



# The Legal 500 Country Comparative Guides

## Germany

# PATENT LITIGATION

### Contributor

Ampersand



#### Hosea Haag

Partner | [haag@ampersand.de](mailto:haag@ampersand.de)

#### Emily Peller

Associate | [peller@ampersand.de](mailto:peller@ampersand.de)

#### Agnes Lauer

Senior Associate | [lauer@ampersand.de](mailto:lauer@ampersand.de)

#### Max K. Betz

Senior Associate | [betz@ampersand.de](mailto:betz@ampersand.de)

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

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## GERMANY

# PATENT LITIGATION



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

In Germany, 12 of the 115 Regional Courts are competent to handle patent infringement proceedings. All 12 Courts provide specialized patent chambers with three qualified judges. The judges are trained civil law judges having long-year experience in patent law matters.

From the 12 competent Courts, in particular the Courts in Düsseldorf, Munich and Mannheim are known for their long-year reputation in patent infringement matters. Which one of the 12 Regional Courts is to be called depends on various aspects, e.g. the residence of the defendant or the place of the infringing action. In case an infringing embodiment is offered through the internet, any German Court is competent to handle the case ("flying Court of Jurisdiction").

Amongst the three most common Regional Courts for filing patent infringement proceedings located in Düsseldorf, Munich and Mannheim, there are minor differences as regards timing or procedural rules.

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

From an international perspective, German Courts usually provide fast proceedings. After filing of a complaint for patent infringement, the Court usually sets deadlines for both parties to exchange briefs, followed by a date for an oral hearing. Within a few weeks after the oral hearing, the court will usually hand down its decision. In case no further oral hearing e.g. for hearing witnesses, is necessary, the duration of a first instance proceedings varies between 10-14 month.

However, as invalidity and infringement are tried before different Courts (so-called bifurcation), infringement court judges will not and cannot invalidate a patent. A defendant may only request the stay of the proceedings

until a final decision in an opposition or nullity case is reached. In case a court orders the stay of the proceedings, a decision in the infringement action is significantly delayed. If the case is stayed pending a final and binding decision on validity, a first instance infringement decision could be delayed by 2-5 years, which reflects the range of the potential duration of opposition or nullity proceedings followed by respective appellate proceedings (so-called injunction gap).

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

*Inter Partes* judgments of the Regional Courts in proceedings on the merits can be appealed to the higher Regional Court within one month after the service of the first instance decision. The length of the appeal proceedings ranges between 15 and 24 months. The permission of new evidence is restricted. A further appeal (third instance) to the Federal Supreme Court is generally admissible if leave to Appeal is granted by the second instance court, if it concerns points of law or if the matter is of fundamental importance (to be determined by the third instance court in admission proceedings).

In case a court holds a patent infringed and the patent is revoked or nullified subsequently, the defendant may also request the retrial of the case within one month starting with the knowledge of the revocation of the patent, but not after expiration of five years after the decision in question entered into legal force.

Interim decisions in preliminary injunction proceedings may also be appealed. When a decision was issued following an oral hearing, such decision can be appealed similar to a first instance decision in proceedings on the merits. If an interim decision was issued *ex parte*, there is no deadline for an objection by the defendant.

### 4. Which acts constitute direct patent infringement?

Within the scope of the subject-matter of a patent, as laid down in its claims, specific acts of infringement are prohibited absent the proprietor's permission and laid out in sec. 9 of the German Patent Act (PatG):

- To manufacture, offer, distribute or use, and also to import or possess for any of these purposes, a product which is within the scope of the patent;
  - to apply a method which is the subject-matter of the patent and to offer such method for application, the latter only if the person applying the method knows or if it is obvious from the circumstances that the method is subject to patent protection;
  - to offer, distribute or use and to import or possess for this purpose, a product directly obtained by a applying a method that is the subject-matter of the patent.

In addition, based on the Federal Supreme Court's (BGH) case-law, German law also prohibits specific preparatory acts where use patents are concerned (mainly relevant in the Pharma sector), under the buzzword "manifest preparation" (*sinnfälliges Herrichten*). This doctrine roughly resembles the concept of "induced infringement" in US law (even though there are less requirements in German law). It extends patent protection to preparatory acts by which a product, e.g. a substance, is "manifestly prepared", meaning that the way it is presented or documents or statements by which the product is accompanied or any other circumstance created by the infringer can be expected to point the user in the direction that he/she will use it in the patent-protected way or for a protected purpose (e.g. a medical indication), even if other applications are also available and disclosed. Even though this doctrine bears resemblance to indirect infringement, it constitutes a case of direct infringement so that it is most importantly not subject to any requirement of knowledge. The Düsseldorf Higher Regional Court even further reduced the threshold for infringing conduct by holding a second medical use patent infringed by the original producer of a generic medicine already if the manifest preparation was not actively brought about by the infringer but only relies on general circumstances that eventually lead to a patent infringing use (in the relevant case: the legal obligation of pharmacists to substitute a drug with a cheaper alternative having the same active ingredients and dosage).

In particular where method claims are concerned, the territorial scope of patent protection is a much debated

issue which has led to ample case-law in Germany. The bottom line is that, in principle, all steps of the method must be carried out within the territory of Germany. However, if some steps of the method are carried out abroad this may still constitute a direct infringement of the patent in Germany, if these steps can be attributed to the infringer carrying out the remaining steps within Germany. This is the case if for a production method the acts abroad create an intermediate product that will be imported into Germany and finalized by applying the remaining steps of the method. It is required that the final steps be carried out in Germany, not the initial steps.

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

The concept of "indirect infringement" (*mittelbare Patentverletzung*) laid out in sec. 10 para. 1 PatG is roughly similar to contributory infringement in US law.

It prohibits that means which constitute a material part of the invention are offered or delivered in Germany if the (indirect) infringer knows or if it is obvious from the circumstances that these means are suitable and intended for use in an infringement of the patent.

In cross-border cases, where a product (the "means") is eventually delivered to Germany via a delivery chain starting abroad, an infringement is present if a "double domestic nexus" can be shown. This requires that the infringer (delivering the product abroad) knows of the German patent and knows that Germany is the country of final destination.

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

The centerpiece of claim construction in German patent law is the claim wording that defines the essence and also the limits of the scope of protection. The description of the patent is to be read as an integral technical document that also provides its own dictionary and that may be adduced in more precisely elucidating the meaning of the claim wording. The same goes for the drawings. The skilled person's general knowledge should only be relied upon where there are gaps in the description and if this general knowledge "blends in" with the description as a whole. Generally, nothing in the description should be construed to limit the claim below the scope of the actual wording or to extend it beyond. A correct claim interpretation should cover all (preferred)

embodiments described in the patent (which do not limit the claim's scope).

As a general rule, and somewhat unlike in other jurisdictions, the guiding principles followed by German courts are:

- the supremacy of the claim wording,
- a functional claim interpretation that ideally achieves the desired technical effects

and

- a coherent claim interpretation under which the patent's scope will cover all of the embodiments described therein and will be valid vis-à-vis the (at least the cited) prior art.

Recourse to the prosecution history is in general not an admissible source for claim construction. The Federal Supreme Court, however, allowed prosecution material to illustrate the general understanding of the skilled person around the priority date. Also, publications of the patent application may be used to interpret the claim. This is, however, only relevant for equivalent infringement.

Apart from the literal infringement, German law also knows a Doctrine of Equivalents that has very specific requirements differing a bit from other jurisdictions but in most cases leading to the same results. The "shaped-stone-defense" (*Formsteineinwand*) is quite different from Prosecution History Estoppel but follows the same purpose and even goes a bit beyond prosecution history: The defendant may claim that the attacked embodiment would (hypothetically) not have been new and inventive over the prior art at the priority date. This defense may however not be brought if the attacked embodiment is an identical or at least literal implementation of the protected invention.

## 7. What are the key defences to patent infringement?

An alleged infringer may defend itself with "non-technical" defenses, of which the most important ones are in practice:

- the violation of the basic rules of civil procedure by the complaint,
- *res iudicata* or *lis pendens*,

(these are defenses that will only in peculiar cases be available and successful since a plaintiff would normally not file suit if it fails to meet these requirements),

- lack of ownership or entitlement,
- a foreign plaintiff's obligation to furnish security for legal costs,

(as a bottom line: defenses that rarely end a patent infringement action but that may be effective at stalling or delaying a case considerably);

- as one of the key non-technical defenses, the antitrust defense in SEP cases may exclude the injunction claim,
- a defense based on a license or use right on the defendant's side,
- exhaustion of the plaintiff's rights,
- the inadmissibility of the complaint under the "concentration doctrine" (Klagekonzentrationszwang, § 145 PatG) requiring a plaintiff to enforce all of its patents against a specific infringing act at the same time

and

- the disproportionality objection recently introduced as an amendment to the German Patent Act that excludes the injunction claim in cases of a grave disproportionality in case an injunction hits the defendant (the hurdles to bring this defense are very high and German courts appear to hold the bar even higher so that it will probably not be successful in more than a handful of cases for the next decade or so.

As regards the "technical defenses", a defendant may and will of course argue that the attacked embodiment does not infringe the patent (e.g. by means of a different claim construction or by disputing the implementation details alleged by the plaintiff).

The invalidity of the patent also constitutes a technical aspect but due to the "bifurcated system" allocating invalidity and infringement proceedings to different fora, the defendant may only request the court to stay the infringement case pending the outcome of the nullity action. This discretionary decision finds ample guidance in case-law. In a nutshell, a court will typically stay the infringement case if the defendant brings forward convincing arguments that there is a high probability that the patent will be held invalid (either by the Federal Patent Court in a nullity action or by the EPO or German Patent Office in opposition proceedings) for lack of novelty based on new prior art that was not before the patent office when the patent was granted and not the subject-matter of any previous opposition or nullity case. There are always exceptions in individual cases but this is the general (and rather reliable) default.

## 8. What are the key grounds of patent invalidity?

It should be mentioned that a lot of legal writing and many conferences exist that stress allegedly different approaches of the EPO and the German Federal Patent Court. Still, the principles are the same and differences minor if at all. A patent may be invalidated for:

- **Lack of novelty:** The claimed invention was disclosed with all its features (of at least one claim) in one prior art document publicly available on or before the priority date.
- **Lack of “inventive step”:** The claimed invention was “obvious” to the notional skilled person at the priority date; the skilled person may combine different publicly available references and his general knowledge in arriving at the invention; the Federal Supreme Court looks at
  - which intellectual steps the skilled person had to take to arrive at the claimed invention,
  - whether the skilled person was stimulated or prompted by the contents of a reference or its general knowledge to take these steps and
  - any additional aspects weighing in favor or against the finding that based on these considerations the skilled person would have arrived at the teaching of the claimed invention.

A classic approach would thus be that starting from one document the skilled person would be stimulated by the disclosure in this document and its general knowledge to continue its search in a specific direction where it would find a second reference that discloses the “missing piece” bringing about the solution (plus some routine implementation tasks). As long as opposition proceedings at the EPO are at issue, in contrast, the “problem-solution-approach” applies. The EPO looks at whether it was obvious for the skilled person, starting from the “nearest prior art” and in order to solve the objective technical problem underlying the patent, to arrive at the claimed invention.

- **Lack of industrial applicability:** The invention must be of such kind that it can either be produced in a commercial, industrial enterprise or be used in such commercial business. Industrial applicability is missing if the invention is technically useless, if it does not have any practical use case – and in

general for contraception methods (according to the EPO Board of Appeals).

- **Excluded subject matter:** The patent relates to a subject matter that is excluded from patent protection (such as business methods or the human body and its elements).
- **Insufficiency:** The patent does not enable the skilled person to practice the invention because it does not disclose the invention in a sufficiently clear and complete manner.
- **Added matter:** The scope of the granted patent claims is broader than the underlying patent application as originally filed.
- **Inadmissible extension:** The patent claim has been amended so that its scope of protection is wider than the scope of the claim as originally granted.
- **Unlawful abstraction:** The invention for which the patent was granted has been unlawfully abstracted from a third party. This ground of invalidity can only be asserted by the person from whom the invention was unlawfully abstracted.

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

In an invalidity action, prior art is relevant for both the determination of novelty and of inventive step. Within the meaning of the German Patent Act, everything that has been made available to the public before the filing date of the patent application constitutes prior art. In the case of patent applications, written and oral descriptions are taken into account worldwide. This also includes all published patent applications.

Applications that were filed before the priority date of a patent attacked in an invalidity action but published afterwards also constitute prior art, but only with respect to novelty whilst they are irrelevant for determining inventive step.

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

Patent infringement and patent invalidity matters must be tried in separate courts. Therefore, the patentee cannot amend patent claims directly in infringement proceedings. However, the patentee can amend the claims at any time during pending opposition or nullity proceedings, also by way of alternative claims. If a parallel infringement action is pending, the plaintiff must however make the amended claim the main request in the infringement case.

### 11. Is some form of patent term extension available?

The only exceptions to the rule that a patent has a term of protection of at maximum 20 years are offered for patents on pharmaceutical compounds. Because of the extremely lengthy proceedings until pharma patents are granted and the required administrative approvals (Marketing Authorizations), the remaining term of protection during which a drug is actually on the market, is rather short, also in relation to the volume of investments in research and development. In order to encourage pharmaceutical research, also and specifically with respect to ill-researched patient groups, the instrument of Supplementary Protection Certificates (SPC) and a further "Paediatric Extension" (for paediatric application of the compound for rare diseases) of the same can be obtained on an EU or national level. The SPC is an IP right of its own but mirrors the effect and scope of protection of the original patent and can extend the term of protection up to five years.

### 12. How are technical matters considered in patent litigation proceedings?

When it comes to technical matters and their introduction to a proceeding one has to differentiate between an expert used by the parties and a court-appointed expert. The former is considered a statement by the party and does not have any higher evidentiary value (but may in practice be of advantage since the expert may present the technical details providing additional context and in a plausible and convincing way). Experts may be used by the parties at any time and may support the lawyers in writing their briefs or they can write opinions that are filed as exhibits for the case.

If a statement of fact is in dispute between the parties and of relevance for the outcome of the case, the court will issue a decision to take evidence (if the party under the onus proof has offered evidence). This is often done by an expert opinion for which the expert will be appointed and instructed by the court directly and will provide its expert opinion to the court. This is in contrast to the party expert a formal means of evidence.

There is no procedural instrument of "cross-examination" in German courts. If an expert is asked by the court to explain his or her expert opinion during the hearing, either side may also ask questions but the court will have the authority over the interrogation and would keep attorneys in check that exert undue pressure by their style of interrogation.

As a result, in many patent cases the technical matters are considered only based on the written pleadings and explanations submitted by both parties.

### 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?

There is a mechanism developed by German courts that combines preliminary proceedings with inspection proceedings. These special proceedings allow the patent owner, for example, to perform an unannounced on-site visit to the infringers' premises to evaluate potentially infringing acts. Products may be seized, experts may be allowed onto the premises to examine the products and production method, and to write a report, and lawyers may also be permitted onto the premises. These proceedings require a certain probability of patent infringement but there is no need for definite proof in advance. The courts may also order measures to secure confidential information obtained against the patentee. The patent litigation under the VPC, more means to obtain evidence are expected to be available.

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

No, there is no specific procedure for process patents, but the evidence finding procedures above are available.

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

In order to ensure better protection of trade secrets in patent litigation, a new Sec. 145a was inserted into the PatG recently.

It stipulates that in patent litigation - with the exception of independent evidence proceedings - Secs. 16 to 20 of the German Act (GeschGehG) on the Protection of Trade Secrets shall apply *mutatis mutandis*.

Pursuant to Secs. 16 to 20 GeschGehG, certain information may be classified as confidential in whole or in part if it may constitute a trade secret. This

information must then be treated confidentially by all parties involved and excluded from inspection of the files. In the event of infringements, an administrative fine of up to €100,000.00 or imprisonment may be imposed. In addition, access to certain documents or to the oral proceedings may also be restricted.

However, access must be granted to at least one natural person from each party and their legal representatives. Thus, a complete in camera procedure – i.e., the complete exclusion of the other party from the secret information – is not possible.

Each party may file a motion pursuant to § 145a PatG which has to be justified if it wishes or is required to introduce confidential Documents into the proceeding.

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

Up to nine months after publication of the mention that a Patent has been granted, anyone may give the European Patent Office (for European Patents) or the German Patent and Trademark Office (for German Patents) the notice of opposition to the patent.

If more than nine months have passed since publication of the grant of the patent which is to be challenged and if no opposition proceedings are pending, revocation action of the European Patent (as far as it is validated in Germany) or the German Patent may be brought before the Federal Patent Court.

The effect of opposition and nullity actions on the infringement proceedings are similar: A defendant can only raise the plea of invalidity with a request to stay the proceedings until a final decision in the parallel opposition proceedings or nullity action is rendered. A Court will only order a stay if there is a strong likelihood that the patent will be invalidated.

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

While there is no concept of binding precedents under German Law, Supreme Court’s decisions are generally followed to avoid an overturning in the appellate proceedings.

As regards foreign jurisdictions, German Courts are not

required to follow decision’s from other Courts. This does however not preclude German Courts from reviewing and commenting on the findings of other jurisdictions in their rulings as far as claim construction or proof of infringement is concerned. In particular, UK and Dutch Court rulings are usually taken into consideration.

However, in case the law of the European Union is applied and the European Court of Justice has already ruled in a preliminary ruling, this decision is binding for any national Court.

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

The question of Jurisdiction follows general procedural rules. For example, a complaint may be brought before a German Court if the infringing action took place in Germany, or of the defendant is domiciled in Germany. In the latter, the Court might under certain circumstances also consider infringement of a foreign patent.

Though only few Anti-Suit-Injunction-Proceedings have been initiated before German Courts, German Courts tend to issue the like in cases under careful consideration of the interests of both parties, and after a weighing of the right following from a patent and the general human right of fundamental freedom.

**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?**

Besides private ADR proceedings, a growing number of German Courts offer in-court mediation proceedings. In-Court mediation proceedings are not mandatory and are only commenced upon consent of both parties. Though several mediation proceedings in technically complex patent infringement cases were successfully concluded, they are still not commonly used in Germany.

**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?**

In Germany, a patent action can be commenced without any prior procedural step. However, in order to avoid costs imposed on the plaintiff when the defendant

immediately acknowledges the claims asserted with the complaint, it is common to send a so-called warning letter to a patent infringer before filing a lawsuit.

When considering patent litigation, a plaintiff has to keep in mind that the general statute of limitations applies. The regular statute of limitations is three years after the end of the year in which the patent owner became aware of the infringing action. With a recent decision, the Federal Supreme Court hold that even after the statute of limitations of three years for the claim for damages has expired, the infringer has to hand its profit which he has achieved through the infringement over to the infringed party. Irrespective of the knowledge of the patent owner, claims for patent infringement lapse within 10 years after the infringing action.

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

Besides the patent owner, any exclusive licensee has standing to bring a patent infringement action. In case of an exclusive licence the patentee's own standing to sue can be excluded when the infringement does not affect him economically, e.g. in case of a free licence or lump-sum payments.

A non-exclusive licensee only has a right to sue if he has a legitimate interest and when the patentee has authorised him to request an injunction or assigned him the transferrable rights for damages and rendering of account.

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

As regards invalidity actions, anyone can request a patent to be invalidated by filing a nullity action. No specific interest is required for the standing to sue. Only in case the patent has expired before or during pending proceedings, a special legal interest of plaintiff is required. Such interest can, for example, be derived from the fact that the patentee has asserted patent infringement claims against the plaintiff in the nullity action.

## 23. Are interim injunctions available in patent litigation proceedings?

Yes, preliminary injunctions (*inter partes* but also *ex parte*, i.e. the equivalent of a TRO) have always been theoretically available in patent infringement matters, albeit in many cases difficult to obtain due to a high threshold for the patent's validity. They are most common in pharma matters, where the courts applied a lower validity threshold.

That said, PIs, particularly those granted *ex parte*, may be expected to be easier to obtain for patentees also outside the pharma sector. Following a recent decision of the European Court of Justice (ECJ), handed down in April 2022 in a preliminary reference procedure initiated by the first instance patent infringement court of Munich (Munich I Regional Court), the ECJ found that German courts in their standing case-law imposed excessive hurdles when deciding preliminary injunction cases. Until now, courts used to apply a test whether the legal validity of a patent had been "sufficiently secured". This was generally satisfied if the asserted patent had previously been confirmed in either administrative or court proceedings challenging its validity so that a decision in the preliminary injunction case that would be erroneous in concluding that the patent will be upheld is virtually ruled out.

The ECJ now found that Art. 9(1) of the EU's IPR Enforcement Directive (Dir. 2004/48/EC) *disallowed national jurisprudence according to which the grant of a preliminary injunction over the infringement of a patent is generally denied if the patent-in-suit has not been affirmed, at a minimum, in an opposition or nullity proceeding of first instance.*

A first decision of the Munich court (case no. 7 O 4716/22) from which the preliminary reference procedure had originated of 29 September 2022 applied the ECJ's decision and turned the hitherto applicable, general principle upside down, applying a presumption of validity for all granted patents within its jurisdiction. The Munich court phrased a number of guiding principles shaping a new test according to which (broadly speaking) the onus is now on the defendant/respondent to provide prima facie evidence that the patent is more likely to be invalidated than not alongside with initiating a nullity action.

One potential consequence of this new standard could be that more *ex parte* injunctions will issue because the respondent in these cases can as a matter of course not present any validity challenges. One may therefore expect an increasing number of protective briefs filed to prevent at least an *ex parte* PI. Potential respondents/defendants should carefully evaluate this option, though, since a protective brief can in some cases also backfire if it is not carefully drafted since it



presents the respondent's arguments. If these arguments do not convince the court an *ex parte* PI may become even more justified.

The remaining material requirements that the patentee will have to establish (also here, *prima facie* evidence is sufficient) are essentially

1. that the patent is formally valid/ in force;
2. that the applicant has standing to bring a PI case;
3. a patent infringing act committed by the respondent or at least the imminent threat of infringement, including the realization of all claim features by the attacked product, and
4. urgency (the rule of thumb is that the PI must be sought within four weeks after the applicant became aware of the infringing activity).

The court will however also weigh the interests of the parties taking into account all relevant circumstances. Many of the factors and case groups developed by German courts in this context are not linked to the validity of the patent and will thus remain applicable. It remains to be seen whether the "proportionality defense" recently codified in s. 139 para. 1 cl. 3 of the German Patent Act (PatG) will change very much in PI proceedings since the general balancing of interests to be applied has arguably always allowed for similar considerations.

To summarize the underlying rationale behind most of the case groups and considerations, or might say that the court will look at

1. consequences for the parties: any serious harm suffered by the respondent if the PI issues and especially any irreparable harm that goes beyond the general losses and problems caused by a ban on a company's products vis-à-vis substantial disadvantages on the applicant's side without a PI granting, an imminent expiration of the patent.
2. the conduct of the parties during the PI case but also pre-litigation: efforts to avoid an already existing injunction (PI or judgment on the merits); an apparent lack of determination to swiftly enforce its patent on the applicant's side; a non-practicing entity asserting patents;
3. confidence of the court in its decision: whether the comprehensibility of the patent claim and the infringement read and the general complexity of the technology are such that the court will also in summary proceedings easily come to a conclusion that

will stand; also additional factors such as previous successful proceedings on the merits in which the patent was asserted;

4. timing factors that speak against an immediate PI: ongoing settlement negotiations between the parties; a main hearing taking place shortly in a parallel main action; a decision or a preliminary assessment of the Federal Patent Court or the Opposition Division that will issue shortly

An *ex parte* decision will generally be issued on the same day or within a few days (2- 3). If the court decides to conduct *inter partes* proceedings, the respondent will be granted a short timeframe (e.g. 1 week) to file written pleadings and the court will convene a hearing shortly thereafter. A decision often issues at the end of the hearing or the following day. Depending on the case there could be two rounds of briefings.

A cross-undertaking in damages will not be required since German procedural law already in s. 945 Code of Civil Procedure (ZPO) includes statutory damages claims for the respondent who may reclaim all direct and indirect damages suffered as an immediate consequence of the enforcement of the PI in case the PI is subsequently lifted because its requirements were in fact not met when it was issued, e.g. the patent was not infringed, not valid, there was a lack of urgency etc.

The applicant will not have to deposit any security when enforcing a PI decision.

#### **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?**

A plaintiff in an action on the merits can seek the main remedies that are

- injunctive relief,
- claims for recall and destruction of the infringing embodiments that are still within the channels of commerce and
- a declaratory judgment on damages.

In addition, and in order to enable the plaintiff to quantify its damage claims but also to potentially identify further infringements, the plaintiff is entitled to information about the infringing embodiments, their sourcing or production (upstream) and distribution (downstream) including all commercial and financial information about each offer and sale, including inter

alia revenue, number of items and profits made, and corresponding invoices and delivery notes, commonly referred to as “rendering of accounts”, and also information about advertising conducted by the defendant for the infringing products. In case of inconsistencies in the information and rendering of accounts that cannot be remedied by supplementing missing information, the court may at plaintiff’s request order the defendant (or in case of a company their representative or the responsible person) to formally declare under threat of penalty that the information presented is correct (roughly similar to an affidavit).

All of the above remedies constitute the “standard set” sought in the vast majority of patent infringement cases and if the plaintiff can establish the material requirements, the claims are generally granted. In order to collect damages, the plaintiff will have to initiate a separate damages court case in which the amount will be determined (and the defendant will be barred from claiming non-infringement, invalidity etc.).

In 2021 the claim for injunctive relief was amended to now include a proportionality defense that the defendant may raise (s. 139 para. 1 cl. 3 PatG) and that excludes the claim for injunctive relief in cases of a grave disproportionality between the harm suffered by the defendant or third parties and the plaintiff’s claim to an injunction. Based on the discussions in parallel to the legislative process and the first court cases in which the defense was raised, one could conclude that this defense comes with high hurdles and that the defendant would have to provide solid evidence to support its expectations of grave harm so that the application of the defense may remain limited to absolutely exceptional cases and does not open up a new standard line of defense in patent infringement cases.

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

The plaintiff may choose among the available calculation methods that are:

- a license analogy / fictitious royalty,
  - requires the smallest set of commercial information from the defendant’s side;
- the infringer’s profit (the share of the profit that can be attributed to the patent infringement) or
  - is significantly facilitated by a comprehensive and detailed rendering of accounts

- its own lost profits (commonly most difficult to establish due to lack of evidence).

All three calculation methods may also be pursued in parallel and a final selection can be made in the final hearing on the merits.

In practice, the license analogy and infringer’s profit methods are by far the most widely applied methods. The final damages amount may differ but the divergence is evened out to some extent already by the Federal Supreme Court’s case-law that cross-checks the results of each method by comparing it to the other one, i.e. applying a guiding principle that the damage amounts should be within the same ballpark for both calculation methods.

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

As long as a patent is in force and infringed, the injunctive relief in German law is practically an “automatic injunction”. Since the thresholds for the new proportionality defense are rather high and will only apply in exceptional cases in which the defendant can present convincing evidence for its concerns of grave harm, one could conclude that in average patent infringement cases defendants should still expect an injunction to issue already as a consequence of a finding of infringement (assuming the validity is confirmed or the court does not see a need to stay the case).

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

As a procedural default, based on the logical steps of obtaining commercial information only when enforcing the first instance judgment, plaintiffs are generally not in a position to quantify their damages claims in a first instance patent infringement case. This is why the damages award in a first instance decision is only in the form of declaratory relief that will bind the defendant to the findings of the first instance case and limit the subsequent damages case to a determination of the amount.

Looking at the question whether a patent is infringed, only the defendant may seek a declaratory judgment for non-infringement. There can be a number of instances in which the accused infringer has a legitimate interest in such decision, e.g. when it was approached with a warning letter but the plaintiff did not proceed to file

suit. The defendant would in that case not have to endure the uncertainty of that situation but may seek a judgment bringing the matter to an end. One peculiarity about German procedural law is that while an action for a declaratory finding of non-infringement is pending, a separate infringement action may be brought by the patentee. Once the infringement action cannot be unilaterally withdrawn any longer, the declaratory action becomes inadmissible.

**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?**

When looking at the costs incurred for a patent litigation matter, one important differentiation is that the reimbursable costs owed by the losing party are limited to the statutory fees based on the value in dispute (that are by law a “floor price” for attorney’s fees). The actual costs incurred by each side are usually based on hourly rate fees and higher than the statutory fees (and thus subject to the individual fee arrangement).

As regards the statutory fees, the court fees need to be paid by the plaintiff upfront to initiate service of the complaint and depend on the (estimate) value in dispute indicated in the complaint. If the plaintiff prevails in a final and binding decision, the defendant will have to reimburse plaintiff for the court fees.

A very typical (and in fact rather nominal) amount in dispute in patent infringement matters for products distributed nationwide would be EUR 500k or 1m. The court fees for two instances would be:

500k EUR	11.703,00 EUR	15.604,00 EUR
1m EUR	17.643,00 EUR	23.524,00 EUR

Please note that for the value in dispute the ceiling is EUR 30m. The reimbursable statutory attorney’s fees for the same amounts would be as follows.

500k EUR	10.552,33 EUR	11.815,75 EUR
1m EUR	15.461,08 EUR	17.313,55 EUR

If also patent attorneys are officially appointed as supporting counsel in the infringement case, the reimbursement will cover both counsel, i.e. twice the

above amounts.

The reimbursement will be awarded by the court proportionally, depending on the degree to which either side prevails.

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

The successful party is entitled to reimbursement of its statutory attorneys’ and patent attorneys’ fees (if actually involved). The winning plaintiff can also recover the advance payment on court fees from the plaintiff.

If both parties prevail on some issues and lose on others, the court will order each party to bear a share of the overall costs that corresponds to the ratio of issues won or lost or, if the ratio is roughly equal, may order both parties to bear their own cost and share the court fees.

The actual costs are usually much higher and are regularly based on hourly rates agreed upon between client and attorney. These high costs cannot be recovered.

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

The mobile communications sector will remain a major battlefield also in the enforcement of 5G patents. What will be new is that on the defendant side hitherto untouched industry sectors will come into the crosshairs of 5G patent proprietors, the automotive industry has already been hit and up next will probably be the still growing mobility and in particular the e-mobility market, the green energy market with decentral energy supply networks requiring communication, but also a much wider range of consumer products.

Another mobility-related battlefield could establish around the supply chain for battery technology and charging services.

The medical and pharmaceutical sector will probably see major cases in the field of mRNA and genetic engineering in general.

In the “digital sector”, cloud computing and the growing industry 4.0 will certainly also be rich hunting grounds for patentees and after the number of AI-related patents have practically gone through the roof since 2019, this development will probably not have an impact on litigation in Germany since either the European market might be perceived as less relevant by applicants for AI

or European companies might be asleep at the switch, in any case the vast majority of AI applications were filed in Asia and the US.

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

Due to the upcoming start of the Unified Patent Court System in early 2023, a substantial number of procedural issues and open questions based on the completely new rules of procedure will be in focus until the appeal court has had the chance to issue a number of guiding decisions. The same is true for how the court will deal with e.g. the antitrust defense in SEP cases.

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

The bifurcated system, though having its justification in the divergence of technical and legal competence between the respective Courts, still causes some issues as regards parallel infringement and nullity procedures. Since the recent reform of the German Patent Act, courts have tried to adapt to the mechanisms supposed to accelerate the nullity actions. Currently it might be best to let the system evolve and adapt to the new rules instead of engaging in further reform activities.

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

Internationally, the focus for the next years and beyond could be on two hotspots bringing challenges and opportunities, depending on perspective: Europe with the UPC launching in 2023 and China growing into a litigation forum of relevance on the global map.

The international impact of China as a patent market and also a forum can hardly be overestimated. After the extreme growth in the number of patent applications in China had raised international attention in 2019 and put China ahead of the pack for global application numbers, the second aspect is now the growing number of cases in China’s (still rather new) IP-courts and in particular their increasing boldness, manifested in its Supreme People’s Court flinging the gauntlet at the UK Supreme Court, also claiming its competence to set global FRAND rates.

The second hotspot may certainly be expected in Europe following the launch of the UPC and the availability of Unitary Patents. Both may significantly change the strategies of patentees and Europe’s position in the global patent system. It remains to be seen how the absence of the United Kingdom in this system will play out for the UPC and also the UK as a litigation market in the mid-term and long run.

**Contributors**

**Hosea Haag**  
Partner

[haag@ampersand.de](mailto:haag@ampersand.de)



**Emily Peller**  
Associate

[peller@ampersand.de](mailto:peller@ampersand.de)



**Agnes Lauer**  
Senior Associate

[lauer@ampersand.de](mailto:lauer@ampersand.de)



**Max K. Betz**  
Senior Associate

[betz@ampersand.de](mailto:betz@ampersand.de)

