Patents in Europe 2010/2011

Germany
Grünecker Kinkeldey Stockmair & Schwanhäusser
1. What are the most effective ways for a European patent holder whose rights cover your jurisdiction 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:
- Send a cease and desist letter.
- Apply for a preliminary injunction or a decision on the merits of the patent.
- Obtain evidence of infringement (but only to a certain extent).
- Obtain border seizure.

In practice, the majority of cases are dealt with in ordinary infringement actions leading to a decision on the merits. Preliminary injunctions can be issued, but are the exception in Germany.

2. What level of expertise can a patent owner expect from the courts in your jurisdiction?

Certain district and appeal courts have specialised patent infringement chambers to handle patent infringement cases. The judges hearing patent infringement matters are trained jurists and need not have a technical background. As they are constantly exposed to all facets of patent infringement, they are held in high regard by parties and practitioners and understand complex patents and technology.

3. How do your country’s courts deal with validity and infringement? Are they handled together or separately?

Unlike the courts of 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. The defendant must challenge validity in separate proceedings — for this reason, the German system is commonly referred to as a “dual system”.

Infringement proceedings will be stayed only where there is an overwhelming likelihood that the allegedly infringed patent will be invalidated. Otherwise, the infringement proceedings continue to run during the parallel invalidity proceedings.

4. To what extent is cross-examination of witnesses permitted during proceedings?

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 (e.g., whether the defendant has a valid defence based on prior use).

5. What role can and do expert witnesses play in proceedings?

Written opinions of expert witnesses submitted by the parties are considered to be statements made by the party submitting them. Under certain circumstances, such opinions may be useful to strengthen the parties’ factual or legal allegations.

Expert witnesses may also be appointed by the court to help it to construe the wording of patent claims by providing it with relevant expert knowledge. In most cases the court will rely on the findings of such court-appointed expert witnesses.

6. Is pre-trial discovery permitted? If so, to what extent?

German law does not provide for a pre-trial discovery process. Rather, the general rule is that a plaintiff must know all the relevant facts before taking legal action.
However, in certain conditions and to a certain extent, a potential infringer may be forced to produce evidence. If the patent owner can prove a reasonable likelihood that a patent has been infringed, the defendant may be requested by the court to produce documents or to allow a court-appointed expert to inspect a potentially infringing device or process. Such orders are nearly always rendered in preliminary injunction proceedings and ex parte (ie, without the potential infringer being heard). Since such inspections raise confidentiality issues, German courts have established a practice seeking to ensure that confidential information is passed to the patent holder only if the inspection proves infringement. Until that point, the results obtained are seen only by attorneys. In practice, patent holders increasingly request this procedure. In any case, a patent holder should be prepared to wait several months for the results of such inspection.

**7. Do the courts in your jurisdiction apply a doctrine of equivalents?**

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 relating to 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.
- When reading the patent, a person skilled in the art would also consider such modified means as a solution of equal quality to that patented.

In practice, the courts appoint experts to assist them in determining whether these requirements are met. Although the 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 at 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, the trial may be significantly delayed (by around one year).

**8. Are certain patent rights (eg, those relating to business methods, software and biotechnology) more difficult to enforce than others?**

No specific types of patent should be regarded as being more difficult to enforce than others. However, since Germany has no pre-trial discovery, it may be hard to prove infringement of process patents. In this respect, the claim for inspection allowed by the law is welcomed by patent holders (see question 6.).

**9. How far are courts bound by previous decisions made in cases that have covered similar issues?**

Despite the fact that there is no rule of precedent in Germany, the courts naturally try to develop and follow a body of rules and decisions that cover similar issues.

**10. Are there any restrictions on who the parties can select to represent them in a dispute?**

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 appeal court.

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

11. Are courts willing to consider the reasoning of courts in other jurisdictions that have dealt with similar cases? Although a party may find it worthwhile to introduce a foreign court decision in a parallel or similar case in order to bolster its position, it should not expect the German court to place much weight on this.

12. How easy is it for defendants to delay proceedings and how can plaintiffs prevent them from doing so? A defendant seeking to delay a case will primarily consider initiating invalidity proceedings against the plaintiff’s patent. It will try to persuade the infringement court to stay proceedings until a decision has been rendered regarding the validity of the patent.

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

13. Is it possible to obtain preliminary injunctions? If so, under what circumstances can this be done? The plaintiff may seek to obtain a preliminary injunction, although such an injunction 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 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 of learning of the infringement.

14. How much should a litigant plan to pay to take a case through to a decision at first instance? In Germany, the losing party needs to reimburse the winning party for its legal fees, comprising:

- Court fees.
- Attorneys’ fees.
- Patent attorneys’ fees.
- Reasonable expenditures.

The fees depend on the value in dispute (ie, an amount in euros which reflects the plaintiff’s interest in the case). In practice, a plaintiff should expect to pay a minimum of €40,000 in legal fees if it loses the suit. The cost risk increases in more important cases.

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

15. Is it possible for the successful party in a case to obtain costs from the losing party? Yes – the successful party has a statutory claim for reimbursement of legal fees from the losing party (see question 14).

16. What are the typical remedies granted to a successful plaintiff by the courts? The usual remedies sought by the plaintiff include:

- A cease and desist order (ie, an injunction).
- Payment of damages.
- Rendering of accounts for past infringements.
- Removal of infringing goods from distribution channels.
- Destruction of infringing goods.

17. How are damages awards calculated? Is it possible to obtain punitive damages? Damages may be calculated by the plaintiff on the basis of:

- The actual loss of the plaintiff.
- A reasonable licence fee.
- The profits made by the defendant.

Claiming the profits made by the defendant may often be the most rewarding method for the plaintiff. However, German law does not allow for the recovery of punitive damages.

18. How common is it for courts to grant permanent injunctions to successful plaintiffs and under what circumstances will they do this? Permanent injunctions are a key form of relief in German patent litigation. In particular, the courts do not weigh up the
interests of the plaintiff and the defendant when deciding whether an infringement should result in an injunction. Rather, the law provides for the issue of an injunction whenever a patent is infringed.

In May 2008 the Karlsruhe Court of Appeals stayed the execution of an injunction in a case where the plaintiff was a non-manufacturing (ie, licensing) entity. However, this decision cannot be interpreted to mean that a licensing entity cannot obtain or enforce an injunction.

19. How long does it take to obtain a decision at first instance and is it possible to expedite this process?
It takes between six and 14 months to obtain a decision at first instance. There is no way to expedite this process.

20. Under what circumstances will the losing party in a first instance case be granted the right to appeal? How long does an appeal typically 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). Therefore, in practice, appeals are often limited to a review of whether the court of first instance applied the laws correctly. Appeal proceedings may take up to one year from the date of filing the appeal.

A further appeal before the Federal Supreme Court will be heard only in very narrow circumstances; such appeals are limited to a review of questions of law.

21. Are parties obliged to undertake any type of mediation/arbitration prior to bringing a case before the courts? Is ADR a realistic alternative to litigation?
No mediation or arbitration need be undertaken by the parties before bringing a case to the court. In patent litigation, ADR is not a realistic alternative to litigation.

22. In broad terms, how pro-patentee are the courts in your jurisdiction?
The Dusseldorf and Mannheim courts are often regarded by attorneys and parties as pro-patentee. They have shown understanding of even highly complex patents and technology. For this reason, Germany is often selected as a forum by patentees, both domestic and foreign. In most cases a defendant offers the infringing goods all over Germany (eg, on the Internet), and consequently a plaintiff can choose the court in which to file a case.

23. Has your jurisdiction signed up to the London Agreement on Translations? If not, how likely is it to do so?
Germany has ratified the London Agreement.

24. Are there any other issues relating to the enforcement system in your country that you would like to raise?
A patentee should always consider filing a request for border seizure to prevent infringing items from entering the country.

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