YEARBOOK

2006 – 2007

(Editor: F. de Visscher, Past Secretary to the Association)
Dear Colleagues

When I wrote the foreword to the 2006 Yearbook I reported that the EPLA project had had a good year. The response to the Commissions’ 2006 Questionnaire was overwhelming in support of EPLA and the Judges at Venice had just produced a workable set of procedural rules.

I did however note that there was a risk that the EPLA project would be “communitised”. That fear has to some extent materialised, not as a result of the actions of the Commission but rather as a result of a small, but significant, group of member states who announced their opposition to EPLA in early 2007. The significance of this number of member states is, we are told, that the necessary majority support within the EU does not exist for EPLA. It seems that the EPLA project as originally conceived is now dead. This was in fact reported at the last Venice meeting in November by Dr. Fröhlinger from the Commission who is now charged with assisting the Portuguese Presidency to find a satisfactory alternative jurisdictional regime for Europe. The latest Portuguese proposals will be reported on at our 2007 Congress. They were given a cautious but positive reception by the Judges.

I must say that I approach the 2007 Congress, my third as President, with mixed feelings. I am proud that our small organisation has now become a powerful voice in Europe in respect of patent law development; it is vital that the views of practitioners are heard alongside those of the users if we are to have a patent system that works. I am however sad that this will be my last Congress as President. I have enjoyed the last three years enormously with the support of wonderful colleagues on the Board. The Board will recommend Willem Hoyng to be the next President of EPLAW. I believe that under his leadership our organisation will continue to grow in influence. I wish Willem well and I shall remain on the Board to support him.

I look forward to seeing you all in Brussels.

Kevin Mooney
President

12th November 2007
EPLAW Congress - President’s Report

Kevin Mooney

GUESTS:
- Lord Justice Jacob
- Judge Meier-Beck
- Chris Mercer
- Erik Nooteboom
- Friedrich Oelschläger
- Stefan Luginbuhl
- Vinciane Vanovermeire
- Ivan Verhoeugstraete
- Jan Willems

- Prof. Damien Geradin
- Paul Lugard
- Hans Pegt
- Dr. Heike Lörcher
- Bill O’Brien
- Dr. Jochen Bühling
- Pierre-Yves Charles

Simmons & Simmons
EPLAW Congress - President's Report

- **EPLAW's MAIN OBJECT:**
  
  "Consistent and cost-effective enforcement of patent rights throughout Europe in one court offering local access to patentees and a simple language regime."

- **PROGRESS IN 2006**
  
  - GAT -v- LUK
  - Roche -v- Primus
  - EPLA
  - Judges' Resolution October 2005 - 29 Judges
  - Thessaloniki Declaration 16 September 2006 - additional 45 signatures
  - Commission Questionnaire on the Patent System in Europe (Section 3) 16 January 2006

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EPLAW Congress - President's Report

- Brussels Meeting - 12 July 2006:
  
  - "[EPLA] is a promising route towards [a] more unitary jurisdiction" per C McCreevy
  
  - "A solid legal framework is essential. I must repeat this: we need to keep up. Compared to our major trading partners, Europe is losing ground."
  - "... there is a strong call for the improvement of the existing European Patent system... by the successful conclusion of a... EPLA..."
  - "... the Community needs to get involved in EPLA..."

  **BUT**

  - "I recognise that there are legitimate doubts and concerns... [including] the impact of the rules of procedure which we have yet to see..."
EPLAW Congress - President's Report

- AIPPI Resolution dated 11 October 2006
  - "Urges the member states of the [EPC]... to adopt EPLA... as early as possible"
  - "Urges the Commission to explore all possible ways of improving... patent litigation systems in the EU including participation in... EPLA"

BUT

- "as regards the EPLA, considers that the proposed text needs significant improvements, which address concerns about democratic control... and a satisfactory proposal for the Rules of Procedure of the EPLA Court."

Simmons & Simmons

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EPLAW Congress - President's Report


FUTURE:
- German Presidency: EPLA Conference - ? June 2007

COMMISSION QUESTIONNAIRE
- Detailed Response in March 2006
- Attendance at Public Hearing, July 2006

VENICE II FORUM: 02-04 NOVEMBER 2006
- Resolution on Rules of Procedure
- Mock Trial
- Future of Venice?

Simmons & Simmons
EPLA Congress - President's Report

- WEBSITE
  - Refreshed
  - Blog-site to come

- MEMBERSHIP & FEES
Consultation on a patent strategy for Europe and follow-up

IPR Law – Commission perspective

A Uniform European Patent Jurisdiction

26 November 2002

1

Public consultation on the Patent System in Europe – Why?

Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions

Section 2: Community Patent

Substance: Will it work?

Patent of one State without harmonization

2. In future discussions, will the Community be:

- the European Patent Office?
- a new specialised body?
- a new organisation?
- a mix of the above?

Section 2: Community Patent

Patent of one State without harmonization

2. In future discussions, will the Community be:

- the European Patent Office?
- a new specialised body?
- a new organisation?
- a mix of the above?
European Patent Jurisdiction - Strategy

The essentials

1. BPEA - scope
   - {details}
   - {details}

2. Communication of findings
   - {details}
   - {details}

Thank you for your attention

http://example.com/yourlink
The FRAND Licensing Regime in a Standard-Setting Environment: "If it ain't broken don't fix it"

EPLA Conference
20 November 2006
Damien Geradin
Howrey, LLP

The growing importance of standardization

- In today's technology-driven world, industry standardization, device interoperability, and product compatibility have become critical to promoting innovation and competition.
- Standards are typically created by standard-setting organizations (SSOs) composed of participants from a given industry.
- SSOs have thus gained importance in technology-driven sectors.
- A wide variety of SSOs engaged in standardization efforts in an increasingly large number of industries.
Standardization and the FRAND regime

- Under traditional standards development procedures IPRs owners:
  - Disclose the patents they consider essential for a standard
  - Typically provide an assurance or commitment that, if their patents are included in a standard, they will license their IPRs on fair, reasonable and non-discriminatory (FRAND) terms, with or without monetary compensation
  - This is not a small commitment as IPRs grant the right to exclude, i.e. not to provide a license at all
- Licensing terms are typically negotiated on a bilateral basis outside the SSOs

FRAND works

- FRAND regime allowed successful development of innovative technologies (e.g., mobile telephony, Internet, WIFI, DSL, etc.) and has fostered competition
- Abuses of FRAND are rare (there is very little case-law) and involve disclosure (patent ambush), not licensing terms
Some argue FRAND is not working well and that intervention is needed

- They say (to the Commission) that
  - Once a standard has been adopted, essential patent holders will seek to exploit the alleged extra market power that has been given to them by standardization to charge "excessive" royalties in breach of their FRAND commitment
- They also say (in SSOs) that:
  - Implementers of standards are unable to obtain sufficient information inter alia on the cost of implementing the standard
  - Cumulative royalty rates paid by users when the standard involves multiple essential patents may be too high (royalty stacking)

Proposed remedies

- They claim that remedies are necessary, including:
  - Reforms of the IPR Policies of SSOs (e.g., ETSI).
  - The intervention of the European Commission to find an infringement of Article 82(a) to place a limit on the royalty that can be charged by essential patent holders based on the theory of numerical proportionality.
Proposals to modify ETSI IPR Policy failed

The efforts of some firms to modify ETSI's IPR Policy failed because firms with different business models have different incentives when it comes to IP licensing:

- Pure innovators (upstream only) - Royalties represent the life blood of these companies
- Vertically-integrated firms (upstream and downstream) - Essentially interested in cross-licensing. Low royalties or even a zero royalty may be acceptable.
- Pure manufacturers (downstream only) - They want to pay less royalties because this would reduce their costs
- Buyers of equipment - Also tend to believe that lower royalties would benefit them by reducing price of equipment.

Royalty rates: splitting the cake

![Diagram showing the relationship between output and royalty rate]

Revenue

Share of upstream innovator

Royalty rate

Output
Royalty rates: opposed incentives

Criticism and complaints based on misconceptions

- Most of debates occurring at the moment are based on fundamental misconceptions:
  - There is no *ex ante* disclosure of licensing terms under the existing FRAND regime
  - Royalties are all that matters in licensing negotiations
  - Firms whose IP is embedded in a standard can charge excessive royalties
  - Lower royalties will necessarily benefit end-users
  - Where essential patents for a given standard are spread over a large number of holders, there will be a royalty stacking problem
  - FRAND implies that essential patent holders cannot charge royalties above a certain level
Could excessive royalties be sanctioned under Article 82(a)?

- In addition to the general position in favour of a restrained application of Article 82 EC to regulate prices, significant arguments militate against such regulation in the context of licensing of IPRs:
  - Need to protect incentives to invest and innovate
  - Significant difficulties to apply the United Brands test:
    - Cost-based methods are ill-suited to be employed as benchmarks for IPRs.
    - Suitable comparators will usually be difficult to identify given that IPRs are by definition unique

Conclusions

- Licensing under FRAND conditions has proven successful. There is no evidence that it has prevented innovation and reduced competition
- Claims that royalties imposed by non-vertically integrated firms are excessive and the Commission should reduce these royalties are based on unsupported theories and misconceptions
- Efforts to move away from FRAND or to re-interpret this notion are essentially motivated by shifting rents
- Attempts to capping royalty levels based on proportionality will create significant problems and will negatively impact innovation
Overview

- The interface between IP law and antitrust
  - Innovation vs price competition
  - Compulsory licensing
  - Dynamic vs static efficiencies

- IP and antitrust in the consumer electronics sector
  - Cross licensing
  - Patent pools and joint licensing
  - Non assert provisions
  - Royalty rates and other terms

Innovation and price competition

- Innovation is the key driver for economic growth and long term consumer welfare, but there is fierce debate among economists on which market structure is most conducive to innovation. (Aghion c.s. 2002). How should antitrust policy respond?

Compulsory licensing of IP rights

- Although antitrust policy respects the existence of IP rights, the scope of compulsory licensing obligations is still debated. See e.g. Taiwanese CD-R case.

Dynamic and static-efficiencies under Article 82 EC

- The Article 82 EC Discussion Paper fails to provide a clear framework for identifying exclusionary conduct by dominant firms, in particular if the conduct may have mixed effects and may affect innovation.

IP and antitrust in the consumer electronics sector

- The consumer electronics sector is characterized by strong price competition and increasingly shorter product life cycles, but IP is important.
Cross licensing agreements

- Cross licensing agreements ensure design freedom by preventing future infringement claims by the other party and are therefore generally pro-competitive. But DG COMP policy casts doubt over these type of agreements.

Patent pools and joint licensing

- Technology pools whereby two or more parties assemble a package of technology with a view to licensing third parties reduce transaction costs and may be pro-competitive. But the analysis is difficult and DG COMP "second guesses" parties' decisions.

- The statement that inclusion of substitutable technologies amounts to a hardcore violation of antitrust law is too harsh.

Non assert provisions

- Non assert provisions may be both pro-competitive and severely anticompetitive because of their negative effects on innovation. DG COMP is however as yet reluctant to develop any meaningful policy in this area.

Royalty rates and other terms

- DG COMP policy with respect to exploitative abuses under Article 82 EC does not provide a meaningful framework of analysis for determining (F)RAND-terms. It would be helpful if DG COMP would appreciate that IP licenses are an input and that the value of knowledge can hardly be determined, if at all.
Patents and competition law in the pharmaceutical industry

Hans Plegt
Vice President Legal Affairs Organon
Organon BioSciences N.V.

Overview
- Perception from outside world
- Cost & return of research & development
- The AstraZeneca case
- Negative Trends

Landmark cases in the pharmaceutical industry
- BMS – Buspar® in the USA
  Patent litigation based on patent on metabolite - settlement of criminal case as well as civil (class) actions, total amount $535,000,000
- AstraZeneca – Losec® in the EU
  Abuse of a dominant position on Losec (omeprazole) – fine by the European Commission of Euro 60 million

Evergreening

Time/risk involved in pharmaceutical R&D

- Average cost for development from molecule to market: 800 million – 1 billion Euro
- Only 3 out of 10,000 molecules reach the market

Cost/success rate of pharmaceutical R&D

- Average cost for development from molecule to market: 800 million – 1 billion Euro
- Only 3 out of 10,000 molecules reach the market
Patent term
- Patents on compounds should be filed in the drug discovery phase (10—12 years before market launch).
- With the average lead time to market the patent term left is max. 8-10 years.
- Patent term restoration possible by obtaining a supplementary protection certificate (SPC) extending patent term with a maximum of five years, bringing the total patent term to not more than 15 years.

The AstraZeneca case
Penalty by the Commission for misuse of patent system to delay entry of generic drugs:
- Alleged "misrepresentations" to national patent offices with respect to the date of first marketing authorization of Losec in the EU in order to obtain SPCs.
- Selectively deregistered the market authorizations for Losec capsules in certain EU countries in favor of the new Losec (MUPS) tablet formulation in order to delay entry by generic firms and prevent parallel trade.

The AstraZeneca case (cont.)
AstraZeneca appealed, among others, because:
- It acted in good faith and when making representations to Patent Offices or Courts to obtain SPCs for Losec.
- The Commission has failed to properly analyze the crucial issue of relevant market and the definition of dominance in the pharmaceutical industry.

Negative Trends
- Narrow definition of relevant market by competition authorities.
- Restrictive position of EPO in oppositions to invalidate what they view as "evergreening patents"
Gat v Luk
Roche v Primus

European Court of Justice 13 July 2006

Pierre Véron
Honorary President
European Patent Lawyers Association

Overview

- Gat v Luk
  - Background
  - ECJ’s opinion
  - A life after Gat?

- Primus v Roche
  - Background
  - ECJ’s opinion
  - A life after Primus?
**Gat v Luk**

**background**

1. Gat sues Luk in the Landgericht Düsseldorf for a declaration of non-infringement based on non-infringement and invalidity.

2. Luk (Bühl - DE) contends that such offer is an infringement of its French patents.

**Landgericht Düsseldorf**

- Accepts jurisdiction for declaration of non-infringement.
- Accepts jurisdiction for declaration of invalidity.
- Finds patent valid and therefore dismisses GAT's action.


**Oberlandesgericht Düsseldorf (long)**

On appeal by GAT, the Oberlandesgericht Düsseldorf decided to stay the proceedings and refer the following question to the court of justice for a preliminary ruling:

"Article 16(4) of the Convention... be interpreted as meaning that the exclusive jurisdiction conferred by that provision on the courts of the Contracting State in which the deposit registration of a patent has been applied for, has taken place or is deemed to have taken place, under the terms of an international convention, only applies if proceedings with respect to effects are brought to declare the patent invalid in an proceedings connected with the validity or patents within the meaning of the aforementioned provision where the defendant in a patent infringement action or the claimant in a declaratory action to establish that a patent is not infringed pleads that the patent is invalid or invalid in that there is also no patent infringement for that reason, irrespective of the insufficiency of the grounds of the proceedings as concerns the plea in objection to be substantiated or substantiated and of when the plea of objection is raised in the main proceedings?"

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**Oberlandesgericht Düsseldorf (short)**

The question referred for a preliminary ruling

By that question, the referring court seeks in essence to ascertain the scope of the exclusive jurisdiction provided for in Article 16(4) of the Convention in relation to patents.

It asks whether that rule concerns all proceedings concerned with the registration or validity of a patent, irrespective of whether the question is raised by way of an action or a plea in objection, or whether its application is limited solely to those cases in which the question of a patent's registration or validity is raised by way of an action."
European Court of Justice’s answer

“Article 16(4) of the Convention is to be interpreted as meaning that the rule of exclusive jurisdiction laid down therein concerns all proceedings relating to the registration or validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection.”

Interpretations of the ECJ’s answer

- Pessimistic 🙁
  (Gat v Luk = Coins Control v Suze)
  all patent infringement proceedings are concerned with validity

- Optimistic 😊
  only invalidity claims (by way of action or by way of defense) are concerned
Gat v Luk: what should happen now?

1. Gat sues Luk in the Landgericht Düsseldorf for a declaration of non-infringement based on non-infringement and invalidity.

2. In view of ECJ's answer, Oberlandesgericht Düsseldorf must decline jurisdiction.

Hypothetical infringement proceedings

1. Luk sues Gat in the Landgericht Düsseldorf for infringement of its French patent.
2. Gat raises an invalidity defence (with a counterclaim for invalidity).
3. If invalidity arguments seem serious, Landgericht Düsseldorf should stay infringement proceedings until after French court decides on validity.
4. Assuming French court has held the patent valid, Landgericht Düsseldorf may decide on infringement proceedings...
Hypothetical preliminary injunction

Luk sues Gat in the Landgericht Düsseldorf claiming an interim injunction based on its French patent.

Gat raises an invalidity defence (cannot lodge a counterclaim for invalidity).

Landgericht Düsseldorf may proceed with preliminary injunction:
- If no doubt on validity, will grant the injunction
- If doubts on validity will deny injunction

Primus v Roche Background

Primus & Goldenberg sue in The Hague court 8 Roche companies
The Dutch judgments

- *Rechtsbank* accepts jurisdiction and dismisses complaint
- *Gerechtshof* accepts claims and enjoin Roche companies from infringing
- *Hoge Raad* refers to ECJ

Question

"Whether Article 6(1) of the Brussels Convention must be interpreted as meaning that it is to apply to European patent infringement proceedings involving a number of companies established in various Contracting States in respect of acts committed in one or more of those States and, in particular, where those companies, which belong to the same group, have acted in an identical or similar manner in accordance with a common policy elaborated by one of them?"
European Court of Justice's opinion

"Article 6(1) of the Brussels Convention must be interpreted as meaning that it does not apply in European patent infringement proceedings involving a number of companies established in various Contracting States in respect of acts committed in one or more of those States even where those companies, which belong to the same group, may have acted in an identical or similar manner in accordance with a common policy elaborated by one of them."

Interpretations of the ECJ's opinion

- Negative
  It is not possible to sue several companies belonging to a same group before a single court if they do not infringe the same (national designations of a) European Patent

- Positive
  It is possible to sue several companies belonging to the same group before a single court if they infringe the same (national designations of a) European Patent
Spider in the web is dead

Primus & Goldenberg cannot sue in The Hague court & Roche companies accused of infringing respectively 8 national designations of the same European Patent.

Suing co-infringers in the country of infringement remains possible

If Roche CH exports products to NL, Primus & Goldenberg can sue in The Hague court Roche companies accused of infringing jointly the NL national designation of their European Patent:

- Roche NL as an importer
- Roche CH as a supplier
Art. 5 (3) and/or art. 2 and 6 (1)
Suing co-infringers in the domicile of one of the infringers remains possible

If Roche CH exports products to NL, Primus & Goldenberg can also sue in the SWISS court. Roche companies accused of infringing jointly the NL national designation of their European Patent:
- Roche NL as an importer
- Roche CH as a supplier

Art. 2 and 6
Spider in the web is not dead

Primus & Goldenberg can sue in the Swiss court.
8 Roche companies accused of infringing respectively
8 national designations,
provided that Roche CH, the spider in the web, exports
its products to the other countries (or otherwise
infringes the other national designations of the
European Patent).

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Indirect infringement

The Senseo cases in Germany, Belgium and Netherlands

Introduction by F. de Visscher

The legal rule

Origin: art. 30 CPC (1975)
Adopted in almost all EC countries
= art. 8 of the present EC draft regulation on Community patents

Requirements for prohibition

A. The four material conditions (supply, means relating to an essential element, putting the invention into effect, to a person not entitled)
B. One subjective condition: the supplier «knows»
C. Special regime for «staple commercial products»

A 2: means relating to an essential element of the invention

a) Essential element
   = any feature in the claim? or in the characterizing part only?
   = a feature by which the invention differs from the prior art?
b) «Relates to»
   = to be, to cooperate with?

Additional issues

D. The injunction order: means supplied/offered? Warnings/disclaimers?
E. Damages and compensation

A : The material conditions

1. Supply (or offer to-) with means in the territory
2. Means relates to an essential element of the invention
3. For putting the invention into effect in the territory
4. To a person other than one entitled to exploit the invention
A 2 (continued)

Quid if
- the means supplied is known in the prior art?
- the means, possibly already existing on the market, existed as such and has not been adapted to the patented system? (cfr C: « staple » products).

A 3: for putting the invention into effect in the territory

- actual or possible putting the invention into effect?
- by the person supplied or by everyone else?
- link with direct infringement?

A 4: to a person other than one entitled

B: The subjective condition

a) the knowledge (proved or assumed) by the supplier/offerer
b) that the means is suitable
c) and intended for putting the invention into effect

C: « Commercial staple products »

- must the product pre-exist to the patent/introduction of the invention in the market?
- must it pre-exist as such (dimensions, shape, etc.)?

***
The Senseo Case

Arguments in favor of the patentee

Requirements for contributory infringement

- Material requirements
- Subjective requirements
- Specific requirements for staple products
- All these requirements are met in this case

Material requirements

- Supply (or offer to supply) coffee pads on the relevant territory
- Accused coffee pads relate to an essential element of the patented invention
- Accused coffee pads are supplied for putting the invention into effect on the relevant territory
- Accused coffee pads are supplied to persons other than those entitled to exploit the patented invention

Supply (or offer to supply) means on the relevant territory

The accused infringers do supply coffee pads to consumers in Germany, Belgium, The Netherlands and France.

Coffee pads relate to an essential element of the patented invention 1/3

The features of the container must be combined with those of the coffee pad to achieve the goal of the invention, i.e., avoid by-pass:

- the coffee pad is an essential element of the invention
Coffee pads relate to an essential element of the patented invention 3/3

thanks to these features:

1. the hot water pressed from the top of the pad which is directed towards its circumference cannot be guided by the grooves to the outlet opening because the portion of the coffee pad extending to the central sidewall (i.e, the area which does not comprise grooves) prevents the hot water from flowing to the grooves and the outlet opening.

Coffee pads are supplied for putting the invention into effect on the relevant territory

1. When used with the container of the Senseo coffee machine, the accused coffee pads put the invention into effect in Germany, Belgium, The Netherlands and France.

2. The defendants' allegations according which the container of the Senseo machine does not implement some features of the claims are wrong.

Coffee pads are supplied to persons other than those entitled to exploit the patented invention

1. law expressly provides that persons carrying out acts of prevention and for commercial purposes shall not be deemed infringements.

2. the patented rights are not exhausted. i.e.

- the defendant is not precluded from the marketing of the accused coffee pads,
- the use of a coffee pad which is not supplied by the patentee amounts to the reuse of the already supplied pad by the purchaser.

Subjective requirements

1. the supplier knowingly is obvious.

- that the means are suitable for putting the invention into effect,
- and are intended for putting the invention into effect.

Knowledge by the supplier...

1. the packaging of the accused coffee pads mentions the Senseo type machine.

2. the Senseo coffee machine was the only "hot pads coffee machine" at the time the accused coffee pads were launched and its market share remained by far the highest after other machines were put on the market.

3. parts of the Senseo coffee machine were shown on the

... that coffee pads are suitable for putting the invention into effect...

1. the information given on the packaging of the accused coffee pads and the advertisement for these products make clear that they are suitable for putting the invention into effect.

- even the mention "not compatible with Senseo coffee machines" on the ringette packaging (after a first injunction was granted) is not sufficient to convince the consumers that the accused coffee pads are not suitable for putting the invention into effect.

Pierre Véron - Gat v Luk and Primus v Roche 2
...and are intended for putting the invention into effect.

- The first position of the Senseo coffee machine on the market leave no doubt on the fact that the accused coffee pads were intended to put the invention into effect.
- The fact that the accused coffee pads are also recommended for espresso machines and can be used in soft pads coffee machines which are not the Senseo machine is not sufficient to discourage the consumers to put the invention into effect.

Specific requirement for staple product:

- Are coffee pads staple products?
- Inducement

Are coffee pads staple products?

- Soft coffee pads fitting with the container of the Senseo machine did not exist on the market before the launch of the Senseo system.
- Coffee pads are not staple products.

Inducement

- The information given on the packaging of the accused coffee pads and the advertising for these products induce the consumer to use these pads with the Senseo coffee machine.
- The Senseo coffee machine was the only "soft pads coffee machines" at the time the accused coffee pads were launched and its market share remained by far the highest after other machines were put on the market.
- Parts of the Senseo coffee machine were shown on the packaging.

On these grounds...

This Honourable Court is respectfully requested to grant an injunction to restrain the defendant from infringing the European patent at issue.
Indirect infringement

The defendant’s position

Wouter Pors
Bird & Bird, The Hague

Essential element - theory

- Means related to an essential element of the invention
  - Element of the invention: abstract concept
  - Means related to: embodiment
- What is essential?
  - Dutch government explanatory note: it is not sufficient that it can be used, it should be essential
  - No need that it is made especially for the invention
  - Hoyng: must be part of the patented combination
  - Benyamini: should bear particular relation to the invention’s teachings, not just be necessary for it
Essential element – Supreme Court

- The appeals court held that the pouch holder is the difference between the invention and the prior art
- The simple fact that a coffee pouch needs to fit, does not make it a means related to an essential element
  - Must fit was known from prior art
  - Verkade: the pouch did not require any changes
  - If under these circumstances the pouch is essential, water may also be essential (compare Benyamini)
- Essential is different from functional (German approach)
- Essential for making coffee, not essential for the invention

Essential element - additional

- Pouch is the problem, not the solution
- Patent: the problem is the bypass of water that occurs around the pouch
- If the pouch is part of the problem, it cannot be a part of the solution and thus not an essential element of the invention
Staple goods

- Generally available on the market
  - Traditional example: screws and nails
  - Coffee pads are generally available and have been for a long time
  - Benyamini: a non-staple product may well be rendered a staple after the grant of the patent, and even owing to the patent, if a substantial non-infringing use is discovered

- Exception: inducement to infringe
  - To act in the course of trade, which consumers do not do
  - Competing coffee machines entered the market

Relevant acts

- Supply or offer to supply
  - Not: "being involved in any way in indirect infringement"
- For putting the invention into effect
  - Suitable and intended for that purpose
  - *KPN v. BT*: apparatus not only used for patented process of blowing glass fiber cables through a duct, but also for copper cables
  - Alternative coffee machines that use the same type of pads entered the market
Geographical limitation

- Supplying within the territory
  - Dutch law: Netherlands for European patent, Netherlands and Dutch Antilles for national patents
  - *Calgon Carbon v. Pannevis*: some parts made in Finland for Dutch company, but supplied to China
- Putting the invention into effect in the relevant territory
  - *Calgon Carbon v. Pannevis; SBM v. Bluewater*: parts supplied for assembling an apparatus elsewhere no infringement
- Not a tort either so far

Third party

- Supply to a person not entitled to exploit the invention
- Supplying to licensees allowed
- Implied licence by purchase of Senseo Crema machine
  - Benyamini: The phrase “a party entitled to the invention” includes not only a contractual licensee, but also a person who has an implied license from the patentee to use the invention (...) for example purchasers from the patentee of an apparatus which performs the patented invention or means exclusively suitable for utilizing the invention (...)
- Patent rights exhausted by sale of Senseo Crema machine
  - The patentee was rewarded for his invention
Bad faith supplier

- Supplier must know or it should be obvious that means are suitable and intended for putting the intention into effect
  - Notification by patentee
  - Start of infringement proceedings
- Exception
  - Substantial or commercially significant non-infringing use
    (Sony Betamax; KaZaA; MGM v. Grokster)
  - Court of Appeals 9th circuit: constructive knowledge of the infringement could not be imputed
Indirect infringement

The Senseo cases
Overview of the decisions

F. de Visscher

Diverging views ...

Germany: LG & OLG: indirect infringement: yes but OLG (Minges) limited the injunction
The Netherlands: First instance: yes
Appeal & Supreme Court: no
Belgium: First instance: no
Appeal: yes

Fairly clear issues ...

A 3: for putting the invention into effect in the territory
a) objective suitability of the pouches to co-operate with the container + explicit or implicit reference
b) private use exception does not matter (c.f. para. 3)

Fairly clear issues (continued)

A 4: to a person not entitled
• the not entitled person supplied may differ from the one who eventually puts the invention into effect
• no exhaustion of rights on the whole patented set (container + pouch)
• absence of prohibition to use other pouches is not an implicit licence

Fairly clear issues (continued 2)

B: the subjective condition
Yes because of the claims « suitable for all coffee pouches systems » or « Café Crème » + success and first place of Senseo machines (LG + OLG; appeal BE)

Fairly clear issues (continued 3)

C: staple commercial products?
No: the litigious pouches did not exist as such prior to the introduction of the Senseo machine (OLG; appeal BE)
To be known in the prior art is not relevant (OLG)
The real debate
A 2 : Means relating to an essential element of the invention?
Two approaches :
- the claim (LG, OLG, NL 1st instance, BE appeal)
- the inventive idea (BE 1st instance, NL appeal)

« Relating to an essential element »
Germany (+ NL 1st instance + BE appeal) :
A claim feature is an essential element, even if known, in principle (= unless unimportant for realising the inventive concept) (OLG + LG)

Means does not need to be individualised in function of the invention (cf. para. 2) (OLG); no need to be new or inventive (OLG + BE appeal)

« To relate to » = to be or to co-operate with the essential element (unless bringing nothing to the realisation of the inventive concept) (OLG)

Dutch approach (appeal + Hoge Raad) (BE 1st instance) :
Although the whole claim is to be considered (art. 69 EPC)
Only the container has been modified by the invention: it is therefore the essential element
The pouch is not an element by which the invention differs from the prior art: it was known as such and has not been modified

The need to use the pouch for making the machine work is not sufficient.
But no clear reasons why the pouch does not relate to the essential element (the container)

Who is wrong?
• The inventive concept has a role in both views
• Is « essential » defined by history (difference from the prior art) or by the technical role in the invention as worded in the claim?
• What about « relating to »? Broader than « to be »?!
Indirect infringement

How and what to enjoin? The formulation of the injunction.

Mr Drs. G. Kuipers

New trade: coffee pads

Different wordings of one injunction

- District Court of The Hague, 18 January 2002 (KG):
  "... enjoin defendant from being involved in any way in the indirect infringement of EP 0934717 B1, especially by offering or delivering the aforementioned "Tasty's coffee pads""

- Landgericht Düsseldorf, 26 February 2004 & 8 September 2005:
  "... enjoin defendant from offering or delivering coffee pads, for [recital of elements of the assembly claim in Germany]"

- Court of Appeals Antwerp, 8 November 2005:
  "... enjoin defendants from offering or delivering coffee pads in Belgium"
New trade: coffee pads for Senseo

District Court of The Hague, 18 January 2002 (KG):

The packaging of the coffee pads as well as their advertisements make it clear that the pads are intended for use in the Senseo Coffee Machine.

References to other machines

Alibi