

Table of Contents

List of Tables	xvii
List of Figures	xix
Preface	xxi
List of Abbreviations	xxiii
Chapter 1	
Why Germany?	1
1. Introduction	1
2. The German “Split System”	1
3. Expertise and Reputation of German Patent Infringement Courts	2
4. Speed and Costs of Proceedings in Germany	2
5. Customs Actions	3
Chapter 2	
Sources of Law	5
1. Introduction	5
2. European Laws	5
2.1. European Patent Convention	6
2.2. London Agreement	6
2.3. Directives and Regulations of the EU	7
2.3.1. European Enforcement Directive	7
2.3.2. Border Measures Regulations	8
3. Other International Treaties	8
3.1. Paris Convention	8
3.2. PCT	9
3.3. TRIPS	9

Table of Contents

4.	German Acts	10
4.1.	German Patent Act (“Patentgesetz”: PatG)	10
4.2.	German Code of Civil Procedure (“Zivilprozessordnung”: ZPO)	10
4.3.	Utility Model Act (“Gebrauchsmustergesetz”: GebrMG)	11
4.4.	Act on Employees’ Inventions (“Arbeitnehmererfindergesetz”: ArbEG)	11

Chapter 3

Structure of Legal System	13
1. Introduction	13
2. General Outline of Patent Disputes	14
2.1. Disputes Focused on the Invalidation of the Patent	14
2.1.1. Oppositions	14
2.1.2. Nullity Actions	15
2.2. Infringement Disputes	16
2.2.1. Infringement Courts	17
2.2.1.1. First Instance	17
2.2.1.2. Second Instance	18
2.2.1.3. Third Instance	18
3. Court of Justice of the European Union	19
4. Role of Judicial Precedent	20
5. European Patent Court	20

Chapter 4

Forms of Patent Protection: Background on Prosecution		23
1.	European Patent	25
1.1.	Granting Procedure	25
1.1.1.	The EPO's Initial Formality Review and Search Report	26
1.1.1.1.	General Remarks	26
1.1.1.2.	Possible Events during the Search Phase	27
1.1.1.3.	Mandatory Reaction on Search Opinion	27
1.1.2.	Unity of the Invention	28
1.1.3.	Publication of the European Patent Application	29
1.1.4.	Examination Proceedings	30
1.2.	Divisional Applications (Article 76 EPC)	31
1.3.	Right of Priority (Articles 87, 88 EPC)	32
1.4.	Duty to Disclose	33
1.5.	Opposition, Revocation, and Limitation Proceedings	34
1.5.1.	Nature of Limitation Proceedings	34
1.5.2.	Strategic Use of Limitation Proceedings	35
1.6.	Observations by Third Parties	36
2.	European Patents with Unitary Effect	36
2.1.	Unitary Character	37
2.2.	Coexistence with European and National Patents	37
2.3.	Application of the EPC	38
2.4.	Language System	38

2.5. Enforcement	39
3. German Patents	39
3.1. Procedure in General	39
3.2. Amendments	40
3.3. Divisional Applications	41
3.4. Opposition Proceedings	41
4. German Utility Models (<i>Gebrauchsmuster</i>)	42
4.1. Main Characteristics of German Utility Models	42
4.2. Different Novelty Standards	42
4.3. Registration of a German Utility Model	43
4.4. Protectable Subject Matter	43
4.5. Reasons for Filing a Utility Model	44
4.5.1. Low Fees and Prosecution Costs	44
4.5.2. Early Publication of the Invention	44
4.5.3. Earlier Enforceability	46
4.5.4. Damages	46
4.5.5. Strategic “Branching Off”	46
4.5.5.1. General Remarks	46
4.5.5.2. Tailoring Claims in View of the Infringing Embodiment	47
4.5.5.3. Claim Sets for German Utility Models in Case of an Infringement	47
5. Design Protection (Design Patent)	48
5.1. General Information	48
5.2. Requirements for Design Protection	49
5.3. European Community Design	50
5.3.1. Registered Community Design (RCD)	50
5.3.2. Unregistered Community Design	51
5.4. German Industrial Design (<i>Geschmacksmuster</i>)	51
5.5. International Design (Hague System)	52

Chapter 5

Patentability Standards	53
1. Patentable Subject Matter	53
1.1. Classes of Non-Inventions	53
1.2. Programs for Computers and Computer Implemented Inventions	56
1.2.1. Technical Character	56
1.2.2. Other Patentability Requirements	58
1.3. Biotechnological Inventions	61
2. Novelty	62
2.1. The Absolute Novelty Rule and the First-to-File Principle	62
2.2. Non-Prejudicial Disclosure	63
2.3. Availability to the Public	64
2.4. Determination of What is “Public”	65

Table of Contents

2.5.	Novelty Assessment	66
2.5.1.	Introduction	66
2.5.2.	Combination of Features	67
2.5.3.	Meaning of Terms	67
2.5.4.	Incorporations by Reference	67
2.6.	So-called “Article 54(3) Documents” and §3(2) of the German Patent Act	68
2.7.	First Medical Use/Second Medical Use	70
3.	Patentability Standards Applicable to German Utility Models	71
4.	Standards on Inventive Step	72
4.1.	Introduction	72
4.2.	Problem and Solution Approach	73
4.2.1.	Step 1: Determination of the “Closest Prior Art”	73
4.2.2.	Step 2: Determination of the “Objective Technical Problem”	74
4.2.3.	Step 3: Obviousness Test	75
4.3.	German National Particularities	76
5.	Standards on Original Disclosure	76
5.1.	Removing a Feature from an Independent Claim as Originally Filed	77
5.2.	The So-called “Inescapable Trap of Article 123(2)/(3)”	78

Chapter 6

Opposition Proceedings	81
1. Introduction	81
2. Patent Monitoring Programs	81
3. Grounds for Opposition	82
4. Any Person may Oppose	83
5. Main Steps of Oppositions Proceedings	84
5.1. Notice of Opposition	84
5.2. Observations and Amendments during the Proceedings	85
5.3. Summons	86
5.4. Late-Filed Requests by the Patentee	86
5.5. Late-Filed Facts or Evidence by the Challenger	87
5.6. The Hearing	88
5.7. Decision of the Opposition Division	88
5.8. Appeal of Decisions of the Opposition Division	89
6. Withdrawal of Opposition	89
7. Intervention after the Nine-Month Opposition Period	90
8. Statistics	90
9. Interaction of EPO Opposition and National Invalidation Proceedings	90

Chapter 7

Nullity Actions	93
1. Split System	93

2.	Court Structure	94
2.1.	Federal Patent Court	94
2.2.	Federal Supreme Court	95
3.	Main Procedural Aspects of Nullity Actions	96
3.1.	Priority of Opposition Proceedings over Nullity Actions	96
3.2.	Parties to the Nullity Action	96
3.3.	Timing of a Nullity Action	98
3.3.1.	Chronology of First Instance (Federal Patent Court)	98
3.3.2.	Appeal to the Federal Supreme Court	100
3.4.	Object of Nullity Actions	101
3.5.	Grounds for Revocation	102
3.6.	Special Procedural Aspects	104
3.6.1.	Scope of Nullity Actions	104
3.6.2.	Withdrawal of Nullity Actions	105
3.6.3.	Amendment of the Nullity Actions during the Proceedings	106
3.6.4.	Admissibility of Claim Amendments filed during the Proceedings	107
4.	Inspection of the Files	107
5.	Interplay with Infringement Proceedings	108
5.1.	Stays of Infringement Proceedings Pending the Resolution of Validity	108
5.2.	Effects of the Nullity Decisions	108
5.3.	Inconsistent Statements	109
6.	Financial Aspects of Nullity Action	110
6.1.	Court Fees	110
6.1.1.	Court Fees: First Instance (Federal Patent Court)	110
6.1.2.	Court Fees: Second Instance (Federal Supreme Court)	110
6.1.3.	Costs for Court Expert	111
6.2.	Security for Defendant's Costs of the Proceedings	111

Chapter 8

Pre-Suit Considerations and Infringement Trial	113
1. Jurisdiction and its International Aspects	113
1.1. Venue	113
1.2. Trans-Border Jurisdiction	115
1.3. "Torpedo"	117
2. Contacting the Accused Infringer	118
2.1. Warning Letter (<i>Abmahnung</i>)	119
2.1.1. Content of Warning Letter	119
2.1.2. Unjustified Warning Letter	120
2.2. Inquiry Letter (<i>Berechtigungsanfrage</i>)	120
3. Lawsuit on the Merits (First Instance)	121
3.1. Overall Timeline	121
3.2. Contents of the Complaint	123
3.2.1. Rights and Requests	124

Table of Contents

3.2.1.1.	Right to Prevent the Use of the Patent	124
3.2.1.2.	Right to Claim Damages	128
3.2.1.3.	Right to be Informed and Rendering of Accounts	129
3.2.1.4.	Other Rights	130
3.2.2.	Information about the Subject Matter of the Case	131
3.3.	Defendant's Defense	133
3.3.1.	Factual Submissions	134
3.3.2.	Legal and Procedural Defenses	134
3.3.3.	Requests of the Defendant	138
3.4.	Further Briefs until the Main Hearing	138
3.5.	Hearing	139
3.6.	Outcome of the First Instance Proceedings	140
3.6.1.	Grant of the Action or Complete/Partial Dismissal (Decision on the Merits)	140
3.6.2.	Suspension of the Proceedings	141
3.6.3.	Further Evidence Taking: Appointment of a Court Expert	145
4.	Relief	147
4.1.	Appeal of First Instance Decisions	147
4.2.	Appeal of Appellate Decisions: Federal Supreme Court	148
5.	Enforcement Proceedings	149
5.1.	Provision of Security	149
5.2.	Motion for Temporary Suspension of Enforcement	149
5.3.	Compliance with Injunctive Relief	151
5.4.	Rendering of Accounts and Lawsuit Concerning the Amount of Damages	151
5.5.	Reimbursement of Costs	153
6.	Particular Issues	153
6.1.	Declaratory Judgment Action	153
6.2.	Special Defense resulting from Antitrust Law	154
7.	Financial Aspects of Infringement Proceedings	156
7.1.	Litigation Value	156
7.2.	Court Fees	157
7.2.1.	Court Fees for the First Instance	157
7.2.2.	Court Fees for the Second Instance	158
7.2.3.	Costs for the Third Instance	158
7.3.	Provision of a Security for Defendant's Legal Costs	158
7.3.1.	Principle	158
7.3.2.	Amount of the Security	158

Chapter 9

Preliminary Injunction Proceedings	161
1. Introduction	161
2. Proper Court	161

3.	Basis for a Preliminary Injunction	162
3.1.	Claim on which the Injunction is Based <i>Verfügungsanspruch</i>	162
3.2.	Particular Reasons for a Preliminary Injunction <i>Verfügungsgrund</i>	164
3.2.1.	Urgency	164
3.2.2.	Other Interests Weighed	164
3.3.	Particular Situation: Trade Shows	166
4.	Normal Course of Preliminary Injunction Proceedings	167
4.1.	Ex Parte Proceedings	167
4.2.	<i>Inter Partes</i> Proceedings	169
5.	Possible Reactions of the Accused Infringer	170
5.1.	Protective Brief	170
5.2.	Acceptance and Final Warning Notice	171

Chapter 10

Claim Construction and Infringement	173
1. Claim Construction Procedure	173
2. Claim Construction	175
2.1. Aim of the Claim Construction	175
2.2. Significance of the Claims	176
2.2.1. Semantic Content (<i>Sinngehalt</i>)	176
2.2.2. Main Sources for the Claim Construction	177
2.2.2.1. Definitions in the Description	178
2.2.2.2. Examples and Preferred Embodiments	178
2.2.2.3. Dependent Claims	179
2.2.2.4. Indications of Purpose	179
2.2.2.5. Numerical Indications	179
2.2.2.6. Reference to the Prior Art	180
2.2.3. Evidence Outside of the Patent Document	180
2.2.3.1. General Expertise of the Skilled Person	180
2.2.3.2. Inadmissibility of Prosecution File Estoppel	181
2.2.3.3. Effects of Invalidation Proceedings on the Claim Construction	181
3. Identical And Equivalent Infringement	182
3.1. Identical Infringement	182
3.2. Doctrine of Equivalents	183
4. Infringing Acts	185
4.1. Direct infringement	185
4.1.1. Products	186
4.1.2. Processes	188
4.1.3. Product-by-Process Claims	189
4.2. Contributory infringement	190
5. Exhaustion	192
5.1. Putting onto the EU/EEA Market	192
5.2. Assertion of a Patent with Device Claim	193

Table of Contents

5.3. Assertion of a Patent with a Method Claim	193
5.4. Assertion of a Patent Containing Apparatus and Method Claims	194
5.5. Limits to the Concept of Exhaustion of Rights (Maintenance versus Rebuilding)	194
Chapter 11	
Discovery and Evidence Taking	197
1. General Framework	197
1.1. Introduction	197
1.2. Burden of Proof and Duty of Presentation	198
2. Historical Development	199
3. Discovery Before Filing a Complaint	200
3.1. Requirements	200
3.1.1. “Sufficient Probability” of Patent Infringement	200
3.1.2. Necessity and Principle of Proportionality	200
3.2. Procedural Implementation of the Request	201
3.2.1. General Outline	201
3.2.2. Protection of the Defendant’s Secrecy Interests	201
3.2.3. Scope and Aim of the Request	203
4. Discovery After Filing the Complaint	204
4.1. Discovery according to §140c Patent Act	204
4.2. Procedural Means (§§142, 144 Code of Civil Procedure)	204
4.3. Reports of Court-Appointed Experts	206
4.4. Witnesses	207
5. Privileges and Data Protection	207
5.1. Attorney-Client-Privileges	207
5.2. U.S. Disclosure Requests Implemented in Germany	208
5.2.1. The Hague Convention on Evidence Taking	208
5.2.2. Voluntary Depositions in Germany	210
5.2.3. German Data Protection in the Light of US Discovery	210
5.2.4. Protection of Communications with German Representatives	212
Chapter 12	
Damages	213
1. General Remarks	213
2. Reasonable Royalty	214
2.1. Royalty Base (<i>Bezugsgröße</i>)	214
2.2. Royalty Rate	215
3. Lost Profits of the Right Holder	216
4. Profits Made by the Infringer	217
4.1. Infringer’s Revenue	218
4.2. Deductible Costs	218
4.3. Share Factor (<i>Anteilsfaktor</i>)	219

5.	Period for Which Damages are to be Paid	220
5.1.	Starting Point	220
5.1.1.	General	220
5.1.2.	Published Patent Applications	221
5.1.2.1.	Requirements	222
5.1.2.2.	<i>“Compensation appropriate to the circumstance”</i>	223
5.2.	End of the Damages Calculation Period	223

Chapter 13

Inventorship and Ownership	227
1. Inventorship	227
2. Assignment of the Right to the Invention	228
3. Co-Ownership of the Invention	229
4. Correct Entitlement to the Invention	230
4.1. Legal Fiction in Favor of the Applicant	230
4.2. Legal Function of the Register	231
5. Employee Inventions and the Act on Employees' Inventions (ARBEG)	231
5.1. Scope of Application of the ArbEG	232
5.1.1. Material Scope of Application	232
5.1.2. Personal Scope of Application	232
5.1.3. Territorial Application	233
5.2. Service Inventions and Free Inventions	233
5.3. Duty to Report	235
5.4. Acquisition of the Ownership of Service Inventions	236
5.5. Obligations of Employer after Acquisition of the Service Invention	238
5.5.1. Protection of the Service Invention	238
5.5.2. Agreements between Employer and Employee	240
5.6. Employee's compensation	240
5.6.1. Individual Agreements on the Compensation	240
5.6.2. Calculation Methods	241
5.6.2.1. Contribution factor (Directive, N° 30)	242
5.6.2.2. License Analogy	242
5.6.2.3. Other Two Methods: Benefit to the Employer Or the Invention's Value	243
5.7. Resolution of Disputes	244

Chapter 14

Customs Actions	245
1. Introduction	245
2. Legal Framework	247
2.1. EU Rules	247
2.2. National Rules	248

Table of Contents

3.	Application Proceedings	249
3.1.	Content of the Application	250
3.2.	Security	251
4.	Grant of the Application	252
5.	Ongoing Updates to Customs	252
6.	Detention Procedure	253
6.1.	Customs' Detection and Assessment of Goods	253
6.2.	Notification of Detention	254
6.3.	Measures after Notification of the Parties	255
6.3.1.	EU Rules	255
6.3.1.1.	Simplified Destruction Procedure	255
6.3.1.2.	Regular Proceedings (Article 13 EC Regulation)	256
6.3.1.3.	Possibility of Release of Detained Goods (Article 14 EC Regulation)	256
6.3.2.	German Rules (§142a of the German Patent Act)	257
7.	Possible Liabilities	258
8.	Costs of the Proceedings	258

Chapter 15

Budgeting a Patent Enforcement Case **259**

1.	Financial Aspects of German Patent Litigation	259
2.	Infringement Proceedings	260
2.1.	Costs of the Party's own Legal Representative	260
2.1.1.	Billing on an Hourly Basis	260
2.1.2.	Billing According to the Statutory Fee Act (First Instance)	261
2.1.3.	Billing According to the Statutory Fee Act (2nd Instance)	261
2.1.4.	Costs for the 3rd Instance	262
2.2.	Cost Increasing Factors	262
3.	Costs for Nullity Proceedings	262
3.1.	Average Costs for Legal Representatives	262
3.2.	Cost Increasing Factors	263
3.3.	Opposition Proceedings before EPO	263
4.	Reimbursement	264
4.1.	Proceedings before the Infringement Courts	264
4.2.	Invalidation Proceedings	264
4.2.1.	EPO Opposition	264
4.2.2.	German Invalidation Proceedings (1st and 2nd Instance)	264
5.	Risk Assessment: Infringement Plus Invalidation Proceedings	264

Chapter 16	
Samples	267
1. Warning Letter	267
1.1. Body of the Warning Letter	268
1.2. Undertaking of Cease and Desist	271
2. Inquiry Letter	273
3. Complaint Brief (Infringement Action)	275
4. Settlement Agreement	281
5. Request for a Preliminary Injunction	284
6. Protective Brief	289
7. Bank Guarantee	292
Chapter 17	
Legal Texts	293
1. Excerpts of the EPC	293
2. Chapter V—Biotechnological Inventions	306
3. Excerpts of the German Patent Act	308
4. Utility Model Act	329
5. Act on Employee's Inventions	342
6. Council Regulation (EC) No 1383/2003 of 22 July 2003 Concerning Customs Action Against Goods Suspected of Infringing Certain Intellectual Property Rights and the Measures to be Taken Against Goods Found to have Infringed Such Rights	348
Chapter 18	
Key Differences between U.S. and European Patent Laws	361
1. First-to-File Versus First-to-Invent	361
2. Grace Period	361
3. Confidential Sales as Prior Art (The "On-Sale Bar")	362
4. Best Mode Requirement	362
5. Patent Term	362
6. Duty to Disclose	363
7. Inequitable Conduct Defenses	363
8. Prosecution File Estoppel	363
9. Reissue Versus Limitation Proceedings	363
10. Opposition Versus Reexamination	364
11. Jury Trial Versus Bench Trial	364
12. Infringement and Validity Proceedings	364
13. Discovery	364
14. Enhanced/Multiple Damages	365
15. Patent Marking	365
16. Injunctions	365
Index	367