



Suing outside the United States and Issues in International Litigation - The European Perspective -

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1. The European legal setting

1.1 Basic features of the European patent system

- **Governed by the European Patent Convention**
 - **Treaty between 30 countries, includes non-EU countries like Switzerland and Turkey**
 - **No institutional connection with the EU**

- **Unified examination and granting procedure before the European Patent Office**
- **But resulting in “bundle” of national patents, not single European patent**
- **Unified opposition procedure before the EPO for nine months after grant**
- **But national nullity actions against national patents before national courts thereafter**

1. The European legal setting

1.2 National patent systems

- Independent of and cumulative to European system
- Still very widely used by smaller companies
- Harmonized in theory but not always in practice regarding issues like inventiveness and patentable subject matter
- No translation into foreign languages mandatory after grant – added difficulty for research

1. The European legal setting (cont'd)

1.3 Infringement litigation

- Always before the national courts
- National procedural laws still contain significant differences
- Substantive laws of patent infringement similarity worded but interpreted differently by national courts
- Effect of decision territorially limited
- Cross-border litigation severely limited even at the domicile of the defendant
- Danger of conflicting decisions
- Significant cost disadvantages

1. The European legal setting (cont'd)

1.4 National IP rights and the free movement of goods

- Free movement of goods under Art 36 Treaty of Rome
 - Generally no government-imposed constraints on trade of goods between member states
- However, important exception: national IP rights take precedence

1. The European legal setting (cont'd)

1.5 Initial conclusions

- **Limited territorial effect requires choice of forum country**
- **Single or multi-jurisdictional approach**
- **Blocking of one major market may make defendant ready to settle**

2. Germany as jurisdiction of choice

2.1 Overview

- **Very experienced: highest number of infringement cases**
- **Relatively inexpensive**
- **Straight-forward procedure**
- **Invalidity no defense in infringement action**
- **Availability of preliminary injunctions**

2. Germany as jurisdiction of choice (cont'd)

2.2 Jurisdiction of the German Courts

- Place of infringement, namely any place where infringement products are offered for sale
- It may be sufficient if only part of a patented process is performed in Germany
- Defendant's domicile in Germany may suffice to give jurisdiction even for infringement of foreign patents, as long as their validity is not contested

2. Germany as jurisdiction of choice (cont'd)

2.3 Specialized and experienced courts

- 12 Civil Courts have exclusively jurisdiction
- Almost all cases before the courts of Düsseldorf, Munich and Mannheim
- High level of legal and technical expertise
- Appeals go to specialized panels of the respective Courts of Appeal
- One specialized panel of the Federal Supreme Court hears all final appeals
- However, infringement courts composed only of lawyers, as a rule no engineering or science degree

2. Germany as jurisdiction of choice (cont'd)

2.4 Procedure

- **Very limited discovery, but examination of defendant's process by expert relatively common; scope of discovery may be increased to certain financial documents soon**
- **No jury**
- **Court-appointed expert for technical questions**
- **Typically on or two oral hearings at trial court level; almost never longer than three to four hours**
- **Judgment typically within 12 month after filing of complaint**
- **Appeal to Court of Appeal by right, but limitation on introduction of new factual material**

2. Germany as jurisdiction of choice (cont'd)

2.5 Cost-considerations

- Recovery of attorney's fees, court costs and necessary expenses (e.g. travel, experts) from losing party
 - Attorney's fees recoverable only according to statutory fee schedule
 - Due to simpler procedure far fewer hours necessary to try case
 - Typical cost risk < 100,000 EUR for trial court level
 - Total cost rarely exceeds 1,000,000 EUR
- Cost probably about 10 % of US litigation

2. Germany as jurisdiction of choice (cont'd)

2.6 No invalidity defense in infringement action

- Infringement court has to assume validity of patent
- Defendant has to institute separate „Nullity Action“ before specialized technical court (Federal Patent Court)
- Infringement court will stay proceedings only if success of nullity action seems highly likely (discretionary decision)
- However, in analysis of merely equivalent uses, state of the art may be considered to determine patent's scope of protection

2. Germany as jurisdiction of choice (cont'd)

2.7 Availability of Preliminary Injunctions

- **German Courts will grant preliminary injunctions in patent infringement cases if matter is urgent and clear-cut**
- **Urgency requires application within four to six weeks after obtaining knowledge of infringement**
- **Validity of patent must not be in serious doubt**
- **Infringement should not require complex equivalency analysis**
- **Court can order injunction ex parte or after hearing, hearing usually scheduled within one to two weeks**

2. Germany as jurisdiction of choice (cont'd)

2.8 A brief look at damages

- Only available in principal proceedings
- No punitive or treble damages
- Alternative ways for calculation
 - Adequate license fee
 - Actual damages of patent owner
 - Profits of infringer (usually sales minus directly attributable variable cost)
- Interest
- Damages can be demanded from all infringers in the distribution chain

3. Summing-Up

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- **Concentration on one large market like Germany often sufficient in practice to stop infringement**
- **Fast and relatively cheap litigation can tip balance for settlement discussion in the US**
- **Preliminary injunction on extraordinarity effective weapon.**

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