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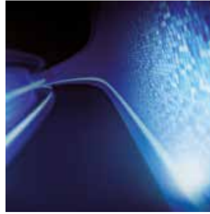

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By **Gottfried Schüll**, Cohausz & Florack

Q: What options are open to a patent owner seeking to enforce its rights in your jurisdiction?
About 1,000 infringement actions on the merits are filed before a German venue every year. Where infringement is found, an injunction is granted by law. As well as a verdict based on an infringement action on the merits – which usually takes between six and 12 months to be issued – 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 German 'Ivy League' courts for patent infringement – Dusseldorf, Mannheim, Hamburg or Munich. The venue should be chosen based on the case's complexity and any applicable time constraints.

When the Unified Patent Court (UPC) starts operation – which is expected in 2017 – Germany's leading courts will also host local divisions of the UPC.

Q: Are parties obliged to undertake mediation/arbitration before bringing a case before the courts? Is this a realistic alternative to litigation?
No. Mediation/arbitration is possible, but not mandatory. In view of the number of cases, alternative dispute resolution is not presently seen as a popular alternative to patent litigation in Germany.

Q: Are there specialist patent or IP courts in your jurisdiction? If not, what level of expertise can litigants expect from the courts?
There are 13 elected district courts which can hear patent litigation cases. Over 95% of the approximately 1,000 cases filed every year are filed before the 'Big Four' courts – Dusseldorf (which has been the clear leader in terms of cases heard for decades now), Mannheim, Hamburg and Munich. The level of expertise is outstanding not only at first instance, but also at the appeal courts and, finally, the Federal Court of Justice – all of these courts have a full-time bench of patent judges.

Q: Are validity and infringement dealt with together, or does your country have a bifurcated system?
Although Germany is always – correctly – considered as a country having 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, then 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 Patent Senate of the Federal Court of Justice is competent to hear appeals on questions of law with regard to 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 typically represented by an attorney at law and a patent attorney in both patent infringement and validity proceedings.

Q: To what extent is pre-trial discovery permitted?
Pre-trial discovery as known in the United Kingdom and the United States does not exist in Germany. 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/or infringing devices (eg, as exhibited at a trade fair).

Q: Is cross-examination of witnesses allowed during court proceedings? If so, what form does this take?
In practice, only court-appointed expert witnesses are formally cross-examined during proceedings. The expert is examined first by the court and then by the parties. The full minutes of the cross-examination are then made available to the parties. Experts mandated by the parties may be cross-examined to a certain degree during the course of the trial.

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, 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 does now only occasionally appoint expert witnesses. Parties are encouraged to present expert witness reports by themselves to accelerate proceedings at the Federal Court of Justice.

Q: Is the doctrine of equivalents applied by courts in your jurisdiction? If so, what form does it take?
In principle, yes. In the course of EU-wide harmonisation of jurisdiction, the prerequisites for finding equivalent patent infringement have been tightened. Recently, the Federal Court of Justice clarified its jurisdiction to some extent, thereby slightly broadening the doctrine of equivalents. In any event, infringement is still 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 courts will accept a patent granted by the European Patent Office (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.

In 2015 the European Court of Justice ruled on the enforceability of an injunction claim based on the infringement of standard-essential patents. This 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 rarely proven to be a problem for enforcement.

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, 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. In general, previous decisions have no binding effect in Germany.

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. However, there is no general tendency that any particular jurisdiction produces more persuasive decisions.

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 probably the only option with any practical relevance. Depending on the venue, the complexity of the case may add some 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 holder. 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.

Preliminary injunctions are granted frequently, especially in connection with trade fairs.

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: How long should parties expect to wait for a decision to be handed down at first instance?
In case of infringement actions on the merits, the German Ivy League courts usually render decisions within between six and 12 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: 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.

Q: How are damages awards calculated? Is it possible to obtain punitive damages?
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 might a court grant a permanent injunction? How often does this happen?
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.

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Gottfried Schüll is a prominent and highly renowned patent litigator. In various high-profile cases for global clients relating to technologies such as MPEG-2, asymmetric digital subscriber line and near field communication, he has successfully represented plaintiffs both as lead counsel and as a member of an international legal counsel team. Based on his reputation in litigation matters, he is frequently appointed as an independent court expert (by the Dusseldorf Appeals Court) and as an arbitrator.

Q: Does the losing party at first instance have an automatic right of appeal? If not, under what circumstances might leave to appeal be granted?
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 has to 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: Is your jurisdiction a signatory to the London Agreement on Translations?
Yes. No German translations of European patents validated in Germany are necessary. When it comes to patent litigation, translations must also be filed.

Q: Has your jurisdiction signed the Agreement on the Unified Patent Court? If so, when do you expect it to be ratified?
Yes, Germany has signed the Agreement on the Unified Patent Court. Ratification is expected in 2016.

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 not only are reasonably pro-patentee, but also apply strict measures to enforce injunction claims once granted. 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. *iam*

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