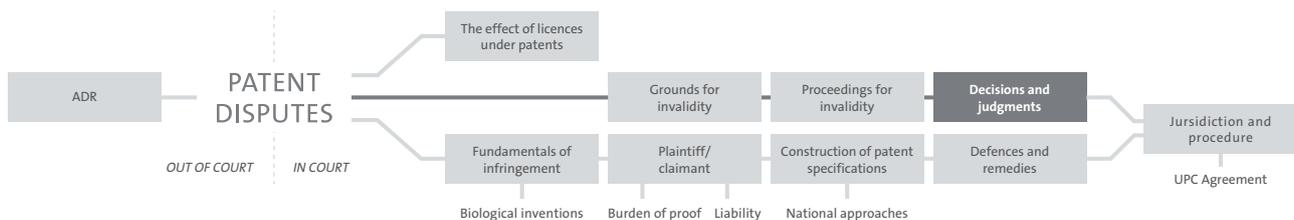


Decisions and judgments

Essentials



Introduction

This module deals mainly with judgments, with some reference to decisions on applications for provisional measures (preliminary or interim injunctions).

It focusses on two jurisdictions – England and Wales, and Germany – but also looks at the main aspects relevant for France, Belgium and the Netherlands.

Common law/civil law

All patent courts in the European Union share as their root of law the European Patent Convention (EPC). Each state also has its own national patent legislation. In the UK this is the Patents Act 1977 (as amended), and in Germany the *Patentgesetz* (PG) 1981 (as amended).

A majority of EU countries have a civil law system (with its early origins in the Napoleonic Code), while a minority (England and Wales, Scotland, Northern Ireland and the Republic of Ireland) have a common law system based *inter alia* on case precedents and the concept of “equity”. A few countries (such as Denmark and Malta) have a mixture of both systems. This results in differences in the way patent infringement and invalidity (nullity) proceedings are run, and in the content of the judgments that result.

France, Belgium and the Netherlands

In France, patent law is governed by the *Code de la propriété intellectuelle* (Intellectual Property Code), and in particular Part II, Book VI of that Code. In Belgium, it is governed by Title 1 of Book XI of the *Code de droit économique* (Economic Law Code). In the Netherlands, patent law is governed by the *Rijksoctrooiwet* (Dutch Patents Act) of 1995.

Court systems and rules of procedure

UK

There is no single civil court system for all of the UK. The EPC and the UK Patents Act 1977 (as amended) apply equally to all parts of the United Kingdom. Jurisdictionally, however, the United Kingdom is divided into three parts: England and Wales, Scotland, and Northern Ireland. Proceedings in the Scottish courts differ from those in the other jurisdictions. The ultimate court of appeal is the Supreme Court in London.

However, they all share the same patent statute and case law. Their systems are also similar, in that infringement and invalidity are run in tandem. In other words, they are not bifurcated. That does not mean to say that all cases deal with infringement and invalidity issues. There are a fair number of cases where the claimant (plaintiff) launches proceedings for the revocation of a patent for invalidity and there is no counterclaim for infringement. These are typically “clearing the way” cases.

All patent infringement cases initiated in England and Wales are started in London, in either the Patents Court (part of the Chancery Division of the High Court) or the Intellectual Property Enterprise Court (IPEC, formerly called the Patents County Court). For the purposes of this module, we will concentrate on patent litigation before the Patents Court. The procedures in the IPEC are modelled on the proposed Unified Patent Court (UPC) rules. Damages are limited to GBP 500 000 and recoverable legal costs to GBP 50 000.

In the Patents Court, extensive written evidence, through witness statements and expert reports, will have been exchanged between the parties before trial. It consists of primary evidence (“in chief”) and a second round of “reply” evidence. Witnesses may be called to be cross-examined on the written evidence they have each given.

Expert evidence is nearly always given by party-appointed witnesses, one for each side. The court may appoint experts, but in practice this rarely happens. Occasionally, the court may appoint a technical adviser to assist the judges, but again this is rare, and has only happened in the appeal courts.

Germany

Unlike the UK, Germany has one single court system, applying the same civil law and the same procedural rules, the latter laid down in the *Zivilprozessordnung* (Code of Civil Procedure) (ZPO), even if the court system is mostly run by the federal states (*Länder*) and not by the federal government. Nevertheless, the last instance is a federal court, namely the *Bundesgerichtshof* (Federal Supreme Court) (BGH).

Also unlike the UK and most countries in the European Union, Germany has a bifurcated system. Infringement actions are decided by regular civil courts, whereas there is a special (federal) court for actions on validity, the *Bundespatentgericht* (Federal Patent Court) (BPatG) in Munich. The entrance level for civil court proceedings is the *Landgericht* (District Court) (LG), whereas only 12 out of 35 regional courts hear patent cases, all having one or more specialised chambers, consisting of three judges, all having a legal background. The senates at the BPatG, which hear invalidity actions, consist of five judges, two of them (including the presiding judge) having a legal background, the other three having a technical background in the field of the patent in question.

Bundesgerichtshof (BGH)

Like the other courts, the BGH also has a specialised senate hearing all patent cases. The judges must have a legal background.

Decisions of the regional courts may be appealed to the competent *Oberlandesgericht* (Higher Regional Court) (OLG). Appeals are heard on the merits (some exceptions apply). A further appeal to the BGH is on legal issues only. The BGH also acts as an appellate court for decisions of the BPatG. Other than in infringement cases, said appeals are also heard on the merits (exceptions apply).

The civil courts decide the question of infringement only. Invalidity is not a valid defence argument. The defendant may only ask the civil court to stay the proceedings until the invalidity action (if any) has been decided. The standard for staying a case is quite high, as the court must be convinced that the patent will most likely be declared invalid. In practice, most civil actions are not stayed.

The general concept behind this approach, apart from the fact that the civil courts have no jurisdiction with respect to validity, is the assumption that the *Deutsches Patent- und Markenamt* (German Patent and Trade Mark Office) (DPMA) (or the European Patent Office (EPO)) has already investigated the question of validity. In addition, the examiners at the DPMA and the EPO have a technical background, and are therefore generally more competent to decide upon questions of validity than civil courts with legally trained judges. As a result, invalidity arguments based on documents which have already been considered during the examination process will more or less not be considered by the civil court.

When it comes to the question of lack of inventive step, the civil courts are especially reluctant to find invalidity. Being formally a legal issue, albeit with technical implications, such an assessment of technical questions is the task of the BPatG (or the DPMA or EPO in case of oppositions), where three out of five judges have a technical background. As the question of inventive step leaves room for interpretation, arguments with technical implications are usually not sufficient to convince civil courts that the patent will most likely be declared invalid by the BPatG.

As a result, German courts tend to stay patent infringement proceedings only when the defendant is able to present prior art which has not been considered during examination by the DPMA and which is more or less novelty-destroying.

Decision practice in the major patent jurisdictions in Germany has converged somewhat over the last decade. The Düsseldorf LG is still seen as the court which is most reluctant to stay proceedings because of potential invalidity, even though the respective standards in preliminary injunction cases have recently been lowered by the Düsseldorf OLG. The Munich LG has taken a similar position in recent years, whereas Mannheim LG may be slightly more inclined to a stay, although ultimately this depends on the details of the case.

Pursuant to ZPO rules, the parties define the scope of the case. The court may not grant a plaintiff anything which has not been requested. In infringement proceedings – in contrast to invalidity proceedings – the decision may give less than requested.

Most of the evidence is exchanged before the proceedings. Party experts are the exception. They are treated as witnesses by the court. Should the court believe an expert is needed, it will appoint one. Technical advisors to the court (such as are sometimes used in the UK) are not called upon in Germany.

Hearings in infringement cases usually last no more than two hours, as the court will concentrate on the issues that are still open after its evaluation of the written evidence. Witnesses and court experts, if any, will be asked questions by the judges first, after which the parties also have a chance to ask questions.

France / Belgium / The Netherlands

As in the UK, in France, Belgium and the Netherlands, infringement and invalidity are heard together. They are not bifurcated as in Germany. As in the UK, that does not mean to say that all cases deal with both infringement and invalidity issues.

In France, all patent cases are heard by the courts in Paris: the *Tribunal de Grande Instance de Paris* (Paris first instance court) and the *Cour d'appel de Paris*, (Paris Court of Appeal). Patent cases in the Netherlands are heard by the District Court of The Hague in first instance and the Court of Appeal of The Hague in the case of appeals. With regard to Belgium, as from 1 January 2015, only the Brussels Commercial Court is competent for patent cases heard at first instance. The Brussels Court of Appeal hears appeals. An appeal to the Supreme Court is possible on legal issues only.

In France and Belgium, proceedings on the merits consist mainly of the exchange of written submissions and exhibits between the parties. Then, when all the arguments and evidence have been exchanged, a public hearing takes place. The hearing will generally last a few hours, during which each party will present its case and reply to any questions the court might have. There is no-cross examination of witnesses (see below).

In France, the Netherlands and Belgium, the parties often hire experts to draft reports (mainly on technical/scientific issues) which can be submitted as evidence.

In France and Belgium, it is common for the court to appoint an expert to deal with (mostly technical) questions submitted by the court.

Contrary to the UK, in France and Belgium, witnesses are very rarely used as a means of giving evidence; their evidence is considered as the weakest form of evidence, which in principle cannot overrule written evidence. In the Netherlands, witness evidence is more common, and experts will generally be heard at hearings.

As in Germany, proceedings in France, Belgium and the Netherlands are run in accordance with the country's respective code of civil procedure.

Content of decisions

England and Wales

A decision or judgment must set out:

- All submissions and evidence in principle.
- The judge’s assessment of the reliability and usefulness of the witnesses and their evidence.
- The judge’s assessment and decisions on all aspects of the alleged claim infringement and grounds for invalidity (this is necessary in the event of an appeal, which occurs in at least 50% of cases).

Further reading See judgment of Mr Justice Birss in *Vringo Infrastructure Inc v ZTE (UK) Limited* on 28 November 2014; [2014] EWHC 3924(Pat)

Typically a decision will cover the following matters:

- Introduction and the issues.
- Miscellaneous matters raised by the parties, e.g. irrelevant prejudice.
- The technical background.
- The prior art, any relevant standards and what the patent describes as being the invention.
- The witnesses.
- A description of “the skilled person” and the common general knowledge.
- A summary of the relevant parts of the patent specification.
- The judge’s construction of the claims in issue.
- The judge’s assessment of the invalidity grounds raised, e.g. novelty, obviousness, insufficiency.
- Whether, and which, claims are infringed.
- The amendment of any claims applied for during the proceedings.
- A conclusion.

These topics are also covered by patent decisions in France, Belgium and the Netherlands, with the exception of the place of witnesses (see above).

Germany

Whereas the general content of judgments in Germany is similar to that in the UK, there are some differences.

Patent infringement proceedings in Germany are usually brought to the court in stages (*German: Stufenklage*). In a first step, the court will decide on patent infringement. If that is found, the court will issue an injunction and require the defendant to render an account of sales and to destroy infringing products in its possession. In a second step, requiring a separate lawsuit once the defendant has rendered account, the court will decide on

damages. As a consequence, the first decision in an infringement case will usually not refer to damages.

Pursuant to Section 313, I ZPO, a decision must contain the following elements:

- The names of the parties, their legal representatives and the attorneys of record.
- The name of the court and of the judges involved in the decision.
- The date on which the court proceedings were concluded.
- The operative provisions of the judgment.
- The merits of the case.
- The reasons for the decision.

This is different from the UK, as the German court only needs to summarise the essential content and claims. Decisions may not contain statements on any aspect of the alleged claim infringements. For example, should the court come to the conclusion that the embodiment in issue does not make use of feature A of the claims of the patent in suit, it is not necessary to add findings as to whether or not the other features are used. In some cases, the judges may decide to add their views on other aspects too, but this is not a requirement. Where the court finds the patent has not been infringed, it will usually issue no ruling on validity, as the request to stay the proceedings on the basis of the alleged invalidity of the patent in suit is an auxiliary request only.

When it comes to the facts and the merits, the decision may refer to the parties' briefs. The factual part of the decision will contain a description of the embodiment in issue, if necessary including pictures and drawings. It will also refer to the patent in suit, usually providing a feature analysis of the claims in question (claim chart) and addressing the prior art cited in the patent itself. In most cases, the plaintiff will ask for a judgment, declaring one or more of the independent claims to be infringed. In these cases, the decision will neither cite the dependent claims nor contain any findings regarding a potential infringement of those claims, as a dependent claim can only be infringed if the main claim is infringed also. The facts as cited in the decision may serve as proof of what has been said by the parties during oral hearings (Section 314 ZPO) in an appeal case.

When it comes to the reasoning, the decision will contain the court's interpretation of the claims. Based on this interpretation, it will then compare the claims with the features of the impugned embodiment. If a witness has been heard – which is usually not the case – the decision will also contain an assessment of the reliability and usefulness of the witness.

Translation of the provision taken from www.gesetze-im-internet.de/englisch_zpo/englisch_zpo.html

Paragraphs (2) and (3) of Section 313 state that the section addressing the facts and the merits of the case is to summarise, in brief and based on the essential content, the claims asserted and the means of challenge or defence brought before the court, highlighting the petitions filed. The details of the circumstances and facts as well as the status of the dispute thus far are to be included by reference being made to the written pleadings, the records of the hearings, and other documents. The reasoning for the judgment must contain a brief summary of the considerations of the facts and circumstances of the case and the legal aspects on which the decision is based.

Minutes of hearings in Germany

In Germany, the minutes of hearings are extremely short. They sometimes just mention who has appeared, the claims brought to the court and the decision on how to proceed, and therefore basically contain none of the facts or arguments discussed during the hearing. This is why the facts as set out in the decision are so important.

Should the court find that the patent in suit has been infringed, the decision must contain a statement on validity. Due to the high standard necessary for a stay of proceedings, German judges usually do not consider inventive step arguments, but mostly limit their findings to novelty issues with respect to prior art not being considered during examination of the patent.

Decisions on validity have the same general form. The impugned embodiment is not an issue here, so the factual part of the decision is limited to the patent in suit and the cited prior art. Apart from alleged public prior use, the facts are usually not contested, so that the reasoning of the decision can be concentrated on the interpretation of the claims of the patent in suit and the content of the prior art. Unlike infringement cases, the decision here will also contain some statements regarding the dependent claims, at least as far as their invalidity has been claimed.

Remedies

England and Wales / UK / Ireland

In the event of a finding of infringement, the judge will order an injunction, a declaration of infringement, delivery up of infringing products, an inquiry as to damages or an account of profits, and will make an order as to costs.

These remedies are ordered after a separate hearing following the handing down of the judgment. This is done so that the parties may consider their positions in light of the judgment and produce an agreed draft order and schedules of costs incurred relevant to the findings made by the judge. Leave to appeal may also be discussed at this hearing.

It is common practice for English judges to send their judgments to the parties in draft form for them to consider and to point out any obvious mistakes. It is not done for the parties to contest any of the findings. During that short period – usually 2-5 days – the judgment is under embargo, that is to say it may only be seen by the parties and their legal advisers and its contents must not be disclosed to anyone else. The judgment is then formally handed down and made public and is often reported.

Germany

The remedies are mentioned in the first part of the decision. They are mostly the same as those available in the UK, which is not a surprise as substantive patent law is widely harmonised within the EU.

France / Belgium / The Netherlands

The remedies will be mostly the same as those mentioned above for the UK and Germany.

Possible outcomes

UK / France / Belgium / The Netherlands

There are four possible outcomes:

- Valid and infringed.
- Valid but not infringed.
- Infringed but invalid.
- Not infringed and invalid.

In its judgment, the court may – and frequently does – also deal with any post-grant amendments of the claims proposed during the proceedings.

Germany

In Germany, the following outcomes are possible in infringement actions:

- Infringed, proceedings not stayed – decision is preliminary and enforceable.
- Infringed, proceedings stayed because of high likelihood of invalidity.
- Not infringed.

Validity is decided in separate proceedings, with three possible outcomes:

- Valid, patent upheld.
- Invalid, patent revoked.
- Partly invalid, patent upheld as amended only.

Decisions on infringement do not usually deal with post-grant amendments, provided that the latter have not already been confirmed by validity proceedings.

Article 10 Enforcement Directive **Corrective measures**

1. Without prejudice to any damages due to the rightholder by reason of the infringement, and without compensation of any sort, Member States shall ensure that the competent judicial authorities may order, at the request of the applicant, that appropriate measures be taken with regard to goods that they have found to be infringing an intellectual property right and, in appropriate cases, with regard to materials and implements principally used in the creation or manufacture of those goods. Such measures shall include:
 - (a) recall from the channels of commerce;
 - (b) definitive removal from the channels of commerce; or
 - (c) destruction.
2. The judicial authorities shall order that those measures be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so.
3. In considering a request for corrective measures, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account.

Article 11 Enforcement Directive **Injunctions**

Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right, without prejudice to Article 8(3) of Directive 2001/29/EC.

Article 13 Enforcement Directive **Damages**

1. Member States shall ensure that the competent judicial authorities, on application of the injured party, 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/her as a result of the infringement.

When the judicial authorities set the damages:

 - (a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement;
 - or
 - (b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.
2. Where the infringer did not knowingly, or with reasonable grounds know, engage in infringing activity, Member States may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.

Article 14 Enforcement Directive **Legal costs**

Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this.

Interim decisions and preliminary injunctions (provisional measures)

England and Wales

During the course of any proceedings, it is usual for the court to deal with applications on various issues, e.g. for the disclosure of documents, the requirement for one party to give the other more details of its claim, defence or counterclaim, and experiments.

Early on in the case, the court may also be asked to order an interim, interlocutory or preliminary injunction. On matters beyond anything but timetabling (where dates will be set out in an order), it is customary for the judge to give a reasoned decision, either *ex tempore* (“off the cuff”) or in writing. If the former, it will usually be transcribed by a shorthand writer from a recording. In the decision, the judge sets out the issues and the main arguments put by each side, comments on any evidence given (in writing only) and then hands down a decision. After submissions he makes an award for costs.

Germany / France / Belgium / The Netherlands

In Germany, France, Belgium and the Netherlands, preliminary injunctions are available, sometimes even in *ex parte* proceedings. Unlike in the UK, plaintiffs have to request a preliminary injunction in a separate case. The rules of evidence are somewhat different in those proceedings and not all remedies are available. In addition, the case must be “urgent” in order to start such proceedings, which is not the case if the plaintiff filed his action more than four to eight weeks (depending on the court and the circumstances) after gaining knowledge of the potential infringement.

As virtually no discovery is available in Germany, the court usually does not rule with respect to the need for disclosure of documents, experiments and the like. The burden of proof lies with the plaintiff (exceptions apply).

Nevertheless, following the introduction of the Enforcement Directive into national law, plaintiffs in Germany also have the chance to obtain further evidence with the help of the court. If the court finds that there is reasonable evidence for a patent infringement, it may – if asked to do so by the plaintiff – order the defendant to produce documents or allow the inspection of potentially infringing devices. There are measures available for the protection of the plaintiff’s confidentiality.

Such a decision is usually issued as a preliminary injunction – mostly *ex parte* – in separate proceedings.

While no discovery is available in France and Belgium, in these jurisdictions evidence of infringement can be obtained through an *ex parte* procedure known as “*saisie-contrefaçon*”, as set out in Article 7 of the Enforcement Directive.

Article 6 Enforcement Directive Evidence

1. Member States shall ensure that, on application by a party which has presented reasonably available evidence sufficient to support its claims, and has, in substantiating those claims, specified evidence which lies in the control of the opposing party, the competent judicial authorities may order that such evidence be presented by the opposing party, subject to the protection of confidential information. For the purposes of this paragraph, Member States may provide that a reasonable sample of a substantial number of copies of a work or any other protected object be considered by the competent judicial authorities to constitute reasonable evidence.
2. Under the same conditions, in the case of an infringement committed on a commercial scale Member States shall take such measures as are necessary to enable the competent judicial authorities to order, where appropriate, on application by a party, the communication of banking, financial or commercial documents under the control of the opposing party, subject to the protection of confidential information.

Article 7 Enforcement Directive Measures for preserving evidence

1. Member States shall ensure that, even before the commencement of proceedings on the merits of the case, the competent judicial authorities may, on application by a party who has presented reasonably available evidence to support his/her claims that his/her intellectual property right has been infringed or is about to be infringed, order prompt and effective provisional measures to preserve relevant evidence in respect of the alleged infringement, subject to the protection of confidential information. Such measures may include the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and, in appropriate cases, the materials and implements used in the production and/or distribution of these goods and the documents relating thereto [...]

Article 9 Enforcement Directive Provisional and precautionary measures

1. Member States shall ensure that the judicial authorities may, at the request of the applicant:
 - (a) issue against the alleged infringer an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right, or to forbid, on a provisional basis and subject, where appropriate, to a recurring penalty payment where provided for by national law, the continuation of the alleged infringements of that right, or to make such continuation subject to the lodging of guarantees intended to ensure the compensation of the rightholder; an interlocutory injunction may also be issued, under the same conditions, against an intermediary whose services are being used by a third party to infringe an intellectual property right; injunctions against intermediaries whose services are used by a third party to infringe a copyright or a related right are covered by Directive 2001/29/EC;
 - (b) order the seizure or delivery up of the goods suspected of infringing an intellectual property right so as to prevent their entry into or movement within the channels of commerce.