

Patent litigation in Europe:

Key cases 2012/2013

Hoffmann · Eitle provide a summary of key judgments on remaking, validity and infringement, with a particular focus on the UK and Germany.

Key cases: German Federal Court of Justice (FCJ) and UK Supreme Court decide on patent infringing remaking.

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In 2012 and 2013, the German Federal Court of Justice (FCJ) and the UK Supreme Court handed down judgments regarding the distinction between patent-infringing remaking on the one hand and permissible repair on the other hand. In their judgments, the courts addressed a question first raised by the Greek historian Plutarch: When does the replacement of a part of a whole result in the making of a new whole?

Plutarch's question concerned the ancient ship of the hero Theseus, whose timbers had, over time, been wholly replaced. The present cases concerned an intermediate bulk container (IBC), consisting of a metal frame supporting a large plastic bottle. Since the bottle can become contaminated or damaged, it can be replaced in a given frame.

Germany

On July 7, 2012, the FCJ issued a decision in the matter of *Pallet Container II* (X ZR 97/11). In contrast to previous decisions, as for instance *Pipette System* (X ZR 38/06), the present case does not deal with indirect infringement under Sec. 10 *German Patent Act* (GPA) but with direct infringement in accordance with Sec. 9 (1) GPA.

The patent in suit claimed an IBC for transporting and storing liquids having a metal frame into which a plastic container is fitted. The plaintiff and exclusive licensee was selling said IBC. The business of the defendant was to market recycled IBCs which had originally been sold by the plaintiff. Recycling included the removal of the damaged inner bottle and fitting a new one into the frame.

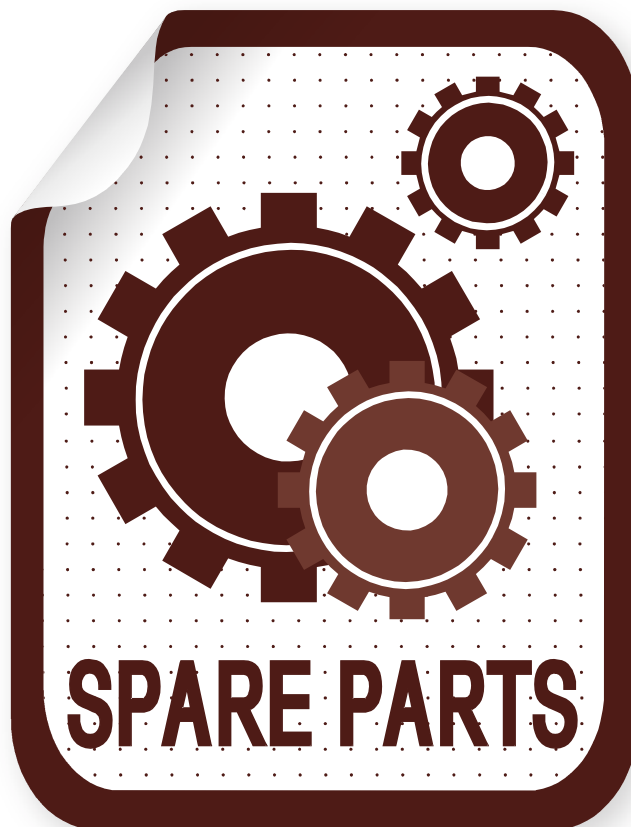
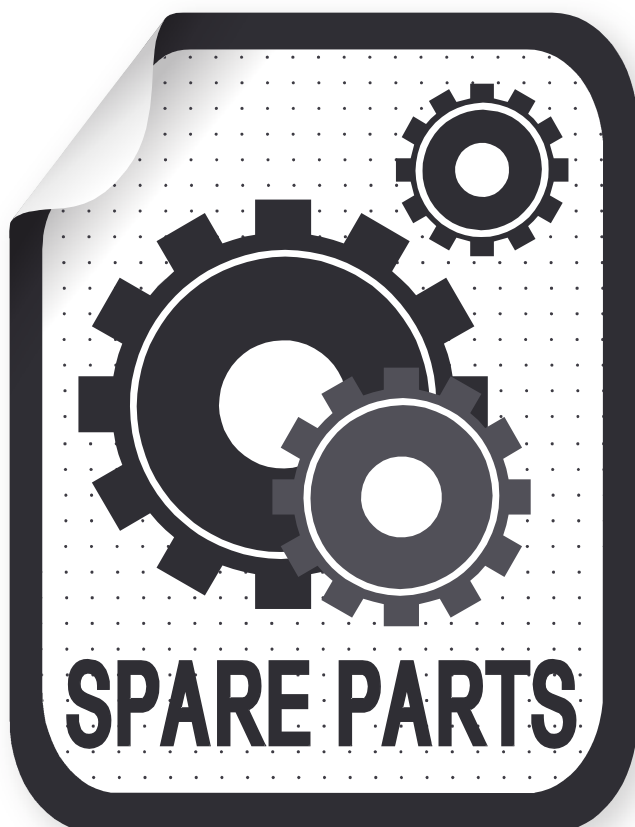
Plaintiff sued the defendant on the grounds that such recycling of the IBC constituted patent-infringing remaking under Sec. 9 (1) GPA. The 1st and 2nd instance courts dismissed the action on the basis that the recycling was not infringing but instead constituted permissible repair of the IBC. According to the lower instance courts, the exchange of the bottle did not affect the identity of the product manufactured by the plaintiff because the bottle was not part of the inventive concept of the patent which only relied on the metal frame. Before the FCJ, plaintiff's appeal on points of law was successful and the case was remanded back to the 2nd instance court, which will have to decide on the question of infringement.

The FCJ's decision is based on the consideration that the technical question of whether or not the replaced parts of the product reflect the inventive concept of the patent in suit is, as a rule, only decisive if the replacement can be anticipated during the ordinary life cycle of the protected product. Hence, the relevant question is whether or not there is a public perception that the replacement is a normal maintenance measure which does not question the identity of the overall product as a marketable asset. According to the FCJ, the lower instance courts disregarded this point in their decisions, and therefore the 2nd instance court will need to reconsider the case in this respect.

Company profile

Hoffmann · Eitle

Hoffmann · Eitle, founded in 1892, is not only one of the oldest but also one of the largest intellectual property law firms in Europe with a team of about 100 professionals and about 340 total staff. The professionals include patent attorneys, attorneys-at-law and technical specialists. Hoffmann · Eitle is consistently ranked as a top tier firm in intellectual property in relevant lawyers' handbooks such as *Chambers* (Europe) and *The Legal 500* (Europe and Germany). In 2010, Hoffmann · Eitle received the JUVE award as the German Firm of the Year in intellectual property and patent law. Based in Munich and London, and recently also in Dusseldorf, Hoffmann · Eitle is able to provide competent advice on the two most important (and intrinsically different) legal systems in Europe, the UK and Germany. With branch offices in Milan (Italy) and Madrid (Spain, opening in 2013), and having not only German and British patent attorneys, but also Italian, Dutch, Belgian and Spanish patent attorneys in its team of professionals, Hoffmann · Eitle is able to cover the major national jurisdictions in Europe.



Contrary to the decision of the English Court of Appeal in the parallel *Schütz v Werit* case ([2011] EWCA Civ. 303), the FCJ considered it irrelevant that the defendant marked his recycled products as “remanufactured”.

According to the FCJ, an indication for patent-infringing remaking may be that the old IBCs are provided to the recycler for free because the life cycles of the IBCs have apparently come to an end.

United Kingdom

On March 13, 2013, the Supreme Court of the United Kingdom handed down its judgment in the *Schütz v Werit* case ([2013] UKSC 16).

Schütz manufactured IBCs and exclusively licensed the British part of the European patent in suit. Like the defendant in the parallel German proceedings, Werit (together with another company, Delta) also marketed recycled IBCs. Schütz instituted proceedings in the High Court for patent infringement.

The UK *Patents Act* provides that “making” a patented product is an infringement. Schütz argued that replacing the bottle of an IBC amounted to making the patented IBC anew. Werit argued that the invention lay in the frame, not the bottle; that the bottle was expected to be replaced; and therefore that fitting new bottles to old frames did not amount to making a new IBC. The Court held that the activities of Werit did not amount to “making” the IBC since when the bottle was removed, the inventive concept resided wholly in that which was left behind ([2010] EWHC 660 (Pat.)).

The Court of Appeal then reversed the High Court decision on the basis that the IBC ceased to exist once the bottle was removed, and thus replacing the bottle amounted to making a new IBC ([2011] EWCA Civ 303).

The Supreme Court has now reversed the latter decision. In the view of the Supreme Court, whether a patented product is “made” is a matter of fact and degree, rather than a simple test. Rather, regard must be had to all relevant factors, including specific reference to nine key principles. In the view of the Supreme Court, Werit had not infringed the patent because

- the bottle is a freestanding, replaceable component of the patented article;
- has no connection with the claimed inventive concept;
- has a much shorter life expectancy than the other, inventive, component;
- cannot be described as the main component of the article; and
- apart from replacing it, no additional work is done to the article beyond routine repairs.

This does not amount to a universal right of repair, but gives guidance for a wide range of situations which, had the Court of Appeal’s reasoning been upheld, would have left repairers and reconditioners in all industries in a very vulnerable position. There is still no clear answer regarding Theseus’ legacy, but we now know the right questions to ask.

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Key cases: Validity

Patentability: *FCJ (DE) – November 27, 2012/ X ZR 58/07/ Neural Progenitor Cells II*

This FCJ decision implements the guidance by the European Court of Justice on the patentability of human embryonic stem cells into German law for the first time. The FCJ acknowledges patentability to the extent that the claim excludes the destruction of human embryos. To this effect, a disclaimer of the destruction of human embryos was introduced into the respective independent claims. The court was convinced that at least one way of working the invention without destroying human embryos existed at the effective date.

Priority: *FCJ (DE) – August 14, 2012/ X ZR 3/10/ UV-Insensitive Lithographic Printing Plate*

Validly claiming priority of an earlier application requires a direct and unambiguous disclosure in the priority document of all features of the technical teaching as defined in the claims. If the claimed invention is characterized by a particular property of one of its components that has not (clearly) been disclosed in the priority document, and that permits a person of ordinary skill to make a deliberate selection out of a range of different embodiments (here: insensitivity to UV light), the priority document lacks a clear and unambiguous disclosure of the invention. This decision once again shows that the FCJ in Germany is trying to harmonize its approach regarding questions of priority, novelty and added matter as much as possible with that of the European Patent Office.

Added matter: *High Court (UK) – Smith & Nephew Plc v Convatec Technologies Inc., [2012] EWHC 1602 (Pat)*

Although the test for impermissible added matter is a strict one, a skilled person, with the benefit of their common general knowledge, can understand that a specific disclosure is intended as an example only, despite a lack of firmer statements to the contrary in the specification.

Inventive step: *FCJ (DE) – July 24, 2012/ X ZR 126/09/ Leflunomide*

A medicament combining two drugs lacks inventive step if the prior art rendered obvious to a skilled person a medicament containing only one of the two drugs and if this single drug chemically converts into a combination of both drugs during conventional storage. The FCJ thus aimed at consistency with another decision of the Regional Court Duesseldorf (4b O 29/11, April 14, 2011) in which the asserted infringer had been held to be infringing the patent in suit by marketing the single drug medicament.

Inventive step: *FCJ – September 18, 2012/ X ZR 22/10/ Tramadol*

The FCJ confirmed revocation of the German part of a European patent claiming a fixed dose combination (FDC) of the analgesics tramadol and acetaminophen. Besides the general advantages of FDCs and FDCs of other analgesics, also administering both drugs in a free combination was already known from the prior art. The court therefore held that it was obvious to combine tramadol and acetaminophen in a single pharmaceutical composition.

Inventive step: *Court of Appeal (UK) – Molnlycke Health Care AB v Brightwake Ltd., [2012] EWCA Civ 602*

A judge may not base his decision on postulating a non-inventive route to the invention which was contrary to the expert evidence on the subject. Particularly, a judge should take account of the motivation, or lack of it, of the skilled addressee of the patent, where supported by the expert evidence.

Inventive step: *Court of Appeal (UK) – Medimmune Limited v Novartis Pharmaceuticals UK Ltd., [2012] EWCA Civ 1234*

A judge is entitled to find that, in a rapidly developing technical field, a single sufficiently encouraging yet speculative disclosure can provide an expectation of success to the skilled person sufficient to render the invention obvious, even in the light of pre-existing technical prejudice to the contrary.

Inventive step: *Court of Appeal (UK) – Novartis AG v Generics (UK) Limited, [2012] EWCA Civ 1623*

The statutory question to be applied is whether the claimed invention was obvious, not whether the invention was obvious to try. However, it can be obvious for the skilled person to take a routine step which would arrive at the invention, when to do so might reasonably bring practical benefits.

Key cases: Infringement

Equivalence: *FCJ (DE) – July 17, 2012/ X ZR 113/11/ Pallet Container III*

An attacked embodiment/technical solution is not equivalent if it achieves the overall desired effect but only if it achieves exactly the technical effect which the feature which the attacked embodiment does not literally infringe was supposed to achieve.

Exhaustion: *FCJ (DE) – August 21, 2012/ X ZR 33/10/ MPEG-2 Video Signal Coding*

If a master DVD which contains data encoded via a patent-protected method has been marketed with the consent of the patentee, also the reproduction of further DVDs containing the same data sequence is permitted, since the patent right has been exhausted by the first sale.

Damages: *FCJ – July 24, 2012/ X ZR 51/11/ Bottle Carrier*

To determine damages based on the infringers' profits, the court needs to determine to what extent the profits are based on the patented invention. The infringer cannot defend himself by arguing that he could have made the same profit without using the patent.

Provisional injunction: *Court of Appeals Paris (FR) – December 11, 2012/ 11/15302/ Sanofi v Zentiva*

This judgment sets out the conditions under which a provisional injunction should be granted in an *ex parte* hearing before the French courts and stresses that even in particularly urgent cases, an *inter partes* hearing will be ordered.