

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 Invalidity 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

| | |
|---|----|
| 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

| | | |
|--------|--|-----|
| 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

| | |
|-----------------|-----|
| 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 |