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Patent Procedure in the Federal Republic of Germany

by
Ernst K. Pakuscher†

INTRODUCTION

While the European Economic Community (hereinafter the EEC) is often characterized by its failures and conflicts, progress toward legal unity has been achieved by the European Patent Convention of October 5, 1973 (hereinafter the EPC),¹ which was ratified by the Federal Republic of Germany on June 21, 1976.² The Convention enables interested persons, including nationals not from contracting states, to obtain patent protection in several contracting states by completing only one application. As of June 1, 1978, applications may be filed with the European Patent Office (hereinafter the EPO),³ which is located in Munich, with branch offices in The Hague and Berlin (West). Prior to the establishment of the EPO, an inventor seeking patent protection in more than one European country had to meet the costly and time-consuming requirements of the patent office in each country in which protection was sought. Inventors thus had to leap linguistic, regulatory, and bureaucratic hurdles in each country, a process called "economic nonsense" by one British diplomat.⁴ The EPC, however, covers only the filing and processing of patent applications, and there exists neither a patent court at the European Community Level nor even a European Community patent court system. Thus, national courts will continue to decide patent cases according to their own traditions and concepts.

While there is to date no uniform substantive European patent law, the majority of the Member States of the EEC have nevertheless harmonized their national patent laws, simplifying multi-state patent procedures. In this respect, considerable progress has been made. Initiated by the Max Planck Institute for Foreign and International Patent, Copyright, and Competition

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1. 1976 Bundesgesetzblatt, Teil II [BGBl II] 649, 838.

2. *Id.* at 915.

3. 1978 Amtsblatt des europäischen Patentamts 31 (Official Journal of the European Patent Office).

4. K. HAERTEL, EUROPÄISCHES PATENTÜBEREINKOMMEN: ÜBEREINKOMMEN ÜBER DIE ERTEILUNG EUROPÄISCHER PATENTE 1 (1978).

Law, regular meetings of national patent judges have been established to provide judges from various European countries an opportunity to meet and exchange views on their patent cases. The first two meetings were held in Munich and Strasbourg, and the next judicial conference will be held in Vienna.⁵ In addition, the Member States of the European Community have established a working group, which has drafted a Protocol for a European Court of Appeals for Community Patents⁶ to guarantee uniform application of the Convention for the European Patent for the Common Market (hereinafter the CPC)⁷ and national implementing laws. This Protocol was effected pursuant to a Resolution on Litigation of Community Patents⁸ attached to the CPC. A diplomatic conference will likely be held soon to sign a corresponding protocol, although the CPC has not yet been ratified by all of the EEC countries. If established, the European Court of Appeals for Community Patents would be the cornerstone for the unification of European patent law. It would have far-reaching consequences, particularly with its probable promulgation of a European Commission Regulation establishing a European trademark.

The adoption of the European Patent Convention will ensure healthy competition between national patent offices and the EPO. National offices, however, will still be required for the granting of intrastate patents. For example, only one-third of all European inventions are expected to require multistate protection by means of EPO patents.⁹ Thus, an inventor may either apply for separate national patents from the corresponding patent offices, or apply for a European patent from the EPO, which will be effective in all specified countries. Due to the relatively high cost of European patents, the investment should only be made when the invention will have a market in at least three European countries.

This Article compares the system of domestic patent protection in the Federal Republic of Germany under the Patent Act of 1981¹⁰ with the European system established under the European Patent Convention. The discussion includes a survey of the distribution of power between administrative and judicial bodies that regulate patents in the Federal Republic of Germany. It also describes the patent grant procedure, including the procedure for challenging an existing patent.

5. *Symposium europäischer Patentrichter*, 1985 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT.] 229.

6. Community Patent Convention, Dec. 15, 1975, 7 INDUSTRIAL PROPERTY LAWS AND TREATIES 2-001, 036-037 (Feb. 1976).

7. Convention for the European Patent for the Common Market [hereinafter cited as Community Patent Convention or CPC]. 1976 O.J. EUR. COMM. (No. L 17) 1.

8. K. HAERTEL, GEMEINSCHAFTSPATENTÜBEREINKOMMEN 77 (1977).

9. 1978 AMTSBLATT DES EUROPÄISCHEN PATENTAMTS 3.

10. Patentgesetz [PatG] (German Patent Law), 1981 BGBl I 1.

I
THE PATENT SYSTEM IN THE FEDERAL REPUBLIC
OF GERMANY

A. The Distribution of Power

The German patent system distributes power among the German Patent Office (*Deutsches Patentamt*), the Federal Patent Court (*Bundespatentgericht*), and the general civil courts (*Zivilgerichte*). In certain cases the Federal Cartel Office (*Bundeskartellamt*) in Berlin may also intervene. This distribution of power has an important impact on the creation and duration of patents, and on their effects on trade and commerce. In this regard, it is useful to distinguish six possible phases in the life of a patent:

- (1) The establishment of the invention's specifications by the inventor or his representative;
- (2) The filing of a patent application, the examination proceeding leading to a denial or grant of the patent, and the post-grant opposition proceeding, all of which are executed by the German Patent Office;
- (3) Appeals to the Federal Patent Court of decisions of the German Patent Office regarding patent grant and post-grant opposition proceedings;
- (4) Post-grant infringement actions brought by the patentee in the general civil courts against his competitors;
- (5) Revocation actions before the Federal Patent Court (as the court of first instance), usually instituted by a competitor against the patentee in defense of an infringement action; and
- (6) Possible antitrust action taken by the Federal Cartel Office against the patentee for abuse of patent rights,¹¹ possibly resulting in a civil court action. At each phase, one of the three branches of public power over patents plays a role.

B. The Process of Administrative and Judicial Powers

A patent application must first be filed with the German Patent Office. An examiner reviews the application, deciding whether to grant or deny the patent, and also makes the initial decision on any post-grant objection.¹² Final decisions of objections are made by an examination division (*Patentabteilung*)¹³ consisting of three technicians (e.g., engineers, chemists, physicists) and, in exceptional cases, an additional, legally trained member of the division.

Any adverse decision by the German Patent Office may be appealed to the Federal Patent Court. In addition to its appellate functions, the Federal Patent Court also has original jurisdiction over complaints for nullity and

11. Federal Cartel Act of July 27, 1957 § 20, 1957 BGBl I 1081, amended by 1980 BGBl I 1761.

12. PatG § 27(1)(1), 1981 BGBl I 7-8.

13. PatG § 23(3), 1981 BGBl I 6.

revocation. Revocation actions are almost always the consequence of an infringement action filed in a general civil court. The defendant in the infringement action becomes the plaintiff in the complaint for invalidity and the patentee its defendant.

Appeals in the course of patent grant or opposition proceedings are decided by the Technical Appellate Boards (*Technische Beschwerdesenate*) of the Federal Patent Court. The Technical Appellate Boards are composed of four judges, three of whom are technicians and one of whom is a legally trained judge. The chairman is always chosen from among the scientists. In revocation cases the panel consists of five judges, two of whom are legally trained judges, including the chairman, and three of whom are technicians.

Finally, the general civil courts have exclusive jurisdiction over infringement actions for patents, trademarks (*Warenzeichen*), and utility models (*Gebrauchsmuster*) in addition to having appellate jurisdiction over decisions of the Federal Cartel Office (*Bundeskartellamt*).¹⁴ Litigation originates in the regional (state) courts (*Landgerichte*), the judgments of which are appealable to the pertinent appellate court (*Oberlandesgericht*). The judgment can be further appealed by an action in the Federal Supreme Court for Civil and Criminal Matters (*Bundesgerichtshof*).

From the foregoing description it is clear that jurisdiction over patent matters in the Federal Republic of Germany is, broadly speaking, divided into two bases of authority. German Patent Office decisions to grant or deny a patent are appealable to the Federal Patent Court. That court in turn has exclusive original jurisdiction over both domestic litigation concerning the revocation of national patents and European patents for which the Federal Republic of Germany is designated as the contracting state.¹⁵ On the other hand, jurisdiction over questions of the use or misuse of patents is vested in the civil courts. In addition to this division of authority, the Patent Act of 1981 establishes the jurisdiction of the Federal Supreme Court for Administrative Matters (*Bundesverwaltungsgericht*) in cases in which the federal government has issued an order to use a patented invention in the public interest.¹⁶

C. The Separation of Infringement and Revocation Actions

Under the German system of jurisdiction, contrary to Great Britain and other Anglo-American legal systems, judges in infringement cases have no power to decide whether the patent on which the infringement action is based should be upheld or revoked. The only decision for the court concerns

14. See 1976 BGBl II 838, 870. Due to the special status of Berlin, the Appellate Court there has exclusive jurisdiction. For historical reasons it is known as the *Kammergericht* (Came-ral Court). Its decisions are subject to appeal to the *Bundesgerichtshof* in which a special division, the *Kartellsenat* (Cartel Panel), makes the final decision.

15. K. HAERTEL, *supra* note 4, art. 79 (commentary).

16. PatG § 13(2), 1981 BGBl I 1, 4.

whether the patent has been infringed and, if so, what remedies will be granted.¹⁷ The judges are bound by the patent as granted by the German Patent Office, the decisions of which are reviewable solely by the Federal Patent Court.

Under the current law of the Federal Republic of Germany, however, there is one important exception to the division of power between the courts deciding infringement actions and those deciding revocation actions. The court in an infringement action will accept the defense that the patent claimed to have been infringed was the state of the art technology on the day of application and should therefore be revoked. If this allegation can be proved to the court's satisfaction, the court will narrow the patent's application to its exact text and will reject the claim that an objective infringement of the patent occurred by the defendant. Accordingly, the infringement action will be dismissed without stay for a revocation action, because revocation is considered unnecessary in such cases.¹⁸ This practice is a clear deviation from the general rule of the separation of judicial powers between infringement and revocation actions.¹⁹

The retired British Senior Patent Judge, Mr. Justice Patrick Graham, has said that it would be unthinkable for him to decide an infringement case without having the power to revoke the patent at issue, if necessary. Whether such a split of jurisdiction will continue in the Federal Republic of Germany remains to be seen. It will certainly depend on the success of efforts to create a European Court of Appeals for Infringement Cases for patents granted under the European Patent Convention²⁰ and the Community Patent Convention.²¹ Under the present drafts, this European court would have the power to rule on both questions of validity and questions of infringement.

D. The Historical Development of the Revocation Procedure

The first German Patent Act of May 25, 1877²² provided for the revocation of patents granted by the then Imperial Patent Office (*Kaiserliches Patentamt*). The grounds for revocation were lack of patentability and illegal acquisition of the invention. Power to issue declarations of revocation was vested in a special division of the Imperial Patent Office composed of three members with legal training and three other members with technical training. The decisions of this division were appealable to the *Reichs-Oberhandelsgericht*, the predecessor of the Supreme Court of the German Reich (*Reichsgericht*) in Leipzig.

17. For example, the alleged infringer may be estopped from further illegal use of the invention and required to compensate the plaintiff for damages which have occurred.

18. Stauder, *Zur Gestaltung des künftigen Patentverletzungsverfahrens in Europa*, 1975 GRUR INT. 86, 87-88.

19. *Id.* at 86.

20. *Cf.* 1976 BGBl II 915.

21. *Cf.* 1979 BGBl II 833.

22. 1877 Reichsgesetzblatt [RGBl] 501.

The second German Patent Act of April 7, 1891²³ added a new ground for revocation, the existence of an identical prior patent grant. The period for filing a revocation action was also limited to five years after publication of the patent grant. Appeals from decisions of the Patent Office were now decided by the *Reichsgericht*, which had been established in the meantime.

Legislative enactments in the succeeding years provided an administrative mechanism for patent revocation. The Amendment Act of September 7, 1923²⁴ provided for a special revocation board in what was then the Reich Patent Office. The revocation board consisted of two legally trained members and three technical members. The Patent Act of May 5, 1936²⁵ extended the power of the revocation board of the Reich Patent Office to handle decisions on requests for compulsory licenses and the withdrawal of patents for lack of use. At the same time, the board was renamed a *Senat* without any change in its composition. During World War II, the five-year limitation period for filing revocation actions was abolished by ordinance.²⁶ This legislative enactment was the last legal development of the patent revocation procedure for twenty years.

On July 1, 1961, the Federal Patent Court (*Bundespatentgericht*) was established as a consequence of a 1959 decision of the Federal Supreme Court for Administrative Matters (*Bundesverwaltungsgericht*).²⁷ This decision provided that neither the Patent Office nor its *Senat* qualified as an independent court under Article 19(4) of the Bonn Basic Law (*Grundgesetz*) of May 23, 1949,²⁸ which provides that a person whose rights are infringed by an act of the public authorities is entitled to redress before an independent court. As a result of this decision, the need for a new, specialized federal court became obvious.

Since the Federal Republic can establish courts only as provided by the *Grundgesetz*, Parliament amended the Basic Law by inserting what became Article 96(a).²⁹ Later, the Sixth Act to Change and Transform Provisions in the Field of Industrial Property Rights of March 23, 1961³⁰ separated the Boards of Appeal (*Senate*) from the German Patent Office and transformed them into an independent Federal Patent Court. This new court was vested with first-instance jurisdiction in revocation actions. Thus, challenges to the

23. 1891 RGBl 79.

24. 1923 RGBl II 437.

25. 1936 RGBl II 117.

26. 1941 RGBl II 372.

27. 8 Entscheidungen des Bundesverwaltungsgerichts [BVerwGE] (Official Reports of the Federal Supreme Court for Administrative Law Cases) 350, 61 GRUR 435 (1959); 1959 NEUE JURISTISCHE WOCHENSCHRIFT [NJW] 1507.

28. Grundgesetz [GG] art. 19(4), 1949–1950 BGBl I 3.

29. Zwölftes Gesetz zur Änderung des Grundgesetzes (12th amendment to the Federal Constitution), March 6, 1961, 1961 BGBl I 141. The provision was changed to Article 96 by the Sechzehntes Gesetz zur Änderung des Grundgesetzes (16th amendment to the Federal Constitution), June 18, 1968, 1968 BGBl II 657–658.

30. 1961 BGBl II 274.

validity of patents granted by the German Patent Office were no longer to be filed with that authority, but with the Federal Patent Court.

Nevertheless, the authority to hear appeals from revocation judgments of the Federal Patent Court has remained vested in the Federal Supreme Court for Civil and Criminal Matters (*Bundesgerichtshof*). The court acts here not as a court of last resort, but as an appellate court, obliged if necessary to hear witnesses, as well as technical experts. It is not staffed by technical judges as is the Federal Patent Court. As a result of the institution of the Federal Patent Court in 1961, the German Patent Office has been completely relieved of revocation matters.³¹ Apparently, when establishing the new Federal Patent Court, no one considered maintaining the prior system.

E. From Patent Creation to Patent Revocation

The Concretization of the Invention. No idea is complete so long as it remains in the mind of the inventor; it has to be put into a specific form such that it can be executed.³² As soon as the inventor has concretized his idea, legal rights to protect his creation will arise. A patent must be obtained, however, to protect these legal rights.³³

The Patent Grant Procedure. The proper drafting of a patent claim is most important in the application process and is vital to the future development of the invention. It is also crucial for the protection of an invention, in the event a dispute arises which leads to a court decision.³⁴ To be filed with the German Patent Office, a patent application must contain a written description of the invention, usually prepared with the help of patent attorneys or patent agents. Within the Patent Office, a technical member or examiner, who has lifetime tenure as a civil servant (*Beamter*),³⁵ examines the invention for patentability. The examiner concentrates primarily on the patent claims, giving a written opinion as to the formal correctness of the submitted documents. The examiner next conducts the substantive examination and, if necessary, suggests changes in the drafting of the claim. These drafting changes are very important, since they define the scope of protection that will result from a patent grant.³⁶

The patent claim will be the primary basis of a court decision in an infringement or revocation action. Since German patent law is entirely statutory, it is interpreted by German Patent Office examiners and by Federal Patent Court and other civil court judges. Proceedings before the German

31. Cf. Pakuscher, *Zur Reform des Nichtigkeitsverfahrens* 79, 1971 GRUR 371.

32. H. HUBMANN, *GEWERBLICHER RECHTSSCHUTZ* 38 (4th ed. 1981).

33. The so called immaterial rights involved in this stage of creating an invention will not be considered in detail here, due to the limited scope of this article.

34. J. KEMP, *PATENT CLAIM DRAFTING AND INTERPRETATION* (1983).

35. PatG § 26(2), 1981 BGBl I 1, 7.

36. G. BENKARD, *PATENTGESETZ, GEBRAUCHSMUSTERGESETZ* (1981), comment following PatG § 35, para. 49-62; R. SCHULTE, *PATENTGESETZ*, comment following § 35, para. 46 (1981).

Patent Office thus have a considerable, often controlling, effect on judicial decisions in patent grant disputes.

The first President of the German Patent Office after World War II, Professor Eduard Reimer, sought to fix the scope of protection in the course of the patent grant procedure. This effort failed, as expected, for not even the best qualified examiner can foresee future forms of patent infringement.

Even in cooperation with the applicant, no patent office can produce a patent claim that will cover all possible future uses of the invention. Indeed, the drafting of claims in the course of the examination procedure cannot be more than an attempt to describe as concretely as possible a matter or procedure that is distinguishable from the known state of the art.³⁷ Furthermore, it will never be possible to predict all objections to the novelty of the invention pursuant to the most recent concept of novelty, found in section 3 of the German Patent Act of 1981.

Thus, the function of the German Patent Office is limited to examining the claims in light of the substantive requirements of the Patent Act. The German Patent Office has no enforcement role in disputes between private parties. As a rule, it does not even participate in proceedings before the Federal Patent Court or other courts. Nevertheless, the importance of a thorough examination by the German Patent Office should not be underestimated, especially since the new section 14 of the German Patent Act prescribes that the patent claim shall define the scope of protection according to the description and the diagrams.

Section 14 of the German Patent Act must be viewed in light of Article 69(1) of the Protocol to the European Patent Convention, which delimits the scope of protection.³⁸ On the one hand, a strictly literal interpretation of the language of the patent claim could limit the scope of patent protection. On the other hand, one could simply see the claims as a guideline, whereby an expert's consideration of the description and diagrams could form the basis of extending the protection to what the patentee had envisioned. According to the Protocol, an interpretation of claims should avoid both extremes to guarantee adequate protection for the patentee and sufficient predictability for third parties.

The German Patent Office's primary task is to examine patent applications, granting a patent only if the formal and substantive requirements of the Patent Act and applicable regulations of the Patent Office are met. The examiner should always keep in mind that the patent will later have to prove its economic value. The better the original text of the claims and their examination, the less the chances of subsequent litigation on the interpretation of those claims.

37. Trüstedt, 1984 MITTEILUNGEN DER DEUTSCHEN PATENTANWÄLTE 131.

38. Protokoll über die Auslegung des Artikels 69 des Übereinkommens (Europäisches Patentübereinkommen), 1976 BGBl II 1000.

Opposition Procedure. The Patent Act of 1981 resulted from efforts to harmonize German patent law with the European Patent Convention and the Community Patent Convention. German opposition proceedings now follow the patent grant, rather than preceding it as they had under the former German Patent Act. The German Patent Act of 1981 provides in section 59(1) that any person, called an opponent, may file an objection to the patent within three months of publication of the patent grant.³⁹ The objection must be submitted in writing, and it is limited to the following grounds for revocation as provided under section 21:

- (a) lack of patentability;
- (b) insufficient disclosure of the invention;
- (c) illegal acquisition of the substance of the invention; and
- (d) extension of the subject matter beyond the original disclosure.⁴⁰

When an objection is filed, it is considered not by the individual examiner who granted the patent, but rather by three technical members of the examination division of the German Patent Office. If there are "special legal difficulties", a legally trained member of the German Patent Office joins the panel.⁴¹ In the course of the opposition procedure, the decision of the examiner who granted the patent is reviewed in light of the previously specified grounds of opposition. The patent division decides by decree (*Beschluss*) whether and to what extent the patent will be upheld or revoked. If the opponent withdraws his objection, the procedure is continued *ex parte*.⁴² The three possible results of an objection are:

- (a) revocation of the patent;
- (b) maintenance of the patent by dismissal of the objection; or
- (c) maintenance of the patent in limited or changed form.

Finally, under section 30 of the 1981 German Patent Act, the German Patent Office is responsible for the registration of patents. Such registrations disclose the name of the invention involved, together with the name and domicile of the patentee and his representative, if any. In addition, they list the duration of the patent, the filing of any objection or revocation action, and the result of such actions.

Appeals From Decisions of the German Patent Office. The bulk of the Federal Patent Court's work rests with nineteen panels (*Senate*), which hear and decide appeals from decisions of the German Patent Office in patent granting and opposition proceedings. The panels consist of a quorum of four judges, including three technical judges and one legally trained judge. The chairman of the panel is chosen from among the technical judges. The panels are organized according to various fields of technology, such as tools and machinery, textiles, mining, chemistry, or physics. In 1983, they received

39. PatG § 59(1), 1981 BGBl I 1, 14.

40. PatG § 21(1), *id.* at 6.

41. PatG § 27(3), *id.* at 7.

42. PatG § 61(1)(2), *id.* at 14.

2,234 new cases and disposed of 2,545, leaving 3,465 undecided. The dispositions included 750 dismissals and 666 successful appeals. In 165 cases, opposition appeals led to revocation of a patent.

The Federal Patent Court is not a court of last resort. Further appeals to the Federal Supreme Court for Civil and Criminal Matters are possible. Such appeals, however, are limited under the Patent Act, which provides that appeals are allowed only if the Federal Patent Court gives permission or if one of the five serious procedural errors of the Federal Patent Court is raised.⁴³ In 1983, the technical panels of the Federal Patent Court permitted further appeal on points of law in thirty-two cases, of which only thirteen were actually pursued. In another thirteen cases, a further appeal was lodged without the Patent Court's permission. When the number of appeals is compared to the 2,545 cases decided in 1983, it becomes clear that the overwhelming majority of decisions rendered by the Federal Patent Court remain final.

Record of the Federal Patent Court in Revocation Cases. The durability of patents and the role of patent revocations can best be understood by examining statistics of the German Patent Office. Table 1 compares the number of new patents granted and the total of effective, registered patents on an annual basis. While the number of new patents granted remains generally constant, the stock of patents exhibits a downward trend reflecting the expiration or revocation of patents.

TABLE 1

Year	Patents Granted	Stock of Patents
1979	22,543	183,062
1980	20,188	138,039
1981	13,429	150,566
1982	16,306	136,723
1983	20,913	137,220

Table 2 demonstrates that, during the same period, revocation actions filed with the Federal Patent Court accounted for a relatively small amount of the decline in the patent stock and declined over recent years.

TABLE 2

Year	Number of Revocation Actions Filed
1979	118
1980	101
1981	109
1982	95
1983	93

43. PatG § 100(3), 1981 BGBl I 19.

Table 3 shows that, from 1979 to 1983, the Federal Patent Court disposed of pending revocation actions in the following manner:

TABLE 3

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Revocations	26	15	14	15	11
Revocations in part	20	17	17	14	8
Dismissals	32	32	32	35	28
Amicable Settlements	9	11	12	9	17
Withdrawals or other Settlements, e.g. by new Developments of Facts	50	28	26	35	21

These figures illustrate the generally equal balance between revocation of patents and dismissal of revocation actions.

Of the twenty-two patent cases decided by the Federal Supreme Court in 1983, eight cases were appealing total revocation of patents by the Federal Patent Court, another eight cases were appealing partial revocation, and six other cases were appealing a dismissal of the action. Of the eight cases in which the patents had been revoked completely, the Federal Supreme Court upheld six and altered two by writing a new version of some of the claims. Of the eight patents which had been revoked in part by the Federal Patent Court, the Federal Supreme Court upheld three and altered five; and of the six cases which had been dismissed by the Federal Patent Court, three were upheld and three altered by the Federal Supreme Court. Since alterations are usually the result of a new version of claims being submitted by patentees to the Federal Supreme Court in the course of the revision procedure, it can be said that the majority of judgments rendered by the Federal Patent Court have been upheld.

II

THE HARMONIZATION OF THE EUROPEAN AND GERMAN PATENT REVOCATION LAWS

A. *General Rules of the European Patent Convention*

Patents granted by the European Patent Office are not uniform intellectual property rights automatically affording protection in all the contracting European states. Rather, a European patent grants protection only within those states for which it has been applied for and granted.⁴⁴ Furthermore, the uniform provisions of the European Patent Convention apply only to the validity of protection and to the patent's term and scope. In other matters the patent is subject to national legislation. Thus, the European patent is

44. 1984 BLATT FÜR PATENT-, MUSTER- UND ZEICHENWESEN [BLPMZ] 63.

defined as a patent with European and national aspects of protection,⁴⁵ rather than as a bundle of national patents.⁴⁶

Opposition proceedings for European patents take place before the European Patent Office. If successful, the revocation takes effect in all the contracting Member States for which the patent was granted.⁴⁷ The grounds for objection, as stated in Article 100(a) to (c) of the European Patent Convention, are identical to the grounds for revocation listed in Article 138(1)(a) to (c). An opposition proceeding must be filed within nine months of the date of publication of the European patent.⁴⁸ This time limit is similar for national patents; for instance, under section 59(1)(1) of the German Patent Act, the filing period for opposition proceedings is limited to three months.

In contrast, revocation actions have no time limitation, whether in respect of European patents or national patents. European patents can be challenged by a revocation action in each of the Member States for which they have been granted, although the national courts, of course, have jurisdiction only to the extent of their own territory. Thus, the Federal Patent Court of the Federal Republic of Germany may revoke a European patent within the Federal Republic of Germany.

The grounds for revocation of a national patent once differed from country to country in Europe. Pursuant to the European Patent Convention, however, no contracting Member State may revoke European patents on national grounds which exceed those embodied in that Convention. In countries in which courts also decide the validity of a patent *inter partes* in infringement actions, only those grounds for revocation established in Articles 138 and 139 of the European Patent Convention may be applied.

B. Revocation in the Federal Republic of Germany

1. Grounds for Revocation

As for the substantive law of revocation, the Federal Republic of Germany has adopted the grounds for revocation listed in Article 138 of the European Patent Convention. Sections 21 and 22 of the latest German Patent Act correspond to this provision. The grounds for revocation are: (1) lack of patentability; (2) lack of disclosure; (3) lack of title to the invention; (4) inadmissible extension of the subject matter; and (5) extension of the scope of protection.

Lack of patentability. The rules applicable to the patent grant procedure govern the issues of novelty, industrial application, and level of inventiveness. Article 56 of the European Patent Convention defines the requirement of inventiveness as something "not obvious to a person skilled in the art." The

45. Beier, *Introduction, Europäisches Patentübereinkommen*, MÜNCHNER GEMEINSCHAFTSKOMMENTAR 53, para. 9 (F. Beier, K. Haertel & G. Schrickler eds. 1984).

46. G. BENKARD, *supra* note 36, at 54, para. 31.

47. European Patent Convention, art. 19, 1976 BGBl II 845.

48. *Id.* art. 99(1).

question has been raised whether this provision requires review of the German practice on the assessment of inventiveness, especially since, strictly speaking, the term "obvious" seems to be a *yes/no* test rather than one which is addressed to the *quantum* of inventiveness.

The answer to this issue is twofold. First, use of the term "obvious" in the patentability requirement does not alter the substantive patent law of the Federal Republic of Germany to any substantial extent. This notion has been expressed explicitly in the legislative history of the Act that adopted the European Patent Convention into the law of the Federal Republic of Germany on June 21, 1976.⁴⁹ Thus, existing German case law will continue to influence practice in the Patent Office and the courts.

Second, the issue of whether an idea or invention is "obvious" cannot be judged in a mere *yes/no* fashion. Rather, it requires interpretation and legal evaluation. Factors to be considered are evidence of the state of the art, long-felt need, and commercial success, as well as the time involved between recognition of the need for innovation and its realization by the inventor.⁵⁰

Lack of Disclosure. Pursuant to section 22(1) of the German Patent Act of 1981, a patent shall be revoked "if the patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art."⁵¹ This ground for revocation was unknown in German patent law prior to January 1, 1978, although the principle did play an important role in the earlier revocation actions. Lack of disclosure was sometimes argued under the old law, but rarely with success. In some instances, however, insufficient disclosure did result in partial revocation, causing certain patent claims to be amended or struck out.⁵² Thus, the courts recognized the ground of lack of disclosure, even before it took statutory form, by interpreting the general concept of patentability of the invention in the sense of section 1 of the Patent Act.

Plaintiffs' revocation actions most often raise the question of sufficient disclosure initially, before they argue the more substantive elements of their complaint. In accordance with the official Report of the Federal Minister for Justice to the Federal Parliament, the requirement of disclosure shall be treated liberally in practice.⁵³ In other words, courts are reluctant to revoke a patent for lack of disclosure, and the jurisprudence of the Federal Republic of Germany is unlikely to change in this respect in the near future.

Lack of title to the invention. The ground of lack of title has little importance in revocation proceedings. It is mainly an issue of fact and is therefore determined on the basis of detailed evidence submitted to the court.

49. 1976 BLP.MZ 334, col. 1, no. 4.

50. See *Stratoflex, Inc., v. Aeroquip Corp.*, 713 F.2d 1530 (Fed. Cir. 1983); *W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983).

51. PatG § 22(1), 1981 BGBl I 1, 6.

52. Judgment of the Bundesgerichtshof [BGH] (Federal Supreme Court for Civil and Criminal Matters) of Oct. 4, 1979, 82 GRUR 166 (1980).

53. 1976 BLP.MZ 335.

Inadmissible extension of the subject matter; extension of the scope of protection. These two grounds for revocation did not exist in the previous German Patent Act. According to the transitional provisions, they are applicable only to applications for patents filed after the effective date of the new law. Thus, they apply only to patents applied for after January 1, 1978.

The practical importance of both grounds for revocation is considerable. Few applications lead to a patent grant without undergoing a change in the original patent claims submitted to the Government Patent Office. The examiner often suggests amendments to patent claims, and applicants usually comply for fear of denial of their application. In such procedures, the possible reaction of judges in later infringement and revocation proceedings is often not taken into consideration by the examiner, and applicants therefore should exercise special caution when agreeing to suggested changes of patent claims.

Extension of the scope of protection as a ground for revocation protects third parties, so that the patent as amended in opposition, limitation, or revocation proceedings cannot result in a broader scope of protection than that existing at the time of the patent grant.⁵⁴ In other words, the maximum scope of protection depends on the content of the patent grant as fixed at the end of the patent grant procedure. Judges and other parties must be able to rely on the original documents of the patent application and the final version of the patent specification.

The scope of protection can validly be extended in various ways by changes in the original documents, such as the addition or omission of features in the patent claim, or by amending the steps required to use the invention. Or new uses of the invention may be subsequently inserted into the description. In revocation proceedings, the question of an inadmissible extension will, however, most probably occur *vis-à-vis* patent claims only, because they are the basis for defining the subject matter of the invention and for judging the revocation action.

The Federal Patent Court has often been involved in decisions on the admissibility of an extension of the patent's subject matter. Claims for revocation based on an extension of the scope of protection will be new to the Federal Patent Court, since previously only courts hearing infringement actions have had jurisdiction over this issue. Nevertheless, no insurmountable difficulties should arise for the Federal Patent Court, since in practice any changes in the claims, generally by the addition or omission of features, oblige the Federal Patent Court to decide whether the patent as such has been improperly extended. The same principles should apply to claims for revocation based on the scope of protection. The Federal Patent Court will compare the original application with the final text of the patent grant and apply principles

54. 1979 BLPMZ 281.

developed by the courts which previously decided this issue in infringement actions.

2. *Decisions in Revocation Actions*

There are four possible outcomes in revocation actions before the Federal Patent Court: (1) total revocation of the patent; (2) partial revocation of the patent; (3) clarification of the patent; or (4) dismissal of the revocation action.

Total revocation of the patent. For total revocation of a patent, whether national or European, one of the substantive grounds for revocation must be fulfilled to the full satisfaction of the court. Although the plaintiff in a revocation action is not required by statute to submit evidence, he has been assigned the burden of proof by the Federal Supreme Court if his pleadings are contested by the defendant. Thus, the patent may be revoked only if the invention's non-patentability has been proved by the plaintiff. This view has been expressed repeatedly by the Federal Supreme Court in the following terms: "The plaintiff did *not* succeed in convincing the Court that the attacked patent does *not* meet the requirements of patentability".⁵⁵

This argument has its merits, since from the foregoing discussion it is clear that a patent will be granted only after thorough examination by the German Patent Office. Furthermore, after a patent is granted, the period for filing an objection is three months for German patents and nine months for European patents. If an objection has not been filed, or if it was unsuccessful, a presumption of validity exists which every party filing a later complaint for revocation must overcome.

The consequence of a revocation is that the patentee is deprived of the legal rights vested in him by the patent grant, regardless of the specific ground on which the revocation was based.⁵⁶ The situation is as though the patent never existed. However, contracts based on the patent are not affected until the judgment has become final. Thus, a licensee remains obliged to pay royalties to the patentee as long as court proceedings regarding the patent continue. The fees the patent owner paid to the German Patent Office will not be reimbursed, unless the patentee had paid fees in advance prior to maturity of the claim.

The final judgment revoking a patent has effect not only *inter partes*, but also *erga omnes*.⁵⁷ It is thereby distinguishable from a judgment rendered in an infringement action, which has only *inter partes* effect. After final disposition of the revocation action, the record of the patent grant procedure will be returned to the German Patent Office together with a certified copy of the revocation judgment. The German Patent Office enters the revocation in the

55. Judgment of the BGH of May 14, 1981, 83 GRUR 732, 733 (1981).

56. G. BENKARD, *supra* note 36, commentary following § 21, para. 27.

57. R. SCHULTE, *supra* note 36, commentary following § 21, para. 51.

register of patents (*Patentrolle*) and publishes it in its Official Gazette (*Patentblatt*). The registration and publication by the German Patent Office have only declaratory effect; it is the judgment of the Federal Patent Court or the Federal Supreme Court which is legally binding.

Partial Revocation. Partial revocation represents a restriction on a patent, whether by the elimination or combination of claims, by the insertion or deletion of a feature of the invention, by the combination of certain features of the patent, or by the restriction of the claim to the invention as originally described in the patent application. To the extent that the patent is upheld, the new version of the claims stipulated by the judgment replaces the original text, with *erga omnes* effect. The new version also binds a court in infringement actions. The revocation judgment will not necessarily change the description of the patent, but its provisions replace the description to the extent that it is affected by the partial revocation.⁵⁸ In principle, however, the patent claims, as modified by the partial revocation judgment, will be the basis for decisions in actions for infringement.

Clarification. A revocation judgment may also dismiss the complaint, but at the same time seek to prevent a faulty interpretation of the patent claim. It may therefore clarify specific expressions in the claims or description. Although this clarification function of the courts has been challenged in commentaries,⁵⁹ it is deemed useful by the courts. Similar to the previous two types of decision, a clarification has *erga omnes* effect. The claims must be treated as if they had been so drafted by the German Patent Office. A later interpretation of a claim contrary to the clarification is invalid, as an interpretation contradicting the sense and purpose of a partial revocation.

Dismissal. The dismissal of a revocation action has only *inter partes* effect and is limited to the grounds on which the complaint was based. In the context of dismissal, an interesting *res judicata* problem arises: if the plaintiff argues nonpatentability, restricting his pleadings to lack of novelty, and his complaint is dismissed, may he sue the same patentee for revocation of the same patent, claiming lack of inventiveness? The answers given in the commentaries on the Patent Act and by the Federal Supreme Court are not uniform.⁶⁰ Since lack of patentability involves novelty, industrial applicability, and level of inventiveness issues, it seems justifiable to limit the effect of a final judgment to each of these three features, so that a claim for revocation based on lack of novelty would not preclude an action against the same patentee claiming lack of inventiveness. Of course, revocation actions may be filed by third parties who were not plaintiffs in prior litigation.

58. See Judgment of the BGH of Dec. 7, 1978, 81 GRUR 308; see also Judgment of the BGH of July 12, 1955, 57 GRUR 573 (1955).

59. R. SCHULTE, *supra* note 36, commentary following § 21, para. 37; *contra* G. BENKARD, *supra* note 36, commentary following § 21, para. 26.

60. G. BENKARD, *supra* note 36, commentary following § 22, para. 10; Judgment of the BGH of Feb. 19, 1963, 66 GRUR 18 (1964).

C. Procedure of Revocation Actions

Revocation proceedings before the Federal Patent Court play a dominant role in determining whether a patent granted by the European or German Patent Office will remain effective. The revocation procedure is subject to the Rules of the Code of Civil Procedure (*Zivilprozessordnung*). These Rules are also applicable to the procedure for infringement actions, although there is a basic difference between the two types of actions. In an infringement action, the parties dispose of the facts on which the court has to decide, and the rules on the burden of proof govern exclusively. Here the court has no power to ascertain facts *ex officio*. In contrast, in a revocation action, the facts are ascertained by the Federal Patent Court and the Federal Supreme Court *ex officio*,⁶¹ with the plaintiff carrying the burden of convincing the court that the patent should be revoked on any of the statutory grounds. The parties are obliged, however, to assist the court in ascertaining the necessary facts. Consequently, judges in a revocation action will not research the state of the art beyond the material submitted by the parties, nor will they initiate a search for publications or other information detrimental to the claim of novelty.

Finally, it should be mentioned that, pursuant to Article 138(1) of the European Patent Convention, a European patent may be revoked "under the law of a Contracting State." As a result, jurisdiction in revocation cases is vested in the national courts. Therefore the German Federal Patent Court of the Federal Republic may invalidate a European patent for the territory of the Federal Republic of Germany. The decision, rendered in the form of a judgment, is subject to appeal to the Federal Supreme Court for Civil and Criminal Matters. If a European patent is finally declared invalid, the decision will have effect only within the territory of the state in which the court is located. Since the decision will be registered with the European Patent Office, however, the value of the patent outside the forum state will be negligible, even if legally in effect.

It may appear that national courts are thereby in a position to set aside the decision of the EPO, which thoroughly examined the application before granting the European patent. However, it must be kept in mind that successful actions for the revocation of European patents depend on the ability of the national courts to ascertain one or more of the five grounds stipulated in Article 138 of the EPC. These grounds have been incorporated into the 1981 Patent Act of the Federal Republic of Germany, as well as into statutes of other countries. By the end of 1984, the EPO had issued 32,235 European patents,⁶² and to date only four have been the subject of revocation actions before the German Federal Patent Court. One of the cases was settled out of court, one was withdrawn, and the remaining two are still pending.

61. PatG § 87(1), 1981 BGBl I 18.

62. 1985 Amtsblatt des Europäischen Patentamts 148.

The decisions on these cases are awaited with great interest, especially by the EPO, for two reasons. First, German courts have much experience with patent litigation. Second, the level of inventiveness required by German courts may differ from the standards of the EPO, so that the pending court decisions will measure the efficiency of the work performed by the EPO in the course of European patent grant proceedings.

While the EPC calls for national courts to act in conjunction with the EPO, this is not true of the Convention for the European Patent for the European Community. In Article 56, the CPC establishes a uniform, exclusive, and centralized jurisdiction in the Revocation Division of the EPO. Under Article 10, decisions by the division are subject to appeal to the Revocation Boards, an institution that is likewise incorporated into the EPO. Accordingly, national courts will not have jurisdiction over revocation of Community patents, but will continue to decide cases regarding European patents. If and when the CPC becomes effective (it has not yet been ratified by Ireland, Denmark, Greece, Spain, or Portugal), the EPO will have comprehensive authority not only over patent grant proceedings, but also over quasi-judicial appeal matters and above all in requests for revocation of Community patents. Whether this dual competence role of the EPO meets the requirements of the doctrine of separation of powers remains to be seen.⁶³

CONCLUSION

Basic differences exist between the goals of infringement and revocation actions and their *res judicata* effect. While judges hearing an infringement action must take the validity of the the patent for granted,⁶⁴ a revocation action, often brought by the plaintiff against the patentee in retaliation for the latter's action for infringement, gives judges the power to decide the question of validity. Furthermore, judgments in revocation actions have *erga omnes* effect, while judgments in infringement cases bind only the parties to the action.

Finally, the validity of patents, both of national and European origin, remains open to challenge even when the time allowed for filing opposition proceedings has elapsed. The possibility of revocation exists, moreover, after the term of protection granted by the patent has elapsed, although in such instances the plaintiff must prove his legal interest in the revocation of the patent.

It must be kept in mind that the number of revocation cases is rather small in comparison to the large number of national and European patents

63. Cf. Magrera, *Das internationale Recht in der neueren Rechtssprechung des Bundesverfassungsgerichts*, 38 NJW 1739 (1985).

64. Cf. Community Patent Convention, art. 76, 1976 O.J. EUR. COMM. (No. L 17) 1; Hesse, *Die Einrede der völligen Vorwegnahme*, 70 GRUR 287 (1968); Ströbele, *Die Bindung der ordentlichen Gerichte an Entscheidungen der Patentbehörden im ausländischen und europäischen Recht*, 1975 GRUR INT. 1.

granted and remaining in force. In other words, the overwhelming majority of patents, both national and European, remain valid until they expire. Under these circumstances, the cost, time, and trouble involved in applying for, obtaining, maintaining, and defending a patent are clearly justified. Most important, inventors are inspired to create new inventions, relying on the compensation and protection of exclusive patent rights.