allowable” used in the case law of the Boards of Appeal for quite different situations. “Clearly” in this respect means “at first glance” or “prima facie”. “Not clearly allowable” leaves the final judgment on the allowability of the amendment open, because it would require further examination, whereas “clearly not allowable” is a definite negative judgment. Thus, the new Guidelines give the examiners a misleading instruction which is not appropriate for achieving a harmonized practice of Examining and Opposition Divisions.

Another inconsistency persists in A-II, 4.1.3.1. An applicant who has made use of the possibility of reference filing has to file a copy of the previous application in accordance with Rule 40 (3), 1st sentence, EPC. Rule 40 (3), 3rd sentence, EPC stipulates that Rule 53 (2) EPC shall apply mutatis mutandis. The latter provision releases the applicant from the obligation to file a copy of a previous application from which priority is claimed if a copy of that application available to the EPO is to be included in the file under the conditions determined by the President of the EPO. The unsuspicious reader of Rules 40 and 53 would conclude therefrom that the conditions for releasing the applicant from his obligation to file a copy of the previous applications are the same under both provisions. However, this is not the practice announced in the Guidelines. Whereas the Guidelines A-III, 6.7 stipulate that the priority document need not be filed if the previous application is a European application, an international application filed with the EPO, an application filed in Japan, Korea or the USA, the Guidelines A-II, 4.1.3.1 want to exempt the applicant from his obligation only if the previous application on which the reference filing is based was filed with the EPO. This is not only a matter of transparency of the law but also raises the question whether the EPO is entitled to restrict the scope of the application mutatis mutandis laid down in Rule 40 (3), 3rd sentence, EPC.
Those who may have hoped that the EPO would use the revision of the Guidelines for sorting out at the administrative level only some of the problems which came to light as a consequence of the project “Raising the bar” will be disappointed. The Guidelines still state that an objection under Rule 137 (5) does not trigger the time limit for mandatory division (A-IV, 1.1.1.3), a legal position which is rather doubtful in view of Article 4 G (1) of the Paris Convention. The Guidelines still give the examiner the free choice of choosing between an objection under Article 82 and an objection under Rule 43 (2) EPC (F-IV, 3.3), although the latter does not open the possibility of filing a divisional application. This has the consequence that subject-matter is irrevocably lost if the objection is raised after the time limit under Rule 36 (1) (a) EPC has lapsed. This inactivity on the administrative level gives little hope that the EPO will take substantive action on the legislative level in order to correct the course taken by the previous management.

Reported by Dr. Rudolf Teschemacher
Since the entering into force of the European Patent Convention in its revised version (EPC 2000) on December 13, 2007, decisions of the Boards of Appeal of the EPO are subject to review by the Enlarged Board of Appeal (EBA) on the grounds that a fundamental procedural defect occurred in the appeal proceedings. Before case R 3/10, fifty-two petitions for review had been disposed of. Only one petition was successful and in that case (decision R 7/09 of July 22, 2009) the procedural violation was the consequence of the fact that the EPO was not in a position to prove the notification of a brief of a party to its adversary. In decision R 3/10, the EBA held for the first time that a fundamental violation of right had occurred in oral proceedings before a Technical Board of Appeal.

The opposition division had decided that the patent could be maintained on the basis of an auxiliary request of the proprietor of the patent. The proprietor and three of the five opponents appealed. In its communication accompanying the summons to oral proceedings, the Board of Appeal addressed the opposition ground of lack of novelty. In addition, it was said that in case novelty would be established it might be necessary to discuss inventive step.

In the oral proceedings, novelty was argued by both sides. After the parties had declared that they had no further comments, the Chairman closed the debate and informed the parties that the Board would decide on the patentability of the main request. After deliberation and upon resumption of the oral proceedings, the Chairman announced the decision that the claimed subject-matter was novel but lacked an inventive step. This was uncontested among the parties to the proceedings. In respect of the exact use of words by the Chairman, different information can be taken from the original minutes, the petitioner’s request to correct the minutes,
the decision on this request for correction and from the declarations by participants produced by the petitioner.

Notwithstanding such details, the EBA concluded that there was a “very unfortunate misunderstanding”, because it had not been made clear to the parties that novelty and inventive step would be discussed together and decided together by the Board. The question whether or not there was a fundamental procedural violation had to be determined on an objective basis and the necessity to respect the right to be heard was absolute. It was neither relevant what the Board’s intention was, nor whether the considerations related to inventive step were close to the discussion on novelty, nor whether any arguments of the petitioner might have convinced the Board, nor to which extent the matter had been previously discussed in writing. The crucial point was that the proprietor had not been given the opportunity to present its arguments orally on the decisive issue of the presence of an inventive step. Thus, the decision under review was set aside and the proceedings before the Technical Board of Appeal were re-opened.

Remarks

Many of the so far unsuccessful petitions are based on submissions which show that the Board’s perception of the state of discussion in oral proceedings and the parties’ perception may be quite different. This is no surprise because the Boards of Appeal know quite well how they conduct proceedings whereas for the parties and their representatives the course of oral proceedings before a Board may be a rare and sometimes unique experience. This puts the obligation on the Boards to make a break which is evident and unambiguous when oral proceedings come to an end. The preprinted sentence in the form for the draft minutes “the Chairman declared the debate closed” is not sufficient for this purpose, because it does not make clear that the debate is closed for the case as a whole. Rather, it should be made clear beyond any doubt that the parties have no further requests and submissions, or they should be expressly invited to submit their final requests.

The reported decision is in remarkable contrast to other decisions in review cases which took the closure of the debate as indicated in the
minutes as a fiction that the parties had been given the opportunity to comment on all relevant points and to file all appropriate requests. An example is decision R 7/11 of October 5, 2011 in which the Board stated that “the necessary meaning of the expression ‘the debate is closed’, which corresponds to an important procedural step, is not open to multiple or relative interpretations”. This does not correspond to what sometimes happens in reality. Oral proceedings are often interrupted and resumed several times and it is not always made clear to the parties that an interruption might be the last one. However, the statement “the Chairman declared the debate closed” is always found in the minutes notwithstanding the actual conduct of proceedings in the individual case.

In this respect, R 3/10 also diverges from decision R 15/09 of July 5, 2010 concluding that it was not appropriate to take evidence on the actual course of oral proceedings held in the decision under review. Decision R 3/10 shows that considering the submissions from both parties including declarations from participants to the oral proceedings may result in a picture which is much more detailed than the mere statement in the minutes “the debate is closed”. The provision on taking of evidence in Article 117 EPC applies to review proceedings as well as to any other proceedings before the EPO.

*Reported by Dr. Rudolf Teschemacher*
By decision of October 26, 2010 (OJ EPO 2010, 637), the Administrative Council of the European Patent Organisation amended Rule 71 EPC as to the procedure to be followed after the Examining Division has informed the applicant of the text in which it intends to grant the European patent pursuant to Rule 71 (3) EPC, and added a new Rule 71a EPC as to the conclusion of the grant procedure. These amendments will enter into force on April 1, 2012. The notice of December 13, 2011 gives information about these amendments. Corresponding amendments are foreseen for the revised Guidelines which are envisaged to enter into force in June 2012.

1. The core element of the amendment to the Rules is the introduction of an additional step into the proceedings if the applicant disapproves of the text communicated to him under Rule 71 (3) EPC on the basis of which the Examining Division intends to grant the patent, because

- he files reasoned amendments or corrections to the text,
- he disagrees with amendments or corrections made by the Examining Division on its own initiative, or
- he disagrees with the grant proposed by the Examining Division on the basis of an auxiliary request.

In these cases, the applicant is not obliged to fulfil the formal requirements for grant (translation of the claims and fees) and the examination will be resumed.
2. The examination may be continued by

– issuing a second communication under Rule 71 (3) EPC if the Examining Division is prepared to allow the applicant’s main request,
– refusal of the application if the Examining Division is not prepared to allow the applicant’s main request and the respective grounds have already been communicated to the applicant,
– issuing an examination report if the Examining Division is not prepared to allow the applicant’s main request and the respective grounds have not yet been communicated to the applicant.

3. The time limit for fulfilling the formal requirements for grant set in the communication under Rule 71 (3) EPC remains 4 months. It is fixed in the Rule, thus it cannot be extended. If the applicant fails to fulfil the formal requirements for grant in due time although there is none of the situations listed in pt. 1 (above) applies, the application is deemed to be withdrawn in accordance with Rule 71 (7) EPC. Further processing is available.

If the applicant simply disapproves of the text communicated under Rule 71 (3) EPC, the application will be refused without giving substantive reasons because there is no text agreed by the applicant in accordance with Article 113 (2) EPC.

Reported by Dr. Rudolf Teschemacher
The German Federal Supreme Court
A sequence of encoded video data may constitute the result obtained directly by means of a process and enjoy product protection according to Section 9 (1) (3) German Patent Act. Such product protection may also extend to a storage medium comprising the sequence of encoded video data. However, once such storage medium is put on the market with the patentee’s consent, producing copies of such storage medium is covered by the principle of exhaustion. Finally, as regards indirect infringement, a storage medium comprising encoded video data and suited for being decoded by a decoding process protected by a patent does not necessarily constitute a means relating to an essential element of the decoding process.

In the present case, patent EP 0 673 157 B1 was in dispute, which was considered to be essential to the MPEG-2 standard. The plaintiff and proprietor of the patent sued a Greek producer of DVDs for direct and indirect patent infringement. Prior to starting the action, the patentee used an individual based in Germany for a test purchase. This individual ordered 500 DVDs from the Greek company and provided a master tape comprising the encoded video data to the Greek company. The Greek company, using a conventional DVD manufacturing process, copied the master tape 500 times and delivered the DVDs to Germany. Subsequent to the delivery, the patentee sued the Greek company for direct infringement of claim 11 of the patent, which relates to a method for encoding video data. The patentee argued that the delivered DVDs contained encoded data which were obtained by the patented process. The patentee added that consequently the DVDs fall under the derived product protection according to Section 9 (1) (3) German Patent Act. The patentee furthermore based its complaint on indirect infringement of claim 21, relating to a decoding system for encoded video data, and claim 25, relating to the corresponding
decoding method for encoded video data. The patentee reasoned that the DVDs comprising the encoded video data were suited for being decoded by the method and system of claims 21 and 25 and constituted a means relating to an essential element of each claim. The defendant took the position that, firstly, the data on the DVDs did not enjoy the derived product protection. Furthermore, the patentee could not assert claim 11 since his rights were exhausted. Finally, there was no indirect infringement.

In accordance with the conclusion drawn by the previous instances (Düsseldorf District Court, Dusseldorf Appeal Court), the Federal Supreme Court first held that the DVDs delivered by the defendant fall under the product protection according to Section 9 (1) (3) German Patent Act. This provision, which is similar to Article 64 (2) EPC, applies when a claim relates to a “manufacturing process”, the result obtained by such process was “directly” obtained, and the result constitutes some kind of “product” (in German: “Erzeugnis”).

The Federal Supreme Court affirmed all three requirements. In particular, the Federal Supreme Court emphasized that it did not provide an obstacle to the derived product protection that, in the present case, the direct result of claim 11 were not the DVDs themselves, rather the direct result of claim 11 were encoded video data. Even though these resulting data had to undergo several further processing steps subsequent to the execution of the protected method and prior to the production of the DVDs, the data contained on the delivered DVDs were still considered the “direct” result of such process. The Federal Supreme Court held that the identity and characteristic of the data produced according to the method of claim 11 remained unaffected throughout the various stages of temporary storage and transfer between different media (when producing the master tape, the data were transferred from the cache of an encoder board via a computer disk to the master tape; and when copying the DVDs, the data were transferred to a glass master, a stamper and finally to the 500 DVDs). Moreover, the Court found that the sequence of encoded data was subject to the prohibition following from the principle of derived product protection, although the data is not a physical product. Reaching this conclusion, the Court mainly relied on its decision Signalfolge/Signal Sequence from 2004 (Case X ZB 9/03), where it was found that a signal sequence representing data suited for transmission over the internet may be the subject matter of product protection.
Secondly, the Federal Supreme Court decided on the question whether the patentee’s rights against the production of 500 copies from the master tape were exhausted, since the patentee itself consented to the production and to putting on the market of the master tape. The Dusseldorf Appeal Court had denied this question. The appeal court had argued that the decisive criterion regarding the applicability of the principle of exhaustion was whether the patentee realized the economic value of the exclusive right by putting the product on the market. As in the present case the patentee only consented to a test purchase, the appeal court had held that this criterion was not met.

The Federal Supreme Court overruled this finding. In its decision, the Federal Supreme Court stated that once the patentee consented to the use of the protected method, the principle of exhaustion applies. The Court added that it did not matter for which purpose the patentee’s consent was given. In the present case, the Court found that the exhaustion also relates to the encoded data on the master tape. Since for producing the 500 DVD copies the defendant could use the encoded data on the master tape and did not need to carry out the method of claim 11 again, the Court concluded that the defendant could also invoke the principle of exhaustion.

Finally, the Federal Supreme Court arrived at the question of indirect infringement of claims 21 and 25. Claims 21 and 25, which relate to a decoding system and decoding method, respectively, comprise features relating to the reception of encoded video data and the processing of these data such that a current frame of video image data is recovered. The appeal court had found that the delivered DVDs contained a certain physical data structure which was specifically adapted to and required by the protected decoding method and system. Furthermore, since the DVDs decisively induced the use of the protected method and apparatus, the appeal court had reached the conclusion that claims 21 and 25 were indirectly infringed.

The Federal Supreme Court disagreed with the appeal court’s finding. The Federal Supreme Court took the view that claims 21 and 25 exclusively consist of the processing of the sequence of encoded data. Therefore, the Court held that the data did not collaborate with the decoding method and system, rather, the data must be seen as its subject and its basis. The Court contrasted this finding with what constitutes indirect infringement in the judges’ opinion:
To meet the standard of indirect infringement, the Court held that the delivered means must work like a “cog in the wheel” in the course of fully carrying out the invention.

**Remarks**

The three aspects covered by the decision will have practical importance for the enforcement of patents, as well as for preparing enforcement. First, by allowing product protection for a sequence of data obtained directly by a process, the Federal Supreme Court continues its approach originally taken in the “Signalfolge” decision. Furthermore, by extending this protection to a storage medium which contains these data and which is the subject of further processing steps, the Court emphasizes again that, in such a case, the storage medium itself is of no relevance for the claimed teaching. Thus, in future, patent holders may consider asserting similar method claims more broadly against products.

Second, since in the present case the Federal Supreme Court reached the conclusion that the patentee’s consent to a test purchase lead to an exhaustion of its rights, patent holders are well advised to examine carefully which rights, if any, might be exhausted as a result of a test purchase.

Third, the question of indirect infringement is of relevance for the enforcement of many patents. By referring to a “cog in the wheel”, the Federal Supreme Court provided practitioners with an illustrative tool how the correlation between the means in dispute and the patent claim must look like for a claim under indirect infringement.

*Reported by Tobias Kaufmann*
“New” procedural rules apply to nullity lawsuits (against a German patent or the German part of a European patent) filed on or after October 1, 2009. They provide in Section 117 (1) PatG (German Patent Act) in connection with Section 531 II (1) (3) ZPO (Federal Code of Civil Procedure) that new “means of attack and defense” are only admissible in the appeal stage, if they were not submitted in first instance without gross negligence. Herewith, the standards for the admission of new means of attack and defense in infringement appeal and nullity appeal proceedings are harmonized. In view of the fact that the first instance nullity proceedings typically take between one and two years and the appeal proceedings take another two years, the first decisions of the Federal Supreme Court on the interpretation of the new procedural rules issue only now. The present decision appears to be the first decision which deals with the following two questions: a) What is the standard for the admission of a new private expert opinion in the appeal instance? b) What is the standard for the admission of new arguments in the appeal proceedings, if these arguments relate to a prior art document which was submitted in the first instance nullity proceedings?

As to question a), the Federal Supreme Court found that a private expert opinion which is submitted for the first time at the appeal stage does not constitute “new means of attack”, and is consequently always admissible, if it merely added factual detail to a substantiated first instance submission. This means, the first instance submission must have been already conclusive, in the sense that assuming the submitted facts to be true, the attack would be successful. Vice versa, if the attack had not been specified sufficiently, further facts could only have been successfully submitted in the appeal stage, be it in the form of a private expert opinion or as an
attorney brief, if the submitting party could and did show to the court that the late submission was not grossly negligent; which means that there must have been a good reason for not submitting further facts in first instance. A good reason would certainly be the unavailability of the facts during first instance, which will be rare, however. As the court’s findings regarding question b) will show, new facts would also be admitted, if a responsible party did not see any good reason for submitting the new facts in first instance in view of the procedural situation, in particular in view of the arguments made by the parties and the intermediate communication of the court before the oral hearing.

On question b), a prior art document was submitted in first instance and arguments as to its disclosure had been made. However, only on appeal the new allegation was made that this prior art document disclosed the technical concept of a claim. According to the Federal Supreme Court, this new argument constituted new means of attack. This means, it could only be admitted into the appeal proceedings, if it was not grossly negligent to not submit these arguments already in first instance. Here, this was not the case, so that the new arguments were admitted into the appeal proceedings. The reason was that the relevant claim had been found to be invalid by the first instance, i.e. the Federal Patent Court, based on other considerations. It was not grossly negligent to not base a nullity complaint on all possible attacks against a patent or a claim, the Federal Supreme Court found. Lucky nullity plaintiff! Had the first instance court decided differently, upholding the relevant claim, the reasoning of the Federal Supreme Court would not have applied. It remains to be seen in other cases, whether the logic would always apply that no new arguments can be submitted in the appeal stage, if i) these could have been brought in first instance – which was the case, here – and ii) these arguments would have been needed to destroy the patent or the claim in first instance.

Remarks

What conclusion can be drawn from the court’s findings? Nullity plaintiffs will have to carefully form their arguments during first instance, if possibly already in the nullity complaint or an early filed supplemental brief. The prior art “landscape” underlying the attacked patent should be given as completely as possible from the beginning, and conscious decisions must be made as to which avenues of argument to pursue already in
detail, which ones to merely sketch and which ones to abandon; because it is also clear that sheer mass will not do the job. More than ever, patent attorneys with experience and “gut feeling” are needed!

In the next few years, a rich body of case law can be expected to develop regarding the issues of admission of late filed facts and evidence, like at the European Patent Office’s Boards of Appeal. There, the crucial – more formal – criteria are whether a piece of prior art is submitted only on appeal and whether a new ground of attack, e.g. lack of novelty in addition to lack of inventive step, is brought late. However, the parties appear to have more freedom to interpret the documents on file within the framework of the grounds of attack already alleged.

*Reported by Johannes Heselberger*
On disclosure of figures in a patent specification and a Court’s obligation to inform the parties about its evaluation of the contents of a drawing (Steckverbindung/Connection Assembly)

Schematic drawings, as they are commonly found in patent specifications, usually only disclose the working principle of the disclosed device, however, not its exact dimensions. A Court is generally not obliged to inform the parties that it considers a figure of a patent specification only as a schematic illustration and not as a true to scale representation, in order to ensure the right to be heard.

In the decided case, the patent proprietor unsuccessfully filed an appeal to the Federal Patent Court against the revocation of a German patent by the Opposition Division of the German Patent and Trademark Office. In the opposition appeal proceedings, the proprietor defended the patent in amended form by introducing features relating to the particular nature of the contact elements in an electrical connector assembly. A disclosure for the additional features introduced to the claims could only be derived from the figures of the patent specification, but not from the description or claims. The Federal Patent Court decided that the introduction of the new features was not admissible, since the skilled person could not have derived from the figures that the respective features – although shown in the figures of the patent specification – belonged to the claimed invention. According to the Court, the skilled person would have no incentive to believe that the shown arrangement of the contact elements contained any inventive subject matter. The new features were not mentioned in the description nor in the claims, which both were directed to a completely different core, namely the provision of particular solder ends of the contact terminals.

In the decision of the Federal Patent Court, it was stated, inter alia, that the Court did not consider the drawings of Figs. 1 to 6 of the patent as true to scale illustrations. The patent proprietor based its legal appeal
to the Federal Supreme Court on the fact that his right to be heard was violated, since the Federal Patent Court did not express this view during the hearing. However, the Federal Supreme Court decided that a Court is generally not obliged to inform the parties that it considers the figures in a patent specification as mere schematic illustrations and not as true to scale illustrations.

Remarks

With the reported decision, the Federal Supreme Court stresses again that the figures, as they are typically found in patent specifications, usually only disclose the working principle of a claimed device, not however, exact diameters. For this reason, a Court is not obliged to inform the parties that it considers the figures of a patent specification as mere schematic illustrations and not as true to scale illustrations in order to ensure the right to be heard of the involved parties.

Reported by Joachim Mader
In its ruling dated November 27, 2012, the Federal Supreme Court (FSC) finally decided on the well-known Brüstle case. In this case, a nullity action was filed by Greenpeace with respect to a patent of the stem cell researcher Prof. Brüstle. The patent contains claims directed to neural precursor cells derived from embryonic stem cells and methods for producing them. The scope of the claims of the granted patent encompasses neural precursor cells obtained from stem cells produced from the blastocyst stage of human embryos (hES). This latter method is also recited in the description. The claims do not mention the use of embryos for producing the ES cells. As alternative sources for stem cells, stem cells derived from unfertilized human egg cells, i.e. embryonic germ cells (EGC) and unfertilized eggs in which a cell nucleus from a mature cell has been implanted (“dolly method”) are mentioned.

The nullity action was exclusively based on Section 2 (2) No 3 German Patent Act which is identical to Art. 6 (2)(c) of the EU Biotech-Directive 98/44 and Rule 28 c) EPC stipulating that no patents shall be granted for inventions directed to the use of human embryos for industrial or commercial purposes. In its decision dated December 5, 2006, the Federal Patent Court decided to maintain the patent with the proviso that the embryonic stem cells are not obtained from human embryos. Prof. Brüstle appealed this decision to the Federal Supreme Court. The Federal Supreme Court referred the case to the Court of Justice of the European Union (CJEU) for a preliminary ruling on the interpretation of the respective provision in the EU Biotech Directive.

In its case C-34/10, the CJEU ruled that the exclusion from patentability is independent from the fact that the prior destruction of human embryos is not contained in the claims if it is required by the technical teaching of the patent. Even if the destruction is not mentioned in the specification
at all, the exclusion from patentability can apply. The term “embryo” includes any human egg cell after fertilization, any non-fertilized human egg cell into which either a cell nucleus has been implanted or undergoing parthenogenesis. The CJEU left it for the national court of the member states to determine whether a hES as such represented an embryo. “Industrial or commercial purposes” cover also scientific research, thus the use of human embryos for scientific research cannot avoid the exclusion from patentability.

Applying this ruling to the present case, the FSC reversed the judgment of the Federal Patent Court and maintained the patent with the proviso that the embryonic stem cells are not obtained by destruction of human embryos.

In its reasoning the FSC first construed the scope of the patent as maintained by the Federal Patent Court. This prior judgment does not exclude methods for the production of precursor cells from patentability wherein the embryonic stem cells are produced without the use of an embryo and by avoiding a state of totipotency. The revocation by the Federal Patent Court also does not encompass methods wherein the ES cells are produced from primordial germ cells (also called EGC) which are isolated from several weeks old aborted fetuses. However, the Federal Patent Court excluded from patentability methods wherein ES cells are removed from an embryo independent from the fact whether the embryo is destroyed or not.

The auxiliary request filed on appeal includes the disclaimer “wherein isolated purified precursor cells from human embryonic stem cells produced by destruction of embryos are not encompassed.” This auxiliary request encompasses the possibility that the ES cells are produced from an embryo without its destruction and is therefore broader than the scope of the patent as maintained by the Federal Patent Court.

First, the FSC examined whether the claims according to this auxiliary request are sufficiently disclosed and found that the EGC cells which are defined in the patent as ES cells provide a source for ES cells which is sufficiently disclosed at the filing date and does not require the destruction of embryos.
Second, the FSC examined whether the proposed disclaimer is sufficient to remove methods excluded from patentability from the scope of the claims. The FSC left it open whether possibilities for the production of ES cells from (not arrested) embryos without the destruction thereof are actually available. The Court considered that if such possibilities exist, they are encompassed by the scope of the claim even if not explicitly described in the patent. If said methods should not be available, they cannot lead to an exclusion from patentability. Based on later scientific publications, the FSC was convinced that possibilities for the production of ES cells without the destruction of embryos exist. The FSC referred to the generation of hES cells from so-called arrested embryos which are due to genetic defects impaired in their capacity to divide. According to the decision of the CJEU, an embryo is an organism having the capability to develop into a human being. With regard to these arrested embryos, this capability has been lost without any external factors. The removal of cells from these arrested embryos therefore does not qualify as a use of embryos which is encompassed by the claim and is not excluded from patentability.

Third, the FSC examined whether hES cells represent embryos in the sense of of Sec. 2 para 2 No 3 German Patent Act even if the hES cells were produced without the destruction of embryos and, for this reason alone, would be excluded from patentability. The FSC decided that hES cells do not possess the capability to develop into a human being (no totipotency). This consideration applies independent from artificial scenarios where an hES cell by combining with further cells may be used to generate an embryo capable of developing into an adult organism. An hES cell is therefore considered not to represent an embryo in the sense of this regulation. Accordingly, hES cell-related inventions are not excluded per se from patentability.

In summary, the FSC decision clarifies that stem-cell related inventions based on non-destructive methods are not excluded from patentability which provides perspectives for applicants in this field. Independent thereof, the CJEU decision and also the subsequent FSC decision do not question the patentability of ips (induced pluripotency stem cells) cells which have ES-like pluripotency but which are derived from human re-programmed adult cells.

Reported by Dr. Thomas Friede
On the scope of subject-matter of patent infringement proceedings and the phrasing of plaintiff’s request (Rohrreinigungsdüse II/Pipe Cleaning Nozzle II)

A plaintiff is not barred from bringing an action not restricted to a certain attacked embodiment, but may assert a subject-matter which shall cover further embodiments falling under the scope of the patent-in-suit. The plaintiff may phrase its request for an injunction according to the wording of the respective claim of the patent-in-suit without including a reference to the specific attacked embodiment submitted with its complaint. As a rule, such broad phrasing of the request does not result in the subject-matter of the complaint comprising (all) further embodiments falling under the scope of the patent-in-suit. Instead, the subject-matter is defined by the phrasing of the request and the submitted facts and, thus, comprises all embodiments having (essentially) the same technical design – with respect to the features of the patent-in-suit – as the attacked embodiment submitted with the complaint.

In the present case, the plaintiff attacked the defendant for infringement of claim 1 of the German Patent DE 195 16 780 C1 (in the following “patent-in-suit”) concerning a hydrodynamic nozzle for the cleaning of pipes and ducts. The plaintiff succeeded in first instance proceedings. However, in the appeal proceedings, the defendant referred to an earlier, final “judgment by default” having dismissed the action and which also concerned the patent-in-suit and a pipe cleaning nozzle distributed by the defendant. Therefore, the Appeal Court set aside the first instance judgment in the case at hand and dismissed the action as inadmissible.

The Appeal Court held that there was a conflicting legal effect of the earlier judgment by default (res judicata pursuant to Section 322, German Code of Civil Procedure) as the requirements for conflicting res judicata were met. First, the earlier judgment concerned the same parties of the
proceedings, the plaintiff in the proceedings at hand being a legal successor of the plaintiff in the earlier proceedings, and the defendant of both proceedings being the same. Second, the Appeal Court found that the subject-matter of the two proceedings was the same, since (a) in both proceedings the request for an injunction was phrased identically—namely stating the wording of claim 1 of the patent-in-suit without citing any specific attacked embodiment—and, since (b) the facts submitted for reasoning the complaint with respect to the attacked embodiment were identical.

The respective plaintiffs of both proceedings had submitted a tangential fitting of the outer line of the outer diameter of the duct at the first radius of the basis of the distribution chamber. Against this background, the Appeal Court was of the opinion that the new factual submission of the plaintiff with respect to the existence of an “edge” near the openings of a press water outlet of the attacked embodiment in the earlier proceedings—whereas the attacked embodiments in the proceedings at hand showed a seamless junction—was irrelevant. Only the past submission in the earlier proceedings was decisive for determining the scope of the subject-matter of the earlier judgment by default. In the earlier proceedings, no “edge” had been submitted or used to argue infringement.

The Federal Supreme Court held that the subject-matter of the earlier proceedings and the proceedings at hand was different and that, therefore, there was no res judicata. Thus, the Federal Supreme Court set the Appeal Court’s decision aside and remitted the matter to the Appeal Court.

In its reasoning, the Federal Supreme Court outlined that the subject-matter of patent infringement proceedings is to be determined according to the phrasing of the request for an injunction and the facts submitted in view of the allegedly infringing embodiments. Regarding the latter, the elements of the submitted attacked embodiments are decisive which are explained to argue infringement. Thus, the subject-matter of patent infringement proceedings is essentially determined by the very technical design of the attacked embodiment submitted with the complaint in view of the features of the respective claim of the patent-in-suit. An identity of the subject-matter cannot be assumed if the core of these facts is changed by new facts.
According to the Federal Supreme Court, the plaintiffs in the two proceedings based their action on different facts in view of the features of the respective claim of the patent-in-suit. The realization of the decisive feature of the respective claim was argued on the basis of different technical designs of the pipe cleaning nozzle. The existence of an “edge” at the embodiments attacked in the earlier proceedings followed from an illustration of these embodiments which the plaintiff of the earlier proceedings referred to when arguing its case.

Moreover, the Federal Supreme Court explained that the finding of a different subject-matter in the earlier proceedings as opposed to the proceedings at hand is not excluded by the fact that both plaintiffs relied on identically phrased applications for an injunction – namely just stating the wording of claim 1 of the patent-in-suit without referring to a specific attacked embodiment. A plaintiff is not barred from bringing an action not restricted to a certain attacked embodiment, but may assert a subject-matter which shall cover further embodiments falling under the scope of the patent-in-suit. However, generally, such broad action does not simply follow from a request for an injunction not expressly limited to a certain specific embodiment. Instead, the request for an injunction must be interpreted under consideration of the plaintiff’s factual submission in line with the legal rules outlined above. It is not the wording of the application but the plaintiff’s material demand which defines the subject-matter of patent infringement proceedings.

Remarks

The present decision is important as to the definition of the subject-matter in patent infringement proceedings having numerous implications to related legal issues. Contrary to the previous Federal Supreme Court’s decision “Blasfolienherstellung” (cf. GRUR 2005, 569), the Federal Supreme Court held that it is advisable, but not necessary, to refer to a specific attacked embodiment in the wording of a request for an injunction. In this regard, the Federal Supreme Court follows the established practice of the Dusseldorf Appeal Court. By stating that the subject-matter comprises all embodiments having (essentially) the same technical design – with respect to the features of the patent-in-suit – as the attacked embodiment submitted with the complaint, the Federal Supreme Court clarifies
that the embodiments affected by the proceedings are neither any further embodiments falling under the scope of the patent-in-suit nor any very specific embodiments listed in the complaint. In this regard, the Federal Supreme Court repeats the so-called “core theory” with respect to the scope of enforcement of a decision finding infringement.

Reported by Dr. Thomas Gniadek
On the right based on prior use – Prerequisites of possession of an invention (Desmopressin)

Possession of an invention is required at the filing date in order to claim a right based on prior use with respect to the protected invention. Such possession is deemed to exist if the technical teaching of the invention is objectively completed and if it is subjectively recognized that the actual implementation of the invention is possible. The latter is indicated if the action taken is methodically aimed at the realization of a technical teaching realizing all features of the subject-matter according to the invention.

In the case at hand, the plaintiff filed an infringement complaint with the District Court Dusseldorf based on a utility model against a manufacturer of a pharmaceutical who manufactures its product in Austria and markets it also in Germany. The utility model is directed to a composition comprising Desmopressin which is inter alia delimited by the feature that the level of oxidants is equal to or below 15 parts per million (ppm). In first instance proceedings, the defendant successfully referred to its right of prior use, since it marketed the composition as claimed only three months after the priority date of the utility model which required preparing measures before the priority date such as the application for a marketing authorisation in Germany or a distribution agreement with a sales partner.

During appeal proceedings, the plaintiff limited its claims in auxiliary requests to compositions having inter alia a level of oxidants of less than 5 ppm. The plaintiff argued that it had been known that the active substance Desmopressin is susceptible to rapid degradation leading to a reduced storage life of the pharmaceutical. With the finding that it is the presence of “carryover” oxidants which are responsible for the degradation of Desmopressin, the problem of overcoming limited storage life would have been solved by the provision of a pharmaceutical composition having a level of oxidants of 15 ppm or less. The plaintiff alleged that the defendant did not know about the correlation between the contained oxidant level
and Desmopressin degradation/storage life time and, thus, disputed that the defendant was in possession of the invention. As a result, the appeal of the plaintiff was rejected.

The Federal Supreme Court now confirmed the appeal decision stating that the possession of an invention as required for a right based on prior use pursuant to Section 12 (1) German Patent Act is deemed to exist if the technical teaching of the invention is objectively completed and if it is subjectively recognized that the actual implementation of the invention is possible. This is the case if the technical teaching is applied repeatedly, i.e. if the technical teaching is methodically aimed at the realization of the technical teaching, as opposed to realizations during an experimental stage or if the realization is merely achieved “by chance” in only some instances.

However, it is not required that the acting person has knowledge of advantageous effects exceeding the finding of the asserted realizability of the invention, i.e. knowledge of any effects that are not reflected in the claims. Consequently, the Court finds that the defendant would have been in the possession of the invention, since the defendant already decided before the priority date of the utility model on the exact formulation of the pharmaceutical, which inevitably and reliably also leads to a level of oxidants according to the invention of 3.8 ppm (i.e. below 15 ppm or 5 ppm). A positive knowledge of the fact that the level of oxidants may not exceed 15 ppm or 5 ppm, due to the positive effect of such formulations with a low level of oxidants on the storage life of a composition comprising Desmopressin, was not required.

Remarks

With its decision the Federal Supreme Court defines one of the previously established requirements for assuming possession of an invention with respect to the right based on prior use – namely that the technical teaching must be subjectively recognized such that the actual implementation of the invention is possible. According to the Federal Supreme Court, this criterion requires (only) that the implementation of the technical teaching is indeed aimed at the methodical realization of said technical teaching. The same applies with respect to another well-established prerequisite – namely that the acting person knows about the relationship of cause
and effect. A good indication for this is that the teaching is realized in a repeated manner.

Moreover, the decision at hand highlights the importance and scope of prior use rights, since in fact the complaint was not only directed against the manufacturer of the pharmaceutical but also to its sales partner in Germany. The Federal Supreme Court upheld the decision to reject the complaint also with respect to the sales partner. In this regard, the Court emphasized that the right based on prior use is of broad nature and is not limited in quantity. Thus, said right based on prior use extends to any subsequent distributor and allows establishing a sales network with, if intended, several sales partners.

Reported by Dr. Axel B. Berger
On permissible repair and non-permissible reconstruction in case of replacement of spare parts by a competitor (Palettenbehälter II/Pallet Container II)

The established case law of the Federal Supreme Court on the distinction between repair and reconstruction in cases of indirect patent infringement applies to direct infringement as well. Regarding replacement of spare parts, it is decisive for finding infringement whether such parts are usually expected to be replaced during the life of the product, i.e. whether their replacement is regarded as a usual means of conservation and whether such replacement does not change the identity of the complete product as a marketable economic asset.

The plaintiff produces and distributes pallet containers in accordance with claim 1 of the patent-in-suit. Defendants offer to third parties refurbished pallet containers, which have initially been put on the market by the plaintiff, having removed the original inner containers of the pallet containers and replaced them with similar inner containers of their own production.

The Federal Supreme Court held that the decision of the Munich Appeal Court is legally defective and must be set aside, because the Munich Appeal Court did not accurately apply the following legal principles:

The defendants’ act of refurbishing pallet containers may constitute patent infringement if, in this regard, the plaintiff’s patent right is not exhausted. According to the established case law, the patent holder’s exclusive right is exhausted regarding patented products that have been put on the market with his consent. Therefore, the purchaser of such products is entitled to use them and to sell or offer them for sale to third parties. In the case at hand, the Federal Supreme Court outlined that not only a purchaser but also the defendants having refurbished the respective device may generally benefit from the doctrine of exhaustion, and might therefore use and resell the respective device, because such entitlement is not based on a contractual granting of rights by the patent holder and
is therefore restricted to the purchaser; rather, in case of exhaustion of rights, the patent holder is generally deprived of his right to exclude others from the use of the patented invention, with respect to this very product.

The use of a patented invention permitted under the doctrine of exhaustion includes maintenance and re-establishment of usability of the specific product if the function or performance of the specific product is impaired, or lost in whole or in parts by wear or damage, or on other grounds. However, if the measures taken do not maintain the identity of the product put on the market with the patent holder’s consent, but in fact amount to a “making again” of the patented product, such measures would exceed the defendants’ right to use and would thus constitute patent infringement.

Thus, in the case at hand, the decisive question is whether replacing the inner container amounts to making a new pallet container. In this respect, according to established case law regarding the replacement of spare parts, the issue of maintaining the identity of the refurbished device, or making a new device, can only be determined in the light of the subject matter of the invention and, by way of a balancing of the legitimate interest of the patent holder in a commercial exploitation of the invention, on the one hand, and the interests of the purchasers in an unrestricted use of the patented product put on the market, on the other hand.

The Federal Supreme Court outlined that primarily it must be assessed whether the replaced parts are usually expected to be replaced during the working life of the product according to the prevailing understanding of the public, meaning the legitimate expectations of the purchasers of such containers. If not, the replacement amounts to “making the product again” and, thus, to patent infringement, even if the replaced parts do not reflect the technical effects of the invention. If the respective parts are expected to be replaced, generally, the replacement does not amount to “making the products again”, it does not constitute patent infringement, unless the replaced parts do reflect the core of the invention. In the latter case, the patent is infringed, since the technical and economic advantage of the invention is realized again. In summary, the Federal Supreme Court emphasized that the understanding of the public is the first key aspect, and that technical aspects are only relevant as a corrective for finding infringement if, according to the understanding of the public, there was no patent infringement.
Remarks

With “Palettenbehälter II”, the Federal Supreme Court continues its case law on the distinction between repair and reconstruction established in the decision “Flügelradzähler” (GRUR 2004, 758; English translation in IIC 2005, 963) and further elaborated in “Laufkranz” (GRUR 2006, 837) and “Pipettensystem” (GRUR 2007, 769). Whereas these were all cases of indirect infringement, in which the respective patent holders attacked suppliers of spare parts, in the case at hand, the established principles are applied to direct infringement by a competitor.

The mere fact that, in the course of the last eight years, there have been as many as four judgments on the distinction between repair and reconstruction by the Federal Supreme Court shows the practical importance of this issue. Patent holders and purchasers of patented products are therefore well advised to include terms and conditions into their sales agreements as to purchasers’ right to repair and refurbish. This is all the more so, because the Federal Supreme Court’s ruling in “Palettenbehälter II” – in particular regarding the case-by-case balancing of interests and the difficulties of determining the prevailing understanding of the public – does not in every case provide for an adequate amount of legal certainty.

*Reported by Michael Kobler*
On injunctive relief and deletion of allegedly pejorative anti-competitive statements in a patent disclosure (Fischdosend-eckel/Lid for fish cans)

A third party not involved in the grant proceedings of a patent may not exert any influence on statements in the patent disclosure, neither during grant proceedings nor during opposition or nullity proceedings. In particular any exertion of influence on the patent disclosure by decisions of civil courts is prevented by German Patent Law.

The defendant, a manufacturer of lids for fish cans, submitted on September 24, 1993 a German patent application DE 43 32 545 regarding a novel tear-off lid made of sheet metal for fish cans. The patent was granted in June 2002 and the patent disclosure was published in December 2003. In the introduction of the patent disclosure the known prior art was described. In this context, a specific European patent EP 0 263 736 of the plaintiff was named and described to have certain disadvantages. Further, it was described in the introduction of the patent disclosure that the object of the invention for which protection was sought is to provide a novel tear-off lid for fish cans not having the disadvantages of the lid as described in the plaintiff’s European patent.

The plaintiff regarded the statements made by the defendant in the patent disclosure with respect to its lid to be pejorative and, in particular, anti-competitive, such that the statements would constitute a violation of German unfair competition law. Hence, the plaintiff was of the opinion that this violation would entitle it to claim injunctive relief for the pejorative statements and demand deletion of these statements from the patent disclosure.

Accordingly, the plaintiff filed a complaint with the Dresden District Court – which is a civil court of first instance – requesting injunctive relief for the pejorative statements in the patent disclosure and that the defendant
be obliged to file a request with the German Patent and Trademark Office for deletion of the pejorative statements in question.

In a decision dated November 18, 2005, the Dresden District Court decided on the basis of an expert opinion that the statements used in the patent actually represented a violation in the sense of the law against unfair competition, thus ruling in favor of the plaintiff. This decision was appealed. However, in its decision dated January 16, 2007 also the Dresden Appeal Court ruled in favor of the plaintiff.

The defendant filed an appeal based on points of law with the German Federal Supreme Court against this decision. The appeal on points of law was successful and the former decisions of the Dresden District Court and the Dresden Appeal Court were overruled.

The German Federal Supreme Court confirms in the decision the exclusivity of the applicant/patentee according to German Patent Law in the role as being the only eligible party to request amendments of the disclosure of the patent during grant proceedings as well as during opposition and nullity proceedings. Hence, in this respect the German Patent Law imposes a barrier effect on any influence a third party may want to exert. The German Federal Supreme Court highlighted that this barrier effect also extends to decisions of ordinary courts, which in this respect have no jurisdiction to exert influence on the patent disclosure.

Remarks

The decision of the Federal Supreme Court emphasizes that a third party not involved in the grant proceedings of a patent has "de facto" – because of the barrier effect of German Patent Law – no influence on the patent disclosure. However, the decision should not be seen as a “wild card” for using patent disclosures as new marketing tools in order to discredit products of competitors on purpose. In particular, since the Federal Supreme Court has left the question unanswered how it would have ruled if the statements were evidently wrong – also from a non-expert perspective – or if their only purpose was to discredit a competitor. In this case, the Federal Supreme Court highlighted that a special complaint may be successful. Further, it must be emphasized that while the German Patent Law exerts
a barrier effect and does not include *a priori* a regulation which prohibits pejorative anti-competitive statements to be included in the patent disclosure, this is different according to the European Patent Convention, which clearly states in Rule 48 (1) (b) that such pejorative anti-competitive statements are prohibited for European patent applications.

*Reported by Dr. Patrick Daum, M.Sc., B.Sc*
The longer a defendant in patent infringement proceedings waits with the filing of a corresponding nullity complaint, the less likely it is that the patent infringement proceedings will be stayed.

On August 29, 2000 the plaintiff had submitted European patent application EP 1 211 197 regarding an air-conditioned cabinet. The patent was granted in June 2002 and the patent disclosure was published in February 2003.

According to the allegations of the plaintiff, the defendant, who produces and offers different types of air-conditioned cabinets, made unlawful use of the teachings of the aforementioned patent. In consequence, the plaintiff filed a patent infringement complaint with the Dusseldorf District Court requesting injunctive relief, disclosure of information and rendering of accounts as well as a ruling that the plaintiff is generally obliged to pay damages. The defendant opposed the complaint, arguing a right of prior use.

In a decision dated August 10, 2006, the Dusseldorf District Court decided that the air-conditioned cabinets as produced and offered by the defendant make use of the technical teaching of the patent-in-suit. However, the defendant had a right of prior use, on the basis of which the court ruled in his favor. This decision was appealed. On April 8, 2010, the Dusseldorf Appeal Court decided that no right of prior use was given since, at the priority date of the patent, the defendant was still only at the development stage and would have not been able to produce the air-conditioned cabinets if a knowledge transfer had not occurred. Hence, the requirements as set forth by German Patent Law concerning the right of prior use were not fulfilled. Consequently, the Appeal Court ruled in favor of the plaintiff. An appeal on points of law was not admitted.
Against the denial of leave to appeal on points of law, the defendant filed an appeal against denial of leave to appeal with the German Federal Supreme Court. At a later point in time, the defendant also filed a nullity complaint with the German Federal Patent Court, nearly eight months after the decision of the Dusseldorf Appeal Court. With regard to this nullity complaint, the defendant requested before the Federal Supreme Court a stay of the infringement proceedings until a final decision was rendered in the nullity proceedings pending with the Federal Patent Court.

The possibility of staying ongoing patent infringement proceedings – throughout all instances – when a corresponding nullity complaint is pending, accounts for the bifurcated system in Germany, according to which decisions on the validity of a patent are rendered in separate (parallel) nullity proceedings by the Federal Patent Court and the Federal Supreme Court – and not by the courts hearing the infringement case. However, according to the regulations set forth in the German Code of Civil Proceedings regarding the staying of proceedings, it is in the discretion of the respective court in front of which the patent infringement proceeding is pending, whether or not to stay the proceedings until a final decision is rendered in the nullity proceedings. Thereby, the court has to consider, on the one hand, the interest of the defendant not to be adjudged for infringement of a potentially invalid patent, but on the other hand, the court also has to consider the interest of the plaintiff to get a timely and final decision.

In the present case, the Federal Supreme Court ruled in favor of the plaintiff and emphasizes in its *ratio decidendi* that the interest of the plaintiff becomes more predominant the later in the proceedings the defendant files a corresponding nullity complaint; this, however, is not applying in cases in which it is clear that the nullity complaint will be successful. However, in the present case such clarity was not given. Furthermore, it took the defendant nearly eight months after the decision of the Dusseldorf Appeal Court to file a corresponding nullity complaint. Hence, the Federal Supreme Court had to rule in favor of the plaintiff on the basis of the aforementioned weighing of conflicting interests.
Remarks

The decision of the German Federal Supreme Court emphasizes the importance for the defendant to file a nullity complaint in due time during patent infringement proceedings. The filing of a nullity complaint must not be considered a measure of last resort. It is recommended to carefully assess the chances and risks of filing a nullity complaint, at an early stage of the patent infringement proceedings, since filing the nullity complaint at a later stage may increase the likelihood of the patent infringement proceedings not being stayed by the competent court.

Reported by Dr. Patrick Daum, M.Sc., B.Sc.
On the entitlement to compensation for an employee invention (Ramipril II)

An inventor is entitled to compensation for an employee invention even if this invention has an economic relevance due to one element which was added to the patent application by way of a contribution of another person and was not part of the employee invention report of the inventor.

The plaintiff is co-inventor of two employee inventions. The inventor reported these inventions to the defendant – the employer of the plaintiff – and the defendant claimed the inventions in accordance with the German Act on Employee Inventions. Due to this claiming, the employer obtained the rights to the inventions, but in exchange he has the obligation to pay a reasonable compensation based on the value of the invention. Such a value exists, for example, when the employer offers a product in accordance with the invention, licenses the invention and/or uses the invention to prevent competitors to produce or offer a certain product.

The second of the two employee inventions relates to a composition for a topical application having anti-androgenic actions for medical adhesive plasters. The composition comprises at least one physiologically tolerated film-forming agent, at least one physiologically tolerated solvent, at least one plasticizer and a compound of the formula I as shown in the published German patent application DE 198 48 856 A1. This composition could be combined with a blood flow-promoting compound. According to the subject-matter of dependent claim 8 of the patent application, amongst others, ramipril, could be used for this purpose.

With respect to the second invention, the defendant filed patent applications in Germany and in the US. The US patent application was mentioned, amongst others, in a license agreement of December 1998 with a US company, valued 362.5 Million US-Dollars. The plaintiff, upon discovering this license agreement, asked the employer in February 2000 for employee compensation.
In May 2000, the US company and the defendant agreed to exclude the respective US patent application from the license agreement, however, with the condition that

- the defendant shall exclude in any future license agreement the right to sell products with the same composition of ramipril as offered by the US company and
- nobody shall be allowed to sell in the US adhesive plasters containing ramipril or other topical compositions having as main ingredient ramipril.

The plaintiff filed a complaint for employee compensation for both employee inventions. In a decision dated March 19, 2009, the Frankfurt Appeal Court had decided that the plaintiff does not have a right for compensation for the second invention. Due to the license agreement, there would only be an obligation by the defendant for paying compensation, if ramipril was an – optional – part of the composition according to the invention. However, ramipril was not mentioned in the employee invention report of the plaintiff and is therefore regarded as not being part of his invention.

Against this decision, the plaintiff filed a revision with the German Federal Supreme Court. The revision was successful.

The German Federal Supreme Court confirms in the decision that the basis for the compensation is the reported invention. However, according to the decision, this does not mean that no compensation has to be paid, if one element has an economic relevance which was added to the patent application due to the contribution of another person and was not part of the employee invention report of the inventor.

For the present case, in which the contribution of another person is defined by the subject-matter of a dependent claim (subject-matter of dependent claim 8 which refers to independent claim 1), this means there still arises an entitlement to compensation, because if someone uses the subject-matter of dependent claim 8, he will definitely use also the subject-matter of independent claim 1, which was described in the employee invention report of the plaintiff.
Therefore, the Federal Supreme Court has referred this decision back to the Frankfurt Appeal Court.

**Remarks**

This decision of the Federal Supreme Court confirms that an invention made jointly by several co-inventors has to be regarded as one invention. Therefore, each co-inventor is entitled to compensation. For the calculation of the compensation, the contribution of each co-inventor is taken into account. However, this calculation considers the individual contributions percentagewise, considering the invention as a whole and not as specific pieces formed by a combination of features defining the invention. Hence, the decision shows that an invention has to be taken into account as a whole for calculating the compensation by the employer, with no cherry picking by the employer being allowed.

*Reported by Martin Hohgardt*
On the consequences of omissions and mistakes in the translation of a foreign-language patent application (Polierendpunktbestimmung/Polishing End Point Detection)

Omissions and mistakes in the German translation of a patent application filed in a foreign language can be corrected anytime and do not lead to a loss of the filing date.

At the German Patent and Trademark Office (GPTO) patent applications can be filed that are not written in the German language. The applicant thus saves the filing date for the technical disclosure content of his foreign-language application. However, a German translation must be filed within three months after the filing of the foreign-language application which then becomes the basis of the further examination procedure. In the present case, the Federal Supreme Court decided on the consequences which omissions and mistakes in the German translation may trigger.

In the case to be decided by the Federal Supreme Court the GPTO had ruled that a foreign-language patent application was to be deemed as not filed if later (after the three months period) the translation showed any omissions. The omissions became manifest in that only 12 of the 26 claims of the foreign-language application were entirely translated. The legal fiction of the non-filed application – that is the denial of the filing date – is provided for by the law (Section 35 (2), p. 2 German Patent Act) in case of a translation not duly filed within the three months period. The GPTO had therefore equated an incomplete translation with a missing translation.

In the reported decision the Federal Supreme Court found that such conduct was contrary to the spirit and purpose of the law, since by Section 35 German Patent Act the non-German applicant was explicitly given the possibility to safeguard the disclosure content of his foreign-language application. The foreign applicant should not be forced to file a priori in the German language, because in this case, he would expose himself to the danger of losing technical disclosure content which could be missing later, if the case may be, for delimitation vis-à-vis the prior art. On the other
hand, it would not make sense to first give the possibility to the applicant to save his filing date for his foreign-language application, and to then deny that filing date if the subsequently filed translation is faulty. Consequently, according to the Federal Supreme Court, an incomplete or faulty translation is not to be equated with an entirely missing translation.

The Federal Supreme Court does not find the minimal requirements for the translation to be higher than for the foreign-language application itself. These minimal requirements are: the name of the applicant, an application for grant and – at least the appearance of – a description. The law does not require any patent claims for the granting of an application date. If the above preconditions for a translation are fulfilled, the legal fiction of the non-filed application does not apply, which means that in the case to be decided by the Federal Supreme Court the claims missing in the translation did not result in the loss of the application date.

Remarks

The decision is very welcome since it clarifies that omissions or mistakes in the translation of patent applications not filed in the German language are not legally detrimental. Such omissions and mistakes do not lead to a loss of the application date and can be corrected at any time during the application proceedings. The decision is also in line with an earlier judgement of the Federal Supreme Court. In its decision “Nabenschaltung II” (Gear Hub II) of March 18, 2010 – Case Xa ZR 74/04 – the Court had determined that omissions in the German translation of a European Patent do not lead to the patent not having effect for the Federal Republic of Germany – a legal consequence which the law provides for the case that no translation whatsoever was filed with the GPTO. Some instance and appeal courts had decided earlier that even marginal omissions in the translation lead to ineffectiveness of the European Patent. Fortunately, the Federal Supreme Court has stopped this practice with the afore-said decision, ruling that omissions are to be regarded as mistakes which do not lead to the legal consequence of ineffectiveness – a view which the Court consequentially holds with the presently reported decision concerning application procedures before the GPTO.

Reported by Dr. Christian Haupt
On the patentability of a claim depending on a non-patentable claim (Sensorenanordnung/Sensor Arrangement)

If the subject-matter of a claim in a patent turns out to be not patentable, this does not automatically also render the subject-matter of a claim depending on that claim not patentable.

In the decided case the defendant was the proprietor of a European Patent (“patent-in-suit”) that was granted also with effect for the Federal Republic of Germany and which related to a sensor arrangement for crash detection in automobiles. The plaintiff had filed a nullity suit at the Federal Patent Court and requested a declaration of nullity of the patent-in-suit in its entirety based on an alleged lack of inventive step. During the nullity proceedings the patent-in-suit was defended in an amended version, which contained an amended main claim 1 and claims 2 and 3 depending therefrom, as well as claims 4 – 7 depending directly or indirectly from claim 3. The Federal Patent Court maintained patent claims 1 and 2 as defended and declared the patent-in-suit null and void beyond these claims.

The Federal Supreme Court confirmed the Federal Patent Court’s finding. However, it found that the Federal Patent Court, while achieving the same result, had erroneously justified the nullity of dependent patent claims 4–7 merely with the nullity of patent claim 3 to which they refer. According to the Federal Supreme Court’s decision, if the subject-matter of a claim (here claim 3 in a granted patent) turns out to be not patentable, this does not automatically also render the subject-matter of a claim depending from it (here claims 4 – 7) not patentable. However, the patent is to be declared null and void also with respect to the attacked dependent claim (here claims 4 – 7), if it is neither asserted nor otherwise apparent that the additional features would lead to a different judgment regarding patentability.
Remarks

The present decision is a good example of the established practice in German patent nullity proceedings according to which the invalidity of a particular claim does not already by implication also render a related dependent claim invalid. However, the proprietor is nevertheless well advised to expressly assert and argue in sufficient detail the patentability of relevant dependent claims.

Reported by Michael Platzöder
On obviousness of improvements of data structures provided in an international standard (E-Mail via SMS)

A skilled person concerned with selectively improving a data structure provided in an international standard normally feels compelled to make recourse to mechanisms already envisaged by the standard for solving the technical problem. If an assessable number of possible problem-solving approaches arise from the standard, each of which has specific benefits and drawbacks, as a rule good cause is given to take each of these approaches into consideration.

The patent in suit, EP-B-1243107, was granted by the European Patent Office for Germany as a designated state and related to a method for transmission of electronic mail messages using an SMS short message service. According to the GSM standard, such transmission of internet e-mails via SMS is already foreseen by adjusting a protocol identifier in the header information of the SMS in order to indicate that an internet e-mail is transmitted by the SMS. The data portion of the SMS then starts with the destination address of the e-mail which is separated from the e-mail contents by a blank. As an option, the standard supports the designation of plural destination addresses separated by commas and the data fields “subject” for indicating the title of the e-mail, and “real name” for indicating the actual name of the sender. These data fields are separated by parentheses or special characters. However, not all header data fields used for e-mails and specified in the internet standard RFC 822 for text messages can be reproduced with the data fields provided in the SMS standard. For instance, in the SMS standard there is no counterpart for the header data field “cc” (carbon copy) used in e-mails for informing additional addressees. The patent in suit therefore proposes a method allowing the transmission of further data fields provided in RFC 822 via SMS and thus facilitating transmission if different service providers for e-mails and SMS are involved.
According to the invention, the SMS data structure is modified in that

– the presence of plural data fields in the data portion, comprising the address and/or identification data, is indicated in a user data header information;
– the presence of the user data header information is indicated in a “second” header information;
– the plural data fields are transmitted within the data portion of the SMS, but outside of the user data and second header information, and
– the presence of plural data fields is indicated by means of an identifier in the user data header information, specifying a value which is allocated in compliance with an allocation table for RFC 822 addressing, according to which the address and/or identification data are given in the data portion.

The Federal Supreme Court (Bundesgerichtshof) confirmed the revocation of the patent in first instance by the Federal Patent Court (Bundespatentgericht) in a nullity case.

In its opinion, the subject matter of claim 1 as granted only differed from the SMS standard by providing user data header information indicating the presence of plural data fields and “second” header information indicating the presence of the user data header information. In the SMS standard, the data used for e-mail addressing are not transmitted within the user data header information and its associated structure, but within the following payload. Furthermore, a value indicating the presence of RFC 822 address data is not defined in the SMS standard.

A skilled person, an engineer in telecommunications, would have realized that the data structure defined in the SMS standard was not suitable to reproduce all data fields provided in the RFC 822 standard. This fact would have prompted a skilled person to look for ways to transmit this information, or at least part of it like the frequently used “cc”-field, in a structured form within an SMS.

For achieving this goal, it was obvious to use the mechanisms already provided in the SMS standard. In accordance with these mechanisms, three alternatives came into consideration:
(i) further data might be introduced into the data portion ahead of the blank indicating the beginning of the payload;

(ii) the user data header information optionally provided in the SMS standard could have been used by expanding the list of indicator values; and finally,

(iii) a distribution of the data between the user data header information and the payload was conceivable as already suggested in the SMS standard in a slightly different context.

None of these alternatives was distinguished as preferable by the prior art since all approaches had specific benefits and drawbacks. Hence, it would have been obvious to expand the arrangement of address and identification data in the data portion of the SMS so that further data fields provided in RFC 822 could be included, thereby using the approach adopted in the SMS standard for the fields “subject” and “real name”, i.e. arranging the data at the beginning of the payload and separating them by specific special characters.

When pursuing this approach, the remaining task only amounted to distinguishing a short message of the newly defined type from one using conventional addressing. For the solution of this partial problem, an assessable number of possibilities were also available from the SMS standard. Theoretically, a further value indicating an “RFC 822 mail” might have been included in the header data of the short message. As an equivalent alternative, the standard classification as an “internet electronic mail” could be retained and a distinguishing criterion could be added at a logically lower layer, obviously in the user data header information principally allowing the definition of any data fields.

Since similar objections were raised against the auxiliary requests, the patentee's appeal was dismissed for lack of inventive step.
Remarks

The revocation of the patent was confirmed by the Federal Supreme Court on the basis of a lengthy and somewhat involved argument in respect of obviousness. It is, however, remarkable that issues of “technical character” and/or “statutory exclusion” were neither raised by the parties nor by the Federal Supreme Court. Although the claimed subject matter relates to a method of transmitting e-mails via SMS, it in fact concerns the modification of a data structure (or preferably a “data format”) provided in the SMS standard, i.e. the provision and allocation of data fields in the binary header/payload configuration of a standard short message so that further addressing options become feasible and transmission between different service providers is facilitated. In the present case, this has explicitly been accepted by the Court as the “technical problem” without any further qualification. Of course, the SMS and e-mail formats are specifically adapted to the properties of the respective telecommunication systems and reflect those properties which ultimately structure any transmittable piece of information. In this sense, such formats are certainly of a technical nature, they contribute to the solution of the “concrete technical problem” of electronic information exchange among separate networks and should thus be patent-eligible subject matter in Germany.

Reported by Dr. Stefan V. Steinbrener
Trademark Law

ZAPPA

Prerequisites and scope of trademark protection of a dead celebrity’s name – Genuine use and use of a variation (ZAPPA)

The Federal Supreme Court finds that use of a dead celebrity’s last name as a domain name will in general be perceived as a generic reference to the decedent and not as a trademark. The Court also finds that use of “ZAPPA Records” is not use of “ZAPPA”.

The case concerns the protection and enforcement of trademark rights in the last name of Frank Zappa, the world famous musician, artist, producer and film director who died in 1993. The plaintiff, a US trust in charge of Frank Zappa’s estate (“The Zappa Family Trust”), is the owner of Community Trademark (CTM) 1933944 "ZAPPA", registered since August 1, 2002, *inter alia* covering merchandizing, sound recordings and entertainment services. The plaintiff also owns German trademark 2095671, registered since April 26, 1995, covering clothing and footwear, comprising a depiction of Frank Zappa’s moustache and chin beard. Further to that, the plaintiff runs the website www.zappa.com, providing information about Frank Zappa and his son Dweezil Zappa. On this website a link refers to another website, *inter alia* offering sound recordings of Frank Zappa of the record label “Zappa Records”, also owned by the plaintiff.

The first defendant is a German non-profit organization. The purpose of the association is the memento of the music of the 60s, in particular of “Frank Zappa and the Mothers of Invention” (Frank Zappa’s band). It organizes the annual music festival “Zappanale” since 1990 and offers sound recordings and films of the music festival as well as merchandizing (*e.g.*, clothing and headgear), comprising the term “Zappanale” and a depiction of Frank Zappa’s moustache and chin beard. The second defendant is the owner of the domain www.zappanale.de. This website comprises information on the festival “Zappanale” and a web store offering respective merchandizing.
Trademark Law

The plaintiff sued the defendants for trademark infringement. The defendants *inter alia* argued that the trademarks-in-suit had not been put to genuine use and, by way of counterclaim, challenged the validity of the CTM.

The Court denied trademark infringement because the asserted trademarks of the plaintiff have not been put to genuine use. The Court found that the name of a celebrity definitely serves to differentiate the person from others; however, it does not automatically function “as a trademark”, *i.e.*, as an indication demonstrating that the goods and services offered under this name originate from the same or economically related undertakings. As regards use of the domain www.zappa.com, the Court held that it would not be perceived as a trademark, but rather as a generic reference to the person Frank Zappa and, thus, was not applicable to demonstrate genuine use of the sign-in-suit. As regards use of “Zappa Records”, the Court held that the second part (“Records”) significantly influenced the overall impression of the sign and therefore was not applicable to demonstrate genuine use of the sign-in-suit either. Given that the plaintiff also failed to prove that the “Zappa-beard” trademark had been put to genuine use, the Court confirmed the Appeal Court’s decision, which ordered revocation of the CTM and rejected the plaintiff’s claims completely.

Remarks

The Court’s assumption that “Records” would significantly alter the distinctive character of the CTM “Zappa” is interesting, because it appears generally accepted that use of a trademark together with a generic indication such as a product name (*e.g.* “XYZ Beer” is sufficient to maintain rights in the mark “XYZ”). However, in this case, the Court found that “Records” would lead to consumer’s perception of “Zappa Records” as a company name, whereas “Zappa” alone, as stated above, would be merely descriptive of the person Frank Zappa.

The decision reveals common problems of dead celebrities’ heirs in protecting and enforcing the deceased’s name rights. Name rights of dead celebrities are not a self-fulfilling prophecy, automatically arising and remaining through time. To the contrary, heirs have to develop strategies
Trademark Law

how to commercialize name rights, taking into account the particularities of trademark law. It is of utmost importance to ensure use of the name “as a trademark”. Depending on the labeling practice, this is possibly uncritical in respect of merchandizing, but more difficult in respect of sound recordings and organization of music events. Consequently, sophisticated license agreements with producers and distributors are helpful.

However, even when alive, celebrities have to evaluate carefully and thoroughly how to realize trademark rights in their names.

Reported by Dr. Philipe Kutschke
The two lawsuits concern the question of who has to prove that products are original or counterfeits, and who has to prove that the products have been put on the market within the territory of the European Economic Area with the consent of the trademark holder.

The claimant sued the defendant for distribution of alleged counterfeits.

In the first proceeding, the defendant argued that the products concerned, the world-famous shoe “Converse All Star Chuck Taylor”, originate from the claimant and that its trademark rights were exhausted. The Federal Supreme Court found that, in this respect, the burden of proof generally rests with the defendant. However, the claimant, arguing that these products were counterfeits, has to present indications or circumstances that allow this conclusion. In the present case, the claimant had met these prerequisites. As regards the allegation that the products were put on the market in the European Economic Area with the consent of the trademark holder, the burden of proof also generally rests with the defendant. However, if the trademark holder maintained a selective distribution system that prevents cross-border distribution of the products within the territory of the European Economic Area, and if that system could lead to foreclosure of the market in case the defendant discloses the supply chain, the burden of proof rests on the claimant. In the present case, the court found that there exists no danger of foreclosure of the market.

In the second case, the claimant argued that the products concerned (again, the shoe model “Converse All Star Chuck Taylor”) were put on the US market by the holder of the trademark rights. The defendant argued that the rights holder had put the products concerned on the market within the European Economic Area and that he had received the prod-
ucts from a former Slovenian distributor of the claimant. Given that it was a former distributor of the claimant and not a current distributor, the court found that there was no danger of foreclosure of the market, because the claimant had no possibility to influence the “delivery behavior” of the Slovenian distributor in the future.

As a consequence, the claimant succeeded in both proceedings, because the defendants failed to provide proof that the products had been put on the market in the European Economic Area with the consent of the trademark holder.

Reported by Dr. Philipe Kutschke
Call for clarification from the Court of Justice of the European Union on standards for establishing, challenging and enforcing unregistered and registered Community design rights (Gartenpavillon/Garden Pavilion)

On August 16, 2012, the German Federal Supreme Court issued a decision, referring six questions with a number of sub-questions to the Court of Justice of the European Union for a preliminary ruling, related to the establishment, validity and enforcement of an unregistered Community design right, some of which are applicable to all design rights, including registered Community designs. The questions and sub-questions read as follows:

1. Is Article 11 (2) CDR to be interpreted as meaning that, in the normal course of business, a design could reasonably have become known to the circles specialised in the sector concerned, operating within the European Union, in the case where images of the design were distributed to traders?

2. Is the first sentence of Article 7 (1) CDR to be interpreted as meaning that a design could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, in the case where
   (a) it is made available to only one undertaking in the specialised circles, or
   (b) it is exhibited in a showroom of an undertaking in China which lies outside the scope of normal market analysis?

3. a) Is Article 19 (2) CDR to be interpreted as meaning that the holder of an unregistered Community design bears the burden of proving that the contested use results from copying the protected design?
   b) If Question 3 (a) is answered in the affirmative: Is the burden of proof
reversed or is the burden of proof incumbent on the holder of the unregistered Community design eased if there are material similarities between the design and the contested use?

4. a) Is the right to obtain an injunction prohibiting further infringement of an unregistered Community design, provided for in Article 19 (2) and Article 89 (1) (a) CDR, subject to limitation in time?
b) If Question 4 (a) is answered in the affirmative: Is the limitation in time governed by European Union law and, if so, by which provision?

5. a) Is the right to obtain an injunction prohibiting further infringement of an unregistered Community design, provided for in Article 19 (2) and Article 89 (1) (a) CDR, subject to forfeiture?
b) If Question 5 (a) is answered in the affirmative: Is the forfeiture governed by European Union law and, if so, by which provision?

6. Is Article 89 (1) (d) CDR to be interpreted as meaning that claims for destruction, disclosure of information and damages by reason of infringement of an unregistered Community design which are pursued in relation to the entirety of the European Union are subject to the law of the Member States in which the acts of infringement were committed?

This reference for a preliminary ruling includes questions and sub-questions concerning three different areas of unregistered Community design rights, namely questions of establishing (Q 1), challenging (Q 2) and enforcing such rights (Q 3 – 6). More precisely, Q 3 – 6 relate to the issue of demonstrating infringement of an unregistered Community design right (Q 3), possible defences against infringement (Q 4 – 5) and the scope of accessory claims for destruction, information and damages asserted EU-wide due to an infringement of an unregistered Community design (Q 6). The answers to Q 2, 4 – 6 will have impact also on the law of registered Community designs (in addition to that, Q 2 will influence national design law schemes in Europe as well) while responses to Q 4 – 6 will impact also the law of Community trademarks because the applicable provisions in the Community Designs Regulation and the Community Trademark Regulation are more or less the same. It will be interesting to see whether and how the Court of Justice will find a way to provide more clarity, which is clearly needed.

Reported by Dr. Henning Hartwig
Further guidance on how to test infringement of a Community design (Weinkaraffe/Wine Decanter)

On March 8, 2012, the German Federal Supreme Court gave further guidance on how to deal with deviating representations of a Community design being asserted against a later device.

The claimant sought a judgment of infringement on the basis of its registered Community design which consisted of the following representations against the following product:

The Court, firstly, found that a distinction must be made between the subject matter of a registered design and its scope of protection. The subject matter must be taken from the various views of the appearance of the whole or a part of a product resulting from the application as filed. Different as well as inconsistent representations of a Community design do not establish different subject matters; rather, each design application constitutes one subject matter. However, inconsistencies in representing one subject matter require that the Court clarifies the exact identity of such subject matter. This must be done by way of interpretation, including
the (mandatory) indication of the product or the (facultative) description of the design or the (facultative) classification of the product.

Where – as in the underlying case – the various views of the registered design were inconsistent, \textit{i.e.}, showing a base in one representation but not in another, it is appropriate to limit the specific subject matter to the greatest common subset, \textit{i.e.}, including those features that can be seen from all the different views.

Turning to the infringement test, \textit{i.e.}, whether the accused device produces the same overall impression on the informed user as the asserted Community design, the Supreme Court confirmed the findings of the lower instance finding non-infringement due to the fact that the asserted design is characterized also by its base which is missing in the accused design.

In this context, the Supreme Court held that the asserted design’s scope of protection cannot be reduced to the appearance of a wine decanter without a base, \textit{i.e.}, to limit the design as such to only a part of the representation. The reason is that a registered Community design disclosing the appearance of the whole of a product per se does not provide protection (also) only for a part. If the holder seeks establishing such a partial protection, he is permitted to do that by making a specific claim to a part of a product which is permitted under Article 3 lit a CDR according to which “design” means “the appearance of the whole or a part of a product”.

\textbf{Remarks}

The denial of partial protection was in dispute at least in Germany for many years amongst Appeal Courts such as those in Munich, Hamburg, Hamm and Frankfurt. Now there is clarity in Germany, also in terms of filing strategies – if you wish to claim partial protection you have to file corresponding partial designs.

Interestingly, the Court analyses the case both according to Community design and German design law, even though no protection under German design law was claimed. This also closes any argument that under German design law the result might be different.

\textit{Reported by Dr. Henning Hartwig}
Whether a Community design must be held infringed largely depends on (1) its scope of protection (to be assessed under Article 10 [2] CDR) and (2) whether the later design produces the same “overall impression” (to be decided under Article 10 [1] CDR). Both decisions must be taken separately from each other, according to a most recent landmark decision of the German Federal Supreme Court.

In a Community design infringement action decided by the Dusseldorf Appeal Court in the claimant’s favour, the Federal Supreme Court had to decide whether the appeal court’s test for infringement was proper. Interestingly, the defendant at no time challenged validity of the registered design but asserted more than half a dozen different prior designs to demonstrate that the design-in-suit was narrow in its scope of protection.

In assessing the scope of protection of a design, the degree of freedom of the designer in developing his design shall be taken into consideration, pursuant to Article 10 (2) CDR. According to the Federal Supreme Court, a low “density” of designs and, therefore, a wide degree of freedom of the designer will lead to a broad scope of protection, so that even larger differences in the designs may not result in a different overall impression. Therefore, the distance between the asserted design and each prior design is of utmost importance because this will determine the degree of freedom of the designer. Three sub-lessons can be drawn from the “Pram” decision, as regards the steps in this analysis:

1. Determining the features characterizing the overall impression of the asserted design

2. Comparing the overall impression of the asserted design with the overall impression of each prior design to determine the degree of similarity between both
3. Strictly avoiding comparing individual features of the asserted design with individual features of the prior design

If, as a result, the overall impression of the asserted design with the overall impression of each prior design is “clearly different”, as in the present case, the degree of the scope of protection of the design-in-suit must be considered to be large.

Turning to the second test whether the accused designs (models “Fit” and “Kiss”) fall within the – broad – scope of protection of the design-in-suit (pictured hereafter),

\[\text{i.e., whether the later designs “do not produce on the informed user a different overall impression” (Article 10 [1] CDR), there are, again, three steps to be made:}\]

1. Determining the overall impression of the asserted design
2. Determining the overall impression of the accused design
3. Examining and assessing whether the overall impression is different
Design Law

As to the third step, the Court confirms that both similarities and differences of the designs, *i.e.*, features which are the same and features which are different, must be considered and evaluated (weight and scope). The Court also clarifies that features which keep a particular distance from the prior art do not have a specific weight.

In the case at hand, the Court confirmed the Appeal Court’s conclusion that the features dominating the overall impression of the asserted design are found “in almost identical form” in the infringing design.

Remarks

“Pram” – in line with former case law (*cf.* BARDEHLE PAGENBERG IP Report 2011/V and 2010/V) – extends the test for infringement, establishing a clear two-step approach:

Assessing the scope of protection of a design includes a close – concrete – look at and thorough comparison with each design belonging to the existing design corpus, while judging whether a later design infringes that – abstract – scope of protection (in the sense of “broad”, “normal” or “narrow”) is limited to whether the overall impression of the asserted and accused design is different or not (without considering prior art at that second level). The only interplay is that, due to a broad scope of protection, “even larger differences in the designs may not result in a different overall impression”. However, according to the Federal Supreme Court, whether similarities or differences can also be found in the prior art does not decide on whether the accused and the challenged design produce the same or different overall impression.

This appears to be different from, in particular, U.S. design patent law, pursuant to Egyptian Goddess v Swisa, 543 F.3d 665, 683 (Fed. Circ. 2008): “In the language used by the Supreme Court in Gorham, 81 U.S. at 528, we hold that the accused design could not reasonably be viewed as so similar to the claimed design that a purchaser familiar with the prior art would be deceived by the similarity between the claimed and accused designs, ‘inducing him to purchase one supposing it to be the other’.”

*Reported by Dr. Henning Hartwig*
Administrative contact person of domain name proprietor liable for infringement if domain names are registered on the basis of an automatic procedure (Basler Haarkosmetik/Basler Hair Cosmetics)

In general, a person who is designated by a foreign domain name proprietor to be the administrative contact person at the German domain name registry (hereafter “Admin-C”) is not liable, because of his mere appointment, for infringement of third parties’ rights occurring through domain name registrations. However, the Admin-C is exceptionally liable if he has an obligation to verify the domain name registrations due to special circumstances. This can be the case if the Admin-C declares that he is using his administrative position for an undefined number of future domain name registrations and knows that the registration of these domain names is made by the applicant on the basis of an automatic selection and registration procedure.

In the present decision, the Federal Supreme Court ruled that an Admin-C is generally not liable for potential infringement for the following reasons: First, the domain name applicant has an own responsibility of verifying that the registration and the use of the domain name does not infringe third parties’ rights. In fact, the Admin-C is merely a registered person authorized to accept service for a domain name proprietor who is established abroad. While the guidelines of the German domain name registry confer to the Admin-C the authority to make decisions in the name of the domain name proprietor, the Court concluded that it would be unreasonable to expect the Admin-C to verify all domain name registrations made by the proprietor.

Nevertheless, the Court found the Admin-C to be liable in the present case, finding exceptional circumstances leading to a duty to verify the domain name application, which the Admin-C had not fulfilled. The do-
main name proprietor was established in the U.K., trading with registered domain names. Free domain names were identified and registered via an automatic system. Thus, the proprietor of the domain names was not verifying whether third parties’ rights were infringed. The Admin-C, who was aware of the situation, agreed with the proprietor to be registered as Admin-C for a large and undefined number of future domain name registrations.

While the Court confirmed that the business model of “domain grabbing” was not in itself illegal, it found that the Admin-C had created a risk of infringing domain names being registered by having consented to act as Admin-C for all future domain name applications. Given the fact that the Admin-C was aware of the automatic registration system, he should have verified the applications. As he had failed to do so, the Court found the Admin-C to be liable for damages due to the registration of an obviously infringing domain name.

Remarks

The decision by the Federal Supreme Court confirms previous decisions rendered by German lower instance courts, in so far as there is no general liability of the Admin-C for registrations of infringing domain names. However, this decision admits a far-reaching liability of the Admin-C on the basis of exceptional circumstances. In practice, circumstances which could lead to such liability of the Admin-C can be assessed by German Courts on the following grounds:

It has to be taken into consideration whether the Admin-C has the intention and a personal interest in realizing profits by being appointed as Admin-C. The person might take on the position for the mere reason that the domain name proprietor is established abroad and that the German domain name registry requires an inland Admin-C in order to facilitate enforcement. In this case, the role of the Admin-C amounts rather to a public interest than to a private interest in gaining profit. In consequence it is less likely that a liability will be found.
In addition, courts have to assess the degree of independence of the Admin-C vis-à-vis the domain name proprietor. If the proprietor has given his Admin-C a contractual authority to make independent decisions regarding registrations, the likelihood of liability of the Admin-C rises. Finally, courts will also assess to what extent the infringement of third parties’ rights by registration of a specific domain name is obvious and easily detectable. In case the infringement is only identifiable on the basis of an extensive research and an in-depth analysis of the factual and legal parameters, a liability of the Admin-C is unlikely. However, if the infringement is so obvious that a simple internet research would clarify the situation, the Admin-C is more likely to be found liable. Indeed, in the case reported above, the Federal Supreme Court took its decision on the assumption that the infringement would have been obvious to the Admin-C if it would have conducted a basic internet research. Therefore this seems to be an important additional assessment criterion regarding the liability of an Admin-C for infringing domain name registrations.

Reported by Tiffany Zilliox, LL.M.
The German Federal Patent Court
The Federal Patent Court confirmed a decision of the German Patent and Trademark Office in large parts, stating that the designation “S-Bahn” was descriptive for a broad variety of goods and services in classes 16, 25, 28 and 39, and thus cancelled the German trademark “S-Bahn”.

Deutsche Bahn AG is the owner of German trademark no. 399 080 40 “S-Bahn” (word mark), registered in 2002, covering a vast compilation of goods and services in classes 16, 25, 28, 39, *inter alia* stationary, printed matter, clothing, games and transportation. In respect of certain goods and services, upon request of the trademark owner, the list of goods and services of the trademark had been restricted. A grouping of German communities filed a cancellation request against the remaining goods and services, arguing that the trademark was not distinctive, had been descriptive at the time of registration, or at least became descriptive later and also misleading in respect of certain goods or services.

The Deutsche Bahn AG opposed and argued that “S-Bahn” was distinctive and not descriptive or misleading. In the alternative, Deutsche Bahn argued that “S-Bahn” had acquired distinctiveness (secondary meaning) through use and presented various documents demonstrating extensive use together with two market surveys, one conducted in 2001, the other in 2009. The market survey of 2001 demonstrated that 91% of all interviewees were familiar with the designation “S-Bahn”, but only 43% believed that the term referred to a specific company. According to the market survey 2009, 57.3% of consumers using public transport, 51.9% of consumers potentially using public transport and 48% of all interviewees associated “S-Bahn” with Deutsche Bahn AG (all figures without deduction of the margin of error, see below). The German Patent and Trademark Office cancelled the trademark in respect of all goods and services. By contrast, the Federal Patent Court found that in respect of “paper or cardboard, teaching material (except apparatus) in terms of globes and
plotters for wall charts” in class 16 and “tennis rackets, skaters and ice skaters” in class 28, none of the aforementioned reasons for cancellation were present.

In respect of all other goods and services, the designation “S-Bahn” was descriptive regardless of its positioning on the products, packaging or labels. This was clear from the extensive descriptive use of the term, *inter alia*, in dictionaries and legislation. The material provided by Deutsche Bahn AG did not prove acquired distinctiveness (secondary meaning) through use. Also, the results of the market surveys did not convince the Federal Patent Court that “S-Bahn” would be perceived as an indication of origin. The figures of the market surveys did not suffice, because the term “S-Bahn” was clearly descriptive and, thus, acquired distinctiveness would have required that a clear majority of the interviewees had confirmed perception of the contested sign “as a trademark”, *i.e.*, as a sign indicating the origin of the goods/services concerned. In the present case, in particular when deducting the general margin of error in the amount of 3.3%, the figures fell short of the minimum level of 50% in the relevant fields of trade. Interestingly, the Federal Patent Court found that the relevant fields of trade included all consumers, *i.e.* not only consumers (potentially) using public transport, because “all consumers” were deemed to be confronted with the designation “S-Bahn” in the context of omnipresent discussions in politics, business and media regarding “public transport”. Given that the Federal Patent Court found that “S-Bahn” has to be cancelled for being descriptive, it did not have to decide whether any other grounds for cancellation were also applicable.

**Remarks**

Companies active in the field of public transportation will be relieved about this decision, because now it seems to be rather unlikely that they will be sued by the Deutsche Bahn AG for using “S-Bahn” in connection with local traffic. The Deutsche Bahn AG also had filed a corresponding Community Trademark Application in 2008; however, it withdrew the same during the application proceedings. It is unknown whether the OHIM raised doubts regarding registrability of the sign, which however appears to be likely.
The present decision is of particular interest because it concerns a trademark of a state-owned company in the field of a former state monopoly, namely public transport. However, due to the results of the market surveys, the Court did not see any reasons to decide on the impact of such monopoly, which would have been interesting, particularly in light of earlier decisions of the Federal Patent Court (of the same senate) and the Federal Supreme Court regarding the trademark “POST” (word mark) owned by the Deutsche Post AG (cf. BARDEHLE PAGENBERG IP Report 2008/IV, 2009/III and 2010/V).

Reported by Dr. Philipe Kutschke
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