

Inspections and Access to Evidence in Patent Litigation – German Approach

10th Annual Conference on Intellectual Property Law & Policy at
Fordham IP Law Institute

April, 12th 2012, New York

by

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I. Introduction

- In US patent litigation **subjective circumstances** like
 - on the defendant's side
 - **wilful infringement** as a prerequisite for **enhanced, possibly trebled damages**,
 - **contributory infringement** requires that the contributory infringer must have known of the patent and that the use of the component would constitute an infringement and
 - on the plaintiff's side
 - **inequitable conduct** by misrepresentation of material facts or failure to disclose material information during prosecution
 - give rise to expanded pre-trial discovery.

I. Introduction

- In German patent litigation **subjective circumstances** are less important since
 - on the defendant's side
 - **enhanced damages** is **unknown** in German law (which implements the EU Enforcement Directive)
 - **damages** require **only negligence**
 - which as a rule is presumed in case of a defendant who produces the infringing product or is specialised in selling it (exception: general retailers that have to be warned of an infringement)
 - **contributory infringement** requires only that it is obvious from the circumstances that the indirect infringer knows that the means are suitable and intended for using the invention.

I. Introduction

- on the plaintiff's side
 - The concept of **inequitable conduct** by misrepresentation of material facts or failure to disclose material information during prosecution is known in German patent law as a defence (“Patenterschleichung”), however, it requires
 - **wilfulness and**
 - **is of no importance in practice.**

I. Introduction

- **Consequences for German Patent litigation:**
 - **Evidence is generally only needed**
 - on the plaintiff's side
 - to prove **the objective circumstances** of an infringing act
 - on the defendant's side (as plaintiff in a separate revocation action)
 - to prove **the objective circumstances** of a revocation reason
 - for example **with regard to novelty or inventive step:**
 - **publication of a document before priority of the patent**
 - **prior use.**

I. Introduction

- **Evidence** to prove
- **the objective circumstances** of an infringing act
- **is** in most cases **available for the patent holder on the market**, e.g. the patentee can
 - buy and analyse the suspected product,
 - ask a third person to buy the product,
 - get a brochure of the product,
 - get product information from the internet,
 - inspect the product at a trade fair.

I. Introduction

- However, in some cases **the evidence necessary to prove the patent infringement is exclusively under the control of the suspected patent infringer, e.g.:**
 - The defendant is suspected to make use of a patented process or a patented production machine.
 - The respective process or production machine is only accessible on the defendant's premises.
 - The defendant rejects the patentee's request for an inspection.
- **How can the patentee get hold of evidence in this kind of situation?**

II. Claim for presentation and inspection

1) § 140c German Patent Act [implements Art. 7 Enforcement Directive]

- (1) A claim for presentation of a deed or of inspection of a thing at his disposition or a process which constitutes the subject matter of the patent can be made against any person who is sufficiently probable to be using a patented invention ... by the holder of right or another authorized person, if this is necessary for substantiating his claims. ...
- (2) (2) The claim pursuant to Section 1 shall be precluded if its individual assertion is **disproportionate**.
- (3) (3) The obligation to present a deed or to tolerate the inspection of a thing may be imposed by a **preliminary injunction** ... The court will take the necessary measures to ensure the **protection of confidential information**. This especially applies in cases in which the preliminary injunction is issued without the opposing party being heard beforehand. ...

II. Claim for presentation and inspection

2) Requirements

- **Sufficient probability of patent infringement**
 - E.g. visible features or effects imply presence of invisible features, infringement abroad, etc.
- **Necessity for substantiating the claims**
 - E.g. the allegedly infringing product is readily available on the market.
- **Non-Disproportionality**
 - Demonstrable risk of evidence being destroyed
 - Intrusion into substance has to be balanced against likelihood of actual infringement
 - Impact on defendant's business has to be balanced against likelihood of actual infringement

II. Claim for presentation and inspection

- **Protection of confidential information (secret know-how)**
 - in particular in case of a *ex-parte* court order

II. Claim for presentation and inspection

3) Court Order

(1) Court orders that ...

- **An expert opinion** is obtained on whether the attacked embodiment makes use of certain claims or features of the patent in suit
- An expert is **appointed**
- **The expert is obliged to keep all information confidential.**
- Inspection by the expert **without prior hearing of the defendant** when matter is urgent (risk of manipulation of the item to be inspected)
- Inspection will be **delayed upon request of the defendant for 2 hrs**, such that the defendant's legal counsel can be consulted.

II. Claim for presentation and inspection

(2) Court may also order that ...

- **Plaintiff's counsels** (attorney-at-law and patent attorney) **are allowed to be present at the inspection but must keep all information confidential also with regard to the plaintiff**
- **Defendant refrains from any alterations of the product.** In case of non-compliance fine or imprisonment can be ordered.
- **Defendant tolerates inspection and documentation of the suspected device or process**
- **Defendant may comment on confidentiality issues after inspection; plaintiff's counsels may reply.**
- **Court will then decide whether expert opinion is made available to plaintiff.**

II. Claim for presentation and inspection

4) Surrender of expert opinion to applicant

- (1) No issue if no (legitimate) interest in confidentiality on defendant's side**
- (2) In case of legitimate interest in confidentiality**
 - Surrender to applicant generally only in case of infringement proven by expert opinion**
 - Blackening of parts which are irrelevant for proof of infringement, but confidential**

II. Claim for presentation and inspection

5) Appeal proceedings

- (1) Immediate appeal against decision to surrender or not to surrender expert opinion to the plaintiff**
- (2) Appeal against preliminary court order**
 - **Takes in most cases place after inspection and is hence only relevant for reimbursement of legal costs**
 - **Decision on legal costs depends on whether expert opinion established infringement or not, respectively the legal costs are borne by the defendant or by the plaintiff.**