

PATENT REVOCATION PROCEEDINGS IN HUNGARY

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Apparently the patent system can fulfil its original function and the temporary exclusive right obtained by patenting an invention can provide a significant economic value for the patent owner only if the patentee or licensee is able to enforce the prohibitive effect of the patent against unauthorised third persons.

On the other hand, in the recent course of change-over into the free market economy in Hungary it is to be expected that competitors will assume more and more offensives against patents limiting their interests on the market. As the competitors' activity is getting stronger, a substantial growth in the number of patent revocation cases can be expected.

Under the above circumstances it seems to be reasonable to survey the regulation of the patent revocation.

I. The Legal Regulations in Force

The grounds upon which a patent is to be revoked for invalidity are set out in Article 32 of the Patent Act [1]. These are:

"(1) A patent shall be declared null and void with retroactive effect to its origin if:

a) the subject of the patent does not satisfy the requirements laid down in Article 6 (1)a."

It means that the invention was not new having regard to what was known or used before the priority date; it did not represent any progress in comparison with the given state of the art; it was not of a technical nature; furthermore, it was excluded from the patent protection [under the terms of paragraph (3)] because

- it related to a medicine, a product produced chemically or, with the exception of plant varieties and animal breeds, food used for human or animal consumption;
- use thereof was contrary to law or socially accepted morals;
- the subject matter thereof was identical with that of a patent having an earlier priority date.

A further ground for revocation according to Article 32 (1) b) is when the application did not comply with the formal requirements (prescribed by Article 41). It means that on the basis of the description - and in a given case the drawings - a person skilled in the art can not carry out the invention or the claims are not suitable to define the scope of protection applied for.

Article 32 (2) prescribes that a patent shall be limited accordingly when conditions of nullity exist only partially.

According to the explanation of the Patent Act, legal ground for revocation of a patent a grave infringement of law can be only, i.e. this request should be based on the lack of the above mentioned substantive requirements. But these requirements are disputable at any time after patent granting becomes legally valid.

It means that a patent granting decision becomes legally valid in formal aspect only.

As to the revocation procedure, any person may request the revocation of a patent [Art. 54 (1)]. The request, together with the documents in proof, shall be filed with the Patent Office with a copy for each patentee plus one additional copy. The request shall state the grounds [Art.32(1)] upon which it is based; the originals of the documents in proof or certified copies thereof shall be appended to the request.

The above regulation allows anyone - including the patentee, too - to apply for revocation of a patent, which is in the public interest. However, the applicant for revocation need not prove his real and substantial interest in the proceedings.

Article 54 (2) states that the Patent Office shall forward the request for revocation with its appendices to the patentee and shall invite him to make a statement. Following the written preparatory work, the Patent Office shall pronounce its decision on revocation in a hearing.

If the request for revocation has been withdrawn, the procedure may be continued ex officio. No agreement may be entered into during the course of the procedure [Art.54(3)].

In this manner, the revocation proceedings may be continued by the Patent Office of its own motion which is - according to the explanation of the Act - in the public interest.

In our opinion this optional ex officio procedure should be an obligatory one when the withdrawn request for revocation proves at least one of the above substantive grounds (in this case "may" means "must"), otherwise, it would not be in the public interest.

As to the costs, the losing party shall be enjoined to pay the costs of the revocation procedure [Art. 54 (4)].

Further important rules are laid down in Rule 29 of the Implementing Regulations [2] of the Patent Act, as follows:

"Where the application for revocation does not comply with the requirements prescribed, the applicant requesting revocation shall be invited to remedy the insufficiencies. If the applicant fails to do so, the application shall be dismissed."

On the other hand, the provision of Rule 29 (2) is based on the principle of economy of the procedure, saying that several applications requesting revocation of the same patent shall be dealt with together.

We think that a too long interval waiting for several applications would be out of question because in this case the revocation procedure would last unacceptable long, and this would lead to legal insecurity. In our opinion such an interval could not be longer than 4-6 months.

Furthermore, by virtue of Article 57 (1) the Court may review - on request - the decisions of the Patent Office taken with regard to revoking a patent. Any person who took part as a party in the proceedings at the Patent Office may request the review of these decisions.

In addition, there is a further provision guiding to the direction of public interest and legal security in Article 32 (3), which states that

"..nullity, as well as limitation, shall be recorded in the Patent Register and published in the Official Gazette of the Patent Office".

Finally, it is to be mentioned that according to the present law, revocation proceedings and infringement actions are separated from each other. That is why an application for revocation is to be filed with the Patent Office but an infringement suit at the Metropolitan Court, Budapest at the first instant (Art. 66). The Court has the right of suspending the infringement suit until the revocation process is finally decided.

II. Legal Effect of Revocation

A revoked patent is to be considered - in the sense of the above regulation - as if it had not existed actually at all. After revocation the whole content of the invalid patent should be regarded as available to the public, i.e. any person can use it freely. By the revocation proceedings the status prior to patent granting has been re-established with retroactive effect to its origin.

The following conclusion can be drawn from it:

If a patent had been revoked the "infringer" is excused from all consequences of patent infringement for the period from the filing date of the patent application to the date when decision for revocation of patent becomes legally valid, because the patent was actually invalid but this fact has been decided by the competent authority later, just in the successful revocation proceedings [3].

In connection with the effects of revocation we have to refer to Article 32/A of the Patent Act, too, which states that if the definitive patent protection expires with retroactive effect, only the portion of the remuneration collected in good faith by the patentee or the inventor can be reclaimed which was not covered by the profitable results derived from the invention.

III. Practice in Patent Revocation Cases

We would like to deal below with a few revocation cases in which the decisions gave expression to further legal guiding principles, because - in our opinion - these also constitute an important component of the patent revocation practice in Hungary.

1) The lack of judgement of all the substantive grounds for revocation in the procedure before the Patent Office violates law. and the obligation of decision explanation cannot be added to in the court procedure.

The patentee filed an application for revocation of his own patent. As ground for revocation the lack of novelty and progress were mentioned and proved by publications.

It is to be noted that direct antecedents of the revocation proceedings were a suit about the demand for remuneration of the inventors deriving from this patent against the patentee (employer). The court obliged the patentee to pay the due remuneration to the inventors.

The Patent Office refused the revocation request. According to the reasoning of the decision, the combination of the cited references would be insufficient to prove the lack of novelty, on the other hand, the technical progress as well as the surplus-effect of the invention could be regarded as "probable".

The Metropolitan Court of first instance had the decision of the Patent Office quashed and at the same time ordered the Patent Office to make a new decision. The essence of the explanation is, as follows:

- A decision should contain a detailed explanation wherein the statement of facts, as well as the accepted evidences are to be reviewed, too;
- The Patent Office has to deal with all the requests of the parties and in the decision it has to take a stand on them;
- In the question of progress the Patent Office did not make a decision after studying the advantages and disadvantages of the known solutions cited by the Applicant and a declaration of its view;

- The Patent Office failed to comply with the require menu for giving reasons and judgement which could not be remedied by the Court (Decision of the Metropolitan Court, No. 3.Pk.24.594/1988).

2) The claim limited in the revocation proceedings shall define an invention which complies with all the substantive requirements of patentability

Applicant filed a request for whole revocation of a patent and as a ground was mentioned that the subject matter of the patent would be identical with that of a patent having earlier priority.

Patentee limited the scope of protection over the cited prior patent and asked the Patent Office to maintain his patent with this limitation.

The patent was revoked by the Patent Office completely. In the explanation of the decision it was mentioned that on the basis of the limited main claim the patent failed to comply with the requirement of novelty - in view of a further reference cited by the applicant -.

The patent owner requested the Court of first instance, to modify the decision taken by the Patent Office but this request was refused.

The Court was also of the opinion that in the revocation proceedings the patent could not be limited to a subject matter which fails to comply with all the requirements of a patentable mention. When the subject matter of the patent to be revoked would be identical partially with that of an earlier patent, after sufficient limitation of its protection scope it should be examined whether the limited claim was patentable (Decision of the Metropolitan Court, No.3.Pk.23.160/1988).

Furthermore, it is to be noted that the Metropolitan Court also decided in an earlier revocation case in this sense (No.3.Pk.23.502/1978).

3) In the revocation proceeding new claim cannot be drafted based on a new object and technical content by amending the original object and disclosure in the accepted patent specification

Upon request of the Applicant, the Patent Office revoked the patent completely by its decision. The ground for revocation was that the subject matter of the patent was identical with that of an earlier patent.

In the Court procedure of first instance the patentee filed new claim limited over the cited patent and asked for maintenance of the patent with this limitation.

The Court of first instance refused the modification request of the patentee. The decision based on the following reasoning:

In the revocation proceedings the patent could not be limited to a subject matter which did not comply with the substantive requirements of a patentable invention. When there would be a conflict between two patents, after the limitation of the younger patent it was to be examined whether the subject matter defined by the limited claim would be patentable or not.

On the other hand, in the revocation proceedings the object and technical content disclosed in the accepted patent specification cannot be amended. That is why a new claim cannot be drafted on the basis of an amended object and technical content. The description of the granted patent cannot be amended at all. According to the reasoning of the decision, it would lead to legal insecurity (Decision of the Metropolitan Court No.3.Pk.23.030/1978).

IV. Final Remarks and Conclusions

- In the sense of the Hungarian legal regulations in force - as to the patent revocation -, the substantive requirements of patentability should be judged in the revocation proceedings with the same standard as in the granting procedure;

- It may happen that someone requests the revocation of a patent which has already lapsed - e.g. in lack of payment of annuity -. This request may be generated by an infringement or the inventors' claim to compensation (in the case of employee's patents) arising during the period in which the patent was valid. In this case the revocation proceedings have been taken by the competent authorities in the same manner as discussed above;

- The revocation proceedings - as mentioned above - are separated from the infringement actions in Hungary. In infringement litigation, the validity of the patent cannot be disputed; it is the subject of the revocation procedure. In this respect the Hungarian regulation is very similar to that of e.g. Germany [5], [6], Great Britain (but here the separation is facultative) [7] or Japan [8]. In our opinion it would be wise to maintain this separation at the next revision of the Law;

- In the intended modification of the Hungarian Patent Law - under the influence of the international harmonisation [9] - among others "the principle of equivalence" will most probably be introduced. It will lay further burden upon the staff of the authorities dealing with revocation cases. But, we think, that by adaptation of the developed experiences e.g. of the above mentioned countries could provide a considerable support in this field;

Below we would like to furnish a few comparative data on revocation cases:

In 1988: 15 requests, in 1989: 17 requests, in 1990: 17 requests and in 1991 (until May): 4 requests have been filed for revocation with the Hungarian Patent Office. In 1988 in eight, in 1989 in three, in 1990 in eight and in 1991 in three of these cases a reconsideration of the decision of the Patent Office has

been requested at the Metropolitan Court of first instance, Budapest (the author's collection of data).

It can be concluded that the present regulation and the case law of the patent revocation can fulfil their intended function. However, in order to strengthen the legal security in Hungary, the revocation proceedings should be further accelerated.

References:

- [1] *Law No. II. of 1969 on the Protection of Inventions by Patents, as amended by Decree-Law No. 5 of 1983;*
- [2] *Joint Decree No. 4/1969 (XII.28.) OMFBI-IM on the Implementation of Patent Law, as amended by Decree No. 4/1983 of the Minister of Justice;*
- [3] *Gazda-Kövesdi-Vida: "Inventions, Patents" (in Hungarian; Közgazdasági és Jogi Könyvkiadó, Budapest, Hungary, 1985, p. 72 to 76);*
- [4] *Law No. I. of 1981, amending the Law No. IV of 1957 on the General Rules of the Administrative Proceedings;*
- [5] *Benkard: "Patentgesetz" (7th Edition, p. 584 to 586, München, 1981) ;*
- [6] *Dr. J. Marko: "Issues of the German Patent Law" (in Hungarian; MIE-publications No. 27/1986, Budapest);*
- [7] *Patent Act 1977 (Art.72, London,1978)*
- [8] *Manual for Handling of Applications for Patents, Designs and Trade Marks (Octroobibureau Los en Stigter, Amsterdam, Suppl. No.58, Sept. 1988);*
- [9] *Draft Treaty on the Harmonization of Patent Laws (WIPO, Geneva, Document HL/CE/VIII/3 of Febr. 15, 1990);*

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