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Damages claim should be early and thorough

The German Federal Supreme Court (BGH) recently issued a decision (X ZR 60/06) that makes it clear that the patent owner's right to choose the best method of calculating damages in an infringement suit ends when a first relevant court decision comes into force. This is true even if the patent owner has exercised his right to choose before the court decision comes into force. The BGH stated that, at a specific time, the infringer has to know the extent of the liability. The infringer has to be able to plan for the future and has to be able to calculate the amount of reserves to be set aside.

In this case, the patent owner claimed ?170,000 in damages for the infringement of its patent right, calculated by assessing the analogy of a licence. The District Court (LG) awarded ?140,000 to the patent owner. After the infringer's appeal against the decision, the patent owner questioned the correctness of the infringer's accounting, alleging that the infringer's profit would be ?400,000, much more than stated earlier. To claim this amount, the patent owner then filed a cross-appeal, whereupon the infringer abandoned his appeal, thus rendering the cross-appeal of the patent holder ineffective. To uphold his claim to the higher amount, therefore, the patent owner felt impelled to file a new lawsuit. After the suit was accepted by the courts of first and second instance, the BGH rebuffed it as not legitimate for the reasons given above.

For patent owners, the lesson of the BGH decision must be to analyze the infringer's data and accounting carefully and critically and, moreover, to do so as quickly as possible. Furthermore, patent owners should keep in mind the possibility of requesting an affidavit from the infringer with regard to the trueness and completeness of its information and accounting.