Austria

Legal basis

Sections 36 and 37 of the Austrian Patent Act (*Patentgesetz*; hereinafter PatG).

Sections 36(2) and (3) implement Art. 12 Biotech Directive. A further provision on compulsory licences implementing this Article is found in the Austrian Plant Variety Right Act (*SortenschutzGesetz*).

EU Regulation 816/2006 applies directly so no implementation measures were undertaken by the Austrian legislator in this regard.

Grounds for applying for a licence

There are three grounds for application for a compulsory licence:

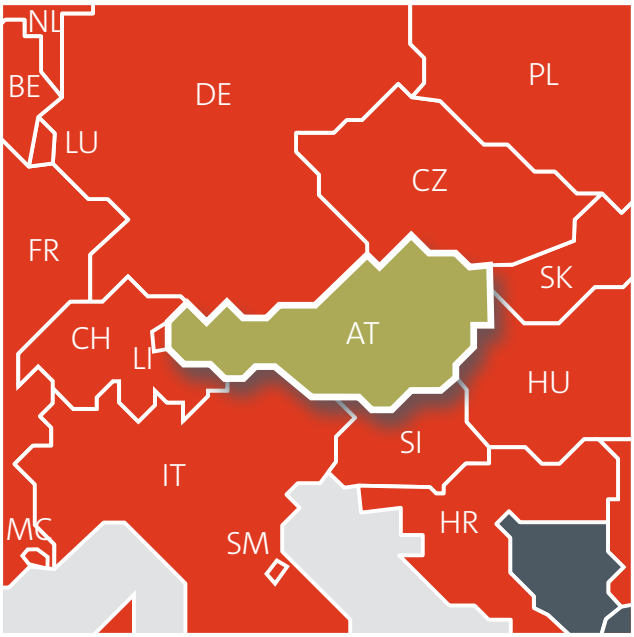
(i) the patented invention cannot be exploited without infringing an invention patented beforehand and the invention protected by the later patent represents an important technical progress of considerable economic significance compared to the invention protected by the earlier patent;

(ii) the patented invention is not exploited to an appropriate extent in Austria and the patent proprietor has not done everything necessary for such exploitation (unless the patent proprietor proves that the exploitation of the invention in Austria would be an undue burden);

(iii) the granting of a licence for a patented invention is in the public interest.

While under scenario (i), the compulsory licence is open only to the holder of a later patent, under scenarios (ii) and (iii), the statute grants "everyone" the non-exclusive licence to use the invention "in the course of his business".

The grant of a licence pursuant to (ii) may be applied for only upon the later of (a) four years after filing the application or (b) three years after publication of the grant of the patent in respect of which the licence is sought. As explained below, Sec. 36(4) PatG now explicitly states that importation also qualifies as exploitation for the purpose of the compulsory license (ii).



Scenario (i) also applies to plant variety rights and biotechnological inventions. If a licence is granted under scenario (i), the owner of the earlier patent is also entitled to a non-exclusive licence for the later patent.

Under scenario (iii), there is a possibility of a licence being granted via an expedited decision of the Austrian Patent Office if, in addition to the patented invention being in the public interest, there is either a "national emergency" or "other circumstances of extreme urgency". These expedited proceedings are not preliminary court proceedings but are still conducted before the Patent Office. There is no case law as to how these proceedings are handled.

All licences under this provision are granted on a non-exclusive basis.

General procedure

The competent authority is the Austrian Patent Office (*Patentamt*). The procedure is set out in Section 37 PatG. A request for a licence pursuant to Section 36 PatG may be filed with the Austrian Patent Office if the person entitled to grant a licence pursuant to Section 36 refuses to grant such a licence, even though the prospective licensee endeavoured to obtain the authorisation within a reasonable period under reasonable and customary business conditions.

Contributors: Valerie Eder and Manuel Wegrostek, Gassauer-Fleissner Rechtsanwälte GmbH (Vienna), www.gassauer.com

It is not entirely clear whether a compulsory licence may also be applied for by way of a preliminary injunction (hereinafter PI) in Austria, although there are arguments that this should be possible. Contrary to German law, the Austrian Patent Act does not foresee the specific possibility of enforcing a compulsory licence by way of a preliminary injunction; rather the Austrian Patent Act limits this legal instrument to claims for cease and desist and evidence preservation.

Thus, a compulsory licence could be sought only by way of a "general" PI under Austrian civil procedure (under the Enforcement Act), which is tied to additional requirements, as opposed to the "privileged" PIs in the event of patent infringement. In particular, demonstrable irreparable harm and urgency are required.

A compulsory licence is applied for at the Patent Office, i.e. a public government authority and not a court as part of the civil law system. There is extensive case law from other legal areas, ruling out the possibility of applying for a PI if the underlying claim cannot be asserted within the civil court system[1]. However, it may be argued that the underlying claim is definitely a civil claim in the sense of Art. 6 ECHR. Case law has held that PIs must be possible if they primarily aim only at regulating a legal situation ("*Rechtsgestaltung*"), but are in fact aimed at enforcing a civil claim connected thereto. In such cases, the fact that separate proceedings before a government authority are mandatory ahead of asserting a claim does not rule out the option of a PI[2].

Although there is no case law on this issue, it should be possible to apply for a preliminary injunction for the granting of a compulsory licence in court if the general requirements for a PI (urgency, threat of irreparable harm) are met.

According to Section 37 PatG, an "appropriate remuneration" should be determined by the Austrian Patent Office, taking into account the economic value of the licence. Any necessary guarantees and other conditions of use should be determined, taking into account the nature of the invention and the circumstances of the case. The scope and duration of the licence pursuant to Section 36 should primarily be permitted for the supply of the national market and should be limited to the purpose that has made it necessary.

In the case of semiconductor technology, the licence may be granted only for public, non-commercial use or to terminate an anticompetitive practice established in legal or administrative proceedings. If the parties do not reach an agreement on this, the Austrian Patent Office will decide on this during the proceedings.

Appeal/review

The decision can be appealed to the Higher Regional Court of Vienna and (in exceptional cases) to the Austrian Supreme Court.

Statistics and jurisprudence

Only (some) appeal decisions and Supreme Court decisions are published in Austria. First instance decisions are not published. There are no available statistics pertaining to cases dealt with by the Patent Office that have not reached the appeal stage.

There is only one decision on compulsory licences dating back to 1972. The compulsory licence was granted in first instance, but this decision was quashed and the licence was denied.

> On 24 January 1969, the Austrian company Arcana KG Dr. G. Hurka sought a compulsory licence under Sec. 36(2) of the PatG to Austrian Patent No. 244 948 ("Process for the production of new naphthalene derivatives and their salts"), which belonged to the British company Imperial Chemical Industries Ltd.
>
> The product concerned (Inderal, propranolol hydrochloride), according to the patented process, was not manufactured in Austria, but the Austrian market was sufficiently supplied with this product.
>
> By its decision of 9 September 1971, the Patent Office granted a compulsory licence, taking into account the patentee's development costs and sales. The licence fee was set at 14.5% of the net invoice price of all products sold by the applicant that contain a naphthalene derivative produced by the applicant with the aid of the patented process.
>
> The appeal of the patentee against this decision was successful before the Supreme Court, and the application was dismissed.

The question at issue was whether the import of a product manufactured abroad using a patented process in Austria was or was not an "exploitation of the invention in Austria". While the first instance did not accept such importation as an exploitation of the invention in Austria and therefore granted a compulsory licence, the board of appeals approached the issue from a different perspective and

1 B. König, "Einstweilige Verfügungen im Zivilverfahren", 5th edn., Manz Verlag 2017, para. 2.24
2 B. König, "Einstweilige Verfügungen im Zivilverfahren", 5th edn., Manz Verlag 2017, para. 2.27

argued that under the circumstances, it was unreasonable to demand from the patentee to exploit the patent in Austria and reversed the first instance's decision so that the compulsory licence was denied.

Remarkably, this case and further CJEU case law (C-235/89, C-30/90, C-191/90) finally led to the provision being amended. It now explicitly allows the exploitation of the patent in Austria required by Section 36(4) PatG to take place in form of import, following relevant case law of the CJEU:

> *"(4) If a patented invention is not exploited to an appropriate extent in Austria, whereby the exploitation may also take place by import, and if the patent proprietor has not done everything necessary for such an exploitation, anyone shall be entitled to a non-exclusive licence to the patent for his business, unless the patent proprietor proves that the exploitation of the invention in Austria is not or not to a greater extent than is reasonable because of the difficulties opposing the exploitation".*

There has been no further case law on this issue.

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