

Patents in Europe 2008

Germany

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1. What options are open to a European patent holder, whose rights cover your jurisdiction, when seeking to enforce its rights in your jurisdiction?

A European patent designating Germany affords the same rights as a German patent. In particular, the holder of a European patent can choose to:

- Send a cease and desist letter;
- Apply for a preliminary injunction or a decision on the merits;
- Obtain evidence of infringement (only to a certain extent, however); and
- Obtain border seizures.

2. Does your jurisdiction have specialist patent courts? If not, what level of expertise can a patent owner expect from the courts?

Specialised patent infringement chambers of a few select district courts handle patent infringement cases. In total, there are 12 such chambers in Germany. The patent infringement chambers of the Dusseldorf District Court have the highest filing rate, although those of the district courts in Mannheim, Munich, Hamburg and Frankfurt also hear a substantial amount of infringement cases. The judges hearing patent infringement matters are trained jurists and need not have a technical background. As they are continually exposed to all facets of patent infringement, the patent infringement chambers are widely held in high esteem by parties and practitioners, and understand even complex patents and technology. The same is true of the courts of appeal.

3. Is it possible to cross-examine witnesses

at trial? How far are proceedings based on written evidence? Are there restrictions on the use of evidence from experts?

Although in any litigation an oral hearing takes place before the court, it appears to be the written briefs – rather than oral arguments – on which the courts base their decisions.

In practice, witnesses will be heard by the court and examined by the parties if crucial and decisive underlying facts of the case are in dispute (eg, if the defendant has a valid defence based on prior use). Experts are heard by the court to provide it with knowledge it does not have – in particular, when, say, the technology is extremely difficult to grasp or the allegedly infringing subject matter does not fall literally under the plaintiff's patent but is said to be infringing under the doctrine of equivalents.

4. Are infringement and invalidity dealt with simultaneously? What level of proof is necessary to demonstrate one or the other?

Unlike in other countries, German courts hearing infringement matters deal exclusively with infringement of the patent – they are not competent to decide on the validity of a patent. As a consequence, the defendant must challenge the validity of the patent in separate proceedings (which is why the German system is commonly referred to as the “dual system”), to be initiated at the Federal Patent Court, the European Patent Office or the German Patent and Trademark Office, as the case may be.

The defendant may request that the infringement proceedings be stayed until the invalidity proceedings are resolved (ie, until it has been determined whether the patent is valid). In practice, in almost all cases where a party files a complaint on grounds of patent infringement, the defendant will respond by initiating invalidity proceedings. However, the infringement proceedings will be stayed only where there is an

overwhelming likelihood that the patent which is allegedly infringed will be invalidated; otherwise, the infringement proceedings continue to run during the parallel invalidity proceedings. In practice, the defendant may convince the infringement court to stay the proceedings if it can present a novelty-destroying prior art document which was not examined during prosecution. A *de novo* review of other prior art will rarely lead to a stay of infringement proceedings, in particular when it was already examined and reviewed during prosecution.

5. To what extent is pre-trial discovery permitted? If it is permitted, how is discovery conducted?

German law contains no pre-trial discovery process. Basically, a plaintiff needs to know all the relevant facts before suing. There are, however, some limited ways to obtain evidence from a defendant. Under a recent Federal Supreme Court ruling, a plaintiff may request that a device or object that is not readily available to the plaintiff be inspected by a court-appointed expert. Such a request will be granted only if a balancing of interests (ie, a likelihood of infringement on the side of the plaintiff, as opposed to the justified interests of secrecy on the side of the defendant) favours the plaintiff. Under certain circumstances, production of documents may also be ordered by the court. Moreover, German courts allow for independent proceedings for taking evidence, according to Section 485 of the Civil Procedure Code.

The existing regime is currently under review, since the EU Enforcement Directive (2004/48/EC) will be transposed into national law in the course of 2008.

6. To what extent does any doctrine of equivalents apply in an infringement action?

The scope of a patent is defined by the infringement court, which takes into consideration the meaning of the claims. These are interpreted in light of the description and drawings of the patent.

If the subject matter fulfils all features of the patent literally, this constitutes infringement. However, modifications of the subject matter *vis-à-vis* one or more features of the patent may also be caught under the doctrine of equivalents. According to well-established German case law, a modification still falls under the scope of a patent if:

- The modified means have objectively the

same effect as the means of the patent;

- A person skilled in the art would be able to find such modified means; and
- That person skilled in the art would also consider such modified means as a solution of equal quality to what is patented when reading the patent.

In practice, courts appoint experts to assist them in determining whether these requirements are met. Although these experts are ultimately appointed by the court, the parties are invited to propose experts in the particular technical field. The appointed expert is then asked to submit a written opinion on factual questions that will allow the court to find for or against equivalence.

Once the court receives the opinion, the parties may comment on it in written briefs, as well as in a follow-up hearing at which the expert may be ordered to appear to defend his opinion. Depending on the complexity of the issues raised and the time which the expert needs to render an opinion, a trial may be delayed significantly (about one year).

7. Are there certain types of patent right that may be granted by the EPO – biotech or computer software-related, for example – that are more difficult to enforce than others?

There are no specific types of patent granted by the EPO that should be regarded as being more difficult to enforce than others.

8. To what extent are courts willing to consider, or bound by, the opinions and decisions of other courts that have dealt with similar cases?

German courts are not bound by opinions and decisions of other courts that have dealt with similar cases. Even at the appeal level, different views exist between the courts on particular questions of law, but in practice these differences are minor.

9. To what extent are courts willing to consider the reasoning given by foreign courts that have handed down decisions in similar cases?

Although a party may find it worthwhile to introduce a finding of a foreign court in a parallel or similar case in order to bolster its position, it should not anticipate that the German court will be overly impressed by this.

10. What options are open to a defendant

seeking to delay a case? How can a plaintiff counter delaying tactics?

A defendant seeking to delay a case will primarily consider initiating invalidity proceedings against the plaintiff's patent and will try to convince the infringement court to stay proceedings until a decision has been rendered as regards the validity of the patent.

The defendant may also delay the infringement proceedings by persuading the court to appoint and hear an expert. The defendant may succeed if the technology is difficult to understand and/or if the patent is not infringed literally (ie, the subject matter contains modifications *vis-à-vis* the patent claim).

Potential defendants may also consider filing a motion for a negative declaratory judgment in a foreign jurisdiction where courts are known to be slow in issuing decisions, such as Belgium or Italy. If the foreign complaint is initiated before the potential defendant is sued in Germany, the German courts must stay the German proceedings until the foreign court has issued a decision. Until recently, this resulted in severe delays to some German proceedings; but the strategy is now being used less frequently. One reason for this is a change to the applicable European regulation governing the point in time at which a complaint is regarded as pending in all EU member states equally. Also, where it is obvious that the defendant's action in the foreign jurisdiction is designed merely to delay German infringement proceedings, courts have held that this may constitute an abuse of procedural means and have heard the case in spite of the parallel foreign proceedings.

11. How available are preliminary injunctions and how do you get them?

The plaintiff may seek to obtain a preliminary injunction, although this is limited to ordering that the defendant cease and desist from committing infringing acts.

The decision as to whether to seek a preliminary injunction should be made on a case-by-case basis. In practice, it is particularly useful in less complex cases where the plaintiff can show a clear case of infringement.

If the patentee is considering filing a motion for a preliminary injunction, it must act very quickly, because the courts will grant an injunction only if the matter is urgent. This requires the plaintiff to file a motion for a preliminary injunction within one

to two months upon learning of the infringement.

12. How long does it take to get a decision at first instance? Is it possible to expedite this process?

As compared to other jurisdictions, most patent infringement disputes are decided relatively quickly in Germany. As a rule of thumb, the plaintiff may expect the district court to render its decision about one year after the filing date if no expert is appointed and heard by the court.

13. What avenues for appeal are open to the defeated party in a first instance case? What criteria are there for granting an appeal? How long does the appeal process take?

Any judgment in a patent infringement proceeding may be appealed. However, it is difficult to introduce new facts during the appeal (ie, facts which were not introduced when the case was heard by the district court). In practice, therefore, appeals are often limited to a review of whether the court of first instance applied the laws correctly. Appeal proceedings may take up to another year as from the date of filing the appeal.

It is only under very narrow circumstances that a further appeal – before the Federal Supreme Court – will be heard; such appeals are limited to a review of questions of law.

14. To take a case through to a first instance decision, what level of cost should a party to litigation expect to incur?

In Germany, the losing party needs to reimburse the winning party for legal fees, comprising court fees, attorneys' fees, patent attorneys' fees and reasonable expenditures. The fees depend on the value in dispute (ie, a figure in euros that reflects the plaintiff's interest in the case). In practice, a plaintiff should consider being exposed to a minimum of about Euros 40,000 in legal fees if it loses the suit. The cost risk increases in more important cases, but in almost all cases the plaintiff may assess this reasonably accurately before suing.

In appeal proceedings, the same principles apply but the cost risk is roughly 20% higher than in first instance proceedings. The cost risk of an invalidity action depends on the specific action initiated.

15. Who can represent parties in court?

In patent infringement matters, the parties

must be represented by an attorney at law who is admitted to the German Bar. There is no need for the attorney at law to be domiciled in the place where the court hearing the matter is located; rather, any German attorney at law may represent clients before both the district court and the court of appeals.

It is unusual for attorneys at law representing clients in a patent infringement proceeding to have a technical background. In practice, therefore, they are always assisted by patent attorneys who can provide the technical knowledge required for the specific case.

16. What remedies are available for infringement and how are these typically applied? Are punitive damages available and in what circumstances?

The usual remedies sought by the plaintiff include:

- Cease and desist;
- Payment of damages; and
- Rendering of accounts for past infringements.

Damages may be calculated by the plaintiff on the basis of:

- Actual loss of the plaintiff;
- Reasonable licence fee; or
- Profits made by the defendant.

Pursuant to a recent Federal Supreme Court ruling, claiming the profits made by the defendant may often turn out to be the most rewarding method for the plaintiff. Under certain circumstances, the plaintiff may also request that infringing devices be destroyed. If the court finds in favour of the plaintiff, it may enforce the judgment by posting security (in an amount fixed by the court) by way of, for example, a bank guarantee.

17. Are there any realistic alternatives to litigation in cases relating to patent disputes?

Although alternative dispute resolution techniques such as mediation or arbitration are generally available, they do not play an important role.

18. Has your jurisdiction signed up to the London Agreement on Trademarks? If not, how likely is it that it will do so?

Germany has ratified the London Agreement.

19. Are there any other features of the enforcement system in your jurisdiction that you would like to point out?

A patentee should always consider filing a request for border seizure, to prevent infringing items from entering the country.



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