



## Newsletter 4/2018 Edition

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### Decision 2 BvR 1961/09 from Germany's Federal Constitutional Court: A Harbinger for Coming Patent-Law Decisions?

Now that Great Britain has ratified the Agreement on a Unified Patent Court (UPC),<sup>1</sup> all eyes are turning attentively towards the German Federal Constitutional Court, upon whose ruling Germany's all-important ratification will depend.

There is still nothing further to report on this particular proceeding at present. This said, 29 August 2018 saw the [publication](#) of the Constitutional Court's decision 2 BvR 1961/09 dated 24 July 2018 which, though it does not touch directly on patent law, may contain some clues as to what may be 'in the offing.'

This particular case involves the European School in Frankfurt am Main, which is normally intended to serve the children of EU personnel. Other families can send their kids here as well, but will be required to pay tuition. As an international institution, the school is not subject to German law, but does feature an 'Administration Committee' as well as a 'Complaints Board.' During school year 2003/2004, this Administration Committee hiked the price of tuition by 30%. A number of the affected parents balked and lodged objections with the Complaints Board, only to be told that it was not competent to decide the matter.

The parents took their case to the Regional Court (*Landgericht*) of Frankfurt, which initially declared that German courts were competent and ruled in the parents' favour. This decision was overturned, however, by the Frankfurt Higher Regional Court (*Oberlandesgericht*), on the grounds that the German judiciary was

#### And in our own affairs...

In June of this year, our firm opened a new branch in Frankfurt am Main with two attorneys. This new branch office is located on the perimeter of Frankfurt International Airport near the passenger terminal and will allow us to provide our clients in the Rhine-Main region and Rhine-Neckar district with even better, on-site service. It will also be ideally accessible from abroad, given its direct proximity to the airport, Germany's biggest international transport hub.

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A few slots are still open for our two preparatory courses on Parts C and D of the European Qualifying Examination.

The courses, which are free of charge, will be held on Monday and Tuesday, 26 and 27 November, as well as on Saturday and Sunday, 8 and 9 December, in our Düsseldorf offices at Speditionstrasse 21.

The course lecturers will be Dr. Torsten Exner as well as Andreas Gröschel and Dr.

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<sup>1</sup>See our [Newsletter 3/2018 Edition](#).

not competent after all. An appeal to the Federal Court of Justice (*Bundesgerichtshof*) proved unsuccessful, whereupon the parents filed a constitutional complaint.

The Federal Constitutional Court disallowed the complaint as impermissible, once again affirming that German courts had no competence in the matter.

In its reasoning, the Federal Constitutional Court began by stating that, when the legislative branch cedes sovereign powers to international institutions, *'it will be under [the incumbent] obligation to ensure that the minimum level of protection of fundamental rights required under the German Constitution is guaranteed. Inasmuch, a legislative body enacting laws to further European integration (Integrationsgesetzgeber) may cede sovereign powers to an interstate institution only if said institution provides guarantees under the rule of law which vouchsafe an adequate level of protection for fundamental rights.'*

This guarantee, the Court explained, must be verified not only at the start of the legislative process, but also on an ongoing basis. Nonetheless, the Court allowed for a certain discretionary leeway with respect to the specific manner in which this protection of fundamental rights is organised: *'On the other hand, the guarantee of effective legal protection does not imply a claim to the best-possible judicial review or to judicial review as a matter of general principle. Rather, the guarantee will be deemed to be duly provided so long as the normative structure in place ensures that the subject matter of the proceedings can be comprehensively reviewed in fact and law and that the corresponding decisions can be made and exert their effect in a manner appropriate to the petition for judicial relief.'*

So what could this potentially mean for the constitutional complaint<sup>2</sup> that has been filed against the Unified Patent Court as well as for the constitutional complaints<sup>3</sup> that are pending against the European Patent Office?

- The decision was issued by the Second Chamber of the Federal Constitutional Court, whereby the Judge-Rapporteur was Prof. Dr. Huber, the same judge who also serves as rapporteur for the pending constitutional complaints.
- Although nothing is immediately known about the

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<sup>2</sup> Federal Constitutional Court Decision 2 BvR 739/17

<sup>3</sup> Federal Constitutional Court Decisions 2 BvR 2480/10, 2 BvR 421/13, 2 BvR 756/16, 2 BvR 786/16: Here, it should be noted that the Federal Constitutional Court has in a previous instance already confirmed the German courts' lack of competence as well as the quasi-judicial function (*Gerichtsähnlichkeit*) of the EPO's Board of Appeals; cf. the commentary on Constitutional Court Decision 2 BvR 1848/07 / *Supranationale Hohheitsakte* (Supranational Sovereign Acts) cf GRUR 2010 , 1031.

Aloys Hüttermann.

If you would like to attend, we ask that you please register under [ege@mhpatent.de](mailto:ege@mhpatent.de). Provide your full name, your employer, and the date(s) on which you would like to come.

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During the coming winter semester, Dr. Dirk Schulz will be a guest lecturer at the Ruhr University in Bochum on 'Industrial Property Rights Protection.'

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On 18 October 2018, Dr. Aloys Hüttermann will give a lecture before the Korean Patent Attorneys Association (KPAA) in Seoul entitled 'Understanding the EPO's Prosecution Concerning Disclosure and Amendments.'

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On 25 October 2018, Dr. Aloys Hüttermann will present a lecture at the AIPPI branch office in Tokyo, Japan on the topic 'Prosecuting Patents in Europe: EPO vs. Germany? Or EPO and Germany?'

### Proposals and Questions

If you have any proposals or questions, please don't hesitate to contact us [here](#).

substance of the respective complaints against the Unified Patent Court and the European Patent Office (EPO), it is highly probable that key importance will be accorded to the need to guarantee fundamental legal rights when transferring sovereign powers to international institutions, much as in the above-referenced proceeding.

- In its decision, the Constitutional Court already addressed the question of international legal jurisdiction and could well carry over the principles elaborated in the process to the constitutional complaints against the UPC and the EPO.

It should also be noted in conclusion that the aforementioned constitutional complaint was adjudicated without oral hearings, even though opinions had been requested from the European School as well from governmental bodies such as the Lower House (*Bundestag*) and Upper House (*Bundesrat*) of the German Parliament. It would therefore seem that a request for opinions from the respective parties will not necessarily lead to an opening of proceedings.

It goes without saying that the foregoing assumptions are speculative in nature and motivated by a general desire to see a ‘light at the end of the proverbial tunnel’ in the pending constitutional lawsuits – in the implicit hope that the light will not be that of an oncoming train!

## Decision J 4/17: When should a proceeding before the EPO be resumed once it has been suspended by an action for replevin?

Proceedings before the European Patent Office are normally characterised by the fact that national courts and proceedings are excluded from playing a role. The EPO’s Boards of Appeal, moreover, particularly the Enlarged Board of Appeal, are highly protective of their independence.<sup>4</sup> “Zombie” Decision [G 1/13](#) could be the exception that proves the rule in this regard.

The filing of a national lawsuit for vindication (*Vindikationsklage*) is the only instance in which the national courts and the European Patent Office are expected to interact, namely in that the European Patent Office will suspend a proceeding once an action for vindication has been brought before a national court.

So when should such a suspension be lifted again? This question was the subject matter of decision [J 4/17](#) as well as five additional decisions handed down in parallel.

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<sup>4</sup> As made clear in Decision [G2/06](#) for example; cf. Hüttermann in *Mitt* 2014, 546.

These decisions pertained to a patent-registration application and five subsidiary divisional applications. The parent application was originally filed by an individual person as a PCT application in November 2003. Later, however, after regionalisation had occurred, the parent application was transferred to the company Reprise LLC. Five additional divisional applications were subsequently filed as part of the grant procedure before the European Patent Office.

Shortly before the parent application was to be granted, the company Ferring B.V. filed a petition to suspend the procedure on the grounds that it had brought an action for vindication before a Dutch court in Den Haag. This petition for suspension was allowed in 2011 in connection with all six applications.<sup>5</sup>

In 2014, the court of first instance in Den Haag disallowed the lawsuit brought by Ferring B.V. whereupon B.V. filed an appeal. In the Netherlands, appeals are treated as *de novo* proceedings, i.e. while the ruling made by the court of first instance is reviewed, it is also possible to submit additional petitions and evidence.

Reprise LLC proceeded to petition for a resumption of the grant procedure, whereupon the EPO ultimately ordered said procedure to be resumed in June 2017. The appeal against this decision is the subject matter of Decision J 4/17.

In Decision J 4/17, the Board of Appeal first of all determined that the applicable Rule 14(3) did not provide for any fixed criteria for the timing of a resumption of the grant procedure. Thus, the Board rejected the contention that the procedure could be resumed only once a court of final instance had issued its decision (as had been argued by Ferring) or only if the action for vindication had been abusively initiated or drawn out.

On the other hand, the Board reasoned, a ruling by a court of first instance would not automatically constitute grounds for a resumption either (as had been argued by Reprise).

The grant procedure had already been suspended for six years by the time the appeal was filed. Moreover, the maximum term of protection for the expected patent was to expire in 2023. This, the Court reasoned, argued in favour of a prompt resumption in principle, given that the gradual expiry of the term of protection would cause the patent to progressively lose its value.

Nevertheless, the Board of Appeal went on to determine that a good portion of the procedure's hold-up in Den Haag had been culpably attributable to the patent holder, who had agreed to have the content of a US discovery proceeding included in the Dutch proceeding and who had still not managed to submit a statement of rejoinder more than one year after the appeal proceeding's opening date.

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<sup>5</sup> It should be noted that, shortly after the petition for suspension, the Allergan company was recorded in the registry as the new applicant – a move which Ferring successfully contested ([J 17/12](#)).

Thus, the Board of Appeal ruled that there was no claim to demand a resumption of the grant procedure in the case at hand, even despite the procedure's long duration. The patent holder, it held, should have conducted himself differently in the national proceeding, particularly by reacting more quickly. The proceeding therefore remains suspended at present.

This ruling is of interest insofar as the European Patent Office is here again keen to assert its sovereign jurisdiction over proceedings pending before it, i.e. Decision J 4/17 holds that a resumption of the grant procedure is possible in principle despite the fact that a concomitant national proceeding is still ongoing.

It should also be noted that, when it comes to an action for replevin, the public at large will play the role of an "invisible" third party alongside the two other parties. For the longer the action for replevin is drawn out, the longer the period in which competitors will be able to exploit the pending patent, given that its grant procedure has been suspended. These competitors will thus become the 'indirect beneficiaries' of the situation.

In Germany, an attempt has been made to address this dilemma by introducing the so-called principle of 'vindication priority' (*Entnahmepriorität*) under Section 7 paragraph 2 of the *Patentgesetz* (PatG, German Patent Act).

This holds that, if a German patent is revoked (exclusively) on the grounds of vindication (*widerrechtliche Entnahme*), then the opponent will have one month in which to file a new patent application of his own, while also being entitled to a claim of priority for the patent in dispute.

This could potentially result in substantially extended terms of protection in practice, however. Third parties would in this case be placed in an even worse position than if there had never been any action for replevin in the first place.

To give just one example: In a proceeding of just this type, one conducted by MHP Partner Dr. Stefan Michalski, it proved possible to claim a right of priority going back to 1990 for an application that had been filed in 2002<sup>6</sup>, i.e. the maximum period of protection amounted to 32 years as a result (!).

[Impressum](#): Michalski · Hüttermann & Partner Patentanwälte mbB

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<sup>6</sup> No.: DE 102 46 884. This application is no longer pending, however.