KADOR & PARTNER

NEWSLETTER

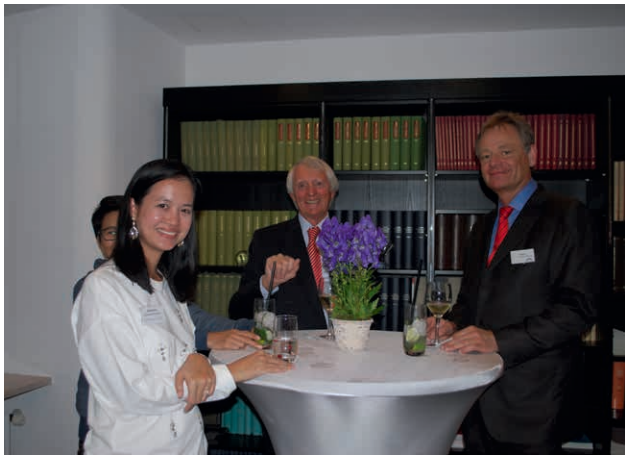
IP NEWS FROM EUROPE AND GERMANY

July 2017

NEWS ABOUT US

Training Course on European Patent Law in October 2016

From October 9-15, 2016 we held our bi-annual advanced training course on European IP Law at our Munich office. Participants came from all over the world, including from the U.S.A., Japan, China, Russia, Finland and Thailand.



Cocktail reception in our office

The course first provided an overview of the European patent system and procedures, then continued with an in-depth handling of the following:

- The assessment of novelty and inventive step under the EPC,
- The requirement of sufficient disclosure of the invention,
- The strict approach of the European Patent Office on amending claims - added matter,
- Best practices in opposition and appeal proceedings,
- Infringement and litigation under European and German law, and
- The European Trade Mark system.

An overview of the new Unitary European Patent and the Unified European Patent Court was also given, and the consequences of Brexit were discussed.

The participants also attended an EPO appeal hearing, to experience these proceedings first-hand.

The lectures were presented by Kador & Partner attorneys and by prominent IP professionals from the European Patent Office, private practice and from industry, including **Mr. Robert**

Young, former chairman of the EPO Board of Appeal and member of the EPO Enlarged Board of Appeal, **Dr. Ludwig von Zumbusch**, litigation specialist at Preu Bohlig & Partner, and **Dr. Franziska Preissinger**, Head of Patent litigation ex US at Novartis International AG.

Aside from IP issues, the participants were offered a variety of social activities, including a trip to Bavarian King Ludwig II's famous Neuschwanstein castle, a sight-seeing tour of Munich and a trip to the picturesque lake Chiemsee.

Our next seminar will take place in October 2018. For more information on the seminar and a detailed description of both lectures and leisure activities, please refer to our web page www.kadorpartner.com, under the "Seminar" link.

Excursion to Brixen

At the end of October 2016, our team made an excursion to the beautiful city of Brixen in South Tyrol. We hiked in the stunning mountains surrounding Brixen and visited the famous and impressive old castles of Waidbruck and Klausen.

Enjoying the sun during the hike

In the evenings, we enjoyed delicious Southern Tyrolean food and wine from the traditional "Elephant Hotel", named after an elephant, which, in the 16th century, stopped in Brixen for several days while in transit from India to Vienna as a present for Archduke Maximilian of Austria.

View of the Dolomite mountains

AIPPI Milan

From September 16-20, 2016, **Dr. Laura Fé** and **Dr. Bernhard Pillep** participated in the AIPPI World Congress in Milan. As always, it was a great opportunity to exchange ideas, discuss important issues and meet with clients and colleagues from all over the world.

INTA Barcelona

From May 20-24, 2017, **Mrs. Astrid Purner, Mrs. Barbara Regensburger, Dr. Claus Schindele** and **Dr. Utz Kador** participated in the INTA Annual Meeting in Barcelona. For the occasion, our firm organized a guided tour to the wonderful Sagrada Familia Church followed by a tapas and wine reception. The event has been highly appreciated by all participants.

EUROPEAN PATENT LAW

Antidote to poisonous priority and toxic divisional - Decision G 1/15 of Enlarged Board of Appeal

With decision G 1/15[1], the European Patent Office's Enlarged Board of Appeal has finally resolved the longstanding legal uncertainty regarding "poisonous priority" and "toxic divisional".

[1] Decision G 1/15 of November 29, 2016, available at: www.epo.org/law-practice/case-law-appeals/eba/number.html

The question to be answered by the Enlarged Board was whether, and to what extent, a European patent application could rely on partial priority when claiming an invention more broadly than was disclosed in a priority document. The question was key to deciding whether a European application could be at risk of being anticipated by its own priority or divisional application.

The issue resulted from the interpretation given by different Boards of Appeal on the proviso contained in point 6.7 of the Enlarged Board of Appeals decision G 2/98, according to which a generic claim can be entitled to multiple priorities *"provided that it gives rise to the claiming of a limited number of clearly defined alternative subject matters".*

A strict interpretation of this proviso required *"clearly defined alternative subject matters"* to be identified in the claim. For example, under this interpretation, if "copper" is disclosed in the priority application and "metal" is claimed in the following application, "metal" does not contain clearly defined alternatives because although the word "metal" encompasses copper, it is a generic term that does not list specific metals. Thus, there is no partial priority entitlement and the priority for "metal" is lost entirely, with the result that the priority application becomes prior art under Art. 54(3) EPC for the later application.

On the other hand, a broad interpretation of the G 2/98 proviso assumed that it was sufficient that the "alternative subject matters" can be identified implicitly. Hence, according to this more generous approach, "metal" implicitly stands for "copper" and "metal other than copper", with the consequence that partial priority can be recognized.

The order given in Decision G 1/15 clearly endorses this more liberal interpretation, stating that (see catchword at the decision):

"Under the EPC, entitlement to partial priority may not be refused for a claim encompassing alternative subject-matter by virtue of one or more generic expressions or otherwise (generic "OR"-claim) provided that said alternative subject-matter has been disclosed for the first time, directly, or at least implicitly, unambiguously and in an enabling manner in the priority document. No other substantive conditions or limitations apply in this respect."

In point 4.2, the decision further underlines that the priority is a right: "Apart from formal requirements (such as… identity of the applicant, twelve month period), the sole substantive condition laid down by the EPC (and the Paris Convention) for the right of priority to be validly claimed is that the priority document and the subsequent filing are directed to the same invention…Article 87(1) EPC". In other words, the decision clarifies that no further limitations on the priority right can be implied, not even by the contested proviso in point 6.7 of G 2/98.

According to the present decision, the first step in assessing whether subject-matter within a generic "OR" claim is entitled to partial priority is to determine whether the priority document, as a whole, discloses the subject matter directly and unambiguously. As explained in point 6.4 of decision G 1/15 *"The next step is to examine whether this subject matter is encompassed by the claim of the application or patent claiming said priority. If the answer is yes, the claim is de facto conceptually divided into two parts, the first corresponding to the invention disclosed directly and unambiguously in the priority document, the second being the remaining part of the subsequent generic "OR"-claim not enjoying this priority but itself giving rise to a right to priority, as laid down in Article 88(3) EPC."*

Our comment:

A claim to priority cannot be lost by broadening a feature disclosed in the priority application and, consequently, a European application cannot be anticipated by its own priority or divisional application, which can thus safely be filed. Fortunately, common sense has prevailed, and this decision should mark the end of "poisonous priority" and "toxic divisional" issue.

Handwritten Amendments allowed again in EPO opposition proceedings

Since January 1, 2014, the European Patent Office (EPO) was no longer accepting hand-

written amendments to the application during examination or to the patent during opposition proceedings. While filing any replacement pages (e.g. amended claim sets) in typed form during written proceedings is common routine and easily been done, it can be problematic during oral proceedings.

The Patentee´s attorney must have an editable version of the specification and the typed amendments must be prepared and printed using the EPO facilities. Because of the inevitable time pressure on the attorney to prepare the amendments, errors may occur. Furthermore, unlike handwritten amended documents, typed documents do not allow for a quick review of what has been amended in the text by the other parties to the proceedings. In any case, the activity is time consuming and therefore costly.

Thankfully, with the Administrative Counsel Decision of 14 October 2015, CA/D 9/15, the EPO has amended Rule 82(2) EPC so that decisions in oral opposition and appeal proceedings (under Article 106(2) EPC or Article 111(2) EPC) can be taken based on amended documents with handwritten amendments.

In a recent Notice[2], the EPO confirmed that it is again possible, as of May 1, 2016, to file handwritten amendments during oral proceedings. Where a patent is upheld on the basis of these amendments, the patent proprietor will then receive an invitation to file a typed version of the amendments. This typed version must be filed within a three-month period.

Our comment:

Happily, the EPO takes a common-sense approach to handwritten amendments. It is to be noted that the formally deficient documents submitted during oral proceedings contain the authentic text of the patent upheld in amended form. The filing of a compliant document is a formality which has no bearing on the content of the patent maintained in amended form!

However, since a patentee can still submit typed amended documents, a third party may still be confronted with the difficulty of having to check the amended text within a limited amount of time.

Please note that in oral examination proceedings, a final decision granting a patent may be taken only on the basis of documents which are formally compliant. If the applicant is unable to provide formally correct amendments the Examining Division will invite the applicant to file the submissions in typed or printed form within two months.

GERMAN PATENT LAW

German Federal Supreme Court decides about “inescapable trap” in a case concerning the German part of a European Patent

In a recent decision[3], the German Federal Supreme Court (FSC) dealt with an important issue concerning the German part of a European Patent: the question was how to handle an amended claim containing a limiting feature which was not disclosed in the application as originally filed.

In earlier decisions concerning the same question but with respect to purely national German patents the FSC had already decided that non-disclosed features may be left in a granted claim under certain circumstances, namely in cases where the feature is purely limiting and does not create an “aliud”.

In contrast, the Enlarged Board of Appeal of the EPO in the so-called “inescapable trap” decision[4] already decided in 1994 that non-disclosed features can never be left in a patent claim and, therefore, that where such a feature cannot be removed from the claim without extending the scope of protection, the patent must be revoked in its entirety.

[2] Notice from the European Patent Office dated 9 March, 2016 concerning amended Rule 82 EPC, OJ EPO 2016 A22
[3] Decision “Wundbehandlungsvorrichtung” (“wound care device“) Decision of February 17, 2015 (ref.: X ZR 161/12)
[4] Decision G 1/93, Official Journal of the EPO 1994, 541

With the present ruling, the FSC extended its national jurisdiction to German parts of European Patents, that is, stating that such non-disclosed features do not automatically lead to a revocation in the event that the feature is purely limiting and not creating an "aliud". It must be noted, however, that no rights may be derived from the non-disclosed feature. For example, it may not be used to induce novelty or inventive step.

Our comment:

In contradiction to the EPO, the German FSC allows non-disclosed features to stay in the claim, avoiding the very harsh consequence of revoking the German part of the European Patent. The FSC reasoned that it is the intention of this ruling to strike the right balance between the fundamental right to the protection of intellectual property and the aim to avoid adverse effects for third parties.

We think that this approach is very reasonable and, in fact, achieves the "right balance" goals as outlined in the FSC's reasoning.

German Federal Supreme Court ruling on claim construction/ equivalent patent infringement

Under the German patent law practice, patent infringement may occur not only if an embodiment is covered by the literal meaning of the claims but also if the embodiment uses modified means, which fall within the patent's scope of protection, applying the doctrine of equivalents.

To assess such an *"equivalent"* patent infringement, the German Federal Court of Justice has stipulated three requirements. First, the modified means must objectively be of equal effect to the means mentioned in the claim. Secondly, the person skilled in the art using his skills must have been able to find these modified means to be equally effective. Third, the considerations enabling a skilled person to find the modified means must be based on the patent claims' technical teaching to the extent that the person skilled in the art considers the embodiment using modified means as an approach equal to that embodiment that is directly based on the literal meaning of the claim.

However, in two controversial decisions[5,6] the Federal Court of Justice has considerably limited the scope of equivalent patent infringement. In both decisions, it was found that a patent's scope of protection may not be extended to embodiments that are disclosed in the patent specification, but not covered by a claim. The reason is that an *"implicit waiver"* was assumed in such cases, i.e. the disclosure of embodiments not included in the patent claims gives rise to the assumption that the applicant was aware of them, but did not want to claim them. Accordingly, the patentee is prevented from subsequently making something subject to the patent's scope of protection that he did not originally intend to claim.

In a more recent decision[7], the Federal Court of Justice has now confirmed that the use of an embodiment disclosed but not claimed in a patent cannot constitute an equivalent patent infringement, in principle. It clarified, however, that this principle shall only be directly applicable if the patent explicitly discloses multiple concrete embodiments.

In contrast, the patent underlying the decision in question pertained to only one specific chemical molecule (e.g. Pemetrexdisodium), which was explicitly disclosed in the description and also claimed, while the patent specification disclosed a more general subject-matter (a whole class of molecules, also covering the specific one) and showed that this more general subject-matter may already solve the technical problem underlying the invention.

The Federal Court of Justice pointed out that in such a case, the patentee has in fact not made a selection ruling out the modified means (e.g. Pemetrexddipotassium), i.e. no "implicit waiver" can be assumed.

[5] "Okklusionsvorrichtung" Decision of May 10, 2011 (ref.: X ZR 16/09)
[6] "Diglycidverbindung" Decision of September 13, 2011 (ref.: X ZR 69/10)
[7] "Pemetrexed" Decision of June 14, 2016 (ref.: X ZR 29/15)

Our comment:

The more recent decision[7] confirms previous FSC case law, according to which an embodiment disclosed but not claimed by the patent cannot constitute an equivalent patent infringement. However, it has now been clarified that the embodiment not claimed must be explicitly disclosed and not only be obvious to the skilled person based on the disclosure in the patent description.

Still, given the case law of the FSC discussed, it is highly recommendable to draft the description of a patent application in a way that does not disclose concrete embodiments that are not covered by the claims.

EUROPEAN IP LAW

The European Trade Secrets Directive

As an important measure to harmonize and strengthen the non-uniform protection of trade secrets throughout the European Union, the EU Trade Secrets Directive[8] was adopted on June 5, 2016.

The Directive defines three requisites for information to be considered a trade secret. The information has to be "secret", i.e. not generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question, it has to have *"commercial value"* because it is secret and the holder of the information must have taken reasonable steps to *"keep it secret"*.

This definition of trade secret encompasses not only information of a technological nature but also commercial data such as information on customers and suppliers, business plans, marketing strategies, methods of production etc. Since the mobility of employees cannot be restricted beyond the restrictions that may be imposed by employers according to national law, the Directive stresses that employees' use of the experience and skills *"honestly acquired in the normal course of their employment"* is not limited.

Independent discovery of the same know-how or information remains possible under the Directive of course, as well as reverse-engineering of a lawfully acquired product. However, the Directive mentions the problem of parasitic copying and slavish imitation of products which can easily be reverse-engineered once in the market, which is addressed by some national laws dealing with unfair competition, and invites the Commission to study the need for common action in this field.

The acquisition of a trade secret without the consent of its holder is considered "unlawful" if the trade secret is acquired by unauthorized access to, appropriation of or copying of any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secrets holder, which contain the trade secret or from which the trade secret can be deduced or by any other conduct contrary to honest commercial practices.

The production, offering or placing on the market or the importation, export or storage for these purposes of infringing goods is deemed to be *"unlawful use"* if the person who engages in these activities knew or ought to have known that the trade secret was used unlawfully.

These definitions of unlawful conduct allow the trade secret holder to act not only against the person who originally acquired, used or disclosed the trade secret unlawfully, but against any other person – competitor or not – who subsequently uses or discloses the trade secret or produces, offers, imports etc. infringing goods.

In a series of exceptions, the Directive makes sure that its provisions do not restrict the right to freedom of expression and information, in particular with regard to investigative journalism

[8] Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure

and the protection of journalistic sources, as well as whistleblowing activity that serves the public interest insofar as relevant misconduct, wrongdoing or illegal activity is revealed and workers' rights.

The Directive orders the EU Member States to provide for fair and effective measures, procedures and remedies necessary to ensure the availability of civil redress against the unlawful acquisition, use and disclosure of trade secrets. The Member States will also come to adopt measures against unfounded applications filed in bad faith or abusively with the aim to hinder or intimidate the respondent, which may include imposing sanctions on the applicant and awarding damages to the respondent.

Currently, the protection of confidentiality in case of a claim for alleged unlawful acquisition, use or disclosure of a trade secret is not guaranteed throughout the EU, which makes trade secret holders think twice before bringing proceedings against infringers.

The Directive thus establishes requirements aimed at effectively protecting the confidentiality of a trade secret during legal proceedings.

The applicant will have to provide reasonably available evidence that the trade secret exists, that the applicant is holder of the trade secret and that the trade secret has been acquired unlawfully or is being unlawfully used or disclosed or that such an act is imminent. An applicant may be required to lodge adequate security or an equivalent assurance intended to ensure compensation to the respondent.

If the unlawful acquisition, use or disclosure is confirmed in the main proceedings, the Court, in addition to the cessation of or prohibition of the use or disclosure and the prohibition of production etc. of infringing goods, may also order appropriate corrective measures with regard to the infringing goods at the expense of the infringer.

In cases where the person affected by such measures originally acquired the infringing good, object etc. in good faith, the Courts will have the possibility of awarding pecuniary damages as an alternative measure, which shall not exceed the amount of royalties the infringer would have paid if he had obtained a license to use the trade secret for the time the trade secret holder could have prohibited its use.

The Directive has to be transposed into national law by the Member States by 9 June 2018.

Our Comment:

The harmonization of trade secrets protection throughout the EU and the establishment of effective and uniform measures to stop misappropriation of a trade secret in all EU Member States will certainly help businesses in their ever-increasing battle against dishonest practices. The establishment of requirements aimed at guaranteeing the secrecy of a trade secret in the course of legal proceedings against infringers will further motivate trade secrets holders to actually make use of the measures and remedies at their disposal.

As in line with the TRIPS agreement, since valuable confidential information is protected only if the holder has taken reasonable steps to keep it secret, it is obviously important to ensure that the trade secrets holder has adopted sufficient measures to avoid unlawful acquisition, use or disclosure of its trade secrets, such as establishing effective policies and procedures for designating, handling and protecting trade secrets, limiting access to key information to a limited number of recipients, ensuring physical and electronic security and confidentiality in employee hiring and termination and signing non-disclosure agreements with employees, members of the supply chain and third parties.

It is important to be able to define what exactly is considered a trade secret. The subject matter of a trade secret should therefore to be well documented e.g. in the case of a technical trade secret, with a detailed description.

Finally, it is also important to make sure that existing agreements relating to know-how and other business information are still in line with the definition of a trade secret under this Directive.

KADOR & PARTNER

80469 München
Corneliusstraße 15
Phone: +49 89 201 52 52
Fax: +49 89 201 52 42
mail@kadorpartner.com

6020 Innsbruck
Bienerstrasse 2A
Phone: +43 512 58 33 12
mail@kadorpartner.at

London SWIV 1QL
99 Warwick Way
Phone: +44 20 78348589
Fax: +44 20 76300286
mail@kadorpartner.com

03001 Alicante
Castanos 10 - Atico 3
Phone: +34 965 215758
Fax: +34 965 215758
mail@kadorpartner.com

www.kadorpartner.de

Building Bridges