

Draft of an Act
for Preliminary Legal Protection
concerning the
Granting of a Patent

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V1.0

**Act for Preliminary Legal Protection concerning the
Granting of a Patent**

Article 1 Section 145 a - Section 145 l Patent Act (Patentgesetz - PatG)

The Patent Act in the version of the announcement of 16 December 1980 (Federal Law Gazette 1981 I p. 1), last altered through Article 1 of the law of 31.7.2009 Federal Law Gazette I p. 2521) is altered as follows:

After Section 145 PatG, the following regulations are added:

"Section 145 a PatG: Decision upon the Stay of Infringement Proceedings

- (1) The infringement court shall decide upon the question of stay of the litigation in favour of opposition or nullity proceedings, by request of one litigation party, if the court considers that the patent infringement exists.
- (2) The request is to be made to the infringement court by the expiration of the time limit for a defence plea in written form.
- (3) This decision is a legal decision and is issued on the basis of the oral negotiation through a resolution that is to be drafted separately from the infringement verdict. The resolution is to be justified and delivered to the parties in accordance with Section 329 Subsection 3 Code of Civil Procedure (ZPO).
- (4) An infringement verdict may not be issued prior to the unsuccessful expiration of the time limit for appeal according to § 145 e PatG.

Section 145 b PatG: Stay in Case of Irreparable Damages

- (1) The infringement court must stay the infringement litigation if an opposition or nullity action is made and the defendant makes it credible that a conviction would lead to severely irreparable damages for him.
- (2) A severely irreparable damage especially exists in the following cases:
 - a) The conviction of the defendant to cease using the patented invention has the effect of a prohibition to work for the defendant.
 - b) The conviction of the defendant to cease using the patented invention causes for him a decrease of over 30% of the turnover, of the profit or of the amount of the manufactured or sold products.
 - c) The conviction of the defendant for accounting results in acquiring knowledge of the plaintiff concerning client, turnover or profit information.

Section 145 c PatG: Regular Stay

- (1) The infringement court must in general suspend the infringement litigation if an opposition or nullity action has been made, unless the comprehensive examination of the prospects for success of the opposition or of the nullity action has the result that there is an overwhelming probability that the disputed patent will endure.
- (2) An overwhelming probability for the perpetuation of the patent is especially to be rejected in the following cases:
 - a) The patent was already revoked or declared void in a first instance opposition or nullity action.
 - b) In the opposition or nullity action, circumstances are brought forward that are suitable for calling into question the novelty of the patented invention. The defendant must make these circumstances credible in the infringement litigation. It is not detrimental here if the circumstances have already been the object of the patent granting procedure, as long as the defendant provides evidence that the circumstances have not been properly appraised in the granting procedure.
 - c) The defendant gives reasons in the opposition or nullity action for definite doubt of the patentability of the invention in other respects.
- (3) Concerning the question whether a certain circumstance in the sense of (2) b) is suitable for calling the novelty or the patented invention into question can - and by request of one of the parties must - an appraisal be brought in by a technical judge at the German Federal Patent Court (BPatG) to the infringement court by means of administrative assistance. The BPatG shall comply with the administrative assistance by naming a suitable technical judge.
- (4) The appraisal of the technical judge is binding for the infringement court.

Section 145 d PatG: Duration of the Stay

If the infringement court stays the legal dispute concerning the patent infringement, then the suspension will end only with the legally binding decision of the nullity action and/or the definitive conclusion of the opposition proceedings.

Section 145 e PatG: Stay and Margin Protection Appeals

- (1) The stay respectively margin protection appeal is permissible against the decision of the infringement court concerning the stay of the infringement proceedings and the granting, annulment or renewal of the margin protection. The regulations concerning the immediate complaints (§ 567 ZPO) apply accordingly, as long as nothing to the contrary has been stated.
- (2) Section 570 ZPO is not to be applied. The appeal against the rejecting suspension decision has a suspensive effect.

- (3) Appeals courts are the Higher Regional Courts as regards the decisions of the district courts (Section 119 Subsection 1 No. 2 Judicature Act (GVG)).
- (4) The appeals court as regards the decisions of the Higher Regional Courts is the Federal Supreme Court (Section 133 GVG).
- (5) The appeals court must thoroughly examine the stay or margin protection decision.

Section 145 f PatG: Interest Charges with the Stay

If the infringement court stays the trial, a claim for damages regarding the utilisation of the patent by the defendant is charged at 8% above the basic interest rate retroactively from the date of the decision upon the stay.

Section 145 g PatG: Competing Products, Reference Products

Products are wares or services. Competing products are products which make use of the invention protected by a patent which is the subject of dispute, and with such products as those of the patent owner or his license holders (reference products) is in concrete competition. Concrete competition exists when the products have the same function from the point of view of the clients being addressed.

Section 145 h PatG: Protection of the Plaintiff from Substantial Price Undercutting (Margin Protection)

- (1) By request of the plaintiff, for the duration of the stay, the defendant is forbidden by the infringement court to offer competing products underneath a concretely designated reference price, if the conditions of Subsection 2 or 3 exist. This request is admissible for the entire duration of the stay. The margin protection can be requested for various types of competing products.
- (2) Margin protection is to be granted when the defendant offers competing products for considerably less than the price for which the patent owner or his license holders offer reference products on the market (reference price) or if in this respect the danger of a first or repeated infringement exists and it is to be expected that the patent owner or his license holders would have to hand over considerable market shares without margin protection to the defendant. If the reference prices are different from those of the patent owner and license holders, the lowest reference price will be decisive.
- (3) If the plaintiff, as patent owner, is in the category of smallest enterprises or of small and medium-scale enterprises in the sense of the recommendation of the EU Commission of 6 May 2003 (Abl. 2003/ L 124/36), then margin protection must be granted without the danger of loss of market shares being of any relevance.
- (4) The claim towards margin protection is excluded when the patent owner or his license holders offer the reference products for prices from which no significant sales can be expected.
- (5) The parties must state and prove the facts which are favourable to them. The infringement court shall decide on the request for margin

protection following the granting of an appropriate time limit for written pleading for the statement of the defendant due to oral negotiations through resolution. The resolution can be issued within the scope of the suspension decision in accordance with Section 145 a PatG. The resolution is to be delivered to the parties in accordance with Section 329 Subsection 3 ZPO.

- (6) Appeal against the margin protection decision is admissible in accordance with Section 145 e.
- (7) If the patent in dispute is revoked or declared void, this does not affect the legitimacy of the margin protection for the period of the stay. Relating to this a claim for damages of the defendant for damages resulting from the margin protection is excluded.
- (8) Margin protection will go into effect upon the delivery of the resolution to the defendant. The time of delivery to the defendant is to be communicated to the plaintiff by the infringement court.

Section 145 i PatG: Cancellation of Margin Protection

Margin protection is cancelled when the patent owner or one of his license holders lowers the reference price for a reference product under the reference price established in accordance with Section 145 h Subsection 1. The granting of margin protection for the given reference product is then permanently excluded as a result of this. The plaintiff must immediately report to the defendant the lowering of the reference price by the patent owner or his license holders.

Section 145 j PatG: Suspension and Alteration of the Margin Protection

- (1) Margin protection is to be suspended by request of the plaintiff. The granting of margin protection is then permanently out of the question for the affected reference product.
- (2) Margin protection is to be declaratively suspended by the infringement court by request of the defendant if the margin protection has been cancelled.
- (3) Margin protection is to be suspended by the infringement court by request of the defendant if the conditions for margin protection no longer exist.
- (4) The corresponding reference price is to be raised or lowered by request of the plaintiff if and to the extent that the conditions for margin protection justify this (renewal of margin protection).
- (5) The parties must state and prove the facts which are favourable to them. The infringement court shall decide on the requests in accordance with Subsections 1 to 4 following the granting of an appropriate written form time limit for the statement of the opponent due to oral negotiation through resolution. The resolution is to be delivered to the parties in accordance with Section 329 Subsection 3 ZPO.
- (6) Appeal against the resolution is admissible in accordance with Section 145 e.
- (7) The suspension of margin protection in accordance with Subsection 3 shall become effective upon delivery of the resolution to the defend-

ant. The renewal of the margin protection shall become effective 14 days after the delivery of the resolution to the defendant. The time of the delivery to the defendant is to be reported to the plaintiff by the infringement court.

Section 145 k PatG: Injunction proceedings Due to Patent Infringement

- (1) A proposal for the decree of an preliminary injunction due to patent infringement is only justified if there is no doubt of the legality of the patent and the patent infringement can be determined without difficulty in a summary examination by the provisional court.
- (2) If an expert appraisal is necessary to determine the patent infringement, the decree of the injunction in accordance with Subsection 1 is out of the question.
- (3) In general, the legality of the patent is considered doubtful when the legality has not been sufficiently proven by the patent successfully enduring a first instance opposition or nullity action. Subsection 4 remains unaffected.
- (4) If the revocation or the nullity declaration of the patent is possible from the point of view of the infringement court due to coherent argumentation on the part of the provisional defendant, then doubts of the legality of the patent exist in the sense of Subsection 1.

Section 145 l PatG: Danger of Irreparable Damages in Injunction Proceedings

- (1) The provisional court must reject the petition for a preliminary injunction as unfounded if the defendant makes it credible that the decree of the resolution or the verdict would lead to severely irreparable damages for him.
- (2) Severely irreparable damages especially exist in the following cases:
 - a) The verdict to cease using the patented invention has the effect of a prohibition of profession for the defendant.
 - b) The verdict to cease using the patented invention brings about, for the defendant, a reduction of over 30% of the turnover, the profit or the amount of the manufactured or sold products."

Article 2

The Code of Civil Procedure in the version of the notice of 5 December 2005 (Federal Law Gazette I p. 3202; 2006 I p. 431; 2007 I p. 1781), which was last altered through Article 4 of the law of 23 May 2011 (Federal Law Gazette I p. 898), is altered as follows:

Section 794 ZPO No. 2 a is now revised as follows:

"from resolutions concerning the granting or renewal of margin protection in accordance with Section 145 i and Section 145 j PatG;"

Article 3

The Judicature Act in the version of the notice of 9 May 1975 (Federal Law Gazette I p. 1077), which was last altered through Article 3 of the law of 22 December 2010 (Federal Law Gazette I p. 2300), is altered as follows:

Section 133 GVG is now revised as follows:

"In civil matters, the Federal Supreme Court is in charge of the negotiation and decision-making concerning the legal means of revision, bounced revision, legal appeals, bounced legal appeals and the stay and margin protection appeals in accordance with Section 145 e PatG against the decisions of the Higher Regional Courts."

Article 4

The act shall enter into force at the beginning of the first month following the announcement.