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Two specific factual crossing border constellations under German patent law

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I.

Restriction of the subject

- Subject of our Session "Extra Judicial Enforcement: Crossing Borders" needs to be restricted and specified
- We agreed to analyze the following two factual constellations:
 - ❖ (as in US case *Life v Promega*) **device or product claim** and factual situation that one of the five components of the protected product is manufactured in the territory of the patent and shipped to another country, where the four other components were made, for combination there
 - ❖ (as in US case *NTP v RIM*) **method claim** where one or more steps are done extraterritorially

II. General Principles of German Patent Law

1. A patent (i.e. a German patent or the German part of a European patent) has its **effect principally only inside the territory of the granting state** (Higher District Court Dusseldorf in decision Prepaid Cards II of 10 December 2009 - under B 2 b aa)
2. An action can only be qualified as an infringing action if it has a **sufficient relationship to the geographical scope of the patent**
 - Using actions taking place exclusively abroad cannot touch a German patent
 - Producing, offering, putting on the market, using, importing and possessing patented products abroad is not patent infringing
 - The same applies for the use of a protected method abroad (also cited from the Prepaid Cards II-decision)

3. The German Patent Act (GPA) distinguishes between a direct and an indirect infringement:

a) The direct infringement according to **Section 9 GPA** distinguishes 3 groups of infringing actions referring to (1) a protected product, (2) a protected process and (3) a protected product which is produced directly by a process:

The patent shall have the effect that the proprietor of the patent alone shall be entitled to use the patented invention within the scope of the law in force. In the absence of the consent of the proprietor of the patent, any third party shall be prohibited from

1. producing, offering, putting on the market or using **a product** which is the subject-matter of the patent, or from either importing or possessing such a product for the purposes referred to;
2. using **a process** which is the subject-matter of the patent or, if the third party knows or if it is obvious from the circumstances that use of the process is prohibited in the absence of the consent of the proprietor of the patent, from offering the process for use within the territorial scope of this Act;
3. offering, placing on the market or using **a product which is produced directly by a process** which is the subject-matter of the patent, or from either importing or possessing such a product for the purposes referred to.

b) The indirect infringement is regulated in **Section 10 GPA**. This regulation is complex and there are a number of specific objective and subjective requirements:

aa) objective requirements

- **offering or supplying** by the **third party**
- **of a means**
- **that refers to an essential element of the invention**
- and that is objectively suitable for using that invention
- within the territorial scope of the GPA
- by persons other than those entitled to exploit the invention
- in the absence of the consent of the proprietor of the patent

bb) subjective requirements

- regarding the offering/supplying third party
 - ❖ knowledge of the objective suitability and the planned use or
 - ❖ obviousness of the suitability and of the planned use from the circumstances
- regarding the recipient of the offer/ the buyer
 - ❖ the intention for using that invention (use designation)

cc) Important requirements

- the essential element of the invention
 - ❖ this is usually the case if the element is included in the claim
 - ❖ it does not matter whether or not the means appear in the preamble or the characterizing part of the claim (Federal Court of Justice (FCJ), Flügelradzähler, GRUR 2004, 758)
 - ❖ also intangible goods like a software can be such means (FCJ, Fräsverfahren, GRUR 2013, 713)

- the so called "double domestic context"
 - ❖ the offering for sale and the supplying **by the third party** of the means and
 - ❖ the use of the means planned **by the recipient** of the offer for sale **or the buyer**
 - ❖ must have to take place within Germany

- otherwise there would not be a danger for a direct patent infringement falling within the German Patent Act

dd) Legal consequences of an indirect infringement

- These consequences differ from the legal consequences of a direct infringement as the injunctive relief might be restricted and certain claims like revocation and destruction are not available

ee) Wording of claim 10 GPA :

- (1) The patent shall further have the effect that any third party shall be prohibited, in the absence of the consent of the proprietor of the patent, from supplying or offering to supply, within the territorial scope of this Act, persons other than those entitled to exploit the patented invention with means relating to an essential element of the invention for use within the territorial scope of this Act if the third party knows or if it is obvious from the circumstances that those means are suitable and intended for using that invention.
- (2) Subsection (1) shall not apply if the means are generally available commercial products, except where the third party induces the person supplied to perform any of the acts prohibited under section 9, second sentence.
- (3) Persons performing the acts referred to in section 11 nos 1 to 3 shall be deemed, within the meaning of subsection (1), not to be persons entitled to exploit the invention.

III.

Method Claims where one or more steps are carried out extraterritorially under German Law

- As relating to the method claim scenario a directly relevant decision of the Higher District Court Dusseldorf (Prepaid Cards II) exists I present the most important elements of this decision.

1. Facts

- The complaint was based on a **method claim** (consisting of 6 steps (a) to (f)):
 - (a) programming a respective Public Automatic Branch exchange (PABX) to become toll-free accessible for incoming calls through dialing any one out of a series of predetermined numbers stored in a data-bank of the PABX
 - (b) enabling a calling party to complete a connection with a called party
 - (c) cutting-off the said connection after a prefixed time/counter pulses interval
 - (d) erasing from the data-bank any number that had once been dialed
 - (e) marking the said series of numbers, each on a vendible carrier member in an invisible – however readily exposable – manner and
 - (f) offering the vendible carrier members for sale to the general public

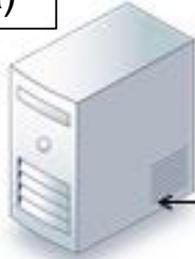
- The method consisted (simplified) in **(1)** establishing a toll-free accessible Public Automatic Branch exchange (PABX), **(2)** preparing vendible carrier members with specific number and **(3)** offering the vendible carrier members for sale

- Technical details are not of interest in the present context

- The defendant
 - ❖ **sold** prepaid telephone cards **in Germany (step f)**
 - ❖ these cards were **printed** with numbers in an invisible-however readily exposable way- **abroad (step e)** and
 - ❖ the PABX is **established abroad (step a)**, and further steps like erasing a once dialed number from the data-bank (step d) are also carried out abroad

- Thus a first conclusion of the Court is that all the steps mentioned in claim 1 are used, some of these steps however outside Germany

PABX established
abroad (step a)



prepaid telephone cards
printed abroad (step e)



prepaid telephone cards
sold in Germany (step f)

2. Conclusions of the Higher District Court Duesseldorf

- The Court concludes that despite these extraterritorial elements there is a use of the patent inside Germany (B 2 b):
 - ❖ the Court says that principally a method claim can also be infringed if only a part of the steps are carried out inside Germany (B2 b bb)
 - ❖ the Court refers – as an example- to a constellation mentioned in the commentaries, where
 - ❖ the start of application actions inside Germany is considered as sufficient
 - ❖ if the following termination abroad can be attributed to the party acting inside Germany
 - ❖ and further says that this should also apply to an inverse constellation, if for example

- ❖ in connection with a production method
 - ❖ the production of a pre-product by a first procedural step takes place abroad,
 - ❖ this intermediate product is then transported to Germany
 - ❖ and then the remaining production steps are carried out.

- ❖ The Court concludes that in such a constellation the user must accept an attribution of production steps undertaken by him or a third party abroad, because the user is basing his actions on these steps and is using and embracing these steps (B 2 b bb)

- The Court then says (rough English translation):

“Against this background for the act of use carrying out one of several necessary measures domestically can be sufficient if the other measures carried out abroad can also be attributed to the person acting domestically (Benkard/Scharen, a.a.O., § 9 PatG Rn. 49).

Partial acts committed abroad are hereby then to be considered like domestic acts if the perpetrator takes ownership of these acts for an infringement success occurring in the home country. **In order to exclude a responsibility reaching too far in such constellations** – even if it might in other cases not be necessary, whether a product or a method, which are the object of a patent, are entering into a local relationship to the home country or an action is having its effect here (see Benkard/Scharen, a.a.O., § 9 PatG Rn. 10 m.w.N.) – **an economic-normative approach is required as a necessary corrective according to which the action under discussion must be tailored purposefully for the necessary attributive connection to an effect on the domestic market.** In this way an application of national patent protection only occurs in cases affecting directly the national territory.” (emphasis added)

- The result is that the Court considers the actions of the defendant as a direct patent infringement

IV.

Device Claim and facts as just mentioned under German Law

1. Facts as stated above (in *Life v Promega*)

- according to German Patent Law a product claim cannot be infringed directly as there is no action relating to the other components
- also no indirect infringement as no factual basis for the double domestic context

2. Facts as in the Prepaid Card II-case, however with system claim and system (device) consisting of several parts, whereby one part is used in Germany and another part abroad

- could be a direct infringement if one applies the criteria developed for a method claim to a device claim

3. Facts as stated above, but supplemented

- by cooperation of producer of the first component with the producer of the 4 other components and importation to country of the producer of the first component:
 - ❖ can be a direct infringement with the producers of the components as joint perpetrators

Thank you!

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