

Merck & Co. Inc.'s Application
(now patent 1,294,879)
Commissioner of Patents
(1982) 41 CPR (3d) 52

1 *Imperial Chemical Industries Ltd v
Commissioner of Patents* (1986) 9 CPR (3d)
289 (FCA).

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PATENTS

Revocation — combination of mathematical rule and instrument operation held valid — test of patentability to apply to non-technical as well as technical elements of invention — effect of sale of patent after action brought

Diving Computer (Tauchcomputer), X 2R
43/91
Federal Supreme Court, 4 February 1992

encapsulated cell line. No objection was made to those claims. The applicant also presented claims to a method of increasing animal growth by implantation *in vivo* of an effective amount of the encapsulated cell line, and to a method of increasing milk production in cows by such implantation. The Patent Office Examiner rejected the method claims, asserting that those claims were directed to a method of medical treatment. Methods of medical treatment have been held to be unpatentable in Canada.¹ The applicant appealed to the Patent Appeal Board, which advises the Commissioner of Patents. Before the Board the applicant converted its method claims to claims in the following format:

The use of an encapsulated cell line selected from the group consisting of (certain deposited specimens) for increasing animal growth by implantation *in vivo* of said encapsulated cell line in said animal.

Held: The Patent Appeal Board recommended to the Commissioner of Patents that the rejection be reversed, and the Commissioner agreed. The encapsulated cell line is a combination required in order to give effect to the claimed use, providing the means for realising the newly discovered potential for increasing animal growth. The Board did not regard the claims as being for a method of medical treatment.

Facts: The plaintiff filed a suit for the revocation of a European patent (Germany). The invention concerned an indicating instrument for the parameters of a diving procedure. The invention attempts to comprehend the diving procedure and indicates the conditions for decompressing so that the optimum conditions for the decompression are achieved. The technical problem to be solved by the invention consists in the information of the diver on the exact conditions for decompression.

The patent description refers to the actual diving depth, to the maximum depth, to the actual diving time etc. It is explained that the diving apparatus creates a balance of pressure: the diver breathes the air which is under the same pressure as the water surrounding him. With increasing submersion the diver breathes air under increasing pressure. As a result, more air is dissolved in the diver's body. The different gases out of which the air is composed, are concentrated to different degrees in the various parts of the body tissues. As the diver rises to the surface the tissues de-saturate. If the water pressure now decreases too quickly due to a rapid rise to the surface, the gases dissolved in the tissues cannot be exhaled sufficiently fast.

After the suit was begun the defendant assigned the patent and the new owner was recorded in the Patent Register. The defendant maintained that he was no longer liable to litigation and that the invention was not patentable since it was neither new nor did it involve an inventive step.

The plaintiff asserted that the defendant would continue to be liable to litigation according to section 81(1) 2nd sentence and 99(1) of the German Patent Act of 1981 in connection with Article 265(2) of the German Code of Civil Procedure. Section 81(1) of the Act says: 'Proceedings for a declaration of nullity or for revocation of the patent or for the grant of a compulsory licence shall be instituted by bringing legal action. The action shall be directed against the person recorded in the Register as patentee.' According to Article 99 of the German Patent Act of 1981, in the absence of provisions contained in the Act, the German Code of Civil Procedure shall apply *mutatis mutandis* to proceedings before the Patent Court. Article 265(2) of the German Code of Civil Procedure stipulates that the sale or assignment of the subject-matter at issue is without effect on the proceedings.

The Federal Patent Court held that the sale of the patent after the proceedings began had no effect on the revocation proceedings and revoked the patent, reasoning that the subject-matter of the invention did not constitute a technical teaching.

The defendant appealed to the Federal Supreme Court.

Held: (1) Proceedings for the revocation of a patent may, under Article 265(2) of the German Code for Civil Procedure, continue against a defendant who transfers the patent at issue, even if the new proprietor is recorded in the Register.

(2) A person who operates a bathymeter, a chronometer, a data bank, the interpretation and combination instrument and the indicators according to a certain arithmetical rule, that is to say depending on the time required by the diver to surface, and thus enabling the indication of times and meters in the indicating instruments, ascertained with the help of gauges measuring automatically and without human interference, gives an instruction for technical action.

(3) Where an invention concerns technical and non-technical features, the test for the verification of the inventive step has to take into consideration the whole subject-matter of the invention, including a possible arithmetical rule.

Comment: The Federal Supreme Court confirmed that a change in ownership of the patent after the suit begins has no effect on the proceedings. It is the purpose of Article

265(2) of the German Code of Civil Procedure to prevent the procedural situation of a party being prejudiced if the other party sells the subject-matter at issue. Without this legal rule the plaintiff would have to start legal proceedings against the new registered owner of the patent. The court provided an interpretation of sections 81(1) 2nd sentence and 99 of the German Patent Act of 1981 which refer to the German Code of Civil Procedure. The court confirmed that Article 265(2) of the German Code of Civil Procedure is based on the principle that nobody should be excluded from a civil procedure which is a public-legal relationship. Because it is related to the subject-matter of the patent, a judgment operates against the purchaser of the patent, even if it is directed against the former proprietor.¹ The court thus sustained and extended the jurisdiction of its former judgment,² which applied sections 81 and 99 of the German Patent Act of 1981 and Article 265 of the German Code of Civil Procedure in the case of the transfer of the property in a patent application relating to a suit for the determination of the rights to the patent.

The Federal Patent Court said that the discovery and utilisation of previously unknown information contained in diving charts was, in principle, a non-technical instruction — the field of technique is not entered before the non-technical problem consisting of the discovery and utilisation of an evaluation of diving charts is solved. The technical means employed (gauges, indicators etc.) are merely the basis of the invention which consists in the manner of interpreting and evaluating known diving charts. The Federal Supreme Court criticised this reasoning. It stated that such an understanding of the invention focused only on the new calculation of the time required for rising to the surface, by means of the parameters for decompression.

The Federal Supreme Court rejected the Federal Patent Court's conclusion that the invention was not patentable for lack of technical teaching. Although the German Patent Act of 1981 does not expressly require the invention to be susceptible of technical application, this requirement may be considered customary law.³ The Federal Supreme Court did not refer to the distinction between a technical teaching and a mathematical rule which is used to distinguish between patentable and non-patentable computer programs, although the invention concerned related to a 'diving computer'. It is difficult to infer a general conclusion from the second headnote of the judgment, because the invention operated according to different elements such as instruments, arithmetical rules and a data bank. It seems, however, that a technical teaching can be assumed whenever an arithmetical rule is used in combination with instruments to achieve a technical result.

This decision differs from earlier ones under which the test of patentability of the subject-matter of an invention was held to concern only the technical and not the non-technical elements of an invention.⁴ Now the Federal Supreme Court has decided that in assessing inventive step the notional skilled technician will have to consider the subject-matter of the invention as a whole.

1 Article 325 of the German Code of Civil Procedure.

2 BGHZ 72, 236 (1978), *Aufwärmvorrichtung*.

3 See Bernhard and Krasser, *Lehrbuch des Patentrechts*, 4th edn, C.H. Beck, Munich, 1986, at 89.

4 See Benkard, *Patentgesetz*, 8th edn, C.H. Beck, Munich, 1988, 33 to section 4.

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TRADE MARKS

When a parody of a trade mark is impermissible

Appellate Court of Hamburg
5 September 1991
No. 3 U 23/91

Facts: The plaintiff is one of the world's biggest manufacturers of sports articles and is the owner of several trade marks, in particular a combined mark, comprising a trefoil with three stripes across and the word *adidas*. The product line also includes T-shirts depicting the trade mark. The defendant sells transfers which can be ironed on to T-shirts to be delivered at the customers' request. One such picture comes close to depicting the plaintiff's trade mark, the wording *adihash — GIVES YOU SPEED* appearing below the trefoil. The plaintiff moved for an injunction to have the defendant refrain from the use of such picture. The defendant argued that the trade mark had been altered in a deliberately grotesque manner, so nobody would assume that the T-shirt was the plaintiff's product. The district court decided in favour of the plaintiff. The appellate court confirmed the ruling.

Held: The appellate court found that the picture and wording *adihash — GIVES YOU SPEED* as ironed-on T-shirts constituted a trade mark infringement. The public, in particular the careless public, would associate the device with the plaintiff. The fact that the transfers would only be ironed on to T-shirts at the customer's request, would only exclude errors as to the origin of the product on the part of these customers. Other consumers would not be aware of the facts. The careless consumer could basically identify trade marks only in a general manner rather than in any detail. Errors would only be avoided where the 'parody' of a mark was not used in a trade mark sense, that is, affixed to products. If it was distributed as a kind of artwork not attached to particular products, consumers would more readily realise that it was to be understood as a satirical use of the original trade mark.

Comment: The decision is very clear in identifying the position of a trade mark owner and in the distinction of the legal value of the trade mark on the one hand from personal rights on the other. A manufacturer such as the plaintiff typically advertises for reasons of publicity for its products. Therefore, it cannot be wondered at that such advertising activities give rise to parodies. The court was correct in ruling that the plaintiff would have to tolerate stickers and the like so long as they were not attached to products, particularly to T-shirts, which are part of the plaintiff's product line. However, the court also correctly felt that there must be limits to the ridiculing of the brand by satirical