WIPO Circular C.8940 – Input for the preparation of a draft reference document on the exception regarding prior use

I. Introduction

The right of prior use is regulated in Section 12 of the German Patent Act:

> **§ 12 [Right based on prior use]**
> (1) The patent shall have no effect in respect of a person who, at the time the application was filed, had already begun to use the invention in Germany or had made the necessary arrangements for so doing. That person shall be entitled to use the invention for the needs of his own business in his own workshops or in the workshops of others. This entitlement may be inherited or sold only together with the business. Where the applicant or his legal predecessor has, before filing the application, disclosed the invention to others and, in so doing, has reserved his rights in the event of a patent being granted, a person learning of the invention as a result of this disclosure may not invoke measures referred to in the first sentence which he has taken within six months of the disclosure.
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> (2) If the proprietor of the patent is entitled to a right of priority, the earlier application shall be decisive and not the application referred to in subsection (1). However, this shall not apply to nationals of a foreign state which does not guarantee reciprocity in this respect if they claim priority of a foreign application.

According to Section 12 (1) of the German Patent Act, the patent shall have no effect in respect of a person who, at the time the patent application was filed, had already begun to use the invention in Germany or had made the necessary arrangements for so doing. That person shall be entitled to use the invention for the needs of his own business in his own workshops or in the workshops of others. Relevant date for the accrual of prior user rights is the filing (Section 12 (1) German Patent Act) or – if applicable – the priority date (Section 12 (2) German Patent Act).

II. Objectives and Goals

The purpose of Section 12 German Patent Act is to ensure that the property of a third party acquired in good faith through use or through an event for use is not devalued by a later patent application. The right of prior use is intended to prevent the undue destruction of economic values created in the legitimate exercise of the right. The power, time and capital invested by the prior user in existing installations which either already exploit the invention or where the will to exploit it has been confirmed by events for use should not be spent in vain and such an asset should not be devalued by the patent application of another (German Federal Court of Justice, BGH, Xa ZR 18/08 - *Füllstoff*, published in GRUR 2010, 47).

III. Conditions

The right of prior use under Sec. 12 of the German Patent Act is subject to two conditions:

1. Possession of invention

Firstly, the right of prior use requires the (intellectual) possession of the invention on the priority date. Possession of an invention is given if the technical teaching resulting from the task and solution is objectively completed and subjectively recognized in such a way that the actual execution of the invention is possible (German Federal Court of Justice, BGH, X ZR 131/09 – *Desmopressin,* published in GRUR 2012, 895). The fact that the outcome according to the invention has been achieved purely by chance or in an unrecognized way is not

enough for a right of prior use to be obtained (German Federal Court of Justice, BGH, X ZR 131/09 – *Desmopressin,* published in GRUR 2012, 895). On the other hand, as far as repeatable knowledge of the technical teaching is concerned, neither the physical nor the chemical processes that are responsible for the advantage according to the invention have to be recognized, nor is it necessary for the prior user to be aware of the merits and characteristics that are objectively associated with the technical teaching put to prior use by it. The prior user only needs to be aware of such effects if they have been included in the claim as part of the inventive teaching (German Federal Court of Justice, BGH, X ZR 131/09 – *Desmopressin,* published in GRUR 2012, 895). Possession of the invention must be acquired honestly, that is to say in such a way that the user must have considered itself authorized to use the invention permanently for its own purposes (German Federal Court of Justice, BGH, Xa ZR 18/08 - *Füllstoff*, published in GRUR 2010, 47).

2. Acting on the possession of the invention

Secondly, it is necessary that the prior user has already begun using the invention in Germany or has made the necessary arrangements for doing so.

The use of the invention comprises all uses mentioned in Section 9 German Patent Act (direct infringement: e.g. producing, offering, putting on the market etc.) and – in specific cases – uses according to Section 10 German Patent Act (indirect infringement). It is sufficient to perform a single use. However, the use must put the seriousness of a commercial intention to use the invention into practice (Higher Regional Court of Düsseldorf, I-2 U 109/03, published in BeckRS 2008, 5802). This is not given, for example, in the case of an unsaleable sample or a prototype still to be tested (Higher Regional Court of Düsseldorf, I-2 U 65/05, published in BeckRS 2008, 5814).

For the establishment of necessary arrangements for the use of the invention in Germany, a definitive decision for a commercial use must have been taken and serious preparations for the use of the invention in the near future must have been started. Acts which prepare for the possibility of a later, still uncertain use of the invention are not events within the meaning of Section 12 German Patent Act. The same applies to acts which are only intended to clarify whether the invention can and should also be used commercially, i.e. which serve to form the will directed towards commercial use in the first place (German Federal Court of Justice, BGH, X ZR 42/66 – *Europareise*, published in GRUR 1969, 35).

The prior user must act on the possession of the invention in his own interest. This means that acts carried out exclusively in the interests of another party do not form the basis of any right of prior use of the acting party itself (German Federal Court of Justice, BGH, Xa ZR 18/08 - *Füllstoff*, published in GRUR 2010, 47). Such is the case with workers, employees, managers and company organs that, to the extent that they have been working in the field assigned to them, are basically acting on behalf of their employer or the represented company (Kühnen, Patent Litigation Proceedings in Germany, 7th edition 2015, 6. Private right of prior use, Rn. 1741).

According to Section 12 (1), last sentence German Patent Act a person learning of the invention as a result of the disclosure of the invention by the applicant or his legal predecessor before filing the application may not invoke measures referred to in Section 12 (1) first sentence German Patent Act which he has taken within six months of the disclosure. This applies only, if the applicant or his legal predecessor at the time of his disclosure has reserved his rights in the event of a patent being granted.

IV. Legal Consequences

The right of prior use means that the patent does not take effect vis-à-vis the prior user (Section 12 (1) first sentence German Patent Act). The prior user does not need the permission of the patent owner to use the invention, nor can the patent owner demand compensation from the user. However, the right of prior use is not an absolute right because it does not confer an exclusive right vis-à-vis third parties (German Federal Court of Justice, BGH, Ia ZR 151/63 - *Lackträgeinrichtung*, published in GRUR 1965, 411).

The prior user can exploit the invention for his own enterprise. The Patent Act does not provide for explicit limitations of a quantitative or qualitative nature in respect of the admissible exercise of the right to continued use. However, according to a decision of the Bundesgerichtshof (German Federal Court of Justice, BGH, X ZR 32/99 – *Biegevorrichtung*, published in GRUR 2002, 231), the prior user is not allowed to further develop the prior use device if the development exceeds the scope of the previous use and interferes with the subject of the patented invention.

According to Section 12 (1) sentence 3 German Patent Act the right of prior use is bound to the business, it can only be sold or inherited together with the business.