

Enforcing patents in 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 those conferred by a German patent. The holder of such European patent has, in particular, the following options:

- The right to send out a cease and desist letter.
- The right to apply for a preliminary injunction or a decision on the merits.
- The right to obtain evidence of an infringement (to some extent only, though).
- The right to request border seizure.

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 selected district courts handle patent infringement cases. In total, there are 12 such chambers in Germany. The patent infringement chambers of the District Court of Düsseldorf have the highest filing rate among all of them, while those of the district courts in Mannheim, Munich, Hamburg and Frankfurt also hear a very substantial amount of infringement cases. The judges hearing patent infringement matters are trained jurists and do not need to have a technical background. Due to their being exposed to all facets of patent infringement continuously, the German patent infringement chambers are widely held in high esteem by parties and practitioners, and understand even complex and difficult patents and technology. The same is true with respect to 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 – that make the courts come to a decision.

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 for the court or when the subject which is alleged to be infringing does not fall literally under the plaintiff's patent, but is said to be infringing under the so-called doctrine of equivalents.

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

As opposed to other countries, German courts hearing infringement matters exclusively deal with infringement of the patent, ie, they do not have the competence to decide on the validity of a patent. As a consequence, the defendant needs to attack the validity 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.

Although the defendant may not request that the court hearing an infringement matter invalidate the plaintiff's patent, it 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. As a matter of fact, 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 courts will honour requests to stay the infringement trial only in cases where there is an overwhelming likelihood that the patent which is allegedly infringed will be invalidated; otherwise, the infringement trial continues to run during the parallel invalidity proceedings. In practice, the defendant may succeed in convincing the infringement court to stay its proceedings if it can present a novelty-destroying prior art document which has not been examined during prosecution. It is only rarely that a *de novo* review of other prior art will lead to a stay of infringement proceedings, in particular when it has already been 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 process similar to that of pre-trial discovery. Basically, a plaintiff needs to know all the relevant facts before suing. There are, however, some limited ways to obtain evidence from a defendant. Currently, under a rather recent ruling of the Federal Supreme Court, a plaintiff may request that a device or object that is not readily available to the plaintiff be inspected by an expert appointed by the court. Such a claim will be granted by the courts 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) results in favour of the plaintiff. Moreover, German courts allow for independent proceedings for taking evidence, according to section 485 of the Civil Procedure Code. Please note that the current regime of German laws is under review, as European Directive 2004/48 (Enforcement Directive) will be transposed into national law by the beginning of 2007.

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 the 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 so-called doctrine of equivalents. According

to well-established German case law, a modification still falls under the scope of a patent if: (1) the modified means have objectively the same effect as the means of the patent; (2) a person skilled in the art was able to find such modified means; and (3) the 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. Such experts are ultimately appointed by the court, yet the parties are given the opportunity – and are, in fact, invited – to propose experts in the particular technical field of the patent. The appointed expert is 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 the expert needs to render an opinion, a trial may be delayed significantly, ie, for about a year.

7. Are there certain types of patent right that may be granted by the EPO – for example, biotech computer software-related – 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, one will notice that in particular questions of law different views exist between the courts, but in practice these differences are rather 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 reasoning given by a foreign court in a parallel or similar case in its favour to bolster its position, it should not anticipate that German courts 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.

Another means to delay the infringement trial is to persuade the court to appoint and hear an expert. The defendant may succeed if the technology (patent) is difficult to understand and/or the patent is not infringed literally (ie, the subject matter contained 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 may render a decision rather slowly, such as Belgium or Italy. If the foreign complaint of the potential defendant is pending before it is sued in Germany, the German courts need to stay the German trial until a decision is rendered by the foreign court. At least until recently, this resulted in severe delays to some German trials. Recently, however, there has been a noticeable decrease in choosing such a strategy. One reason is a legislative change in the applicable European regulation now governing the point of time when a complaint is regarded to be pending for all EU member states equally. Also, in cases where it is obvious that the action of the defendant 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 a parallel foreign trial.

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

The plaintiff may consider obtaining a preliminary injunction – which is limited to ordering that the defendant cease and desist from committing infringing acts.

Whether trying to obtain a preliminary injunction is an option for the patentee needs to be decided on a case-by-case basis. In practice, it is particularly interesting in less complex cases where the plaintiff can show a clear case of infringement. In any case, should the patentee consider filing a motion for a preliminary injunction, it needs to act very quickly because courts grant preliminary injunctions only if the matter is urgent; this requires the plaintiff to file a motion for a preliminary injunction with

a period of one to two months upon notice of the infringing actions.

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 matter may be appealed. However, it is rather difficult to introduce new facts during appeal proceedings, ie, facts which were not introduced when the case was heard by the district court. In practice, therefore, appeal proceedings often turn out to be limited to reviewing 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 – which goes to the German Federal Supreme Court – will be heard; such appeals are, in any case, 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 a litigation expect to incur?

In Germany, the losing party needs to reimburse the winning party for legal fees, consisting of: (1) court fees; (2) attorneys' fees; (3) patent attorneys' fees; and (4) reasonable expenditures. The fees depend on the value in dispute, which is a number in Euros that reflects the plaintiff's interest in the case. In practice, it turns out that 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 it pretty accurately before suing.

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

15. Who can represent parties in court?

In patent infringement matters, the parties

need to 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 at the court hearing the matter; rather, any German attorney at law may represent clients at both the district court and the court of appeals level.

It is quite unusual for an attorney at law representing a client in a patent infringement trial also to have a technical background. In practice, therefore, the litigators are always assisted by patent attorneys who provide them with the technical background required by 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: (1) cease and desist; (2) payment of damages; and (3) rendering of accounts for infringing actions in the past. Damages may be calculated by the plaintiff on the following bases: (1) actual losses of the plaintiff; (2) reasonable licence fee; or (3) profit generated by the defendant.

Due to a recent holding of the German Federal Supreme Court, claiming the profit 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 depositing security (in an amount which is 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, in general, available, they do not play an important role.

18. Has your jurisdiction signed up to either the London Protocol or the European Patent Litigation Agreement? If not, how likely is it that it will do so?

Germany has ratified the London Protocol.

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 seizures to stop infringing devices from entering the country.