



**IP Report 2012/V**

**BARDEHLE  
PAGENBERG**



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## 1. European Parliament approves latest amendments on Unitary Patent and Unified Patent Court

Reported by Dr. Tilman Müller-Stoy and Dr. Thomas Gniadek

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**On December 11, 2012, the European Parliament approved the latest proposals for a Unitary Patent and, before the Court of Justice of the European Union (“CJEU”), the Advocate-General Yves Bott proposed the dismissal of the actions filed by Spain and Italy against the European Council’s decision to authorize the “enhanced cooperation” of 25 of the 27 EU Member States in this legislative project. It is now expected that Italy will follow the Advocate-General’s view and, thus, may join the enhanced cooperation procedure implementing the Unitary Patent system. Provided that the legislative package is signed and ratified in time (which remains to be seen) by at least thirteen Member States, including Germany, France and UK, the Unitary Patent system may start in spring 2014. This development is all the more remarkable because the Unitary Patent project almost came to a halt this summer, when the European Parliament postponed its vote on the legislative package due to significant changes to the text suggested by the European Council in its meeting of June 28 and 29 (cf. IP Report 2012/III, 1.).**

The legislative package now approved consists of a European regulation creating a Unitary Patent by means of “enhanced cooperation” (cf. COM(2011) 215 final of April 13, 2011, as amended by Council doc. 17578/11 of December 1, 2011), a European regulation establishing a translation regime for the Unitary Patent, and an international agreement between the cooperating Member States setting up a “Uni-

fied Patent Court for the settlement of disputes relating to European patents and European patents with unitary effect” (“UPC Agreement”; Council doc. 16222/12 of November 14, 2012).

In its initial version, the draft European regulation on the Unitary Patent included the Articles 6 through 8 with regulations on substantive patent law – in particular the meaning of direct and indirect infringement, hence, the scope of patent protection. As a consequence, these issues of substantive patent law would have fallen under the competence of the Court of Justice of the European Union (“CJEU”), which was widely criticized. Therefore, in the following process, Articles 6 to 8 were deleted from the draft regulation. On November 19, 2012, the Member States agreed on a draft regulation regarding the Unitary Patent comprising a new Article 5 (a) (“Uniform protection”) stipulating the right of the proprietor of a Unitary Patent “to prevent any third party from committing acts against which the patent provides protection” (cf. paragraph 1). In detail, the patent holder’s right and its limitations shall be determined by the national law of the Member States applicable to Unitary Patents. This refers to Articles 14 (f) to 14 (i) of the UPC Agreement which are to be integrated into national law by ratification of that agreement. On the substance, Article 14 (f) defines direct infringement, Article 14 (g) defines indirect infringement; whereas Article 14 (h) stipulates the limitations of the patent right, and Article 14 (i) provides for third parties’ rights based on prior use of the invention. Since these articles are no longer part of the regulation, the legal issues arising shall not be decided “by the non-specialized judges of the CJEU” (cf. IP Report 2012/III, 1.). Instead,



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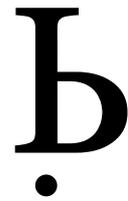
these issues shall be dealt with by the Unified Patent Court. It remains to be seen whether the CJEU will accept this intention or not.

The new “European patent with unitary effect” (“Unitary Patent” or “UP”) will be granted by the EPO under the rules and procedure provided by the European Patent Convention (“EPC”) – also applicable to the present European “bundle” patent. However, whereas the European “bundle” patent becomes a bundle of national patents once validated in the respective EPC Member States, the Unitary Patent will enjoy unitary protection throughout the territory of the 25 cooperating member states upon its granting.

The new Unified Patent Court comprises a Court of First Instance, a Court of Appeal and a Registry. Further, the Court of First Instance will consist of a central division as well as local and regional divisions. In Germany, the local divisions are expected to be located in Düsseldorf, Mannheim and Munich – where the well-known patent infringement chambers of the respective District Courts have their seats. It may be that a fourth local division will be opened in Hamburg. In Germany, any panel of a local division of the Unified Patent Court (Court of First Instance) will consist of two legally qualified German judges, which are expected to be picked from the very experienced patent infringement chambers of the Düsseldorf, Mannheim and Munich District Courts, and one legally qualified judge not being a German national. Additionally, upon request by one of the parties of the proceedings, a technically qualified judge with qualifications and experience in the field of technology concerned will be allocated from the Pool of Judges to the respective panel. Therefore, as regards the German local divisions, the judges hearing the case are expected to have the necessary standing for deciding patent cases.

The Unified Patent Court has exclusive competence for infringement actions, actions for declarations of non-infringement and actions for provisional and protective measures and injunctions – regarding Unitary Patents, European “bundle” patents and supplementary protection certificates (“SPCs”). In this respect, the Unified Patent Court will render a single judgment having effect throughout the 25 cooperating Member States. Moreover, the Unified Patent Court is exclusively competent for individual actions and counterclaims for revocation of Unitary Patents, European “bundle” patents and SPCs. Also in this regard, there will only be single proceedings. This may result in the respective patent being invalidated throughout the 25 cooperating member states on the basis of a single court ruling.

As regards patent strategy, it is important to know that, regarding European “bundle” patents, there will be a seven-year transitional period starting from the date of entry into force of the UPC Agreement. During this transitional period an action for infringement or for revocation of a European “bundle” patent may still be brought before national courts or respective national authorities. Further, the owner or applicant for a European “bundle” patent granted or applied for prior to the end of that transitional period may opt-out from the Unitary Patent system – hence: the exclusive competence of the Unified Patent Court – unless an action (for revocation) has already been brought before the Unified Patent Court. This might prove as an effective way to safeguard a European “bundle” patent from Europe-wide revocation. Because the owner of such European “bundle” patent may withdraw its opt-out at any time, unless an action (for infringement or for revocation) has already been commenced before a national court. Even better, the owner may re-enter the Unitary Patent system once he seeks to obtain a Europe-wide judgment on the infringement of his patent.



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**Remarks**

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Certainly, discussions on the pros and cons of the Unitary Patent system will not stop, even after ratification of the UPC Agreement by the cooperating Member States. It remains to be seen whether industry will rely on the Unitary Patent system in order to benefit from the Europe-wide enforcement of such patents or whether there will be a revival of applica-

tions for national patents in order to avoid the Europe-wide revocation of a Unitary Patent obtained. Further, during the transitional period, owners of European “bundle” patents need to carefully assess on a case-by-case basis whether to use the mentioned opt-out and opt-in mechanism.

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**2. German Federal Supreme Court on protection of video data obtained by patented process, exhaustion in the context of a test purchase and the requirements for indirect patent infringement (decision of August 21, 2012 – Case X ZR 33/10 – MPEG-2-Videosignalcodierung/MPEG-2 Video signal coding)**

Reported by Tobias Kaufmann

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**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. 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 (Dusseldorf District Court, Dusseldorf Appeal Court), the German 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 German Federal Supreme Court affirmed all three requirements. In particular, the German Federal Supreme Court emphasized that it did not provide an obstacle to the derived product protection that, in the present case,



Tobias Kaufmann

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 German 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 German 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 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 German 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.

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**Remarks**

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The three aspects covered by the decision will have practical importance for the enforcement of patents, as well as for preparing enforcement. Firstly, by allowing product protection for a sequence of data obtained directly by a process, the German Federal Supreme Court continues its approach originally taken in the “Signal-folge” 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.

Secondly, since in the present case the German 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.

Thirdly, 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.

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**3. German Federal Supreme Court on the admission of new matter in the nullity appeal proceedings (decision of August 28, 2012 – Case X ZR 99/11 – Fahrzeugwechselstromgenerator/Alternating Current Generator for Cars)**

Reported by Johannes Heselberger

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**“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?**

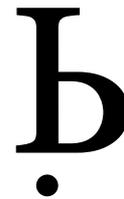
As to question a), the German Federal Supreme Court found that a private expert opinion which is submitted for the first time at the appeal stage does not constitute “new means of attack”, and is consequently always admissible, if it merely added factual detail to a substantiated first

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 German 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



Johannes Heselberger



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 German Federal Supreme Court found. Lucky nullity plaintiff! Had the first instance court decided differently, upholding the relevant claim, the reasoning of

the German 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.

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### Remarks

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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 shear 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.

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**4. German Federal Supreme Court 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 (decision of October 16, 2012 – Case X ZB 10/11 – Steckverbindung/Connection Assembly)**

Reported by Joachim Mader

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**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 would not be 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 – would belong 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 schematic illustrations only and not as true to scale illustrations.



Joachim Mader

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**Remarks**

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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 schematic illustrations only and not as true to scale illustrations in order to ensure the right to be heard of the involved parties.

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**5. German Federal Supreme Court decides on the patentability of human embryonic stem cell-related inventions (decision of November 27, 2012 – Case X ZR 58/07 – Stem Cells)**

Reported by Dr. Thomas Friede

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**On November 27, 2012, the Federal Supreme Court finally decided on the controversial Brüstle case. In this case, a nullity action was filed by Greenpeace with respect to a patent of the stem cell researcher Professor 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 are mentioned which are 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”).**

The nullity action was exclusively based on Section 2 (2) (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. Professor 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 an 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 (*cf.* BARDEHLE PAGENBERG IP Report 2009/5).

The Federal Supreme Court had to apply this ruling of the CJEU to its Brüstle case. The Federal Supreme Court 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. The Federal Supreme Court clarifies that the patent is maintained insofar as the human stem cells are obtained by other methods. The patent as maintained by the Federal Supreme Court is therefore broader than the version maintained by the first instance, since it now encompasses human embryonic stem cells obtained by methods which do not lead to the (entire) destruction of the human embryo.

The reasoning of the decision of the Federal Supreme Court is not available yet. However, from the discussion in the oral proceedings the following arguments can be derived. The patent-in-suit contains a broad definition of



Thomas Friede



stem cells including embryonic germ cells, the production of which does not rely on the destruction of embryos. Even at the filing date, the patent-in-suit could be worked without (entire) destruction of human embryos. After the filing date of the patent-in-suit, methods for the production of hES cells became available which do not require the (entire) destruction of living human embryos. These methods include

the generation of hES cells from so-called arrested embryos which, due to genetic defects, are impaired in their capacity to divide. Further, methods have been developed where only a few cells are removed from the blastocyst stage of the human embryo without affecting the capacity of the remaining blastocyst cells to develop into a living organism.

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**Remarks**

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The Federal Supreme Court's decision therefore clarifies that stem-cell related inventions based on non-destructive methods are not excluded from patentability, which provides perspectives for applicants in this field. Notwithstanding this, the CJEU's decision and also the subsequent

Federal Supreme Court's decision do not question the patentability of ips (induced pluripotency stem cells), *i.e.* cells which have ES-like pluripotency but are derived from human reprogrammed adult cells.

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**6. European Patent Office: Enlarged Board of Appeal confirms far-reaching interpretation of the requirement to raise an objection in respect of procedural defect (decision of September 29, 2011 – Case R 14/11 – Objection under Rule 106 EPC/Celanese International)**

Reported by Dr. Rudolf Teschemacher

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**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.



Rudolf Teschemacher

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**Remarks**

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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 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.

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**7. Court of Justice of the European Union: Withdrawal of opposition – No need to adjudicate (Orders of September 18, 2012 – Cases C-587/11 P and C-588/11 P – OMNICARE)**  
Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M.

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**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 become 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.



Alexander von Mühlendahl

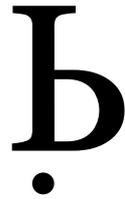
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## Remarks

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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 determination whether OHIM (its Boards of Appeal) have committed legal error, based on the legal and factual situation existing at the time of the appealed 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 “indirect” 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, once an appeal against a Board decision is dismissed by the General Court, must “execute” the judgment and, for example, cancel the contested 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”.

**8. Court of Justice of the European Union: Requirement of use of registered trademarks – Use of a variant of the registration – Registration of the variant (decision of October 25, 2012 – Case C-553/11 – Rintisch v. Eder – PROTI)**

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 Berne mark. For purposes of illustration, the registered marks and the used marks, as well as the allegedly infringing mark, are reproduced hereafter:**

Registration	Use	Contested use
<b>PROTI</b>		<b>Protifit</b>
<b>PROTIPLUS</b>	<b>PROTIPLUS</b>	
		
		
	<b>Proti Power</b>	
		

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 Sec. 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.

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## Remarks

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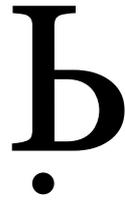
The ECJ’s 2007 “*Il Ponte Finanziaria*” judgment, which gave rise to the debate about the effect of the registration of the used variant, was a decision by the ECJ’s Fourth Chamber, with (then) Judge Lenaerts as “rapporteur”. The present judgment was rendered by the Court’s Third Chamber, but again Judge (in the meantime: Vice-President of the ECJ) Lenaerts 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 lim-

ited 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.

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**9. German Federal Supreme Court seeks clarification from the Court of Justice of the European Union on standards for establishing, challenging and enforcing unregistered and registered Community design rights (decision of August 16, 2012 – Case I ZR 74/10 – Gartenpavillon/Garden Pavilion)**

Reported by Dr. Henning Hartwig

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**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

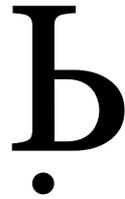


Henning Hartwig



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 in-

fluence 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 Trade Mark 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.



## IMPRINT

The "BARDEHLE PAGENBERG IP Report"  
is published by BARDEHLE PAGENBERG Partnerschaft  
Prinzregentenplatz 7, 81675 München  
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