

# Chapter 5

# Germany

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## 5.1 Overview of the patent system

### 5.1.1 Evolution of the patent system

The German Patent Act (“Patentgesetz”) finds its roots in the Reichspatentgesetz of May 25, 1877, which has since undergone numerous revisions and consolidations. The current version is based on the 1981 revision, with the latest significant modification having entered into force in August 2021. In this modification, the right to a permanent injunction, above all, was adapted so as to clarify that, under exceptional circumstances, the claim for injunctive relief may be precluded by the objection of disproportionality.

Since its beginnings, patents have been granted throughout all federal states in Germany by a centralized federal body – first the Imperial Patent Office in Berlin, now the German Patent and Trademark Office (PTO) having its seat in Munich. A major change to the organizational structure of the granting authority was triggered by a landmark decision of the Federal Administrative Court (“Bundesverwaltungsgericht”) in 1959,<sup>1</sup> which found that it was not in line with the fundamental right to judicial review that decisions of the Patent Office could only be appealed to an internal appellate body of the Office. It further held that this appellate body could not be regarded as a court since its decisions were rendered by civil servants not being furnished with the independence and impartiality of a judge. This led to the establishment of the Federal Patent Court (FPC; “Bundespatentgericht”)<sup>2</sup> in Munich in 1961 after necessary changes to the German Constitution had been made.<sup>3</sup>

### 5.1.2 Importance of the European Patent Convention and EU law

Despite the principle of territoriality, which limits the geographical scope of protection of patents to the country of grant, German patent law is continuously and increasingly subject to international – primarily European – influences as part of the European integration. These influences are multifaceted and reach from the granting of patents to their enforcement.

A major influence on German patent law is the European Patent Convention (EPC),<sup>4</sup> which entered into force on October 7, 1977. The Convention not only contains substantive provisions, but is also the legal basis for the establishment of the European Patent Office (EPO), an international organization separate from the European Union (EU), with additional member states such as Norway, Switzerland, Turkey and the United Kingdom. One of the most prominent examples of this influence concerns the grant of patents. Until the EPC became effective in 1977, it was only possible to apply for German patents at the German PTO. Since then, applications for so-called European patents can also be filed with the European Patent Office.<sup>5</sup> The application can request protection for one or – typically – more member state signatories of the EPC. According to Article 64(1) of the EPC, a European patent has the same effect as a nationally granted patent. Germany has been a signatory of the EPC since its entry into force, and many patents enforced in Germany are European patents.

The enforcement of patents in Germany is also shaped to a large extent by EU law: Directive 2004/48/EC, on the enforcement of intellectual property rights (the “Enforcement Directive”);<sup>6</sup> and the case law of the Court of Justice of the European Union, in the context of standard-essential patents.<sup>7</sup> The Enforcement Directive is aimed at harmonizing the EU’s legislation in the field of intellectual property and at ensuring a high, equivalent and homogeneous level of protection of intellectual property, including patent law.<sup>8</sup> The Enforcement Directive has been implemented

1 Bundesverwaltungsgericht (BVerwG) (Federal Administrative Court), June 13, 1959, I C 66.57.

2 For further information see below and [www.bundespatentgericht.de/EN/TheCourt/theCourt\\_node.html](http://www.bundespatentgericht.de/EN/TheCourt/theCourt_node.html)

3 6th Transitional Act (Überleitungsgesetz) of March, 23, 1961, BGBl. I, 274.

4 Convention on the Grant of European Patents, Oct. 5, 1973, 1065 UNTS 199, revised by the Act revising art. 63 of the EPC, Dec. 17, 1991, and the Act revising the EPC, Nov. 29, 2000, [www.epo.org/law-practice/legal-texts/html/epc/2020/e/ma1.html](http://www.epo.org/law-practice/legal-texts/html/epc/2020/e/ma1.html)

5 The term “European patent” can be slightly misleading. While the granting of these patents is done centrally by the EPO, they subsequently break down into national parts, so that enforcement and validity is solely considered at the national level.

6 Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, 2004 OJ (L 157) 45, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32004L0048>

7 Most notably the Court of Justice of the European Union’s decision in Case C-170/13, *Huawei Technologies Co. Ltd. v. ZTE Corp.*, <https://curia.europa.eu/juris/document/document.jsf?text=&docid=165911&pageIndex=0&doclang=EN&mode=Cf>

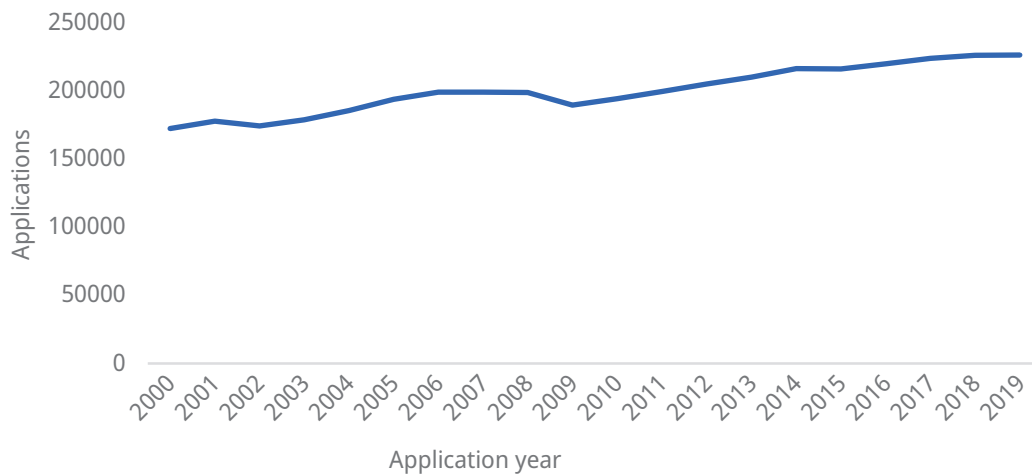
8 Cf. Recital 10 of the Enforcement Directive.

into German intellectual property law, including patent law, to the extent needed but is also relied upon by German courts when interpreting national law.

### 5.1.3 Patent application trends

Figure 5.1 shows the total number of patent applications (direct, Patent Cooperation Treaty (PCT) national phase entry and European patent DE designation) filed in Germany from 2000 to 2019.

**Figure 5.1 Patent applications filed in Germany, 2000–2019**



Source: WIPO IP Statistics Data Center, available at [www3.wipo.int/ipstats/index.htm?tab=patent](http://www3.wipo.int/ipstats/index.htm?tab=patent) and EPO PATSTAT, available at [www.epo.org/searching-for-patents/business/patstat.html](http://www.epo.org/searching-for-patents/business/patstat.html)

## 5.2 Patent institutions and administrative review proceedings

Since its beginnings, Germany has followed a double-track system – the so-called bifurcation system – with the patent infringement courts, being part of the ordinary judiciary and adjudicating on the question of infringement, and separate granting authorities, with their own track of judicial review on the validity of the patent. Infringement proceedings are handled by specialized civil courts having exclusive jurisdiction in patent matters with legally-trained judges sitting on the bench.

The validity of a German patent may be challenged within nine months after its grant in an opposition procedure before a board of the German PTO. As a court of judicial review, the FPC hears appeals against the decisions of the PTO on patents. Additionally, a patent's validity may be put into question by a nullity action before the FPC at any time. Decisions of the FPC, which are rendered by a senate consisting of three technical and two legally-qualified judges (including the presiding judge), may be appealed to the Federal Court of Justice (FCJ; "Bundesgerichtshof") (X<sup>th</sup> Senate) so that the separate tracks – validity and infringement – can be finally aligned by the jurisprudence of the FCJ.

## 5.3 Judicial institutions

### 5.3.1 Judicial administration structure

Germany is constituted as a federal republic of 16 states ("Länder"). According to Article 92 of the German Constitution,<sup>9</sup> there are both federal courts and state courts. To preserve uniformity of decisions, according to Article 95(1) of the Constitution, the FCJ was established as the appellate court for state courts in the last instance. If all other legal remedies are exhausted, then, under

<sup>9</sup> Grundgesetz (Basic Law), [www.gesetze-im-internet.de/englisch\\_gg/englisch\\_gg.html](http://www.gesetze-im-internet.de/englisch_gg/englisch_gg.html)

specific circumstances, a constitutional complaint may be filed to the Federal Constitutional Court (“Bundesverfassungsgericht”) established under Articles 92–94 of the Constitution.

Despite the general competence of regional courts, an infringement suit cannot be filed with just any regional court in Germany; rather, there are 12 (out of 115) regional courts that have been designated to hear patent infringement cases. Most cases are heard by the Regional Court (“Landgericht”) of Düsseldorf, the Regional Court of Mannheim or the Regional Court of Munich. While the jurisdiction of each regional court is limited to a certain geographical area – that is, one or several states – all courts will assume jurisdiction if infringing products are offered on the internet. The Regional Court of Düsseldorf and the Regional Court of Munich both have three specialized chambers for patent matters, whereas there are two specialized chambers at the Regional Court of Mannheim.<sup>10</sup> The chambers at the regional court level consist of three specialized judges. Although these judges are trained lawyers – most of them without technical backgrounds – they generally have significant experience in patent cases and have a profound understanding of various technical fields.

For each regional court, there is a corresponding higher regional court (“Oberlandesgericht”) as the appellate court. Due to the focus on the regional courts of Düsseldorf, Munich and Mannheim in the first instance, most appeals are filed to the higher regional courts of Düsseldorf, Munich and Karlsruhe respectively. At the higher regional court level, designated senates of three judges hear appeals in patent infringement cases. Notably, at the Higher Regional Court of Düsseldorf, there are two senates established to hear patent infringement appeals.

At the FCJ, the X Senate hears appeals from the higher regional court level, with a bench of five judges on questions of law. The senate, however, will only hear appeals from a higher regional court if leave was given either by the higher regional court or, upon appeal against a negative decision by the regional court, by the FCJ itself.

The FPC in Munich has exclusive jurisdiction over patent nullity actions. Depending on the International Patent Classification (IPC) classification of the patent-in-suit, cases are assigned to one of the seven nullity senates (“Nichtigkeitssenate”) at the FPC. Cases at the FPC are decided by a panel of five judges. In contrast to infringement proceedings, only the presiding judge and one associate judge are lawyers, while three associate judges have a technical education and have often been patent examiners prior to their appointment as judges. Decisions by the FPC can be appealed to the FCJ, where the X Senate (the same senate as in infringement cases) is competent. The judges at the FCJ are all lawyers without necessarily having an additional technical background.

In patent infringement cases, representation by a fully qualified lawyer (“Rechtsanwalt”) is required. Regularly, especially in cases concerning complex technologies, lawyers will be supported by patent attorneys (“Patentanwalt”) who have a technical background in the respective field of technology. By contrast, in validity proceedings at the FPC and invalidity appeal proceedings at the FCJ, aside from lawyers, patent attorneys are entitled to represent clients. Typically, a close alignment is required between lawyers acting in the infringement proceedings and the patent attorneys handling the validity proceedings.

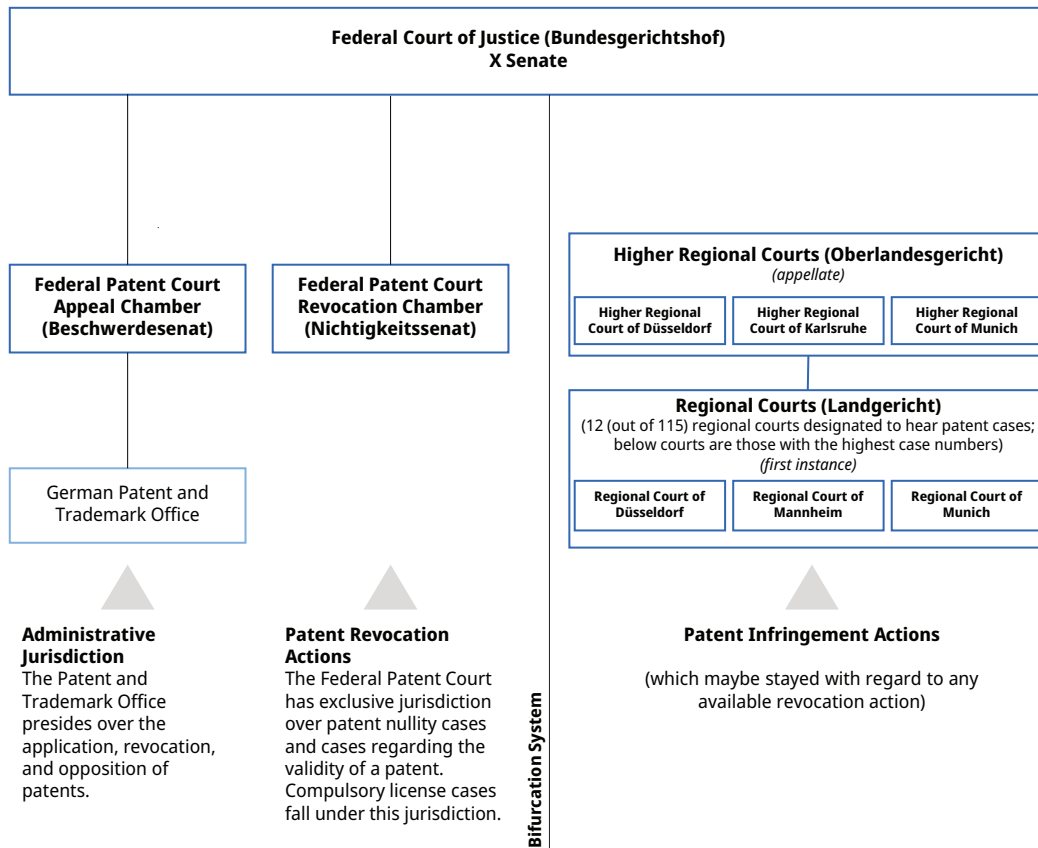
### 5.3.2 Double-track system: patent infringement and patent validity proceedings

One of the distinguishing features of the German patent system is its double-track system: patent infringement and patent validity proceedings are separated.

Infringement proceedings are heard by regional courts in the first instance and can be appealed to higher regional courts and, eventually, if leave was given, to the FCJ. By contrast, nullity actions addressing a patent’s validity must be filed with the FPC, with the FCJ as the appellate court. Only at the FCJ do the separate jurisdictions converge; however, invalidity and infringement proceedings are also heard separately here.

Infringement courts have no jurisdiction to review whether a ground for the revocation of the patent-in-suit is given. Rather, the infringement court is bound by the grant of the patent.

<sup>10</sup> The Regional Court of Munich just recently introduced a third chamber, which commenced work on Aug. 16, 2021.

**Figure 5.2 The judicial administration structure in Germany**

Consequently, the defense of invalidity is not admitted in infringement proceedings as it is in other jurisdictions. However, the infringement court has discretion to stay infringement proceedings in view of a pending nullity action before the FPC or an opposition proceeding pending before the German PTO or the EPO. Commonly, defendants in an infringement litigation will file nullity proceedings at the same time as their statement of defense. This allows them to request a stay of the infringement proceedings.

In the first instance, a stay is generally only issued if there is a high likelihood that the patent-in-suit will be invalidated in the opposition or nullity proceedings. This legal standard is applied with varying degrees of strictness by the regional courts, some of which follow a slightly more generous approach regarding the stay of proceedings than others. If infringement proceedings are stayed, the stay generally lasts until the first-instance decision in the nullity proceedings or the opposition proceedings is handed down.

If infringement proceedings are not stayed, this leads to comparatively speedy infringement proceedings, with a first-instance decision within 8 to 20 months, depending on the complexity of the case and the current workload of the respective regional court.<sup>11</sup> Conversely, the stay of proceedings can prevent the plaintiff from enforcing their patent for a considerable period, as in nullity proceedings, where a first-instance decision can typically only be expected within 15 to 30 months. The situation (often referred to as an “injunction gap”) puts plaintiffs at an advantage: the plaintiff can enforce a first-instance injunction (if a security bond is provided) before there is a decision on the patent’s validity.

In this respect, the up-front preliminary opinions of the FPC given under Section 83(1) of the Patent Act<sup>12</sup> in writing early in nullity proceedings play an important role in the infringement

11 As of Oct. 2021, a first-instance decision could be expected within 12–20 months in cases pending at the Regional Court of Düsseldorf, in 8–18 months for cases pending at the Regional Court of Mannheim and in 8–20 months for cases at the Regional Court of Munich I.

12 Patentgesetz (Patent Act), Dec. 16, 1980, BGBl I at 1, amended by the Act of Oct. 8, 2017, BGBl I at 3546, art. 4, [www.gesetze-im-internet.de/englisch\\_patg/index.html](http://www.gesetze-im-internet.de/englisch_patg/index.html)

court's exercise of discretion as to whether to stay the infringement proceedings. If the FPC indicates in such a preliminary opinion that it tends to consider a patent not to be valid, the infringement court will usually stay proceedings. In the future, the lack of synchronization between infringement and validity proceedings may be further mitigated, as Section 83(1) of the Patent Act has been amended recently<sup>13</sup> to stipulate that the FPC should issue a qualified opinion within six months after service of the action.

## 5.4 Patent invalidity proceedings and invalidity grounds

### 5.4.1 First-instance proceedings

#### 5.4.1.1 Court

The revocation action is not to be filed with the infringement court but with the FPC based in Munich. The FPC has a total of 25 panels, seven of which are nullity senates concerned with patent revocation proceedings. Each panel has a focus on particular technical areas, and, therefore, revocation actions are assigned to the respective panel based on the technical field of the patent-in-suit.

#### 5.4.1.2 Admissibility

The threshold for filing an admissible revocation action against a German patent is rather low.

##### 5.4.1.2.1 Form and timing

The revocation action must be in German (Section 126 of the Patent Act)<sup>14</sup> and be filed in writing or as an electronic document using the communication methods provided by the FPC. If the patent-in-suit is a European patent that was filed and granted in another official language (e.g., English or French), a German translation should be provided. Translations of prior art references in English need not be filed in the first instance, but the FCJ usually requests German translations of the pertinent references on appeal. The claimant's request may be for revocation of the patent either in its entirety or a part thereof.

With regard to the timing of a revocation action, Section 81(2) provides for a restriction: a revocation action cannot be filed as long as a notice for opposition can be filed with the respective patent office or as long as opposition proceedings are pending before the patent office. If a revocation action is nevertheless filed, it is rejected as inadmissible.

Besides this, there is no deadline or other timewise constraint. A revocation action can even be filed against a patent that is no longer in force if the plaintiff can show a special interest in the nullification of the patent. Such interest could, for example, result from the owner of the patent asserting or threatening to assert claims for damages arising from allegedly infringing activities during the lifespan of the patent. Such interest could also arise if the term of the patent lapses in the course of pending revocation proceedings and the plaintiff wants to continue the proceedings.

##### 5.4.1.2.2 Content

Section 80(5) defines the mandatory content of a revocation action: naming the parties of the proceedings (i.e., the plaintiff and defendant), indicating the subject matter of the case, and the facts and evidence in support of the grounds. Moreover, the revocation action must contain a specific motion.

###### 5.4.1.2.2.1 Parties

The defendant is defined in Section 81(1), according to which the revocation action shall be directed against the proprietor of the patent as named in the official register of the German PTO. Even if the register does not reflect recent changes in the ownership of the patent and is thus incorrect, the proprietor of the patent named in the register is still the legitimate defendant. If a plurality of proprietors is named in the official register of the PTO, the action must be directed against all of them.

<sup>13</sup> The Patent Act was amended by the *Zweites Gesetz zur Vereinfachung und Modernisierung des Patentrechts* (Second Act on the Simplification and Modernization of Patent Law), Aug. 10, 2021, BGBl I at 3490. The new sec. 83 of the Patent Act entered into force on May 1, 2022. For its wording see: [www.gesetze-im-internet.de/patg/BJNR201170936.html](http://www.gesetze-im-internet.de/patg/BJNR201170936.html)

<sup>14</sup> In the following text until the end of Chapter V, references to sections without a reference to a particular law refer to the German Patent Act.

With regard to the plaintiff's standing to sue, there are nearly no restrictions. As a general rule, anyone can file a revocation action against a German patent unless the plaintiff has concluded an agreement with the patent proprietor precluding such an attack. If the person interested in the revocation of the patent prefers to remain unknown, the action for revocation can even be filed by a strawman (e.g., a patent attorney), but a strawman is subject to the same legal constraints as the truly interested party. If and when the revocation action is based on usurpation, only the aggrieved person is entitled to file the complaint (cf. Section 81(3)). Said person can, of course, additionally reason the revocation action with other grounds for revocation (e.g., lack of novelty or inventive step). As already mentioned, a further exception applies for a revocation action against a patent that has elapsed when the plaintiff needs to have a special legal interest in the nullification of the patent.

The action for revocation of a patent can also be jointly filed by two or more plaintiffs. If several actions for revocation are pending against the same patent, the proceedings are often merged into one. Furthermore, instead of filing a separate action for revocation, it is also possible for a party to join pending revocation proceedings. A joinder of parties on the plaintiff's side is, however, only possible if the joining party has a special legal interest in joining the proceedings. Such interest could, for example, result from the patent proprietor asserting or threatening to assert the patent against the joining party.

German parties can pursue the proceedings before the FPC themselves: it is not mandatory to be represented by an attorney-at-law or a patent attorney (cf. Section 97(1)). The parties may, of course, choose to be represented by an attorney-at-law or a patent attorney or by another agent. Suitable other agents are defined in Section 97(2), according to which a party can also be represented by its employees or the employees of an affiliate company (Section 15 of the Stock Corporation Act of 6 September 1965),<sup>15</sup> family members of full age, persons qualified to hold judicial offices, and joined parties, if the representation is not linked to a paid activity. Representation by an agent who does not fall within the above categories is not admissible. However, foreign parties must be represented by a patent attorney or an attorney-at-law (cf. Sections 97(1) and 25).

#### 5.4.1.2.2.2 *Motion*

Since the subject matter of a revocation action is the nullification of a patent, the motion must be directed at a specific patent being nullified either in its entirety or partially with regard to certain claims. Other motions – for example, motions requesting that certain features of a patent claim be nullified or that certain clarifying passages be added to the specification of the patent-in-suit – are not admissible.

#### 5.4.1.2.2.3 *Subject matter and facts and evidence supporting the grounds*

In the grounds of the revocation action, the plaintiff must set out the reasons for which the patent-in-suit is to be revoked either entirely or partially. This does not only require naming a reason for revocation (e.g., lack of novelty, lack of inventive step, added subject matter, or sufficiency) but also requires detailed argumentation. The plaintiff must detail why a certain claim of the patent-in-suit lacks, for example, novelty or inventive step over a certain piece of prior art. This includes identifying a specific passage of the prior art document for each of the claim's features. Similarly detailed argumentation is also required for the other grounds for revocation. It is not sufficient to submit a number of prior art documents accompanied by the general statement that the patent lacks novelty or inventive step in view of those documents.

#### 5.4.1.2.2.4 *Security bond*

If the plaintiff does not live in or has their place of business in a member state of the EU, in a contracting party to the Agreement of the European Economic Area or in a state where, due to international treaties, no such security deposit may be requested, the defendant may request that the court order the plaintiff to submit a security bond that covers the costs of the proceedings. The rationale behind this is to ensure that the defendant is reimbursed the costs of the proceedings if the plaintiff must bear the costs of the proceedings after the action for revocation is dismissed. Without a security bond, the defendant would need to enforce its claim for reimbursement abroad, which may be very time-consuming and costly.

<sup>15</sup> [https://www.gesetze-im-internet.de/englisch\\_aktg/](https://www.gesetze-im-internet.de/englisch_aktg/)

Just like infringement proceedings, German revocation proceedings are front-loaded – that is, they are initiated by a written complaint (a revocation action) setting forth in detail why the patent-in-suit is invalid for at least one of the statutory grounds for revocation.

#### **5.4.1.2.3 Front-loaded written proceedings**

Once filed, a revocation action is transferred to the competent board within the FPC. The assignment of cases follows the main IPC class of the patent so as to ensure that technically competent boards deal with the respective actions.

The competent board then checks whether the action meets the formal requirements and, in particular, whether the appropriate court fees have been paid in advance. As these fees directly depend on the estimated value of the matter in dispute, the court also checks the claimant's proposal in this regard, if any, and then preliminarily fixes the value of the matter in dispute by a decision. It may happen that the court disagrees with the claimant's proposal and sets a higher value; in such a case, the claimant must pay the fees accruing from this higher value as well. The court will not process the revocation action until all requisite fees have been paid.

Court fees in German actions for revocation can be quite significant. This is because the value of the matter in dispute is normally assumed to be in the range of EUR 250,000 to EUR 30,000,000, which translates into court fees of about EUR 10,000 to about EUR 545,000. If an infringement action based on the patent-in-suit is already pending, the rule of thumb for calculating the value of the revocation action is the value of the infringement action plus a lump sum of 25 percent for own use and licensing of the patent.

Once the formalities have been checked and the requisite fees have been paid, the revocation action is served on the defendant by the FPC, and the defendant is invited to (formally) respond thereto within a one-month deadline (Section 82). Should the defendant fail to respond in due time, a decision on the action may be taken immediately without oral proceedings, wherein each fact asserted by the claimant is deemed to be proven. If the defendant declares that they will not defend the patent, it must be declared null and void without examination on the merits.<sup>16</sup> If the defendant objects to the revocation action in due time, as is normal, they are usually granted a two- to three-month deadline for filing a fully substantiated defense.

The defendant (patentee) can either defend the patent in full or in an amended (limited) form. The court normally does not consider other claim versions than those defended by the patentee. Similarly, the court can revoke the patent only to the extent requested by the claimant, even if it is convinced that the entire patent is invalid. For the same reason, the defendant can only defend the patent in a limited form to the extent that it has been attacked; nonattacked claims are maintained but must not be amended.<sup>17</sup> This follows from the principle of party disposition in civil proceedings, which also underlies the respective procedural provisions in the Patent Act (Section 99).

Conversely, this principle is overlaid by – and to some extent in tension with – the principle of *ex officio* examination enshrined in Section 87: “The Patent Court shall investigate *ex officio* the facts of the case. It shall not be bound by the factual statements and the requests to take evidence of the parties.” In practice, this means that the FPC can, for example, deem a prior art reference relevant for novelty, even though it was only asserted under lack of inventive step or vice versa. The court may also find a prior art reference on which the claimant has not particularly focused to be highly pertinent. In some past cases, the FPC has even introduced prior art references into the proceedings of its own motion. While this practice has since stopped, the FPC may still draw parties' attention to references reflecting what it deems to have been common general knowledge at the priority day.

#### **5.4.1.2.4 Preliminary evaluation by the court**

Once all parties have had the possibility to submit their observations, the presiding judge of the competent board sets a date for oral proceedings and summons the parties to attend the same.

16 BPatG (FPC), March 5, 2009, 3 Ni 27/08 (EU) (*Oxaliplatin*).

17 BGH (FCJ), March 1, 2017, X ZR 10/15 (*Ankopplungssystem*).



Moreover, the board deliberates on the case and issues a first communication. According to Section 83(1), the purpose of this communication is merely

to draw the attention of the parties to matters which are likely to be of particular importance for the decision or which are conducive to concentrating the hearing on the issues essential for the decision. Such indication is not required if the aspects to be discussed appear obvious from the arguments of the parties.

In practice, however, the communication represents a reasoned preliminary opinion on the merits of the revocation action, which is already a fairly good indicator of the final outcome in most (but not all!) cases. This preliminary opinion is binding for the court insofar that deviating from it requires the issuance of a further preliminary opinion, either in writing or orally at the hearing. This is to prevent any surprising outcome for the parties and to safeguard the losing party's right to be heard.<sup>18</sup>

According to Section 83(1), the board's communication, including its preliminary opinion, should be issued within six months after service of the revocation action. In preparation of the preliminary opinion, the court may set a deadline for the final submissions of the parties. In pending infringement proceedings, the infringement court should also be provided with the preliminary opinion. The rationale behind this statutory provision is to safeguard that the FPC's preliminary opinion on the validity of the patent-in-suit can be taken into consideration by the infringement court in deciding whether the infringement proceedings should be stayed.

#### **5.4.1.2.5 Written statements**

In accordance with the principle of party disposition, the parties to the proceedings are basically free to file submissions or replies at will, although the court will be entirely satisfied with the revocation action and a reasoned reply and will not invite the parties to file additional observations or requests unless some matters or requests need to be clarified.

However, pursuant to Section 83(2), the board usually sets a deadline for both parties for filing their final submissions and requests when issuing the preliminary opinion. This will normally also be the last chance to introduce auxiliary requests in time. Only if the board, before or at the trial, comes to a view different from what has been held in the preliminary opinion can the party adversely affected by this development be allowed to file a further request. It is at the discretion of the court whether to reject late-filed means of attack or defense, or a further amended version of the patent, if considering these new submissions would necessitate postponing the oral proceedings and if the party has not sufficiently excused the delay (Section 83(4)).

Overall, the written proceedings mainly serve the purpose of preparing the final oral proceedings to the maximum extent possible so that the requests, the means of evidence and the main lines of argumentation have been clarified before the hearing starts. The procedure in writing is open to public file inspection upon request except where the patentee proves a conflicting interest warranting protection (Section 99(3)).

#### **5.4.1.2.6 Auxiliary defense by amendments of the patent**

As mentioned above, a defendant patentee may elect to either defend the patent as granted or in an amended (limited) form. For a limited defense to be successful, it is required that the amendment be admissible as such – that is, that the subject matter of the amended claims does not extend beyond the content of the application as originally filed (Section 21(1)(4)) and that it does not extend the scope of the protection of the patent (Section 22(2)). Moreover, the limited subject matter must meet the patentability and sufficiency requirements (Section 21(1)(1)–(2)). The admissibility of the amendment and its compliance with the other requirements of the Patent Act are examined in the revocation proceedings. Thus, no separate proceedings for amendment or limitation need to be initiated.

In addition, the defendant (patentee) in a German revocation action has the option of a staggered defense. They may defend the patent-in-suit in the form of a main request (e.g., patent as granted or a limited version thereof) and one or several auxiliary requests presenting further limited sets of claims. This is quite similar to the procedure in German and EPO opposition

<sup>18</sup> BGH (FCJ), Dec. 20, 2011, X ZB 6/10 (*Installiereinrichtung II*).

proceedings. To the extent that the defendant does not defend certain claims against the revocation action, those claims are to be revoked without examination on the merits.<sup>19</sup>

The patentee is not limited in their defense to a subset of the claims as granted but may also amend the claims by including features from the description. The only limitation is the prohibition of adding matter (Section 21(1)(4)) and expanding the scope of the patent (Section 22(1)), which also excludes replacing the claimed subject matter by an *aliud*. Conversely, when resorting to an example or a particularly preferred embodiment disclosed in the description of the patent application as the basis for an amendment, the patentee is usually not obliged to include all features of this example or preferred embodiment in the claim. This is as long as the features taken from the example or embodiment were disclosed as belonging to the invention as originally disclosed and contribute to the claimed solution.<sup>20</sup>

As a lack of clarity is no ground for revocation, claims that are attacked merely for this reason must be maintained as they are and cannot be amended. Even in the case of a limited defense by the patent proprietor in revocation proceedings, an examination of the clarity of the limited patent claim is not admissible, at least to the extent that the presumed ambiguity was already contained in the granted claims.<sup>21</sup>

The declaration that the patent is only defended in a limited form, or any auxiliary requests, do not need to be filed immediately when submitting the substantiated response to the revocation action, even though this is highly recommended to streamline proceedings and to assist the court in drafting a meaningful preliminary opinion (see above at 5.3.2). As a ground rule, it is advisable for the parties to front-load their complete cases in the first instance, similar to EPO opposition proceedings. The court may reject amendments filed after the expiration of a term set by the court under Section 83(4).

The FPC does not examine the unity or convergence of auxiliary requests. Furthermore, the FPC is not bound to examine the different auxiliary requests in the order used by patentee, but it will usually follow that order.

If the defendant (patentee) admissibly limits the patent of their own volition and the claimant withdraws the request for revocation to this extent, the patent is maintained in part based on said limitation, and declared null and void to the extent that it extends beyond this limitation, without further substantive examination. This may be one way for parties to settle the lawsuit, although the much more frequently used method to end revocation proceedings is by a withdrawal of the revocation action by the claimant. Such a withdrawal has immediate effect, even on appeal, and does not require the patentee's consent.<sup>22</sup> The patent is then maintained as granted.

#### 5.4.1.2.7 Oral hearing

The final hearing concluding revocation proceedings follows a certain structure. First, the presiding judge opens the proceedings and checks the attendance of the parties and of the witnesses and so on, if any. Then, the value of the matter in dispute is finally set after having given all parties an opportunity to comment. Often, the court gives a reasoned indication based on the submissions of both parties and possibly also on general knowledge. This indication is then briefly discussed and usually accepted by the parties.

The presiding judge may then try to explore possibilities for settlement. Where appropriate, the court tries to "catalyze" such an agreement or may even gently push the parties to agree. The representatives are therefore expected to discuss the possibilities of a settlement with their respective clients before the hearing.

If no settlement is achieved, the presiding judge confirms and records the parties' motions. Then they (or the reporting judge in exceptional cases) present the essential content of the files and explain the court's provisional assessment of the case. This is followed by the parties' pleadings and a discussion of the case (Section 91(1)). Judges may ask questions to the parties and

19 BGH (FCJ), Dec. 19, 2006, X ZR 236/01, 2007 IIC 479 (*Carvedilol II*).

20 BGH (FCJ), Sep. 11, 2001, X ZB 18/00 (*Drehmomentübertragungseinrichtung*).

21 BGH (FCJ), Oct. 27, 2015, X ZR 11/13 (*Fugenband*), 2016 IIC 727.

22 BGH (FCJ), June 22, 1993, X ZR 25/86 (*Hartschaumplatten*).

occasionally avail themselves of this opportunity. Depending on the complexity of the case, the debate (including breaks) may take up to one full day.

The hearing is public (Section 69) except in extremely rare cases where the public is excluded from the proceedings at the request of one of the parties because the public nature of the proceedings threatens to endanger any interests of the requestor that warrant protection. Pursuant to Section 92, minutes of the hearing (including the taking of any evidence) are taken, but there is no transcript of the hearing. The minutes are often quite brief, though this varies from board to board.

After the parties have been heard and the case has been exhaustively discussed, the presiding judge closes the oral hearing, and the court retires for deliberation. The board may decide to reopen the hearing after deliberation or may proceed with giving the decision. Alternatively, the court may set a date for giving the decision (Section 94). It may also serve the decision on the parties rather than giving the decision orally in session. In practice, the FPC announces its decision most of the time on the same day after deliberation.

#### **5.4.1.2.8 Decision**

Pursuant to Section 84(1), the decision on the revocation action is rendered in the form of a judgment. The judgment normally concludes the dispute in this instance but is appealable. The FPC shall make its decision on the basis of its independent conviction gained in light of the results of the proceedings as a whole. The judgment contains the grounds for the decision (Section 93(1)).

The court's judgment has an operative part wherein the patent-in-suit is either declared null and void in its entirety or partially or wherein the revocation action is dismissed. The operative part also contains a decision on the costs of the proceedings. In accordance with Section 84(2) and the applicable rules of the Code of Civil Procedure, the costs will usually be imposed on the losing party to the extent it lost the revocation action unless equity requires otherwise. Finally, the court usually orders that its decision be provisionally enforceable with regard to the costs if the cost creditor provides a security amounting to 120 percent of the amount to which they are entitled. The actual amount of the reimbursable costs is determined in a separate cost-fixation proceeding.

The fully reasoned decision in writing must be delivered within five months of the announcement of the decision. It should provide comprehensible reasoning on all points in dispute that were necessary for the court to arrive at its decision. However, the court does not need to give reasons for each attack or defense raised by one of the parties. For example, the FPC sometimes leaves the question of novelty undecided, even if it was controversial, but invalidates patents for lack of inventive step.

When a parallel decision from an EPO opposition division, a board of appeal or a national court of another EPC country is submitted by one of the parties, German courts are supposed to take note thereof and, as far as relevant for the decision in the case at hand, discuss such a decision as a weighty but not binding authority.<sup>23</sup> Generally, the FPC is relatively little influenced by the outcome of preceding EPO opposition or appeal proceedings or invalidation proceedings in other countries.

#### **5.4.1.3 Evidence**

The FPC may take evidence in oral proceedings pursuant to Section 88(1) of the Patent Act in connection with Section 355(1) of the Code of Civil Procedure. The necessity of taking evidence depends on whether relevant questions of fact that cannot be clarified otherwise are in dispute between the parties. Questions regarding the content or interpretation of the patent or prior art reference, as well as the evaluation of novelty, inventive step, sufficiency of disclosure and added matter, are considered to be legal questions that are not subject to the taking of evidence. Therefore, the taking of evidence before the FPC is the exception rather than the rule, particularly since the court is normally convinced that it has the necessary expertise to deal with all technical questions in dispute. Whether evidence is to be taken is determined by the court *ex officio*.

The type of evidence to be considered particularly includes the hearing of witnesses, experts and parties; inspections; and the consultation of documents. In practice, only experts, inspections and witnesses of fact play some role in revocation proceedings.

23 BGH (FCJ), April 15, 2010, Xa ZB 10/09, 2011 IIC 363 (*Walzenformgebungsmaschine*).

#### 5.4.1.3.1 Experts

According to German civil procedural law, a strict distinction is to be made between experts appointed by the court (according to the procedure stipulated in Sections 402 et seq. of the Code of Civil Procedure) and party experts. Only the former are considered formal “means of evidence” and heard in court, whereas the opinions of the latter are simply assumed to be part of the submissions of the party that files them. Therefore, it is a rare exception for the FPC to interrogate a party expert in oral proceedings, even though it is possible.

If the FPC wants to consult a court expert, it must take a formal decision to this effect after hearing the parties. This normally takes place in the oral proceedings and may significantly extend the duration of the proceedings since an expert must first be identified, appointed and properly summoned. As this is hardly efficient – and, as the technical judges, due to their technical background, understand the technical aspects of the case at issue – appointing a court expert is a very rare event. Nonetheless, a specialist expert may be very helpful and advisable in complex cases or in cases involving new or specialist areas of technology. The FCJ expects the FPC to ensure that its decision is based on adequate technical expertise, either by means of the court’s technical judges or by means of a court-appointed expert.

The remuneration of the court expert (and any witnesses) is governed by Section 128a Patent Act and the Judicial Remuneration and Compensation Act.<sup>24</sup>

#### 5.4.1.3.2 Witnesses

Pursuant to Section 373 of the Code of Civil Procedure, evidence by hearing witnesses shall be offered by naming the witnesses and designating the facts regarding which the witnesses are to be examined. The general rules of taking evidence in revocation proceedings (Section 88(3) of the Patent Act) apply: that is, parties need to be notified of the decision to take evidence and need to have the opportunity to attend the taking of evidence. They are allowed to direct appropriate questions to witnesses or court-appointed experts in the hearing. Witnesses of fact mainly play a role in cases of an alleged public prior use.

#### 5.4.1.3.3 Inspection

Inspection of a model or an apparatus can also serve as a means of evidence. This occasionally plays a role in mechanical engineering cases, particularly if a public prior use of the apparatus is asserted and the exact functionality or composition of the apparatus or parts thereof are in dispute.

#### 5.4.1.4 Access to court files

The parties to the proceedings and third parties may request access to court files. A third party’s request is granted unless a party to the revocation proceedings can show that legitimate confidentiality interests would be affected by allowing a third party’s access to the court files (e.g., owing to commercial or technical aspects or trade secrets). In general, a legitimate interest of a party cannot justify a complete denial of access to the court files, because information that is to be kept confidential is usually only part of specific briefs or passages thereof. Therefore, access to the files is only excluded with regard to the respective specific briefs or respective confidential passages. These will be blackened prior to granting inspection of the files.

### 5.4.2 Grounds for revocation

#### 5.4.2.1 Lack of patentability

Pursuant to Section 21(1), in conjunction with Section 22(1), a German patent shall be revoked or declared null and void if it arises that the subject matter of the patent is not patentable according to Sections 1–5. These sections cover patent eligibility and statutory exclusions (Sections 1, 1a); *ordre public*, the cloning or genetic manipulation of humans, embryos or animals, plant or animal varieties, and methods of treatment of the human or animal body (Section 2); novelty (Section 3); inventive step (Section 4); and industrial applicability (Section 5). The very same applies to the revocation of a European patent with effect in Germany (with regard to the German part), pursuant to Article II(6) of the Act on International Patent Conventions.<sup>25</sup> The subsections can only provide a very brief overview of these issues and will focus on aspects that have arisen in practice.

<sup>24</sup> <http://www.gesetze-im-internet.de/jveg/>

<sup>25</sup> [http://www.gesetze-im-internet.de/intpat\\_bkg/](http://www.gesetze-im-internet.de/intpat_bkg/)

#### 5.4.2.1.1 Lack of patent eligibility

Patents can only be granted for inventions in a technical field (Section 1(1)). The FCJ has defined a technical teaching in patent law as “a teaching to methodically utilize controllable natural forces to achieve a causal, perceivable result.”<sup>26</sup> Later, the Federal Supreme Court put the definition into perspective by stating that the concept of technology must leave room for future developments and therefore cannot be given a final definition.<sup>27</sup> Today, the main applicability of Section 1 is in the field of computer-implemented inventions and business methods. While discoveries, scientific theories, mathematical methods, aesthetic creations, schemes, rules and methods for performing mental acts, playing games or doing business, as well as programs for computers and presentations of information, are specifically excluded from being “inventions” under Section 1, this exclusion only applies to the subject matter or activity “as such” and is generally construed narrowly. For example, the FCJ has decided that a mathematical method can only be considered nontechnical if it has no relation to the specific application of forces of nature in the context of the claimed teaching. Conversely, a sufficient connection to the specific application of forces of nature exists if a mathematical method is used for the purpose of gaining more reliable knowledge about the condition of, for example, an aircraft on the basis of available measured values and influencing the functioning of the system used to determine this condition.<sup>28</sup>

Currently, German courts examine the patentability of computer-implemented inventions and business-method-related patents using the following three-step approach:

1. Is at least part of the application in the technical field? (Section 1(1))
2. Is the subject matter of the patent a computer program as such (or business activity or mathematical method)? (Section 1(3), in conjunction with (4))<sup>29</sup>
3. If the application contains instructions that serve to solve a concrete technical problem by technical means, then examine for novelty and inventive step, but “nontechnical” features are not to be taken into account.

Most computer-implemented invention patents therefore pass the initial hurdle of patent eligibility, but an appreciable number of them fail on the inventive-step hurdle, particularly if the crux of the invention is “only” an improvement in the software or algorithm driving a certain technical system (such as a computer). The German approach is quite similar to the EPO’s “Comvik” approach,<sup>30</sup> and the same applies to the results.

Conversely, German jurisprudence has no problem in patenting inventions that are (mainly) based on the discovery of a natural law, including the biological function of a DNA sequence or the like. The FCJ has decided that a teaching on a technical action that teaches the use of a discovery to bring about a certain success is amenable to patent protection irrespective of whether the teaching contains an “inventive surplus” over and above the purpose-directed use of the discovered natural law. This also applies to the provision of a nucleic acid sequence coding for a human protein.<sup>31</sup>

#### 5.4.2.1.2 Lack of novelty

Section 3 of the German Patent Act substantially corresponds to Articles 54 and 55 of the EPC. An invention is deemed to be novel if it does not form part of the state of the art, which includes all knowledge made available to the public by any means before the date relevant for the priority of the application. Additionally, German, European and international applications with earlier relevant filing dates, and that have been made available to the public only after the date relevant to the priority date of the later application, also count as (fictitious) state of the art but only for the purposes of novelty (Section 3(2) and 4). Novelty of any substance or substance mixture included in the state of the art is not excluded when such is intended for use in a method for surgical or therapeutic application to the human or animal body or for diagnostic methods used on the human or animal body and when its use for such a process is not included in the state of the art (Section 3(3) and (4)).

26 BGH (FCJ), March 27, 1969 –X ZB 15/67, 1970 IIC 136 (*Rote Taube*).

27 BGH (FCJ), May 11, 2000 – X ZB 15/98, 2002 IIC 136 (*Sprachanalyseeinrichtung*).

28 BGH (FCJ), June 30, 2015, X ZB 1/15 (*Flugzeugzustand*).

29 This condition only applies if the teaching does not contain instructions that serve to solve a concrete problem by technical means.

30 EPO, *Case Law of the Boards of Appeal*, I(D)(9.1.3)(b) (9th ed. 2019); G 1/19.

31 BGH (FCJ), Jan. 19, 2016, X ZR 141/13, 2018 IIC 221 (*Rezeptortyrosinkinase 1*) (a decision wherein the U.S. Supreme Court’s approach in *Mayo v. Prometheus*, 566 U.S. 66 (2012) was explicitly rejected).

In view of the identical statutory foundation, German courts have endeavored to bring their case law on novelty into harmony with that of the EPO. As a result, only small differences, if any, are still noticeable from time to time. Following the FCJ's landmark decision in *Olanzapin*<sup>32</sup> it is now established case law that a (prior art) disclosure may also include that which is not expressly mentioned in the patent claim or the description yet is plainly evident, from the point of view of a person skilled in the art, such that they are able to carry out the protected teaching and which therefore does not need to be specifically disclosed but will be "read in." The inclusion of plainly evident subject matter, does not, however, permit that the disclosure be supplemented by expert knowledge. Instead, it only serves the purpose of full ascertainment of the content and its meaning – that is, the technical information, which the skilled reader will infer from the source against the background of their expert knowledge.<sup>33</sup>

A particularly interesting pair of decisions on the scope and boundaries of implicit disclosure in an Article 54(3) (fictitious) prior art document are the FCJ's two decisions on a patent pertaining to a method of separating therapeutic blood-clotting proteins from human or animal plasma. In the first decision, the patent was maintained because the critical prior art document was found not to have implicitly disclosed a final lyophilization step, even though such a lyophilization step was considered as the "means of choice" and might "in most cases be nearly indispensable."<sup>34</sup> However, the FCJ found in this decision that the skilled person also had alternative means at their disposal to make a Factor VIII concentrate suitable for therapeutic use. The revocation action was, therefore, finally dismissed. However, an affiliated company of the claimant in the revocation action [hereinafter claimant], which the patentee had also sued for patent infringement, filed another revocation action based on the same ground and prior art reference. This time, the claimant succeeded on appeal, and the patent was declared null and void for lack of novelty.<sup>35</sup> The FCJ found that the alternative it had recognized in its first judgment – filling the preparation into ampoules – was, in fact, no "alternative" but a preparatory step for the subsequent lyophilization, which was the common means at the priority date to secure a long-term therapeutic use. If it is apparent to a person skilled in the art, from the description of a process for the production of a protein concentrate suitable for therapeutic use, that further process steps are required to bring about therapeutic usability, then the measure that was the means generally used in practice at the priority date to achieve this goal is covered by the disclosure content of the publication.

#### 5.4.2.1.3 Lack of inventive step (obviousness)

Pursuant to Section 4 of the Patent Act and Article 56 of the EPC, an invention is deemed to involve an inventive step if it is not obvious to a person skilled in the art from the state of the art. While the applicable statute is the same, the methodology for determining inventive step greatly differs between the EPO and the German courts. In particular, the German courts do not apply the EPO-specific problem–solution approach.

The starting point for evaluating inventive step, according to German jurisprudence, is any reference(s) that a skilled person would find realistic *ante inventionem*; there is no preference for a "closest prior art." However, the choice of the starting point(s) should be justified.<sup>36</sup>

The problem underlying the invention should likewise not be defined by merely determining the difference between the invention and the closest prior art, because this would again be hindsight. Sometimes, it is plausible that the skilled person would have solved this problem; sometimes, the problem construed that way may be artificial. Generally, the German courts strive to define the problem in general and realistic terms and without hints to its solution.<sup>37</sup> It is true, though, that the formulation of the problem is of relatively little impact on the final and determinative question of obviousness. The problem stated in the patent is not always relevant for the evaluation of obviousness; a different problem may also have suggested its solution to the skilled person.<sup>38</sup>

German case law on obviousness is both voluminous and complex and cannot be discussed in depth in a treatise like the present one. Particularly in chemical and biotechnology cases, the

32 BGH (FCJ), Dec. 16, 2008, X ZR 89/07, 2009 IIC 596.

33 BGH (FCJ), Dec. 16, 2008, X ZR 89/07, 2009 IIC 596.

34 BGH (FCJ), July 13, 2010, Xa ZR 10/07 (*Proteintrennung*).

35 BGH (FCJ), March 18, 2014, X ZR 77/12, 2015 IIC 473 (*Proteintrennung II*).

36 BGH (FCJ), June 18, 2009, Xa ZR 138/05 (*Fischbissanzeiger*); *Olanzapin*, X ZR 89/07.

37 BGH (FCJ), Jan. 13, 2015, X ZR 41/13, 2015 IIC 720 (*Quetiapin*).

38 BGH (FCJ), March 1, 2011, X ZR 72/08. (*Kosmetisches Sonnenschutzmittel III*).

criterion of a reasonable expectation of success has recently been applied several times.<sup>39</sup> Generally, a finding of obviousness requires that a skilled person *would* have arrived at the invention rather than that they merely *could* have done so,<sup>40</sup> which means that the relevant state of the art must have contained a teaching, suggestion or motivation for arriving at the invention. Exceptionally, a person skilled in the art may also have reason to use, for solving the problem, a means that belongs to general technical knowledge and that could be considered for a multitude of applications. This requires that the use of the means is objectively suitable for solving the problem due to its functionality and that there are no special circumstances that make its use seem impossible, difficult or otherwise impractical from a technical point of view.<sup>41</sup> The burden of proof for all these requirements is on the claimant.<sup>42</sup> Secondary indicia may neither substantiate an inventive step nor replace a critical examination thereof.<sup>43</sup>

#### 5.4.2.1.4 Others

Other grounds covered by lack of patentability – such as a lack of industrial applicability (Section 5), violation of *ordre public* (Section 2), exclusion of plant and animal varieties (Section 2a(1)(1)), exclusion of methods for the surgical or therapeutic treatment of the human or animal body (Section 2a(1)(2)) and so on – have played almost no role in practice so far.

#### 5.4.2.2 Insufficient disclosure

A patent must be revoked or declared null and void if it does not disclose the invention in a manner clear and complete enough for it to be carried out by a skilled person (Section 21(1)(2), in conjunction with Section 22). Invalidations of patents in their entirety for this reason are fairly rare in Germany, where relatively high levels of skill are imputed to the skilled person, and it is recognized that one way to practice the invention is generally sufficient, even if many other ways that fall under a generic expression in a claim do not work.<sup>44</sup> Also, broad functional claims (reach-through claims) have been approved by the FCJ in one case,<sup>45</sup> contrary to the practice before the EPO. The FCJ's generosity reaches certain limits in the case of claims containing open ranges that generalize the subject matter beyond the invention's contribution to the state of the art.<sup>46</sup> The degree of generalization that is permissible in this context depends, in each individual case, on whether the protection afforded by the respective version of the claim is within the scope of what, from the point of view of a person skilled in the art, can be inferred from the patent, taking into account the description and the embodiments contained therein, as the most general form of the technical teaching by which the problem underlying the invention is solved.<sup>47</sup>

#### 5.4.2.3 Usurpation

According to Section 21(1)(3), a patent shall also be revoked if the essential contents of the patent have been taken from the descriptions, drawings, models, appliances or equipment of another or from a process used by another without the consent of said person (usurpation). However, this ground for revocation plays no role in practice since, in the case of usurpation, the entitled owner may also demand that the patentee assigns the patent to them (Section 8), and this is usually the more attractive means of redress.

#### 5.4.2.4 Added matter

Section 21(1)(4), in conjunction with Section 22(1), stipulates that the patent shall be revoked or declared null and void if the subject matter of the patent extends beyond the content of the application as originally filed. Thus, the applicable provisions on added matter correspond to those enshrined in Articles 123(2), 100(c) and 138(1)(c) of the EPC.

Therefore, the jurisprudence of the German courts on added matter is, by and large, consistent with the EPO's jurisprudence. In particular, both German and EPO decisions frequently refer to the "gold standard" for added matter, which is whether the amendments are directly and

39 BGH (FCJ), May 15, 2012, X ZR 98/09 (*Calcipotriol*); BGH (FCJ), April 16, 2019, X ZR 59/17 (*Fulvestrant*).

40 Established case law, cf., e.g., BGH (FCJ), April 30, 2009, Xa ZR 92/05, 2010 IIC 231 (*Betrieb einer Sicherheitseinrichtung*); BGH (FCJ), Jan. 21, 2020, X ZR 65/18 (*Tadalafil*).

41 BGH (FCJ), March 11, 2014, X ZR 139/10 (*Farbversorgungssystem*).

42 BGH (FCJ), Sep. 26, 2017, X ZR 109/15 (*Spinfrequenz*).

43 BGH (FCJ), July 30, 2009, Xa ZR 22/06, 2010 IIC 468 (*Dreinahtschlauchfolienbeutel*).

44 BGH (FCJ), May 3, 2001, X ZR 168/97 (*Taxol*).

45 BGH (FCJ), Sep. 11, 2013, X ZB 8/12, 2014 IIC 700 (*Dipeptidylpeptidase-Inhibitoren*).

46 BGH (FCJ), Feb. 25, 2010, Xa ZR 100/05 (*Thermoplastische Zusammensetzung*).

47 BGH (FCJ), March 12, 2019, X ZR 32/17 (*Cer-Zirkonium-Mischoxid I*).

unambiguously derivable from the application as filed.<sup>48</sup> Nonetheless, the concept of “direct and unambiguous” disclosure in Germany is interpreted more broadly and seeks to avoid unduly limiting the applicant or patentee in exhausting the disclosure content of either the application as filed or the priority application, if priority is at stake.<sup>49</sup> Moreover, German courts spend considerable effort to carefully construe the claimed subject matter, sometimes even against its literal wording, when it results from a description that two terms in the claims are to be substituted for each other, which may help against an added-matter attack.<sup>50</sup>

Under German case law, not only the original claims and the general description but also the examples and drawings can, in principle, be used as the basis for an amendment, since they are considered part of the application’s disclosure. The main question to be asked is whether the feature to be included in the claim can be seen as a possible embodiment of the invention. Therefore, an amendment made by taking one feature from an example, rather than limiting the claim to the example as a whole, is allowable as long as it appears from the patent claim or the application as filed that the new combination of selected features is a possible embodiment of the invention.<sup>51</sup> The same test is applied in cases of generalizations from drawings.

The FCJ’s jurisprudence is certainly much less formalistic compared to the EPO when it comes to limitations from numerical ranges in the application as filed. A numerical range is generally considered to disclose all possible intermediate values between the lower and upper limit – that is, every value and subrange within that range is equally disclosed.<sup>52</sup> The FCJ is also less formalistic than the EPO when it comes to admitting disclaimers and has found a pragmatic solution for cases in which a patent application has been limited by an unallowable amendment during prosecution and is attacked later in opposition or revocation proceedings. While, in the EPO, this situation may put the patentee in an “inescapable trap,” where no option remains that ensures compliance with both Article 123(2) and 123(3) of the EPC, German jurisprudence still offers a solution: if the insertion of a feature that has not been disclosed in the application as filed results in a mere restriction of the protected subject matter, then the feature in question can remain in the claim but may not be relied upon in support of patentability.<sup>53</sup> If, by contrast, the inserted feature deals with an aspect that has not been disclosed in the application as being part of the invention at all (*aliud*), the patent must be revoked or declared null and void.<sup>54</sup>

### 5.4.3 Appeal proceedings

#### 5.4.3.1 Court

An appeal against a judgment in revocation proceedings is to be filed with the FCJ. Since the FCJ is also the final instance in the infringement proceedings, it can assure that the patent is interpreted in the same way in infringement and revocation proceedings.<sup>55</sup>

Within the FCJ, the X<sup>th</sup> civil senate is responsible for appeals in revocation proceedings. The X<sup>th</sup> civil senate currently has eight members, all of whom are fully qualified lawyers. Before being promoted to the FCJ, the members of the X<sup>th</sup> civil senate were (presiding) judges either at district courts, courts of appeals or the FPC. Not all members of the X<sup>th</sup> civil senate are involved in every case. Cases are handled by a panel of five judges: the presiding judge or their deputy, and four associate judges one of whom is the reporting judge (the judge who is mainly responsible for handling the case prior to the oral hearing).

#### 5.4.3.2 Limited de novo appeal

The purpose of appeal proceedings is not to reevaluate all facts and legal arguments brought forward in the course of the first instance. Therefore, experts or witnesses are rarely heard by the FCJ. The appeal proceedings are instead directed at evaluating whether the judgment of the FPC was based on a violation of federal law or if facts that are to be considered by the FCJ justify a different decision (cf. Section 111(1)). The latter aspect is the limiting factor: the basis of the FCJ’s

48 G 2/10.

49 BGH (FCJ), Feb. 11, 2014, X ZR 107/12, 2015 IIC 590 (*Kommunikationskanal*).

50 BGH (FCJ), May 12, 2015, X ZR 43/13, 2016 IIC 354 (*Rotorelemente*).

51 BGH (FCJ), July 17, 2012, X ZR 117/11, 2013 IIC 464 (*Polymerschäum*).

52 BGH (FCJ), Sep. 15, 2015, X ZR 112/13, 2016 IIC 355 (*Teilreflektierende Folie*).

53 BGH (FCJ), Oct. 21, 2010, Xa ZB 14/09 (*Winkelmesseinrichtung*).

54 BGH (FCJ), June 21, 2011, X ZR 43/09 (*Integrationselement*).

55 BGH (FCJ), June 29, 2010, X ZR 193/03 (*Crimpwerkzeug III*).



decision is, first and foremost, the facts determined in the judgment of the FPC, whereas new facts and new means for challenge and defense (e.g., new evidence, new objections, new interpretations of or new arguments based on prior art documents that are already part of the proceedings) can only be considered to a very limited extent (cf. Section 117).

According to Section 117, which refers to certain provisions of the German Code of Civil Procedure, new means for challenge and defense are only admitted for consideration (1) if they concern an aspect that the FPC had recognizably failed to see or had held to be insignificant, (2) if they were not asserted in the first instance due to a defect in the proceedings, or (3) if their nonassertion in the first instance was not due to the party's negligence. In practice, the last aspect is the most relevant. The standards for showing that the nonassertion of a means for challenge and defense was not due to the party's negligence are rather high. For example, a party that wants to introduce a newly found prior art document in the appeal proceedings must reason why this piece of prior art was not found during the prior art search conducted in (the preparation of) the first-instance proceedings. This reasoning must include a detailed explanation as to the scope and content of said search and as to why the search profile that led to the prior art document had not been chosen back then. Parties are thus forced to carefully consider their position and bring all relevant arguments, as well as their means for challenge and defense already in the proceedings before the FPC, because an argument that has been held back in the first instance may not be considered in the appeal proceedings.

Moreover, Section 117 of the Patent Act and the applicable provisions of the Code of Civil Procedure state the means for challenge and defense that have been correctly rejected by the FPC must also not be considered by the FCJ, and that delayed means for challenge and defense may only be considered if their consideration does not defer the appeal proceedings (e.g., require a postponement of the oral hearing).

Whether or not an amendment of the action or a limited defense of the patent-in-suit with new claims is admissible follows the provisions set forth in Section 116. Admission requires the consent of the opposing party or that the FCJ deems the amendment to be expedient and that the amendment can be based on facts that are to be considered by the FCJ anyway. The threshold for expediency of a limited defense of the patent-in-suit is lower than that of an amendment of the action because the patent proprietor has no second chance to defend the patent-in-suit if it is revoked by the FCJ, whereas the plaintiff may file a new revocation action if the amendment is inadmissible.

#### **5.4.3.3 Representation**

In appeal proceedings before the FCJ, the parties need to be represented by an attorney-at-law or a patent attorney, either of whom may be accompanied by a technical adviser. Unlike in most other proceedings before the FCJ, the parties in patent revocation proceedings on appeal do not need to be represented by an attorney who is admitted to the bar at the FCJ but can choose any attorney-at-law or patent attorney who is admitted to practice in Germany.

#### **5.4.3.4 Course of proceedings**

##### ***5.4.3.4.1 Notice of appeal and statement of grounds for appeal***

The deadline for filing a notice of appeal with the FCJ is one month from the service of the judgment in complete form (and five months following delivery at the latest if the judgment has not been served). The notice of appeal is a short brief whose mandatory content is a declaration that an appeal is being filed and an indication of the judgment against which the appeal is being filed. The mandatory statement of grounds for appeal does not need to be part of the notice of appeal but can be filed in a separate brief within three months from service of the judgment in complete form (and five months following delivery at the latest). Contrary to the deadline for filing the notice of appeal, the deadline for filing the detailed statement of grounds may be extended upon request by one month or, but only with the counterpart's consent, longer.

The statement of grounds must contain a specific motion that sets out to what extent the judgment of the FPC is being contested and the extent to which its setting aside is requested. Moreover, the appellant must specifically deal with the reasoning of the FPC's judgment and set out for which legal or factual grounds the judgment is considered to be incorrect. This requires pointing out that the FPC's judgment violates the law *and* showing that the judgment was based

on this violation of law – that is, that the decision would have been different without the alleged violation of law. Against this background, Section 112(3) states that the statement of grounds must contain the following:

- If a violation of law is alleged, the circumstances from which said violation of the law resulted need to be specified in the statement of grounds. The main scenario for this provision is that the appellant assesses the patent's patentability in the light of the prior art differently than the FPC does. Thus, the appellant must explain why the assessment of the FPC is incorrect and why a correct assessment would result in a more favorable decision. The extent to which the grounds for revocation needs to be discussed depends on the person of the appellant: if this is the plaintiff, they must deal not only with the grounds for revocation discussed in the judgment but also with all other grounds for revocation that have been discussed in the course of the first-instance proceedings and that they want to pursue in the appeal proceedings. If this is the defendant (i.e., the patent proprietor is the appellant), they need deal only with all those grounds for revocation that led to the FPC (partially) revoking the patent.
- If a violation of procedural law is alleged, the circumstances that resulted in said deficiency need to be indicated. For example, if a violation of the right to be heard is alleged because the FPC did not inform the parties that it would no longer follow the assessment set out in the preliminary opinion, the appellant must set out in their statement of grounds for appeal which submission would have been made had they been informed of the change in the FPC's opinion and why due consideration of this submission would have resulted in a more favorable decision.
- Finally, if the appellant wishes to introduce new means of challenge or defense (e.g., new prior art documents), these new means need to be mentioned in the statement of grounds for appeal, and the appellant also must set out why these new means are to be admitted in accordance with Section 111 (cf. Section 5.4.3.2).

#### **5.4.3.4.2 Examination of admissibility and preparation of oral hearing**

If the appeal is an available remedy, the FCJ checks whether the notice of appeal and the statement of grounds for appeal have been filed in due form and within the legal deadlines. If one of these requirements is not met, the appeal is dismissed as inadmissible; otherwise, an oral hearing is scheduled, which is further prepared by written statements from the parties. Following the appellant's statement of grounds for appeal, the appellee can submit a written statement in defense of the FPC's judgment setting out why the appeal should not be successful. Subsequently, further briefs may be exchanged in preparation for the oral hearing.

#### **5.4.3.4.3 Cross-appeal**

If the judgment of the FPC aggrieves both parties, but, at first, only one party appealed the judgment, the other party may file a cross-appeal. The deadline for filing the notice of cross-appeal is either two months from service of the statement of grounds for appeal or within the deadline set for responding to the statement of grounds for appeal. Unlike the notice of appeal, the notice of cross-appeal must include the statement of grounds. The cross-appeal is not an independent remedy and ceases to be effective if the appeal is withdrawn or dismissed.

#### **5.4.3.4.4 Oral hearing and judgment**

If the appeal is not dismissed as inadmissible, an oral hearing will be scheduled, and the parties will be informed of the oral hearing. The law requires that the parties be informed of the date of the oral hearing at least two weeks in advance, but, in practice, the oral hearing is generally scheduled roughly one year in advance. While the parties to infringement proceedings may request that the oral hearing be rescheduled if it is scheduled for July or August, such a possibility is not open to the parties of revocation proceedings, for whom oral hearings may also take place during the summer months.

The law provides for the possibility of dispensing the oral hearing if the parties consent, but this rarely happens. At the beginning of an oral hearing, the presiding judge will summarize the facts of the case and give a preliminary assessment of the case based on the deliberations of the senate that usually take place the day before the oral hearing. This assessment may include open questions on which the panel could not even form a preliminary view. The parties' representatives will then plead their cases, and, depending on the case, there may also be a discussion between the judges and the party representatives about specific technical or legal questions.

In patent revocation appeal proceedings, the oral hearing may also be conducted and a judgment rendered if one party does not appear at the oral hearing. Even if both parties do not appear at the oral hearing, the court may render a judgment.

The FCJ gives its judgment on the basis of the oral hearing, but only after having been extensively briefed by the parties in the written proceedings. Thus, careful preparation of the court by the parties is essential. While the judgment is normally given directly after the oral hearing and deliberations, the court may also set a date a few weeks after the oral hearing for giving the judgment.

The appeal is dismissed if the judgment of the FPC is found to be correct or if its reasoning contains a violation of law but is correct for other reasons. If the appeal is deemed to be well founded, the judgment of the FPC is set aside or amended. The FCJ may remit the case to the FPC for new proceedings and a new decision, in which the FPC is bound to the legal assessment that led to the judgment being set aside. However, the FCJ may decide itself, if this is expedient,<sup>56</sup> and it must decide if the case is ready for a final decision. In practice, the FCJ almost always decides the case finally and does not remit it to the FPC.

The judgment of the FCJ needs to be reasoned. Only to the extent that the FCJ considers alleged violations of procedural law not effective, a reasoning is not necessary.

The judgment also contains a decision on the costs of the proceedings. Moreover, the FCJ must set a value in dispute. With regard to the setting of the value in dispute and the costs, the considerations set out above in the context of the first-instance proceedings apply accordingly (cf. Section 5.4.1.2.3 with regard to the determination of the value in dispute). In appeal proceedings before the FCJ, the court fees and the attorneys' fees, which both are calculated according to a statutory schedule of fees, are significantly higher than those for the first-instance proceedings.

## 5.5 Patent infringement

### 5.5.1 Claim construction

According to Section 14 of the Patent Act and Article 69 of the EPC, the scope of protection of a patent is determined by the patent claims, whereby the description of the patent and (if available) the drawings are considered for the interpretation of the claims. Different from other jurisdictions, it is not admissible to use the files of a grant procedure as interpretation material. Conversely, prior art mentioned in the description of the patent can be used for interpretation purposes as well as opposition or nullity decisions.<sup>57</sup>

Patents are construed from the perspective of the so-called average person skilled in the art on the filing date or priority date of the patent. The person skilled in the art is defined as an imaginary person with professional training or qualifications (e.g., a skilled worker, master or engineer) and practical experience of the kind usually gained by those who have worked in the operational or industrial practice of relevant companies in the field to which the teaching of the patent belongs.

Patent protection cannot be derived from the patent description or the drawings alone: a technical teaching that is exclusively described there (both in terms of an extension or a limitation of the claim) but that is not reflected in the patent claims is not covered by the patent.<sup>58</sup> Conversely, the claim must always be interpreted, not only if the wording of the claim is unclear, to determine the technical meaning associated with the wording of the claim.<sup>59</sup> This is mandatory for the simple reason that the patent specification is its own dictionary for the terms used in it, and, therefore, only by referring to the description can information be gained about what the claim means and intends to protect with a certain wording.

<sup>56</sup> E.g. when the FCJ comes to the result that the case is best handled if expert evidence is taken by the court itself rather than remitting the case to the FPC.

<sup>57</sup> BGH (FCJ), May 5, 1998 - X ZR 57/96 (*Regenbecken*).

<sup>58</sup> BGH (FCJ), April 17, 2007, X ZR 72/05 (*Ziehmaschinenzugeinheit*); BGH (FCJ), Sept. 7, 2004, X ZR 255/01 (*Bodenseitige Vereinzelnungseinrichtung*); BGH (FCJ), May 10, 2016, X ZR 114/13 (*Wärmetauscher*).

<sup>59</sup> BGH (FCJ), Oct. 27, 2015, X ZR 11/13 (*Fugenband*); BGH (FCJ), May 12, 2015, X ZR 43/13 (*Rotorelemente*).

In principle, the claim, description and drawings form a coherent unit and must be interpreted in a way such that contradictions do not arise unless contradictions are irreconcilable, in which case the patent claim prevails over the description or the drawings. Embodiments mentioned in the description must therefore give reason to ask whether it is possible to interpret the features of the main claim such that all variants described as being in accordance with the invention are also covered by the wording of the claim. Only if such an interpretation is precluded by the specific wording of the claim is there room for an interpretation that an embodiment disclosed in the description is not covered by the claim. However, such cases are rare exceptions.<sup>60</sup>

Furthermore, the technical meaning or function of the individual feature and the extent to which it contributes to the invention laid down in the patent claim (a so-called functional interpretation) should always be considered.<sup>61</sup> However, in the case of spatially, physically or substance-defined features, this should not be reduced to the mere function of the feature. Rather, the feature should be interpreted in a sense that is consistent with the spatially, physically or substance-defined nature of the feature.<sup>62</sup> The function-oriented interpretation may exceptionally give rise to a situation wherein the meanings of terms used in different contexts in the patent claim do not necessarily mean the same thing but are instead defined according to the technical functions given by each individual context.<sup>63</sup> This may also result in a feature having different content than the corresponding feature in another publication in the state of the art.<sup>64</sup>

In addition, it must also be ensured that the wording of the claim is fully understood and that the necessary infringement argument is therefore also made with regard to those implicit features that follow only indirectly from the other features of the claim. The following aspects also need to be taken into account when interpreting the features of the claim:

- References in the claim do not limit the protection to an exemplary embodiment.
- It cannot be concluded from the absence of a feature in a drawing (that it is part of the technical teaching) that the feature in question is not present.
- A claim feature may merely express a technical matter of course for the skilled person in the art.
- Features in a patent claim that do not leave any gaps to be filled on the basis of the self-evident knowledge of the average person skilled in the art are to be interpreted in such a way that, from the entirety of the claim features, a suitable subject matter for the purposes of the invention results.
- Most often, the term “in particular” introduces an optional feature. However, this might not be the case when the text following the phrase contains an exemplary concretization of a more general feature that has been mentioned in advance.
- The terms “contains” and “comprises” allow additional components besides those explicitly mentioned in the claim; the terms “consists of” and “is composed of” are to be understood as an exhaustive list such that no additional components are allowed.
- The designation of a component in the plural may suggest the possibility of the use of a generic designation; however, this only applies if there are positive indications in the description that an object with the component as singularly designated is also intended to be in accordance with the invention.
- An obviously false designation (*falsa demonstratio*) in the claim may be corrected based on the description and the drawings.
- Patents need to be interpreted by considering the description and the drawings. It should not influence the interpretation of the patent claim whether this results in an inadmissible extension patent beyond the content of the application. Patent interpretation and added matter are two different issues that should not be mingled.<sup>65</sup> The same is true with regard to patentability: a patent should not be interpreted narrowly just because that would allow its delineation from prior art.

60 BGH (FCJ), June 2, 2015, X ZR 103/13 (*Kreuzgestaenge*).

61 BGH (FCJ), Feb. 12, 2009, Xa ZR 116/07 (*Traegerplatte*).

62 BGH (FCJ), June 14, 2016, X ZR 29/15 (*Pemetrexed*).

63 Oberlandesgericht Düsseldorf (OLG Düsseldorf) (Higher Regional Court of Düsseldorf), Jan. 29, 2015, I-2 U 28/13.

64 *Polymerschaum*, X ZR 117/11.

65 *Polymerschaum*, X ZR 117/11.

## 5.5.2 Infringement analysis

### 5.5.2.1 Direct patent infringement

The patent owner generally has an exclusive right to use the invention. Which specific acts are prohibited to third parties depends on whether a product or a method is protected. The different acts that constitute a direct patent infringement are set out in Section 9.

In terms of product claims, third parties are not entitled to manufacture, offer, put on the market or use a product that is the subject matter of the patent. Moreover, they are not entitled to import or possess such a product for the aforementioned purposes (Section 9 no. 1). "Manufacture" covers the entire creation process of the product, not only the final step.<sup>66</sup> The manufacturer of individual parts could also be considered the manufacturer of the overall product if the manufacturer supplies the individual parts to a third party that assembles them into the protected overall product.<sup>67</sup> An offer is any act by which the product is made available to third parties. It does not need to be an offer for a contract but could also be a mere (internet) advertisement.<sup>68</sup> The offered product does not need to be manufactured or brought within the territory of Germany. However, the mere transit of infringing products does not constitute an act of infringement in Germany.

In terms of process claims, a third party is not entitled to use, or offer for use, a process that is the subject matter of the patent if the third party knows or if it is obvious from the circumstances that use of the process is prohibited in the absence of the consent of the proprietor of the patent (Section 9 no. 2). A use of a process requires, in principle, that all the steps of the method are carried out within Germany. However, if the method is carried out partly within Germany and partly abroad, the method claim could nevertheless be infringed. This would require that the method steps carried out abroad can be attributed to the person who carried out the method steps within Germany.<sup>69</sup>

Furthermore, a third party is not entitled to offer, place on the market or use a product that is produced directly by a process that is the subject matter of the patent, or to either import or possess such a product for the aforementioned purposes (Section 9 no. 3). This refers to a product obtained directly by the process, which is at least the case when the process is not followed by any further processing or treatment operations. According to case law, however, the process does not need to be the last step in any case, but the decisive fact is whether the further-treated product obtained by the patented process maintains its characteristics.<sup>70</sup>

### 5.5.2.2 Indirect patent infringement

According to the concept of indirect infringement, any party is prohibited, in the absence of the consent of the proprietor of the patent, from supplying or offering to supply, within Germany, persons other than those entitled to exploit the patented invention with means relating to an essential element of the invention for use within Germany if the third party knows or if it is obvious from the circumstances that those means are suitable and intended for using that invention (Section 10(1)). Typical cases of indirect patent infringement are, for example:

- the offer and supply of a device with which a patented method can be carried out;<sup>71</sup>
- the offer and supply of a component of a device that can be combined with other components to form the complete patented combination; and
- the offer and supply of a machine with which a patented device can be manufactured.

The offered or supplied means must relate to an essential element of the patented invention. According to the case law of the FCJ, such a means relates to an element of the invention if it is capable of interacting with the element of the invention realizing the invention.<sup>72</sup> If the means are mentioned in the patent claim, they are generally considered to relate to an essential element of the invention.

66 BGH (FCJ), June 15, 1951, I ZR 59/50 (*Mülltone*).

67 BGH (FCJ), May 14, 2019, X ZR 95/18 (*Schutzverkleidung*).

68 BGH (FCJ), May 16, 2006, X ZR 169/04 (*Kunststoffbügel*).

69 OLG Düsseldorf (Higher Regional Court of Düsseldorf), Dec. 10, 2009, I-2 U 51/08 (*Prepaid-Telefonkarte*).

70 OLG Karlsruhe (Higher Regional Court of Karlsruhe), Jan. 14, 2009, 6 U 54/06 (*SMD-Widerstand*).

71 BGH (FCJ), Feb. 27, 2007, X ZR 113/04 (*Rohrschweißverfahren*); BGH (FCJ), Feb. 3, 2015, X ZR 69/13 (*Audiosignalcodierung*).

72 BGH (FCJ), May 5, 2004, X ZR 48/03 (*Fluegelradzahler*).

The means must be objectively suitable for a direct patent infringement. Thus, if the means are used together with other means or for use of a method, a direct patent infringement must be possible.<sup>73</sup> However, an indirect infringement does not require a direct infringement by the offered or supplied person.

Furthermore, the means must be offered or supplied within Germany,<sup>74</sup> for use in Germany<sup>75</sup> and must be delivered to a person who is not entitled to exploit the invention. Thus, an export of the means would, in principle, not constitute an indirect infringement. However, according to case law, the supply of parts to a person abroad could constitute an indirect infringement if the products containing those parts are reimported to Germany.

The offered or supplied person must intend to use the means in an infringing way, and the person offering or supplying the means must know that the means are suitable and intended for exploiting the invention, or it must be at least obvious to them. If the means could also be used in a noninfringing way, the injunction could be limited to an infringing use, for instance, by way of a specific warning notice.<sup>76</sup> The means must not be generally available commercial products, such as nails or screws, except where the supplier induces the supplied person to use the products in an infringing way (Section 10(3)).

### 5.5.2.3 Infringement by equivalent means

The scope of protection is not limited to literal patent infringement. When an element specified in the patent claim is replaced by a variant, a patent infringement by equivalent means could be considered. According to the case law of the FCJ, three requirements must then be fulfilled:<sup>77</sup>

1. The variant must solve the problem according to the patent with means having essentially the same effect as the element specified in the patent claim.
2. The skilled person must be able, due to their expert skill, to find the variant as having essentially the same effect as the element in the patent claim.
3. The skilled person must be able to find the variant as having the same effect by considerations oriented to the technical teaching protected by the patent claim.

In terms of the first requirement, it is decisive that the overall effects according to the patent – specifically those advantages of the element specified in the claim – are essentially achieved.<sup>78</sup> This requirement is not met if the variant achieves the effects of the element specified in the patent claim only in part. It is also not met if the variant has disadvantageous properties that the embodiment, as specified in the patent claim, does not have or that are to be avoided according to the teaching of the patent claim.

The third requirement is not met if the variant is a technical means that the patent seeks to avoid or a means that the patent-in-suit intends for the same technical effect only in a different context. Furthermore, an infringement is usually excluded if it is clear from the overall context of the patent claim that it is limited to a specific solution. Furthermore, the third requirement is not met if the variant is a means that the patent specification refers to as an alternative to the claimed solution<sup>79</sup> or if the patent specification discloses several possibilities as to how a given technical effect of the invention can be achieved but where only one of these possibilities has been specified in the claim.<sup>80</sup> However, an infringement by equivalent means cannot be denied only because the embodiment claimed by the patent would have been understood by the person skilled in the art as a special application of a more general solution principle with regard to the description or for other reasons even if, on the basis of this knowledge, the person skilled in the art would have been able to find further embodiments corresponding to this solution principle.<sup>81</sup>

73 BGH (FCJ), June 6, 2005, X ZR 247/02 (*Antriebsscheibenaufzug*).

74 In case of an offer, the sending or receiving place of the offer must be in Germany. In case of a supply, the shipment must take place partly in Germany.

75 BGH (FCJ), July 5, 2005, X ZR 14/03 (*Abgasreinigungsvorrichtung*).

76 BGH (FCJ), Jan. 9, 2007, X ZR 173/02 (*Haubenstretchautomat*).

77 BGH (FCJ), March 12, 2002, X ZR 168/00 (*Schneidmesser I*).

78 BGH (FCJ), July 17, 2012, X ZR 113/11 (*Palettenbehälter II*).

79 BGH (FCJ), May 10, 2011, X ZR 16/09 (*Okklusionsvorrichtung*).

80 *Pemetrexed*, X ZR 29/15; BGH (FCJ), Aug. 23, 2016, X ZR 76/14 (*V-förmige Führungsanordnung*).

81 *Pemetrexed*, X ZR 29/15.

Even if the court finds the three requirements to be met, the so-called Formstein defense<sup>82</sup> can be raised. Under this defense, it could be objected that the embodiment making use of the patent by equivalent means is not patentable because it lacks novelty or does not involve an inventive step and that the patent cannot be extended to a nonpatentable subject matter.

### 5.5.3 Defenses

#### 5.5.3.1 Noninfringement

According to a core principle of German procedural law, any allegation made by the plaintiff that is not expressly denied by the defendant is taken as granted. Thereby, both parties need to comply with the procedural obligation for a truthful presentation of facts pursuant to Section 138(1) of the Code of Civil Procedure.<sup>83</sup> The level of substantiation expected from the defendant's explanations depends on the level of substantiation of the plaintiff's allegation. The defendant's burden of proof is higher when the facts concerned are those that only they – but not the plaintiff – have knowledge of. The FCJ has held that the defendant must disclose information on which the plaintiff bears the burden of proof in cases where the relevant information is not accessible to the plaintiff but can easily and reasonably be provided by the defendant.<sup>84</sup> Similarly, on facts that do not concern the defendant's own actions or perceptions, the defendant may contest by “declaring their lack of knowledge” pursuant to Section 138(4) of the Code of Civil Procedure.

Defendants can dispute the description of the attacked embodiment and – if the latter is described correctly – the infringement allegation itself by demonstrating that the attacked embodiment is, in fact, not covered by the scope of protection of the patent. In this case, noninfringement is to be demonstrated on the basis of the relevant limitations.

If the subject matter of the patent is a process for manufacturing a new product, it is deemed that the same product produced by someone else is produced using the patented process until there is proof to the contrary pursuant to Section 139(3). In their noninfringement argumentation, the defendant can demonstrate that the attacked embodiment does not contain elements of the “new product.” They can also demonstrate that their product is manufactured according to a process that differs from the patented process.

#### 5.5.3.2 Right of prior use

Public prior use can be used as novelty-destroying prior art or to demonstrate obviousness in proceedings on the validity of a patent. Private prior use pursuant to Section 12 constitutes a defense in infringement proceedings: “the patent shall have no effect in respect of a person who, at the time the application was filed, had already begun to use the invention in Germany or had made the necessary arrangements for doing so.” Legally, it is a vindicatory defense that resolves the infringement's unlawfulness. It gives the prior user the right to use the invention “for the needs of [their] own business.”

Section 12 has two main requirements: (i) possession of the invention and (ii) use of the invention. Both requirements need to have been fulfilled on the day the application was filed (Section 12(1)) or – if priority is effectively claimed – on the priority date (Section 12(2)). The defendant is said to have “possession” of the invention when they knew what to do in order to carry out the invention completely. The defendant must either have used the invention by, for example, producing, offering or marketing the product or, at least, have made necessary arrangements for so doing. In the latter case, the defendant must additionally show their intention to use the invention.

The scope of the right to private prior use is limited. Territorially, it is limited to the use of the invention in Germany. Personally, the right is limited to the specific company that had possession of the invention and can only be transferred together with that company: it cannot be licensed or sold independently. Further, it is limited to the product used by the defendant on the priority date and does not comprise any products developed from that unless the product used by the defendant before the priority date and the variation used by the defendant after the priority date are mentioned in the patent claim as two equal alternatives of an element, or the variation was self-evident for the person skilled in the art at the priority date.<sup>85</sup>

82 BGH (FCJ), April 29, 1986, X ZR 28/85 (*Formstein*).

83 Zivilprozessordnung (Code of Civil Procedure), Dec. 5, 2005.

84 BGH (FCJ), Sep. 30, 2003, X ZR 114/00 (*Blasenfreie Gummibahn II*).

85 BGH (FCJ), May 14, 2019, X ZR 95/18 (*Schutzverkleidung*).

### 5.5.3.3 Exhaustion, license and compulsory license

The exhaustion defense requires that the patent proprietor or a third party acting with its consent deliberately placed the patented product or the direct product of a patented method on the market in Germany or any state of the European Economic Area.<sup>86</sup> It is sufficient that the product was placed on the market with the explicit or implied consent of the patent proprietor, not necessarily by the patent proprietor themselves.<sup>87</sup> The person acquiring such a product is then free to use it without infringing the patent.

The exhaustion defense relates strictly to the specific product placed on the market with the patent proprietor's consent. This means that the entirety of the patented product needs to have been placed on the market. Exceptions discussed in the literature relate to whether a patent can already be exhausted when the crucial part of the device (e.g., a chip as the crucial part of a phone) is placed on the market, because marketing the part implicitly allows the use in and for the whole device.<sup>88</sup>

For process patents, the patent is not exhausted by, for example, placing on the market a machine that is suitable for the patented process if the machine itself is not protected by the patent.<sup>89</sup>

Section 15(2) stipulates exclusive and nonexclusive licenses. If the alleged infringer demonstrates that the use of the patent is covered by a license, this license constitutes consent regarding the use of the patent, thereby excluding infringement. Section 15(3) protects the rights conferred to the licensee if the patent is transferred to a third party or if a further license is granted.

A license between the patent owner and the alleged infringer's manufacturers or suppliers also covers their direct or indirect customers. In the likely case that the defendant is not aware of the details of a (confidential) license agreement between their manufacturer or supplier and the (former) patent owner, the defendant may request that the court order the plaintiff to provide the license agreement pursuant to Section 142 of the Code of Civil Procedure. Upon request, the court may take measures necessary to safeguard the legitimate confidentiality interests of the plaintiff.

Section 24 of the Patent Act regulates compulsory licenses. While such licenses had little practical relevance in the past, they have become more important, especially in pharmaceutical patent cases. In 2017, the first compulsory license was successfully confirmed by the FCJ for the AIDS medicament *Isentress*.<sup>90</sup> Compulsory licenses can be requested in separate proceedings before the FPC. On the basis of these proceedings, a stay might be requested in patent infringement proceedings pursuant to Section 148(1) of the Code of Civil Procedure, similar to a nullity action against the patent.

### 5.5.3.4 Experimental and other privileges

The Patent Act knows both a research (or experimental use) exemption, which applies to all fields of technology, as well as a "*Bolar*" exemption, limited to pharmaceutical inventions and products. Both are provided for in Section 11, which determines to which acts the effect of the patent shall not extend.

The research exemption, regulated in Section 11(2), determines that the effect of the patent shall not extend to acts "done for experimental purposes relating to the subject matter of the patented invention." The provision's aim is to guarantee the freedom of research and teaching as laid down in Article 5(3) of the German Constitution.

An "experiment," according to this provision, is a "planned action to acquire knowledge." The purpose of the experiment must be to acquire knowledge about the invention. While the

86 In its Judgment of Feb. 2, 2011, I ZR 26/10 (*Kuchenbesteck-Set*), the FCJ held that "placing on the market" is also given when a person economically associated with the proprietor of the right willingly transfers control of the protected item to a third party within the European Economic Area.

87 This was confirmed in various judgments relating to trademarks and is applicable to patents. CJEU, Oct. 15, 2009, C-324/08, *Makro Zelfbedieningsgroothandel CV v. Diesel SpA*, 2009 ECR I-10019; April 23, 2009 - C-59/08, *Copad SA v. Christian Dior Couture SA*, 2009 ECR I-03421.

88 Klaus Haft and Friedrich R von Samson-Himmelstjerna, "Kerntheorie bei der Erschöpfung von Patenten, insbesondere von 'standard-essentiellen' 'Hightech'-Patenten?" ("Core theory in the exhaustion of patents, especially of 'standard essential' 'hightech' patents?"), in *Patentrecht. Festschrift für Thomas Reimann* (2009), 175.

89 BGH (FCJ), Nov. 14, 2000, X ZR 137/99 (*Bodenwaschanlage*).

90 BGH (FCJ), July 11, 2017, X ZB 2/17 (*Raltegravir*). The decision confirmed the earlier decision by the FPC on the basis that a sufficient public interest for the grant of a compulsory license had been credibly demonstrated. It had been demonstrated in this case that certain groups of patients relied on treatment with this medicament and were in danger of suffering severe damages and side effects if they were to switch to a different medicament.



knowledge must be of scientific interest, this term is interpreted broadly. The scientific interest must be prevailing; however, it is not harmful if there are additional commercial interests. For example, a purely scientific interest is given if clinical trials are conducted to find out whether an active ingredient covered by the subject matter of the patent can be used in treating other diseases. A mixed scientific and commercial interest is given if these scientific insights can and are intended to be used in a later market authorization procedure. Conversely, purely commercial interests – which are not covered by the exemption – are given when the only purpose is to gain commercial insights about the market structure or to calculate the price of a product.

The *Bolar* exemption, also referred to as the “*Roche-Bolar* rule,” regulated in Section 11(2b), was introduced in 2005, implementing EU Directives 2001/82<sup>91</sup> and 2001/83.<sup>92</sup> The aim of this exemption is to privilege generic and biosimilar manufacturers in preparing their market authorization. However, in contrast to the EU directives and other EU member states’ provisions, its wording is broader and not limited to generic manufacturers (it also applies to researching pharmaceutical companies) or in terms of territorial scope. It goes further than the research exemption, as it is not limited to trials related to the patented invention itself. The scope of “necessary” studies, trials and resulting practical requirements is defined by the national rules of the state in which the market authorization is applied for.

## 5.6 Judicial patent proceedings and case management

### 5.6.1 Key features in patent proceedings and differences to a trial-based system

Patent infringement actions are genuine civil actions whose procedure is governed by the German Code of Civil Procedure (“Zivilprozessordnung”).<sup>93</sup> Further basic provisions are contained in the Courts Constitution Act (“Gerichtsverfassungsgesetz”).<sup>94</sup> The German Patent Act, however, also provides for a number of specific procedural elements that supplement the general provisions on civil procedure for patent infringement cases (e.g., Section 140c on pretrial inspection orders). One characteristic fundamentally distinguishes German civil actions (of continental European style) from Anglo-American civil actions, and appreciating this distinction is a way to summarize the key features of a German patent infringement action that will be addressed in this section: German civil actions do not take a trial-based form.

In a typical Anglo-American trial, the facts are presented by the parties to the fact finder through evidence, particularly party-retained expert witnesses, during the main trial hearing rather than through written pleadings.<sup>95</sup> This trial typically takes some days – sometimes weeks or months – depending on the amount and complexity of the evidence. Pretrial discovery and pretrial motions (motions to dismiss or summary judgment motions) are important in such a trial-based process.

By contrast, none of these features are present in German civil litigation, with the absolutely rare exception of court-appointed experts and the rare necessity to submit party expert opinions. There are no juries, so the bench (consisting of specialized judges) is the only fact finder and final decision-maker. The proceedings are front-loaded, and most of the input comes through written briefs filed by the parties. There is typically only one final and very dense and concise substantive hearing toward the end of the process. This hearing is only rarely about evidence; in most cases, it is on claim construction and infringement as well as validity. However, validity is only at stake with regard to the decision whether the court, if it finds an infringement of the patent, should stay the proceedings with regard to parallel validity proceedings before the EPO or the FPC pursuant to Section 148 of the Code of Civil Procedure. While these arguments are typically highly fact-specific and therefore technical, the basic technical facts are mostly not in dispute between the parties but rather the correct interpretation of those facts for the purpose of infringement

91 Directive 2001/82/EC of the European Parliament and of the Council of 6 November 2001 on the Community Code relating to Veterinary Medicinal Products, 2001 OJ (L 311), 1, <https://eur-lex.europa.eu/legal-content/DE/ALL/?uri=CELEX%3A32001L0082>

92 Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community Code relating to Medicinal Products for Human Use, 2001 OJ (L 311), 7, <https://eur-lex.europa.eu/legal-content/DE/ALL/?uri=celex%3A32001L0083>

93 For an English translation of the Code of Civil Procedure, see [www.gesetze-im-internet.de/englisch\\_zpo](http://www.gesetze-im-internet.de/englisch_zpo)

94 For an English translation of the Courts Constitution Act, see [www.gesetze-im-internet.de/englisch\\_gvg](http://www.gesetze-im-internet.de/englisch_gvg)

95 Both bench trials and jury trials are possible, but jury trials are conceptually the genuine form of a trial because facts and evidence are exclusively presented to the fact finder through the main trial hearing, while, outside the taking of evidence (particularly the cross-examination of witnesses), only opening and closing statements provide for the room to assess the facts and evidence.

(based on proper claim construction) and validity (based on the proper claim construction and the proper determination of the disclosure of the prior art references). In this process, there are, for the most part, no pretrial motions that could result in early dismissal of the action before the final hearing. Thus, any lack of “conclusiveness” (“Schlüssigkeit”) will only be identified and disposed of by way of dismissing the case at the end of the regular process (i.e., following the briefing and the final hearing).

As there is no specific fact finder (jury), there are no early hearings on certain issues of law, like the “*Markman* hearing” on claim construction.<sup>96</sup> As the substantive input is fed into proceedings by the parties not through the evidence but through the mostly written party submissions, experts do not play an essential role, and there is no cross-examination of party-appointed experts like in a trial-based system. The bench can, however, resort to independent (technical) experts if relevant facts are in dispute between the parties, but this is the exception.

There is also no general discovery system. Rather, there are limited and specific instruments for the plaintiff to discover facts that are not publicly available (e.g., “inspection orders”). As there is no general discovery, there is also no comprehensive system of privileges and protective orders as is well established in the Anglo-American realm. Both the lack of a discovery and of a general confidentiality system have, over the last two decades, been addressed in the German system by a number of statutory changes and case law. Different from a trial-court system, the court of first instance is not the only “court of record.” Rather – and mostly because the process is less time- and resource-consuming – the appellate level is typically also called upon to engage in further fact-finding within certain limits. Thus, there is no clear-cut distinction between trial and appellate levels along the lines of “fact-finding” and “issues of law.”

## 5.6.2 Preaction and pretrial

### 5.6.2.1 Cease and desist warnings and requests for right to use

#### 5.6.2.1.1 Relevance of out-of-court communications

One of the most critical points in any patent litigation is how to initially raise the infringement issue with the potential infringer. This is critical because, depending on the way the infringement issue is addressed, the potential infringer can take action against the right holder (e.g., a declaratory judgment action for noninfringement). Furthermore, the form of addressing the infringement issue could open procedural ways for the defendant to dispose of a subsequently filed offensive infringement litigation such that the patentee (plaintiff) would need to bear the costs.

In many jurisdictions, a key point of the analysis is the threshold for filing a declaratory judgment action. In other words, when does flagging a potential infringement issue give the counterpart sufficient reason to file an action seeking declaratory relief for noninfringement? In U.S. practice, this is known as the “case-or-controversy” requirement for filing a declaratory judgment action. A similar requirement exists under German law (cf. Section 256(1) of the Code of Civil Procedure, “Feststellungsinteresse”). The impact on the strategy is less significant, however, because filing the declaratory judgment action does not give that case priority over any subsequently filed offensive infringement action.

Depending on how possible infringers are approached out of court, remedies under unfair competition law could apply (e.g., when warning letters are sent to customers).

#### 5.6.2.1.2 Request for a right to use as opposed to a cease and desist letter

The “safe harbor” in terms of avoiding a declaratory judgment action or any other possible remedy that the potential infringer might be considering is raising the infringement issue in the form of a “request for a right to use.” The distinction of such a request compared to a cease-and-desist letter is that this specific form does not conclude that there is infringement or requests that the addressee should cease and desist. Rather, the right holder asks for the reasons that the addressee considers themselves “entitled” to make use of the patented teaching. This category is designed to enable the right holder to enter into a discussion with the addressee

<sup>96</sup> A “*Markman*” hearing is a U.S. district court hearing in a patent infringement case in which a judge determines the proper interpretation and scope of disputed terms in the patent claims asserted by the plaintiff, see Thomson Reuters, Practical law, [https://uk.practicallaw.thomsonreuters.com/3-514-7689?transitionType=Default&contextData=\(sc.Default\)&](https://uk.practicallaw.thomsonreuters.com/3-514-7689?transitionType=Default&contextData=(sc.Default)&)

without subjecting themselves to possible counterclaims. It is generally not recommended to simply allege infringement of a certain patent but rather to give the request a factual and legal basis in terms of the patent claims and the accused devices or methods.

The alternative is a cease and desist letter, which formally requests that the addressee cease and desist the infringing activity and also requests that the addressee declares a formal undertaking to cease and desist, with any infringement of that obligation triggering a financial penalty (a “cease and desist declaration”).<sup>97</sup> If the defendant actually submits such a declaration whose scope and financial penalty are sufficient, the plaintiff cannot assert any claims for injunctive relief in court anymore. The cease and desist declaration is legally considered a functional equivalent to a court judgment, so the patentee (plaintiff) would lack the legal interest in pursuing a claim for injunctive relief notwithstanding the cease and desist declaration.

#### **5.6.2.1.3 Procedural mechanics in connection with a cease and desist letter**

It is important to note that there is an enormous amount of case law regarding the requirements that such cease and desist declarations need to meet to be effective. For example, they cannot be conditioned on “actual infringement” because that very issue is meant to be disposed of by the declaration. They also can not only narrowly cover the very devices (in terms of model numbers) identified by the patentee, but they would need to cover any and all devices that are substantially similar to the actually identified devices in terms of the technical characteristics relevant for the infringement mapping.<sup>98</sup> The latter point can cause significant issues in terms of the right way to phrase the key part of the declaration (defining the accused device or method). It is typically done by way of using the pertinent patent claim language. This does not mean, however, that the scope of the declaration would be as broad as the scope of protection of the patent-in-suit. Rather, it is done in an attempt to sufficiently abstract from the specific device. Different from a court judgment, there is usually no reasoning, so the main source for guiding the operation of correctly interpreting the scope of the declaration would not be available. Therefore, it is recommended to specify some of the claim language by introducing critical factual aspects that realize the pertinent features in the accused devices. This can open the door to discussions between the parties, but it is typically better to deal with this up front, particularly if a certain modification or work-around is conceivable at a later point in time.

If the patentee does not send a formal letter requesting that the defendant submit a cease and desist declaration, there is a risk that the subsequently filed infringement case for injunctive relief would be “acknowledged” by the defendant right away. Based on this, the court would enter into a judgment by consent (“Anerkenntnisurteil”; Section 307), but the plaintiff would need to bear the costs.

One important consideration is that any warning given to the potential infringer prior to filing an infringement case would enable the potential infringer to react by resorting to abusive procedural measures, particularly by way of filing declaratory judgment actions (noninfringement) in other EU jurisdictions, including for the German part of a European patent, even if no jurisdictions exist, with the sole purpose of slowing down the process of a subsequent infringement action in Germany. This practice – which came to be known as an “Italian torpedo” some 20 years ago due to the generally quite slow proceedings before Italian courts – is not common anymore, but it still presents a risk that should be considered depending on an analysis of the parties and the developing dispute at issue.

### **5.6.3 Venue, jurisdiction and case assignment rules**

#### **5.6.3.1 Venue and jurisdictions**

The German system conceptually distinguishes “venue” (“örtliche Zuständigkeit”) and “international jurisdiction” (“internationale Zuständigkeit”). The rules on venue, as provided for in the Code of Civil Procedure (Section 12 et seq.), are considered to also implicitly establish international jurisdiction for the German courts unless an international agreement takes priority.

<sup>97</sup> The details can vary. It can be a fixed amount for each infringing activity, or it can be an amount that is subject to the patentee's discretion and subsequently subject to judicial review.

<sup>98</sup> BGH (FCJ), Nov. 9, 1995, I ZR 212/93 (*Wegfall der Wiederholungsgefahr I*); BGH (FCJ), Nov. 16, 1995, I ZR 229/93 (*Wegfall der Wiederholungsgefahr II*).

These rules distinguish between courts of “general jurisdiction” (“allgemeiner Gerichtsstand”)<sup>99</sup> and courts of “specific jurisdiction” (“besonderer Gerichtsstand”).

A court that has general jurisdiction over a person is competent for any and all claims against that person unless there is a specific “exclusive jurisdiction” pertaining to certain claims. Generally, the courts at the individual’s residence (Section 13) and the courts at a company’s principal place of business (Section 17) are courts of general jurisdiction. The most important “exclusive jurisdiction” is that of the German FPC, which has exclusive jurisdiction over all nullity actions (Section 81). The most relevant rule on specific jurisdiction is that of Section 32, providing that tort-law-based actions can be filed in the court where the tortious action was committed (*forum loci delicti commissi*). This provision is the typical basis for venue and international jurisdiction in patent infringement actions. As most of the infringing activities are practiced nationwide (e.g., sales), the plaintiff can pick the venue based on criteria like quality and speed of adjudication – or any other criteria for that matter – instead of being bound to sue at the court of general jurisdiction. This “forum shopping” has been subject to controversy, yet the provision has not been applied restrictively by German courts. It has, for example, been considered sufficient for nationwide jurisdiction if the defendant supplies a product to one customer and that customer distributes the product nationwide (like in the automotive industry).<sup>100</sup>

Infringement of a German patent (or the German part of a European patent) automatically implies international jurisdiction of the German courts (“double-relevant facts”). If the facts presented by the plaintiff do not support the infringement of a German patent, then there is no international jurisdiction as well. Based on general doctrines of tort law (Section 823 et seq. of the Civil Code),<sup>101</sup> the case law of the FCJ has been relatively far reaching in terms of infringement of a German patent by way of acts committed abroad. Thus, seen as infringer is not only the entity who carries out the act of use themselves, but also the person who objectively enables or promotes the realization of the act of use by another person, even though they were able to obtain knowledge with reasonable effort that the act supported by him infringes the patent.<sup>102</sup> Hence, even if the defendant’s activities are exclusively conducted abroad (e.g., supplying certain parts to a customer who imports the products as part of a bigger and complex product) those actions can result in infringement of a German patent and thereby jurisdiction of German courts, if an examination of the property rights was indicated.<sup>103</sup>

If one of the parties has its residence or principal place of business in another member state of the EU, the Brussels Ia Regulation<sup>104</sup> applies. This regulation generally follows the same concept of general jurisdiction for the courts of the member state in which the defendant resides (Article 4(1) of the Brussels Ia Regulation) and of specific jurisdiction for the courts of the member state wherein the infringing activity occurs (Article 7(2) of the Brussels Ia Regulation). If a non-EU country in Europe is involved (particularly Switzerland), the Lugano Convention<sup>105</sup> must be considered. Its structure is similar to the Brussels Ia Regulation. Based on the general jurisdictional rule – according to which a party can be sued with regard to any claims in the courts of the country in which the party has its residence or principal place of business – it is generally possible to also assert patents other than the national patents of the forum. This would also apply to other national (non-German) parts of a European patent if the defendant resides in Germany. Under Article 8(1) of the Brussels Ia Regulation, jurisdiction could also be established for non-German resident defendants.

These vehicles enabling “cross border” patent litigation have not yet played a significant role, since the European Court of Justice, in *Gesellschaft für Antriebstechnik v. Lamellen und Kupplungsbau Beteiligungs*,<sup>106</sup> held that exclusive jurisdiction is automatically established as soon

99 Some translations choose “general venue” and “specific jurisdiction” rather than “specific venue” (cf. the translation of the Code of Civil Procedure by the German Ministry of Justice, [www.gesetze-im-internet.de/englisch\\_zpo/englisch\\_zpo.html#p0955](http://www.gesetze-im-internet.de/englisch_zpo/englisch_zpo.html#p0955))

100 BGH (FCJ), May 16, 2017, X ZR 120/15, 2018 IIC 466 (*Abdichtsystem*); BGH (FCJ), June 8, 2021, X ZR 47/19 (*Ultraschallwandler*).

101 For an English translation of the Civil Code (“Bürgerliches Gesetzbuch”), see [www.gesetze-im-internet.de/englisch\\_bgb](http://www.gesetze-im-internet.de/englisch_bgb)

102 BGH (FCJ), Sep. 17, 2009, Xa ZR 2/08, 2010 IIC 471 (*MP3 Player Import*).

103 BGH (FCJ), May 16, 2017, X ZR 120/15, 2018 IIC 466 (*Abdichtsystem*); BGH (FCJ), June 8, 2021, X ZR 47/19 (*Ultraschallwandler*).

104 Regulation (EU) 1215/2012 of the European Parliament and of the Council of 12 December 2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters, 2012 OJ (L 351) 1.

105 Convention on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters, Oct. 30, 2007, 1659 UNTS 203, <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A22007A1221%2803%29>

106 CJEU, July 13, 2006, Case C-4/03, *Gesellschaft für Antriebstechnik mbH & Co. KG v. Lamellen und Kupplungsbau Beteiligungs KG*, 2006 ECR I-06509.

as the defendant requests the nullification of the patent-in-suit by way of a counterclaim or even only requests the dismissal of the infringement action based on the invalidity of the patent-in-suit. The sole exception to this rule has been cases for preliminary relief, but, so far, no German court has entertained any genuine cross border actions in the form of an interim relief.

### 5.6.3.2 Case assignment

Patent infringement matters are regular civil law matters assigned to the civil court system, which includes state and federal courts. The entry level is at the regional courts (“Landgerichte”; Section 143(1)), 12 of which have jurisdiction over patent disputes.<sup>107</sup> Typically, there is one regional court with jurisdiction for all the appellate circuits of one state or even multiple states.<sup>108</sup> The Regional Court of Düsseldorf (“Landgericht Düsseldorf”) has exclusive jurisdiction for all patent infringement matters in the state of North Rhine-Westphalia (about 18 million inhabitants), and the Regional Court of Mannheim (“Landgericht Mannheim”) has exclusive jurisdiction for all patent infringement matters in the state of Baden-Württemberg (about 11 million inhabitants). While generally, according to Section 32, all 12 regional courts have nationwide jurisdiction, the regional courts of Düsseldorf, Mannheim and Munich (“Landgericht München I”) are the busiest.

These courts each have two or three panels. Each panel (“Kammer”; more literally translated as “chamber”) has three members on the bench for each case, while, in most cases, more than three judges are permanent members of the bench. Individual cases are assigned to the competent chambers on an abstract case allocation scheme, which is set up for each calendar year in advance by the presidium of the respective court.

The German judiciary is based on a judicial career system, so judges embark on a judicial career early on – in most cases after having graduated from university (legal studies) and upon completion of a two-year judicial trainee program, finishing with the second state examination, which is the entry requirement for both bar admission and for a judicial career.<sup>109</sup> Traditionally, the judiciary aims to recruit graduates in the top 10 to 20 percent of their class years. In many cases, the judges assigned to the patent panels hold even better credentials than the average judge. The presiding judge of a panel typically has more than 10 years of experience and will have served some time at an appellate court or as a clerk at the FCJ.

### 5.6.3.3 Parties

#### 5.6.3.3.1 Plaintiff

Any civil patent action is filed by one or several plaintiffs. It can be a regular infringement action in which the plaintiff claims to be entitled to claims for relief against the defendant’s allegedly infringing activities, or it can be a declaratory action in which the alleged infringer acts as plaintiff seeking declaratory relief denying any liability. The plaintiff in a regular infringement action requires standing to sue (“Aktivlegitimation”). The patent proprietor has standing to sue for injunctive relief and any further reliefs, in particular claims for damages. The exclusive licensee also has standing for those types of relief.<sup>110</sup> Indeed, the patent owner and the exclusive licensee can generally both sue for the same relief, but, of course, that does not lead to a duplication of claims for damages.<sup>111</sup> However, the requirements for an exclusive licensee to establish such a standing are strict.

Agreements governed by foreign law are generally possible, but they must be checked carefully as to whether they meet the thresholds for a genuine exclusive license for the purposes of standing to sue. Any party other than the patent owner or the exclusive licensee must establish standing to sue based on a transfer, either from the proprietor or the exclusive licensee. Such “title holders” can, without any limitation, assign claims for past damages to any third party, who can then assert those in a patent infringement action. Claims for injunction relief, however, cannot be assigned without transferring the property title to the patent.<sup>112</sup> If there are specific

<sup>107</sup> Regional courts with patent litigation chambers are located in Düsseldorf, Mannheim, Munich, Hamburg, Frankfurt, Nuremberg-Fuerth, Saarbruecken, Erfurt, Leipzig, Magdeburg, Braunschweig and Berlin.

<sup>108</sup> Sec. 143(2) of the Patent Act; the only state in which this is not the case is Bavaria, where the Regional Court of Munich I and the Regional Court of Nuremberg-Fuerth both have jurisdiction.

<sup>109</sup> An article on the judicial university education and traineeship: Johannes Riedel, “Training and Recruitment of Judges in Germany,” 5 Int. J Ct Admin. 42 (2013), [www.iacajournal.org/articles/abstract/10.18352/ijca.12](http://www.iacajournal.org/articles/abstract/10.18352/ijca.12)

<sup>110</sup> BGH (FCJ), May 20, 2008, X ZR 180/05, 2009 IIC 475 (*Tintenpatrone*).

<sup>111</sup> *Tintenpatrone*, X ZR 180/05.

<sup>112</sup> BGH (FCJ), April 21, 2016, I ZR 43/14, 2017 IIC 353 (*An Evening with Marlene Dietrich*); OLG Düsseldorf (Higher Regional Court of Düsseldorf), Dec. 18, 2014, I-2 19/14.

legal interests present (e.g., if a nonexclusive licensee wants to assert claims), the proprietor can “authorize” the plaintiff (nonexclusive licensee) to also assert claims for injunctive relief.<sup>113</sup> Again, neither the proprietor nor the exclusive licensee would need to be party to such litigation. In this regard, there are no “necessary parties” that need to be included as “coplaintiffs.”

An action for declaratory relief requires a specific “interest,” which is similar to what is known as the “case-or-controversy” requirement in the U.S. federal system (Section 256 of the Code of Civil Procedure).

#### 5.6.3.3.2 Defendant

For the plaintiff to prevail on claims for infringement, the defendant must be liable. Liability is generally established by any of the activities specifically set forth in the statute (Section 9) pertaining to devices or methods protected by the patent-in-suit – that is, falling within the scope of protection of the patent-in-suit as defined by its claims (Article 69 of the EPC; Section 14 of the Patent Act). Such activities can be summarized as manufacturing and distributing the accused device or performing the protected process (i.e., method). However, it is not necessary that any of these activities are performed by the defendant in person. Rather, there is a well-settled, highly sophisticated jurisprudence based on general tort law also establishing liability in scenarios in which the defendant only causes those subsequent activities by third parties to occur.

One practically and highly relevant example is the supply of accused devices abroad. The defendant might ship chips abroad to a separate party, who uses the chip to assemble an electronic device. Yet, another, commercially separate entity might import the device into Germany to distribute it. Even though only the last entity in the chain performs any of the statutorily specified activities (importing), the first entity in the chain can also be separately liable for infringement, even in the absence of any concerned activities. Rather, it suffices that the source knew that the products were, in part, also ultimately destined for the German market.<sup>114</sup> Any of the parties in the chain can be separately sued for patent infringement in Germany. Thus, suing the entity that is the source of the chip does not implicate or necessitate also suing the importing entity (importer of the assembled electronic device). In German procedure, there is no teaching similar to the “party of interest” doctrine in U.S. federal practice.

#### 5.6.3.4 Party representation

Parties need to be represented by an attorney-at-law admitted to practice in Germany (Section 78(1) of the Code of Civil Procedure). Patent attorneys who are not members of the general attorneys’ bar, but only of the patent bar, can only act to support the attorneys-at-law but cannot represent a party independently. This is different for nullity actions, both before the FPC and on appeal before the FCJ, in which both (independent) representation by a patent attorney or an attorney-at-law are permitted (Sections 97(2) and 113).

### 5.6.4 Statements of case and front-loading proceedings

#### 5.6.4.1 Initial phase of the patent infringement action

The process starts, and the civil action becomes formally pending (“Rechtshängigkeit”), by serving the complaint (Sections 253(1) and 261(1) of the Code of Civil Procedure). Service of process is to be effected either under national rules<sup>115</sup> (service on entities or individuals residing or present in Germany), European rules<sup>116</sup> or the Hague Service Convention.<sup>117</sup> It involves serving the complaint together with the court order setting a term for the defendant to file a response to the complaint (answer) and summoning the parties to the oral hearing (Sections 274(2) and 275(1)). Alternatively, the court can order preliminary proceedings in writing (“schriftliches Vorverfahren”), which is usually done if service is to be effected abroad (Section 271(2)).

If preliminary proceedings in writing are ordered, the defendant must file a notice of defense (“Verteidigungsanzeige”) to avoid a default judgment (Section 276(1) of the Code of Civil

113 BGH (FCJ), April 21, 2016, I ZR 43/14, 2017 IIC 353 (*An Evening with Marlene Dietrich*); OLG Düsseldorf (Higher Regional Court of Düsseldorf), Dec. 18, 2014, I-2 19/14.

114 BGH (FCJ), Sep. 17, 2009, Xa ZR 2/08, 2010 IIC 471 (*MP3 Player Import*).

115 Sec. 166–195 of the Code of Civil Procedure.

116 Regulation (EC) 1393/2007 of the European Parliament and of the Council of 12 November 2007 on the Service in the Member States of Judicial and Extrajudicial Documents in Civil or Commercial Matters (Service of Documents), and Repealing Council Regulation (EC) 1348/2000, 2007 OJ (L 324) 79.

117 Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters, Nov. 15, 1965. 658 UNTS 163.

Procedure). The term for filing such a notice varies between two and four weeks. Upon filing the notice of defense, the court sets a hearing date. This hearing date is, using a *terminus technicus* of the Code of Civil Procedure, referred to as “advanced first hearing” (“früher erster Termin”). This term is misleading, however, as the hearing is typically the only oral hearing of the case (Section 275(2)). It is set toward the end of the expected process.

The first-instance proceedings before the regional court, by and large, take one year from the filing of the complaint to judgment, even though the details vary depending on the venue and the current workload in each venue, which change over time. Before the hearing, there is typically at least another round of briefing (reply and rejoinder). In many cases, the parties tend to file further briefs, which is possible even though, in many venues, this is not the bench’s most favored approach.

Certain venues have varied this general process. In Düsseldorf, for example, there can be a further (genuine) early hearing date following the service of process. The purpose of that early hearing is to record the prayers for relief (taking into account comments from the bench regarding the right way to phrase the prayers for relief). Furthermore, the date for the main hearing is set, as are the terms for all the briefs to be filed up to the final hearing date. The procedure of the Regional Court of Munich implements yet another variant, according to which there are two substantive hearing dates. The first hearing occurs right after the filing of the response brief and typically covers claim construction and infringement. The second hearing date is the final point in the process (at least two weeks after the rejoinder) and primarily deals with validity issues (e.g., with the stay motion with regard to ongoing nullity proceedings). The Regional Court of Mannheim generally discusses all relevant questions of the case within a single hearing.

#### 5.6.4.2 Pendency of the action

Whenever pendency of an action is required by other statutes or international treaties, it is of paramount importance to appreciate that a German civil action (including a patent infringement action) is only considered pending upon service of process (Section 261(1) of the Code of Civil Procedure). Previously, this was a relevant point under the previously applicable Brussels I Regulation but this has now been resolved by Article 30 of the Brussels Ia Regulation, which uniformly refers to the filing of action as the decisive point in time. It is, however, still a crucial issue for entitlement actions (Article 61(1) of the EPC) filed with the German courts, particularly with the Munich court (situs of the EPO). For the European patent prosecution to be stayed, those actions need to become “instituted” before the grant of the European patent at issue (Rule 14(1) of the EPC), which is taken as technically “pending” with the meaning of the German Code of Civil Procedure. Thus, pendency must be achieved as early as possible, which is why, particularly when service abroad is at issue (e.g., through the Hague Convention process), filing the entitlement action in a different German judicial branch (e.g., administrative rather than civil) could be recommended to achieve pendency with the filing, rather than with the service.<sup>118</sup>

#### 5.6.4.3 Basic requirements regarding the admissibility of the action in connection with the prayers for relief

Under the German Code of Civil Procedure, there are certain basic requirements that an infringement complaint must meet in order to be admissible: The complaint must name the parties (plaintiff and defendant) and the court (Section 253(2)(1)). The complaint must set forth the prayers for relief, also referred to as “requests” (“Klageanträge”). The infringement complaint must also set forth all of the specific facts that are required to arrive at the conclusions presented by the plaintiff to be the basis for the requested relief (Sections 253(2) and 138(1)). This includes not only the facts pertaining to standing to sue but also the infringing activities and the defendant’s liability. While issues of law, strictly speaking, do not need to be addressed by the parties (*iura novit curia*), claim construction, which is considered an issue of law, needs to be addressed to a certain minimum extent in order for the facts establishing infringement to be meaningful. Without a specific infringement mapping (i.e., putting the technical facts in the context of meaningfully explained terms of the claims), the infringement contentions are not sufficiently “specific.” Furthermore, setting aside the formal requirements under Section 253, the success of the proceedings is hinged upon a clear analysis of claim construction and

<sup>118</sup> The case would then be subsequently transferred to the competent civil branch.

infringement and how well the potentially critical issues are already set forth in the complaint, putting the plaintiff's case on the right track.

Even though Section 253(2)(2) of the Code of Civil Procedure expressly states that the requests need to be "specific," the courts are generally still satisfied with the use of the patent claim language for phrasing the requests. However, the case law of the FCJ encourages plaintiffs to specifically adopt certain key features to better caption the specific infringement mapping in the accused device or accused method.<sup>119</sup> As a rule, this is no requirement for admissibility, though plaintiffs typically are better off waiting for a formal note from the bench before engaging in this exercise. It is important to realize that, in this regard, using the broader claim language or a more specific language taking up the infringement mapping does not per se affect the scope of the requested relief, as will be explained in the following section.

#### **5.6.4.4 The scope of the action and the relief (the accused device and "Streitgegenstand")**

The relief based on the language of the patent claims is procedurally not tantamount to the scope of protection of the patent-in-suit (as defined in Article 69 of the EPC). On the contrary, the scope is – as a rule – limited to the accused device. "Accused device," in this sense, is more of a conceptual or abstract term than a tangible term that would be limited to the very products as identified in the complaint by way of, for example, a product number. Under the case law of the FCJ, the accused device is defined by the specific technical characteristics that are referred to and relied upon for the infringement contention (complaint) or holding (judgment) under the asserted patent claim.<sup>120</sup> Thus, the accused device does not encompass any and all devices falling within the scope of protection of the patent-in-suit, but its definition extends beyond the very products at issue.

Other products not mentioned in the complaint – and perhaps even unknown to the plaintiff – also (*eo ipso*) fall in that category if those are identical with respect to the technical characteristics on which the infringement mapping is based.<sup>121</sup> Hence, it follows that, if a further product line becomes available during the course of the litigation, the plaintiff does not necessarily need to introduce it into the litigation. A different product line would also be part of the litigation – and form part of the accused device – if the relevant technical characteristics are identical. In this respect, the accused device in patent litigation is tantamount to the "procedural claim" (Section 322 of the Code of Civil Procedure), also referred to as "Streitgegenstand" (subject matter) of the litigation. This is a core feature in German jurisprudence.

The subject matter is defined by both the requests and the facts presented by the plaintiff to justify the underlying legal conclusions. It forms the groundwork for a number of further procedural elements, including the scope of the requested (injunctive) relief that is decisive for subsequent contempt proceedings. It is also relevant for assessing the admissibility of a claim modification during pendency of the action.

#### **5.6.4.5 Modifications of the pending claim**

The German process is generally very flexible, and changes can be accommodated even at a late stage of the proceedings. If new facts are introduced that change the "procedural claim" within the meaning of Section 322 of the Code of Civil Procedure, this is considered a "Klageänderung" (claim modification; Sections 263, 264). In a patent infringement case, this is typically the case if a different or modified "accused device" is introduced. It could, for example, be that the very same product as identified in the complaint implements several accused devices because different sets of technical aspects in that product can be invoked for independent infringement mappings of the same patent claims. The same would be true if a different product line was identified during the course of the litigation, and the infringement mapping resorts to technical characteristics whose essence deviates from the products previously identified in the complaint. Such a "claim extension" is very generously admitted into the proceedings. However, if introduced very late into the proceedings, the court could order a new schedule (i.e., push back the final hearing date and extend the terms in order to give the defendant a chance to address those changes).

119 BGH (FCJ), Feb. 21, 2005, X ZR 126/01 (*Blasfolienherstellung*).

120 BGH (FCJ), Feb. 21, 2012, X ZR 111/09, 2013 IIC 232 (*Rohrreinigungsdüse II*).

121 This is why the FCJ encourages plaintiffs to more precisely reflect the essence of the infringement mapping in the terms of the requests.



#### 5.6.4.6 Pleading standards

The facts presented in the complaint for showing infringement need to be sufficiently substantiated: the facts need to be specific, and the plaintiff must be concrete in showing how these facts are considered to realize the features of the asserted independent claims of the patent-in-suit. While no evidence for any of the asserted facts needs to be presented at this stage, there must be a sufficient basis for factual contentions. They cannot present pure speculation. If they do, the defendant does not need to contest the allegation at all – it would be procedurally discounted as insufficiently stated.

If the facts, however, are sufficiently specified, the defendant must react in substance by either admitting or denying (Section 138(2) of the Code of Civil Procedure). This implies that the defendant must specifically deny the individual factual items of the plaintiff's factual infringement contentions. The defendant cannot just generally deny the factual allegations. It is also not sufficient to argue that the plaintiff's conclusions as to why the accused device or accused method must work in a certain way (which frequently happens, e.g., in the field of electronics) are flawed, unless the factual allegation pertaining to the relevant characteristic of the device or method itself is expressly disputed. Facts that are not expressly disputed are generally to be deemed as having been acknowledged (Section 138(3)). While it is generally sufficient to just deny a certain factual allegation and not necessarily disclose what the pertinent mechanism actually looks like, there are significant exceptions to this procedural rule that are referred to under the keyword of "secondary burden to substantiate" ("sekundäre Darlegungslast").

While this is a general category of civil litigation, it has become particularly important in patent infringement cases in order to compensate for the lack of a general discovery. Based on the general principle of good faith, this also applies to the rules of civil procedure. The defendant in a patent infringement action is under an obligation to specify how certain aspects that are only known to them and that could only be discovered by the plaintiff with disproportionate effort actually function.<sup>122</sup>

Furthermore, the defendant's denial ought to be as specific as the plaintiff's contention. Thus, if the plaintiff presents a detailed and consistent explanation as to why and how the specifics of the accused device work, the defendant cannot just generally deny that. Rather, the defendant must engage in specific and detailed explanations at the same level. While there are generally limits in terms of equitable considerations ("Zumutbarkeit") that can also accommodate relying on trade secrets, it is not sufficient to just refer to this without further detail. Furthermore, the defendant can be expected to make use of the legal means to protect confidential information (see Section 5.6.8 of this chapter, which is particularly relevant in connection with the most recent changes to the Patent Act (cf. Section 145a). If anything in this regime does not satisfy specific confidentiality interests, the defendant would need to substantiate this and would need to ask for a separate agreement with the plaintiff.

The same rationale just set forth for Section 138(3) applies to limiting the cases in which the defendant can deny an allegation by referring to their lack of knowledge. While this is generally possible if the facts concerned were neither actions of the party itself nor within its ken (cf. Section 138(4) Code of Civil Procedure), this rule is limited by establishing obligations to procure sufficient information. This is, for example, the case if the defendant has retained a third party to manufacture the product or perform the accused process:<sup>123</sup> it cannot work to the advantage of the defendant that they use third parties to leverage its business. Furthermore, a dealer cannot claim to not have any detailed knowledge of the accused device because it is manufactured elsewhere and that the plaintiff should therefore turn to the manufacturer.<sup>124</sup> Rather, the dealer must look into the facts – that is, examine the device or turn to the manufacturer for the specifics. The dealer can rely, however, on information from a trustworthy source (e.g., the manufacturer) and, unless the plaintiff shows that the information is flawed, does not need to engage in independent efforts to further explore the facts by examining the accused device.

122 BGH (FCJ), Sep. 30, 2003, X ZR 114/00, 2004 IIC 577 (*Blasenfreie Gummibahn II*).

123 BGH (FCJ), Sep. 17, 2009, Xa ZR 2/08, 2010 IIC 471 (*MP3 Player Import*).

124 OLG Düsseldorf (Higher Regional Court of Düsseldorf), Dec. 17, 2015, I-2 U 34/10.

#### 5.6.4.7 Further briefs

Up to the hearing, the parties typically file at least two rounds of briefs (complaint, response, reply and rejoinder). Usually, there are further briefs exchanged right up to the hearing date, even though the judges do not tend to like this approach. The only practical and effective way to avoid it, however, is for the court to push back the hearing date if the plaintiff files late briefs too soon before the hearing.

### 5.6.5 Provisional measures

#### 5.6.5.1 Proceedings for preliminary relief are independent of the proceedings for permanent relief

The German Code of Civil Procedure provides for summary proceedings –that is, for civil actions for preliminary relief, particularly in the form of preliminary injunctive relief (Sections 916 to 945b). This is not designed as a form of “interim relief” within the action for permanent relief but rather takes the form of a separate and independent action. Thus, all requirements (jurisdiction and venue) ought to be checked independently. Actions for interim relief and for permanent relief can therefore be entertained in different venues, and, indeed, plaintiffs often seek preliminary injunctive relief in venues whose practice is generally considered more favorable to preliminary relief. The sole exception applies to cases in which an action for permanent relief has already been filed, in which case that court would also have exclusive jurisdiction for the corresponding summary proceedings, even if the action is already pending on appeal (Section 937(1)).

The principle of separate actions also entails that a ruling on permanent relief does not automatically affect a prior ruling on preliminary relief.<sup>125</sup> Any preliminary injunction will therefore need to be set aside by a court within the framework of the proceedings for preliminary relief. It does not cease to exist just because the court in the action for permanent relief dismisses the action.<sup>126</sup>

#### 5.6.5.2 *Ex parte* proceedings: protective writ

Preliminary injunctive relief can be granted *ex parte*, and, indeed, *ex parte* injunctions are still common in trademark or unfair competition matters; but it is the real exception in patent cases because the complexity of the matters makes it mostly indispensable to give the defendant its day in court before making a decision.<sup>127</sup> To avoid *ex parte* decisions, the potential defendant can file a “protective letter” with the possible infringement courts (Section 945a of the Code of Civil Procedure). This is an anticipated defense brief whose purpose is to establish at least sufficient doubt with regard to the merits of the case for a preliminary injunction such that the court does not grant it without a hearing. However, filing such a protective letter is not univocally advantageous for the plaintiff. Rather, there are two main risks to be considered:

- The plaintiff and the court can argue that, by virtue of the protective letter, the defendant had a chance to be heard, so an *ex parte* injunction could be issued, and the general concerns of not hearing the defendant would be mitigated. Thus, filing the protective letter could have the reverse effect and enable an *ex parte* injunction rather than avoiding it.
- If the injunction is nevertheless issued, it can be served directly on the defendant’s counsel, which is a very significant shortening of regular service, particularly of service abroad under the Hague Service Convention.<sup>128</sup>

If the injunction is granted *ex parte*, the plaintiff must serve it within a one-month term; otherwise, it becomes void (Section 929(2) of the Code of Civil Procedure). The service is typically done through a bailiff that the plaintiff’s counsel must retain. It must be effected on the defendant’s counsel if such counsel for the proceedings exists (e.g., when a protective writ was already filed). Only if the preliminary injunction is actually served (in time) does it become binding on the defendant. The defendant can oppose the *ex parte* injunction, and the court will schedule a hearing day following such opposition (Section 924).

If the court is of the preliminary view, having analyzed the plaintiff’s application, that the grant of an *ex parte* injunction is not possible, the court will typically issue a notice to that extent to the

125 BGH (FCJ), Oct. 9, 1986, I ZR 158/84.

126 BGH (FCJ), Oct. 9, 1986, I ZR 158/84.

127 Under the recent case law of the Federal Constitutional Court, *ex parte* injunctions have been significantly limited; cf. Bundesverfassungsgericht (BVerfGE) (Federal Constitutional Court), June 6, 2017, 1 BvQ 16/17.

128 Sec. 936, 922 (2), 195 of the Code of Civil Procedure.

plaintiff (sometimes also by way of a phone call). It is then up to the plaintiff to either withdraw the action or to maintain it. If maintained, the court can either dismiss the application right away (*ex parte*) or schedule a hearing date and effect service of process (application and summons) on the defendant. The *ex parte* dismissal can be appealed by the plaintiff, and this proceeding would continue *ex parte* at the appellate level. The appellate court can grant the requested relief *ex parte* or can affirm the dismissal, summon the defendant or remand the case for further *inter partes* proceedings.

### 5.6.5.3 Distinct procedural characteristics of proceedings for preliminary relief compared to permanent relief

The process of *inter partes* summary proceedings for preliminary relief is generally similar to that described above for the main proceedings for permanent relief. The process is significantly more accelerated, however, so a hearing date should take place a couple of weeks or a few months after the service of the application. Furthermore, there are a number of procedural differences that are due to the inherently accelerated nature of the proceedings:

- Expert evidence is not available in interim proceedings (Sections 920(2) and 294(2) of the Code of Civil Procedure).
- There is no separate hearing date scheduled for the taking of evidence, so witnesses will not be summoned; rather, the parties need to ensure that they are readily available for the hearing date ("präsenzer Zeuge"; cf. Section 294(2)).
- There is no preclusion of facts or evidence. Thus, even if the court sets a term, the parties can push back submitting any facts or evidence to the final hearing.
- There is also no stay of the proceedings pending the nullity action or opposition. Rather, if there are concerns regarding the validity of the patent-in-suit, the application must be dismissed.
- The evidentiary threshold is lower, as "Glaubhaftmachung" (*prima facie* evidence) is sufficient, which can be better translated as "demonstrating an allegation as to fact to the satisfaction of the court" (official translation of the Ministry of Justice: cf. Sections 920(2) and 294). There is no limitation to the formal evidence set forth above, so affidavits are also possible and frequently used.
- The decision of the court is typically pronounced on the day of the hearing, so no separate hearing date for pronouncing the ruling is set as for most of the cases in the main action.
- The relief granted in the court's ruling is *eo ipso* enforceable, so the court does not need to separately pronounce the preliminary enforceability (Section 928) and therefore typically does not also set a security bond to be posted for making the injunction enforceable (even though that is possible, cf. Section 921).

### 5.6.5.4 Requirements for preliminary injunctive relief

#### 5.6.5.4.1 Requirements for interim relief: "Verfügungsanspruch" (substantive infringement claim) and "Verfügungsgrund" (specific legal interest for preliminary relief)

As to the requirements for interim relief under the general provisions of the Code of Civil Procedure, two categories can be distinguished: the substantive requirements regarding the asserted claim ("Verfügungsanspruch") and the specific reason or interest justifying interim relief prior to permanent relief ("Verfügungsgrund"). Within the analysis regarding the "specific interest," both "urgency" and "balancing the equities" of the matter ("Verfügungsanspruch") need to be addressed, while the balancing of interests also encompasses the analysis regarding the validity of the patent-in-suit.

The standards for the "Verfügungsanspruch" – mainly for claim construction and infringement issues – are generally the same that apply in the main proceedings with the above-described difference regarding evidence. Thus, different from other jurisdictions, the merits of infringement play a decisive role in the grant of preliminary injunctive relief rather than putting the primary focus on an equity analysis weighing the interests affected by granting or not granting the requested preliminary relief.

This being the case, the practically most critical part of German patent infringement proceedings is the "Verfügungsgrund": the specific legal interest that the plaintiff must show for pursuing its claims in the form of interim proceedings. In this regard, it must be considered that preliminary relief under the German Code of Civil Procedure, as a rule, should only preserve the status, ensuring that the enforcement of rights following an action for permanent relief will not

be frustrated.<sup>129</sup> In matters for injunctive relief, by definition and inevitably so, the permanent relief is not only preserved but “moved ahead” (“vorweggenommen”). Even so, such preliminary relief is possible and is not limited to cases of irreparable harm for the plaintiff. On the contrary, if the merits of the case are clear on the face of it, the threshold for the specific legal interest is generally not too high. Yet, the merits of a patent infringement case are only rarely sufficiently clear in this respect – neither on infringement nor on validity. This is due to both factual and legal reasons and is particularly the case for the validity side, for which the bifurcation element aggravates these problems.

Thus, while preliminary injunctive relief is the practically prevailing form of dealing with trademark and unfair competition disputes, the German courts are rather cautious when it comes to preliminary reliefs in patent matters. The rationale is that such matters are generally factually much more complex, and the impact of the injunction is generally much more severe than in, for example, trademark matters. Furthermore, the actions for permanent relief are much quicker in Germany compared to other jurisdictions, so the practical need for preliminary relief is less urgent. Yet, despite this general reservation, injunctive relief in patent matters is practically possible if the infringement analysis is not too complex. Thus, while it is possible to produce party expert opinions to corroborate the infringement analysis and its factual basis (genuine “expert evidence” is not available in summary proceedings, cf. Sections 920(2) and 294(2) of the Code of Civil Procedure), a “battle of experts” is, in many cases, taken as an indication that the matter at bar is unsuitable for preliminary proceedings. The more the plaintiff must argue to make the infringement case, particularly regarding the factual basis, the higher the likelihood the court deems the matter unsuitable for preliminary relief.

#### 5.6.5.4.2 Validity

The most difficult factor in most of the patent infringement actions for preliminary relief is validity. As the German system provides for bifurcation, the infringement courts generally – and also in actions for permanent relief – do not rule conclusively on validity but only need to engage in a “prediction” as to the outcome of the (opposition or nullity) actions challenging the validity – that is, the infringement courts assess the prospects of success of the validity challenges. Such an assessment is similar in cases for preliminary relief. However, in many cases, due to the accelerated nature of actions for preliminary relief, the defendant may not have had sufficient time to put together a substantiated validity challenge (requiring searches of prior art and corresponding assessments).

Additionally, as the actions challenging the validity of the patent-in-suit take significantly longer than even the infringement actions for permanent relief, the resulting “injunction gap” considerably widens in the case of preliminary injunctions for patent infringement. Therefore, the case law of all of the relevant appellate circuits in Germany states that preliminary injunctions in patent infringement matters generally require that the patent-in-suit has already been sufficiently confirmed in opposition or nullity proceedings, at least in the first instance.<sup>130</sup>

The Regional Court of Munich has held that this practice is at odds with the EU Enforcement Directive,<sup>131</sup> according to which preliminary relief ought to be provided. The court has therefore referred a case to the European Court of Justice,<sup>132</sup> asking it to clarify this issue of law: that is, whether the general requirement for an *inter partes* decision on validity contradicts EU law and should therefore be abandoned.<sup>133</sup> The referral has been criticized because it did not sufficiently describe the exceptions to the above-mentioned rule, according to which, for special scenarios (e.g., irreparable harm to the plaintiff in cases of an imminent market entry of a generic medical product, evident lack of merits of the validity attack, or general acceptance of a patent in the market), the grant of a preliminary injunction is possible even in the absence of a previous *inter partes* decision on validity. The prevailing literature considers that system adequate, with those exceptions, and not in violation of the EU Enforcement Directive.<sup>134</sup>

129 OLG Hamburg (Higher Regional Court of Hamburg), June 14, 2006, 5 U 21/06 (*Cerebro Card*).

130 OLG Düsseldorf (Higher Regional Court of Düsseldorf), April 29, 2010, 2U 126/09; OLG München (Higher Regional Court of Munich), Dec. 12, 2019, 6 U 4009/19; OLG Karlsruhe (Higher Regional Court of Karlsruhe), Sep. 23, 2015, 6 U 52/15.

131 LG München (Regional Court Munich), Jan. 19, 2021, 21 O 16782/20.

132 CJEU, April 28, 2022, C-44/21 (*Phoenix Contact GmbH & Co. KG v. HARTING Deutschland GmbH & Co. KG and Harting Electric GmbH & Co. KG*).

133 Landgericht München I (LG München I) (Regional Court of Munich I), Jan. 19, 2021, 21 O 16782/20.

134 T. Kühnen, *ur Frage der Notwendigkeit einer erstinstanzlichen Einspruchs- oder Nichtigkeitsentscheidung vor Erlass einer einstweiligen Verfügung*, GRUR 466 (2021); H. Deichfuss, *Die Prüfung des Rechtsbestands des Patents im einstweiligen Rechtsschutz*, GRUR 33 et 800 (2022).

### 5.6.5.4.3 Urgency

Urgency is a necessary requirement for any action for preliminary relief. This requirement does not imply that the right holder would need to proactively check the market for infringing activities. However, once specific indications for infringement have been brought to the right holder's attention, they must act without undue delay to explore the facts. Once the facts and evidence have been explored without undue delay, case law expects that the motion for interim relief is filed within a month.<sup>135</sup> Some appellate circuits are more generous in this regard and let two or three months suffice.<sup>136</sup> Urgency also places significant limitations on the plaintiff's procedural strategy. The plaintiff must be very careful to engage in settlement negotiations and, in this connection, agree to extend terms or push back hearing dates, even dates for pronouncing a decision. Such acts can be taken as showing a lack of genuine urgency, so the case would need to be dismissed, even if already on appeal.

## 5.6.6 Gathering of information

### 5.6.6.1 Basic pleadings mechanics

It is one of the fundamental principles governing any civil action under the Code of Civil Procedure that all facts and evidence relevant to the substantive claims at bar must be presented by the parties ("Beibringungsgrundsatz"; Section 138(1) of the Code of Civil Procedure). The court cannot *ex officio* or otherwise *sua sponte*, explore facts or evidence (with some exceptions like court-appointed experts and orders to produce certain documents that will be discussed later). The party asserting the claims generally bears the burden of substantiating and, if contested by the opposing party, of proving the facts that form the basis for the asserted claim. Thus, in a patent infringement matter, the party claiming that the opposing party is liable for patent infringement (and therefore subject to certain relief) must make the necessary factual contentions and, if contested, must take recourse to evidence.

Nevertheless, this does not mean that such a party (the claimant or plaintiff)<sup>137</sup> must have conclusive knowledge of the facts, let alone hold evidence to that extent when filing a patent infringement action. It suffices to specify certain facts that the defendant can admit, or deny or dispute. The limits to this are pure speculation: the plaintiff cannot just allege certain facts without any basis so as to procedurally make the defendant address it. "Fishing expeditions" are not possible in the German procedural system. If there is a sufficient basis from which to infer a factual contention and the defendant nonetheless still chooses not to address certain factual contentions, then those are considered admitted (Section 138(3)). If the plaintiff's contentions are denied, the court must take evidence. The details of these pleading standards given in Section 5.6.4.6 of this chapter.

### 5.6.6.2 Test buy

The easiest way to ascertain factual information is by way of buying the accused devices and subjecting them to empirical analysis. It is well settled that any form of "test buy" is a legitimate way to procure the information necessary for initiating an infringement action even if the buyer (who can also be the plaintiff's counsel) does not disclose this context. Possible limits include illegal ways of procuring such information.

### 5.6.6.3 Limited pretrial discovery (inspection orders)

However, the patentee does not, in some cases, have access to the accused devices or the performance of the accused method. Furthermore, even reverse engineering might not be suitable for disclosing all relevant features (e.g., product-by-process features). Thus, even if the patentee would have a sufficient basis for making certain factual infringement allegations (see Section 5.6.4.6 of this chapter) and could file an action on that basis, the assumption could turn out to be wrong, and the action would be dismissed on the merits. While this is a general risk that a patentee (as plaintiff) must take when bringing an action, it is dissatisfying if that risk is based on insufficient factual information. Therefore, in implementing key points of the EU

<sup>135</sup> OLG Düsseldorf (Higher Regional Court of Düsseldorf), Feb. 15, 2021, 2 W 3/21; OLG München (Higher Regional Court of Munich), April 22, 2021, 6 U 6968/20; OLG Karlsruhe (Higher Regional Court of Karlsruhe), Sep. 23, 2015, 6 U 52/15.

<sup>136</sup> OLG Hamburg (Higher Regional Court of Hamburg), Sep. 3, 1987, 3 U 83/87 (*Verbandsmaterial*).

<sup>137</sup> In German, "claimant" ("Anspruchsinhaber") is used to describe that the party is substantively entitled to a certain relief, independent of any procedural action filed based on it. The procedural position of the party is herein referred to as "plaintiff." Those positions do not need to necessarily coincide: e.g., in a declaratory judgment action for noninfringement, the defendant would be the party claiming to be entitled to relief for patent infringement – i.e., claimant of the substantive right to that relief.

Enforcement Directive,<sup>138</sup> the Patent Act provides a specific procedural (also “pretrial”) system enabling the patentee to ascertain particular facts, which enables measures ahead of filing any action for permanent relief.

The key part of this statutory regime is provided for in Section 140c of Patent Act, under which any person who, with sufficient likelihood, infringes a patent, may be sued for submission of a document or for inspection of an item (e.g., a device or process) that lies in their control if this is necessary for the purpose of establishing infringement (cf. Section 140c(1) of the Patent Act). The basic requirement for such an inspection order is a certain likelihood of infringement. Thus, the patentee must substantiate infringement in terms of distinguishing the features for which there is certainty and those for which there is a factual uncertainty while explaining the basis for inferring a certain likelihood of the use of such features in the defendant’s devices or methods. These obligations to submit a document or to acquiesce the inspection can also be imposed by way of preliminary injunctive relief (Section 140c(3) of the Patent Act). This is the part that enables a pretrial discovery of facts ahead of filing an action for permanent relief.

Under the umbrella of this statutory regime,<sup>139</sup> case law – particularly of the Düsseldorf regional and higher regional courts<sup>140</sup> – has developed a highly balanced but rather sophisticated process for an *ex parte* inspection order pertaining to devices and processes possessed and respectively used by a likely patent infringer. While the nuances of this process are subtle, it is generally based on a combination of a preliminary injunction (based on Section 140c(3) of the Patent Act) with an “independent evidentiary proceeding” (based on Section 485(1) of the Code of Civil Procedure). With the former aspect, the likely patent infringer is ordered to acquiesce the inspection (by a court-appointed expert), while the latter enables the taking of evidence in the form of an expert opinion ahead of initiating any proceedings for permanent relief (the main action for infringement). In doing so, the corresponding expert opinion can be adopted as genuine expert evidence in possible subsequent proceedings on the merits for permanent relief (regarding expert evidence see Section 5.6.7.1 of this chapter). If the accused devices or methods to be inspected are located on the premises of the likely patent infringer, and access is denied, an additional search warrant (Section 758a) can be issued.<sup>141</sup> Under specific circumstances, the inspection may even be carried out in the premises of a third party as long as the infringer can nonetheless be deemed to be in possession of the relevant products or has sufficient influence upon the carrying out of the protected procedure. If the likely patent infringer refuses the inspection or refuses access to the premises, the inspection order or search warrant needs to be enforced with the help of a bailiff, who, in turn, can call on the help of police officers.

The key point of this process is balancing the parties’ interests – that is, the interest in securing evidence for showing infringement against the interest to preserve confidential information. This is why the typical inspection process provides for a court-appointed independent expert to conduct the inspection. Only the patentee’s lawyers (including patent attorneys), but not the patentee, are admitted to attend the inspection, while both the expert and the lawyers also act under a protective order so that they cannot discuss the findings with others, including the patentee. In order to ensure that the defendant’s rights are preserved, the expert will typically be put under an obligation to give the defendant a certain time (e.g., two hours) to contact its lawyers while the inspection is deferred. It is in this regard recommended that companies, whose premises could be subject to such orders, retain lawyers who are available on short notice to appear in such a scenario.

While the expert cannot just seize devices or documents (unless such seizure is expressly ordered and conducted through the bailiff), the expert should be authorized in the order to document the findings of the inspection by way of photos, screenshots and the like, including deconstruction, if no damage remains. If digital data or code are at issue, it is possible to allow the expert to download such data, and the defendant would need to support this by way of providing passwords if ordered to do so in the inspection order.

138 Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, 2004 OJ (L 157) 45, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32004L0048>

139 And actually already in anticipation of its enactment based on the Enforcement Directive.

140 Therefore, the process is also called a “Düsseldorf inspection proceeding” (“Düsseldorfer Besichtigungsverfahren”); cf. T. Kühnen “Zivilprozessualer Geheimnisschutz in Patentstreitverfahren” GRUR 576 (2020).

141 The “independent evidentiary proceeding” under sec. 485 can also be meaningful, independent of the preliminary injunction pertaining to the inspection, if the device is publicly available, but there is a risk that the object of the evidence becomes lost (because it is, e.g., subject to degradation or other changes).

The court-appointed expert then drafts an expert opinion on the results of the inspection with regard to the facts and merits of infringement of the patent-in-suit. This report is released in an unredacted form to both the court and the likely patent infringer's lawyers, as well as the patentee's individual lawyers, who are bound by the protective obligation in the original inspection order. This order also includes, as discussed above, an obligation to also keep the confidentiality from their client (the patentee). The FCJ has confirmed that such an obligation is legally valid and sufficient to protect the defendant.<sup>142</sup> Thus, the likely patent infringer cannot generally ask to only release a redacted version of the report to the patentee's lawyers bound by the protective order.

In this regard, the confidentiality regime differs from the new statutory regime under Section 145a of Patent Act in combination with Sections 16–20 of the new statute on the protection of confidential business information ("Geschäftsgeheimnisschutzgesetz")<sup>143</sup> because that new statutory regime requires that at least one individual of each party be granted access to the confidential and protected information (cf. Section 19(1)(2) Law on the Protection of Trade Secrets). This is the reason why Section 145a of the Patent Act, which enables the protective measures set forth in the new business information protection statute, expressly excludes the proceedings under Section 140c of the Patent Act.<sup>144</sup> In the first stage of the subsequent written proceedings following the submission of the expert opinion under Section 140c of the Patent Act, the expert opinion is therefore not released to the patentee (or to an individual employed or person retained by the patentee, other than outside counsel of record). Rather, an assessment ought to be made as to whether such release is justified in the light of possible confidential information contained in the expert opinion. In making this decision, the court must balance the parties' interests (i.e., the interest of showing infringement against the interest to protect confidential information). If there is confidential information involved, and the expert opinion has not confirmed the likelihood of infringement, then the release is not justified. If there is a significant likelihood of infringement, then the release might be justified even if confidential information is affected. In many instances, it is sufficient to release the expert opinion in a redacted form.<sup>145</sup> The number of applications for inspection orders is low – even the regional courts that regularly deal with patent matters only handle a handful of such cases per year.

#### 5.6.6.4 28 USC § 1782

Due to the lack of sufficient discovery, it has become very popular for plaintiffs in German infringement actions (and sometimes also for defendants) to avail themselves of 28 USC § 1782. This provision allows a U.S. federal court to order a person residing in its district to give testimony or produce a document for use in a foreign or international proceeding. This provision is, in practice, not interpreted restrictively,<sup>146</sup> which is why this form of discovery has been frequently used in German patent litigation involving U.S. parties or U.S. third parties in possession of evidence relevant for the German litigation. This provision has become relevant not only for technical information but also for license agreements in the context of FRAND (fair, reasonable and nondiscriminatory) defenses.

It is important to note, however, that the plaintiff is not considered to be under any procedural obligation to make use of a § 1782 discovery in order to ascertain facts or evidence because, with regard to Article 23 of the Hague Evidence Convention,<sup>147</sup> Germany has declared its objection, so it will not comply with requests for pretrial discovery.<sup>148</sup> Indeed, in many scenarios, the results of the U.S. discovery could even delay the action. It might therefore be strategically advantageous to trust the pleading requirements provided for in the German practice of civil procedure, particularly the defendant's secondary burden to substantiate when it comes to the defendant's products (see Section 5.6.4.6 of this chapter).

142 BGH (FCJ), Nov. 16, 2011, X ZB 37/08, 2010 IIC 724 (*Lichtbogenschnürung*).

143 German law on the Protection of trade secrets as of April, 18 2019 (BGBl. I 466).

144 Cf. Ohly/Stierle, "Unverhältnismäßigkeit, Injunction Gap und Geheimnisschutz im Prozess", GRUR 1229, 1240 (2021). Also, the earlier remarks on why requiring one individual from the claimant would be at odds with the rationale underlying the "Düsseldorf inspection proceeding"; cf. T. Kühnen "Zivilprozessualer Geheimnisschutz in Patentstreitverfahren" GRUR 576 (2020).

145 *Lichtbogenschnürung*, X ZB 37/08.

146 Cf. the four *Intel* factors as set forth in the U.S. Supreme Court precedent *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241 (2004). More details on this in Mirza, 2019 GRUR Int. 781.

147 Convention on the Taking of Evidence Abroad in Civil or Commercial Matters, March 18, 1970, 847 UNTS 241.

148 LG München (Regional Court of Munich), Dec. 20, 2018, 7 O 10495/17 (*Qualcomm v. Apple*).

### 5.6.7 Evidence

The taking of evidence only comes into play when there are contested issues of fact that turn out to be decisive for the court's ruling. As in any civil action, the court cannot just explore the facts if they are not relevant under the court's legal analysis and applicable to the requested relief based on the parties' factual contentions. Because of the above-explained, highly balanced and effective system of procedural obligations to substantiate contentions and denials, orders for evidence are clearly the exception in a German patent infringement action.

If the taking of evidence is necessary, the court must order to do so. This will typically only be done after an oral hearing, but it is procedurally also possible ahead of the first hearing, particularly if expert reports are involved (cf. Section 358a(4)). The order for evidence generally requires a formal written order identifying the contested facts and the evidence, particularly naming the witnesses and experts as well as the party that has taken recourse to the evidence (Section 359). The latter point is relevant because the taking of evidence is generally only admissible if one of the parties has taken recourse to the evidence at issue. Expert evidence is the most important exception: the court can call for an expert opinion even if the parties have not expressly requested it. Naming the party that has taken recourse does not yet imply anything on the burden of proof. The burden of proof only becomes relevant if the court, following the taking of evaluation of the evidence, cannot convince itself in a manner sufficient for ascertaining whether the contested issue of fact is true or not (Section 286). The party bearing the burden of proof bears the risk of this *non liquet* – that is, the risk that the court rules against the party bearing the burden of proof. In the German concept, these rules are considered substantive rather than procedural in nature.

The German Code of Civil Procedure provides for several means of evidence: experts, witnesses, records or documents, visual evidence taken on site and the examination of a party.

#### 5.6.7.1 Experts

Only court-appointed experts are considered experts in terms of being a formal means of evidence. Experts retained by the parties to the litigation, and their corresponding reports, do not count as "evidence." Rather, such reports just generally count as submissions by the respective parties. However, they do carry more weight ("qualified party submission") depending on the qualifications and reasoning of the expert opinion, as the court cannot simply take on a different view without providing express reasons and sources as to why certain scientifically founded arguments are dismissed. Thus, filing party expert opinions can be a relevant element and can make the court more inclined to resort to an independent expert. Though rare in practice, a party expert may be allowed to speak during the hearing, but, again, this is procedurally only considered as a party representative – not an "expert witness" – speaking. Thus, there is no cross-examination or anything known from the Anglo-American trial-based system.

While the court has discretion as to expert selection (cf. Section 404(1)), the court usually asks the parties which experts are suitable for a specific technical field (cf. Section 404(4)). If the parties agree on an expert, the court generally must retain this expert (cf. Section 404(5)). The most difficult challenge is to identify experts in the pertinent technical field who are not (too) close to any of the parties (who are, in patent infringement cases, often leading companies in the field that also work closely with scientists), as the parties can reject experts for reasons of bias (cf. Section 406). This is also why the parties, when evaluating which experts are suitable, should be very careful when unilaterally contacting candidates. Once an expert has been identified and has indicated they are ready to render an opinion on the pertinent subject matter, the court formally appoints the expert and sets a term for the expert to submit a written report on certain issues set forth in the order for evidence (Section 411(1)).

The written report is submitted to the court, and the court provides it to the parties so that they have the opportunity to comment in writing on the report. Based on these statements, the court can specify further points, asking the expert to supplement the report. In many cases, the expert is summoned to a hearing to give the court and the parties a chance to ask questions about the report. The court may prepare such a hearing by way of a written order to give the expert a chance to prepare. During the hearing, the bench primarily leads the examination of the expert, but the parties (through their counsel) have the right to also ask questions. Even though the examination of experts is conducted in a manner similar to that of witnesses (the pertinent rules



on witnesses apply *mutatis mutandis* to experts; cf. Section 402), experts are not referred to as “expert witnesses.” The latter term only refers to “knowledgeable persons” who are to be examined to obtain evidence regarding past facts and circumstances, or situations given in the past, that require special technical competence to be perceived (Section 414). These genuine “expert witnesses” are procedurally treated as witnesses, not as experts, for the purposes of the rules on taking evidence.

As stated above, only contested issues of fact can be subject to an expert opinion. This could, for example, pertain to a characteristic of the accused device that is not readily ascertainable (e.g., visible). While issues of law cannot be subject to expert evidence, and claim construction is generally considered an issue of law, certain aspects relevant to claim interpretation can be referred to an expert. A typical example is cases in which specific technical terms are used in the claims and not defined in the description but for which the skilled person at the priority date could have a defined understanding. If a claim, for example, uses the term “solution,” the parties could argue whether the term is limited to a strict molecular solution or if it could also cover certain suspensions. The experienced German infringement courts are rather reluctant, though, to resort to expert opinions in such cases unless there is no clear function indication in the patent-in-suit or any other documents that form the undisputed basis for the common general knowledge at the priority date based on which the skilled person is considered to have been operating.

It is important to note, though, that the bench cannot just rely on the expert when it comes to claim construction. The FCJ has set aside a number of decisions that did not reflect a genuine and independent reasoning of the infringement regarding claim construction but rather generally referred to an expert’s reasoning.<sup>149</sup>

While experts are typically retained to provide a written expert report on certain questions as set forth in the order for evidence, experts have also been retained by the court to attend a hearing and to assist the bench during the hearing by way of commenting on certain technical topics.<sup>150</sup>

#### 5.6.7.2 Witnesses

While the taking of evidence by hearing witnesses is a key part of the provisions on evidence in the Code of Civil Procedure (Section 373–401), witnesses are rarely examined in German patent infringement proceedings. The main issue for which witnesses play a role is a prior-use right according to Section 12 of the Patent Act. This is different from a public prior use that would count as prior art and thus only be relevant for a stay of infringement proceedings. The prior-use right, under Section 12, is a genuine defense that does not challenge the validity of the patent but only establishes a right for the defendant to continue a certain use of the invention that had to be started before the filing or priority date. Other fields where witnesses can be relevant are with respect to the standing to sue or the infringing activities of the defendant.

The taking of evidence by hearing a witness requires offering this evidence by naming the witness and designating the facts regarding which the witness is to be examined (Section 373). The court cannot *ex officio* name a witness. The witness must be summoned to the hearing (Section 377), and the summons must include the designation of the parties, the subject matter of the examination and an instruction of the witness to appear at the set hearing date for the purpose of testifying before the court. The summons must also include the warning that failure to do so may be sanctioned by means of administrative coercion provided for in the law.

While affidavits do not count as witness evidence (only as a document), Section 377(3) provides that the court may instruct that the question regarding which evidence is to be taken be answered in writing should it believe that, in light of the content of the question regarding which evidence is to be taken and taking into consideration the person of the witness, it suffices to proceed in this matter. This written answer would qualify as witness testimony. Any other written declaration (or affidavit), or the record of witness testimony from another proceeding, would not qualify as witness evidence but only as evidence in the form of a “record or document.” While it is not excluded to tender and take evidence in this form, the court would need to take evidence by also hearing the witness if the opposing party requests this.<sup>151</sup> Thus, while there is no general

149 BGH (FCJ), March 31, 2009, X ZR 95-05, 2009 IIC 868 (*Straßenbaumaschine*).

150 An example is *Qualcomm v. Apple*, 7 O 10495/17.

151 BGH (FCJ), July 12, 2013, V ZR 85/12 (*Unmittelbarkeitsgrundsatz*).

principle that the most direct evidence ought to be taken, the taking of evidence in the form of hearing a witness cannot be easily avoided by referring to written statements or affidavits.

Witnesses are only entitled to refuse to testify on the specific personal and factual grounds provided for in Sections 383 and 384. Among the personal grounds are certain personal relationships with any of the parties, as well as professional duties of confidentiality. Among the factual grounds is the right to refuse answers to questions that the witness would not be able to answer without disclosing a technical or trade secret.

### 5.6.7.3 Documents

The production of records or documents requires the party tendering the evidence to actually produce it (Section 420). If the document is in the possession of the opposing party, the evidence can only be offered by filing a petition that the court direct the opponent to produce the record or document (Section 421). Unless there is a specific substantive obligation under civil law to produce such a document (Section 422), the opposing party only has a procedural obligation to produce such a record or document when it previously also tendered evidence to that extent, even if this was only in the written stage of the proceedings (Section 423).

Thus, generally speaking, the parties are under no procedural obligation to voluntarily produce any documents in their possession. However, the court can order one of the parties or a third party to submit records or documents in their possession if any of the parties has made reference to it (Section 142(1)). The same applies for items that are in the defendant's or a third party's possession (Section 144(1)) if such items ought to be examined by the court or a court-appointed expert. While this modifies the general principle of the production of evidence by the party referring to it, it is not meant to enable full-scale document discovery. Rather, the record or document must be specifically referred to, and it must be substantiated why it is assumed to be in the possession of any of the parties or a third party. It is not possible to ask for the production of an entire document collection without specifying the relevance of its individual parts.

Furthermore, this mechanism is not meant to enable the conclusive pleading by the plaintiff, as a typical discovery mechanism would. Rather, the plaintiff must sufficiently substantiate the facts on which the asserted claims are based rather than just explore the facts that could enable such pleading by way of document production. With regard to patent infringement actions in particular, the case law of the FCJ has aligned the infringement court's duties to issue such orders with the statutory requirements for an independent inspection claim provided for in Section 140c of the Patent Act (see 5.6.6.3 of this chapter). Thus, the defendant need only submit certain documents referred to by the plaintiff and pertaining to the showing of infringement if there is a certain likelihood of infringement and the production is necessary for showing infringement.<sup>152</sup>

### 5.6.8 Confidentiality

Protecting parties' confidential information is a critical aspect in many patent infringement actions. While a discovery-based system conceptually provides for a sophisticated confidentiality regime in the form of protective orders or similar instruments, this is not the case in the German legal system, which does not provide for any general pretrial discovery. Thus, originally, the only statutory regime for protecting confidential information was provided for in the Courts Constitution Act, particularly in Sections 172–174. These provisions are exceptions to the general principle that all court hearings need to be public (Section 169 of the Courts Constitution Act). On this basis, the court can exclude the public from a hearing if confidential business information is discussed. The parties and their attorneys can remain in the hearing, but all people attending can be subjected to a confidentiality order (Section 174(3) of the Courts Constitution Act) whose breach triggers a criminal liability (Section 353d(2) of the Criminal Code).<sup>153</sup>

This regime has been frequently used to protect not only technical information but also business information (e.g., in FRAND cases). However, the regime within the Courts Constitution Act has its obvious shortcomings, because the court cannot order confidentiality ahead of a hearing, so the function of the front-loaded proceedings, with the focus on the written briefs, is impaired. These issues have been addressed by way of Section 145a of the Patent Act, which was very

<sup>152</sup> BGH (FCJ), Dec. 18, 2012, X ZR 7/12 (*Rohrmuffe*).

<sup>153</sup> For an English translation of the Criminal Code ("Strafgesetzbuch"), see [www.gesetze-im-internet.de/englisch\\_stgb](http://www.gesetze-im-internet.de/englisch_stgb)

recently enacted.<sup>154</sup> In referring to the recent statute on the protection of confidential business information (Sections 16–20 of the Trade Secrets Protection Act), Section 145a of the Patent Act gives the court sufficient flexibility and discretion to order suitable regimes for protecting confidential information already in the initial stages of the proceedings. Based on a request from any of the parties, the court can issue protective orders according to which certain information ought to be kept confidential. This encompasses any information that has been introduced into the proceedings if it could qualify as a trade secret or confidential business information. All individuals that are part of the proceedings (parties, outside counsel, experts and witnesses) and all third parties that have access to the documents of the proceedings are bound by the order. The court can also limit access to confidential information, contained in documents submitted by the parties or by third parties, to a certain number of individuals.

The same is true for the attendance of the oral hearing in which this information is to be discussed. However, at least one individual of each party and each party's outside counsel must have access (Section 19(1)). Sanctions for violation of the orders are limited to fines of EUR 100,000 or up to six months' detention.

### 5.6.9 Oral hearing

The rule is to hold only one oral hearing toward the end of the process. The regional court typically has one hearing day per week (e.g., Friday for the VII Civil Panel of the Mannheim court), for which more than one case is scheduled. Depending on the complexity of the matter, the court reserves one or several hours for the hearing. Occasionally, hearings in complex cases go on for eight hours or more. There are no time limits for the pleadings of the parties, and the parties do not need to turn in pleading notes ahead of the hearing.

The hearings need to be public (cf. Section 169(1) of the Courts Constitution Act) unless the public is excluded, for example, to protect trade secret information that might be discussed during the hearing. Excluding the public requires a nonpublic hearing on the ground for exclusion and can only last for as long as necessary (cf. Section 174(1) of the Courts Constitution Act). Because the public must be given the chance to attend a hearing, the name of the parties, the time of the hearing and the case number need to be put on a panel in front of the courtroom.<sup>155</sup> Furthermore, the public must have access to the court building and the courtroom.<sup>156</sup> However, the docket is not public. Thus, it is generally not possible to ascertain whether a certain case is pending by looking into the docket or calling the court's registry. As a matter of course, the parties do not need to keep the case confidential.

The hearing must always take place physically at the court room, so this is the relevant location for ensuring that the hearing is open to the general public. However, the court can, under Section 128a Code of Civil Procedure, also permit the parties and lawyers to stay at another location and broadcast the hearing in real time to that location. This formed the basis for the frequently used video hearings that were welcomed during the COVID-19 pandemic. Additionally, witnesses and experts may be permitted to stay in another location and be connected through video for their examination.

All patent infringement matters are heard by a bench of three judges (Section 75 of the Courts Constitution Act). While it is generally possible to delegate a civil action to one member of the bench, that possibility is basically never used in patent infringement matters. One of the three judges on the bench (but typically not the presiding judge) acts as a reporting member. This reporting member prepares a detailed analysis of the case and makes a preliminary opinion as a basis for the deliberation of the three judges taking place, as a matter of practice, on the day before the hearing. The reporting judge and the presiding judge are expected to know the files at a great level of detail, while the third judge receives most of the information from the deliberation and the hearing (but does have the same vote regarding the decision). In most cases, the presiding judge speaks for the bench in the hearing, but, selectively, the reporting judge or the third judge may also ask the parties questions during the hearing.

<sup>154</sup> Second Act on the Simplification and Modernization of Patent Law, Aug. 10, 2021, BGBl I at 3490.

<sup>155</sup> BGH (FCJ), Jan. 22, 1981, 4 StR 97/80.

<sup>156</sup> BGH (FCJ), March 23, 2006, 1 StR 20/06.

The hearing starts with the presiding judge calling the matter by naming the parties and the case number (Section 220(1)). Different from a trial-based system, there are no comprehensive minutes that would form part of the record. Rather, the presiding judge only records specific aspects of the hearing.<sup>157</sup> At the outset of the hearing, the presiding judge records the attendance of the parties and their representatives as well as that of the bench. In some cases, the presiding judge also records the prayers for relief (requests) at the outset of the hearing, unless those requests were already recorded in an earlier hearing date, which is possible according to the practice of the Munich court and the Düsseldorf court. In most cases, however, the prayers for relief are only recorded toward the end of the oral hearing as certain aspects might change during the course of the hearing. The recording is either performed by a record clerk (cf. Section 159(1)) of the court registry or by the presiding judge using a recording device (the latter has become most common).

After recording attendance, the presiding judge first asks the parties if there is any possibility of settling the dispute (Section 278(2)). While, in most cases, those discussions will be cut short by the parties, the parties can point out certain considerations that have so far guided them or that have turned out to be a problem in settling the case. Based on the court's initial assessment of the merits of the case, the court could revisit the discussions later again. Thus, the bench is not just strictly observing the presentation of the matter, but it also has an active role in terms of encouraging and possibly facilitating settlement as well as engaging in a discussion of the key points of the dispute with the parties. The Code of Civil Procedure expressly provides that, to the extent required, the court is to discuss with the parties the key points of the dispute, both in terms of factual aspects of the matter and of its legal ramifications (Section 139(1)). In this regard, the court is also to ask questions and work toward ensuring that the parties' contentions are complete with regard to all the relevant facts and evidence. The court must also ensure that the prayers for relief are correctly phrased. So, for example, if the court has concerns regarding the admissibility of the requests because they only repeat the claim language, the court would need to give a formal notice under Section 139(1) indicating that the language of the requests would need to be amended in order to be admissible.

To ensure the court has completely understood the parties' submissions and has complied with its duties under Section 139(1), the presiding judge gives an introduction to the matter (Section 278(2)). This is, in most cases, a concise account of the bench's understanding of the parties' key points. While the court cannot form a conclusive opinion at this stage but must rather stay open, the presiding judge will typically also present the bench's preliminary view on the merits in order to give the parties an adequate chance to address the court's view. The preliminary opinion is based on the deliberation of the bench.

While it is not easy to "turn around" the bench, it does happen, particularly in complex cases, that the bench changes its mind. If new points that the counsel would want to discuss with the client before responding in the hearing are raised, it is also common for either side to ask for a break after the introduction. It is standing practice that the bench gives the word first to the party disadvantaged by the majority of the points in the introduction. As stated before, there is no time limit for oral pleadings, but the bench expects (and regularly states) that the points in its introduction be specifically addressed rather than repeating just the essence of the written briefs.

It can be important for the parties to have certain statements recorded. This is the case, for example, if a certain factual aspect pertaining to the accused device is described in more detail only during the hearing. Otherwise, it will be difficult to base a decision on remarks made during the oral hearing. The court must also record notices under Section 139 (cf. Section 139(4)) unless those have been given ahead of the hearing in writing.

At the end of the hearing, the presiding judge will typically record the requests and set a date for pronouncing the ruling on the case (Section 310(1)). This is typically about four to eight weeks after the hearing. The presiding judge then announces that the hearing is closed. This point of closing the hearing is the final point of the process. Any decision will procedurally refer back to that point. No later-filed facts or evidence can be considered for making the ruling (Section 296a). In rare cases, the court retires for further deliberation before closing the case and returns to pronounce a decision in the hearing. Such an ad hoc verdict is procedurally possible but

157 Regarding the content of the record, cf. sec. 160.

practically very rare and, in those rare cases, is almost always against the plaintiff dismissing the action. It presents the court's firm conviction that the case is without basis.

Nevertheless, post-hearing briefs are always a significant point. These are possible if new points have arisen in briefs of the opposing side or if notices from the court came to the party's attention without sufficient time to allow them to be adequately addressed during the court hearing (Sections 283 and 139(5)). It cannot be generally said at what point prior to the oral hearing such new points will be considered too late for adequate comment in the hearing. Sometimes, lawyers refer to a one-week term, but this is not conclusive in this regard. A new factual point can be raised two weeks before the hearing and yet justify a leave for the opposing party to file a post-hearing brief, provided that the given points are sufficiently complex. If it is the plaintiff that files new points shortly before the hearing, the courts have a tendency to push back the hearing date so that the defendant can adequately respond before the hearing, enabling sufficient preparation of the matter ahead of the hearing.

A post-hearing brief is also possible if new points were only raised during the hearing. The problem with post-hearing briefs is that new facts can be introduced into the proceedings that, by the time of the decision, were not necessarily discussed in the proceedings, as the proceedings formally closed with the end of the oral hearing. Thus, if a new point relevant to the decision-making is raised in a post-hearing brief, the court might need to reopen proceedings (Section 156(1)), which means that another hearing date is required unless the parties agree to a decision in written proceedings according to Section 128(2). This can, of course, significantly delay the proceedings.

However, it is rather difficult to reject new facts or evidence as late-filed. Even though the Code of Civil Procedure provides for this in Section 296, under the case law of the Federal Constitutional Court, there is a requirement to show an actual delay of the action if the late-filed contention is admitted into the proceedings.<sup>158</sup> This means showing that the action would be delayed compared to a scenario in which the file was made on time (relative delay).<sup>159</sup> Even if a contention is contested, it might not delay the case because any order for evidence would have only been made following the ("final") hearing anyway. Only if the hearing date could have already been used for disposing of an evidentiary point triggered by the late filing would a preclusion be realistically possible.

The parties can file post-hearing briefs even in the absence of an express leave to that extent. As the hearing is closed, new facts in post-hearing briefs cannot be considered for the decision (Section 296a). However, the court is under the duty to read all post-hearing briefs to determine whether any further submissions in those briefs would warrant reopening the matter under Section 156. Such a reopening is within the court's discretion; it must balance the further delay against points of judicial economy.

#### 5.6.10 Decision

A decision can be a decision on the merits (e.g., entering into the relief as requested by the plaintiff) or a dismissal of the case for lack of infringement or lack of standing (Section 300(1)). It can, however, also be an order for evidence or a stay of the infringement proceedings pending a nullity action or opposition proceedings (Section 148). The decision can also be to reopen the case, scheduling another hearing date (Section 156). The pronouncement takes place in a separate oral hearing, typically in the morning of the court's respective weekly hearing day and before the first hearing on the scheduled case starts. On the date for pronouncing the decision, the fully worded ruling must be ready (Section 310(2)), which is why, though not frequent, dates for pronouncing a decision might be postponed.

The parties do not need to attend the pronouncement (Section 312(1)). Typically, no counsel attends, but somebody from the outside counsel's office would attend the pronouncement as part of the public. The pronouncement only repeats the court's order (i.e., the ordered relief or dismissal) and the decision on costs and enforceability. In almost all cases, no further reasons are

158 BVerfGE (Federal Constitutional Court), Jan. 27, 1997, 1 BvR 1430/94.

159 BVerfGE (Federal Constitutional Court), Jan. 27, 1997, 1 BvR 1430/94.

given orally, but the written opinion is already available. Depending on the court, the parties' counsel can obtain a copy of the decision at the clerk's office.

After pronouncing the decision, the ordered relief is already legally existing, even though the fully worded judgment is only officially served on the parties some days later.<sup>160</sup> Thus, if an injunction is at issue, the pronouncement is the earliest point at which it can be effective. For a first-instance decision to be actually "binding" in the sense of "enforceable," the plaintiff must post a security bond (which is ordered as part of the relief in the ruling; cf. Section 709). Any first-instance decision needs to be accompanied by a decision on its "preliminary enforceability," which means defining the requirement for enforcing the decision before it becomes final, particularly pending appeal.

The plaintiff can already be prepared for such a security bond, which is typically provided as a bank guarantee. It can be served on the defendant's counsel on the very same day if the process is completed. Consequently, the defendant would need to immediately honor the injunction even if the reasons of the decision have not been served. However, filing any measures of contempt requires the service of the ruling, and it also requires an "enforceable" copy of the judgment, which the clerk provides (Section 750(1)).

There are several special forms of decisions. If either of the parties do not attend the hearing (despite being properly summoned), a default judgment can be pronounced. A default judgment against the plaintiff (Section 330) only requires a corresponding petition from the defendant. If the defendant fails to appear, it is presumed that the facts as submitted to the court by the plaintiff in oral argument have been acknowledged by the defendant (Section 331). Thus, the court can only render a default judgment against the defendant if the legal conclusions based on the plaintiff's factual contentions support the plaintiff's requests. A default judgment is very dangerous, as it is enforceable without the posting of a security bond.

On special occasions, either side might be under pressure to concede. For the plaintiff, this is possible in the form of a procedural "waiver" under Section 306. According to this provision, during the hearing, the plaintiff can waive the claim asserted so that they shall be dismissed with their claim should the defendant apply for such a dismissal. This is a dismissal with full prejudice. A mere voluntary withdrawal under Section 269 does not have this procedural prejudice, which is why defendants have the right to refuse consent to the plaintiff's withdrawal if a hearing on the merits has already taken place (Section 269(3)). However, a withdrawn claim can, of course, not be reasserted if there is an underlying settlement. Based on this, the defendant could have a reasserted claim dismissed as inadmissible. Yet, sometimes, defendants in these scenarios insist on a waiver judgment under Section 306 and are not content with a withdrawal.

For the defendant, conceding can be done in the form of an "acknowledgment" under Section 307. This might happen if the plaintiff did not send a warning letter before filing the action, and the defendant wants to avoid the costs. In such a scenario, if the acknowledgment is presented without undue delay, the plaintiff would need to bear the costs of the proceedings (Section 93).

## 5.7 Civil remedies

### 5.7.1 Permanent injunction

By far the most important remedy available under German patent law is the permanent injunction, by which the defendant is ordered to completely refrain from engaging in acts that have been found to infringe upon the patent. Moreover, all such acts that fall within the scope of the judgment for the same reasons, relying exclusively on the considerations of that judgment, are prohibited. Thus, minor modifications of the attacked embodiment, if it still fulfills the features of the patent claim as construed in the reasoning of the decision, will not suffice to avoid infringement ("core theory").

As this is true for direct infringement, in cases of indirect infringement, the court will only grant an unlimited injunction if the means contributing to the infringement can only be reasonably used under infringing circumstances. If this is not the case, the court may not grant an unlimited

<sup>160</sup> Sec. 317 gives specifics regarding the service of the decision.

injunction but may order the defendant to warn its customers that use of the invention is prohibited without the prior consent of the patentee and to put respective warning notices on the products. Alternatively, the court may oblige the infringer to conclude a cease and desist agreement, including a penalty clause, with its customers.

So far – except for extraordinary circumstances of the case – a permanent injunction is automatically granted if infringement is found, without weighing the interests of the parties or affected third parties. An injunction is, therefore, not dependent on the claimant being a practicing entity, so nonpracticing entities are, in principle, also entitled to injunctive relief. Since August 2021 the German legislator introduced wording into Section 139 of the Patent Act so as to exclude the right to an injunction where such a remedy appears to be disproportionate for the defendant or a third party, taking into account the circumstances of the case as well as the principle of good faith. Where a permanent injunction is excluded for these reasons, the infringed party is entitled to reasonable monetary compensation. However, the new law is not expected to change current court practice significantly because the principle of proportionality is already taken into consideration for exceptional cases, in which a use-by period may be granted.<sup>161</sup>

A central question next to that of whether infringement (direct, indirect or equivalent) is found is whether there is a risk of a first-time infringement or whether the defendant has already infringed upon the patent in the past and is therefore deemed to commit future infringement as well. This must be shown by the claimant. In almost all cases handled by the courts, an alleged infringement has already occurred in the past, whereas future infringement may sometimes play a role in preliminary proceedings to stop an alleged infringer from entering the market with its products. The courts will find in the affirmative even where the defendant has already desisted from selling the infringing products, as long as it did not sign a cease and desist declaration promising to pay damages owed under this declaration in case of an ongoing breach. Important to remark is that finding fault – be it negligence or willful misconduct – on the side of the infringer is not a prerequisite for a permanent injunction. An injunction is only available as long as the patent is in force.

### 5.7.2 Recall, removal and destruction of patent-infringing products

Accompanying a claimant's right to an injunction, the infringement court will grant an order to have infringing products recalled, removed from the distribution channels and destroyed pursuant to Section 140a of the Patent Act. These claims will only be allowed where direct infringement occurred but not in cases of indirect infringement.<sup>162</sup> As a consequence of the territoriality of the German patent or the German part of a European patent, it is a prerequisite that the defendant owns or possesses infringing goods in Germany. The claim for destruction is available even when the patent has meanwhile expired because the infringer must not benefit from infringing acts committed in the past. The court will not order the products or – where a process is protected by the patent – the direct products manufactured by making use of that process, to be destroyed when such destruction seems disproportionate. However, this is rarely found to be the case. Destruction in the sense of the law does not necessarily mean physical destruction of the whole product but rather that the protected feature must not be used any longer. Thus, the duty to destroy may also be fulfilled by design-arounds to avoid use of the patent. If physical destruction is the only alternative, the defendant may do so itself or hand the attacked embodiments over to a bailiff for destruction at the defendant's cost.

Supporting the right to have infringing products destroyed, the claimant may also be granted a right to remove all infringing goods from distribution channels by a recall (e.g., in a situation where the goods have not yet arrived at their final destination). Consequently, the infringer must approach its customers to return affected goods, which may cause negative publicity and be harmful for customer relations.

### 5.7.3 Information and rendering accounts

Where the claimant is aware of past use, it may request information on such use and force the defendant to render accounts. With such information, the claimant is able to identify third parties

161 BGH (FCJ), May 10, 2016, X ZR 114/13 (*Wärmetauscher*).

162 BGH (FCJ), Nov. 22, 2005, X ZR 79/04 (*Extracoronares Geschiebe*).

involved in the infringement (e.g., within a supply chain) and bring proceedings against them. Moreover, this information puts the claimant in a position to calculate the damages that result from the infringement. In most cases, this alone is enough to enable settlement between the parties after the duty has been enforced. The defendant – in accordance with the judgment – will normally need to furnish particulars on:

- manufacturing quantities and times regarding affected products;
- deliveries (quantity, time of delivery, prices, type designations, and addresses and names of customers);
- individual offers; and
- production costs (including individual cost factors and profits).

Where particular details being given to the claimant would affect the defendant's right to keep such information of private customers confidential, such information may only be shared with an accountant, being bound by confidentiality, upon request of the defendant and if they pay for such an accountant.

If there is sufficient reason to believe that the defendant has not provided the information correctly and with the requisite care, the claimant may force the infringer to declare for the record, in lieu of an oath, that they have indicated the earnings as completely as they are able to (Section 259(2) of the Civil Code).

#### **5.7.4 Award of damages**

For negligent or intentional infringement, the patentee or its exclusive licensee is entitled to damages. Nonexclusive licensees may only claim damages from the patent owner or exclusive licensee if such an entitlement has been assigned. The German courts take a strict approach such that anyone engaging in commercial activities is expected to be aware of all relevant patents and patent applications in their business sector and must seek professional legal advice when in doubt. This strict liability is also true for directors, who have an influence upon the infringing activity.

It is a particularity of German proceedings that, initially, the determination of the amount of damages is not part of the infringement proceedings. Rather, the courts find that the claimant is entitled to damages on the merits and leaves the details to be determined in follow-up proceedings, which rarely occur in practice because most parties – after infringement has been found and the claimant has enforced its judgment and forced the defendant to open its books – find a way to settle this dispute without the support of the courts.

The amount of damages may be calculated in three different ways. The claimant has a free choice between all three methods until a specific damage claim has been brought or a final and binding court decision has been rendered:

- The claimant may request the profits of the infringer that directly resulted from the infringement and are causally linked to it (infringer's profits).
- The claimant is entitled to ask for compensation for its lost profits (lost profits).
- The claimant may calculate the damages on the basis of a license fee that would have been paid by a reasonable licensee (license analogy).

In most cases, damages are calculated by way of a license analogy. This method is the easiest for collecting damages because the claimant is usually in a position to establish the amount of a reasonable license fee by making reference to other license contracts with third parties or established license rates in the industry sector, which are deemed to be paid by a hypothetical licensee.

In contrast, enforcing a judgment granting damages calculated via one of the other two methods against an unwilling counterpart can be a cumbersome procedure. Using the infringer's profits method, it may be difficult to determine the causal share of the infringement on the profits, the core question being how significant the patented technology was for the customer's decision to buy the infringing products or pay for the use of the respective procedure. Furthermore, where the patented feature only forms part of a larger system being sold, the calculation will need to



take this into due account by making a corresponding deduction. As part of the damages, side-by-side sales will need to be taken into account (e.g., where such products are not patented themselves but are sold with the patented product or subsequent to the sale of the patented product as a replacement part). The infringer may then deduct only the overheads that can clearly be attributed to the manufacture and distribution of the attacked embodiment infringing upon the patent. Thus, the true general costs of production and distribution may not be taken into account.<sup>163</sup>

Where the claimant seeks to enforce the amount of lost profits as damages, it is difficult to provide evidence for the actual damage incurred (such as a specific lost order that would have been placed with the claimant instead of the defendant). If no such specific transaction was lost, the claimant will need to argue on an abstract basis and convince the court that certain transactions and sales would have taken place in the course of its usual business.

It is important to note that exemplary or punitive damages are not available under German law of torts.

### 5.7.5 Publication of court decision

According to Section 140e of the Patent Act, the prevailing party may be furnished with the right to publish the decision at the defendant's cost where it has a legitimate interest to do so. This section was introduced to transpose the EU Enforcement Directive into German law. However, only a few court decisions have granted such a request for reasons of proportionality. In recent years, fewer and fewer parties have applied for it.

### 5.7.6 Declaration of non-infringement

Under German law, there is no special remedy as part of the substantive law that entitles a declaration of non-infringement. Rather, a party that is substantially confronted with an alleged infringement may ask the court to find in a procedural declaration that there is no infringement (declaratory judgment of non-infringement). The alleged infringer will need to provide a detailed description of a specific embodiment of a product or process to put the court in a position to determine that a respective infringement claim by the patent's proprietor would not prevail.

As the relevant procedural provision in the Code of Civil Procedure (Section 256) only allows such a procedure where the claimant has a legitimate interest that non-infringement be declared, the claimant will need to assert that it not only has an abstract interest in such a court declaration but that it has been approached by its opponent in such manner that it has a legitimate interest to defend against the respective allegation. This normally will not be the case where the opponent has only asked the claimant to explain why it feels entitled to make free use of the patented process or sell its goods in the light of the patent and has sought to start an exchange of ideas and arguments. Rather, before an application in court for a declaration of non-infringement will be allowed, such a substantive attack will only be found where the patent owner has furnished the claimant with a warning or cease and desist letter by which it maintains having a claim against its opponent. However, it is not necessary that the patent owner asserts having an enforceable claim against the opponent,<sup>164</sup> though the mere announcement that it will review potential claims is not sufficient<sup>165</sup> nor is the mere initiation of inspection proceedings, except for specific circumstances.<sup>166</sup>

There is no remedy to a declaration of invalidity or unenforceability that may be brought before the civil infringement courts. In this case, a nullity action must be filed with the FPC. The arguments on invalidity may only be taken into account by the infringement court in its decision on whether to stay its proceedings and wait for the outcome of the nullity action.

163 BGH (FCJ), Nov. 2, 2000, I ZR 246/98 (*Gemeinkostenanteil*).

164 BGH (FCJ), Oct. 10, 1991, IX ZR 38/91.

165 BGH (FCJ), July 12, 2011, X ZR 56/09 (*Besonderer Mechanismus*).

166 BGH (FCJ), Oct. 2, 2018, X ZR 62/16 (*Schneckenkoeder*).

## 5.7.7 Costs

In Germany, the court costs for infringement proceedings as well as for invalidity proceedings are determined according to the value in dispute.

### 5.7.7.1 Determination of the value in dispute

The determination of the value in dispute in Germany is at the equitable discretion of the court, Section 3 Code of Civil Procedure, res. Section 51 (1) Court Costs Act (Gerichtskostengesetz, GKG). The amount in dispute shall at first be determined provisionally without hearing the parties and then finally after the conclusion of the proceedings and hearing of the parties. For this reason the statement of claim is to provide information on the value of the subject matter of the litigation wherever such subject matter does not consist of a specific amount of money (Section 253 (3) No. 2 Code of Civil Procedure). This is the case in patent infringement cases where the claimant typically seeks injunctive relief, rendering of accounts, recall/destruction and declaratory entitlement to damages. Where the claimant files these requests, the value of each request has to be determined separately in case separate enforcement of these requests is intended. The request for injunctive relief usually makes up for 80 % of the total sum in dispute and moreover serves as a point of reference to set the value of the other requests. In setting the value for permanent injunctive relief, the court has to make a reasonable prognosis by which the future value of the patent right for the claimant as well as the risk that the monetary realization of such value is endangered by the allegedly infringing act is to be assessed.<sup>167</sup> Elements to be taken into account are the importance of the protected invention, the remaining time of protection, the future risk put at the realization of the monetary value of the invention by the allegedly infringing acts, which may best be assessed on the basis of the unjustified past use, the economic force of claimant and defendant, like existing streams of distribution and manufacturing possibilities, as well as the degree of fault (intent or (gross) negligence) on the side of the defendant.<sup>168</sup> The market value of the patent is of particular importance in determining the amount in dispute. A valuation method for determining the market value is, in particular, the exploitation interest, which can be determined by the possible license fees. To determine potential license rates, there are, for example, catalogues of license fees typical for certain industries. In most cases, the courts will – for lack of better sources of information and knowledge – adopt the sum in dispute as indicated in the statement of claim as long there is mutual consent between the parties that this value adequately reflects the true value of the dispute, except where such sum obviously is set too low. As a rule of thumb the value of small patent infringement cases regularly is set to EUR 250,000–500,000, to EUR 1,000,000–5,000,000, in medium and to more than EUR 10,000,000 in large cases (with a statutory ceiling set at EUR 30,000,000).

For nullity proceedings, a higher amount in dispute is assessed than for infringement proceedings concerning the same patent in dispute. When determining the amount in dispute in nullity proceedings, the FCJ adds a surcharge of 25% to the amount in dispute in the patent infringement proceeding. This is justified by the fact that the infringement action does not yet include the patent owner's interest in using the patent for its own purposes for the remaining lifetime of the patent.<sup>169</sup>

### 5.7.7.2 Calculation of statutory court fees

The Court Costs Act and the corresponding schedule of costs included in an Annex are the relevant law to determine the concrete court fees, which have to be paid in advance to have the claim served on the opponent (Section 12 (1) Court Costs Act). A table of fees determines the amount of the single court fee (1.0) for certain values in dispute. The fee only increases if there is a jump in value. For amounts in dispute of EUR 500,000 or more, these jumps in value occur each time the amount in dispute is increased by EUR 50,000.

Depending on the type of proceedings or the instance, the multiplication factor for the calculation of the fee amount varies. Thus, for infringement proceedings in the first instance a 3-fold fee must be paid, in the second instance a 4-fold fee. For a nullity action, the court fees amount to a 4.5-fold fee in the first instance and a 6.0-fold fee in the second instance.

<sup>167</sup> BGH (FCJ), Nov. 13. 2013 – X ZR 171/12 (*Einkaufskühltasche*).

<sup>168</sup> *Einkaufskühltasche*, X ZR 171/12.

<sup>169</sup> BGH (FCJ), April 12 2011 – X ZR 28/09 GRUR 2011, 757 (*Nichtigkeitsstreitwert I*).

The court costs are to be paid by the plaintiff in advance and are fully refundable, if the plaintiff is successful.

### 5.7.7.3 Reimbursable lawyer's and patent lawyer's fees

The reimbursable lawyer's fees are the statutory minimum fees for a party's own counsel, which at the same time correspond to what has to be reimbursed to the other side in case of loss. They as well depend on the value in dispute. Higher legal fees that have been agreed upon between client and lawyer that were actually incurred are not recoverable. Most specialized patent lawyers charge more than the statutory minimum fee, so that even the prevailing party has a certain non-refundable cost burden.

The German Lawyers' Fees Act (Rechtsanwaltsvergütungsgesetz, RVG) applies to the calculation of recoverable lawyers' fees in Germany. This is completed by the schedule of fees to the RVG. The simple lawyer's fee (1.0) is determined in exactly the same way as the court fee, on the basis of a table of amounts in dispute. Also in this respect, the fees are leveled in steps of 50,000 (starting at EUR 500,000). The Act stipulates that a fee of 1.3 (or 1.6 in the second instance) can be charged for legal services in a case, and if court hearings take place in the case, an additional fee of 1.2 can be charged.

The German Lawyers' Fees Act is not only applicable to determine the attorney's fees, but also to the patent attorney's fees. Due to the close cooperation of attorneys-at-law and patent attorneys in infringement actions and nullity actions, both attorney's fees and patent attorney's fees are recoverable in each type of proceedings (see Section 143 (3) Patent Act). The only requirement is that the cooperation was indicated in each case. However, the Court of Justice of the European Union (CJEU) recently held in a trademark case that the fees of a patent attorney only have to be reimbursed where these costs incurred by the successful party are reasonable and proportionate, which has to be decided in taking the specific characteristics of the case into due account.<sup>170</sup> Whereas in trademark cases there may be circumstances where a patent lawyer's involvement is not necessary in this sense, the patent lawyer's technical expertise will be unavoidable and therefore refundable in most patent cases. Conversely, it is established case law that the involvement of a lawyer in nullity proceedings is necessary, if there is a simultaneously pending infringement proceeding concerning the patent-in-suit between the identical parties.

### 5.7.7.4 Cost Example

For a typical patent infringement case where the sum in dispute is set to EUR 1,000,000 and where there is one party on each side the costs according to the above mentioned cost regulations (without costs of taking evidence, translation costs, costs for travel arrangements etc.) are as follows:

	Regional Court	Higher Regional Court	Federal Court of Justice
<b>Court fees</b>	17,643	23,524	29,405
<b>Lawyer Cl.</b>	15,461.08	17,313.55	23,488.46
<b>Lawyer Def.</b>	15,461.08	17,313.55	23,488.46
<b>Patent Att. Cl.</b>	15,461.08	17,313.55	23,488.46
<b>Patent Att. Def.</b>	15,461.08	17,313.55	23,488.46
	<b>79,487.32</b>	<b>92,778.2</b>	<b>123,358.84</b>
<b>Total:</b>	<b>295,624.36 €</b>		

The respective costs for nullity proceedings before the German Patent Court and the FCJ, which are initiated by most defendants in response to an infringement action, will have to be added.

## 5.8 Enforcement of judgments

### 5.8.1 Prerequisites of enforcement

Decisions of German courts are not self-enforcing. Therefore, to enforce a decision, the favored party must become active in bringing about the necessary prerequisites. As a general rule, compulsory enforcement requires:

- an enforceable title (e.g., a judgment or court order; Sections 704 and 794 of the Code of Civil Procedure);

<sup>170</sup> CJEU, April 28 2022, C 531/20 – *NovaTex GmbH v. Ruprecht-Karls-Universität Heidelberg*

- (a title) provided with a clause (“enforceable execution copy”; Sections 724 and 725);<sup>171</sup> and
- the service of the title on the debtor (Section 750).

Titles for decisions that are appealable and therefore not yet final and binding (*res judicata*) may be provisionally enforceable (Sections 708, 709). In patent infringement proceedings, judgments of lower regional courts are declared provisionally enforceable against the provision of security (e.g., by escrow or bank guarantee),<sup>172</sup> the amount of which is determined in the operative part of the judgment on the basis of the corresponding value in suit (see Section 709).<sup>173</sup> Decisions of higher regional courts, by contrast, are provisionally enforceable without the provision of security (Section 708(10)).

### 5.8.2 Violation of cease and desist order (penalty proceedings)

In practice, upon a corresponding petition, any judgment or court order containing an injunction is accompanied by a court warning in the operative part, according to which the defendant shall be subject to penalty measures in case of failure to comply with the cease and desist obligation (see Section 890(2) of the Code of Civil Procedure). Pursuant to Section 890(1), the court of first instance hearing the case, upon request of the creditor, is to sentence the debtor culpably (i.e., at least negligently)<sup>174</sup> violating its obligation to cease and desist. For each count of the violation, the debtor, at the discretion of the court, is sentenced to a coercive fine (up to EUR 250,000)<sup>175</sup> or to coercive detention<sup>176</sup> (up to six months but no more than two years in total).

The scope of the injunction is limited to the actions described as infringing in the operative part. Thus, only if it is apparent from the reasons of the enforced judgment that a variation or modification (in comparison to the infringing embodiment(s)) is also to be regarded as an illegal use of the patent-in-suit does the cease and desist order extend to said variation or modification.<sup>177</sup>

The decision on penalties is issued by a court order (Section 891) and can be immediately appealed to the higher regional court within two weeks of service (Sections 793 and 567(1)(1)). The appeal has suspensive effect (Section 570(1)).

### 5.8.3 Failure to comply with further obligations (coercive measure proceedings)

In accordance with Section 888 of the Code of Civil Procedure, where actions may not be taken by anyone other than the debtor, the court of first instance hearing the case, upon request of the creditor, is to urge the debtor to take the action by levying a coercive penalty payment (up to EUR 25,000 for each violation) or coercive punitive detention (up to six months but no more than two years in total). This manner of enforcement, in particular, relates to the claims for the provision of information and the rendering of accounts (Section 140b of the Patent Act; Sections 242 and 259 of the Civil Code),<sup>178</sup> destruction (Section 140a(1) of the Patent Act) and recall (Section 140a(3) of the Patent Act).

Just as with penalty proceedings, the decision on coercive measures is issued by a court order (Section 891 of the Code of Civil Procedure) and can immediately be appealed to the higher regional court within two weeks of service (Sections 793 and 567(1)). Likewise, the appeal has suspensive effect (Section 570(1)). However, unlike for penalty proceedings, the creditor is responsible for the enforcement.<sup>179</sup>

171 Enforcement of decisions in preliminary injunction proceedings usually does not require a clause (secs 936, 929(1) of the Code of Civil Procedure).

172 The security payment serves to secure the debtor's rights to claim its attorney and court fees as well as compensation of enforcement damages (sec. 717(2) of the Code of Civil Procedure) in case a provisionally enforced judgment is reversed or later modified.

173 To cover potential loss of interest, the amount usually equates to between 110 percent and 120 percent of the enforceable value in suit.

174 Which, in practice, is usually assumed.

175 Payable to the district cashier's office.

176 Detention may be ordered against the culpably acting organ of a legal entity (e.g., the legal representative).

177 OLG Düsseldorf (Higher Regional Court of Düsseldorf), June 27, 2012 - I-2 W 14/12; on the “core theory”: OLG Frankfurt aM (Higher Regional Court of Frankfurt am Main), April 26, 2012, 6 U 2/11.

178 Bürgerliches Gesetzbuch (Civil Code), Jan. 2, 2002, BGBl I at 42, 2909, last amended by the Act of Aug. 10, 2021, BGBl I at 3515, art. 1, [www.gesetze-im-internet.de/englisch\\_bgb](http://www.gesetze-im-internet.de/englisch_bgb)

179 Even though the fine is payable to the district cashier's office.

## 5.8.4 Provisional termination of compulsory enforcement

If a provisionally enforceable judgment is appealed, upon a corresponding request by the debtor and appellant, the court may direct a temporary suspension of the enforcement, either against or without provision of security (Sections 719 and 707 of the Code of Civil Procedure). Possible reasons for a suspension, *inter alia*, are that:

- based on a summary examination, it must be assumed that the appealed judgment will not be upheld (obvious incorrectness); or
- according to *prima facie* evidence,<sup>180</sup> the debtor may suffer extraordinary, irreparable damages (exceptional disadvantages); or
- a crucial aspect that raises difficult legal questions was left unexamined in the appealed judgment.

Obvious incorrectness may, for example, be assumed if the legal assessment with regard to infringement, right to sue or the capacity to be sued was evidently erroneous. In addition, the (partial) revocation of the patent-in-suit subsequent to the pronouncement of the appealed judgment can justify the provisional suspension of enforcement.<sup>181</sup> Exceptional disadvantages, in particular, include the sufficiently likely possibility that the economic existence of the debtor is threatened by the enforcement. Given that – *a fortiori*, if a security has already been submitted by the enforcing party – the provisional termination of enforcement is the exception to the rule, and due to the fact that the judgment will be examined in the course of the appeals proceedings anyway, the chances of a suspension are generally rather low in practice.

The decision on the question of provisional termination is delivered by court order and is incontestable (Section 707(2)).

## 5.9 Appellate review

### 5.9.1 Limited *de novo* appeal

There is an appeal as of right against any final decision of a regional court to be filed with the competent higher regional court as the appellate court (Section 511(1)). Generally, preliminary rulings are not subject to appeal and cannot be “certified” for appeal unless the statute provides for it.<sup>182</sup>

The appellate court is also a “court of record,” so it is not strictly bound by the factual and evidentiary record of the “trial court.” Thus, the appellate court’s competence is not limited to genuine issues of law (Section 513(1)), but it can and must look *de novo* into the facts and can take new evidence if needed (Sections 529(1) and 538(1)).<sup>183</sup> In 2002, this concept was modified as part of a comprehensive civil procedure law reform:<sup>184</sup> the appellant can now only rely on new facts and evidence if there is a good reason for not having introduced those before the regional court (Section 531). Uncontested facts can, however, never be rejected as late-filed. In light of this reform, it is important to ensure that facts and evidence are submitted at the entry-level court, even if they possibly might not be relevant for the decision at that point (e.g., in light of a certain approach in claim construction).

#### 5.9.1.1 Requirements of the appeal and particulars of appeal

The appeal must be filed within one month following the service of the regional court’s fully worded ruling on the losing party or appellant (Section 517). This is a statutory term that cannot be extended. The appeal is lodged by way of filing a notice of appeal with the appellate court (Section 519(1)). The appellant<sup>185</sup> must provide “particulars of the appeal” (substantiating the basis for the appeal), which need to be filed within two months following the service of the decision (Section 520(2)). Without the appellee’s consent, that term can be extended by the

<sup>180</sup> Sec. 294 of the Code of Civil Procedure.

<sup>181</sup> BGH (FCJ), Sep. 16, 2014, X ZR 61/13 (*Kurznachrichtendienst*).

<sup>182</sup> Regarding the admissibility of the preliminary ruling, an intermediate decision (“Zwischenurteil”) may be given, which may be appealed; cf. sec. 280.

<sup>183</sup> A limitation to genuine issues of law only exists with regard to the further appeal/cassation (“Revision”) (sec. 545(1)).

<sup>184</sup> Zivilprozessreformgesetz (Civil Procedure Reform Act), July 27, 2001, BGBl. I 1887.

<sup>185</sup> In some translations, this is also referred to as the “plaintiff in the appeal.”

presiding judge by up to one month.<sup>186</sup> The extent to which the judgment is being contested must be set forth in the particulars, as well as a specific petition (request) as to how the judgment is to be modified. If the appellant has only lost in part, the judgment can only be contested to the extent the appellant's requests were dismissed by the lower court. In such a scenario, both parties can appeal the decision.

### 5.9.1.2 Cross-appeal

If only one party files an appeal in time, the other party – that is, the appellee (“defendant in the appeal”) – can file a cross-appeal (Section 524). Such a cross-appeal must be filed within the appellee's term for filing a response to the appeal (“statement of defense in the appeal”; cf. Section 524(2)). This term is important for the plaintiff that won before the regional court and wants to extend the claims on appeal (“modification of the suit filed” on appeal; cf. Section 533) because this is only possible by way of cross-appeal as this requires modifying the requests that were affirmed by the lower court. Such scenarios can, for example, arise if a further patent is to be added to the previous patent-in-suit. Such a claim extension through the introduction of a further patent-in-suit (and corresponding further requests) is also possible on appeal, even in the absence of the defendant's consent, if it serves judicial economy. Indeed, it can even be required for a plaintiff under Section 145 of the Patent Act to add a related patent if there is a significant overlap in the features of the claims and the pertinent characteristics of the accused device relevant for infringement.<sup>187</sup> A cross-appeal can only be directed against the appellant and not against a third party. Thus, it is not possible to add another defendant to the action even though this is possible under the general doctrine of claim modification (Sections 263 and 533).

### 5.9.1.3 Appeal process

The structure of the proceedings before the appellate court is similar to that of the proceedings before the lower court (Section 525). Thus, there is typically a further reply and rejoinder brief and only one final hearing unless the taking of evidence becomes necessary. With regard to the taking of evidence, the appellate courts are generally more prone than the lower courts to take expert evidence in complex matters. The structure of the hearing is also similar. Different from the practice of the regional courts, the appellate courts typically rule on the day of the hearing. While a remand to the lower court is possible, this is the exception and limited to certain cases in which the lower court only ruled on admissibility or in which the proceedings before the court of first instance were subject to a material irregularity (Section 538(2)). The general rule is that the appellate court decides “on the matter as such,” – that is, it makes a full decision on the merits of the case (Section 538(1)). This decision can be a judgment dismissing the appeal or affirming the appeal in modifying the judgment based on the appellant's specific petitions (requests). It can also partially dismiss or affirm the appeal in that manner. The decision, however, does not need to be a judgment. It can also be an order for evidence or an order to stay the proceedings pending a nullity action. The appellate court generally exercises its discretion to stay the proceedings pending the nullity action or opposition against the patent in the same way as the court of first instance.

If, however, the plaintiff prevailed before the regional court – so that the plaintiff is the defendant in the appeal and therefore disposes of an enforceable injunctive relief – the appellate court ought to lower the standards for staying the case.<sup>188</sup> The difference in this approach becomes clear when focusing on the consequences of enforcing an injunction that is subsequently reversed. If a first-instance decision granting permanent injunctive relief is reversed by an appellate judgment, the plaintiff is liable for damages the defendant suffered by the judgment being enforced (Section 717(2)). This is not the case for the enforcement of any relief granted or affirmed by an appellate judgment. The obligation of the plaintiff to reimburse the defendant in these cases is only determined by the rules of unjust enrichment, not damages (Section 717(3)).

### 5.9.1.4 Motions for a provisional termination of the enforcement of injunctive relief pending appeal

Motions for a provisional termination of the enforcement of injunctive relief have become practically very important in patent infringement matters. Injunctive relief is a relief as of right, so

<sup>186</sup> This limitation does not apply if the appellee agrees with the extension. Otherwise, this is the only non-statutory term for which such a limitation is provided for in the Code of Civil Procedure. Other terms can be extended for more and multiple times provided that the opponent is given a chance to comment on the request for a further term extension; cf. sec. 225(2).

<sup>187</sup> BGH (FCJ), Jan. 25, 2011, X ZR 69/08 (*Raffvorhang*).

<sup>188</sup> OLG Karlsruhe (Higher Regional Court of Karlsruhe), Feb. 11, 2015, 6 U 160/13; OLG Düsseldorf (Higher Regional Court of Düsseldorf), Dec. 21, 2006, I-2 U 58/05.

the court of first instance (even under the recently amended law), once infringement has been ascertained, does not have a general discretion with regard to ordering injunctive relief. Thus, injunctive relief is still the rule. However, the defendant can, upon filing the notice of appeal, turn to the appellate court requesting that the enforcement of the injunction be provisionally stayed (pending appeal; cf. Section 719(1)). This remedy has been frequently used by defendants in patent infringement matters. While originally such provisional terminations were absolutely exceptional, over the last decade, the appellate courts have been more prone to step in. This requires a determination that, based on a *prima facie* analysis, there are sufficient prospects for the appeal.<sup>189</sup> Furthermore, it requires balancing the equities of the matter in terms of weighing the plaintiff's interests in enjoining the defendant against the potentially irreversible harm inflicted on the defendant when enforcing the injunction. Thus, genuine equitable considerations that are typically considered in the Anglo-American system when making the decision whether to grant the injunction can be accommodated in the German system in connection with such a stay motion filed with the appellate court. However, one must bear in mind that notwithstanding the appellate courts' increased awareness and sensitivity in this regard, such provisional terminations are still the clear exception. The plaintiff's interest in enforcing the injunction generally outweighs that of the defendant, and the defendant is protected by way of the security bond that the plaintiff had to post to make the judgment enforceable pending appeal.

### 5.9.2 Further appeal on points of law (cassation)

A further appeal on points of law ("Revision") may be filed against a judgment delivered by the appellate court on fact and law in proceedings on the merits. In preliminary proceedings, a further appeal on points of law is not admissible.

A request for a further appeal on points of law may be filed with the FCJ, which has its seat in Karlsruhe. The FCJ is Germany's highest court with regard to civil and criminal jurisdiction, including patent infringement matters. The function of the FCJ as a cassation court is to ensure uniform application of the law, clarify fundamental points of the law and develop the law.

In proceedings on a further appeal on points of law, including those in patent infringement matters, no fact-finding will be undertaken. Rather, the FCJ will confine itself to reviewing the legal assessment of a case by the lower courts. The facts established by these courts are binding on the FCJ unless such findings are affected by a procedural error at the lower court indicated in the statement of grounds for the appeal.

In light of the double-track system in German patent litigation as explained above, it must be noted that, even though the FCJ is also Germany's highest court in patent nullification proceedings, its role in these particular proceedings is exceptionally not that of a cassation court but rather that of an appellate court. Accordingly, from a judgment of the FPC, an appeal ("Berufung") can be filed with the FCJ, not a further appeal on points of law ("Revision"). And, in the appeal proceedings, different from cassation proceedings, fact-finding can be undertaken to a limited extent (limited *de novo* appeal), as explained more in detail below.

#### 5.9.2.1 Admission and grounds for admission for a further appeal on points of law

The request for a further appeal on points of law requires admission. A further appeal on points of law may be admitted by the appellate court; or on a complaint against the refusal of the appellate court to grant leave to such an appeal, by the FCJ. Admission or leave may only be granted if a ground for admission is to be affirmed. Grounds for admission are that

1. the legal matter is of fundamental significance; or
2. the further development of the law or the interests in ensuring uniform adjudication require a decision to be handed down by the court hearing the appeal on points of law.<sup>190</sup>

A legal matter is of fundamental significance when it can be expected to arise in a number of cases and therefore concerns the abstract interest in uniform application of the law. According to

<sup>189</sup> OLG Karlsruhe (Higher Regional Court of Karlsruhe), April 9, 2015, 6 U 168/14; OLG Düsseldorf (Higher Regional Court of Düsseldorf), July 1, 2009, I-2 U 51/08.

<sup>190</sup> Sec. 543(2).

the case law of the Federal Constitutional Court, infringements of a fundamental procedural right – in particular, infringements of the right to be heard (Article 103(1) of the Basic Law) – even if they are in issue only in a single case, are considered to be of fundamental significance and, thus, a ground for admission.<sup>191</sup>

The further development of law is of concern when, in view of general (e.g., technical) developments, there is reason to provide guiding principles for the interpretation of the law. The interests in ensuring uniform adjudication require a decision from the FCJ when appellate courts disagree in the interpretation of the law or when an appellate court deviates from the interpretation of the law as decided by the FCJ in a symptomatic way.<sup>192</sup>

To harmonize irreconcilable interpretations of patent claims in parallel infringement and nullification proceedings, the FCJ decided in 2010 that a ground for admission is also given when the FCJ has based its decision in nullification appeal proceedings on an interpretation of the patent claim that deviated, in a point relevant to the decision in parallel patent infringement proceedings, from the interpretation on which the appellate court had based its judgment and which was challenged in a complaint against denial of leave to a further appeal on points of law.<sup>193</sup>

### 5.9.2.2 Complaint against the refusal of the appellate court to grant leave

The appellate court must always decide whether leave to an appeal on points of law is to be granted. If the decision is negative, the party adversely affected by the decision may file a complaint, provided the value of the adverse effect amounts to more than EUR 20,000 (Section 544(2)), which is regularly the case in patent infringement litigation. The opposite party will be given the opportunity to be heard in writing. The complaint suspends the judgment from becoming final and binding. The FCJ will decide on the complaint by order. In most cases, reasons are not given. If the complaint is rejected, the judgment becomes final and binding. If the complaint is successful, the proceeding will be continued as appellate proceedings on points of law. The complaint may also be partially successful and partially rejected.

When an action for nullification of the patent that is found to be infringed by the appellate court is still pending before the FPC or, upon appeal, before the FCJ, the FCJ in proceedings on the complaint against the refusal of the appellate court to grant leave may decide to stay proceedings until a final decision in the nullification proceedings has been rendered, provided there is a risk of irreconcilable decisions in the parallel infringement and nullification proceedings.<sup>194</sup> This is of relevance in the following two scenarios.

First, the appellate court finds a patent to be infringed and refuses to grant leave. However, later, the FPC or the FCJ nullifies the patent in whole or in the parts relevant for the decision of the appellate court on infringement. If the defendant in the infringement case files a complaint against the refusal of the appellate court to grant leave, and the FCJ stays proceedings, proceedings could be continued after the final decision in the nullification proceeding. If the patent is nullified in the final decision in whole there, the basis for the appellate court (that the patent is infringed) has fallen away, and the plaintiff will normally withdraw the infringement action. If not, proceedings on appeal on a point of law will be continued, the decision of the appellate court will be set aside, and the action for infringement will be dismissed by the FCJ. If the patent has been nullified in the final decision only in part, proceedings will also be continued, and the case will be remitted to the appellate court if further fact-finding is necessary to decide on infringement. But, even if the defendant in the infringement proceedings had not filed a complaint against the refusal of the appellate court to grant leave, they may file an action for retrial (“Restitutionsklage”) pursuant to Section 580(6) within one month after the day on which the defendant became aware of the final judgment by which the patent had been nullified.<sup>195</sup>

Second, the appellate court finds a patent to be infringed after having given a broad interpretation to the patent and refused to grant leave. Later, the FCJ dismisses the action for

191 BVerfGE (Federal Constitutional Court), April 30, 2000, 1 PBvU 1/02.

192 BGH (FCJ), May 29, 2002, V ZB 11/02; BGH (FCJ) Oct. 1, 2002, XI ZR 71/02.

193 BGH (FCJ), June 29, 2010, X ZR 193/03 (*Crimpwerkzeug III*).

194 BGH (FCJ), April 6, 2004, X ZR 272/02 (*Druckmaschinen-Temperaturungssystem*); BGH (FCJ), Sep. 28, 2011, X ZR 68/10 (*Klimaschrank*).

195 BGH (FCJ), July 29, 2010, Xa ZR 118/09 (*Bordako*); BGH (FCJ), April 17, 2021, X ZR 55/09 (*Tintenpatrone III*). The former case concerns a plant variety right and the latter case concerns the revocation of a European patent by an EPC board of appeal.



declaration of nullification of the patent on the basis of an interpretation of the patent claim that deviates from the understanding of the appellate court in a way relevant for the decision in the infringement litigation (e.g., by interpreting the patent narrowly). If the defendant in the infringement case files a complaint against the refusal of the appellate court to grant leave, and the FCJ stays proceedings, proceedings can be continued after the final decision in the nullification proceeding has been rendered in order to reconcile the claim interpretation in the infringement case with the claim interpretation in the nullification case.<sup>196</sup> However, in contrast to the first scenario, filing an action for retrial (“Restitutionsklage”) would not be available where there is a lack of ground for retrial (“Restitutionsgrund”).

### 5.9.2.3 Requirements for a further appeal on law

Like the appeal, the request for a further appeal on law must be filed within one month following the service of the regional court’s fully worded ruling on the losing party or appellant (Section 548). This is a statutory term that cannot be extended. The appeal is lodged by way of filing a notice of appeal with the FCJ (Section 549(1)). The appellant must provide “particulars of the request” (substantiating the basis for the request), which need to be filed within two months following the service of the decision (Section 551(2)).

The further appeal on points of law may only be based on an erroneous application of the law by the contested decision (Section 545). This is the case when a legal norm has not been applied or has not been applied properly (Section 546). In particular cases enumerated in Section 547 (e.g., the composition of the court was not compliant with the law, or there was a violation of the rules regarding public admission to the oral hearing), it is to be presumed irrefutably that the decision has been based on an erroneous application of the law.

### 5.9.2.4 Proceedings and decision

The structure of proceedings before the FCJ has many similarities with the proceedings before the lower courts (Section 555). However, there is typically just one round of briefings (reasoning of the appeal and reasoning of defense), since only those party submissions that are apparent from the appellate judgment or the record of the session of the court are subject to assessment by the court. Moreover, with regard to an erroneous application of procedural law, the FCJ will take solely those facts that were put forward into account in order to show these irregularities. As mentioned already, no fact-finding will be undertaken, and the court will only review the legal assessment of the case by the lower courts.

The case is heard by a bench of five judges who have a legal background. Many of them have gained experience in patent litigation as judges in the lower courts. At the beginning of the hearing, the presiding judge summarizes the facts and gives a preliminary assessment of the case based on deliberations the court had prior. This is followed by pleadings of party representatives. The judges may and often will ask questions to the representatives. A typical hearing in a patent infringement case takes between one and two hours. After the hearing, and possibly also other hearings in different cases that were scheduled the same day, the court will deliberate again and will typically rule on the same day but provide reasons later.

The decision depends on the assessment of the further appeal on points of law. The FCJ will dismiss the appeal when the reasoning of the appellate court’s judgment does not contain an error of law or does contain an error of law but is correctly based on other grounds (Section 561). The appellate court’s judgment will be set aside to the extent the appeal on points of law is justified (Section 562), and the matter will be remitted to the appellate court, which, once again, is to hear and decide on it (Section 563(1)) while being bound to the legal assessment of the FCJ to the extent that the reversal of the appellate judgment is based on it (Section 563(2)). The FCJ will decide and not remit the matter if the appellate court’s decision must be set aside because the further appeal on points of law was justified, but the matter is ready for a final decision based on the facts established by the appellate court.

## 5.10 Border measures

Border seizures are generally possible in Germany. However, seizures at the German land borders (under Section 142a of the Patent Act) normally do not take place because Customs, in general,

<sup>196</sup> *Crimpwerkzeug III*, X ZR 193/03; BGH (FCJ), Dec. 14, 2010, X ZR 193/03 (*Crimpwerkzeug IV*).

does not control borders between member states of the EU and those of the Schengen Area (which includes Switzerland in particular), and Germany borders solely with member states of the Schengen area. Border seizures are therefore primarily relevant with regard to imports and exports via German airports and harbors from or to countries not part of the Schengen area and at the EU's external borders. The basis for such seizures is Regulation (EU) 608/2013.<sup>197</sup> According to Article 1(1), within the scope of the Regulation are, in particular, the following especially relevant seizure situations: the release of goods for free circulation, the transfer of goods into or out of the customs territory of the EU, and the transfer of goods into a free zone or free warehouse.

Seizure proceedings are initiated by filing an application with the competent customs department of the member state. The competent agency for applications in Germany is the Federal Finance Directorate Southeast ("Bundesfinanzdirektion Südost"), based in Munich. The application is to be made either on a case-by-case basis or for a maximum of one year during which time the customs authorities are to take action (Article 11(1)–(2)) and needs to provide information regarding the applicant and the patent that is to be enforced according to Article 11(3). The application must also substantiate how to identify the infringing devices and why there is a plausible case of infringement; otherwise, seizures are not practically possible. This is typically a limiting factor, because the agency dealing with the applications is not equipped to determine issues of patent infringement (let alone validity). Thus, some sort of *prima facie* plausibility is needed to allow this determination and also enable the identification of the pertinent devices. This is facilitated if standard essential devices are at issue (e.g., "mp3 players"), and a number of court decisions corroborating the showing of infringement of the patent named in the application are already available.

If the application is successful, goods will be seized in each case if there is an indication of an infringement of the patent. After potentially infringing devices have been seized, the proprietor, as well as the holder of the goods, will be informed (Article 17(3)–(4)). The patent holder is given the possibility to inspect the seized devices (Article 19). If the patent holder, after inspection and examination, has confirmed the infringement, and the patent holder and goods holder agree within 10 working days, the goods will be destroyed (Article 23(1)). If the proprietor does not provide both their agreement with the destruction and their confirmation of infringement in due time, the goods will be released (Article 23(1)). If the holder of the goods opposes the destruction (which is the practically relevant case), the proprietor needs to file an infringement proceeding (Article 23(3)) within 10 working days. An action for preliminary relief is also suitable in this regard. Otherwise, the goods will be released (Article 23(4)). The holder of the goods may request early release according to Article 24.

## 5.11 Selected topics

### 5.11.1 Action for the grant of a compulsory license

#### 5.11.1.1 Grounds for applying for a compulsory license

A compulsory license is the nonexclusive right to commercially use a granted patent. This license is not granted voluntarily by the patent proprietor but by the FPC upon request of the license seeker. The prerequisites for granting a compulsory license by a court are set out in the German Patent Act and require, first of all, that the license seeker has, within a reasonable period of time, unsuccessfully attempted to obtain the patent proprietor's permission to use the invention on reasonable terms and conditions. The primacy of the unsuccessful licensing attempts is the consequence of granting a compulsory license being an *ultima ratio*: the patent proprietor must only be forced to grant a license if they have refused to grant a license – at all or on reasonable conditions – even though a license would be required to satisfy superior interests. The superior interests that constitute grounds for granting a compulsory license are set out in Section 24 of the Patent Act.

The most important ground is the public interest calling for the grant of a compulsory license (cf. Section 24(1) of the Patent Act) – in particular, public health and public security are considered to be relevant public interests. A special form of the public interest is codified in Section 24(5) of

<sup>197</sup> Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003, 2013 OJ (L 181), 15.

the Patent Act, according to which a compulsory license may be granted to ensure an adequate supply of the patented product on the German market if the patented invention is not (predominantly) used in Germany. The mere existence of a public interest per se does not, however, justify the grant of a compulsory license. Rather, it is necessary to consider the particular circumstances of a specific case and to balance the interests at issue. Only if this results in the public interest overruling the patent proprietor's interest in maintaining their monopoly position may a compulsory license be granted. Pursuant to established FCJ case law, a public interest in the granting of a compulsory license is to be affirmed if a medicament for the treatment of a serious disease has therapeutic properties that medicaments available on the market do not have or do not need to the same extent, or if its use avoids undesirable side effects that would need to be accepted if other medicaments were administered.<sup>198</sup>

According to Section 24(2) of the Patent Act, a compulsory license may also be granted for a patent that hinders the holder of a patent with a later filing or priority date to exploit their invention because making use of said patent infringes the older patent (i.e., the patent with an earlier filing or priority date). In this situation, it is further required that the invention protected by the younger patent demonstrates an important technological advance of substantial economic significance compared to the invention claimed by the older patent. In situations covered by Section 24(2) of the Patent Act, the patent proprietor may, in return, request the grant of a cross-license for the use of the invention protected by the younger patent.

The provision of Section 24(2) of the Patent Act also applies to cases where a plant breeder cannot obtain or exploit a patented variety without infringing an older patent. Granting a compulsory license for a patent claiming an invention in the field of semiconductor technology is only possible when the license is necessary to eliminate the anticompetitive practices pursued by the patent proprietor that have been established in court or administrative proceedings (cf. Section 24(4) of the Patent Act).

#### 5.11.1.2 Scope of a compulsory license

By means of a compulsory license, the license seeker is given a nonexclusive right (not duty) to commercially use an invention protected by a granted patent. The right is limited to the purpose for which it has been granted and may also be subject to further conditions and limitations. For example, it may be required that a notice concerning the patent covered by the compulsory license be attached to the product, or the compulsory license may only be granted for certain claims of the patent, be limited to certain activities (e.g., dosage forms of a medicament)<sup>199</sup> or contain timewise or geographic constraints. Further, the grant of a compulsory license may be made dependent on a security bond to be provided by the license seeker.

Since the grant of a compulsory license does not establish an ordinary license agreement, the parties do not need to act like normal parties to a license agreement. The patent proprietor only must tolerate the use of their patent; they are not precluded from exploiting the patent as they like and are not obliged to maintain or defend the patent. Moreover, they do not need to warrant that the invention is feasible or suitable for the intended purpose, and they also do not need to provide know-how required for the use of the invention. Obviously, the license seeker must pay license fees for their right to use the invention in an amount determined by the court considering the circumstances of the specific case, which include, *inter alia*, the economic value of the right to use the invention. The license seeker is allowed to challenge the patent's validity by filing a revocation action or an opposition. Contrary to a normal nonexclusive license, a compulsory license could also be granted for a patent for which an exclusive license has already been granted.

A compulsory license is bound to the business that makes use of the invention for which the compulsory license was granted and can only be assigned in combination with said business; assigning only the compulsory license is not possible.

The duration of the compulsory license may be set by the FPC either directly or by means of a resolutive condition. If no duration has been set, the patent proprietor can request that the FPC withdraws the compulsory license if the prerequisites for its grant are no longer met. The compulsory license ends *ipso iure* when the patent expires.

198 *Raltegravir*, X ZB 1/17, 2018 IIC 94; BGH (FCJ), June 4, 2019, X ZB 2/19 (*Alirocumab*).

199 BPatG (FPC), Aug. 31, 2016, 3 LiQ 1/16 (EP) (*Isentress*).

### 5.11.1.3 Procedural aspects

#### 5.11.1.3.1 Proceedings on the merits

The proceedings on the merits concerning a compulsory license follow the same rules and are handled by the same courts as set out above with regard to the revocation proceedings (cf. Section 5.4.1.1). The subject matter of the action can be the grant, the adaptation or the withdrawal of a compulsory license; the parties to the proceedings are the patent proprietor as licensor and the license seeker.

When filing a complaint for the grant of a compulsory license, the license seeker does not need to specify the conditions of the requested compulsory license. If, at the time of filing the action for the grant of a compulsory license, the license seeker has not yet sufficiently attempted to obtain a license on reasonable conditions, they can continue their efforts during the proceedings. If their attempts were successful, and a license agreement is concluded after the action for the grant of a compulsory license has been filed, the action may be withdrawn or, alternatively, the plaintiff or both parties may submit a declaration that there is no need to adjudicate (“einseitige oder übereinstimmende Erledigungserklärung”).

A judgment granting a compulsory license does not oblige the patent proprietor to enter into a license agreement but directly establishes the license seeker’s right (yet not their duty) to use the patented invention and their obligation to comply with the conditions set out in the judgment (in particular, paying license fees). Like in revocation proceedings, the costs will usually be imposed on the losing party or, in a case where both parties declared that there was no need to adjudicate (“übereinstimmende Erledigungserklärung”), the party that would have lost, unless equity requires otherwise: Section 81(1) and 84(2) of the Patent Act and the applicable rules of the Code of Civil Procedure.

#### 5.11.1.3.2 Summary proceedings

If an action for the grant of a compulsory license is pending, the license seeker may additionally initiate preliminary injunction proceedings directed at the grant of a compulsory license; it is, however, not possible to request a preliminary injunction if no proceedings on the merits are pending. The request for a preliminary injunction must be filed with the FPC, which must schedule an oral hearing that is prepared by written statements of the parties and after which a judgment will be rendered. The judgment will have the same effect as the judgment in the proceedings on the merits (cf. Section 5.11.1.3.1).

A preliminary injunction is granted if the license seeker substantiates (not proves) that the material requirements for the grant of a compulsory license are met and that there is an urgent need in the public interest for the immediate grant of the compulsory license. The threshold for the latter requirement is rather high and only met if an immediate decision is required to avert severe disadvantages from the public were the outcome of the proceedings on the merits to be awaited. In recent times, a preliminary injunction has been issued only once in a compulsory license case.<sup>200</sup> The preliminary injunction is dependent on the proceedings on the merits. Thus, if the complaint is withdrawn or dismissed, the effect of the preliminary injunction ceases.

The grant of a compulsory license by way of a preliminary injunction may be dependent on a security bond to be provided by the license seeker in order to cover potential damages of the patent proprietor. Another security bond may need to be provided by the license seeker for the enforcement of the nonfinal judgment granting the compulsory license. This must be considered carefully: if preliminary injunction proceedings are initiated, and a nonfinal judgment is enforced because the grant of a compulsory license by way of a preliminary injunction proves unjustified from the outset, or if the judgment is lifted later on, the license seeker must compensate the patent proprietor for any damages arising therefrom.

#### 5.11.1.3.3 Appeal

Against the judgment – both in proceedings on the merits and in preliminary injunction proceedings – an appeal with the FCJ can be filed. The appeal proceedings are very similar and basically follow the rules set out above for the appeal in revocation proceedings.

200 Issued in *Raltegravir*, X ZB 1/17; denied in *Alirocumab*, X ZB 2/19.