

German Federal Supreme Court Opens the Door for Software Patents

In a landmark decision on April 22, 2010, the German Federal Supreme Court greatly expanded the ability of inventors to claim software inventions under German patent law. The importance of the decision (*Dynamische Dokumentenverwertung* [*Dynamic Document Utilization*], No BGH Xa ZB 20/08) cannot be overestimated: more than 60% of all European patent litigation takes place in Germany.

Until now, the Patent and Trademark Office and the courts in Germany have been reluctant to grant and uphold patents on software inventions. This reluctance has been based primarily on language in the European Patent Convention (“EPC”), to which all countries of the European Union are signatories, as well as implementing language in the national laws of the member states of the EPC, which states that computer programs “as such” should not be regarded as patentable. Courts in Germany have understood this language to prohibit patent protection for computer-related inventions except in connection with a particular embodiment of the invention. Software detached from a specific embodiment has been held to lack “technicality” or “technical character,” a basic requirement for patent protection.

In its *Dynamische Dokumentenverwertung* decision, the German Federal Supreme Court considered a patent application filed by Siemens AG, claiming a software-implemented procedure for the dynamic generation of structured documents in a client-server environment. The lower German Patent Court had held that the invention did not relate to technical means, but rather was based on conceptual considerations. Siemens AG appealed, relying *inter alia* on language in Art. 27, Section 1 of the TRIPS Agreement, which requires signatories to grant patents for inventions on all technical areas.

Overtaking the decision of the lower court, the German Federal Supreme Court held that the invention had a “technical character” even if the data processing software is for word processing. The Court reasoned that “[a] procedure that relates to the direct cooperation of elements of a data processing system always is of technical nature.” It further held that: “it is sufficient that the action of a data processing program that is applied for the solution of the problem is determined by technical facts outside the data processing device *or that the solution consists in a data processing program that is developed in such a way that it considers the technical conditions of the data processing device*” (emphasis added).

The Court explained that the invention at issue solves a technical problem with technical means as it is directed not merely to a software engineer but rather to a system designer who has the whole architecture of a data processing system in view, and who must consider the different properties as well as the capacity of both the hardware and software components of the system on which the software is implemented.

In principle, under the Court’s reasoning, any procedure that can be implemented as a computer program is technical and, therefore, patentable, potentially rendering irrelevant the former “knockout” criterion of technicality.

The decision marks a break from the Court’s past decisions, which found computer-implemented inventions patentable only under certain restrictive conditions, on a case-by-case basis. In the past, for

example, patentability was found where the computer program manages, regulates or controls the action of a technical device or where the invention relates to technical considerations that are required for the application of a computer to implement the invention.

It remains to be seen whether the German Federal Supreme Court will maintain its new expansion of the ability to claim software inventions. Notably, the decision neglects that computer implemented inventions “as such” are not patentable under the EPC and its implementing provisions in the German Patent Code. While the German Federal Supreme Court is not obliged to follow rulings of the European Patent Office (“EPO”), with respect to essential questions of patentability, a consistent interpretation of the patent laws in Europe requires that the courts of the signatory states of the EPC strive for a common line. The Court’s decision goes much further than the current practice in the EPO, which currently requires that, to be patentable, a computer-implemented invention must produce a technical effect that exceeds the normal interaction between program and computer. Under this criterion, the EPO has upheld, for example, an invention claiming “an enhancement of contrast” of a picture, as well as inventions directed to the more efficient division of working memory using software running on a computer.

In summary, in *Dynamische Dokumentenverwertung* the German Federal Supreme Court opened the door to software patents wider than any other court or patent office in Europe had previously. It remains to be seen whether the opening is permanent, or will be scaled back to be more consistent with prevailing European practice.

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