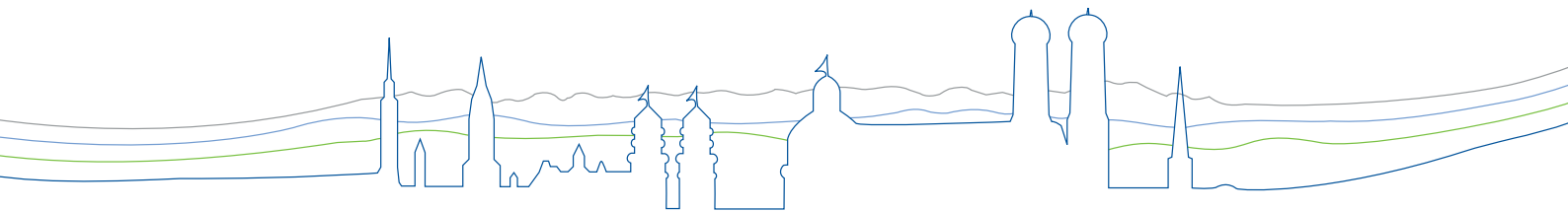


VOSSIUS & PARTNER



BERLIN | MUNICH | BASEL

EPO'S INESCAPABLE NDA-STANDARDS TRAP



BY AXEL STELLBRINK

EPO'S INESCAPABLE NDA-STANDARDS TRAP

by Axel Stellbrink¹

ABSTRACT – The European Patent Office (EPO) renders many patent applications making use of terms being the subject of technology standards with underlying non-disclosure agreements (NDAs) as lacking sufficient disclosure. This applies to terms of a number of technologies, such as DVDs, Blue-Ray Discs etc.

The present discussion intends to draw attention to this practice often resulting in fatal rejections, would like to raise concerns about this practice and to initiate a public discussion.

I. STATUS AT PRESENT

Certain technologies underlie standards or license contracts which require obtaining a license and undersigning a non-disclosure agreement to interested parties before providing the respective technology information. This concerns a broad range of various technologies with optical storage media such as DVDs, Blue-Ray Discs, CDs, speech, audio and video codices and compression techniques such as Dolby®, MP3, MPEG and broadcasting standards, as well-known examples. There are, however, many more such technologies owned by standard organizations, pools, holding companies or in very few cases even individuals. They concern wireless technologies, digital TV, home entertainment, video streaming, RFIDs, IT-related, semiconductor manufacturing, telecommunication, life science, nanotechnology, chemical and other technologies.

In the following the DVD standard DVD FLLC² being quite voluminous and contained in five books is chosen as an example. This standard underlies an NDA. Thus, even if an applicant referring to a DVD in a European patent application is aware of the standard's details, he cannot disclose all or some of the details in a patent application in view of an NDA being part of a license to this standard. On the other hand, in a large number of cases particularly being directed to DVDs and also Blue-Ray Discs, the EPO presently considers a mere reference to these or other respective standards or even just the use of the terms 'DVD' or 'Blue-Ray Disc' in claims to automatically prevent the invention from being sufficiently disclosed under Art. 83 European Patent Convention (EPC). This appears to be a serious problem preventing a substantial number of patent

applications from being granted in the above mentioned fields or even applicable to these fields.

II. EPO'S PRESENT APPROACH

2.1) The EPO examiners generally refer to Art. 83 EPC, which reads that any European patent application shall disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art. In this context it is also held in a number of on-going examination proceedings that the skilled person may use his common general knowledge to supplement the information contained in the application but such knowledge is only considered common and general if it is made available to the public or if there is no bar of confidentiality restricting use or dissemination of available information³.

2.2) Moreover, it is argued that any European search report shall be transmitted to the applicant together with copies of any cited documents⁴. Consequently, in view of the lack of public availability, any standard with an underlying NDA cannot be transmitted with the search report.

Finally, it is concluded that on the basis of such a situation any Examining Division can only grant a patent if the conditions laid down in the Implementing Regulations are fulfilled and that any application not fulfilling these conditions shall be refused unless the EPC provides for a different legal consequence⁵.

2.3) In a number of present cases, particularly in the field of DVDs and Blue-Ray Discs, reference is made to decision T 82/07⁶ of the Technical Boards of Appeal

¹ German and European Patent Attorney, Partner with Vossius & Partner, Munich

² DVD Format/Logo Licensing Corporation

³ See presentation of Mr. Martin van Staveren, held on April 29, 2009 at the European Patent Forum and Patinnova on March 28-30, 2009 in Prague, Czech Republic, with reference to the Guidelines for Examination, C-IV, 6.1; ⁴ Rule 65 EPC

⁵ See presentation of Mr. Martin van Staveren, previously cited; ⁶ See T 82/07 of January 23, 2008

(hereinafter referred to as Board of Appeal), which was directed to the insufficiency of disclosure of a method of converting a video and/or audio signal. In the patent application in question, the terms “DVD compatible program stream” and “DVD compatible format” were recited in the main claim without being further defined in the specification. In the appeal proceedings of that case, the appellant and applicant referred to the above mentioned DVD books defining the respective standard and their availability to the public, which was finally disregarded by the Board of Appeal. During prosecution this decision is taken as a basis for the conclusion that any application referring to a DVD is not considered to provide sufficient disclosure. In a number of examination proceedings the EPO examiners further refer to a passage in this decision which emphasizes that the conclusions of another decision, T 50/02⁷, of a Board of Appeal is not applicable, this decision concluding that a document belongs to the prior art even if it has to be purchased and is not freely available to the person skilled in the art.

These assessments and further associated aspects are discussed in more detail in the following.

III. FACTUAL AND LEGAL CONSIDERATIONS AND CONSEQUENCES

3.1) It is stated that anything confidential cannot be considered to belong to the general knowledge of the person skilled in the art. However, the passage of the Guidelines generally referred to in that respect is directed to the term ‘state of the art’ being contained in Art. 54 and 56 EPC but not in Art. 83. The latter provision just reads that a patent application shall disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art. Hence, no use of the term ‘prior art’ is found in the regulation concerning sufficient disclosure.

On the other hand, according to the Guidelines for Examination⁸ the ‘person skilled in the art’ should be presumed to be a skilled practitioner in the relevant field, who is possessed of average knowledge and ability and is aware of what was common general knowledge in the art at the

relevant date. He should also be presumed to have had access to everything in the ‘state of the art’. The standard for the skilled person’s knowledge is thus generally the same for the requirements of inventive step and sufficient disclosure⁹. The access to the prior art is just another source of knowledge, next to the average and common general knowledge of the person skilled in the art.

In Art. 83 EPC, the skilled person’s ability to carry out the invention is mentioned, besides the disclosure in the application itself. There are basically two scenarios which shall be considered by means of the DVD example. Firstly, the person skilled in the art of DVDs already had access to the standard(s) at issue in the past. Then, it can be concluded that the standard is accessible and known to him and part of his knowledge.

Secondly, he did not have access to the standard before and, therefore, does not know it. According to the principles of standards and principles of European competition laws¹⁰, anybody who would like to carry out the subject of the standard, in this case the manufacturing of a DVD, will get access to it, e.g., under the provisos of getting a license on reasonable (FRAND¹¹) conditions, and signing an NDA.

Summing up, the term ‘state of the art’ is no subject of Art. 83 EPC and the person skilled in the art usually already had or can get access to a standard. This consequently results in the achievement of the requirement of the wording of Art. 83 EPC, in that an invention falling under a certain standard can in fact be carried out by a person skilled in the art.

3.2) As previously mentioned in section 2.2, the EPO examiners refer to Rule 65 EPC being directed to search reports. However, Rule 61 EPC outlining the content of a European search report clarifies that documents shall be mentioned which may be relevant to novelty and inventive step. The relevance for the sufficiency of disclosure is not mentioned. Thus, regardless of its quality, a standard which is kept confidential by its holder and any user is no prior art and, therefore, is not to be cited in a search report. Rules 61 and 65 EPC do not appear relevant in this respect.

⁷ See T 50/02 of June 29, 2004

⁸ See Guidelines for Examination in the European Patent Office, Part C-IV, 11.3

⁹ See also Case Law of the Boards of Appeal, 5th edition 2006, II.A.2 (a)

¹⁰ Arts. 81(3) and 82 EC

¹¹ FRAND = Fair, Reasonable and Non Discriminatory terms

It can be counter-argued that such standards may indeed become relevant to the evaluation of novelty and inventive step. In this context it is referred to the fact that opposition proceedings are intended to give third parties a chance to attack patents just being granted and to particularly provide evidence for the presence of other relevant prior art which is generally not accessible to the EPO. The most prominent example is a public prior use.

Also the products of the standard, in the present example DVDs, have been available on the market for a long time. In case it contains any technical information being, on the one hand, available to the public under the general standards of the EPO and, on the other hand, relevant for an invention being the subject of a later patent application, the respective information forms prior art and can be cited by any third party in opposition proceedings, as it is usually done under comparable scenarios concerning a public prior use. This is one purpose of opposition proceedings, as already outlined above.

Even if the standard itself is considered prior art, any third party knowing about it or having access to it can rely on it as general knowledge being accessible to a person skilled in the art when wanting to realize the invention. This does not mean that the entire standard has to be filed. Instead, only portions thereof being relevant can be filed after having contacted the holder of the standard beforehand in order to obtain permission, and/or by procuring other evidence provided for in the EPC¹² such as sworn statements or expert opinions not providing each and every detail of the standard, requests for information from the standard holder, offering witnesses, inspection, opinions, etc.

3.3) The decision¹³ which is often relied upon by the EPO examiners is not appreciated as a whole. In this decision it was found that the subject-matter claimed – the DVD compatibility according to any DVD specification – was not sufficiently disclosed over the whole range claimed. Only in one embodiment of the specification the conversion of an MPEG-2 transporting stream into a DVD-video compatible program stream was discussed in detail.

This was not considered to provide sufficient disclosure over the entire range claimed also including, e.g., a DVD ROM¹⁴. It was even emphasized that the accessibility of the DVD books defining the respective standard was not relevant for the findings of the Board¹⁵. The Board just missed the specific features of the claimed invention attaining a general DVD compatibility. Moreover, the Board missed proof for the fact that the different specifications correspond in fact to different sections of one specification, namely the DVD books defining the standard.

As an aside, the latter proof could have been provided by an affidavit, for example, not disclosing confidential details but summarizing the general technical content of the standard.

Moreover, the Board asserted that the decision T 50/02 was not relevant as it was directed to the availability of a prior art document and that the application under dispute had omitted to provide any reference to such document, here the DVD books defining the standard.

As is generally known, the knowledge of the person skilled in the art and a reference to a document are both sufficient to provide an enabling disclosure. While it is believed that the existence of and access to a well-known standard by a skilled person alone can be considered to belong to the knowledge of the person skilled in the art, an explicit reference in a specification to the standard can further support sufficiency of disclosure. In the latter case, decision T 50/02 becomes relevant basically indicating that a document is considered to be made available to the public if all interested parties have an opportunity of gaining knowledge of the content of the document for their own purposes, even if they do not have a right to disseminate it to third parties, provided these third parties would be able to obtain that knowledge themselves by purchasing the document. As any manufacturer of a DVD, that is the person who would like to carry out the invention, can have access to the respective standard, even the requirements set out in T 50/02 are fulfilled.

¹² See Art. 117 EPC

¹³ T 82/07

¹⁴ See T 82/07, Reasons, sections 3.1 to 4.3

¹⁵ See T 82/07, Reasons, sections 6.2 to 6.4

IV. ASSOCIATED ASPECTS

4.1) The present practice of the EPO results in an inescapable trap: an applicant of a European patent application either has to breach the NDA underlying the standard, in our example case the DVD standard, or will not obtain a European patent in view of the lack of enabling disclosure.

4.2) This resulting trap goes even further: in case an invention claims a broad range, such as ‘a storage medium’ or a ‘digital and/or optical storage medium’, it unavoidably gets caught in the same inescapable trap!

As previously mentioned, the entire claimed range has to be enablingly or sufficiently disclosed in the corresponding specification. The broad wording of ‘a storage medium’ exemplified above also embraces a DVD, which is generally not considered to be sufficiently disclosed. This would then consequently result in the lack of enabling disclosure over the entire claim scope. In case the application does not contain any direct and unambiguous disclosure allowing an exclusion of DVDs and other such standardized storage media or devices from the claimed range without inadmissibly broadening the application over the originally filed version, it again falls into the inescapable trap. As is known, the approach to be able to exclude a certain specific embodiment, such as a DVD, from a broad claimed range is extremely strict under the EPO practice¹⁶.

4.3) The standards such as the one mentioned often contain a huge amount of information. It would just inevitably corrupt the framework of a patent specification in case applicants would be forced to implement such complex standards.

4.4) Moreover, the lifetime of standards depends on the running time of the respective NDAs, irrespective of the standard’s innovative quality. Such lifetime can be considerable, such as 10 years or even longer. Moreover such standards can most likely not coincidentally be developed a second time by another party without any criminal offence, due to their level of detailed information. Thus, such standards are different from an invention which

would be patentable but which is kept confidential with the risk that the invention is developed a second time. This balanced situation between advantages and disadvantages of filing patent applications therefore does not apply to standards in the same manner as to secret inventions.

4.5) As already stated, standards are not or not exclusively the subject of patent protection. Otherwise their contents would have been disclosed and the problem discussed above could not arise. Standards may even not contain any above-average progress at all. Nevertheless, standards requiring an NDA are able to block any further developments from patent protection.

The well-known rewarding idea behind the patent system is to provide to the inventor, on the one hand, a kind of a monopoly right limited in time and to force the inventor, on the other hand, to disclose his invention. Thus, in the majority of cases, a patented invention is further developed not only after but also during the lifetime of the patent. The development of improvements during the lifetime of such patent results in independent or dependent patents. This scenario further leads to the general practice of cross-licenses in the industry making the originating invention of the patent accessible to a large number of parties.

This is not possible with standards being kept under an NDA and with the EPO continuing their present practice of refusing any patent application relating to such standards. Instead, the holders or contributing parties of a standard have a long-lasting exclusive basis for the entire technology hindering other parties to take notice and to improve the subject of such standards and get protection for such improvement. This appears to make such approach much more attractive even for trivial but perhaps complex standards than the patenting of highly inventive ideas.

Also for this reason, standards should not be allowed to constitute any considerable hindrances to the development of the relevant technical field during their lifetime. This would partly undermine the gist of the patent system by passively rewarding a standard with an NDA more than a patent application, irrespective of its innovative quality.

¹⁶ Art. 123(2) EPC and the respective case law, e.g. see Case Law of the Boards of Appeal, 5th edition 2006, III.A. and B.

4.6) Furthermore, the legislation and the EPO practice do not appear entirely consistent. One example is the deposition of biological material. In view of their complexity and the inability to describe biological material¹⁷ in a patent specification sufficiently, it is allowed to deposit them. In case a party would like to take a sample, a considerable fee and considerable efforts become due. In order to avoid any misuse of the material it is even possible to just allow an independent expert to take a sample and evaluate it without giving access to the biological material to the public before patenting or for twenty years from the date of filing, if the application is refused or withdrawn or deemed to be withdrawn. This is the so-called expert solution¹⁸.

Also, standards are generally very complex and not able to be implemented or even summarized in patent specifications. If they further underlie NDAs, an independent expert could testify the sufficient disclosure of a patent application in view of the further information contained in the standards. Thus, in analogy to the latter example of depositing biological material, it appears at least fair to consider the standards to belong to the knowledge of the person skilled in the art and even further to make it sufficient for applicants to just refer to such standards in patent applications and thereby ensure a sufficient disclosure.

V. CONCLUSIONS

The present practice of examiners of the EPO to deny sufficient disclosure in case a term is used which is defined in a standard with an underlying NDA appears to be problematic and may be even getting much more problematic if consequently applied.

Many reasons have been discussed above to show that such standards can be considered to belong to the knowledge of the person skilled in the art, despite their confidential nature.

Under the present practice, it is further recommended to explicitly refer to relevant standards in case a patent

application makes use of terms being specified or defined therein. In some cases, a number of standards may have to be mentioned.

For further safety reasons, patent applications should contain wording to allow the protection to extend to fields excluding fields underlying such NDA standards. This can best be realized by listing terms, fields etc. not underlying such NDA standards.

¹⁷ See Rules 31 to 34 EPC

¹⁸ See Rule 32 EPC

VOSSIUS & PARTNER OFFICE



Axel Stellbrink
Dipl.-Ing., Patentanwalt
European Patent Attorney

stellbrink@vossiusandpartner.com

Tel.: +49 - (0) 89 - 4 13 04 - 0

Fax: +49 - (0) 89 - 4 13 04 - 111

VITA

„Axel Stellbrink, Partner of VOSSIUS & PARTNER.,

born in 1962, has a master degree in mechanical engineering from the Technical University of Munich. During his studies he was a technical assistant at the Institute for Machine Tools and Industrial Organizing in the field of computerized manufacturing and robotics. In 1990, he started his training to become a German and European Patent Attorney. Mr. Stellbrink works in the field of patent prosecution and litigation, frequently gives lectures and holds seminars, and has published papers on various topics in the field of Intellectual Property, such as patents on software, bioinformatics, nanotechnology, databases, due diligence proceedings, cooperation between universities and industry, evaluation and exploitation of patents as well as IP management and landscaping.“

Office Munich / Main Office

Vossius & Partner
Siebertstraße 3
81675 Munich, Germany
Phone: +49 - (0)89 - 4 13 04 - 0
Fax: +49 - (0)89 - 4 13 04 - 111
info@vossiusandpartner.com

Office Basel

Vossius & Partner
Nadelberg 3
4051 Basel, Switzerland
Phone: +41 - (0)61 - 5601 - 490
Fax: +41 - (0)61 - 5601 - 488
basel@vossiusandpartner.com

Office Berlin

Vossius & Partner
Joachimstaler Strasse 34
10719 Berlin, Germany
Phone: +49 - (0)30 - 340 609 - 501
Fax: +49 - (0)30 - 340 609 - 512
berlin@vossiusandpartner.com

www.vossiusandpartner.com