

# Strategies for successful Patent Enforcement in Germany

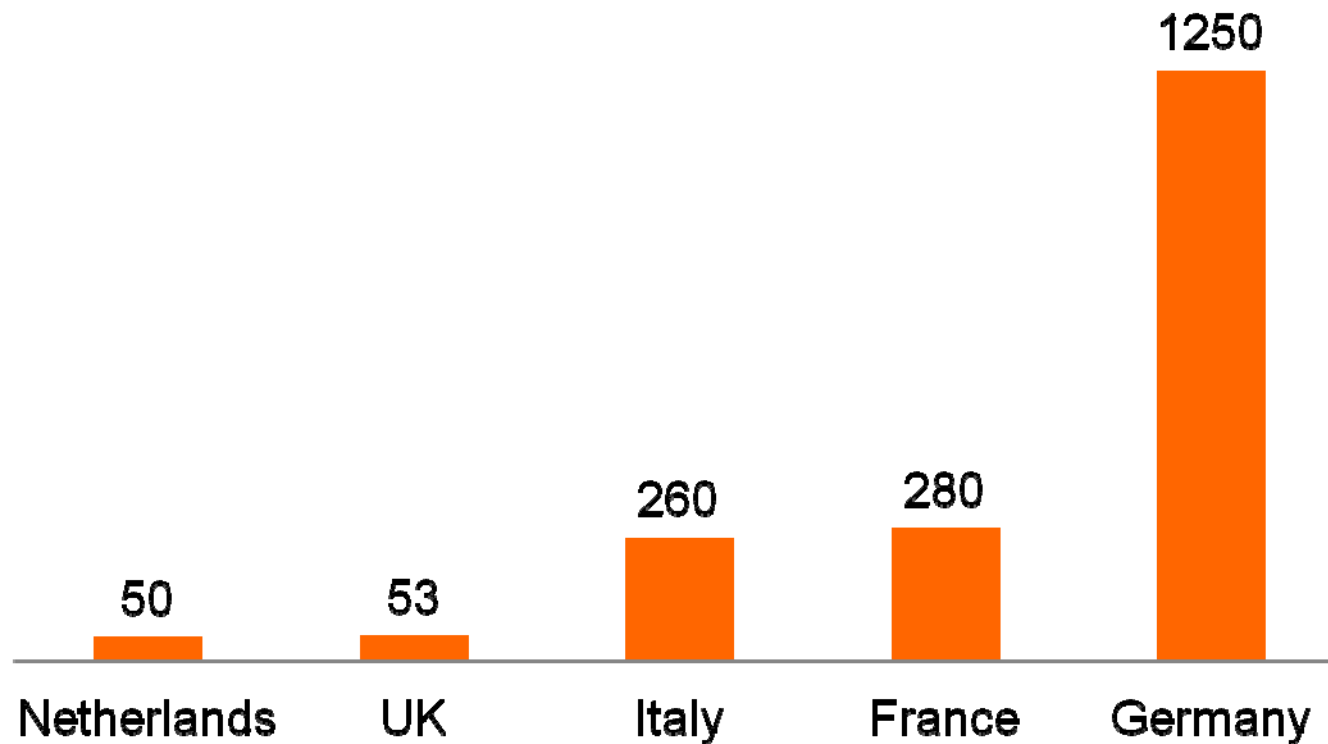
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# Overview

1. Some statistical data
2. Why Germany?
3. Infringement proceedings
4. Preliminary injunction proceedings
5. Claims/motions for toleration of inspection
6. Border seizure
7. Supplementary Protection Certificates
8. Changes/modification of system due to Unitary Patent/Unified Patent Court (UPC)

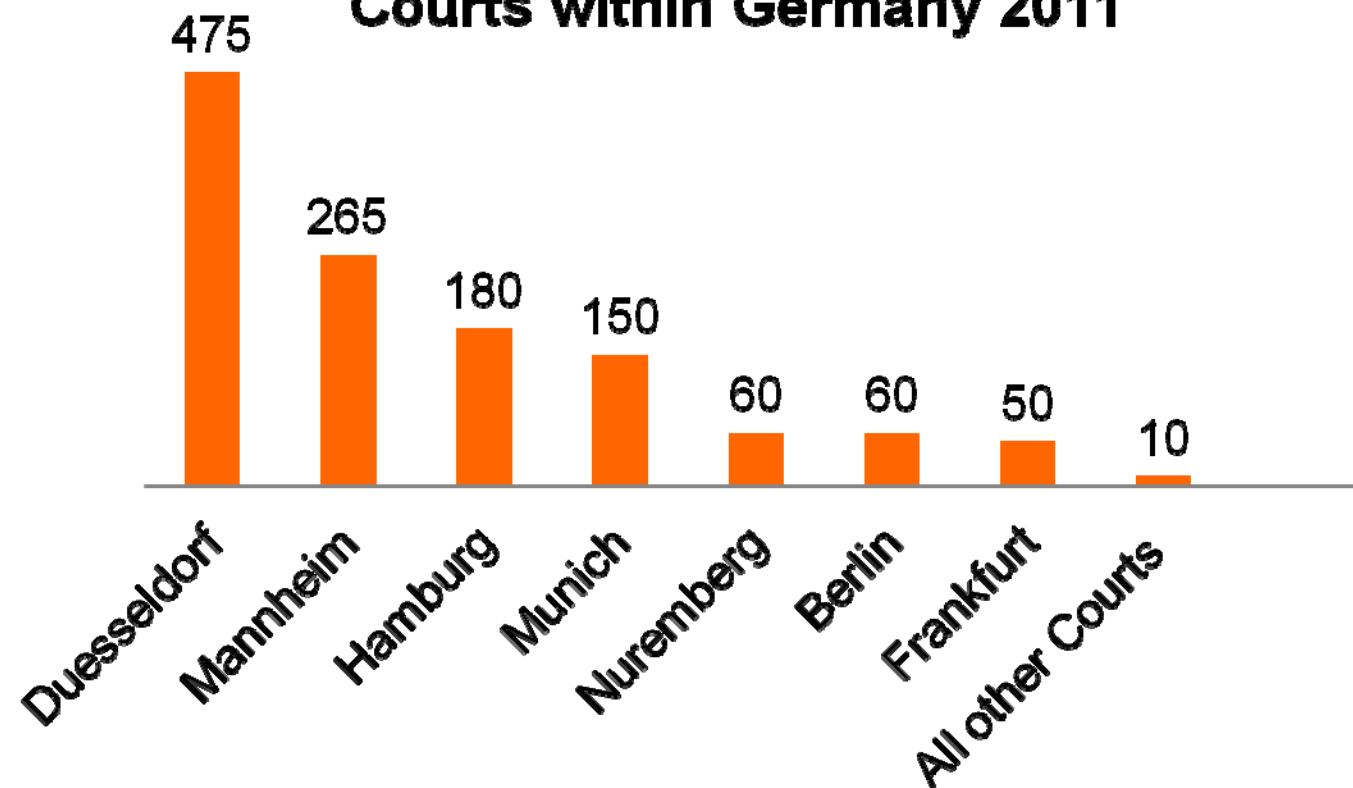
# 1. Some statistical data

## 1.1 Patent infringement Suits filed in the EU in 2011



# 1. Some statistical data

## 1.2 Apportionment of Suits with Patent Courts within Germany 2011



# 1. Some statistical data

## 1.3 Closer look at Duesseldorf cases:

National Plaintiffs

35%

Foreign Plaintiffs

65%

## 2. Why Germany?

The downsides:

- No punitive damages (“damage awards historically have not been high”)
- No pre-trial discovery
- Language

Section 184 Courts Constitution Act: “The language of the Court shall be German”

- No transcript of oral hearings

## 3. Infringement proceedings

### 3.1 More statistical data and background

a) Reputation for being patentee friendly: samples show that patentees won on infringement in 63 % of the cases sampled in four year period before 2010 (Duesseldorf)

## 3. Infringement proceedings

### 3.1 More statistical data and background

b) Timing of streamlined proceedings:

- Mannheim: regularly one oral hearing
- Duesseldorf: first oral hearing plus main oral hearing
- Munich: first oral hearing plus main oral hearing

Goal in all venues: Time from filing of suit to decision shall be less than one year.

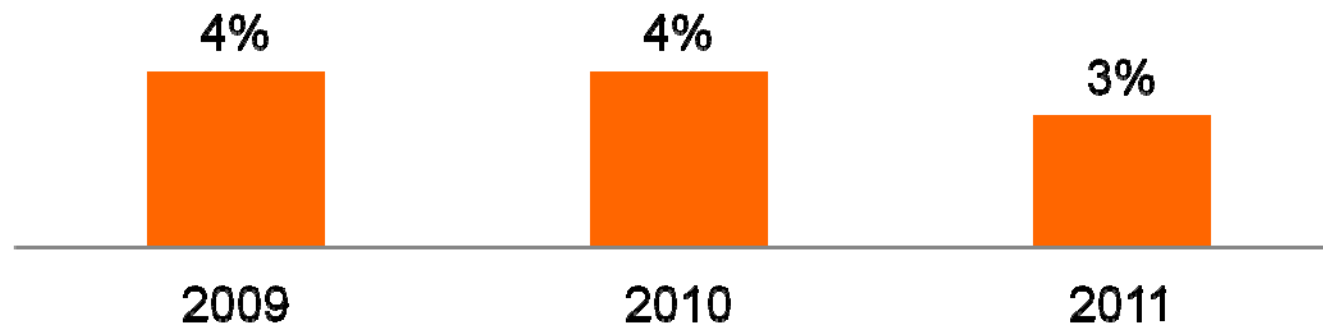


## 3. Infringement proceedings

### 3.1 More statistical data and background

#### c) Experienced judges with background

Data on cases in which third party expert/expert opinion was heard/ordered by the Court (data refers to Duesseldorf)

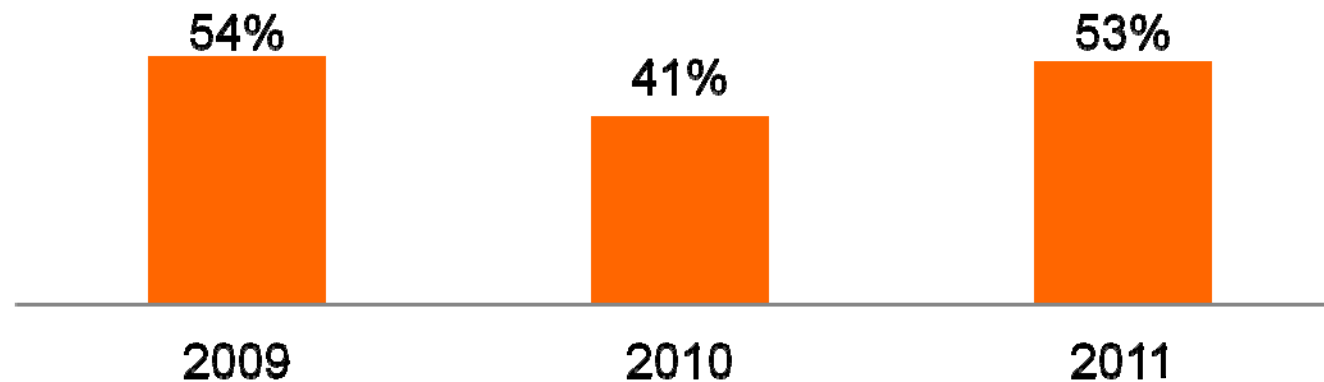


## 3. Infringement proceedings

### 3.1 More statistical data and background

d)Playing with bifurcation:

Amount of cases in which defence of non-validity was raised (figures refer to Duesseldorf)



## 3. Infringement proceedings

### 3.1 More statistical data and background

d)Playing with bifurcation:

Timing (figures refer to 2011):

- Opposition proceedings, first instance EPO: 34 months
- Invalidity proceedings, German Federal Patent Court: 24 to 25 months

## 3. Infringement proceedings

### 3.1 More statistical data and background

d)Playing with bifurcation:

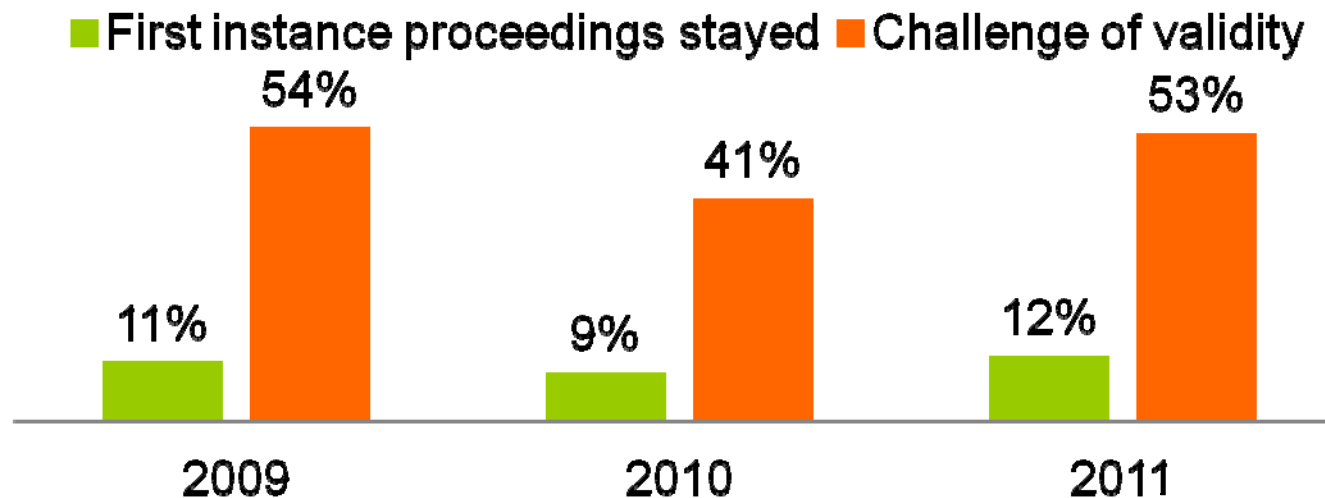
Pre-requisites for stay are high. Stay of first instance infringement proceedings is only appropriate in a case where it is “highly likely that the patent in suit will be cancelled or annulled in the validity proceedings” (Federal Court, GRUR 1987, 284)

## 3. Infringement proceedings

### 3.1 More statistical data and background

d)Playing with bifurcation:

 Therefore rather low rate of cases that are stayed



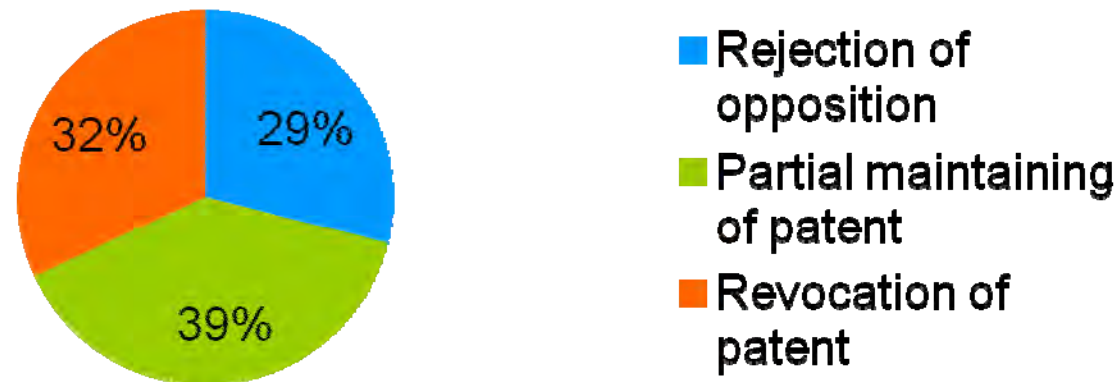
## 3. Infringement proceedings

### 3.1 More statistical data and background

d)Playing with bifurcation:

Success rate of oppositions filed with the European Patent Office:

**2011**



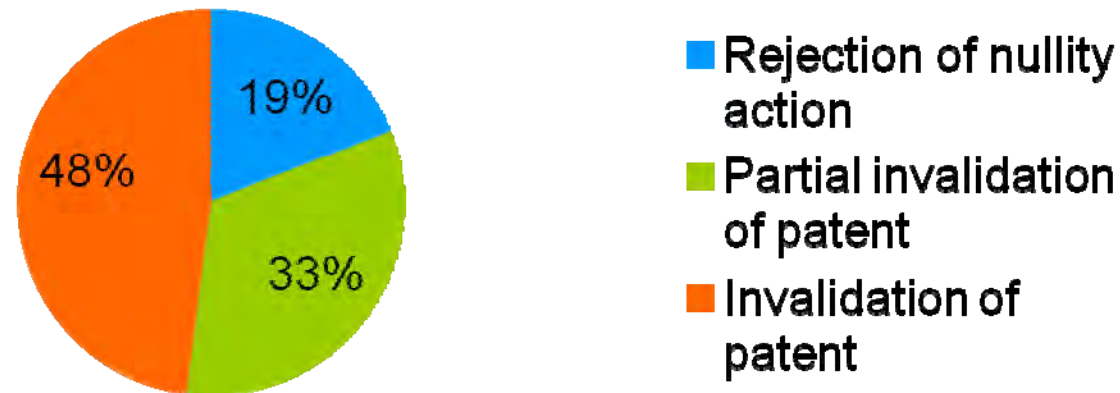
## 3. Infringement proceedings

### 3.1 More statistical data and background

d)Playing with bifurcation:

Success rate of nullification actions with the Federal Patent Court:

**2011**



## 3. Infringement proceedings

### 3.2 Consequences for enforcement strategies Plaintiff

Discrepancy between rather modest prediction of infringement Court about success of non-validity defence and real outcome of non-validity procedure,  
combined with distinctly longer duration of validity procedures compared to first instance infringement procedure



Plaintiff may get enforceable injunctive relief based on a patent that will ultimately be found invalid.



## 3. Infringement proceedings

### 3.2 Consequences for enforcement strategies Plaintiff

Plaintiffs do, thus, frequently pursue the strategy to “race” for quick first instance injunctive relief in the infringement procedure. First instance injunctive relief is provisionally enforceable against provision of security (Section 709 Rules of Civil Procedure). Plaintiffs use this quite uncomfortable situation (for the Defendant) to reach a favourable settlement along the following lines:

- Defendant takes a licence and renders royalties and,
- at the same time, Defendant withdraws opposition/nullity action filed with the EPO (or German Patent Office), respectively the Federal Patent Court

## 3. Infringement proceedings

### 3.2 Consequences for enforcement strategies Plaintiff

Risk of provisional enforcement of first instance judgments:

If the judgment is reversed at second instance and/or in case the patent is rejected or found to be invalid, Plaintiff is obliged to compensate Defendant for damages suffered by the provisional enforcement of judgment (Section 717 (2) Rules of Civil Procedure).

Rules provide for simple compensation of damages, no punitive damages, no double or triple damages.

## 3. Infringement proceedings

### 3.3 Strategies for Defendant to avoid Plaintiff's enforcement strategy:

- Filing opposition as quickly/early as possible to obtain an earlier decision of the Opposition Board,
- Filing nullity action as early as possible, i. e. before Plaintiff has sent a written complaint to Defendant,



Trying to reach a better position in the “race” for early judgments

- Forum Shopping: Filing of declaratory judgment motion for non infringement
  - European (Italian) “Torpedo”?
  - German “Torpedo”

## 3. Infringement proceedings

### 3.4 Recent case law of infringement Courts: Slight shift away from Bifurcation?

Consideration of Patent Office file and content of publication of application for the determination of the extent of protection (beyond Article 69 EPC which lists only the claims, and the description and drawings of the patent as granted for the interpretation of claims).  
(See Federal Court, GRUR 2011, 701 – Occlusion appliances)

## 4. Preliminary injunction proceedings

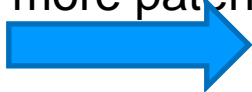
### 4.1 Importance of preliminary injunctions:

Until about 2000: rather unimportant, preliminary injunctions were only granted rarely (“patent infringements are not suited for speedy summary preliminary injunction proceedings, they are too complex”).

Since about 2000: more and more preliminary injunction cases: “boom nourishes boom”.

Grounds:

- Article 50 TRIPS
- Article 9 Enforcement Directive (Directive 2004/48/EC of 29 April, 2004)
- The more patent chambers concentrate on patents, the higher is their experience



Shorter deliberation period

## 4. Preliminary injunction proceedings

### 4.2 Prerequisites for a preliminary injunction:

a) Clear, unambiguous infringement

- Literal infringements preferred;
- No additional expert necessary;
- Interpretation of the claim rather easy: 92 page patent was found to be too complicated and lengthy for granting of a preliminary injunction (District Court Mannheim, LCD-TV, 7 O 29/09).

## 4. Preliminary injunction proceedings

### 4.2 Prerequisites for a preliminary injunction:

b) Validity of patent: needs to be “sufficiently clear”

- Requirements need to be higher than requirements needed for a stay of main proceedings: granting of a preliminary injunction is not possible where invalidation of the patent appears to be possible based on a conclusive, arguable and finally not dismissible rationale of Respondent (Court of Appeals Duesseldorf, 2 U 126/09, “Medical device having a wetted hydrophilic coating”).
- In the view of some Courts, preliminary injunction motions cannot be based on newer patents where the opposition period has not yet elapsed (example: 8 weeks old patent). Respondent did not have the chance to review possible documents for novelty/inventive step.

## 4. Preliminary injunction proceedings

### 4.2 Prerequisites for a preliminary injunction:

b) Validity of patent: needs to be “sufficiently clear”

- High threshold for preliminary injunction based on utility model
- However, preliminary injunction may even be granted in a case where patent was found invalid by Federal Patent Court but where invalidation was “obviously wrong” (Court of Appeals Duesseldorf, 2 W 47/07 – Olanzapin).



## 4. Preliminary injunction proceedings

### 4.2 Prerequisites for a preliminary injunction:

b) Validity of patent: needs to be “sufficiently clear”

- “Olanzapin” is, in view of the Court of Appeals Duesseldorf particularly applicable in pharmaceutical cases where the danger exists that
  - Appeal proceedings about the (in)validity of the patent will only be finalised after the expiry of the patent or an SPC and where generic manufacturers would otherwise enter into the market
- Courts tend to be particularly generous to patentees in pharmaceutical cases directed against market entry of a generic product based on “irreparable damages” that would occur due to the price decline in case generics were offered too early (Court of Appeals Duesseldorf, 2 U 87/12 – Flupirtin-Maleat).

## 4. Preliminary injunction proceedings

### 4.2 Prerequisites for a preliminary injunction:

#### c) Urgency:

- Generally: motion needs to be filed in 1 month period after patentee becomes aware of the infringing acts of Respondent

Problems may arise because, at this stage, the patent is not backed  
by a positive decision referring to its validity

- Period can be longer where it was necessary to analyse infringing product (infringing generic treatment) (Court of Appeals Duesseldorf, 2 U 87/12).
- Urgency revives after an opposition decision which is positive for patentee (See: District Court Duesseldorf, 4a O 4/10).

## 4. Preliminary injunction proceedings

### 4.3 Scope of preliminary injunction

- Injunctive relief
- Provision of information as to the origin and distribution channels, Section 140 d German Patent Act
  - Includes information on prices

## 4. Preliminary injunction proceedings

### 4.4 Protective writ

Filing a protective writ is advised to avoid *ex parte injunctions*

Important: Filing a protective writ after a positive decision by EPO or Federal Patent Court on validity of patent because urgency revives after such a decision.

## 5. Claims/Motions for inspection

Section 140 c Patent Act:

*“A Person who, with sufficient degree of certainty, uses a patented invention ... can be sued by the right holder or by another authorised party for production of a document or inspection of an object which is at said person’s disposal, or inspection of a process that is the subject matter of the patent if this is required to substantiate the right holder’s or other authorised party’s claims.”*

## 5. Claims/Motions for inspection

- Where sufficient certainty of infringement committed on a commercial scale: inspection claim extends to production of bank, financial or commercial documents.
- Court may take necessary steps to ensure proper protection where alleged infringer asserts that information is confidential.
- Claim has to be “proportionate” in the specific case.
- Claim can be enforced by means of a preliminary injunction motion, also ex parte.

## 5. Claims/Motions for inspection

- It is not uncommon for first instance courts to order inspection of respondent's premises by an expert in preliminary injunction proceedings.
- If, in the independent evidence taking proceedings, an expert opinion has been produced, the alleged infringer's potentially affected interests in secrecy can, as a rule, be protected by the right holders restricting access to such expert opinion to certain legal representatives or Patent Attorneys specified by name and by pledging these persons to secrecy on all relevant matters (Federal Court, X ZB 37/08, "Ark concentration").

## 6. Border seizure

Border seizures regarding patent infringements are becoming more popular

- Basis: Council Regulation (EC) No. 1383/2003

Application for Customs action have, for example, been filed by companies.

Aventis, Bayer, Henkel, Lilly, Procter & Gamble

- National Regulation, Section 142 a Patent Act covers only utility models, for patents the European Regulation prevails.



## 6. Border seizure

Seizures of products in transit, for example: Generics in transit from India to Brazil that infringe patent rights in Germany (and in some other members states of the EU) but not in India nor in Brazil.

In the past: transit was regarded by German courts as patent infringement (Court of Appeals Hamburg, Imidazol).

New case-law: no patent infringement where it is safeguarded that generics are in transit and will not be put on the domestic market.

## 7. Supplementary protection certificates

SPC is infringed by mere advertising for generic product to be sold after relevant SPC has expired.

## 7. Supplementary protection certificates

Example:

Federal Court, X ZR 76/05 – Simvastatin:

Defendant advertises in March and April in information system “Lauer-Taxe” and in medical journals directed to Doctors that “our new cholesterol treatment will be offered as of 7 May, and can be used as of 7 May”

Although SPC protection ended on 6 May, Federal Court found infringement.

## 8. Changes/modification of system due to Unitary Patent/Unified Patent Court (UPC)

Jurisdiction:

- Infringement proceedings

- Local or Regional Division where infringement occurred, Art. 33 (1) (a) or
- Local or Regional Division where Defendant is resident, Art. 33 (1) (b) respectively
- Central Division if the Defendant is domiciled ex-EU or where member state has no local or regional division, Art. 33 (1)

most infringement proceedings will be brought before the Local Divisions of the Court of First Instance (Belgium, England, France, Netherlands, Germany (4)), eventually Regional Divisions (Scandinavian States, Eastern European States, Central European States)

## 8. Changes/modification of system due to Unitary Patent/Unified Patent Court (UPC)

Proceedings for Revocation or Declaration of Non-Infringement may be brought before

- Central Division (appropriate location) Art. 32 (1) (b) (d); or
- As counterclaim in Division where existing infringement proceedings are pending, Art. 33 (3).

Local or Regional Division where infringement proceedings are pending will have three possibilities, Art. 33 (3):

- Proceed with infringement and revocation proceedings, or
- Refer counterclaim to Central Division and decide on stay/suspension of infringement proceedings; or
- Refer complete case.

## 8. Changes/modification of system due to Unitary Patent/Unified Patent Court (UPC)

Pursuant to Article 33 (3), bifurcation may, thus, occur:

The Local Division or Regional Division of the Court has the discretion to proceed with both revocation and infringement or refer revocation to Central Division and suspend or proceed with infringement proceedings.

## 8. Changes/modification of system due to Unitary Patent/Unified Patent Court (UPC)

What are concerns regarding bifurcation?

- Patentee could argue different construction claims (broad/wide in infringement proceedings; narrow in revocation/validity proceedings)
  - But is this concern ameliorated by written procedure?
  - But is this concern ameliorated by Rules 106, 115 which provide for complete audio/video recording of interim conference and hearing?
- Risk of decision on infringement before validity leading to unfair bargaining positions in settlement discussions (presently: a typical situation under German procedures)

## 8. Changes/modification of system due to Unitary Patent/Unified Patent Court (UPC)

- Will infringement Courts (Local Divisions/Regional Divisions) dealing with revocation claims be more restrictive with revocation claims/more patent holder friendly than Central Division?

- High likelihood that many Local Divisions may deal with revocation claims themselves



then, bifurcation is not an issue



for patent holder, a positive first instance decision on infringement and on validity is even more beneficial than just an infringement decision, as under the present bifurcation system



an Appeal shall not have suspensive effect unless the Court of Appeal decides otherwise at the motivated request of one of the parties, Art. 74 (1)



but: an Appeal against a decision on action or counterclaim for revocation shall always have suspensive effect, Art. 74 (2).



## 8. Changes/modification of system due to Unitary Patent/Unified Patent Court (UPC)

### Preliminary injunctions

- Preliminary injunctions are available
- No guidance as to the criteria of a grant:
  - Rule 211 “3. *In taking its decision on the application for provisional measures, the Court shall have the discretion to weigh up the interests of the parties.*”
  - Rule 212: Even ex parte decisions without hearing the Defendant are possible where *any delay is likely to cause irreparable harm to the applicant.*
  - Protective letters are an established means of proactive defence (Rule 207).

## 8. Changes/modification of system due to Unitary Patent/Unified Patent Court (UPC)

SPCs:

- No Unitary SPC under current legislation.
- Current SPC regulation would allow national SPCs to be granted based on a Unitary Patent.
- However, Commission considering how to create a Unitary SPC.

# Strategies for successful Patent Enforcement in Germany

**THANK YOU**

**ANY QUESTIONS?**

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