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By Gottfried Schüll, COHAUSZ & FLORACK

Q: How can patent owners best enforce their rights in your jurisdiction?

About 1,000 infringement actions on the merits are filed before German venues each year. Where infringement is found, an injunction will be granted by law. As well as a verdict based on an infringement action on the merits – which usually takes between six and 18 months – a preliminary injunction can be declared by the courts in as little as 24 hours. The courts also grant rights to inspect stands at trade fairs or premises on an urgent basis. In addition, German customs authorities are quite cooperative when it comes to border seizures.

The ‘silver bullet’ is an infringement action on the merits, filed with one of the top German courts for patent infringement (ie, Dusseldorf, Mannheim or Munich). The venue should be diligently chosen based on the case’s complexity and any applicable time constraints.

As soon as the Unified Patent Court (UPC) begins operation, Germany’s leading courts will host local divisions of the UPC.

Q: Are mediation and arbitration realistic alternatives to litigation?

In view of the factual number of cases, alternative dispute resolution is not presently seen as a popular or realistic alternative to patent litigation in Germany.

Q: Who hears patent cases – for example, individual judges, a panel of judges, a mix of judges and technical experts, judges and juries?

There are 13 German district courts elected by law which can hear patent infringement cases. Over 90% of the approximately 1,000 cases filed each year are filed before the ‘Big Three’ courts – Dusseldorf (which has been the clear leader in terms of cases heard for decades), Mannheim and Munich. Each of the three first-instance patent litigation chambers in Dusseldorf, the two chambers in Mannheim and the two chambers in Munich are staffed by three legally trained judges. The same is true for the two patent litigation appeal senates in Dusseldorf and the appeal senates in Karlsruhe and Munich. At the Federal Patent Court, the validity cases are handled by six senates each with a bench of two legally trained judges and three technically trained judges. The three technical judges are assigned out of a pool of approximately 45 judges with complementary technical training. The X Senate of the Federal



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For more than two decades Gottfried Schüll has successfully represented global clients as plaintiffs in high-profile cases relating to standardised technologies such as AVC, VoIP, NFC, MPEG-2, ADSL and GPRS. He is lead counsel and a member of the international legal counsel teams. Mr Schüll has represented his clients in more than 500 enforcement actions in Germany, one of the world's most prominent patent litigation venues.

Court of Justice, competent for the infringement appeal proceedings on questions of law and appeal proceedings on validity, is staffed with five legally trained judges plus scientific staff. There are no juries at these courts.

Q: What level of expertise can litigants expect from courts?

The level of court expertise is one of the key assets of the German jurisdiction. Most of the approximately 100 German judges that have specialised in patent infringement and validity spend 90% or more of their work time on these issues. The total number of patent cases before German courts has been at a very high level for about a century, as a result of such proceedings being affordable for small and medium-sized companies. The amount of cases is also reflected by an enormous number of Federal Court of Justice decisions. This infringement and validity-related case law in connection with the regularly updated German Patent Act established at the end of the nineteenth century provide an unrivalled predictability of court decisions.

Q: Are validity and infringement dealt with together in proceedings?

Although Germany is correctly considered as a country with a bifurcated system, this is only part of the story. The courts hearing infringement cases do take into account arguments concerning validity – if there are convincing and relevant doubts about this, they will stay the infringement case. Validity cases are handled by the Federal Patent Court at first instance and the Federal Court of Justice at second instance. The specialised Patent Senate of the Federal Court of Justice is competent to hear appeals on questions of law regarding infringement decisions handed down by the appeal courts, as well as appeals on validity decisions handed down by the Federal Patent Court.

Q: Who may represent parties engaged in a dispute?

In patent infringement cases parties must be represented by attorneys at law who are members of the German Chamber of Lawyers. For validity proceedings, parties can be represented by either a patent attorney admitted at the German Chamber of Patent Lawyers or an attorney at law. In practice, in view of the legal and technical tasks to be dealt with, parties are in the vast majority of cases represented by an attorney at law and a patent attorney in both patent infringement and validity proceedings. In infringement cases before the Federal Court of Justice the parties must be represented by attorneys at law admitted before the Federal Court of Justice. This is not the case in validity cases, although it is recommended.

Q: To what extent is forum selection possible in your jurisdiction?

In practice, forum selection within the 13 district courts elected is possible. Only in rare cases is the plaintiff bound to a subset of these courts due to a regional restricted infringement.

Q: To what extent is pre-trial discovery permitted?

If there is a high likelihood of patent infringement but material evidence is unavailable, the patent owner may ask to inspect the alleged infringer's premises and infringing devices (eg, as exhibited at a trade fair). Pre-trial discovery, to the extent that it is known in the United Kingdom and the United States, does not exist in Germany.

Q: To what extent is evidence written and oral at proceedings?

To a very large extent, evidence is written in German patent infringement and validity proceedings. Oral expert testimony or witness cross examination is rare. The parties are invited to present written expert opinions.

Q: What role, if any, can expert witnesses play?

Due to the technical understanding of the judges, the specialised attorneys at law and the technically trained patent attorneys, the role of the expert witness is considerably restricted compared with other jurisdictions. German patent attorneys have a more active role in infringement and validity proceedings than elsewhere. In any event, an expert witness can be helpful in infringement and validity proceedings. When it comes to a dispute about the understanding of a person skilled in the art, an expert witness might be valuable.

Q: What use of expert witnesses is permitted?

Expert witnesses on technical aspects of infringement (eg, reverse engineering) and the knowledge of a person skilled in the art are permitted. Expert witnesses mandated by the parties themselves will typically be heard only via written statements.

In the course of infringement proceedings, the district court – as the first level of jurisdiction – very rarely appoints expert witnesses itself. At second instance before the appeal court, expert witnesses are appointed a little more frequently.

Validity proceedings handled at first instance by the Federal Patent Court never previously used court-appointed experts – a fact which attracted frequent criticism. The Federal Court of Justice has changed its practice under the new legal regime and now occasionally appoints expert witnesses. Parties are encouraged to present expert witness reports by themselves to accelerate proceedings at the Federal Court of Justice. In practice, it is recommended to introduce a written expert opinion in the validity proceedings at an early stage before the Federal Patent Court.

Q: Is the doctrine of equivalents applied by courts in your jurisdiction and, if so, what form does it take?

Under the doctrine of equivalents, the scope of the patent also extends to solutions equivalent to

that which has been claimed in view of function and quality. In addition, the subject matter must be available to a person skilled in the art without involving an inventive step. While this seems to be broad compared to other jurisdictions, statistically infringement is rarely found based on the doctrine of equivalents.

Q: Are there problems in enforcing certain types of patent relating to, for example, biotechnology, business methods or software?

As the German infringement courts will accept a patent granted by the EPO as it stands, the patent's validity will become an issue only in cases of obvious invalidity based on new facts. The technological field, as such, is no reason to reconsider the validity of a granted patent.

To the contrary, Germany is so far the sole jurisdiction worldwide that provides protection for data generated based on a patent protected method. Such protection is available in some jurisdictions for chemical products produced involving a patent protected method.

In 2015 the European Court of Justice (ECJ) ruled on the enforceability of an injunction claim based on the infringement of SEPs which grant market dominance. The *Huawei v ZTE* decision (C-170/13) confirmed to a large extent the German *Orange Book* decision. The main conditions are the obligation for the patent owner to offer a reasonable licence and the obligation for the licensee to make a reasonable counter-offer. In practice, this has proved to be a problem for enforcement in cases where the market-dominant SEP owner cannot make existing licences transparent. On the other hand, the Federal Court of Justice has just strengthened the position of an SEP owner by broadening the FRAND corridor.

Q: To what extent are courts obliged to consider previous cases that have covered issues similar to those pertaining to a dispute?

Due to the high number of cases at all levels, unrivalled rich precedents in the field of patent law are available in Germany. The Federal Court of Justice alone hands down more than 50 patent decisions every year. This builds a strong background for each individual case and enables accurate predictions. The jurisdiction of the higher courts is binding for the lower courts. In general, previous decisions have no binding effect in Germany for the same court.

Q: To what extent are courts willing to consider the way in which the same or similar cases have been dealt with in other jurisdictions? Are decisions from some jurisdictions more persuasive than those from others?

Yes, German courts are willing to consider the reasoning of courts in other jurisdictions. Convincing arguments in such reasoning will be not discarded in cases presented by the parties. However, there is no general tendency that any particular jurisdiction produces more persuasive decisions than others.

Q: What realistic options are available to defendants seeking to delay a case? How might a plaintiff counter these?

There is little opportunity to seek strategic delays in German patent infringement cases as there are only limited reasons to delay infringement proceedings. Delaying proceedings due to an obvious lack of validity in view of new facts is the main option with practical relevance. Depending on the venue, the complexity of the case may add considerable time to the schedule of the infringement proceedings.

Q: Under what circumstances, if any, will a court consider granting a preliminary injunction? How often does this happen?

First, the infringement must inflict irreparable damage on the patent owner to justify the granting of a preliminary injunction. Both infringement and validity must be apparent. Validity can be assumed to be apparent if, for example, the patent has already been the subject of post-grant validity proceedings. Preliminary injunctions are immediately enforceable. In practice, the patent owner must file a request for an injunction within four weeks of becoming aware of the patent infringement – the sooner, the better.

Q: What is the realistic timescale to get a decision at first instance from the initiation of proceedings?

In case of infringement actions on the merits, the ‘Big Three’ German courts usually render decisions within between six and 18 months, depending on the venue and the court’s workload. A decision based on a request for a preliminary injunction can be issued within a few days and certainly within six weeks. This process can be expedited depending on the venue.

Q: How much should a litigant budget for in order to take a case through to a decision at first instance?

About 3% of the value of the litigation (ie, the value that the patent owner realistically ascribes to its claims) is generally a good guideline, with the minimum amount being around €50,000. These numbers are based on the statutory minimum fees under the Attorneys’ Remuneration Law. Depending on the circumstances, attorneys may ask for additional fees. These costs also include the statutory court fees. The courts have the opportunity to appraise critically the value of the litigation proposed by the plaintiff.

Q: To what extent are the winning party’s costs recoverable from the losing party?

The statutory attorneys’ minimum fees – for both attorneys at law and patent attorneys – and court fees are fully reimbursable. The quotation of reimbursable fees accordingly depends on the ability of the attorneys to handle the case based on statutory fees.

Q: What remedies are available to a successful plaintiff?

The remedies granted in Germany to a successful plaintiff are an injunction claim and a claim to render accounts. At the same time, the court will decide whether the plaintiff is entitled to claim damages.

Injunction claims granted by the first-instance court are enforceable based on the provision of a security bond to secure potential damages claims. Appeal decisions granting the injunction claim are enforceable without this constraint.

Q: How are damages awards calculated?

The courts apply three methods to calculate damages:

- by analogy to a licence granted between reasonable parties;
- loss of profits by the patent owner; and
- profits made by the patent infringer.

In practice, a calculation based on royalty fees is the most common way of calculating damages awards.

It is not possible to obtain punitive damages, at least not comparable to triple damages. The courts have confirmed elements in the

methods for calculating damages with moderate punitive effects.

Q: Under what circumstances will courts grant permanent injunctions?

If the German court confirms that infringement has taken place and the patent is not obviously invalid based on new facts – and, of course, the patent is in force – then the court will always grant a permanent injunction. This is also the case if the plaintiff is a non-practising entity.

Q: Does the losing party at first instance have an automatic right of appeal?

The losing party in a first-instance case will always be granted the right to appeal. Even on appeal, the successful party may enforce the first-instance decision if it issues a security bond to cover potential damages due to enforcement of a decision that may be overcome on appeal.

Q: How long does it typically take for the appellate decision to be handed down?

Infringement appeals handled by the appeal courts typically take between one and two years.

Q: Is it possible to take cases beyond the second instance?

Yes – decisions of the appeal court on infringement can be further appealed on questions of law and taken to the Federal Court of Justice. This appeal must be admitted by the appeal court. Admission can be substituted by a decision of the Federal Court of Justice.

Decisions on validity by the Federal Court of Justice cannot be appealed further.

Q: To what extent do the courts in your jurisdiction have a reputation for being pro-patentee?

Statistically, patentees win about 40% of all patent infringement actions filed in Germany. Another

40% of the complaints filed are dismissed. The remaining 20% of cases filed are stayed due to apparent validity issues. These are long-term trends.

Compared to other jurisdictions, this might be seen as considerably pro-patentee.

Q: Are there other fora outside the court system in which it is possible to assert patents in your jurisdiction? If so, under what circumstances might it be appropriate to use them?

No, there are no other fora outside the court system in which it is possible to assert patents in Germany.

Q: Are there any other issues relating to the enforcement system in your country that you would like to raise?

The German patent litigation courts have a clear understanding that a patentee is entitled to protection for patents granted by either the EPO or the German Patent and Trademark Office. Accordingly, the courts are not only reasonably pro-patentee, but also apply strict punitive measures to enforce injunction claims once granted. Finally, the Patent Act qualifies patent infringement as a criminal act. Although criminal actions based on patent infringement are rare, patent infringers are not treated with kid gloves in Germany. The German patent enforcement system is seen as one of the cornerstones of the German economy, being valuable not only for the large industry sector but also for the unique German small and medium-sized company sector. *iam*

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