The Legal 500 Country Comparative Guides

Germany: Patent Litigation

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

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

In Germany, twelve designated District Courts (Landgericht) are competent to hear patent infringement proceedings, having specialised patent litigation chambers consisting of three legally qualified judges and no technical judge.

The claimant can choose to file its lawsuit either at defendant’s domicile or where the infringement took place or is likely to take place. Thus, forum shopping is generally possible, in particular if internet offers are involved.

In general, all patent infringement courts apply the same procedural and material rules. However, local judicial practice on specific legal questions, such as preliminary injunctions, varies which may make specific courts more preferable than others.

Further, the courts have different experience with patent litigation, with Düsseldorf, Munich and Mannheim being the most frequented (new cases in 2018: Düsseldorf: 425, Munich: 144, Mannheim: 175), followed by Hamburg, Frankfurt and Nuremberg.

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

Germany’s patent litigation system is bifurcated. Civil Courts (Landgericht/Oberlandesgericht) are dealing with the patent infringement, whereas the Federal Patent Court (Bundespatentgericht) decides on the validity. Eventually, both strings of proceedings may be joined at the Federal Supreme Court (Bundesgerichtshof) at the highest level.

There are no special procedures on claim construction. Liability is generally no issue as there is an obligation for companies to monitor the market for potentially infringed patents. Besides, damages rulings in patent infringement proceedings are usually of a declaratory nature only. A specific amount of damages would have to be claimed in a separate new damages action.

After filing of the complaint, the duration of first instance proceedings differs from court to court. However, first instance infringement proceedings will typically take 12-16 months. A first instance nullity action before the Federal Patent Court will typically take about two years.

German patent litigation proceedings are “front-loaded”. This means that all necessary facts and any evidence must be presented already at an early stage, usually taking more or less the following steps:

- Claimant files the complaint with the court; advances payment of court fees
- Court serves the complaint on the defendant and sets a deadline for a reply (~ two months)
• Defendant submits the statement of defense
• Claimant submits counter-submissions within deadline specified by court (~ six to eight weeks).
• Defendant submits final response within deadline specified by court (~ six to eight weeks).
• Oral hearing is held (~ten to fourteen months after filing of the complaint)
• Court hands down the judgment (~ six to eight weeks after oral hearing)

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

Decisions on patent infringement rendered by the District Courts can be appealed within one month from proper service of the decision. A permission to appeal is not required in order to appeal first instance decisions. The competent court to hear the appeal is the local Upper District Court. Decisions by this appellate court can be further appealed within one month in case the further appeal has been explicitly permitted by the Upper District Court. Otherwise an application for permission to appeal can be filed. Both, the further appeal and the application for permission to appeal, are handled by the German Federal Supreme Court (Bundesgerichtshof).

The timeframe of the appeal before the Upper District Court usually is 15-20 months. The timeframe of the further appeal proceedings before the Federal Supreme Court usually is about two years.

The decisions of first and second instance courts are not stayed pending the outcome of an appeal and thus remain fully enforceable during the appeal proceedings. A request for stay of enforcement can be filed with the respective Upper District Court, however, such requests usually are dismissed.

Decisions on the validity of a patent rendered by the Federal Patent Court can be appealed within one month starting from proper service of the decision. A permission to appeal is not required. The competent court to hear the appeal is the Federal Supreme Court. A further appeal is not possible.

The timeframe of the appeal before the Federal Supreme Court in invalidity proceedings usually is two to four years.

The patent in suit remains formally valid until a final decision of the Federal Supreme Court is issued.

4. Which acts constitute direct patent infringement?

Product claims can be directly infringed by manufacturing, offering, putting on the market or using a product falling within the scope of the patent as well as by importing or possessing said product for the aforementioned purposes. Liability of infringement is independent of
actual knowledge of the patent and/or its infringement.

Method claims can be directly infringed by using or offering a method covered by the patent or, if a manufacturing method is concerned, by offering, putting on the market or using a product directly obtained by said patented method as well as by importing or possessing said product for the aforementioned purposes.

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 patent infringement is provided for under German law. Indirect infringement is given when means which are essential for the implementation of the invention are offered or supplied to a third party and the supplier is aware or it was obvious from the circumstances that such means are suitable and intended for implementing the invention.

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

The claim wording as such is the starting point for claim interpretation. First, the meaning of the words used in the claim has to be understood. In a second step, the functional interpretation of the claim has to be established, while considering the description and drawings of the patent. Contradictions between description and claims are to be avoided. As a general rule, the claims have to be interpreted in a way that the claims cover all embodiments in the description and the drawings.

Clear definitions in the description are binding even if they are unconventional. The patent provides its own dictionary in this respect. Where no definition or information on the understanding of the terms used in the claim is provided, the claim features have to be understood in such that the relevant addressee, namely the person skilled in the art, would do while also considering any prior art.

The prosecution history of the patent is generally irrelevant for strict claim interpretation but can be considered for showing the understanding of a person skilled in the art (exemplified by the patent examiner).

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

Apart from the main defense that the accused product does not fall within the scope of the claim the following defenses are rather common in Germany:

- **Valid license agreement**
- **Right of private prior use**
- **Exhaustion**
- **Statute of limitation**
- **Estoppel**
- **Anti-trust defense**

As mentioned under Section 2, as a consequence of the German bifurcated system, invalidity of the patent is not a valid defense in infringement proceedings. However, arguing invalidity can lead to a stay of the infringement proceedings pending the outcome of parallel invalidation proceedings.

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

Patents in Germany can be invalidated because of:

- Lack of novelty
- Lack of inventive step
- Lack of industrial applicability
- Excluded subject matter
- Insufficiency
- Added matter
- Inadmissible broadening
- Unlawful usurpation (of the invention)

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

When assessing novelty of a patent, the absolute novelty criteria is applied, i.e. every prior art is relevant, whether written, oral or use and independent of place of publication and language, which is published prior to the application or, where applicable, the priority date of the patent. Also, post published national prior art is relevant (although for novelty only). For assessing inventive step, documents (usually two) may be combined. While the requirements for assessing inventive step do not strictly follow the problem-solution-approach as applied by the European Patent Office, some pointer motivating the skilled person to combine two documents is usually required.

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

Claim amendments during infringement proceedings are admissible and commonly used in order to overcome validity issues of the claims as granted.

Rather than formally restricting the patent at the Patent Office, a claimant usually simply limits his asserted patent claim during the infringement proceedings, e.g. by combining a main claim with dependent claims. It is then up to the claimant to convince the infringement court that the limitation is admissible and overcomes potential invalidity objections. Since the infringement court cannot finally decide on the validity of such an amended claim, there is a high likelihood that the infringement court will stay the infringement proceedings pending the outcome of parallel invalidity proceedings, unless the claim amendment is clearly admissible, and the amended claim is clearly valid.
During invalidity proceedings it is standard procedure to limit the claims in view of relevant prior art. Validity of the limited claims must be shown to the Federal Patent Court. Here, particularly formal issues such as inadmissible broadening and lack of disclosure are usually relevant. Also, the patentee is free to limit the claim in limitation proceedings before the Patent Office.

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

   No. The lifetime of a patent is 20 years starting from the date of the application. Slow prosecution or other reasons are not available for requesting a term extension. However, for pharmaceuticals, for example, a Supplementary Protection Certificate (SPC) is available.

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

   As a general rule under German law, the courts themselves have to interpret the claims. Technical experts are rarely used and are not allowed to interpret any claims or scope of protection but can only provide assistance and guidance regarding facts of infringement (such as measurements, technical terms or understanding). For example, the court has to find a correct interpretation of the patent claims (without solely relying on a technical expert) to decide whether an accused product fulfils claim features or a patent is rendered obvious. Therefore, technical matters have to be explained to the court in a way that the court can readily understand them and make up its own mind regarding claim interpretation. Sometimes, private expert opinions on specific technical questions are presented in order to provide the court with an in-depth understanding. However, these opinions are not considered expert evidence but mere party pleadings.

   Where a court-appointed expert is used, the expert will provide a written expert opinion and will be heard during the oral hearing as an expert witness. During this procedure, the parties can also question the expert. However, the proceedings are not comparable to cross-examination proceedings in other jurisdictions. The main questions to the expert are asked by the court. Any additional questions by the parties must be focussed and usually only a few questions are allowed. Courts are very cautious to ensure that the witness is treated fairly and that the questions are focussed and necessary to understand a specific finding of the expert.

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 no saisie-contrefaçon or discovery in Germany. However, Sec. 140c German Patent Act provides for a “claim for inspection” granting the patentee a claim of examination of the alleged infringing product or processes and guarantees access to relevant documents.

   The basic requirements for successfully raising a claim for inspection are the sufficient
likelihood of an infringement based on available evidence and that an inspection of a product or process or any business or technical documentation is necessary in order to substantiate the claim for infringement, e.g. if a method patent is concerned. Such a claim would normally be enforced through an independent procedure for taking evidence together with a preliminary injunction allowing the attorneys of the claimant as well as a court appointed expert to enter the premises of the defendant to inspect a process or product.

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

The claimant has the general burden to prove that a patent is infringed. This also holds true for process patents. However, if proof as such is not possible the claimant might try to gain evidence by way of an inspection (see item 13).

Moreover, there is an exception to the burden of proof for processes of manufacturing **new** products. In this case, the same product (a product having essentially the same features as the new product) shall be (rebuttably) deemed to have been made using the patented process. In this context, the legitimate interests of the defendant in protecting his manufacturing and business secrets are to be taken into account.

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

Generally speaking, it is not possible to exclude a party from any information given during court proceedings in Germany. However, apart from the oral hearing itself, patent infringement proceedings in Germany are not public and it is very hard for third parties to inspect the files of such proceedings unless they are able to present a clear legal interest, which is rarely granted. Therefore, third parties are generally excluded from obtaining the files of patent infringement proceedings. However, the files of patent nullity proceedings can generally be inspected.

In any case, parties may request that specific confidential information shall be exempted from a file inspection.

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

Post grant opposition proceedings before the EPO or German Patent & Trademark Office can be initiated within nine months after grant of patent. During the opposition period and – if initiated – the opposition proceedings, invalidity actions before the Federal Patent Court are inadmissible.

In principle, German infringement courts can stay any infringement action pending the
outcome of parallel opposition proceedings against the patent in suit. However, the defendant in the infringement proceedings has to demonstrate to the infringement court that it is highly likely that the patent will be invalidated. This threshold is rather high and infringement proceedings are thus only stayed in exceptional cases (about 10%), e.g. if new novelty destroying prior art is presented.

The decision whether the infringement proceedings shall be stayed or not is at the full discretion of the infringement court. The court generally considers no other factors than likelihood of invalidity.

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

According to the German Supreme Court German courts must consider but are not bound by decisions of the European Patent Office or courts of Member States of the European Patent Convention 1973 if these decisions deal with essentially identical issues to those brought before the German court.

In practice this means that the courts will read and consider decisions from abroad but will not necessarily follow them.

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

German courts affirm jurisdiction generally only when a German (or a German part of a European) patent is asserted. Cross-border proceedings are rare. If foreign patents are asserted in an infringement main action, the German courts will lose jurisdiction once an invalidation defense is raised. This is different in preliminary injunction proceedings.

German law does not provide for anti-suit injunctions. Indeed, the District Court Munich I recently ruled that a US anti-suit injunction was incompatible with German law.

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?**

Prior to or during patent litigation, the parties can agree on ADR rules. Further, German law provides for some rules of mediation. Such mediation is often even suggested by the courts in the course of the litigation proceedings.

However, ADR is only used in very exceptional cases. Basic reasons for ADR not being common in patent disputes is that German proceedings are comparatively cheap and quick.

In any case ADR is not mandatory.
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?

Under German law, there is generally no procedural step that must be satisfied before filing of a patent infringement action. However, in some cases it seems advisable to send a formal warning letter requesting the alleged infringer to voluntarily refrain from the infringing activity and threatening legal proceedings. While this course of action is not mandatory, it may reduce the cost risk, if the other party immediately fully accepts the asserted claims (which is rarely the case, of course).

From a risk perspective, it is advisable for claimant to investigate and procure all facts and evidence of the infringement in detail already prior to the litigation. As there are no disclosure obligations, it is up to the claimant to present a substantiated case in the statement of claim, including any evidence (German proceedings are “front-loaded”). The general limitation period is three years with knowledge of infringement, starting at the end of the year, and ten years without.

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

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From a risk perspective, it is advisable for claimant to investigate and procure all facts and evidence of the infringement in detail already prior to the litigation. As there are no disclosure obligations, it is up to the claimant to present a substantiated case in the statement of claim, including any evidence (German proceedings are “front-loaded”).

The general limitation period is three years with knowledge of infringement, starting at the end of the year, and ten years without.

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

Everybody has standing to bring an invalidity action in Germany. No legal interest etcetera needs to be shown.

However, after the lapse of patent, only a party showing a specific legal interest to have the patent retroactively invalidated can still bring an invalidity action. Such legal interest may be
a potential threat of damages for past use.

23. Are interim injunctions available in patent litigation proceedings?

Interim injunctions are available in patent infringement matters under German law. The requirements for obtaining an interim injunction, however, are usually relatively strict and depend on the individual court.

In interim injunction proceedings, the claimant must present a rather clear-cut case on infringement. Complicated cases are usually unsuitable for preliminary injunction proceedings.

Further, the claimant must show that the patent is valid beyond any reasonable doubt. Some courts require that the patent previously successfully survived invalidity challenges (Düsseldorf or Mannheim). Other courts are more open for arguments regarding the patent’s validity but still the threshold is high (Hamburg or Munich).

In addition, claimant must convince the court that the matter is urgent and that it has acted swiftly without unreasonable delay as soon as claimant became aware of the alleged infringement.

With respect to urgency most courts require the request for an interim injunction to be filed within 1-2 month after first knowledge of infringement.

Interim injunctions can be granted either ex-parte or inter-partes including an oral hearing. Ex parte injunctions are the exception these days. This exceptional status might even increase after recent decisions of the German Constitutional Court which decided that interim injunctions usually cannot be granted without hearing the defendant.

The grant of an interim injunction on an ex-parte basis usually takes about 2-3 days after the request was filed. On an inter-partes basis, interim injunctions usually are decided upon within 6-8 weeks.

Usually, courts order that preliminary injunctions shall only be enforceable after the placing of a security bond which is intended to cover potential damages of the alleged infringer in case the injunction will be lifted at a later stage.

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?

Potential remedies of the patentee in case of patent infringement in main proceedings are:
25. **On what basis are damages for patent infringement calculated? Is it possible to obtain additional or exemplary damages?**

1. Under German law claimant can choose between three different ways of damage calculation:
   2. (1) Lost profits.
   3. (2) License analogy.
   4. (3) Infringer’s profits.
   5. After having obtained all relevant financial information by the infringer, who has to render full account, claimant can freely choose between these options.
   6. There are no additional, punitive or exemplary damages under German law.

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

An injunction is granted automatically in case the court finds the product/process to infringe the patent. The court has no discretion; other factors, such as public interest, are generally irrelevant and are not to be considered.

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 of no importance in patent matters in Germany. Theoretically, there is the possibility to initiate declaratory non-infringement proceedings. However, this is only possible after an allegation of infringement (usually in a warning letter) has been raised by the patentee. Moreover, when - even subsequently - an infringement action is filed by the patentee, the declaratory action for non-infringement is (or, if already filed, 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?**

Court fees and reimbursable attorneys’ fees depend on the value in dispute which is set by the court and essentially corresponds to the commercial value of the case. The value of a standard patent infringement case is around €1m. The following table shows fees for values in dispute of €1m and €5m in the 1st and 2nd instance in infringement and nullity actions.

<table>
<thead>
<tr>
<th>Infringement action</th>
<th>Value: € 1m</th>
<th>Value: € 5m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Instance</td>
<td>€ 16,000</td>
<td>€ 59,200</td>
</tr>
<tr>
<td>2. Instance</td>
<td>€ 21,300</td>
<td>€ 78,900</td>
</tr>
<tr>
<td>Court fees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Can the successful party to a patent litigation action recover its costs?

In general, the losing party must reimburse the winning party’s legal costs. Reimbursable costs include court fees, attorneys’ fees for lawyers and patent attorneys as well as necessary expenses (travel expenses, translations expenses, etc.) and are calculated based on specific legal provisions (see table item 28). These reimbursable attorneys’ fees do generally only cover a small part of the hourly fees spent on the case.

It is generally no possible to influence a potential cost liability, except for claimant having to bear the costs of proceedings if defendant fully acknowledges all asserted claims without been formally warned and threatened with proceedings in advance (which very rarely happens and would be a swift and easy win for claimant).

Upon defendant’s request, claimants who do not have their place of business in a Member State of the European Union or the European Economic Area shall provide security for the costs of the proceedings. Exceptions apply.

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

Important fields of patent litigation include Standard Essential Patents (SEPs), particularly in the sector of Mobile devices, the automotive industry and connected cars as well as the pharmaceutical and medical device industries.

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

Matters of FRAND (Fair, Reasonable And Non-discriminatory) offers in case of SEPs still seem to be the most contentious legal issues. In other fields, we expect cut-throat competition to lead to an increase in litigation.
Which aspects of patent litigation, either substantive or procedural, are most in need of reform in your jurisdiction?

Recovery of costs, as the reimbursable costs are much too low given the complexity of and the effort necessary for patent litigation proceedings.

Besides, awarded damages are rather low compared with other jurisdictions (e.g. US). Introducing the concept of additional or punitive damages could deter patent infringers from entering the German market.

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

The implementation of Unified Patent Court system (which currently is on hold pending the outcome of a Constitutional Complaint against the instalment of the system in Germany and the Brexit).

Finally, deciding on clear and uniform rules on questions of SEPs and FRAND which will eventually be done by the Federal Supreme Court.