CLIENT INFORMATION

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Act for the Simplification and Modernization of Patent Law

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I. Introduction

On October 1, 2009 the Act fort he Simplification and Modernization of Patent Law of July 31, 2009 (BGBl. I p. 2521) entered into force. According to the Federal Ministry of Justice, the amendment is, inter alia, intended to improve the legal situation regarding applications for patents and to improve appeals procedure efficiency.

II. Material changes due to the Act for Simplification and Modernization the Patent Law

1. Amendments to the Patents Act (Art. 1)

At the core of the patent law amendments lies the notion to expedite cancellation proceedings in which it is determined whether a patent was rightfully granted. The legislators' primary goal was to focus and strengthen the determination of fact during the first instance before the Federal Patents Court (Bundespatentgericht) thereby concentrating the appeal to the Federal Supreme Court (Bundesgerichtshof) unto a test for content.

a) Changes regarding first instance cancellation actions

The Act for the Simplification and Modernization of Patent Law includes a revision of § 83 PatG: According to the new law, the court is now expressly obligated to point out to the parties questions relevant fort he decision which the parties have not sufficiently addressed in their briefs. These provisions are intended to allow the parties to focus their further submissions on the relevant issues. Furthermore, it is intended to safeguard both the opposing party and the court against surprising new submissions by means of setting deadlines, thereby preventing extensive prolongation of the proceedings.

b) Changes regarding appeals in cancellation actions

In the future, the appeals stage of cancellation actions will no longer be a complete new fact-finding and legal instance but rather will be concentrated on reviewing the first instance's decision for errors.

Therefore, the Act for the Simplification and Modernization of Patent Law provides for a revised § 116 PatG which now fully precludes a defendant from changing the defense with amended patent claims at the appeals stage unless one of the exceptions listed in § 116 para. 2 PatG rev. applies.

These changes are intended to cut in half the present duration of cancellation actions which the Federal Ministry of Justice states to amount to more than four years.

2. Amendments to the Act on Employee Inventions (Art. 7)

The amendments contained in Art. 7 of the Act for the Simplification and Modernization of Patent Law conclude the discussions about reform of laws regarding employee inventions lasting for more than a decade. In light of the criticism of the complicated former and in light of exacting bureaucratic complexity, the revision focuses on simplification and modernization of the procedures provided in employee inventions law.

a) Assumed claim

One of the main changes in employee invention law is a change of paradigm regarding the claiming of inventions by employers.

In the furture employee invention law, a so called assumed claim applies: Under § 6 para. 1 ArbnErfG rev., inventions automatically become the employer's property four months after their notification unless the employer releases the invention by written declaration (§ 126b BGB) before the end of that deadline.

Under the previously applicable law, the employer was required to declare to the employee his intention to claim the invention within four months after the notification thereof (previous § 6 para. 2 ArbnErfG). If he failed to meet the deadline the invention became "free", allowing the employee to dispose of it at will and without restriction (previous § 8 para. 1 nr. 3 alt. 1 ArbnErfG).

According to the Federal Ministry of Justice, the balancing of interests defining employee invention law according to which the employer generally has a claim to employee inventions made during employment while granting the employee a claim for compensation shall be maintained despite this assumption. The revision does indeed convey this.

From the employer's perspective, a particular advantage of the assumed claim is the opportunity to immediately make use of the invention. Aside from this, the employer no longer runs the risk of being faced with allegations of infringement of patents or utility models in case he failed to claim the invention or in case such claim was invalid.

On the other hand, § 9 ArbnErfG provides that the employer must compensate the employee inventor upon expiration of the deadline for release. This leads to a particular issue in case the employer does not intend to use the invention but the invention is nevertheless patented or a utility model is applied for. According to the compensation guidelines issued by the BMAS (Nrs. 20 through 24), the employer is required to pay the employee a compensation even if he does not utilize an invention for which an intellectual property right was granted. Furthermore, § 13 para. 1, para. 2 nr. 1 ArbnErfG require that the employer apply for a patent or utility model for an invention which he does not explicitly release.

The assumed claim provision also does away with substantial risks which an employer faced under the Bundesgerichtshof's so called Haftetiketten-decision (NZA-RR 2006, 474): The degree of an employer's knowledge despite an employee's failure to notify an invention is far less problematic under the new law since it provides that an invention is assumed to have been claimed upon expiration of the deadline rather than it becoming released.

b) Replacement of the requirement of written form

In the 2009 revision of the ArbnErfG, the legislators have replaced the previous requirement of written form (§ 126 BGB) by a requirement of textual form (§ 126b BGB).

c) No more limited claims to an invention

As a further alteration, the concept of limited or partial claims to an invention has been abandoned. Pursuant to § 7 Abs. 1 ArbnErfG rev. the claim to an invention necessarily results in a transfer of all economically valuable rights to that invention to the employer.

d) Qualified techincal improvement suggestions

The Act does not include the deletion of an employee's claim for separate compensation for technical suggestions of improvements which lead to a competitive advantage for the employer (§ 20 ArbnErfG – qualified technical improvement suggestion) as it had been suggested in the ministry draft.

e) Revision of § 27 ArbnErfG

The revision of § 27 ArbnErfG expedites insolvency proceedings by abandoning the right of first refusal of the employee inventor (§§ 463 ff. BGB) which was considered cumbersome and by instead introducing a statutory obligation for the insolvency administrator to make an offer in § 27 nr. 3 ArbnErfG rev. This new provision replaces both the previous right of first refusal in case of a divestment without the divestment of the business as a whole and the provisions for a situation in which the employee invention is neither utilized nor sold.

This client publication is only an overview of the topics addressed herein. It does not replace legal advice. The persons listed below in connection with this client publication are gladly available to advise you on such matters:

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