Patent Litigation in Europe

German Example

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Lecture – Part I

- Overview of numbers of Case
- International Jurisdiction

Practice of Litigation

- Prequisites for filing an action
- Preparation before filing an action
- Rules and practice of evidence
Germany

Average Patent Cases per Year

Commenced
1st Instance Court Decision
Appealed
2nd Instance Court Decision
International Jurisdiction
**Case situation**

1. Infringer living in Madrid
2. produces in FR by subsidiary
3. Exhibits products on a fair in Germany
4. Sells products in the UK and in NL

Where can patentee sue?
COUNCIL REGULATION (EC) No 44/2001 of 22 December 2000

on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters
Art. 2 (1) (Domicile – Seat)

Subject to this Regulation, persons domiciled in a Member State shall ... be sued in the courts of that Member State.
Article 5  (Place of infringement)

A person domiciled in a Contracting State may, in another Contracting State, be sued:

3. in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred
Art. 22 Exclusive jurisdiction
(former Art. 16 Brussel Convention)

Courts shall have exclusive jurisdiction, regardless of domicile:

4. in proceedings concerned with the validity of patents..
   the courts of the Contracting State in which the deposit or registration has been applied for..
Invalidity Defense of the Infringer
Facts of ECJ case

French patentee sends warning letter to German (alleged) infringer

German defendant files Declaratory Action of non-infringement in Düsseldorf (only patent in FR, not in DE)

Which rule of jurisdiction?? Art. 2 - Seat of „defendant“

- Defendant raises nullity defense
- Can Düsseldorf court decide the case?
Brussels Regulation Art. 22 (4) "Flywheel" 
(Request for Preliminary Ruling to the ECJ for the Interpretation of Art. 22 (4) Brussels Reg (Exclusivity) :
- only for nullity erga omnes?
- or also for inter partes defense?

("incidental question")

Düsseldorf Court Appeals GRUR Int. 2003,1030
German (and French version) (original language versions)  Art. 22 (4) Reg.

1. für Klagen, welche dingliche Rechte Sachen zum Gegenstand haben
2. für Klagen, welche die Gültigkeit zum Gegenstand haben,
3. für Klagen, welche die Gültigkeit von Eintragungen zum Gegenstand haben,
4. für Klagen, welche die Eintragung oder die Gültigkeit von Patenten zum Gegenstand haben,
5. für Verfahren, welche die Zwangsvollstreckung aus Entscheidungen zum Gegenstand haben
Art. 22 Exclusive jurisdiction

1. in proceedings which have as their object rights in rem

2. in proceedings which have as their object the validity of the constitution,

3. in proceedings which have as their object the validity of entries in public registers

4. in proceedings concerned with the validity of patents
ECJ Decision

Art. 22 (4) Reg. is to be interpreted as meaning that the rule of exclusive jurisdiction laid down therein concerns all proceedings relating to the validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection.

ECJ of 13 July 2006 - Case C-4/03 – GAT.v. LuK
Result: Court in Düsseldorf has no jurisdiction for declaratory infringement of French patent if defendant raises invalidity defense

The ECJ got it all wrong
What will courts do:

- stay of infringement proceedings
- immediate injunction
- evaluation of success of nullity suit? (present German practice)
- send infringement case abroad

(To whom? A Judge: „send it to hell!“)
What is still possible ??
Private international law of the country

- Patentee with residence in Lyon
- Warns Swiss company in Geneva
- Patent registered in Berne (CH)
- Agent (Patent Attorney) of French patentee seat in Zurich
Jurisdiction

Options? (for Injunction, declaratory judgment action, unlawful warning)

- Agent‘s address Zurich for infringement
- Residence of patentee Lyon f. warning
- Jurisdiction for injunction Geneva (reverse jurisdiction same place)
- Place of tort (warning) Geneva
- Place of registration of patent Berne
1. A declaratory judgment action by a Swiss enterprise that has been warned about a patent infringement against the foreign holder of a European patent can only be filed in Switzerland at the place of business of the agent registered in the Swiss Register.

2. In the present case, pursuant to Swiss Private International Law there is no forum based on the factual connection between the action for a negative declaration and the action for an injunction. Swiss Supreme Court, August 21, 1996.
The responsibility of a non-resident supplier for the infringement of national patent rights is given if he (or his legal representative) was aware of the respective patent and contributed from abroad to the marketing of the infringing products.

German Federal Supreme Court February 26, 2002 - Case No. X ZR 36/01- 34 IIC 432 (2003)
More Harmonization in Procedures


“The objective of this Directive is to approximate legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the Internal Market”.
On application by a party which has presented reasonably available evidence..., the competent judicial authorities may order that such evidence be presented by the opposing party, subject to the protection of confidential information.
1. Even before the commencement of proceedings on the merits of the case, the competent judicial authorities may order provisional measures to preserve relevant evidence in respect of the alleged infringement, subject to the protection of confidential information.
Article 7 Measures for preserving Evidence (Saisie)

Such measures may include the detailed description .... or the physical seizure of the infringing goods, ....and the documents relating thereto.

Those measures shall be taken, if necessary without the other party having been heard, in particular where there is a demonstrable risk of evidence being destroyed.
1. Member States shall ensure that the [courts]... order the infringer to pay the rightholder damages appropriate to the actual prejudice suffered by him ..
German Practice as an example of future European patent procedure
Highlights of Procedure

- separation of infringement and nullity procedure [?]
- highly specialized judges
- 70 % chances for plaintiff
- positive attitude of judges
- broad claim interpretation
Infringement

12 District Courts
(3 judges)

12 Courts of Appeal
(3 judges)

Supreme Court
(5 judges)

= 

Validity

Federal Patent Court
(Munich – 5 judges)

Supreme Court
(5 judges)
Highlights of Procedure

- more than 800 patent cases decided in first instance
- fast track procedure without expert opinion
- 6 – 14 months until decision
- Reasonable cost
- 100 cases/year reach Supreme Court
Preparation of Infringement Case

Who is the infringer?
- Manufacturer abroad?
- Local distributor?
- User of a process? (seizure necessary?)
- Identification of correct legal person (who “offers for sale”? (parent/subsidiary)
- Legal representatives as defendants
Preparation of Infringement Case

All evidence + legal arguments must be provided when filing suit („front loaded“)

- country of jurisdiction? infringing act?
- which court to choose? speed, experience, pro-patent attitude
- litigation value and risk evaluation
- validity assessment
- analysis of infringing embodiment
Features of Patent Litigation

- Seizure for obtaining evidence?
- Thorough preparation of brief for main suit
- Starting of law suit with warning letter? (feature analysis already for warning letter)
Reason for Warning Letter

- Risk of cost for plaintiff in case of undertaking after filing of action
- Citation of unknown references
- Eventually more concrete wording of injunction
- Reaction of infringer important for further strategy
Preparation of Infringement Case

Thorough preparation of brief

Analysis of the infringing embodiment

The difficulty of claim interpretation

The goal of the brief:

- Court must understand technology
- Court must be convinced
- The roles of engineers and lawyers
Claim Interpretation

Specific formulation of requested injunction necessary

Feature analysis already for warning letter
Features Analysis and Injunction Request

Example „Side View Mirror“ (BMW)

Configuration and fixing of a side mirror to be placed outside the inner part of a passenger car possessing the following elements....
Ausführungsform X:
The defendants are prohibited against a fine up to Euro 250,000 or imprisonment to abstain from offering and supplying in Germany mirrors for passenger cars with the following features.
(1) The side view mirror is placed in the forward area of the forward side door.
(2) The side door comprises a guide greave for the window.
(3) The side door has a window opening formed by the upper edge of the door and the frame of the window.
Injunction Request

(4) The side window covers only a part of the window opening.

(5) The forward guide greave for the side window and the upper part reaches above the upper edge of the door.

(6) The forward guide greave is connected with the forward part of the window frame.
Injunction Request

(7) The forward area of the window opening which is not covered by the movable window pane and is free of glass is covered by a connecting tool for the rear mirror.
Court Experts

Horror or Blessing?
Even an experienced court must order an expert opinion if it is doubtful how the skilled person understands technical expressions in the patent claim. Whether and to what an extent an expert opinion is necessary depends on the circumstances of the case.

*German Supreme Court of 8. 10. 2003 - X ZR 76/00*
The expert has the task to explain to the court the knowledge and experience of the skilled person as well as his working method and how he deals with technical problems. Whether the patent solution was obvious for the expert is a question which is subject to the judgment of the judge.

BGH 25. November 2003 - X ZR 162/00
Types of Experts

The Superman:

-he pretends to know everything

could and would have made the invention himself

-“borrows“ arguments from briefs of the parties without citation
Types of Experts

The arrogant

- Defines his own criteria for an analysis
- Disregards court instructions
- Destroys the infringing object in the experiment
Types of Experts

The philosopher
- writes 10 pages on a single feature which one does not even find in the claim
- becomes hostile when criticized
- „I can write what I want, since I am only subject to my own conviction“
Types of Experts

The ideal expert

- has enough knowledge of patent law to understand his task
- has made inventions himself
- is conscious and objective with respect to prior art on the filing date
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Patent Act Sec. 143 - „Side-View Mirror“ (BMW)

The trial judge must not leave the interpretation of the patent to the court expert.

German Federal Supreme Court  11 October 2005 - Case No. X ZR 76/04 - BMW v. VW
Advice:
Avoid courts which prefer expert opinions

The best court is a court which does not need an expert

(and nevertheless comes to a correct decision)
Case Law on Claim Interpretation
Lecture – Part II - Claim Interpretation

- Importance of Claim Language
- Interpretation Method
- Doctrine of Equivalents
- Numerical Claim Features
The Interpretation rule
The extent of the protection conferred by a European patent shall be determined by the claims. Nevertheless, the description and drawings shall be used to interpret the claims.
Art. 69 should not be interpreted in the sense that the extent of the protection conferred by a European patent is to be understood as that defined by the strict, literal meaning of the wording used in the claims… (formerly UK)
Nor should it be taken to mean that the claims serve only as a guideline and that the actual protection conferred may extend to what, from a consideration of the description and drawings by a person skilled in the art, the patentee has contemplated. *(formerly DE and FR)*
On the contrary, it is to be interpreted as defining a position between these extremes which combines a fair protection for the patent proprietor with a reasonable degree of certainty for third parties.
Article 2 Equivalents

For the purpose of determining the extent of protection .. due account shall be taken of any element which is equivalent to an element specified in the claims.
BGH: Strict interpretation is required

- requirement of legal security
defines the limits of patent protection

- Art. 69 EPC does not hinder an interpretation beyond the wording of the claim, but excluded is a limitation to the wording
2. Court Approach

The Basic Rule
The rule laid down by Art. 69 and the Interpretation Protocol mean that the interpretation of a claim must take into account the requirement of legal certainty. This last condition must be given equal consideration with the reasonable reward for the inventor.

3. Importance of Claim Language
1. VHF stereophonic radio transmission system

in which a VHF transmitter is modulated with a base band which comprises a sum signal band of 40 c/s to 15 kc/s.....
Use covered by the patent claim:

- 12 radio stations connected with VHF transmitters
- 20 million car radios with automatic traffic information system

Who will pay royalties??
An area of invention, presented only in the description of the patent, without being clearly included in the patent claim, is not covered by the scope of protection of the patent.
For the determination of the scope of protection it is not decisive what the inventor wanted to claim but what he in fact did claim.

19 IIC 811 (1988)-Radio Broadcasting System

(Think of a claim for a gold mine…)
Jochen Pagenberg

New Trends in Patent Claim Interpretation in Germany - Good-bye to the "General Inventive Idea"
Other Courts follow suit
The deciding factor is not what was invented, but what was claimed and granted.

Austrian Supreme Court April 22, 1986 - 20 IIC 80 (1989)
The patent owner is accountable for the ambiguity caused by inaccurate formulation of the patent specification.

Hoge Raad (NL) - Ciba Geigy AG v. Oté Optics B.V - 28 IIC 748 (1997)
Consequence?

Take a course in claim drafting

or

Choose your patent attorney carefully!!
4. Doctrine of Equivalents
Claim of Decision

„Roastin Pots“

What is the Inventive Effect?
Problem of the invention

“Roasting Pots”

1. - avoid discoloration of Teflon coatings
2. - prevent fat from entering the pores
3. - obtain a solid adhesion of different coatings
Claim

- Method for coating household objects with a non-sticking coat

-- in which a surface of the household object is given a *mechanically resistant porous layer* by means of plasma spraying

--and the mechanically resistant layer is then covered by a *non-sticking coating*....
characterized by the fact that
- after applying the mechanically resistant coat,
  
a **thin** liquid stove enamel **resin-paint** is first filled into the lower layers of the pores of the mechanically resistant coat up to an initial level and
- then a non-stick coating is applied to the upper layers of the mechanically resistant coating
Examination of the technical function
Before the **scope of protection** is discussed

courts must determine the **subject matter of the invention**

**(important!!)**
what does the patent want?
what does it intend to prevent or improve?
which measures and steps does it propose in contrast to the prior art?
what does the inventor do and where does he start from?
What did the Defendant so?

- He used a thick level of resin paint which nearly filled all the pores (claim: thin level..)

- result: less surface contact between mechanically resistant coat and (upper) non-stick coating
Who decides on interaction of features for obtaining the desired inventive result?

Court found:

No inferior result between thin and thick layer of resin-paint in pores of mechanically resistant layer, therefore no textual observance of patent language necessary (*thin*)

(if necessary:  *Expert opinion*)
In the examination whether a modified form of the invention constitutes an equivalent, it is necessary to examine which of the different effects achieved by the patent claim has to be combined in order to solve the underlying patented problem.
The combination of these different effects represents the patented solution and constitutes the relevant effect which must be compared with the patent.

Federal Supreme Court 33 IIC 601 (2002)- Roasting Pots (Bratgeschirr)
Test for Equivalence
Three-stage examination for equivalence

First: technical effect

The attacked embodiment must solve the problem of the invention with partly modified means and reach the inventive effect.
second: no inventive step for finding the solution

The combination of features of the defendant can be found as being equivalent by applying the knowledge of the skilled person on the priority date without an inventive step.
third : meaning of claim language as basis of interpretation

The considerations leading to the solution of the defendant must be within the meaning of the wording of the claim as their decisive basis.

German Federal Supreme Court GRUR 2002, 515 – Schneidmesser I)
Test for Patent Infringement (“European Formula”)
(Pagenberg/Cornish, Interpretation of Patents p. 285)

1. Does the attacked embodiment lie within the **textual wording** of the claim?
   - If yes, an infringement of the **wording** is given

2. If not: does the attacked embodiment lie within the **meaning of the wording** in their **functional understanding** with respect to **all** features of the claim?
Similar rules in other countries
Equivalents must

- achieve a substantially similar effect
- by means of the principle of solution disclosed and protected in the patent;
- the new means must be comparable to the means named in the patent claim in their technical function
- they must be capable of being derived from the patent by one with average skill in the art

- 19 IIC 676 (1988)
The protected invention is being used (and an infringement must be affirmed) when the same technical problem is solved by means which lie within the scope of the protected teaching.

Commercial Court Zürich September 21, 1991 - 25 IIC 105 (1994) - "Dental Abrasive Disk"
Manners of use which do not adopt the essential elements of the invention in their entirety, but use means that can be inferred by a skilled person on the basis of the protected invention are deemed to be equivalent embodiments with identical effect, and thus fall within the scope of the patent.

Cont.
Protection in respect of a **single feature** of a claim can only be considered if the patent claim is understood by a skilled person in such a way that the said element is **decisive to the patent**, and that the technical achievement intended by the total combination can essentially also be obtained by this part.

Commercial Court Zurich December 5, 1988, 22 IIC 398 (1991)- "Tool Retainer Spindles“
“Triple Identity Rule”

To be regarded an equivalent the embodiment must perform substantially the same function in substantially the same way and produce substantially the same result
5. Partial Protection

- Omission of a claim feature -
Claim: “Aerosol Breathing Air Hose characterized

-in that the heating wire is arranged in the spirals of the breathing air hose and

-that an acoustical and/or optical signal transmitter is arranged for the indication of a deviation of the temperature measured at the exit of the breathing air hose (5) of the out flowing aerosol from a definite temperature”.

BGH „Heatable Air Hose“ - Claim
Heatable Breathing Air Hose

Defendant did not use an acoustical or optical signal transmitter

Infringement?
Omitting a feature in the characterizing part of the claim which was described as essential by the patentee excludes infringement.

Omitting a feature does not exclude infringement and is also covered by Art. 69 EPC, if the omitted feature does not form part of the core of the invention.

German Supreme Court 24 IIC 259 (1993)
Claim:

Viewfinder for movie camera…
Which can be rotated from one side of the camera to the other
Defendant limits the rotation at 90° by drilling a removable screw into the viewfinder which blocks the movement

(Contributory) Infringement? Inferior solution?
6. Present Approach of Interpretation
BGH: Tension Screw

The patent is the dictionary for the interpretation of the claim features
Claim:

A washer

- with an elongated hole open at one end,

- which is inserted before tightening between head and flange
Prior Art
Q: what is meant to be achieved by the feature of the "inserted washer."

“The person skilled in the art realizes that such pipe clamps can only be fitted with extremely short screws and that only a minimum of turn is necessary to tighten the screws” (BGH)
Findings of the Court

- The prior art used long screws which took more time to fasten, and the flange was tightened along a circular path.

- The patentee intended to overcome the more complicated fastening means of the prior art and had proposed short screws.
Findings of the Court -2

the major advantage achieved with short screws, apparent for a skilled person from the drawings and the description, was a faster tightening which could not be obtained with the defendant's screw
Patent specifications represent their own dictionary. If the terms differ from general (technical) linguistic use, it is the definition of the terms by the inventor that applies.

30 IIC 932 (1999)
All other courts in Europe found an infringement

Mock Trial in Venice 2005) (UK, NL, DE):

No Infringement
Lecture – Part III – Other Features of Infringement Litigation

- Litigation Strategy
- Validity and nullity action
- Examination of Inventive Step
- Summary of Supreme Court Rules
7. Damages
Kind of Damages

- profits lost by the patentee
- profits of the infringer
- reasonable royalty
- claim for unjust enrichment
Enforcement Directive
Article 13  Damages

1. [..] Judicial Authorities [shall] order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him as a result of the infringement.
Article 13 ctd.

2. Where the infringer did not knowingly ... engage in infringing activity, [..] judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.
Whoever makes unauthorized use of a utility model, even if he has acted without fault, must restore all gains obtained as a result of the infringement pursuant to the rules of unlawful enrichment.

Federal Supreme Court November 30, 1976 9 IIC 156 (1978) "Plastic Hollow Section"
8. Validity
Validity Action Germany

1. Federal Patent Court
   (3 technical and 2 legal judges)

2. Supreme Court
   (5 legal judges)
• Two options in European law

- Independent nullity action

- Counter claim in infringement proceedings
Article 15a Commission Paper

(1) Direct actions for revocation or actions for declaration of non-infringement shall be brought before the central division.
Article 15a Commission Paper

(7) Where a counterclaim for revocation is brought in an action for infringement, the local division may either:
(a) proceed with infringement and revocation action
(b) refer the counterclaim to the central division and proceed with infringement case; or
(c) with agreement of the parties, refer the whole case for decision to the central division.
Practical Cases

Windsurfing

BMW ./ Volkswagen
Windsurfing Patent

Rig for a sail board consisting of a sail, a mast, a double beam, a pivotable joint and a rope
ABB. 1  KURS  ABB. 2
**BMW**

**Patent**

**1970**
Prior Art
Reference found by defendant

What do you see?
Patent Claim „Side Mirror“

Configuration and fixing of a rear mirror to be placed outside the inner part of a passenger car possessing the following elements….
(1) The rear mirror is placed in the forward area of the forward side door.

(2) The side door comprises a guide greave for the window.

(3) The side door has a window opening formed by the upper edge of the door and the frame of the window.
(4) The side window covers only a part of the window opening.

(5) The forward guide greave for the side window reaches above the upper edge of the door.

(6) The forward guide greave is connected with the forward part of the window frame.
(7) The forward area of the window opening which is not covered by the movable window pane and is free of glass is covered by a connecting tool for the rear mirror.
1. Assumption: this is the BMW invention
Search for the

*Exemplar I*
2. Assumption: this is not the invention

But: Would the skilled person on the basis of this prior art find the BMW invention?
The Indicia of Inventive Step
1) commercial success
2) overcoming of difficulties
3) satisfaction of long felt need
4) failure of others
5) technical progress
6) increase of productivity
7) cost savings in production
8) simplification
9) pioneer invention
10) scepticism of experts
11) new and unexpected result
12) favourable comments of experts
13) numerous licences granted
14) imitation by competitors
15) circumvention of invention by third parties

16) extent and cost of research

17) particular features of granting procedures (multiple opposition procedures, patent grants abroad)

18) long existing prior art (e.g., combination of features known before, but never used)

19) particularly successful selection from a large number of possibilities
Copying by competitors and market success as so-called "secondary considerations" must be taken into account in an evaluation of the inventive step in the process of weighing all circumstances of patentability.

Federal Supreme Court 30 IIC 805 (1999)
Federal Supreme Court “Elastic Support” (elastische Bandage)

They may be persuasive if they are based on unexpected advancement over the prior art but not where they are the result of successful marketing or other factors unrelated to the inventive achievement.

Federal Supreme Court 22 IIC 810 "Elastic Support"
9. Limitation of Patent Scope by Prior Art

(Formstein/Wilson/Gillette)
The defense that the embodiment alleged to be an equivalent would not be patentable over the prior art is admissible

German Supreme Court April 29, 1986
In other words:

The defendant can argue that the equivalent element, although it may fall under the scope of protection of the patent if it does not constitute a patentable invention itself, cannot be regarded as an infringement (cf. *Wilson* case and *Gilette* defense).
Figure 1 of the statement of claim is reproduced below:

[Diagram]

[*] Official headnotes.
If somebody uses the prior art, he cannot commit an infringement.
Reasoning of the *Formstein* Rule

- If the improvement of the alleged infringer over the prior art is so insignificant that it would not have been inventive, the plaintiff would not have obtained a patent for such a solution.

- In such a case it would not be justified to grant an injunction, because such a right by its very definition depends on the patentability of the claim in question.

The defendant must raise this defense.
A defendant is denied the opportunity of invoking the *Formstein* defense, if the contested embodiment contains an inventive modification of the prior art.

Federal Supreme Court “Snow Removal Plate”
May 5, 1999 – Case No. X ZR 156/97
In the proceedings concerning infringement of a utility model it is also permissible to raise the objection that, in consideration of the state of the art, the embodiment contested as being an equivalent does not constitute an invention ("Formstein Defense")

Federal Supreme Court February 4, 1997 - 30 IIC 558 (1999)
Formstein Examination
if a literal infringement is not given
- consider the application of the equivalents doctrine,
- and also the application of the *Formstein* defense
the burden of proof for the Formstein defense
-“obvious over the prior art”-
is on the defendant
1. If the features of a claim are realized identically in the contested embodiment, the "Formstein" objection is excluded. (Why?)

2. Examination of this objection presupposes clarifying all features and their functions in terms of the patent's teaching and also establishing that use is made in the embodiment of each feature of the patent in suit, but that at least one of these features is not realized literally.

German Supreme Court 32 IIC 93 (2001)
Patent Litigation in Europe

- The End -

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