

# Patents

In 34 jurisdictions worldwide

*Contributing editors*

Michael N Zachary, Clifford A Ulrich and John W Bateman



2015

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DEAL THROUGH 

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# Patents 2015

*Contributing editors*

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# Germany

Oliver Schulz, Sandra Pohlman and Rainer Friedrich

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## Patent enforcement proceedings

### 1 Lawsuits and courts

**What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?**

A lawsuit against a patent infringer may be brought before any of the 12 specialised district courts that have panels comprising judges experienced in patent matters. The most frequently chosen courts are those in Düsseldorf, Munich, Hamburg and Mannheim. There is no counterclaim for invalidity of the patent in suit in these proceedings. Patent validity is tried either in opposition proceedings or, after expiry of the opposition period, in invalidity proceedings before the German Federal Patent Court (FPC) in Munich. Validity issues are considered by the court hearing the infringement case only insofar as the defendant asks for a stay of the proceedings owing to an alleged lack of validity of the patent in suit (in practice, infringement proceedings are very rarely stayed). The views of the court in the infringement case regarding validity are not binding on the FPC. Likewise, any claim construction presented by the FPC is not legally binding on an infringement court.

Preliminary injunction proceedings are available for patent infringement matters. One requirement for granting a preliminary injunction is that the plaintiff acted swiftly (typically not more than one month) after gaining knowledge of the infringing acts.

Criminal charges against a patent infringer are available, but are rarely relied upon in practice.

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### 2 Trial format and timing

**What is the format of a patent infringement trial?**

In Germany, a trial with examination and cross-examination of fact and expert witnesses does not really exist. Also, patent cases are not decided by a jury. In the first instance district court, an infringement case is heard by a panel of three judges, whereas a panel of five judges (three of whom have a technical background) hears an invalidity case at the FPC. The actual trial phase of the infringement case, which often includes extensive written submissions, typically consists of one or more informal oral hearings in which the court plays an active role. The main hearing typically lasts about one to two hours and almost never longer than one day.

The most relevant types of evidence are documentary, witness and expert evidence. Documentary evidence is the most important and preferred type because the judges rely heavily on the parties' written submissions when making their decision.

The parties may also offer witnesses for proving certain facts relied upon in their written submissions. The court has discretion as to whether the witness should be heard (unnecessary if the facts to be proven are not disputed by the other party). The submission of declarations such as affidavits is, generally, not an aspect of offering evidence in German patent infringement proceedings.

The parties may offer expert evidence to prove certain facts or assertions; this type of evidence is given by an independent expert appointed by the court. Typically, the expert is expected to provide the court with the necessary technical background and with information regarding the skilled person's knowledge, in order to allow the court to interpret the claims and to determine the scope of protection. Although there is no cross-examination,

the parties (and the court) may ask the court-appointed expert questions in a hearing scheduled after the expert has rendered his or her opinion.

The parties may also submit the opinions of experts instructed by the parties. Such party expert opinions usually carry less weight than the opinion of the court-appointed expert. If the latter is inconclusive, the court may occasionally follow the views of the party expert, since it is ultimately the court that has to evaluate any type of evidence.

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### 3 Proof requirements

**What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?**

In German invalidity proceedings, it is the plaintiff who carries the burden of proof of establishing, to the court's satisfaction, that the invention is not patentable.

Similarly, in infringement proceedings, it is the plaintiff who carries the burden of proof to establish that the accused embodiment fulfils the features of the claims of the patent in suit.

There are scenarios, however, in which the burden of proof may shift to the defendant. For example, if in the case of a patent relating to a process for the preparation of a novel product, the defendant manufactures the same product, it will be assumed that this product is produced by the protected process (section 139(3) of the German Patent Act (GPA)). Thus, in this scenario the burden is on the defendant to demonstrate that a different process was used.

There is no ground for finding a patent unenforceable in Europe; specifically, the defence of unenforceability due to inequitable conduct during prosecution is not available in Germany.

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### 4 Standing to sue

**Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?**

Any person or company recorded in the patent register as the patentee or applicant or the exclusive licensee is formally entitled to file an infringement suit. A patentee may assign its claims arising from the patent to a non-exclusive licensee or to any other third party.

A possible defendant in an infringement situation may bring a declaratory judgment action for non-infringement if he or she can show a legal interest in such an action, for example, if he or she received a warning letter from the patentee. Generally, the declaratory judgment action is dismissed once the patentee initiates the corresponding infringement case. Therefore, a declaratory judgment action is not usually a useful defence.

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### 5 Inducement, and contributory and multiple party infringement

**To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?**

Liability for direct infringement may arise not only if someone actually performs infringing acts, but also if someone participates in infringing acts as a joint offender or inducer. In addition, a person may be liable for indirect infringement when supplying means relating to an essential element

of the invention. According to section 10 of the GPA, a person offering or supplying such means to a third party not entitled under the patent commits contributory infringement if the supplier knows, or if it is obvious in the circumstances, that these means are suitable and determined for use of the invention.

Offering or supplying staple commercial products does not constitute contributory patent infringement unless the supplier induces the third party to use the invention without having been authorised to do so by the patentee (section 10(2) of the GPA).

It is not a prerequisite for establishing a case of contributory patent infringement to establish that acts of direct patent infringement have also been committed by the same or a third party.

Multiple parties may be jointly liable according to sections 830 and 840 of the German Civil Code (*Funkuhr*, 26 February 2002).

## 6 Joinder of multiple defendants

### Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties can be jointly sued if they are liable for the same, similar or substantially similar factual and legal reason (sections 59, 60 code of civil procedure). All parties causally contributing to a patent infringement are jointly liable for the infringement and can therefore be joined as defendants in the same lawsuit.

While it is theoretically possible to join several independent infringers as defendants (eg, two parties each producing an infringing embodiment), this is very uncommon in practice.

## 7 Infringement by foreign activities

### To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

In principle, patent infringement is confined to acts performed within the territory of Germany. Infringing acts in respect of a protected product are manufacturing, offering, putting on the market or using, or importing or owning for these purposes. Infringing acts in respect of a protected method are using or offering for use on German territory if the offering party knows, or if it is obvious in the circumstances, that the use of the method without the consent of the patentee is prohibited.

If, however, the direct product of a process protected by a German patent (or the German part of a European patent) is produced outside Germany and subsequently imported into Germany, the importation and putting on the market in Germany may be prohibited by virtue of that patent (section 9(3) of the GPA).

## 8 Infringement by equivalents

### To what extent can 'equivalents' of the claimed subject matter be shown to infringe?

The evaluation of the extent of protection provided by a German patent is governed by section 14 of the GPA, which is identical in its wording to article 69(1) of the European Patent Convention (EPC) owing to a harmonisation of the GPA with EU patent law (article 69(1) of the EPC applies to the German part of European patents).

According to these provisions, the extent of protection is to be determined by the terms of the claims, while the description and drawings of the patent shall be used to interpret the claims. In addition, section 14 of the GPA and article 69 of the EPC are to be interpreted in the light of the protocol on the interpretation of article 69 of the EPC, which emphasises the need for an appropriate compromise between the strict literal meaning of the terms of the claims and considerations that take the claim wording as a mere guideline to provide a fair amount of protection for the patentee and reasonable legal certainty for third parties. According to paragraph 2 of the protocol, for the purpose of determining the extent of protection conferred by a European patent, due account shall be taken of any element, which is equivalent to an element specified in the claims.

According to the Federal Supreme Court (FSC), the application of the doctrine of equivalence is readily compatible with the above legal provisions. According to the Court's case law (see, eg, *Schneidmesser I*, 12 March 2002), the following three-stage test was established as a guideline for determining whether, if literal infringement is not present, an infringement under the doctrine of equivalence may still be found:

- the accused embodiment solves the problem underlying the invention with modified means with objectively the same effect;
- the skilled person, based on his or her knowledge and skills, is in a position to identify the modified means as having the same effect; and
- the considerations required by the skilled person in this regard are tied in with the meaning of the terms of the claim in such a manner that the skilled person considers the accused embodiment as an equivalent solution.

There seems to be agreement in the literature and among practitioners in Germany that equivalence is to be evaluated at the priority or filing date of the patent in suit, whichever applies, and not at the date of infringement (*Etikettiergerät, Befestigungsvorrichtung II*).

A speciality of German infringement proceedings (which originates from the German bifurcation approach on infringement and validity) is the *Formstein* defence, which may be raised by the defendant in cases of alleged equivalent (not literal) infringement. The defendant may argue that the accused embodiment is not novel or is obvious over the prior art relevant for the patent in suit, or both, and thus outside its scope of protection. The *Formstein* argument may be viewed as a possible limit on the potential scope of an asserted equivalence. Its practical significance is, however, rather limited.

Equivalent infringement finds another limit if the patent specification teaches multiple ways to achieve a technical effect, but only one of them is included in the claims. In this case, using the other alternatives is not usually considered to be an equivalent infringement (*Okklusionsvorrichtung*, 10 May 2011; see also *Diglycidverbindung*, 13 September 2011).

Another special case under German infringement practice is based upon the principle of loyalty and good faith (*Weichvorrichtung II*, 5 June 1997): if a patent is defended during opposition or nullity proceedings by arguing that a specific embodiment is not encompassed by the claims, the patent owner cannot argue the same embodiment to represent an infringement in (independent) infringement proceedings. However, the defence as outlined above is only applicable in relation to the opponent or plaintiff of the corresponding opposition or nullity proceedings (ie, it is not available to the public).

## 9 Discovery of evidence

### What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Since the implementation of the EU Directive on the enforcement of Intellectual Property Rights (2004/48/EC) there has been explicit regulation to provide for means of discovery. Before the EU Directive, to prove infringement the patentee had to rely on publicly available information, such as pamphlets or exhibits.

Problems sometimes arose where an accused embodiment or information thereon was not publicly available. The EU Directive recognises the right of the patentee to inspect an accused embodiment. Nevertheless, this right has to be distinguished in its scope from, for example, the French practice of the infringement seizure or the discovery process as practised in the United States or the United Kingdom.

The patentee now has the right to inspect an accused embodiment, and recent changes in the law have also made it easier for a plaintiff to secure evidence that is in the adverse party's possession. The right to discovery is designed to allow the proprietor to substantiate a case of patent infringement, for example, by forcing the defendant to disclose specific information regarding the accused product. To secure the assumed infringer's interests, such disclosure will generally be made to an independent court-appointed expert and may be subject to a secrecy order if confidential information is involved. The FSC has held that a defendant may be obliged to provide information and documents needed to prove the plaintiff's case if this information is not available (or available only with tremendous difficulties) to the plaintiff and if disclosing the information is readily possible for the defendant and not associated with any undue hardship (*Blasenfreie Gummibahn II*, 30 September 2003 and *Restschadstoffentfernung*, 1 August 2006).

German courts are quite amenable to accepting the introduction of information obtained in discovery proceedings in other countries if such information is relevant to the case. Also, it is possible to exclude the public from gaining access to these materials should they be subject to a protective order by a foreign court.

## 10 Litigation timetable

### What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

Patent infringement proceedings will usually take about eight to 12 months in the first instance before the district court, about 15 to 18 months in the second instance court before the higher district court and about 15 to 24 months in the third instance court before the FSC, depending on the complexity of the case. If expert evidence is accepted by the court, the time frame may exceed the above estimates by as much as one to two years.

## 11 Litigation costs

### What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal?

In German patent infringement proceedings, the losing party bears the court fees and, to a certain extent, the costs of the winning party. The costs to be reimbursed by the losing party are calculated based on a statutory fee schedule in conjunction with the litigation value (which is based on the plaintiff's economic interest in the claims pursued in the action). The parties may make proposals regarding the litigation value. Determining the litigation value is, however, ultimately for the court.

Costs regarding warning letters and the like that were incurred before bringing an action may be recovered in part by the winning party.

A precise estimate of the overall financial risk of a patent infringement suit is very difficult. As a rule of thumb, one may assume that the cost risk per instance for the losing party is between 5 and 10 per cent of the litigation value. Litigation values in patent matters are typically between about €500,000 and €10 million, although in certain high-profile cases in the pharmaceutical, biotechnology or IT areas they may well exceed these values. The litigation value cannot exceed €30 million.

## 12 Court appeals

### What avenues of appeal are available following an adverse decision in a patent infringement lawsuit?

If there is an adverse decision by a district court, an appeal may be filed with the corresponding higher district courts, which, similarly to the competent district courts, have specialised panels for patent matters. The higher district court, however, is bound to the findings of fact of the first instance court unless there is a clear basis for doubt in respect of the correctness or completeness of the relevant fact findings. In the third instance, which is a legal review, the Tenth Civil Senate of the FSC has jurisdiction. The legal review before the FSC requires approval by the court of the second instance, which is given when the matter is of general relevance or when it is suitable to develop the law or to further its consistency. If the approval is not granted by the court of the second instance, an appeal against that decision may be filed with the FSC.

## 13 Competition considerations

### To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

A possible defence against a request for injunctive relief is the argument that the patentee is abusing a market-dominating position by refusing to enter a licensing contract with the defendant on non-discriminatory and non-obstructive conditions. However, in order for the patentee to act in an abusive way, the defendant must have made an unconditional offer for such a contract to which he or she remains bound and that the patentee cannot refuse without acting against the prohibition of discrimination and obstruction. Additionally, the defendant must keep his or her obligations according to the licensing contract as long as he or she uses the patented subject matter (FSC, *Orange-Book-Standard*, 6 May 2009).

The patentee cannot, however, be forced by virtue of antitrust law to grant third parties rights under the patent. This is only possible by virtue of regulations provided for in the GPA, namely, by the grant of a compulsory licence under section 24 of the GPA (see below).

Settlement contracts between the patent owner and the accused infringer must comply with the relevant antitrust laws (see questions 29 and 30).

A case of unfair competition can arise if the patent owner tries to enforce his or her patent with a warning letter not to his or her competitor,

but to the competitor's customers. If the warning letter is unjustified (eg, if the alleged infringement does not take place), it might be seen as unfair competition, since customers often are not interested in a legal dispute and, therefore, might consider changing their supplier.

## 14 Alternative dispute resolution

### To what extent are alternative dispute resolution techniques available to resolve patent disputes?

An alternative dispute resolution system is not specifically provided for by German patent law. According to section 278 of the Code of Civil Procedure, any German civil court must offer the parties the chance of dispute resolution before an oral hearing is started. The parties may refuse the court's offer without further consequence, so the amendment does not seem to be of major relevance in practice.

In addition, according to section 278a of the Code of Civil Procedure, the court can encourage the parties to resolve their dispute using mediation or other dispute resolution techniques. If the parties agree to such proceedings, the pending lawsuit is stayed. Parties interested in such alternative approaches may agree in their contractual agreements to make use, for example, of the arbitration and mediation services of the World Intellectual Property Organization or the International Chamber of Commerce in Paris in the event of disputes. Mediation services are also offered by the courts, where a judge acts as the mediator.

## Scope and ownership of patents

## 15 Types of protectable inventions

### Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

The GPA explicitly excludes 'discoveries; scientific theories and mathematical methods; aesthetic creations; schemes, rules and methods for performing mental acts, playing games, or doing business and programs for computers; and presentations of information' from patentable subject matter (section 1(3) of the GPA) as long as patent protection 'is sought for the above-mentioned subject matter or activities as such' (section 1(4) of the GPA).

In practice, business method applications will be treated like software applications and will only be considered to be patentable if they solve a concrete technical problem with technical means (eg, *Webseitenanzeige*, 24 February 2011).

Also excluded from patentability is the human body in its different phases of creation and development, including human germ cells, and the mere discovery of one of its constituents, including the sequence or partial sequence of a gene (section 1a(1) of the GPA). An isolated part of the human body, including the sequence or partial sequence of a gene, may be patented even if its structure is identical to that of a naturally occurring part (section 1a(2) of the GPA).

The GPA further excludes from patentability 'inventions, the commercial exploitation of which would be contrary to public order or morality' (section 2(1) of the GPA). Examples of excluded subject matter are methods for the cloning of human beings or for modifying the genetic identity of the germline of a human being, the use of human embryos for industrial or commercial purposes or methods for modifying the genetic identity of animals that could cause them suffering without providing any substantial medical benefit for humans or animals, and also animals generated by virtue of such methods (section 2(2) of the GPA).

Also, 'plant or animal varieties or essentially biological processes for the production of plants or animals' are excluded from patentability (section 2a(1) of the GPA). Patents may, however, be granted for inventions, the subject matter of which is a plant or an animal if practising the invention is technically not restricted to a particular plant or animal variety. Patents are also granted for inventions relating to a microbiological or other technical process and products obtained by such processes unless the product is a plant or animal variety (section 2a(2) of the GPA).

Finally, methods 'for the treatment of the human or animal body by surgery or therapy and diagnostic methods practised on the human or animal body' are excluded from patentability (section 2(2) of the GPA). Claims may, however, be directed towards compounds for use in such methods (section 2(2), second sentence of the GPA).

## 16 Patent ownership

**Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?**

According to section 5 of the German Employee Inventions Act (GEIA), an employee has the duty to report any service invention to his or her employer. The employer then decides whether he or she wants to claim the invention. Upon claiming the service invention (which occurs automatically unless the employer explicitly releases the invention), the right to the invention automatically transfers to the employer (section 7 of the GEIA).

According to section 6 of the GPA, the right to the patent belongs to the inventor. An individual is considered to be an inventor if he or she makes a substantive intellectual contribution to the invention that goes beyond the common general knowledge of a skilled person. Hence, if an independent contractor is an inventor, then the invention belongs to the independent contractor, unless other contractual obligations exist.

Section 6 of the GPA states that 'if two or more persons have jointly made an invention, the right to a patent shall belong to them jointly'. Thus, in the absence of any contractual agreements regarding ownership of a patent, multiple inventors (or their legal successors, eg, different employers in a joint venture) form a joint ownership, but each of them may, in certain circumstances, separately dispose of his or her part of this right.

The ownership of a patent is officially registered in the German Patent and Trademark Office (GPTO) patent register (section 30 of the GPA). The register entry is of a declaratory nature only. In the case of a discrepancy between the register and the factual legal situation, only the legal ownership is decisive, not the register entry. If patent ownership is transferred to a third party by contract (section 15 of the GPA), this transfer should be reported to the GPTO.

## Defences

### 17 Patent invalidity

**How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?**

Opposition to the grant of a patent can be filed with the GPTO within nine months of the date of the mention of grant of the patent (section 59 of the GPA). Along with the notice of opposition, a written substantiation of the grounds for opposition must be filed. An opposition may only be based on one or more of the following grounds:

- lack of patentability, namely, lack of novelty or inventive step or other non-compliance with sections 1 to 5 of the GPA (section 21(1) of the GPA);
- lack of sufficient disclosure (section 21(1)2 of the GPA);
- unlawful usurpation of the invention (section 21(1)3 of the GPA); and
- inadmissible added matter (section 21(1)4 of the GPA).

A nullity action against the registered owner of a German patent may be brought at any time after the nine-month opposition period (if no opposition is filed) or after the termination of opposition proceedings (section 81(2) of the GPA). The grounds for nullity include the grounds for opposition as listed above, with an additional ground for nullity due to inadmissible broadening of the patent scope (section 22(1)2 of the GPA).

Generally, any person or legal entity except for the patent proprietor may act as an opponent or nullity plaintiff. In cases where an opposition or nullity action is based on the ground of unlawful usurpation, only the person who believes that he or she is lawfully entitled to the patent can act as opponent or plaintiff (section 59(1) of the GPA, section 81(3) of the GPA).

A nullity action must be brought before the FPC in Munich. The decision of the FPC may be appealed to the FSC as the second and final instance. The FSC, in this exceptional situation, acts as a second factual instance court and the parties may to a quite limited extent submit new facts and evidence that have not yet been considered by the FPC.

Non-German residents must be represented in the above proceedings by a German patent attorney or an attorney-at-law, or both.

### 18 Absolute novelty requirement

**Is there an 'absolute novelty' requirement for patentability, and if so, are there any exceptions?**

Absolute novelty is required. The claimed invention must be novel in respect of everything made available to the public by written, oral or any other disclosure prior to the date relevant for the priority of the application, without limits as to territory (section 3(1) of the GPA).

Additionally, the content of earlier German, European or international patent applications (provided that Germany is designated) filed before, but published on or after the effective filing date of a patent (application), is comprised within the state of the art for the question of novelty (section 3(2) of the GPA).

As an exception to the absolute novelty requirement, disclosure of the invention shall not be taken into consideration if it occurred within a period of six months preceding the filing of the application and if it was due to an evident abuse in relation to the applicant or the fact that the applicant displayed the invention at an official or officially recognised international exhibition (section 3(5) of the GPA).

### 19 Obviousness or inventiveness test

**What is the legal standard for determining whether a patent is 'obvious' or 'inventive' in view of the prior art?**

Section 4 of the GPA states that an invention shall be considered to involve an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art. Thus, it is determined whether a person skilled in the relevant art faced with the technical problem underlying the claimed invention would have arrived at this invention by combining the teaching of the prior art available and his or her own general knowledge in the relevant technical area. German courts have certain reservations to apply the formal problem-solution approach adopted by the European Patent Office, in particular to the selection of one specific reference as the 'closest prior art' (*Fischbissanzeiger*, 18 June 2009).

For assessing inventive step, the FSC often uses the following questions:

- What steps did a skilled person have to carry out in order to arrive at the solution of the invention?
- Would the skilled person have been motivated to make considerations in this direction?
- What are, in detail, the arguments for and against the skilled person coming to the solution of the invention based on such considerations?

### 20 Patent unenforceability

**Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?**

There is no legal basis in the GPA regarding unenforceability of a patent owing to misconduct by the inventors or the patent owner. Any person appearing before the GPA or a German court is obliged to tell the truth and to provide complete information as required.

### 21 Prior user defence

**Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?**

A patent shall have no effect against a person who, at the relevant filing date of the application, had already begun to use the invention in Germany, or had made the necessary arrangements for doing so. Such a person shall be entitled to use the invention for the needs of his or her own business in his or her own, or others', manufacturing sites (section 12 GPA).

For the prior use defence to be applicable, the user must candidly have gained knowledge of the invention and must perform actions that show his or her intent to use the invention soon. According to the prevailing opinion, the prior use must have been commercial (FSC Chloramphenicol, Taxilan). It is not sufficient to produce a prototype that still has to be tested (DC Düsseldorf *Tandempumpe*).

The prior use defence does not apply if the invention has been used on behalf of a third party.

The prior use is limited to the actions performed before the relevant filing date and to actions that allow the prior use to be continued (eg, if infringing embodiments have been produced but not sold before the relevant filing date, they may be sold afterwards). Further developing the prior use embodiment is not allowable if this would interfere with the subject matter of the protected invention.

## Remedies

### 22 Monetary remedies for infringement

**What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature?**

Damages accrue only in cases where the infringing acts are performed intentionally or negligently (section 139(2) of the GPA). Intention or at least negligence is assumed prima facie, since people being in business in a relevant technical area have to inform themselves of the rights of others, for example, by noting published patents, etc. As to damages, the infringer is liable for all infringing acts, regardless of whether they were performed before or after the patentee gained knowledge. Earnings of the infringer are to be paid to the patentee and potential losses may also be calculated and considered if requested. The following three methods are available for calculating damages:

The method most frequently applied in Germany is licence analogy, wherein the terms and conditions of a hypothetical licence contract are taken by the court as a basis for calculating a reasonable royalty on the infringer's sales.

As to the infringer's profit, this is a particularly interesting option in cases where the patentee could not have made the profit him or herself (eg, because it is a very small company and the infringer is a large company with a high profit from the infringing product). Upon calculating the infringer's profit, the infringer's general costs may only be deducted from his or her profit if these costs amounted solely in respect of the production of the infringing goods. According to FSC case law (*Gemeinkostenanteil*, 11 November 2000), fixed costs of the infringer (such as employees' wages or the rent of the infringer's premises) are not to be deducted from the infringer's profit, thereby increasing the damages awarded to the patent owner. Therefore, this option of calculating damages has become increasingly popular.

Lost profit, the third option, is difficult to obtain, as the patentee has to prove a close relationship between the infringing acts and his or her loss of profit.

As a general principle in German law, damages are only compensatory and not punitive. There is no additional punishment for wilful infringement (see question 26).

### 23 Injunctions against infringement

**To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer's suppliers or customers?**

In the case of a decision issued in favour of the patent proprietor (namely, the plaintiff) that has become legally binding, a final injunction is available for future acts of infringement performed by the sued (and confirmed) infringer (section 704 of the Code of Civil Procedure). Third parties, such as the infringer's suppliers or customers, can be made accountable in an infringement case. They may be obligated to provide extensive evidence and to permit the inspection of suspected premises if this is required to strengthen the plaintiff's case. Whenever a decision in favour of the plaintiff is not yet legally binding (eg, if the decision is under appeal), a temporary injunction is available by placing a security bond (section 709 of the Code of Civil Procedure).

### 24 Banning importation of infringing products

**To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?**

For import or export actions from or into the territory of the European Union from or to non-member states, the action may be blocked in accordance with the requirements of EU Regulation No. 1383/2003. For import

or export actions that are not covered by EU Regulation No. 1383/2003 (eg, import or export actions from or into Germany into or from other EU member states), the products may be sequestered in accordance with section 142a of the GPA. Both kinds of actions require that the products in question obviously represent an infringement of a German patent or a European patent that is nationalised in Germany. Blocking and sequestering, respectively, are handled by the German custom authorities. To start a blocking or sequestration action, the proprietor of the infringed patent must file a corresponding request with the Nuremberg Principal Revenue Office.

For proceedings according to section 142a of the GPA, the owner of the sequestered products may file a contradiction against the sequestration with the custom authorities within a period of two weeks. In that case, the patent proprietor has the duty to provide the custom authorities with a court decision (eg, a preliminary injunction) that confirms the sequestration, also within two weeks, otherwise the request for sequestration must be withdrawn.

For proceedings according to EU Regulation No. 1383/2003, the patent proprietor has to prove to the custom authorities that a proceeding according to article 10 of the above EU regulation has been initiated. The owner of the products must not file a separate contradiction against the blocking action.

### 25 Attorneys' fees

**Under what conditions can a successful litigant recover costs and attorneys' fees?**

In German court proceedings (namely, infringement and nullity proceedings), the losing party usually has to bear the entire costs of the proceeding (expenses such as attorneys' fees of both parties up to fees calculated based on a statutory fee schedule, as well as court fees), including costs that became due during the pre-trial stage (warning letters, etc) (section 91 of the Code of Civil Procedure).

In opposition proceedings before the GPTO and the FPC, usually each party has to bear its own costs, unless the GPTO or the FPC decides that the costs shall be borne by one of the parties to the extent that this is equitable (section 62 and section 80 of the GPA).

### 26 Wilful infringement

**Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate?**

As mentioned in question 22, there is no provision in German law for punitive damages. A criminal action can, however, be brought against an infringer (section 142 of the GPA). Further, a claim for destruction of the infringing goods is available if the balance of interests between the infringer and the successful plaintiff allows for it (section 140a of the GPA).

### 27 Time limits for lawsuits

**What is the time limit for seeking a remedy for patent infringement?**

The statute of limitations for patent infringement matters is laid down in sections 141 of the GPA, and sections 194ff and 852 of the German Civil Code.

The regular statutory bar for bringing an infringement action is three years from the end of the year in which the infringing act was first committed and the patentee gained knowledge of it. Regardless of the patentee gaining knowledge of the infringing act, the statutory bar is 10 years after the date when damage to the patentee first occurred and 30 years after the first infringing act was committed.

The patentee's claims against an infringer may be forfeited if the patentee had knowledge about the infringing activities for a considerable time without initiating any proceedings against the infringer, such that the infringer after such time had reason to trust that the patentee would not initiate any proceedings.

### Update and trends

In *Proteinrennung*, the FSC had to decide about the novelty of a claim in view of a prior art document that disclosed all but one feature: the final method step 'the obtained factor VIII solution is freeze-dried' was not literally disclosed. The prior art mentioned problems associated with the administration of medicaments prepared according to the claimed method. The FSC concluded that the medicament should therefore (at least also) be useful for therapeutic purposes. Freeze-drying was, however, the commonly used method for securing long-term pharmaceutical applicability at the priority date. Therefore, this step was considered a necessary measure that was immediately apparent to the skilled person upon reading the prior art document. It was irrelevant that short-term pharmaceutical application was possible without freeze-drying at the priority date. The claimed subject matter was thus not novel.

This case seems to contribute to the harmonisation of the case law of the FSC and the European Patent Office regarding the inclusion of implicitly disclosed features into the novelty assessment.

### 28 Patent marking

**Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?**

The patent holder does not have to mark patented products. Should the patentee choose to do so, section 146 of the GPA provides that third parties have a right to information regarding the corresponding patent (application) number. Any false or incomplete information may constitute a damage claim against the patent holder according to section 280(1) of the German Civil Code.

False patent marking (eg, marking a product as patented, although the application is still pending) may constitute a case of unfair competition.

### Licensing

#### 29 Voluntary licensing

**Are there any restrictions on the contractual terms by which a patent owner may license a patent?**

In principle, the terms and conditions of licensing contracts are the responsibility of the contracting parties only and can be chosen by them. The terms of the contract have to comply with the German antitrust regulations (sections 1 to 3 of the German law on antitrust regulation). Field-of-use restrictions, restrictions regarding the amount of production and sale, temporal or regional restrictions are allowed. If there are any doubts as to the permissibility of certain terms within a contract, an inquiry may be filed with the Antitrust Division, which decides on the admissibility of these terms within three months of the inquiry.

If the effects of a licensing contract extend to other (namely, non-German) territories of the European Union, and additionally affect a remarkable share of the relevant EU market, the provisions of the Treaty on the Functioning of the European Union (TFEU) as well as Council Regulation No. 772/2004, specifying how article 101 of the TFEU should be applied, must be obeyed.

#### 30 Compulsory licences

**Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?**

According to section 24(1) of the GPA, a non-exclusive compulsory licence will be granted by the FPC upon the request of a party that for a reasonable time had unsuccessfully negotiated with the patent proprietor regarding a voluntary licence under reasonable terms, provided that the public interest requires the grant of such a compulsory licence.

Section 24(2) of the GPA provides a specific regulation for dependent inventions: a non-exclusive compulsory licence shall be granted by the FPC upon the request of a party that for a reasonable time had unsuccessfully negotiated with the patent proprietor regarding a voluntary licence under reasonable terms, provided that the dependent invention in view of the old invention represents 'an important technical progress of high economic relevance'. Public interest is no longer required in that specific case.

The proprietor of the older patent may request a corresponding counter-licence from the proprietor of the younger patent.

Section 13 of the GPA provides that a patent shall have no effect where the federal government orders that the invention shall be exploited in the interest of public welfare, nor shall the effect of a patent extend to any exploitation of the invention that is ordered in the interests of the security of the Federal Republic.

### Patent office proceedings

#### 31 Patenting timetable and costs

**How long does it typically take, and how much does it typically cost, to obtain a patent?**

According to the GPTO, it usually takes from two to two and a half years to obtain a patent provided that the applicant requests (substantial) examination (section 44(1) of the GPA) of the application within the first four months after filing. On the other hand, it is possible to delay the request for examination for a maximum of seven years after the filing date of a patent application (section 44(2) of the GPA).

The official fees for obtaining a patent amount to at least €390 (application fee for up to 10 claims and examination fee) and the annuities range from €70 for the third year to €1,940 for the 20th year. If the applicant is represented by a qualified patent attorney, additional attorneys' fees of between €5,000 and €8,000 should typically be expected to be incurred. The costs could be significantly higher in appeal or opposition proceedings.

#### 32 Expedited patent prosecution

**Are there any procedures to expedite patent prosecution?**

The German Patent and Trademark Office (GPTO) has pilot PPH programmes with the patent offices of Austria, Canada, China, Finland, Japan, Korea, the United Kingdom and the United States.

Upon a reasonable request, prosecution and opposition proceedings can be expedited if the normal time frame would significantly harm the requester.

If the application is a first application and the applicant has requested examination early, the GPTO will always try to issue the first office action four months before expiry of the priority year.

#### 33 Patent application contents

**What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?**

The formal requirements regarding the content of a patent application are set forth in section 34(3) of the GPA; thus, the application must contain the name of the applicant, a request for the grant of patent containing a brief and exact identification of the invention, one or more claims, a description of the invention and (optionally) drawings of the invention.

According to section 34(4) of the GPA, the description must disclose the invention in a clear and complete manner enabling a person skilled in the art to perform the invention. While this requirement is not read in the manner that providing any exemplification of the invention is a legal requirement, it is established practice that experimental examples are the most convenient way to disclose the invention.

There is no best mode requirement in Germany. However, care should be taken regarding the description of the preferred embodiments of the invention (and the corresponding examples), since subject matter that is not disclosed to represent an optional embodiment may not be used as a fallback position during examination and potential opposition or nullity proceedings (*Heizer*, 14 May 2009).

#### 34 Prior art disclosure obligations

**Must an inventor disclose prior art to the patent office examiner?**

When drafting a patent application, the applicant may summarise prior art in the description to define the technical background and the problem underlying the claimed invention. There is no duty to disclose all potentially relevant prior art references of which the applicant is aware. In particular, contrary to US practice, an information-disclosure statement is not required.

**35 Pursuit of additional claims**

**May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?**

Theoretically, a new application with additional claims may be filed at a later date, but usually the prior application creates novelty or inventive step problems for the claims of the later application. If the second application is filed within one year of the first application, it may still be possible to validly claim priority of the first application. There is no application available in Germany that is comparable to the continuation-in-part application in the United States. Any new claims added to a pending application must be supported by the original disclosure. Otherwise, the new claims are impermissible added matter (section 21(1)4 of the GPA).

An invention disclosed but not claimed in an application may also be made the subject matter of the claims of a divisional application. A divisional application may be filed as long as the parent application is pending. The claims of a divisional application must be supported by the original disclosure of the parent application.

**36 Patent office appeals**

**Is it possible to appeal an adverse decision by the patent office in a court of law?**

If an applicant or, in opposition proceedings, the patent proprietor or the opponent are adversely affected by the GPTO's decision, an appeal can be filed within one month after service of the written decision (section 73 of the GPA). The appeal will be handled by the FPC. The FPC's decision may be appealed on a point of law before the FSC (section 100 of the GPA).

**37 Oppositions or protests to patents**

**Does the patent office provide any mechanism for opposing the grant of a patent?**

Within nine months of the publication of the mention of the grant of a patent, a notice of opposition can be filed and must be accompanied by a statement setting out the facts and evidence on which the opposition is based. Further, after the nine-month opposition term (if no opposition is filed) or after the termination of opposition proceedings, a nullity action can be brought before the FPC. For details regarding opposition and nullity procedures, see question 17.

**38 Priority of invention**

**Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?**

The GPA does not provide for interference proceedings in the case of disputes regarding priority and thus the right to invention. As a result of the first-to-file principle (section 6 of the GPA), the person who first filed a patent application regarding a specific invention has the right to this invention, unless this person is not entitled to the invention (usurpation). In such a case, the rightful owner of the patent may initiate legal proceedings against the applicant to surrender the right to the grant of a patent.

**39 Modification and re-examination of patents**

**Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?**

Patent claims may be restricted upon the request of the proprietor during opposition or nullity proceedings in reaction to challenges to the patent based on the grounds of opposition or nullity as outlined in question 17. To the extent that the competent authority (the GPTO or the FPC) decides that the arguments of the opponent or the nullity plaintiff are well founded, the patent will be revoked.

As long as an application is pending, a divisional application may be filed in respect thereof (section 39 of the GPA). The divisional application may not extend beyond the original disclosure in the parent application.

Finally, section 64 of the GPA provides for a procedure before the GPTO regarding voluntary amendments restricting the scope of the patent claims upon the request of the patentee. Such a request can also be made in the absence of any pending opposition or nullity proceedings. However, those proceedings do not include any substantial re-examination of the patentability requirements.

**40 Patent duration**

**How is the duration of patent protection determined?**

The duration of the patent is 20 years from the filing date of the patent application (section 16 of the GPA).



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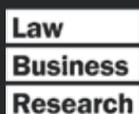
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