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Czech Republic

PATENT LITIGATION

Contributor

Čermák a spol.



Petr Kusý

Attorney-at -Law | pkusy@apk.cz

This country-specific Q&A provides an overview of patent litigation laws and regulations applicable in Czech Republic.

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CZECH REPUBLIC PATENT LITIGATION



1. What is the forum for the conduct of patent litigation?

The City Court in Prague is the only court with jurisdiction to hear patent related disputes at first instance. All appeals are heard by the High Court in Prague. Extraordinary appeals are heard by the Supreme Court. Constitutional complaints are heard by the Constitutional Court (a complaint may be filed without an extraordinary appeal being heard first). The City Court proceedings are heard before panels of judges ('senates'). The Court has a number of IP specialised senates, however, the judges are all lawyers; there are no technically trained or specialised judges. The courts rely on court experts to resolve technical issues. The High Court sits in panels on IP cases. All judges are lawyers without technical experience. The Supreme Court and Constitutional Court judges have no IP specialisation. The Industrial Property Office 'IPO' is the only body able to cancel, i.e. revoke a patent. It is also possible to seek a (non)infringement opinion from the 'IPO', where the IPO rules on whether a described object/process falls within the scope of protection of a patent or not. In both cases the 1st instance decision is made by a technically trained IPO officer. The decision can be appealed to the President of the IPO. The president decides based on the advice of a panel of 5 IPO officers, of whom one is legally trained and the remainder technically qualified. A judicial review application can be filed against the decision of the President of the IPO to the City Court in Prague (administrative division) and is heard by an IP specialised senate. The appeal ('cassation complaint') is heard by the Supreme Administrative Court, which has an IP specialised senate, however, at both instances the judges are all lawyers with no technical expertise. A constitutional complaint may be filed to the Constitutional Court.

2. What is the typical timeline and form of first instance patent litigation proceedings?

Infringement and invalidity proceedings are bifurcated. Only the Industrial Property Office is able to cancel, i.e. revoke a patent. (The courts theoretically have the power to decide that the patent was not properly granted and decide to disapply the patent – however, this is very rare.) Typical validity proceedings before the IPO involve 2 instances and then 2 instances of judicial review. The judicial review does not stay the enforcement of the challenged IPO decision. Each instance at the IPO level can be expected to take 9-18 months. The first instance of the judicial review takes 2-4 years, with the second instance taking around 1 year. Infringement proceedings before the City Court take 9-24 months to reach judgment. The court generally requires technical assistance from experts. Generally experts from the field of 'Patents and Inventions' are relied on, but experts in other fields, such as 'chemistry', 'machinery' etc. can also be asked to assist. The parties can ask experts to prepare expert reports directly. An expert in the field of Patents and Inventions is usually relied on to carry out the patent claim construction. The court can disagree with the experts' claim construction. Damages claims are not common, permanent injunction claims are more common. The total sum claimed in damages (which includes lost profit, and the sum of unjustified enrichment and the sum for reasonable compensation for immaterial harm caused) must be specified at the outset. In practice the plaintiff should be in position to prove that damage occurred, and its level without further assistance of the court. It is very rare for the court to examine the issue of infringement in an interim judgment and only then to proceed to quantify the damages. This can realistically only occur if a permanent injunction or some other non-pecuniary claim (such as an apology) is made. It must also be noted that until the plaintiff formally claims the full sum in court the limitation period continues to apply to the unclaimed amount.

3. Can interim and final decisions in patent cases be appealed?

A 1st instance validity decision of the IPO can be

appealed as of right to the President of the IPO. A judicial review application, itself a two instance process, can be filed. A 1st instance (non)infringement/damages judgment of the City Court can be appealed as of right to the High Court in Prague. An extraordinary appeal to the Supreme Court is possible. A constitutional complaint to the Constitutional Court is possible. An ECHR complaint may be filed. An EU preliminary reference can be made by the courts at any time. Interim decisions can in some cases be appealed or subjected to an extraordinary appeal, depending on circumstances. An interim judgment finding infringement which is to be followed by damages calculation proceedings, can be appealed.

4. Which acts constitute direct patent infringement?

Direct infringement is defined as: the manufacture, offering, introduction onto the market, use, and importation, storing or other dealing with a patent protected product for those purposes, in s. 13 of the Act no. 527/1990 Sb., on Inventions and Rationalisation Proposals, as amended. The same applies to a product obtained through a patented process, where identical products are presumed to infringe, if it is highly probable that the product was manufactured through a process which is subject to a patent and the patent owner was, despite reasonable efforts, unable to identify the manufacturing process used, until the opposite is proved. The presence of the rather vague term "other dealing" means the scope of protection is very wide. The use of a patented process or its offering is also actionable.

5. Do the concepts of indirect patent infringement or contributory infringement exist? If, so what are the elements of such forms of infringement?

Indirect infringement is defined in s. 13a of the Act on Inventions as follows: (1) No one may, without the permission of the patent owner, supply or offer to supply to another person, other than a person entitled to utilise a patented invention, the means relating to a substantial element of the invention and serving in that respect for its realisation, if with regards to circumstances it is clear that the means are capable of realisation of the patented invention and are intended for it. (2) Subsection 1 will not apply if the means are products which are common on the market, unless the third party influenced their recipient to engage in conduct prohibited by s. 13. (3) Persons carrying out activities under s. 18 letters c) to e) (passing craft, individual drug preparation, noncommercial use, and the experimental exceptions)

are not regarded as persons entitled to use the invention, within the meaning of subsection 1.

6. How is the scope of protection of patent claims construed?

The claim is to be constructed according to its literal meaning with regard to the description and drawings. The 'skilled person's' view is determinative. Where a feature of the patent claim is missing in the product or process it is then necessary to examine whether an equivalent feature is present. Even if no equivalent feature exists the patent owner can claim that the missing feature is in fact not an essential feature of the claim. Patent prosecution history is not usually considered, but there is no categorical prohibition on doing so.

7. What are the key defences to patent infringement?

An infringing act will not be present where: - The patent rights were exhausted, through the introduction of the product onto the market in the Czech Republic by the patent owner or with its permission; - A prior user of an invention exercised it independently of the patent owner at the time of priority of the patent; - It takes place on passing foreign ships, airplanes or in relation to these as specified in the Act; - Medicinal product is being individually prepared in a pharmacy; - The conduct has no commercial purposes; - The conduct amounts to experimentation or the experimentation and testing is necessary for the registration of a medicinal product. If the patent is at any time declared revoked, then it could never have been infringed.

8. What are the key grounds of patent invalidity?

The IPO can revoke a patent if - It did not satisfy the conditions of patentability, i.e. novelty, inventive step and industrial application; - It is not described clearly and fully enough for the skilled person to be able to replicate it, i.e. 'sufficiency of disclosure'; - The scope of the patent extends beyond the scope of the patent application, i.e. 'added matter'; - The patent owner has no right to the patent (only on the application of the actual inventor). Patents cannot be granted: - If contrary to public morals; - For purely biological reproduction of plants or animals; - If the subject matter is a discovery, scientific theory, mathematical formula, aesthetic creation, plans, rules or method for the carrying out of intellectual activity, playing of games, conduct of

business activity, computer programmes, or provision of information.

9. How is prior art considered in the context of an invalidity action?

Anything that is publicly available before the date of priority is prior art. In addition, any patent application with effect in the Czech Republic, that is ultimately published, forms the prior art for the purposes of novelty but not inventive step. When examining novelty a single document is used. When examining inventive step documents can be combined. Bad faith publications or an official international trade fair presentation of an invention does not form prior art if it took place less than 6 months before the filing of the patent application.

10. Can a patentee seek to amend a patent that is in the midst of patent litigation?

Yes. It must be borne in mind, however, that validity and infringement are bifurcated. In practice therefore the plaintiff has no reason to limit its patent in the infringement proceedings, and the defendant would challenge the patent before the IPO. The amendments would then be made in the IPO proceedings. The plaintiff could in some circumstances concede that the patent is partially invalid, and the court would then examine only the limited scope of the patent for infringement. The plaintiff can also apply to limit its own patent at the IPO, however, it would have to argue lack novelty, inventive step or another reason for the limitation to succeed; partial surrenders are not possible. Third parties cannot intervene in the IPO proceedings or the litigation.

11. Is some form of patent term extension available?

Supplementary protection certificates 'SPCs' are available for pharmaceuticals and plant protection products and extend the term of the patent by a maximum term of 5 years. (The SPC is granted for a period of time that passes between the 5th anniversary of the patent application filing date and the grant of the marketing authorisation for the product protected by the patent.) An additional 6 month extension applies to pharmaceutical products where conditions for a paediatric extension have been met, i.e. the product has been tested in the paediatric population.

12. How are technical matters considered

in patent litigation proceedings?

Experts are relied on to resolve technical issues, as the judges are not technically trained. The regional courts maintain a list of 'appointed experts' for various fields, such as 'chemistry', 'electronics', 'economics' etc. Any person with qualifying education and experience in the field can apply to be appointed as an expert in the field by one of the regional courts. The court and the parties can then approach this expert. One of the fields in which an expert can be appointed is "patents and inventions". Such experts regularly prepare reports on whether a product or process falls within the scope of a patent. The court can appoint an expert to prepare an expert report to resolve a technical question. The technical findings of the expert are binding on the court, however, if the court is of the opinion that the findings are not correct it can appoint a further expert to answer the same question or to review the expert report. An expert report prepared for one of the parties is binding on the court if it satisfies the necessary legal requirements and is accompanied by a declaration of the expert that he/she is aware of the criminal sanctions for a knowingly incorrect report. In every case the court should summon the expert to an oral hearing where the expert is cross examined by the court and the parties. The expert, even if commissioned by one of the parties, must remain impartial and objective; its duties are to the court.

13. Is some form of discovery/disclosure and/or court-mandated evidence seizure/protection (e.g. saisie-contrefaçon) available, either before the commencement of or during patent litigation proceedings?

It is the court which leads all evidence, and it should acquire the evidence the parties identify and then rule on its admissibility. In practice the parties are required to present all evidence they can acquire themselves and only where there are good reasons for them being unable to acquire evidence, can they request assistance from the court, such as where evidence is in the possession of a third party. The parties can request that evidence is seized, if there is a risk that it will not be obtainable at a later date or only with great difficulty. The request can be made during or before the action on merit proceedings are begun. The court can seize a sample of a product, material used to manufacture or disseminate it, and documentation relating to it, if it is suspected of infringing a patent. To carry out the seizure of evidence generally or the product sample and related machinery or documents, the court must be convinced that the applicant has a patent right and that it is likely

infringed. The courts will refuse fishing expedition requests. Discovery and inspection, as understood in common law jurisdictions, are not available. While there is a right to information about products and their distribution channels from a defendant, in practice this is only ordered once infringement has been proved.

14. Are there procedures available which would assist a patentee to determine infringement of a process patent?

Not directly. It is possible to argue that there is no other economical alternative to the patented process, to reverse the burden of proof, however, otherwise the burden of proof of proving that the used process infringes the patent is on the plaintiff. The law reverses the burden of proof where the product obtained through the patented process is identical to the one obtained through the patented process, and it is likely that the patented process was used and the patent owner had failed to acquire evidence about its manufacture through reasonable efforts. Confidentiality clubs are used in some cases, where the parties agree to disclose key steps of the process used by the infringer. They cannot be insisted on and are thus purely voluntary.

15. Are there established mechanisms to protect confidential information required to be disclosed/exchanged in the course of patent litigation (e.g. confidentiality clubs)?

No.

16. Is there a system of post-grant opposition proceedings? If so, how does this system interact with the patent litigation system?

A granted patent can be revoked at the IPO (or EPO) only. Any person can apply to cancel a patent. This application can be made even after the patent's expiry if legal reasons for this exist. Where the plaintiff agrees the courts will stay the pending patent infringement proceedings to await the IPO or EPO validity decision.

17. To what extent are decisions from other fora/jurisdictions relevant or influential, and if so, are there any particularly influential fora/jurisdictions?

EPO decisions are formally the only relevant decisions once final. Foreign decisions are not formally relied on by the courts or the IPO. Even first instance IPO decisions are disregarded by the court.

18. How does a court determine whether it has jurisdiction to hear a patent action?

It applies national and EU rules on jurisdiction. In summary it will hear cases that involve an act which took place in the Czech Republic and infringes a Czech patent right (national patent or Czech part of a European Patent). Foreign patent infringement is not actionable.

19. What are the options for alternative dispute resolution (ADR) in patent cases? Are they commonly used? Are there any mandatory ADR provisions in patent cases?

The parties can voluntarily submit to mediation or arbitration. The Czech Arbitration Court is a body capable of handling patent related disputes. The court can order mandatory mediation, however, this is not common in patent cases.

20. What are the key procedural steps that must be satisfied before a patent action can be commenced? Are there any limitation periods for commencing an action?

The plaintiff has to file a front-loaded claim with the appropriate court, the City Court in Prague, identifying the plaintiff, its right and the defendant and the infringing conduct. For damages claims this must be done within 3 years of infringement or becoming aware of the damage for which monetary compensation is claimed. If the plaintiff wishes to seek costs of the proceedings against the defendant it must send a prelitigation demand to the defendant's last known address at least 7 days before the claim is filed in court. Failure to send the letter does not impact on the chances of success. Costs may be awarded in some cases even though this pre-litigation letter was not sent

21. Which parties have standing to bring a patent infringement action? Under which circumstances will a patent licensee have standing to bring an action?

The patent owner can enforce. A licensee can enforce once the licence is registered by the IPO and if the

licence authorises the licensee to enforce, or the licensee informs the owner of the infringement/threat of infringement and the owner does not begin enforcement within 1 month of such notification.

22. Who has standing to bring an invalidity action against a patent? Is any particular connection to the patentee or patent required?

Any person can request a cancellation of the patent at the IPO. A valid legal interest must be proven if the cancellation is to take place after patent expiry.

23. Are interim injunctions available in patent litigation proceedings?

Interim and preliminary injunctions 'PI' are available in patent disputes. The court has to rule on the application within 7 days and no hearing can be held. In practice the absolute majority of cases are thus decided ex parte. However, the defendant may attempt to submit a defensive brief, written defence and evidence. The PI application must be accompanied by a 50,000CZK statutory bond. The court can increase the bond of its own motion before deciding (which is rare) or after grant on application of the defendant. There is no upper limit. The PI bond in no way limits the liability for damage which the law applies on the PI applicant in relation to all persons to whom damage is caused by the PI. The unlimited strict liability, which can only be avoided if the damage would have occurred regardless of the PI, can only be avoided if the PI applicant succeeds on the action on merits or if its rights are satisfied. If the PI is rejected or refused the defendant is not informed. An ordered PI is enforceable upon service on the defendant. The court will order the PI if the existence of the patent right and its infringement are established and there is a need to adjust the position of the parties or there is a threat that the enforcement of a future decision would be jeopardised. In practice the courts look to the patent's formal registration only and do not form their opinion about the patent's validity. It can be sufficient to merely argue infringement, but in technically complex matters an expert report finding that a product or process falls within the scope of protection of the patent is recommended. The need for the interim injunction can be established where the presence of the product on the market is causing ever-increasing damage, or where the threat of infringement is such as to threaten to cause irreparable harm. PIs are readily available in patent cases, with the courts being patent-friendly, however, the courts are less prepared to grant injunctions where the right is close to expiry, the product is not present on

the market (and there isn't conclusive evidence of an imminent launch) or there is a lack of urgency. The decision can be appealed as-of-right, however, the order remains enforceable pending the appeal decision. The appellate court must base itself on the evidence presented at first instance, i.e. no new evidence can be presented by the defendant, who must restrain itself to arguing that the PI should not have been ordered based on the evidence available.

24. What final remedies, both monetary and non-monetary, are available for patent infringement? Of these, which are most commonly sought and which are typically ordered?

The court can order any injunction it deems appropriate. The most common orders are injunctions prohibiting dealing with a patented product as well as recalls of products from commercial channels, as well as materials, tools and other devices used to infringe, as well as remedy of the infringing state of affairs. Destruction of infringing products, materials etc. can be requested, but the court does not have to order destruction if it were to be disproportionate. The plaintiff can request that the defendant publishes an apology. The law also allows the plaintiff to demand confirmation of the right to publish the judgment at the defendant's expense. The plaintiff can seek damages which include actual damage and lost profit. The plaintiff can seek surrender of unjustified enrichment. The plaintiff can seek reasonable compensation of immaterial, i.e. noneconomic, harm. The court uses its discretion to set the level of this compensation, as by its nature its level cannot be calculated. These can be claimed either at actual levels or as a lump sum payment calculated using a licence analogy, i.e. at a level amount to at least twice the level of a licence that would have authorised the infringement. In the case of an unknowing infringement there is no multiplication of this licence. Damages claims are not common. It is unclear whether damages and unjustified enrichment can both be claimed or the plaintiff has to select one.

25. On what basis are damages for patent infringement calculated? Is it possible to obtain additional or exemplary damages?

The experts, usually from the field of economics, are relied on with the court having a limited role in directing the calculation process. There is little judicial guidance given the low number of decided and reported cases and the variation in approach between experts. Additional and exemplary damages are not available, however, the

licence analogy does require at least doubling of the licence, with the court being able to set the multiplication factor higher, perhaps to serve as additional and exemplary damages.

26. How readily are final injunctions granted in patent litigation proceedings?

The granting of an injunction is not discretionary if infringement is found by the court; an injunction grant is thus automatic upon the finding of infringement.

27. Are there provisions for obtaining declaratory relief, and if so, what are the legal and procedural requirements for obtaining such relief?

Declaratory relief is theoretically possible, in practice the courts have refused to issue noninfringement or invalidity (type) declaratory judgments. One of the requirements for a declaratory judgment is that there is an urgent need for the judgment. The courts have been refusing to find the urgent need to be present. It is possible to apply to the IPO for a declaration of (non) infringement, or rather for the IPO to decide whether a described product falls within the scope of protection of a patent or not.

28. What are the costs typically incurred by each party to patent litigation proceedings at first instance? What are the typical costs of an appeal at each appellate level?

The costs range widely depending on the type of patent and the plaintiff and defendant. Expert report costs, laboratory testing, translations and legal fees form the major expenses. Apart from legal fees these expenses are likely to be recovered in full on success. We would expect the first instance proceedings to cost between 50,000 USD to 100,000USD and around 50,000USD on appeal. Complex cases can incur much higher costs, simple cases less.

29. Can the successful party to a patent litigation action recover its costs?

The successful party can recover costs. Partial recovery

is possible in case of partial success. All reasonably incurred expenses can be recovered in full, except legal costs. Legal costs recovery is limited to about 1,000USD per instance if no monetary compensation is claimed. If monetary compensation is claimed the law specifies how the costs are calculated.

30. What are the biggest patent litigation growth areas in your jurisdiction in terms of industry sector?

The move to electrically powered cars is likely to play a role given the large automotive industry sector in the Czech Republic. Swiss-type/2nd and further medical use patents and the scope of their protection is likely to be increasingly litigated.

31. How has or will the Unified Patent Court impact patent litigation in your jurisdiction?

As the Czech Republic has not ratified the UPC agreement, there is no direct impact from the UPC regime coming into force on 1.6.2023.

32. What do you predict will be the most contentious patent litigation issues in your jurisdiction over the next twelve months?

Whether price and reimbursement can be protected from premature applications by obtaining a PI before the product is actually on the market, or how much protection do Swiss-type/2nd and further medical use patents provide are questions that remain unanswered.

33. Which aspects of patent litigation, either substantive or procedural, are most in need of reform in your jurisdiction?

Clarification of when a threat of infringement is actionable in pharmaceutical disputes.

34. What are the biggest challenges and opportunities confronting the international patent system?

At the EU level the biggest challenge is resolving the Unified Patent issue, which is also a big opportunity.

Contributors

Petr Kusý
Attorney-at -Law

pkusy@apk.cz

