

The Patent Lawyer

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Germany's next big 'Eureka' moment



Germany takes the lead in European patent reform



- Double patenting in Mexico
- Negative statement proceedings and the value of time
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PATENT- UND RECHTSANWÄLTE



Dr. Mathias Ricker



Philipp Neels

Find and share the knowledge: Germany

From dispute hearings, to interim injunctions and compensation claims: Dr. Mathias Ricker and Philipp Neels explain the ins and outs of the German patent court system.

The court system

1. When are disputes heard by the national patent office?

The German Patent and Trademark Office (GPTMO) and the European Patent Office (EPO) only hear oppositions and no infringement cases. Due to the fact that a German nullity action cannot be filed while opposition proceedings (before the GPTMO and/or the EPO) are pending, opposition proceedings often play an important role in German patent disputes.

2. Where are the trial courts?

The German infringement courts of first instance are twelve Regional Courts with specialized patent chambers hearing patent matters (the most popular courts are the Regional Courts in Düsseldorf, Mannheim and Munich). First instance invalidation (nullity) actions are exclusively heard before the Federal Patent Court, which is located in Munich.

3. Are validity and infringement trials heard together?

Validity and infringement trials are separate proceedings in Germany and are not heard together.

The infringement court is bound to the validity of a patent and not entitled (by law) to render a decision on the validity of the patent at issue. Thus, in case the infringement court considers it likely that the patent will be revoked it may (only) stay the infringement action(s) until a decision in the invalidation proceedings (opposition or invalidation action) is rendered. However, a stay is in the discretion of the infringement court and regularly a very high threshold is applied to establish a sufficient likelihood of invalidity. For example, the Düsseldorf Court only stays infringement proceedings in case it sees an “overwhelming” likelihood of invalidity, or, stated differently, a clearly novelty-destroying prior art exists.

4. What is the composition of the trial panel?

The trial panel in infringement proceedings in the first instance consist of three judges with legal background. Since the patent cases are heard by specialized chambers, at least in the popular German infringement courts, the judges are very experienced with patent matters and also with the involved technical issues.

The trial panel of the Federal Patent Court with regard to German invalidation actions consist of five judges, two of them have legal background and three judges have a technical education and experience (often as patent examiners) in the relevant technical field.

Résumés

Dr. Mathias Ricker, Wallinger Ricker Schlotter Tostmann

Mathias leads the chemistry/pharmaceutical IP practice group of Wallinger Ricker Schlotter Tostmann (WRST) together with a second partner, Dr. Holger Tostmann. Mathias holds a PhD in chemistry and is admitted both as German Patent Attorney and European Patent Attorney. His main fields of activity are representations in opposition and nullity proceedings before the European Patent Office and the German Federal Patent Court, as well as in infringement proceedings, in many instances together with WRST’s attorneys-at-law and patent attorneys with a mechanical or physical technical background. Before co-founding WRST, Mathias held partner positions at Jones Day and Bardehle.

Philipp Neels, LL.M. (Sydney), Wallinger Ricker Schlotter Tostmann

Philipp is a German attorney-at-law (Rechtsanwalt) and heads the legal and trademark department of WRST. Philipp’s main fields of expertise are IP litigation matters before German courts as well as arbitration proceedings. Philipp in particular focuses on patent litigations in Germany, including coordination of multi-jurisdictional patent disputes. He is a co-author of “Guide to EU Pharmaceutical Regulatory Law” and regularly lectures on German and European patent law and enforcement strategies.

“ Validity and infringement trials are separate proceedings in Germany and are not heard together. ”



5. Where is/are the appeal courts?

In infringement proceedings the appeal courts are specialized panels at the Higher Regional Courts having jurisdiction over the respective Regional Court. A further appeal on points of law may be filed against the second instance decision. The Federal Court of Justice, located in Karlsruhe, hears this further appeal. The same senate of the Federal Court of Justice also hears the appeals against decisions of the Federal Patent Court in German invalidation actions.

6. What is the composition of the appeal panel?

The appeal panel in infringement proceedings consists of three judges with legal education. At the Federal Court of Justice the panel consists of five judges with legal education. However, also at the Higher Regional Courts, and in particular at the Federal Court of Justice, the judges have substantial experience with patent matters. The panel may also involve a court appointed expert in technically complex cases.

Pre-action

1. Are there pre-action procedures for seizure and/or inspection of allegedly infringing products?

Yes. Claims for inspection of allegedly infringing products can be asserted and enforced in legal proceedings prior and also during infringement actions in a separate action. Based on the EU Directive 2004/48/EC on the enforcement of IP rights, German Courts have established proceedings in line with German Procedural Law, which are intended to safeguard the interest of the patentee for inspection on the one hand, and the potential defendant's interest in keeping secret its technical knowledge on the other hand.

Also, applications for border seizure may be filed with the customs authorities. If the customs authorities identify goods covered by the respective application, the goods are confiscated and the applicant is informed. The applicant may then decide to take legal actions to keep the products in custody for subsequent destruction.

2. Are there pre-action procedures for obtaining information regarding alleged infringers?

Yes. Claims for obtaining information on alleged infringers can be asserted and enforced in separate legal proceedings.

3. Is there any obligation to try to resolve a dispute before bringing proceedings?

No, there is no legal obligation to contact the other party and/or try to resolve a dispute before filing a legal action. However, in case the defendant immediately acknowledges all claims asserted by the plaintiff, the plaintiff has to bear the costs of the proceedings.

In view of this, it is common practice to send out a warning letter to the defendant before filing suit.

4. Are there provisions to curb groundless threats of patent infringement proceedings?

Yes. A party threatened with claims for alleged patent infringement may file a negative declaratory action for non-infringement. Further, a patentee raising unfounded threats for alleged patent infringement against a competitor or customers of the competitor in view of allegedly infringing goods is liable for damages caused by these unfounded threats.

Court proceedings

1. How are infringement proceedings started?

Infringement proceedings are started with the filing of infringement complaint with the competent court. Once the plaintiff has paid the court fees, the complaint will be served on the defendant.

2. Who can bring infringement proceedings?

A patent infringement action can be filed by the patentee, in case of a jointly-owned patent by one or more of all of the patent owners jointly, and anyone deriving the right to sue from the patent owner(s), in particular the exclusive licensee and also the non-exclusive licensee, if authorized accordingly by the patent owner(s).



3. Are declarations of non-infringement available?

Yes. An action for declaration of non-infringement can be filed by anyone having a justified interest in requesting such a declaration. Regularly a justified interest for filing a declaratory action for non-infringement is at hand if the patentee has threatened with an infringement action against the party requesting the declaration or customers of this party.

4. Are there formalities for starting a case seeking a declaration of non-essentiality?

There is no procedure available in Germany for seeking such a declaration.

5. How is the validity of a patent challenged?

During the first nine months following publication of the grant of the patent the validity can be challenged by filing an opposition with the GPTO (for German patents) or the EPO (for European patents). After this period has expired, the validity can be challenged by filing an invalidation action with the Federal Patent Court.

In case opposition proceedings are still pending, an invalidation action with the Federal Patent Court cannot be filed in view of the pending opposition proceedings. The infringement defendant is entitled to intervene in the pending opposition proceedings.

6. Who can challenge the validity of a patent?

Anyone is entitled to challenge the validity of the patent except for the patentee itself. The patentee may waive its rights to the patent and any claims against third parties.

7. Can other types of proceedings be brought too?

Other types of proceedings are also available in Germany, such as entitlement actions, employee compensation actions, actions for remuneration for the unlawful use of a published pending application and others. These actions will also be heard by the specialized patent panels competent for patent infringement actions.

8. Is it possible to check at court or on a register whether a patent is being litigated?

In Germany no online register exists which would allow for enquires whether a specific patent is subject to litigation. Also the docket numbers of German court proceedings do not identify the patent number(s). Thus, although the court proceedings are public proceedings, it is difficult to check whether a patent is currently litigated in Germany, if no additional information is available.

9. If a European patent is opposed are national proceedings on it stayed?

A defendant in an infringement action may file a request to stay the infringement proceedings until a decision is rendered in the opposition proceedings in this scenario.

However, a stay of the infringement proceedings is in the discretion of the court and a German court will only stay the infringement proceedings if the German court believes that a sufficient likelihood exists that the patent will be revoked. In this regard the German courts apply a high threshold.

Interim injunctions

1. Are interim injunctions available in your country?

Interim injunctions are available in Germany and not uncommon (we estimate more than 100 cases per year).

2. Can interim injunctions be obtained ex parte?

Ex parte interim injunctions can be obtained, but usually only in exceptional cases. For example, if a clear case of infringement occurs only a few days before expiry of the patent or in connections with a trade fair, *ex parte* injunctions may be obtained in Germany.

3. What protective steps can be taken by a party that fears an interim injunction application?

The common protective step in Germany in view of a potential application of an interim injunction is to file a so called "Schutzschrift" (protective brief) with the competent courts. This is a brief which provides arguments with regard to non-infringement and invalidity in view of the patents potentially asserted, which will be considered by the court in case an application for an interim injunction is filed.

4. How does the court decide whether to grant/refuse an interim injunction?

Before the granting of an interim injunction the court will require a clear case of infringement and validity. In addition, the case must be urgent and an interim injunction must be necessary to avoid substantial detriment with regard to the applicant.

Finally, the interest of the parties will be taken in consideration, in particular the interest of the applicant in obtaining an interim injunction and the respondent's interest to wait until a decision is rendered in main infringement proceedings.

5. Does a party awarded an interim injunction have to provide a bond or undertaking?

The court may order that an interim injunction can only be executed if the applicant provides a bond. The decision is in the discretion of the court and, thus, depends on the circumstances of the case.

6. After an interim injunction application do the parties have to go on to a full trial?

The parties have to go to trial, if after an interim injunction was granted, the respondent does not accept the interim injunction as a final decision and requests the court to order a term in which the applicant has to file a main infringement action.

7. How is an enjoined party compensated if wrongfully enjoined?

A wrongful enjoined party has a claim against the applicant for reimbursement of all damages caused by the execution of the injunction.

Procedural steps to trial

1. Does the court set a timetable for steps in the case to trial?

The court sets deadlines for the submissions of the parties and schedules the date for the oral hearing, either in a short case management hearing or in writing after the complaint has been received and the court fees have been paid.

“ Interim injunctions are available in Germany and not uncommon - we estimate more than 100 cases per year. ”



2. Is it possible to amend a patent during proceedings and, if so, how?

In infringement proceedings the plaintiff may decide to amend the action by, for example, asserting only a specific dependent claim. Further, the patent may be amended by limitation proceedings before the GPTO or EPO, or by filing amended claims in pending oppositions or invalidation proceedings.

3. Do parties have to provide discovery/disclosure of documents to the other side?

There is no discovery or general obligation to disclosure of documents in German proceedings. However, in case a person has with sufficient likelihood infringed the patent, the person can be ordered to produce a specific document(s) or for inspection of an object which is at said person's disposal, or inspection of a process, if this is required for substantiation of the asserted claims.

4. Are any witnesses deposed?

No.

5. Can issues in a case be narrowed by requests for admissions/stipulations?

No. However, parties are obliged to tell the truth in German proceedings and sufficiently substantiated factual statements, which are not denied by the other party, are to be considered as correct by the court.

In practice, these procedural rules narrow the issues at dispute significantly.

6. Can facts in a case be proven by experiments?

Yes.

7. Are expert witnesses used? If so, are they appointed by the court or parties?

Party expert statements are often submitted in German infringement proceedings. However, party expert opinions are considered as statements by the party itself, not as an independent witness statement. If the court considers additional technical input necessary to make a decision, the court will appoint an expert.

In invalidation actions, court experts are very rarely appointed in first instance and less and less often in appeal proceedings. The reasons for that are predominantly that the court of first instance with three technically trained judges regards itself as having the necessary technical expertise.

8. Is written expert and fact evidence exchanged before trial?

Yes. In Germany the trial is prepared by substantiated submissions by the parties. The parties are requested to submit the evidence and facts relied on by the party in the submissions prior to trial and the court sets time limits for the parties to do so.

9. Can some matters be addressed by the court separately before trial?

The courts have discretion on the specific organization of the proceedings. However, generally the courts try to resolve all legal and factual issues in one main hearing. A separate claim construction hearing would be very uncommon in German court proceedings.

10. How is the confidentiality of information and documents maintained?

Regularly no specific measures are in place to maintain the confidentiality of information and documents provided to the court in German proceedings.

In principle, in infringement proceedings anyone who has a legal interest in inspecting the court files may do so, and in invalidation proceedings the documents submitted are considered to be in the public domain.

However, the parties may request that certain documents or information, typically confidential information that has no direct relation to the issue to be decided, such as financial figures, shall be excluded from file inspection to protect the parties' justified interests to confidentiality.

Trial

1. How long does it typically take to get to trial from the start of proceedings?

The timing depends on the court. For example, the current timing of the Regional Court Mannheim is about six to nine months, and of the Regional Court Düsseldorf and Munich currently about 12 months. As regards invalidation proceedings before the Federal Patent Court it takes about 24 months.

2. Is expert and fact evidence given orally?

Most of the expert and fact evidence is provided in writing in German proceedings. However, the court may hear witnesses or the court appointed expert during the oral hearing.

3. Are witnesses cross-examined?

In Germany the court examines the witness and subsequently the parties are given the opportunity to ask questions to the witness. However, this does not correspond to the cross-examination process known in other jurisdictions such as the United States.

4. Is video evidence used in court and, if so, when?

This would in principle be possible, however, it is very uncommon in Germany infringement or invalidity proceedings.

5. How long does a trial last?

The oral hearing in infringement proceedings can take anything from one hour to half a day, in invalidation proceedings half a day to a full day.

“ There is no discovery or general obligation to disclosure of documents in German proceedings. ”

**6. Is a trial open to the public?**

Yes. Only in exceptional cases certain parts of an oral hearing may not be open to the public if this is necessary to protect confidential information. However, this requires exceptional circumstances.

7. Is it possible to obtain copies of documents referred to in open court?

It is generally possible to obtain copies of documents which became part of the court file. In case of infringement proceedings it is, however, necessary to establish a legal interest for the file inspection. Further, certain documents might be excluded from the file expectation on request of the parties in order to protect the parties' interests in confidentiality.

8. When does the court issue its decision?

In infringement proceedings the court issues a decision regularly from a few weeks up to two months after the trial.

In invalidation proceedings the court regularly announces a decision orally directly after the trial on the same day and issues the fully reasoned written decision a few months later.

Remedies available from the court**1. Is the sum payable by an infringer decided at trial or in a separate hearing?**

The damages payable by an infringer are decided in separate proceedings.

2. How is any sum payable by an infringer calculated?

The plaintiff can choose between the following methods for calculation of damages:

- a reasonable royalty;
- reimbursement of infringer's profit;
- or compensation of own lost profits.

3. Are all infringers enjoined? If not, what factors are taken into account?

Yes. However, in exceptional cases an appeal court may decide that the first instance court decision shall not be preliminary enforceable until the appeal court has decided, if so requested by the defendant.

4. What orders are made regarding infringing products?

The orders with regard to the infringing products depend on the requests of the plaintiff. It is possible to request the destruction of the infringing goods, recall of the infringing goods and/or their definite removal from the distribution channels.

5. Is revocation of a patent stayed pending appeal?

Yes.

6. Is it necessary to get the court's permission to appeal?

No. Only the further appeal in patent infringement proceedings to the Federal Court of Justice needs permission either by the Higher Regional Court or the Federal Court of Justice.

Appeal**1. How much time does an appellant have to file an appeal after trial judgment?**

One month after service of the judgment for the formal appeal and two months for the substantiated appeal submission. The latter deadline is extendable.

2. How long does it take from filing an appeal to the appeal hearing?

Typically one to two years in infringement proceedings, depending on the court and about one year in invalidation proceedings.

3. Is the appeal a de novo hearing or a review for errors of law?

The appeal court is not bound to the facts established in the first instance. The appeal is not limited to review of errors of law. However, new facts can be submitted in appeal proceedings only within certain limits.

4. How long is an appeal hearing?

Regularly an infringement appeal hearing takes up to half a day and an appeal hearing in invalidation proceedings up to one day.

5. How long does it take the appeal court to write its decision?

Up to a few months.

6. How often do patent appeals progress beyond the appeal court to the very highest court?

Our estimation is below 20% of the cases.

The cost of litigation**1. Is the winner in an application to court entitled to recover its costs?**

The entitlement to recover costs is decided on the outcome of the case as a whole, not in view of the specific applications made in the proceedings.

2. Is the winner at trial entitled to recover its costs?

Yes. The amount is, however, limited to the necessary and appropriate costs for conducting the law suit and might not correspond to the actual costs.

3. When are costs assessed and how?

In the decision the court only stipulates the general share of the costs for each party. The actual amount is fixed in separate proceedings and decided by specialized court clerks.

4. What are the typical ranges of costs of trial on a single patent?

For infringement, it can be between €50,000 and €200,000.

For invalidation, it can be between €50,000 and €200,000.

5. What are the typical ranges of costs of an appeal?

For infringement, it can be between €50,000 and €200,000.

For invalidation, it can be between €50,000 and €200,000.

Litigation statistics**1. Approximately how many cases are started per year?**

For invalidation, it is about 300. For infringement, it is usually more than 1,000, but no official figures are published on this.

2. How many cases go to trial per year?

No official figures are published in this regard, but we estimate that more than half the cases filed go to trial in infringement cases and about 120 cases per year are heard in invalidation proceedings.

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