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Patent Issues Part IV: Patent Litigation In Europe

Major aspects on patent infringement are discussed in the following. At present, all questions of infringement and/or validity of a granted European patent (apart from the opposition procedure discussed last month) are matters of national courts. Further, decisions concerning the infringement of a patent in one country are not binding for other countries. Although the laws and the jurisdiction in member states of the European community are subject to harmonization, still a number of national differences exist.

1 Scope of a Patent

A patent confers the right to the patentee to exclude others from making, using, or selling. When accused of patent infringement or when considering enforcing one's patent against a competitor, the first step is always evaluating the subject matter of the patent. The subject matter of a patent is defined by its claims. However, the scope encompassed by the wording of a claim may not always be clear without ambiguity. In the past, some countries such as the UK, restricted the protection conferred by a patent to the subject matter defined by the strict, literal meaning of the wording used in the claims. Other countries, Germany included, extended the protection to a general inventive idea, if the claims and the description contained a sufficient disclosure for a broader inventive concept. In accordance with the European Patent Convention (EPC), the claims are to be interpreted in a matter between these extremes "which combines a fair protection for the patentee with a reasonable degree of certainty for third parties." (See Protocol on the Interpretation of Article 69 of the Convention, adopted at the Munich Diplomatic Conference for the setting up of a European System for the Grant of Patents on 5 October 1973)

Consequently, if any element of a claim is not found, literally or equivalently, in a product or method, generally, there is no infringement of the claim.

However, the "definition" given by the EPC leaves sufficient ambiguities leading to conflicting conclusions of different jurisdictions adjudicating the same patent. The so-called "Epilady case" is a good example of the dissension in Europe concerning the interpretation of claims.

The "Epilady case" was tried in several European Countries including England and Germany. The claim of the patent called for a helical spring. In contrast, the alleged infringement made use of a cylindrical synthetic rubber rod. The British Court (see Patents Court, F.S.R. 1989, 181, GRUR Int. 1993, 245) relied upon the language of the claims. Consequently, a helical spring could not cover a rubber rod and the court found no infringement. In contrast, the German Landgericht (see Urteil des Landgerichts Düsseldorf vom 19. Juli 1988 – 4 O 172/88) held that a claim could be extended to the more general principle deductible by abstraction. The Landgericht concluded that a rubber rod works in essentially the same way as a helical spring and came to the conclusion that an infringement is given.

The Epilady-case dates back to the nineties and it appears that since then a jurisdiction in Europe converged. Nevertheless, national differences remain. Hence, a putative infringer may consider not agreeing on a settlement, even if an infringement was found by court in one country.

2 Infringing Acts

A granted patent prohibits, where the subject matter of a patent is a product, any third party to make, to use, to offer for sale, to sell or to import for these purposes the protected product. Where the subject matter of a patent is a process, the patent confers on its owner the exclusive right of using the process, and of using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process.

These minimum rights conferred to a proprietor of a granted patent are set forth by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), which is an multinational treaty administered by the World Trade Organization (WTO).

There are some exclusions to the rights of the patent proprietor, which will be discussed in the following.

2.1 Territory Exclusivity

A granted European Patent only confers rights to the patentee in the states, in which the patent was validated. Hence, a European Patent validated in the UK and Germany but not validated in Poland will give the patentee no right to prohibit the making of the product in Poland. Nevertheless, if the patent is validated in Germany and/or the UK, importing the product made without the consent of the patentee into Germany and/or into the UK is generally prohibited.

2.2 Non-commercial, private use

In most European countries, the exclusive exploitation rights conferred to the patentee are restricted to commercial exploitation: a private person cannot infringe a patent. Please note, that this is different in other countries. For example, US law forbids anyone to make, use or sell the invention, even when the act is strictly personal.

Consequently, if a private person buys a product in France, which product is only protected in Germany, and the private person imports that product to Germany without the intention of a commercial exploitation, this importing is not considered to be an infringement. In this context, commercial exploitation is not restricted to direct profiting of the product. A commercial exploitation may also be given if an ink cartridge bought abroad is used in an office or in a doctor's surgery. Thanks to the Internet and abolition of borders in Europe, "private import" became a big issue. However, as the example given above may show, not every import is private. Further, a patent grants not only the exclusive right to make a product, but also the exclusive right to offer a product. Consequently, offering a product on the website run from an Internet server located in France may infringe the exclusive right of the patentee in Germany. In accordance with German case law, a product displayed on a

website is at least considered to be offered in Germany if the website is in German language, no matter where the server is located.

2.3 Exhaustion/ "First sale doctrine"

A different cross-border sale situation arises if the patentee himself sells the product in one country, in which the product is or is not protected by a patent. As a general rule, patent rights are exhausted by the first sale of the patented product by the patent owner. While some countries adopt this rule to every sale, resulting in a worldwide exhaustion by the first sale, other countries such as Germany, do not consider a worldwide exhaustion of patent rights. In the past, the German Federal Court concluded that exhaustion may only happen in the country in which the product was sold. Hence, patent rights on a product protected in Germany may only be exhausted by the first sell in Germany with the patentee's consent. However, according to the predominant opinion in case law and literature, the European Community's regulations which provide a Community wide exhaustion of industrial property rights will also be binding for Germany.

2.4 Repair versus reconstruction

As mentioned above, patent rights are exhausted by the first sale of the patented product by the patent owner. Consequently, a person who has purchased a patented product without any restrictions will not be held liable for patent infringement no matter how he/she uses the product. Refurbishment is regarded as a part of a product's use and a purchaser is legally allowed to refurbish the patented product. Therefore, refilling of a used ink cartridge sold with consent by the patentee generally is a permissible repair. However, UK House of Lords (see House of Lords in *United Wire v Screen Repair Services*) and German Federal Supreme Court (see BGH „Flügelradzähler“ - X ZR 48/03; 4. Mai 2004) both clarified that a purchaser of a patented product does not have an implied licence to repair. If the refurbishment is so extensive that it amounts to producing or reconstructing the product, as opposed to a repair, the patentee may be deprived of market demand for the patented product. Hence, such an extensive refurbishment is not permissible by reason of exhaustion.

In order to decide whether what the putative infringer had done was manufacture or repair, one has to consider whether the identity of the patented product was retained or whether, in effect a new product had been produced. This assessment requires taking account of the characteristics of the invention and also the conflicting interests of the patentee and the purchasers of the patented product.

The case brought before the UK House of Lords concerned two patents for screens consisting of a frame or "support member" to which meshes are "bonded" or adhesively secured at the periphery. The meshes of the screens made according to the patents become torn in use. The convicted infringer acquired the frames from the patentee's customers and stripped them down to the bare metal by sandblasting. They recoated them with adhesive and attached a new mesh. According to the House of Lords, the protected screen was the combination of frame and meshes pre-tensioned by attachment with adhesive according to the invention. That product was considered to have ceased to exist once the meshes were removed and the frame stripped down to the bare metal. Consequently, a new product

resulted from the recoating and attaching of a new mesh, i.e. a newly manufactured mesh, which is infringing the patentee's exclusive right.

Conclusion

A patent should reward the investment of time, money and effort associated with research by conferring a monopoly right to the patentee for commercial exploitation of an inventive product. You may find out about third parties copying your ideas and consider actions against these third parties. In most countries, you will have an obligation to monitor the competitive business in order to respect valid patent rights. No matter how careful you are, you may still be accused of patent infringement. When accused of infringement you may find that the accusation is justified and try to negotiate a solution acceptable for both parties. On the other hand, you may find that the accusation is unjustified because either the patent is not valid due to prior art not yet considered and/or because your actions are not infringing the patentee's exclusive rights. Whatever you do, ignorance is not a useful defence when accused of patent infringement.

This article discusses only aspects of patent infringement. Other intellectual property rights such as trademarks or design patents may also be of importance for the industry. Further, a colourable imitation of a product may violate competitive regulations, independently of any protection through IP rights.