

Patents

Contributing editor
Richard T McCaulley Jr



2018

GETTING THE
DEAL THROUGH 

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Patents 2018

Contributing editor
Richard T McCaulley Jr
Ropes & Gray LLP

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Preface

Patents 2018

Fifteenth edition

Getting the Deal Through is delighted to publish the fifteenth edition of *Patents*, which is available in print, as an e-book and online at www.gettingthedealthrough.com.

Getting the Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique **Getting the Deal Through** format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on The Bahamas, El Salvador and Guatemala.

Getting the Deal Through titles are published annually in print. Please ensure you are referring to the latest edition or to the online version at www.gettingthedealthrough.com.

Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Getting the Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editor, Richard T McCaulley Jr of Ropes & Gray LLP, for his continued assistance with this volume.

GETTING THE
DEAL THROUGH 

London
March 2018

Austria

Peter Israiloff

Barger, Piso & Partner

Patent enforcement proceedings

1 Lawsuits and courts

What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Actions and interim injunctions in civil matters based on the alleged infringement of a patent, supplementary protection certificate (SPC) or utility model may exclusively be brought at the Vienna Commercial Court. Claims may be raised for:

- interim and permanent injunction;
- elimination;
- accounting;
- information regarding origin and channel of distribution;
- monetary compensation or, in the case of a wilful infringement, damages or surrender of the profit realised by the infringer; and
- publication of the judgment.

The jurisdiction in criminal matters belongs to the Vienna Provincial Court for Criminal Matters. Prosecution shall take place only at the request of the injured party. The infringer may be fined up to 360 times the daily rate for calculating fines or, in the case of a professional infringement, face imprisonment of up to two years. As a private participant to the criminal case, the injured person may also claim compensation.

The owner or exclusive licensee of a patent, SPC or utility model may apply to the Patent Office for a declaratory decision against any person who produces industrially, puts on the market, offers for sale or uses an object, applies a process on an industrial scale or intends to take such steps. The declaratory decision shall state that the object or the process is covered either completely or partly by the patent, SPC or utility model. However, such a petition shall be rejected if the party opposing the petition proves that an infringement action concerning the same object or process, filed prior to the filing of the petition for declaratory decision, is pending before the court between the same parties.

The owner of a patent, SPC or utility model may apply to the customs authority for seizure of infringing goods when they are imported into the EC for the first time. After such a seizure, court action may be started.

2 Trial format and timing

What is the format of a patent infringement trial?

The injured person may file the statement of complaint together with any evidence deemed appropriate (documents, private expert opinions, proof from witnesses, etc). The opposing party may then file a statement of defence. Both parties may file several preparatory writs before a first court hearing takes place in which, usually, a court expert is appointed. As soon as the opinion of this expert is presented, another hearing is scheduled in which the proceedings are continued.

The matter in question is thereby discussed and looked at from all viewpoints, including (what might be deemed as) cross-examination. If the opposing party objects to the validity of the patent, SPC or utility model, and if the court considers the invalidity likely, the proceedings will be interrupted and that party has to file a nullification claim

with the Patent Office. In cases where the infringement action is based on a European patent validated in Austria and in force no longer than nine months, instead of such a nullification claim an opposition has to be filed with the European Patent Office. There the procedure shall be handled quickly. Upon a final decision on the validity of the protection right, the court action shall be continued.

The court proceedings are oral and direct and are open to the public. The court has to decide based on the free evaluation of evidence.

The jury consists of three judges, two of whom are professional judges and one of whom is an expert, usually a patent attorney. One of the professional judges is the chairperson. It is mandatory that the parties are represented by an attorney-at-law who may, as is usual, be accompanied by a patent attorney.

Together with the filing of the statement of complaint in the main proceedings a claim for a preliminary injunction may be raised. In that case, provisional proceedings will be processed on an accelerated basis in which evidence is, more or less, restricted to documents.

Obtaining a judgment in first-instance main proceedings will take several years. In the case of appeals to the second or third instance (Vienna Upper Provincial Court or Supreme Court of Austria), the time frame will be up to five years or more.

Provisional proceedings will usually lead to a decision in the first instance after a few months. A final decision after appeals might be expected in one to two years.

3 Proof requirements

What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The plaintiff has, first of all, to prove that he or she is entitled to sue (namely, that he or she is the rightholder, exclusive licensee or someone otherwise assigned), has to show that the protection right is valid and has to bring forward whatever evidence he or she has in hand to prove the infringement or that an infringement might take place.

The defendant has to prove any objections raised by him or her and prove that the plaintiff is not entitled, that there is no infringement or that the right in question is not enforceable (for example, because of expiry, exhaustion, prior use or bad faith of the plaintiff). In the case of an objection against the validity of the right in question, the court shall suspend the proceedings unless nullity must obviously be denied. The defendant must then file a nullification action with the Patent Office within one month.

A reversal of the burden of proof applies in the case of a patent for a process for the manufacture of a new substance, because any substance with the same characteristics shall, pending proof to the contrary, be regarded as having been manufactured according to the patented process.

Pursuant to the IP enforcement directive of the EC, the defendant is bound to assist in providing evidence whenever the plaintiff has difficulties in proving the facts.

4 Standing to sue

Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Any person who has suffered an infringement of one of the rights belonging to him or her under a patent, SPC or utility model or who worries that such an infringement might take place has standing to sue: this includes the owner of the right, an exclusive licensee or someone otherwise assigned.

As long as an infringement action is not pending before the court, an accused infringer may apply to the Patent Office for a declaration against the owner or the exclusive licensee of a patent, SPC or utility model stating that the object or the process is not covered either completely or partly by the protection right.

5 Inducement, and contributory and multiple party infringement

To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

An inducer, contributor or accessory is liable for patent infringement in the same manner as the direct infringer and therefore may be sued in addition to him or her. However, a person is only regarded as an inducer, contributor or accessory in the event that he or she has knowingly supported the direct infringer (namely, that it was his or her intention to do so).

Several real or legal persons (for example, infringer, inducer, contributor, accessory) may be sued together as a joinder of parties provided that they constitute a legal community with respect to the matter in dispute, and that the respective court is competent for each of the defendants. It depends on the specific case whether or not they are individually or jointly liable for the infringement or part of it. A joinder of parties may also be created by a decision of the court if it is likely to result in an acceleration, a simplification or a cost reduction.

A contributor or accessory may also be someone who provides means (devices, materials, etc) by which an essential element of the invention can be realised (indirect patent infringer). Such a provider may also be sued for indirect patent infringement in cases where he or she had delivered the means to someone who uses the invention for private purposes only (namely, who is not regarded as a patent infringer per se).

6 Joinder of multiple defendants

Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties may be sued together for patent infringement as a joinder of parties. The prerequisites are the same as mentioned under question 5. It depends on the type of patent infringement, or contribution to the patent infringement, by each of the parties, whether a separate judgment for each of the parties or one and the same judgment for all of the parties may be achieved. The plaintiff's claims against each of the parties have to refer to the same patent, irrespective of the type of infringement, namely, industrially producing the subject of the invention, putting it on the market, offering it for sale or using it, or importing or possessing it for the purposes mentioned.

7 Infringement by foreign activities

To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Since an Austrian protection right is only valid in the territory of Austria, activities outside the country cannot constitute an infringement and therefore cannot support a charge of it.

8 Infringement by equivalents

To what extent can 'equivalents' of the claimed subject matter be shown to infringe?

Statutory law states that the scope of protection of a patent is defined by the patent claims, which are to be interpreted in the light of the description and, if applicable, of the drawings of the patent print. Moreover, it is stated that the scope of protection should, on the one hand, not be narrowed by a strict interpretation of the chosen words of the patent claims and, on the other hand, should not be expanded by regarding the patent claims just as a guideline; the interpretation should rather lie between these two extremes.

Infringement by an equivalent is given, according to established legal practice, if, at the date of priority and in view of the patent claims, a person skilled in the art would regard the chosen solution as having an equal effect as well as being equally good and obvious. An equivalent solution is given if one and the same object of an invention is achieved by means (features) that are not identical to those specifically listed in the patent claims but are, as would be obvious to a person skilled in the art, equal in their function.

9 Discovery of evidence

What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Any person who has suffered an infringement of one of the rights belonging to him or her may request information about the origin and the distribution channels of the infringing goods and services, provided that the burden of information is not in disproportion to the seriousness of the infringement and will not violate statutory obligations to secrecy.

The claim to give information may be directed to the infringer and to any person having dealt directly or indirectly with the infringing goods or services.

In the course of a request for a provisional injunction the plaintiff may also raise a claim for securing evidence against the infringer.

When initiating criminal proceedings against an infringer, his or her premises might be searched for any evidence to be seized.

10 Litigation timetable

What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The complaint of the plaintiff is served by the court to the defendant, who may submit a statement of defence.

Several preparatory writs may be exchanged before a first hearing is held in which the proceedings are structured and, in most cases, a court expert (normally a patent attorney) is appointed.

If the defendant objects to the validity of the protection right the proceedings are suspended, unless the nullity must obviously be denied. After a final decision on the validity of the right by the Patent Office or the Vienna Upper Provincial Court, the proceedings are continued.

Several hearings may take place in which witnesses may be heard and the case shall be discussed thoroughly. A first-instance judgment is then released, which can be appealed by either party. The second instance (Vienna Upper Provincial Court) and the third instance (Supreme Court of Austria), if a further appeal for revision is admissible and accepted, do not take evidence and decide either in public or in camera.

Provisional proceedings for a preliminary injunction run more or less the same way, but in an accelerated manner. The defendant has no right to be heard at the first instance, although he or she usually has the opportunity to present exonerating evidence. In addition, an objection by the defendant to the validity of the protection right is not accepted. A decision of the first instance may be appealed at the second and third instance. The total time from filing the infringement complaint until a final judgment or decision may last several years and cannot be predicted.

11 Litigation costs**What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?**

Costs depend on the value of the litigation. Costs before trial, namely for the evaluation and assessment of the infringement by a patent attorney and for the preparation of the writ by an attorney-at-law, might range from €5,000 to €14,000.

During trial in the main proceedings before the first instance, costs for a patent attorney and an attorney-at-law may vary from €7,000 to €35,000; in provisional proceedings, only up to €12,000. Each appeal proceeding may cost between €7,000 and €14,000.

In the event of success, part of the costs is refunded by the loser. In the event of losing the lawsuit, the losing party has to refund the statutory costs of the procedure and representation of its adversary. Contingency fees are strictly forbidden.

12 Court appeals**What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?**

Decisions and judgments of the Vienna Commercial Court (first instance) may be recoured or appealed at the Vienna Upper Provincial Court (second instance). If admitted, another revision or revision-recourse at the Supreme Court of Austria (third instance) may be launched. If not admitted, an extraordinary action to the Supreme Court may be filed. The courts of second and third instance are appellate instances, that is, not trial courts, so that new evidence is not allowed.

13 Competition considerations**To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition or a business-related tort?**

In the case of an unjust enforcement of a protection right the accused infringer may sue the alleged rightholder on the ground of unfair practice for refraining from such act and liability for damages.

Unjust allegations to a third party impairing its business reputation, etc, may also be opposed by the injured person.

14 Alternative dispute resolution**To what extent are alternative dispute resolution techniques available to resolve patent disputes?**

ADR techniques are commonly used, and an attempt is often made to settle the pending dispute by negotiation. Sometimes mediation is accepted by the parties or they agree to contact a local or international arbitration board. However, none of these measures excludes eventually going to court.

Scope and ownership of patents**15 Types of protectable inventions****Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?**

Patents shall be granted for inventions in all fields of technology that are new; that, having regard to the state of the art, are not obvious to a person skilled in the art; and that are susceptible to industrial application. Inventions may even be patented that have a relation to a biological material. The following are not regarded as inventions:

- discoveries, scientific theories, mathematical methods;
- the human body in the various stages of its formation and development;
- the mere discovery of one part of the human body, including a sequence or partial sequence of a gene;
- aesthetic creations;

- schemes, rules and methods for performing mental acts, for playing games or for doing business and programs for computers; and
- presentations of information.

Patents shall not be granted in respect of:

- inventions whose publication or exploitation would be contrary to public policy or morality (for example, methods for cloning human beings or for modifying the genetic identity of the gene line of human beings);
- methods for treatment of humans or animals by surgery or therapy and diagnostic methods; and
- plant varieties or animal races.

In addition to that, utility models may be also granted to the logic of computer programs (but not to the programs per se), provided that they concern a field of technology.

Patents may, however, be granted for products, such as substances and compositions, to be used in the treatment, therapy and diagnosis of humans and animals as long as this use is novel. Known substances and compositions are also protectable in combination with a first, second or multiple medical indication as long as that combination does not belong to the state of the art.

16 Patent ownership**Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?**

The inventor or his or her successor in title shall have a right to the grant of a patent. Until the contrary is proved the first applicant shall be regarded as the inventor.

Employees shall also be entitled to the grant of a patent (utility model) for inventions they have made during their employment relationship, unless otherwise provided by contract.

An employee shall be entitled to special and fair remuneration in any case where his or her invention becomes the property of his or her employer or subject to the employer's right to use.

In the case of an invention made by an independent contractor, the right to the grant of a patent depends on the respective contract.

A patent (utility model) applied for by a joint venture or by several persons (inventors) as participants in the same invention shall be granted without any determination of each party's share. The legal relationship of the co-patentees shall be governed by civil law.

In any case, the inventors shall be entitled to be named as the inventors. The right may not be transferred or inherited. Renunciation of the right shall have no legal effect.

The right arising from a patent (utility model) application and the granted right is recorded at the Patent Office. It shall be inheritable and not pass to the state. Both rights may be transferred to others, either wholly or in shares, by a legal act, by a court order or by a transfer pro mortis causa. All rights relating to a patent (utility model) shall be acquired by entry in the Patent (Utility Model) Register and shall be binding on third parties. A request for such entry shall be accompanied by a copy of the document on which the entry is to be based. If the original of the document is not a public document, it shall bear the duly certified signature of the person alienating his right. In case of an assignment of a patent, a corresponding declaration of the parties or their representatives regarding the assignment might be presented instead of an assignment document.

Defences**17 Patent invalidity****How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?**

Proceedings for a declaration of nullity of a patent (utility model) shall be instituted on request at the Patent Office and shall be handled by its Nullity Department. The final decision of the Nullity Department may be appealed at the Vienna Upper Provincial Court.

A patent (utility model) shall be declared null and void fully or only in part if:

- the subject of the patent (utility model) was not patentable (for example, not new or inventive or industrially applicable);
- the patent (utility model) does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art; or
- a deposited micro-organism has not been permanently accessible, unless the patentee proves that he or she has deposited the micro-organism again.

In infringement proceedings (see questions 1 and 2) the respective court also has to judge, as a preliminary question, on the effectiveness of a patent (scope of protection, prior use by the defendant, etc).

18 Absolute novelty requirement

Is there an 'absolute novelty' requirement for patentability, and if so, are there any exceptions?

An invention shall be considered to be novel if it does not form part of the state of the art. The state of the art shall be held to comprise everything made available to the public by means of a written or oral description, by use or in any other way, before the priority date of the application.

The state of the art shall also be held to comprise the contents of Austrian patent and utility model applications, European patent applications and international patent applications covering Austria, all of which having an earlier priority date and whose contents were not officially published before the priority date of the later application or thereafter.

Excepted from the novelty requirements is a disclosure of the invention that had occurred no earlier than six months prior to filing of the application and if it was directly or indirectly due to:

- an evident abuse to the prejudice of the applicant or his or her legal predecessor; or
- the fact that the applicant or his or her legal predecessor has displayed the invention at official or officially recognised exhibitions proven by a certificate.

For utility model applications, even a disclosure by the later applicant having occurred within six months prior to application is not detrimental to novelty.

19 Obviousness or inventiveness test

What is the legal standard for determining whether a patent is 'obvious' or 'inventive' in view of the prior art?

In considering the inventiveness, everything made available to the public prior to the application date is taken into account from the point of view of an ordinary person skilled in the respective art. However, applications of earlier priority date but with a later publication date are not taken into consideration.

A solution is regarded as obvious when a person skilled in the art would have found it starting from the same problem and aiming at the same result without any evaluations in hindsight. If the subject of an application is a selection from a known range of features or a combination of known features, it is regarded as non-obvious if it results in a surprising, unexpected effect. Mere technical equivalents solving the same problem within the same result are regarded as obvious.

20 Patent unenforceability

Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

A patent (utility model) shall not be effective against a person who, at the time of filing, had already begun, in good faith, to use the invention in Austria or had made the necessary arrangements for doing so (prior user).

If, in connection with a European patent application, a translation of the claims into German was filed with the Austrian Patent Office in order to gain preliminary protection, and provided that this translation covered at first a narrower scope of protection than in the original

language (namely, English or French) and therefore was afterwards corrected on request to cover a broader scope, a physical or juristic person who has already begun, in good faith, to use the invention in Austria (or had made the necessary arrangements for doing so) outside the narrower but within the broader scope of protection before the correction came into force (intermediate user) shall not be affected by the Austrian part of the European patent.

A patent (utility model) has no effect against a private user (when it is not used industrially) and shall not be effective against studies and experiments necessary for admission of pharmaceuticals to the market (Bolar provision).

The protection of a patent for a biological material does not extend to material obtained by generative or vegetative multiplication of the protected biological material when the derived material was put on the market outside Austria but within the European Economic Area.

A patent for a biological material cannot be enforced against a person who obtained such a material accidentally or if the material is technically unavoidable in the agricultural sector.

21 Prior user defence

Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

A prior user is someone who has, in good faith, used any type of invention on an industrial or commercial scale prior to the application date of the respective patent. Mere private use is not covered by patent protection; that is, it is free. Therefore, a real private user cannot be sentenced for patent infringement.

Remedies

22 Monetary remedies for infringement

What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Monetary remedies are available:

- in the case of unauthorised use of a patent (utility model), an appropriate monetary compensation may be demanded, or double that monetary compensation, if the infringement was based on gross negligence or intent;
- in the case of wilful patent infringement, the infringed party may demand instead of appropriate monetary compensation the damages, including the profits of which the injured party has been deprived, or surrender of the profits realised by the infringer through the patent infringement; and
- for disadvantages not consisting of any monetary loss suffered as a result of the wilful patent infringement.

The appropriate monetary compensation is usually calculated based on equivalent licence fees (licence analogy).

23 Injunctions against infringement

To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer's suppliers or customers?

Any person who has suffered an infringement of one of the rights belonging to him or her under a patent, SPC or utility model or who worries that such an infringement might take place may sue for a permanent injunction and claim for a preliminary injunction. In the latter case, he or she does not need to prove that the claim is at risk or necessary for the prevention of irreparable harm. Preliminary injunctions may also be released for securing evidence.

Injunctions have a binding effect only between the parties (the plaintiff and the defendant). Therefore, suppliers or customers of the infringer are not bound by them. However, as injunctions may not only

be directed against direct infringers but also against indirect infringers, these persons may also be sued.

24 Banning importation of infringing products

To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Based on the regulation of the European Parliament and Council (EU No. 608/2013) concerning customs enforcement of intellectual property rights in combination with the Austrian Product Piracy Act (PPG 2004, as amended 2015), the following measures may be taken.

The rightholder of an Austrian patent SPC or utility model as well as of the Austrian part of a European patent may apply in writing to the competent Austrian customs department for action by the customs authorities if goods are found that are suspected of infringing such right when they enter into free circulation, export or re-export.

After the application for seizure has been granted for a specific period (not exceeding one year but extendable) the respective customs office shall suspend release of the goods and immediately inform the competent customs department, which shall inform the rightholder and the declarant or holder of the goods.

The rightholder or its representative may inspect the suspended goods and initiate, within a given period (usually 10 days, which may be prolonged), infringement proceedings with the Vienna Commercial Court. In this case, the declarant (owner, importer, holder or consignee) of the goods may obtain the release of the goods on provision of security.

If the declarant has not specifically opposed the suspension, and provided that the rightholder has agreed to the destruction of the goods, the customs authorities shall have such goods destroyed under customs control.

If the goods suspected of infringing certain IP rights enter Austria in small consignments (ie, a post or courier consignment with a maximum of three units or less than two kilos) the customs authority may act on its own, provided that the IP rightholder has claimed for such a procedure. In this case only the declarant is informed about the suspension and if he or she does not oppose it the goods are destroyed.

25 Attorneys' fees

Under what conditions can a successful litigant recover costs and attorneys' fees?

In the judgment, the successful party is granted reimbursement of costs for the proceedings and representation by the losing party according to the Court Fees Act and Attorney's Tariff Act. This reimbursement, however, usually does not cover all the expenses. In the case of a partial success each party may bear its own costs.

26 Wilful infringement

Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Any person who infringes a patent wilfully shall be fined up to 360 times the daily rate for calculating fines. A professional infringement shall be sentenced with imprisonment of up to two years. Prosecution shall take place only at the request of the injured party.

An infringement is regarded as deliberate in the case of the infringer having used the patented invention in knowledge of and with the intent to interfere with the patent right.

The question whether a deliberate or wilful infringement has occurred is to be solved by the respective board in a criminal or civil proceeding. Expert opinions (either by private experts nominated by one of the parties or by an expert appointed by the respective court) have to be taken into account. The opinion of a counsel representing a party is taken ad notam in the course of her or his pleading.

27 Time limits for lawsuits

What is the time limit for seeking a remedy for patent infringement?

All monetary claims, the claim for drawing up of accounts and the claim for information on origin and distribution channels shall be prescriptive after three years from knowledge of the infringement and the infringer. However, the running of the prescription period shall be interrupted by an action for drawing up of accounts or a petition for declaratory decisions.

The claim for injunction has no statutory time limit, but the court usually regards three years as adequate.

The prescription for criminal prosecution is one year from the infringement.

28 Patent marking

Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

Marking of patented products is not compulsory. However, any person who designates products in a manner likely to give the impression that they enjoy patent (utility model) protection shall on request provide information regarding the patent (utility model) on which such designation is based.

False patent (utility model) marking is regarded as a misleading commercial practice. The offender may be sued for discontinuance, elimination and, if appropriate, monetary compensation by anyone interested in the observance of fair commercial practices (for example, consumers, competitors, the Federal Chamber of Commerce, etc) on the basis of the Austrian Law Against Unfair Competition. The competence of first instance lies at the respective provincial civil court. Marking a product with 'pat.pend.' (patent pending) is, in any case (nominally, even if the assertion is correct), regarded as misleading commercial practice, because the trade involved generally cannot distinguish between a patent application and a granted patent and the respective scope of protection.

Licensing

29 Voluntary licensing

Are there any restrictions on the contractual terms by which a patent owner may license a patent?

As far as Austria is concerned the owner of a patent, SPC or utility model may permit third parties to exploit the invention in all the territory or a part thereof on an exclusive or non-exclusive basis restricted or not restricted to any types of uses. Restrictions on the contractual terms of a licence are only determined by public policy.

30 Compulsory licences

Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

The patentee of an invention of considerable commercial or industrial significance that cannot be exploited without use of an invention patented earlier (earlier patent) shall have a claim to a non-exclusive licence to exploit the earlier patent. Where such licence is granted, the earlier patentee shall also have a claim to a non-exclusive licence to work the later patent. This principle is also extended to plant breeders that cannot acquire or exploit a plant variety without infringing an earlier patent.

Further, if the owner of a biotechnological invention has been granted a non-exclusive licence to an earlier plant variety right, then the owner of that right shall have a claim to a non-exclusive licence to the later patent.

Where a patented invention is not exploited to a reasonable extent in Austria, including importation, and where the patentee has not taken all steps required for such exploitation, any person may apply for a non-exclusive licence to exploit the patent for the purposes of his or her business.

If a licence for a patented invention is required in the public interest, any person shall have a claim to a non-exclusive licence for the purposes of his or her business.

If the patentee refuses to grant a licence on reasonable terms, the Patent Office (Nullity Department) shall, at the request of the applicant for the licence, decide the matter and, if a licence is granted, shall fix the royalty and so on.

If the grant of compulsory licences has not sufficed to secure the exploitation of the invention in Austria to an appropriate extent within two years, the patent may be revoked by the Patent Office in whole or in part.

Patent office proceedings

31 Patenting timetable and costs

How long does it typically take, and how much does it typically cost, to obtain a patent?

After filing a patent application the Patent Office usually releases a first office action within six to eight months, citing publications relating to the subject of the invention and, if need be, raising any formal and statutory requirements for the patentability. In one or several responses to further office actions, the applicant then may change or restrict his or her claims. Where the Patent Office (Technical Department) considers that the application is in the proper form, which may take between one and several years, it shall decide on the granting of a patent. This is published in the Official Patent Gazette and recorded in the Patent Register. At the same time, the patent is published.

After 18 months from the application or priority date the application is published, if possible together with a search report, otherwise the search report shall be published later. After the publication of the application anyone can raise substantiated objections against the patentability. However, this third party has no standing in the proceedings before the Patent Office.

Costs for the application procedure (including official and attorneys' fees) may range from €3,000 to €6,000. Total costs for gaining a registered patent may range from €5,000 to €12,000. The annual fees (without attorneys' fees) range from €104 to €1,775.

When applying for a utility model, after a few months the Patent Office releases a search report together with, if necessary, formal objections and sets a term within which the claims may be changed. Following this, the utility model is granted, published and registered. Costs for a utility model application (including official and attorneys' fees) may range from €2,500 to €5,000. Total costs (in the case of formal objections, amendment of claims, etc) may range up to €9,000. Annual fees (without attorneys' fees) range from €52 to €470.

During the application proceedings a patent or a utility model application may be converted once, upon request, into the other type of application.

32 Expedited patent prosecution

Are there any procedures to expedite patent prosecution?

In the course of the examination procedure for a patent application, a statutory accelerated prosecution does not exist. If it has not been settled, dealt with or answered within about six months one might, however, file a petition to the president of the patent office whereupon a time frame for the outstanding official response is usually given.

The registration and publication of a utility model may, however, be accelerated by filing a respective request and paying a surcharge fee. Provided that all formal requirements are fulfilled, the publication and registration will then be effected immediately, namely, irrespective of and independent from the finalising of the obligatory search report, which, in this case, will be issued separately.

As a pilot project the Austrian Patent Office offers the possibility of a fast-track patent application without any surcharge in case of an online patent application supported by reasons for the expedited prosecution. Given these prerequisites, a first office action with a search report is issued within four months.

33 Patent application contents

What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The application of a patent (utility model) shall disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art. If it concerns biological material, this material has to be deposited with a depository institution as defined by the Budapest Treaty.

The description of the invention has to be in detail only so far that a person skilled in the art may carry it out. Generic terms are allowed. Artificial words or abbreviations without explanations are regarded as insufficient disclosure. Features that cannot be gathered plainly would also lead to insufficient disclosure. The disclosure has to be sufficiently complete that a person skilled in the art can carry out the invention without unreasonable efforts.

The application shall relate to one invention only or to a group of inventions so linked as to form a single general inventive concept. If there is no compulsory connection between several individual inventive parts of an application divisional applications may be filed voluntarily or in response to a demand of the Patent Office.

The patent claims shall, in a clear and distinguishing manner, define the matter for which protection is sought. They shall be supported by the specification. Generally, all known and essential features should be summarised in an introductory part of the main claim (the classifying clause), whereas all new and inventive features are to be concentrated in a second part (the characterising clause). The two clauses should be separated by the phrase 'characterised in that'. Additional, but not compulsory, inventive features may be claimed in sub-claims. In the case of an invention consisting of the combination of known features the division into two parts may, however, be neglected. Alternatively, the language 'A characterised by B' or 'B characterised by A' may be chosen. The teaching of a patent claim is regarded as clear and complete as long as a person skilled in the art may carry it out without an inventive effort. Only positive features should be mentioned (eg, 'without...' is inadmissible). Mere descriptions of effects are not admitted. In method claims device features should, if possible, be avoided.

The abstract shall contain a short summary of the disclosure contained in the application. A structure like the main claim is advisable (namely, state of the art (classifying clause), aim of the invention, inventive features (characterising clause)).

The description of the invention may be supported by drawings. In the claims reference numerals of features should be indicated in brackets.

34 Prior art disclosure obligations

Must an inventor disclose prior art to the patent office examiner?

There is no obligation to disclose prior art, although it may be cited from the beginning in the application. However, on the front page of a granted patent, only publications that were cited by the Patent Office are listed.

35 Pursuit of additional claims

May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

Within 12 months of the original filing of a patent or utility model application, another application concerning the same invention may be filed claiming original priority. In this application additional matter and claims may be presented, claiming, if necessary, different priorities for different parts.

Where an improvement or other further modification of an invention that is already protected by a patent or for which a patent has been applied for and is eventually granted is the subject of an application by the patentee of the parent patent or by its successor in title, the patentee or its successor in title may apply either for an independent patent for such improvement or other further modification or for a patent of

Update and trends

Amendments to the Trademark Act, Patent Act, Utility Model Act, Semiconductor Act, Design Act and Patent Office Fee's Act

An amendment of IP laws was published on 1 August 2017, Federal Gazette I No. 124/2017. The main reason for the amendment is EU Directive 2015/2436 of 16 December 2015 to approximate the laws of the member states relating to trademarks, which has to be brought into force in Austria by the beginning of 2019.

The main changes of Patent Act and Utility Model Act, which came into force on 2 August 2017, concern somewhat simplified requirements for recordals in the respective registers. In general, a copy of the respective document has to be filed, whereas in the past only an original was accepted. A document other than a public document still has to bear the duly certified signature of the physical or juridical person alienating his, her or its right. Instead of such a document, a unanimous declaration of the parties or their representatives may be submitted. The Patent Office reserves, however, the right to request any originals, certified copies or further documents.

The new regulations are:

Section 43, Patent Act

(6) A request for an entry shall be accompanied by a copy of the document on which the entry is to be based. If the original of the document is not a public document, it shall bear the duly certified signature of the person alienating his right. In case of an assignment of a patent a corresponding declaration of the parties or their representatives regarding the assignment might be presented instead of an assignment document.

(7) The request for entry, the document and the declarations shall be subject to the examination by the Patent Office on form and contents. Upon reasonable doubts the Patent Office may request originals or certified copies or further documents.

Section 32 (2), Utility Model Act

A request for an entry shall be accompanied by a copy of the document on which the entry is to be based. If the original of the document is not a public document, it shall bear the duly certified signature of the person alienating his right. In case of an assignment of a Utility Model, a corresponding declaration of the parties or their representatives regarding the assignment might be presented instead of an assignment document.

Recent judgments of the Vienna Upper Provincial Court

Inventiveness

A new development does not lack inventiveness if only a person skilled in the art could have reached it based on the state of art. It is only non-inventive if the person skilled in the art would have suggested it upon a reasonable cause with expectation of an improvement or advantage ('could-would-approach').

The assessment of an inventive task may be especially performed based on the European Patent Office's problem-solution-approach: at first the most pertinent state of the art is to be determined; secondly the factual technical problem to be solved is to be defined; and finally it is to be examined whether the claimed invention would have been obvious to a person skilled in the art in the light of the pertinent state of art and the factual setting of the problem (VUPC of 20 October 2016, 34 R 68/16v - Austrian Patent Gazette 2017, 30)

Defence of 'free state of art'

An applicant has brought with the Nullity Department of the Austrian Patent Office a petition for a negative declaration decision against a patent owner (defendant), namely that the device of the applicant (covered by its own patent) does not fall under the scope of the patent of the defendant. The applicant argued successfully that the features of its device are closer to the state of art than to the features of the defendant's patent. The Nullity Department agreed and moreover held that even if the applicant's device had lain within the equivalency range of the defendant's patent, it would not fall under its protection.

The defendant filed with the Vienna Upper Provincial Court (VUPC) an appeal against this resolution but failed. It argued that when all features of the granted patent claim are realised identically by the applicant's device, the Nullity Department is not allowed to

assess the validity of the defendant's patent in a declaratory proceedings. The VUPC disagreed and held that the validity of a litigious patent is not to be questioned in an infringement suit (or in declaratory proceedings) is observed in Germany, albeit only in infringement proceedings, but cannot be brought into accordance with Austrian Patent Law. This is because the Patent Office has to consider in declaratory proceedings the complete state of art. This means that the scope of protection of a patent is limited by the state of art on its priority date because a patent claim cannot encompass features that belong to the state of art prior to the application date.

This resolution of the VUPC is a landmark decision because it clearly allows the defence of 'free state of art' in declaratory proceedings. Such a defence results, in case of acceptance, implicitly in the nullity of the litigious patent, although that nullity is only effective inter partes (VUPC of 15 March 2016, 34 R 146/15p - Austrian Patent Gazette 2017, 11; Austrian IP and Copyright Magazine 2016, 267; GRUR Int 2017, 35).

Definition of 'active ingredients'

The object of a Supplementary Protection Certificate is a product but not the invention protected by the basic patent. According to the rulings of the CJEU, a SPC cannot be granted for active ingredients that are not disclosed in the claims of the basic patent. It is, however, not required that the active ingredient is disclosed in the claims of the basic patent by a structural formula. A functional formula given in the claims of the basic patent may also suffice for the definition of a product. In that case, however, it is a prerequisite that the claim refers implicitly but necessarily to the product in question, namely in a specific way and manner.

This decision was released in connection with an SPC application for a product whose active ingredient was not mentioned and defined in the specification and claims of the basic patent (VUPC of 10 February 2016, 34 R 138/15m and confirmed by the Supreme Court, 30 August 2016, 4 Ob 104/16x - Austrian Patent Gazette 2017, 67; Austrian IP and Copyright Magazine 2017, 45).

Combination of active ingredients

An SPC application was rejected by the Austrian Patent Office, the VUPC and the Austrian Supreme Court because it concerned a product containing a combination of three active ingredients, whereas in the basic patent only two active ingredients were specifically mentioned. It was held that an SPC can only be granted for a product that is covered by the scope of protection of an upright basic patent. An active ingredient that is just mentioned as 'other therapeutical constituent, if applicable' is not disclosed by the basic patent (VUPC of 19 May 2016, 34 R 25/16w, Supreme Court of 26 September 2016, 4 Ob 169/16f - Austrian Patent Gazette 2017, 34; Austrian IP and Copyright Magazine 2017, 97).

Judgment of the Austrian Supreme Court

Product recalls:

In the course of an infringement proceeding a preliminary injunction was also requested by the plaintiff. In the preliminary injunction proceedings the plaintiff demanded not only immediate discontinuance but also a product recall of the alleged infringing goods by the defendant. The court of first instance (Vienna Commercial Court) rejected the request for preliminary injunction, whereas the court of second instance (Vienna Upper Provincial Court) granted it in full scope. Upon an extraordinary revisional-recourse by the defendant, the Austrian Supreme Court confirmed the decision with regard to the claim for discontinuance but dismissed the request for product recall. It held that a claim for product recall of infringing goods falls under the claim for elimination. An elimination can, however, only be ordered when the elimination of the illegal condition lies actually within the disposal of the infringer. In preliminary proceedings a recall of infringing goods has to be left out of consideration because an effected recall would create a non-recoverable condition. Moreover, product recalls are not contained in Directive 2004/48/EC on the enforcement of intellectual property rights in connection with temporary measures such as preliminary injunctions (Austrian Supreme Court of 21 February 2017, 4 Ob 141/16p - GRUR Int 2017, 744).

addition dependent on the parent patent. Additions to patents shall expire together with the parent patent but may be held independent and declared independent if the parent patent expires before the final term.

36 Patent office appeals

Is it possible to appeal an adverse decision by the patent office in a court of law?

The resolutions of the Technical Department or the Legal Department of the Patent Office may be recoured at the Vienna Upper Provincial Court. Against decisions of that court revision-recourses may be raised at the Supreme Court of Austria, provided that the legal requirements are fulfilled.

The final decisions of the Nullity Department of the Patent Office may be appealed to the Vienna Upper Provincial Court, whose judgments may be taken under revision, if admissible, at the Supreme Court of Austria.

37 Oppositions or protests to patents

Does the patent office provide any mechanism for opposing the grant of a patent?

Within four months of the grant of the patent an opposition may be lodged on the grounds of lack of patentability, insufficient disclosure, disclosure surmounting the originally filed version and micro-organisms not being available at the depositing institution.

The Technical Department of the Patent Office has to decide upon the opposition on basis of the writs presented with or without an oral hearing. Each party has to bear its own costs. The decision is published. In the case of a revocation, the application or patent shall be considered as not having been operative from the beginning. An opposition procedure may last one to several years and may cost between €8,000 and €16,000 (first instance: Patent Office; second instance: Vienna Upper Provincial Court).

38 Priority of invention

Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The applicant shall have the priority right to his or her invention from the date on which his or her application for a patent or utility model was duly filed. From such date he or she shall have priority over every similar invention filed later. The right of priority derived from an earlier application must be expressly claimed.

If the grant or maintenance of the protected right depends on the validity of the claim to priority, the right of priority must be proved. The departments in charge of the Patent Office are responsible for the respective decisions.

39 Modification and re-examination of patents

Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

A patent may be revoked in whole or in part if the grant of compulsory licences has not sufficed after two years to secure the exploitation of the invention in Austria to an appropriate extent.

A patentee shall be declared to lack title if it is proved that he or she was not entitled to the grant of the patent (for example, was not the inventor) or that the essence of the application was usurped from a third person.

Where the claim of the applicant (namely, the real originator) is allowed, he or she may request assignment of the patent to him or herself, otherwise the patent protection shall end upon the respective decision of the Patent Office.

Within six months from the grant of a patent, if it was not opposed, or within two months after a final decision on an opposition, the patentee may file a separate application (partial application) claiming the original priority.

The claims may be amended by the owner of the protection right at any time as long as the amendment concerns a clear restriction of the scope of protection and is accepted by the respective department of the Patent Office. In nullity proceedings the Nullity Department may amend the claims in its decision.

40 Patent duration

How is the duration of patent protection determined?

The maximum term of a patent shall be 20 years from the date of application. For utility models the maximum term is 10 years.

The term of an SPC starts with the expiry of the respective patent for a duration that is equivalent to the time period between the filing date of the patent and the first admittance of the product to the market in the EU minus a period of five years. However, the duration of an SPC is at most five years from the date it was granted. An SPC concerning pharmaceuticals for children may be, upon request, prolonged for six months.

Patentanwälte

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