

National Patent Litigation—Germany

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I. Available Reliefs

Under German law, the following main reliefs against the infringer are generally available:

- A **cease and desist** claim.
- A **compensatory damages** claim (no punitive damages are available; the claimant may choose from three different methods for calculating damages, namely own lost profits, infringer's profit or reasonably royalty).
- A claim for **information** about, *inter alia*, the origin and the distribution channels of the infringing products, the names and addresses of the manufacturers, suppliers or other previous owners, the commercial customers and the quantity of the products manufactured or supplied.
- A claim for **rendering of accounts** regarding the revenue and expenditures caused by the infringing activities, including a detailed statement of the profit earned.
- A **destruction** claim for the infringing products which are in the possession or ownership of the infringer.
- A **recall/removal** claim for the infringing products from the distribution channels.

II. Fact Finding and Preservation of Evidence

The claimant bears the burden of substantiation and proof for the infringement. The court decides solely on the facts presented by the parties and does not conduct any investigations of its own motion. The German law does not provide for a U.S.-style pre-trial discovery or a UK-style initial disclosure. The submissions by the claimant must be so detailed that the court can decide on the question of infringement without the need for any further investigations if the claimant's presentation of the facts remains undisputed or is deemed to be true (conclusiveness). Further, the claimant must present all the facts establishing the patent infringement to the court as early as possible, preferably with the initial complaint. In particular, it is necessary to identify precisely the product or process attacked and the facts

showing infringement, to specify the time and place of the infringing activity and to state the name and address of the specific infringer. Facts or evidence which could have been duly submitted earlier may be rejected (ignored) by the court as late-filed. This is why German patent infringement proceedings are "front-loaded" with a focus on the written submissions.

1. Prior to Litigation

In order to reduce risk, it is generally advisable for the claimant to investigate and document the facts and evidence of the infringement in detail prior to litigation. However, in some cases, not all the information/evidence needed is initially available, for instance because the infringer only uses an allegedly infringing device or process within his company, preventing public access. In such and similar cases, the claimant has a statutory right to inspect the presumably infringing device or process if he can show a sufficient likelihood of infringement. The inspection right can be enforced rapidly (within a few weeks/months) and with limited effort, for example by means of preliminary injunction proceedings. The inspection can be carried out when the patent infringement action is still in preparation. The inspection proceedings will result in an expert opinion from a court-appointed expert. The parties will have the opportunity to point out facts that constitute a trade secret and which should be deleted/blacked from the expert opinion. The court will decide in which form the expert opinion will be handed out to the applicant. The disclosed knowledge obtained in the inspection in form of the expert opinion can be used to proof facts/present evidence in later filed infringement proceedings.

2. During Litigation

An inspection is still available during litigation but may delay the time to decision significantly. Another possibility is to try to force the adverse party to admit

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or disclose certain facts. Under German procedural law, the parties are obliged to tell the truth in court and to respond to specific factual allegations of the adverse party in the same level of detail. No response is not really an option as this will be deemed as an admission of the allegations made. However, this is a risky “game” and rather a last resort strategy as purely speculative allegations or fishing expeditions do not trigger respective response obligations. If a party has precise knowledge of certain evidence which is only in the hands of the adverse party they can ask the court to order the adverse party to produce such evidence. Court orders in this regard are however rare.

III. Strategic Options

1. Warning/Notice Letters

A warning letter, *i.e.* a letter requesting the infringer to cease and desist from infringing the patent in the future and to make a legally binding declaration to that effect (“declaration to cease and desist”), are possible and accepted in Germany. However, they are not always advisable as they often do not lead to the desired result and rather alert the infringer who might then immediately start counter-attacks like a so-called “Torpedo action” (see more details below) or invalidity proceedings. A prior warning letter is no procedural requirement to file suit for patent infringement but may (in very rare cases) reduce cost risk.

Similar considerations apply to notice letters with which no cease and desist declaration is requested. Such letters are mere inquiries why the adverse party believes to have a right to use the patented technology. They can serve as a fact-finding tool or soft approach to enter into licensing discussions.

2. Preliminary Relief

In urgent cases, the patent proprietor can request a preliminary injunction (PI) to prohibit the infringer from using the patent.

A preliminary injunction primarily allows to enforce the cease-and-desist claim quickly. In case of obvious infringement, the patent proprietor can also request information about the origin of the infringing product and its distribution channels. However, a claim for damages and a claim for rendering of accounts in preparation for the damage claim cannot be asserted by means of a preliminary injunction. Interestingly, the request for information about the origin of the infringing product also encompasses the prices that were paid for it.

In order to obtain a preliminary injunction, the claimant must “substantiate by *prima facie* evidence” that the patent-in-suit has been infringed and that the enforcement of the patent-in-suit by means of the preliminary injunction is time urgent and therefore necessary and justified. To show urgency, as a rule of thumb, the PI

request should be brought within about a month as of knowledge of the infringer and the infringement.

If the court deems the request to be founded, it can issue a preliminary injunction without hearing the opponent (“*ex parte*” proceedings) within days. This is particularly common in trade fair matters because by the time the opponent would have been heard a preliminary injunction would regularly be too late. Alternatively, the court can order an oral hearing to allow the defendant to present counter-arguments before a decision is made (“*inter partes*” proceedings). The hearing usually takes place between three weeks and three months after the request is filed, depending on how busy the court’s schedule is. At the oral hearing the case will be extensively discussed. The court hands down its decision usually on the same day as the oral hearing.

For practical purposes, infringement and validity should be reasonably clear and “digestable” to be successful. Notably, different courts have different practices, in particular with respect to the question of validity of the asserted patent. Some courts generally require that the asserted patent has already been tested, *i.e.* has already survived opposition or nullity proceedings. Also, a detailed balancing of interests takes place which emphasizes the claimant’s need to show significant harm (like price cutting or loss of significant business) if he could not get expedited relief by a preliminary injunction. Unlike the practice in the Netherlands, preliminary injunction proceedings are not a standard measure in German patent litigation. However, on the other hand, they are not very exceptional, but do frequently occur in suitable cases and are thus an option to consider.

3. Main Proceedings

Alternative, or in addition to, preliminary injunction proceedings, the claimant may file infringement proceedings on the merits. A main difference compared with other systems lies in the German-style bifurcation of patent litigation, *i.e.* that infringement and validity are decided by separate courts in separate proceedings with a typically very different timeline. This aspect leads to various strategic advantages for the claimant, in particular the possibility to obtain an injunction which is provisionally enforceable on the German market long before a decision on validity is available (so-called “injunction time gap”). Further details can be found below in the section “IV. Procedural Aspects.”

4. Claim Amendments During Pending Proceedings

Claim amendments (limitations) prior to or during pending infringement proceedings are possible in German patent litigation and quite frequently used to overcome concerns in view of validity of the granted patent claim(s). Unlike the U.S. system, for example, such limitations do usually not have any negative im-

pact for the claimant as far as past damages are concerned, *i.e.* past damages can still be collected to the extent that the limited claim version is still infringed.

5. Protective Letters

So-called protective letters are a strategic tool for the defending party to try to prevent the issuance of a preliminary injunction or to at least delay it by making the court order an oral hearing before a decision is made.

In a protective letter which is sent to all German infringement courts anticipating a potential request for a preliminary injunction any defense argument can be raised, like for instance non-infringement, invalidity or lack of urgency. Nevertheless, the arguments made should have reasonable merits because the infringement court might otherwise see no further need for hearing the defending party and feel even more comfortable in issuing a preliminary injunction *ex parte*.

The German infringement courts keep protective letters secret, *i.e.* do not disclose them to the adversary, until a request for a preliminary injunction is actually filed with the court.

The statutory costs of a protective letter are reimbursable in proceedings for determination of costs if a preliminary injunction request is in fact submitted and if the defending party prevails.

In practice, protective letters are particularly meaningful in market launch or trade show scenarios, as well as in cases in which a warning or notice letter for patent infringement was received.

6. Declaratory Action for Non-Infringement

In German patent litigation, declaratory actions for non-infringement are not at all usual compared to the practice in other countries, because the declaratory action becomes inadmissible in the event of a later filed infringement action and thus does not allow for favorable venue selection.

What has been more common are so-called torpedo actions in foreign courts (for example Italian courts) requesting a finding of non-infringement for the foreign as well as the German territory by the foreign court. Under European procedural law, the German court would have to stay later filed German proceedings as long as the foreign proceedings are still pending which can take a long time depending on the timing of the foreign court. The torpedo strategy may thus delay German proceedings significantly. However, a torpedo has no impact on German preliminary injunction proceedings for patent infringement and there are ways to circumvent it. Thus, torpedoes are much less used nowadays than they were used in the past.

7. Enforcement Prior to Grant

The enforcement of pending patent applications is

possible but very rare in German practice, mainly because patent applications do not allow for obtaining injunctive relief prior to the grant of the patent. The best that can be achieved with such enforcement is monetary compensation for the use of the subject matter of a published patent application to the extent that a patent is later granted.

However, under certain conditions and restrictions, a German utility model may be branched-off from a pending patent application to quickly obtain an enforceable intellectual property right. A German utility model is a legally entirely independent intellectual property right conveying similar reliefs, in particular injunctive relief, like a granted patent. It is registered within a few weeks and without substantive examination by the German Patent and Trademark Office. Therefore, it can be obtained quickly and it can already be enforced while the originating patent application is still subject to examination. Moreover, its claims may be “tailored” to cover the infringement within the initial disclosure of the parent patent application.

8. Customs Seizure

Besides initiating court proceedings for patent infringement, it is also possible to prevent the import and export of infringing goods at the external borders of the EU or Germany by means of so-called customs seizure proceedings requesting the German customs authorities to seize and eventually destruct infringing goods. A distinction needs to be made between customs seizure proceedings under European law based on Regulation (EU) No 608/2013 and German national proceedings as they differ in requirements and consequences to some extent. Without going into too much detail, it can be said from a practical perspective that customs seizure proceedings may be an interesting add-on to put pressure on a patent infringer in parallel to court litigation. As a stand-alone measure, customs seizure proceedings are usually not very effective.

Notably, the German customs authorities are generally open to look at protective letters provided by the defending party anticipating a seizure request and trying to avoid a seizure thereby.

IV. Procedural Aspects

1. Court System and Specialization

The competence to hear patent infringement cases in first instance, both in the main suit and in preliminary injunction proceedings, lies with the specialized patent litigation chambers of 12 designated District Courts (“Landgericht”) in Germany. These specialized patent litigation chambers are composed of three legally qualified judges. Only in exceptional cases, the judges also have a technical background.

The suit must be filed either at the defendant’s main place of business or residence or at the place where

the infringing activity has occurred. The latter is anywhere the recipient of an offer has his main place of business or his residence. In case of internet offers, the claimant will, as a rule, be free to choose between any of the 12 patent litigation courts. The predominant and most experienced German patent litigation courts are Dusseldorf, Mannheim and Munich.

After a first instance judgment has been handed down by the District Court, the losing party may lodge an appeal with the respective Higher District Court (“Oberlandesgericht”) within one month, and may substantiate the appeal within two months. The senates at the Higher District Courts are—as the District Courts—composed of three legally qualified judges. In the second instance, the Higher District Court merely decides on facts which had already been submitted in the first instance proceedings before the District Court, as well as on new facts to the extent that their submission is admissible pursuant to the German Code of Civil Procedure (c.f. also Section IV.5.).

The appeal judgment can only be submitted to the German Federal Court of Justice (“Bundesgerichtshof”) for a further appeal on points of law subject to very strict requirements.

2. Bifurcation

Different from other jurisdictions, Germany’s patent litigation system is bifurcated. Bifurcation means that the infringement of a patent is dealt with by the above-mentioned specialized District Courts, whereas the validity of a patent lies in the exclusive competence of the German Patent and Trademark Office or the European Patent Office in opposition proceedings and in the exclusive competence of the Federal Patent Court (“Bundespatentgericht”) (first instance) and the German Federal Court of Justice (“Bundesgerichtshof”) (second instance) in nullity proceedings.

In patent infringement proceedings, the potential invalidity of the patent-in-suit is, as a matter of principle, not an admissible defense. However, the defendant may file a nullity action with the Federal Patent Court and request the infringement court to stay the infringement proceedings until a decision on the validity of the patent-in-suit has been rendered.

The decision on a stay of the infringement proceedings is at the discretion of the infringement court. The hurdle to achieve a stay of the infringement proceedings is relatively high as the infringement court has to find a high likelihood that the patent-in-suit lacks validity. The infringement court may not ignore statements made by the invalidity court on technical issues and claim interpretation. However, the interpretation of the invalidity court is—in general—not binding for the infringement court, or vice versa. As a result, the alleged infringer runs the risk of falling into an “in-

terpretation gap” if the infringement court interprets the claims broadly while the invalidity court construes them narrowly. Therefore, an argument in the invalidity proceedings should always be carefully considered in view of the potential impact on the infringement proceedings.

3. Who Can Sue

First, the proprietor of the patent can assert rights under the patent. The claimant must be the registered patent proprietor at the time of the oral hearing at the latest and bears the burden of proof for his patent ownership.

Second, exclusive licensees have a right to sue in their own name. In order to demonstrate its entitlement, the exclusive licensee must, if necessary, be able to prove the validity of the license.

Third, in contrast to exclusive licensees, non-exclusive licensees can only assert rights under the patent against third parties if they have been assigned with these rights and/or authorized to do so by the patent proprietor or by the holder of the exclusive license. Further, they have to have a legal interest in asserting those rights in court. To the extent the holder of a non-exclusive license is authorized to sue, the patent proprietor or exclusive licensee has no right to sue alongside the non-exclusive licensee.

4. Who Can be Sued

A suitable defendant in patent infringement proceedings is anyone who infringes the patent personally or who enables or promotes a third-party infringement by inducement or contribution. In other words, sole perpetrators, joint perpetrators, inducers or participants are liable.

Further, to some extent, the legal representatives of a company can be sued if the company committed a patent infringement under their control.

5. Admissibility of Evidence

In German patent litigation, evidence may be presented in the form of documents, photos, movies, test reports, experts, and witnesses. The party can freely choose between these means of evidence, whereas the testimony of the parties themselves is only a subsidiary means of evidence with a low evidentiary value. Other means of evidence are inadmissible. For example, generally, affidavits are accepted as a means of evidence only in preliminary injunction proceedings but not in main proceedings.

Evidence from a foreign case in another jurisdiction is generally admissible as far as it may be used under the rules of the foreign jurisdiction and as far as it is in line with *ordre public* considerations.

In Germany, there is no need to notarize or in any other form legalize pieces of evidence. When present-

ing evidence, the relevant party must specify the facts the evidence shall prove and the requested means of evidence to be taken. Evidence only has to be taken if and when the underlying facts are contested by the adverse party (otherwise, the presented facts are deemed to be admitted). The court may reject the request for taking evidence only because of certain reasons, *e.g.* if the request is unclear, if the intention behind the request consists of discovering “new” facts rather than proving “old” facts or if the means of evidence is unsuitable, unattainable or inadmissible.

A request for taking evidence can also be rejected if it is late filed and thus precluded. Evidence can be precluded to the extent the requesting party exceeds the deadline for presenting facts and offering evidence, the requesting party is not excused, and the admission of the request would delay the proceedings. This might particularly be the case, if the request is put forward in the oral hearing and the requested evidence cannot be taken in the same oral hearing so that a second oral hearing would have to be scheduled. In order to avoid that the court regards offered evidence as precluded, the evidence should be offered as early as reasonably possible in the written pleadings.

Further, all relevant facts and corresponding requests for taking evidence should—if possible—be presented before the court of first instance, since the presentation of new facts and evidence at the appeal stage is only admissible under strict conditions.

6. Structure of the Proceedings

As all the necessary facts and evidence have to be presented early on, German patent infringement proceedings are thus frontloaded. The proceedings in the first instance slightly differ between the 12 specialized District Courts. However, they usually take place in the following steps:

- Filing of the complaint,
- Service of the complaint on the defendant,
- Statement of defense by the defendant,
- The claimant’s reply to the defendant’s statement of defense,
- The defendant’s rejoinder to the claimant’s reply,
- Oral hearing (duration of the oral hearing: about one to four hours) and
- Decision handed down by the court.

The complaint is served on the defendant by the court. If the defendant has his main place of business or residence in a foreign country and no German counsel has yet been appointed to represent him in litigation, the complaint has to be translated and served in that country.

Any procedural declaration can only be made by an at-

torney-at-law admitted to the German bar. This means that the defendant must retain an attorney-at-law for being heard in court. One consequence of retaining an attorney-at-law is that any further documents can be served directly to the respective attorney, without the need for further translations.

The parties usually exchange two (sometimes more) briefs each before the oral hearing takes place. If the commissioning of a court expert opinion is ordered (which is rare in practice), both parties are given an opportunity to comment in writing on the expert’s written opinion; also, the expert can be heard on his expert opinion by the court and the parties in an oral hearing, if any party requests it or the court order this on its own in order to better understand the expert opinion. There is no Anglo-American cross-examination of experts.

Oral hearings in German patent litigation are rather short (just a few hours) and very focused. Typically, the presiding judge briefly introduces into the case and orally presents the preliminary opinion of the court. Specific discussion points are addressed to which the parties’ counsels then have to respond on the spot for approximately 30 minutes to an hour. After some back and forth, the hearing is closed and a decision is rendered a few weeks later.

The court file is not open to public inspection. Only the oral hearing is public. If any of the parties’ business secrets need to be discussed in the oral hearing, the party concerned may request an exclusion of the public.

7. Timing including Preparation

As German patent litigation is frontloaded, the claimant is well advised to collect the relevant facts and evidence before bringing suit. Thus, significant preparation time is needed from a few weeks until several months depending on the complexity of the case at hand.

Once a complaint is filed, the duration of first instance infringement proceedings differs and varies over time from court to court. As a rule of thumb, the time to a decision is typically about one year whereas the time to a decision in parallel invalidity proceedings before the Federal Patent Court is usually twice as much, *i.e.* about two years. If a court expert opinion is commissioned (what happens rarely in practice), the case will be significantly delayed by at least several months.

Infringement appeal proceedings before the Higher District Courts may take between 15 and 24 months.

Proceedings before the Federal Court of Justice (legal review instance infringement; appeal instance for invalidity proceedings) usually take two years.

8. Costs and Cost Reimbursement

The German system is a “the loser pays the winner

system,” *i.e.* the winning party can reimburse its costs from the losing party. However, the reimbursable costs are regulated by virtue of law and usually are lower than the actually spent costs. The reimbursable costs comprise advanced court fees, attorneys’ fees for both, an attorney-at-law and a patent attorney, as well as necessary expenses such as travel expenses, translation expenses, etc.

The claimant is obliged to pay the court fees for the first instance when the suit is filed. Until the court fees have been paid, the court will not serve the complaint on the defendant. In the event the complaint needs to be translated and served in another country, these costs have to be initially borne by the claimant as well. Claimants who do not have their main place of business or residence in a country of the European Union or European Economic Area may, at the request of the defendant, also be required to deposit cash or a bank guarantee to secure a potential reimbursement of the defendant’s legal expenses.

The amount of the statutory court and attorneys’ fees is calculated based on the value in dispute in the case, *i.e.* the economic value of the litigation. The value in dispute is set by the court. In average patent infringement cases, it ranges between EUR 500,000 and EUR 5,000,000. The cost risk of proceedings in the first instance is thus somewhere between EUR 75,000 and EUR 230,000. In rare cases, the value in dispute may be as much as EUR 30,000,000 (the maximum amount up to which fees increase), so that the total cost risk increases accordingly.

The statutory costs of the appeal proceedings are about 30 percent higher than the costs in the first instance. The costs of an appeal on points of law before the Federal Court of Justice are about twice as high as those of the first instance proceedings. The court fixes the reimbursable costs of the opposing party in cost fixing proceedings.

The typical investment needed for a full-fledged first instance infringement case ranges from EUR 100.000 (average case) to several hundreds of thousands of Euros in large and complex cases. A similar budget is required for a parallel first instance invalidity case.

9. Enforcement of Decisions

A decision is enforceable by law. For first instance decisions of a civil court this means that a decision can be enforced even if it is still under appeal (preliminary enforcement). The party enforcing a decision which is not legally binding, *e.g.* if it is still under appeal, is liable for damages if the second instance overrules the decision. To secure such damage claim the party enforcing a decision needs to deposit a security with the court. The amount of the security is determined, in principle, by the value in dispute (“Streitwert”). It is

usually assumed that the value in dispute is sufficient to cover potential damages for the enforcement. If the defendant is afraid of higher damages, those would need to be substantiated in the first instance proceedings. It is necessary to provide substantive evidence that a possible damage claim will be higher if the first instance decision should be enforced. The time period to cover in such motion is the time period of the appeal proceedings, which varies from court to court.

A second instance decision is usually enforceable without a security.

A special situation arises in preliminary injunction proceedings. The enforcement of a preliminary injunction is usually possible without a security. However, in patent enforcement proceedings, in which preliminary injunctions are less frequent than in cases of infringement of other IP rights, in some cases a security was ordered to be provided for enforcement. The same rules to the amount apply as in main proceedings.

In order to provide a security, the claimant can either supply a bank guarantee or deposit the amount at the court. The most common way is to supply a bank guarantee to the defendant. The bank guarantee must be issued from a bank which is allowed to do business in Germany. The specific formulation of the guarantee is in many cases challenging, *e.g.* in the case of multiple defendants, and should be checked by the lawyers handling the case as the statutory requirements for procedural securities are very strict.

A judgment by default is enforceable without any security.

10. Appeal

An appeal can be filed against decisions of the District Court. The appeal must be filed with the Higher District Court (Court of Appeal). The appeal is lodged by submitting a corresponding notice of appeal. Both parties, the claimant and defendant have the right to file for appeal if they lost (even partially) in the first instance proceedings. The time limit for filing an appeal is one month after the service of the first instance decision is effected. This is a statutory period, which cannot be extended. The time limit for submitting the substantiation of the appeal is a further month. This period can be and is usually extended upon request. Both periods begin either upon the fully worded ruling having been served or at the latest upon the expiry of five months following the pronouncement of the judgment.

The grounds for appeal are:

- (1) a decision handed down having been based on a violation of the law, or
- (2) a decision based on the facts and circumstances should have resulted in a different decision.

In case (1) the substantiation of the appeal must designate the circumstances indicating a violation of the law and the significance they have for the ruling being contested. The court of appeal will review the application of the law and the subsumption of the facts.

In case (2) the appealing party has to name the specific indications giving rise to doubts as to the court having correctly or completely established the facts in the ruling being contested. The appealing party must request a new fact-finding process. However, it is not permitted to submit facts or to request for evidence which could have been duly provided by the party already during the first instance proceedings—if disputed by the adverse party. The court of appeal will conduct a new fact-finding process if there are reasonable doubts as to the court of first instance having correctly or completely established the facts.

For decisions of the Federal Patent Court, the Federal Court of Justice is the court of appeal.

11. Service Abroad

Decisions of a court must be served upon the parties. The service is done by the court itself. In running proceedings, the service to foreign entities is done by service on the representing lawyers. Even if those lawyers would claim that they no longer represent the party any decision can still be served with them as long as no new lawyer has taken over representation.

The main issue with service abroad arises with filing a complaint. It is mandatory that a complaint is served upon the party. The only exception is given if the party has already assigned a lawyer who has explicitly acknowledged that he will represent the party in upcoming litigation proceedings. This is very rarely the case. In most of the cases the court will serve the complaint on the foreign entity. The court can use several options on how to serve the complaint on the foreign entity. The options are governed by EU Regulation No. 1393/2007 (for service in the EU) and by Hague Convention of 15 November 1965 on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters (for non-EU).

The time it takes to serve a complaint varies from country to country. It can take one to three months (within Europe), six months (USA/Canada), 12 months and more (Asia). With the service of the complaint it is mandatory to supply a translation of the complaint and the exhibits. In order to limit the costs of translation it has become a common practice to file a reduced complaint without exhibits. This facilitates the process of getting a translation (which needs to be done by a certified translator) and starting the service of the complaint.

In special circumstances the claimant can indicate that it is not necessary to have the complaint translated into the language of the defendant. This is usually

the case if it is publicly known that the defendant is sufficiently able to speak the language of the complaint. However, the defendant can refuse to accept a non-translated complaint. If such a refusal is admissible will be determined by the court.

12. Influence of Foreign Decisions

If there is already a foreign decision to the patent in dispute and one party submits this decision to the national proceeding, the German court is obliged to take the foreign decision into account. The court must weigh and analyze the reasoning of the foreign decision. However, it is not bound by the foreign decision. The court can follow the reasoning of the foreign court or can decide otherwise. If the court decides not to comply with the foreign decision, the judge has to explain the reasons why he or she reached a different conclusion.

13. Protection of Confidential Information

There is no system in place in German procedural law which is nearly equivalent to what U.S. Courts can do. It is—generally speaking—not possible to exclude a party from obtaining information from the proceedings. One can however exclude third parties. To achieve that one needs to claim the possible disclosure of trade secrets. This enables the court to exclude the public from an oral hearing. Furthermore, one can exclude certain exhibits from a (possible) file inspection by a third party.

In SEP cases in the discussion of comparable licenses the topic has come up more recently. The Court of Appeal in Düsseldorf has therefore set out some guidelines how parties can prevent an unwanted disclosure. In principle, defendant must not be obliged to waive its constitutional right to assess all documents disclosed in the litigation (Art. 103.1 of the German Constitution). As claimant's business secrets must also be protected, defendant may be obliged, on a first level, to conclude an NDA with claimant. The decision gives guidance on how such NDA can be construed. Especially a high contractual penalty for illegal disclosure is meant to safeguard claimant's secrets. The defendant is bound to conclude such NDA.

On a second level, if Defendant does not want to conclude an NDA, he can also decide to waive his constitutional right. In this case only defendant's attorneys can access the confidential documents and must remain silent about their content even with regard to their own client. The result is a scenario that is comparable to the attorneys' eyes-only approach taken in the U.S.

V. Claim Construction

1. Most Important Rules for Literal Claim Construction

Claim construction is mandatory in Germany. Claim

construction is also a legal question and not a factual question. Therefore, it is the original task of the judge to interpret the claim. A court cannot refuse a complaint on basis that there is no reasonable interpretation of the claim.

In order to interpret a patent, German case law has stressed that the wording of the claim is the starting point for interpreting it. In a first step, the meaning of the words of the claim need to be established. After that, the functional interpretation of the features of the claim should be performed. For the interpretation of the claim one shall use the description as well as the figures of the patent. The claim and the description build a unit, which has to be assessed as a whole. They should be interpreted in a way that there is no contradiction between the claims and the description. For example, the person skilled in the art will always try to read and interpret a claim in a way that all the embodiments described in the patent will be covered by the claim. Only in rare circumstances, it may be possible that there is language in the description which is not part of the protection granted by the claims.

In order to interpret certain terms, which are used in the claim language, the person skilled in the art will have to take into account what the patent defines in itself. The patent is thus deemed to be its own dictionary. Only if there is no hint in the description of the patent in what way a certain term should be interpreted, there is room for taking into account the general knowledge of the person skilled in the art. In addition to the text of the description, the person skilled in the art can also find clues how to interpret certain features in the figures of the patent. It is also possible to review the cited prior art. This means not only the prior art that is dealt with in the description of the patent but also that prior art, which is mentioned only on the cover page of the patent. The prosecution history of the patent has very limited value. However, it can be used to show that a certain understanding there is the understanding of the person skilled in the art. Further, under certain circumstances, respective statements (*e.g.* in opposition or nullity proceedings) may be binding if the Defendant was already participating in that opposition or invalidity proceedings and had reason to rely on that statement.

Furthermore, it is important to see that statements on effects usually do not limit the scope of protection of a patent. However, if the statement on effects and purposes do lead to a specific design and understanding of certain features of the claim, it is possible that those features need to be able to fulfil this feature. The question always is if the statement on effect results in a specific structural understanding of a feature.

2. Doctrine of Equivalents

In Germany, the case law on the doctrine of equiv-

alence has been recently active in the past few years. Devices that do not make literal use of the teaching of a patent may nevertheless be deemed as an equivalent infringement if the person skilled in the art on basis of considerations, that are linked to the meaning of the claims, is able or was able using his expert knowledge to come up with the adopted means used in the contested embodiments as having the same effect for the purpose of solving the problem underlying the invention. This basic decision leads to three questions that need to be answered.

The equivalent needs to have essentially the same technical effect as the patented solution.

The second question is whether or not it was obvious for the (hypothetical) person skilled in the art to find the adopted means on the priority date of the patent. In this step, it is necessary to determine whether or not finding the alternate solution involved an inventive step or not. Therefore, the same rules apply as in prosecution how to determine the inventive step. It is necessary to stress the point that this question generally needs to be answered at the time of the priority and only expert knowledge of that time can be taken into account (the issue of after-arising technologies has not yet been fully clarified by German case law). In contrast to the literal claim construction rules, in the question of obviousness it is, however, admissible to use the complete prior art and was available at the time of the priority date. In this point, the interpretation is not limited only to the cited prior art.

The most challenging question lately is the third one, which asks whether or not the considerations that the person skilled in the art had to take can be based on the teaching of the patent in a way that those adopted means are equivalent to the means disclosed by the patent. This question is intended to provide legal certainty.

The patentee shall be limited to the specific invention that is claimed in the patent. The patentee shall not be rewarded for any other solution to the same problem, which cannot be based on the teachings of the patented invention. In the past few years, this question has gained more importance as the courts have dealt with it in different scenarios. In one of the first most recent cases in this context, the court declared that a certain embodiment, which was described in the description and which could be read on the attacked device, was not part of the claim language in an interpreted form. This led to a dismissal of the claim. The court argued that the patentee disclosed two alternate solutions to the same problem in the same patent but in the claims only one of those solutions was claimed. The court interprets this as sort of waiver on the second non-claimed alternative. Such a non-claimed alternative

cannot be the basis of an equivalent infringement due to the principle of legal certainty. In a further decision, the court ruled that a specific formula was disclosed but not claimed. The claimed formula was a different one. The infringing formula was a third one and in order to determine whether or not the patent was infringed, the court asked the question whether the infringing formula is closer to the one claimed or closer to the one disclosed but not claimed which would not constitute an equivalent infringement.

VI. Liability

1. Direct Infringement

Direct infringement is the most common form of infringement in most patent litigation cases.

For product patents, direct infringement requires the making, offering, putting on the market or use of a product which fulfills all features of the patent. Importing or stocking a product for such purposes will also infringe the patent. Infringement does not require any subjective knowledge on the part of the infringer. As long as a product objectively embodies the features of the patent, there is liability for infringement.

For process patents, liability for direct infringement arises when a process which is the subject matter of the patent is used or offered. Liability for infringement also extends to products directly obtained through the patented process.

2. Indirect Infringement

If a supplier sells a product that only partially fulfils the claims of a patent, generally, the supplier cannot be sued for direct infringement. The concept of indirect infringement allows patentees to enforce their rights in such cases more effectively and to prevent direct infringement further down the supply chain.

By definition, indirect infringement occurs when means that are essential for the implementation of the invention are offered or supplied to a third party, and the supplier knows (or it was obvious from the circumstances) that such means are suitable and intended for implementing the invention. However, if the means are publicly available in the market, liability occurs only if the supplier intentionally induces the third party to perform an act of direct infringement.

It should be noted that to be considered infringement, not only must the act of offering or supply occur within Germany. The facilitated use of the invention as intended by the third party must take place within Germany as well. Courts have found this “double domestic” requirement satisfied in cases of planned reimportation or where the supplier offered or supplied from abroad, but with an intended use of the invention in Germany.

3. Divided Infringement

In cases of divided infringement (also called “joint

infringement”), no individual party uses all elements of a patent, but several parties together (jointly) do. This can occur in the context of method claims, where multiple parties each perform individual steps of the method in such a way that, taken together, all steps of the method are performed. As no individual party carries out all the steps of the invention, there is no obvious direct infringement by any of the parties.

German case law on divided infringement is sparse. In principle, German courts have ruled that direct infringement of a method claim does not require that all steps of the invention must be performed by one single actor. Rather, courts apply a standard of attributability. If a party performs only some steps of an invention, but the remaining steps, which are performed by others, are imputable to that party, it is liable for direct infringement.

What exactly constitutes performance “attributable” to the direct infringer remains to be clearly defined. In a decision by the Düsseldorf Appellate Court (OLG Düsseldorf - Prepaid Card, 2 U 51/08), the court found for direct infringement because the benefits of implementing the invention were reaped within Germany, even though some steps of the method were performed abroad by third parties.

Courts may also find for direct infringement of a patent by several actors under the concept of complicity. Where it is reasonably clear that a party’s actions support direct infringement of a patent, that party can be liable for direct infringement as an accomplice (BGH—MP3-Player Import, Xa ZR 2/08).

In summary, there is no clear-cut regulation of divided infringement in Germany, but courts are generally generous in attributing liability for direct infringement to parties acting together with others in performing the elements of a patent.

VII. Particular Defences

1. Limitation of Claim

In some circumstances, it may be necessary for the claimant to limit the asserted patent claim(s) in order to differentiate over prior art cited by the defendant. This is possible in German patent litigation, prior to as well as during running infringement proceedings. For example, the claimant can claim infringement of claim 1 limited by additional features of subclaim 2 instead of claiming the infringement of the broader claim 1. Also, the claimant may take the limiting feature(s) from the disclosure of the application as originally filed even if those have not made it in a subclaim. What shall be kept in mind is that such limitation should be reflected in the requests of parallel invalidity proceedings. The infringement court cannot base an infringement decision on a claim wording, which is not defended in this form in the invalidity proceedings. In any event,

asserting a limited claim version increases the risk of a stay of the infringement proceedings pending the outcome on parallel invalidity proceedings. The main reason is that such limitations have not yet been reviewed by any technical authority so that the presumption of validity of an examined and granted patent does not apply *per se*.

2. Exhaustion

Exhaustion limits the property rights of the patent owner. Prerequisite for the exhaustion is that the product at issue was consciously put on the market, be it by the patentee, or be it by a third party with the patentee's consent. The exhaustion covers only the specific product at issue. If a product is placed on the market illegally or without the consent of the patent owner, there is no exhaustion.

Further, the product must be placed on the market in the country where the patent is registered. However, if exhaustion has occurred it applies to the territory of the EU and the additional countries of the EEA (however, no broader international exhaustion applies). This shall ensure the free movement of goods in Europe.

This legal construction aims to weigh and balance the interest of the patent owner and the interest of the free movement of goods. On the one hand, it is the purpose of the property rights to ensure the exclusive utilization and monetization. On the other hand, the

free movement of goods is one of the basic principles of the market economy. As the patent owner gains his profit by placing the product on the market it is not necessary to ensure the property right beyond that moment. The property right is exhausted.

The exhaustion can also cover only a part of a product. Consequently, this part of the product can be expanded and resold without violating any patent rights. For a process patent, the exhaustion applies to the product of the process. It also applies to the device for conducting the process, if the device can solely be used for the patented process. Moreover, the exhaustion cannot be interpreted as an implicit license.

Contractual limits of property rights do not have any impact on the legal exhaustion.

3. Conversion of an Invalid Patent into a Utility Model

This concept is not available in Germany. Patent and utility model are separate rights.

VIII. Statistics

There are no publicly available statistics in Germany. What can be said, though, is that the vast majority of European patent litigation occurs in Germany. ■

Available at Social Science Research Network (SSRN): <https://ssrn.com/abstract=3271039>