

Unlike many jurisdictions, Germany has separate trials for hearing patent validity and infringement. Volker Hamm, of Maiwald Patentanwalts GmbH in Hamburg, examines how to conduct litigation to nullify a patent

Tips on filing patent validity actions

With the increasing number of patent infringement cases in Germany, nullity proceedings are becoming more and more important. This interrelationship between infringement and nullity proceedings is due to the rather unusual German legal situation, according to which it is not possible for a potentially infringing party to defend itself with a counterclaim directed to the invalidity of the enforced patent: the civil court being competent for infringement proceedings is, as a general rule, not authorized to evaluate the validity of the enforced patent in an infringement suit. A patent can only be attacked by a separate request for the declaration of nullity of the patent which must be filed with the Bundespatentgericht (BPatG, Federal Patent Court) in Munich. If nullity proceedings are pending before the BPatG and if the civil court handling the infringement suit estimates the prospects of success of these proceedings as very good, the civil court may stay the infringement proceedings until the final decision is rendered in the nullity proceedings. Against this background it is clear that nullity proceedings are important for the defence in infringement cases. I shall therefore present an overview of the procedural aspects of German nullity proceedings.

Admissibility of nullity proceedings

According to the provisions of the German Patents Act, every person is entitled to raise a nullity suit against a German patent, the German part of a European patent or a Supplementary Protective Certificate (SPC). However, nullity proceedings are only admissible if there are no opposition proceedings against the protective right to be nullified pending before the competent authorities of the German or European Patent Offices. However, nullity proceedings may be initiated immediately after termination of the opposition proceedings and may involve the same parties. The request for nullification of a patent must be filed with the BPatG. It must contain the plaintiff's name and address, its requests, the claimed nullity grounds as well as the facts and arguments as to why the patent is invalid. Furthermore, the plaintiff must pay in advance the court costs for the proceedings. Before the Federal Patent Court, any party may act personally or be represented by an authorized representative. There is no obligation to appoint a representative, but parties having neither a domicile nor an establishment in Germany must appoint a patent attorney or an attorney at law residing in Germany as their representative. However, in almost all nullity proceedings parties are represented by a patent attorney and/or an attorney at law. The grounds for nullity of a patent are similar to the grounds for an opposition of a German or European patent. They are:

- lack of patentability, that is lack of an invention, lack of novelty, inventive step and/or industrial applicability; the patent was granted for an invention excluded in the German Patents Act or European Patent Convention, respectively;
- insufficiency of disclosure;
- inadmissible extension beyond the application as filed;
- inadmissible extension of protective scope; and
- unlawful deprivation. The nullity grounds for a SPC are set forth in the corresponding EC Regulations for medicinal products and plant protection products, respectively. According to Article 15 of these regulations a SPC is invalid if:
 - it was granted contravening the formal requirements stipulated in the regulation;
 - the basic patent lapsed before its legal expiry date; or
 - the basic patent was revoked or restricted such that it no longer covers the product the SPC was granted for.

The invalidity procedure

If the plaintiff's writ fulfils the formal requirements mentioned above and the court fees have been paid, the writ is served on the patentee along with an invitation to file a reply within one month. If the patentee fails to comply with this invitation, an immediate decision without an oral hearing is possible.

In almost all cases, however, the patentee defends its patent, either in its entirety or partially. It will then have the opportunity to file a reply to the nullity writ, which will then be forwarded to the plaintiff. The court may invite the parties to file further comments and observations; eventually it will fix a date for oral proceedings. In the hearing, the parties or their representatives have the opportunity to substantiate their position. As a rule, this is followed by a thorough discussion of questions relevant to the decision. When the presiding judge has closed the hearing, the board deliberates in the absence of the parties on the decision, which is pronounced subsequently or at a specially fixed date or is served on the parties in writing. In any case, the reasons of the decisions are fixed in writing. The scope of the court's examination is mainly defined by the raised nullity grounds and the parties' requests. As a rule, the Court investigates the facts and evidence presented by the parties *ex officio*, that is it is not bound to the arguments and evidence brought forward by the parties. This, however, does not mean that the court is obliged to carry out investigations as to pertinent prior art or other evidence; the parties have the burden of proof supporting their arguments. Nor does it mean that the court is allowed to investigate other nullity reasons not raised by the plaintiff. Furthermore, if the plaintiff requests the nullification of only a part of the patent, the Court is not allowed to nullify the patent in its entirety – even if it was convinced that the claims not attacked by the plaintiff are invalid. If that patentee defends only a part of its patent, the other part of the patent will be nullified immediately; the court may not decide with respect to the claims that are not defended – even if it was of the opinion that the corresponding claims are valid.

Use of evidence

There is no particular restriction regarding the evidence that may be used by the parties for supporting their cases. They can rely on written prior art articles, documents demonstrating public prior use, witness statements, affidavits, expert opinions and the like. The court is not obliged to appoint an independent expert for his opinion on specific technical aspects of the case and in most cases the court – which comprises two legal and three technical judges - feels competent enough to decide in the absence of an independent expert. If the nullity suit is directed against the German part of a European patent the court has to apply Articles 52 to 57, 60 and 61 of the EPC. This does not, however, mean that the court applies the same approaches for assessing the validity of the patent as the EPO. In particular, the court commonly does not apply the EPO's could and would approach when assessing inventive step. In fact, the BPatG applies stricter standards regarding inventiveness than the EPO, with the result that the German parts of European patents are often revoked by the court due to missing inventive step. It must be emphasized here that the revocation of a European patent by a German judge only has legal consequence for the German part of the European patent; the other national parts of the European patent are not affected by the decision. The decision of the BPatG can be appealed to the Bundesgerichtshof (BGH, Federal Supreme Court) as the final instance. The procedure before the BGH is similar to that before the BPatG discussed above, with the only exception being that the BGH in most cases appoints an independent expert.

Duration and cost of proceedings

German nullity proceedings are rather quick; the first instance of a “normal” case will be finalized after approximately 18 to 24 months, the appeal proceedings require about three to four years. The costs for German nullity proceedings can be considerable. The winning party has a claim for refund of the court costs and the attorney's fees. These costs and fees are calculated on the basis of the German fee regulations for court costs and attorney fees and depend on the value of the matter under dispute, the so-called Streitwert. The value of the matter under dispute basically reflects the value of the attacked patent and may be suggested by both parties. Eventually, it will be fixed by the court on its discretion. Typical values of the matter under dispute vary between € 500,000 and € 20 million; however, the value can amount to € 100 million or even more. In a case where both parties are represented both by a patent attorney and an attorney-at-law, the costs for the first instance proceedings with a Streitwert of € 1 million amount to about € 53,000 and for proceedings with a Streitwert of € 20 million to approximately € 640,000. In many infringement proceedings the alleged invalidity of the patent being enforced is the main defensive argument. In German legal practice, however, the invalidity of a patent cannot be the subject of a corresponding counterclaim. Instead, separate nullity proceedings must be initiated. In view of the timeframe and the cost risks discussed above, a thorough and early preparation of nullity proceedings is required if the launch of a product infringing a patent is planned.

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