



# Newsletter Edition 2/2020

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EJC Ruling C-666/18:  
IT Systems SAS vs. Free Mobile SA

M I C H A L S K I



H Ü T T E R M A N N

P A T E N T A N W Ä L T E

# The draft version of an amended Patent Act (Patentgesetz) proposed by the German government calls for more stringent nullity proceedings, a 31-month deadline for nationalization, new confidentiality options as well as a weakening of the right to injunctive relief.

On January 14, 2020 the German Federal Ministry of Justice and Consumer Protection (BMJ) published its proposed [draft](#) for a new Patent Act, which had been awaited for some time.<sup>1</sup> Although this draft version does not yet constitute the Act in its final form, some of the proposed changes definitely have the potential to permanently alter current practice in the domain of industrial property right protection. Besides numerous changes of a predominantly technical nature, they include a planned tightening of the requirements for nullity suits, an extension of the PCT nationalization deadline to 31 months, as well as a planned weakening of the right to injunctive relief.

## 1. Tightening of requirements for nullity suits

Under current practice, an initial assessment on the merits by the Federal Patent Court (*Bundespatentgericht*), a so-called "qualified note" (*qualifizierter Hinweis*), is already called for as part of a nullity suit.<sup>2</sup> What is to be newly introduced is a sort of deadline for the assessment, one that will expire six months after the respective lawsuit has been legally served. Beforehand, the Federal Patent Court can also give the parties a deadline for their preparatory statements of position:

*"This [qualified] note is to be issued within six months of the date of legal service of the lawsuit. If a patent dispute is pending, then the note is to be transmitted ex officio to the other court as well. For purposes of preparing the note in keeping with Sentence 1, the Patent Court may give the parties a deadline to prepare a conclusive written statement of position. If the Patent Court does not set a deadline, then the note may not be issued before expiry of the deadline pursuant to Section 82 paragraph 3 sentences 2 and 3. Statements of position from the Parties which are received after the deadline has expired need not be considered by the Patent Court for purposes of the note."*

Given how long proceedings have tended to take in the past, this deadline is an exceedingly short one, and it remains to be seen whether the Federal Patent Court will be able to adhere to it in even a minority of proceedings. Moreover, only the future will show whether new documents and motions submitted by the parties after the newly introduced preparatory deadline will even be considered in practice. In any case, both sides should be prepared to see their submission options significantly restricted once proceedings have reached an advanced stage.

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<sup>1</sup> Note that almost all the statutes pertinent to industrial property right protection are to be amended, e.g. including those governing the protection of trademarks, utility models or designs. For reasons of space, we have omitted a discussion of these changes, which are of a mainly technical nature.

<sup>2</sup> As regards the key importance of this note in determining the options open to the parties as the proceeding progresses, cf. *Hüttermann*, 2017 Mitt. 193.



### In Our Own Affairs

The lecturers for our upcoming annual patent seminar, to be held on Thursday, April 23, 2020 at the Industrieclub in Dusseldorf, have been confirmed. Besides Dr. Ralf Malessa and Dr. Torsten Exner from our law firm, we are proud to welcome Dan Abraham (MPEG-LA), Michael Gollwitzer (Siemens), Dr. Stefan Kettler (Deutsche Telekom) and Dr. Rüdiger Lotze (Covestro) as the guest lecturers for this year.

We will send out invitations with the exact program in due time. If you would like to be included in the invitation mailing list or already know that you would wish to attend the seminar, please send us an email along with your mailing address at: [seminar@mhpatent.de](mailto:seminar@mhpatent.de)

## 2. Extension of the nationalization deadline to 31 months

Somewhat surprising is the new provision amending the deadline for nationalization in keeping with the Patent Cooperation Treaty (PCT). Instead of the 30 months stipulated thus far, the nationalization deadline is now to be extended to 31 months, by way of analogy to the European Patent Office (EPO). No provision is made, however, with respect to the option to retroactively submit a translation (even in return for a fee); here, the intention is to keep in place the rule requiring the translation to be prepared before expiry of the nationalization deadline.

## 3. New confidentiality options

Not altogether surprising, by contrast, is the proposal to broaden the applicability of the confidentiality options pursuant to Sections 16-20 of the Law on the Protection of Trade Secrets (GeschGehG) so as to also cover patent infringement suits (by means of the planned Section §145a). Said options make it possible to preclude public access as well as the inspection of files when transactions that require confidentiality are involved; they also allow access by the opposing side to be limited to reliable persons.

This said, actual “in-camera proceedings” where only the attorneys of the opposing side can inspect documents are explicitly precluded; according to Section 19 of the Law on the Protection of Trade Secrets, access must always also be granted to a natural person from the opposing side. This is because such types of proceedings are likely to be irreconcilable with the German Constitution (*Grundgesetz*).<sup>3</sup>

Thus, it does not appear entirely certain whether this provision – which evidently came about at least in part due to concerns that FRAND proceedings would otherwise be conducted increasingly outside of Germany – serves to secure the desirability of Germany as a venue for FRAND proceedings. It should be noted, however, that the planned unified patent system definitely provides for just such “in-camera proceedings.”<sup>4</sup>

## 4. Weakening of the right to injunctive relief

The planned extension of Section 139 of the German Patent Act (PatG), which could significantly limit the heretofore unqualified right to injunctive relief, could well be a revolution in the making. To wit, the old Section 139, paragraph 1 of the Act is to be supplemented with the following passage:

*“The right to [injunctive relief] shall be precluded insofar as implementing the right to injunctive relief is unreasonable because it poses an undue burden that cannot be justified under the right of exclusivity as a result of special circumstances, under due consideration of the interests of the patent holder vis-a-vis the infringer and of the precepts of good faith.”*

On the one hand, the reasoning provided for the legal provision makes the point that the right to injunctive relief is no longer absolute anyway in light of the ruling handed down by the German Federal Court of Justice (BGH) in the *Wärmetauscher* (Heat Exchanger) case,<sup>5</sup> so that the new provision is not a clean break with previous tradition. To quote the reasoning:

*“The statutory framework conditions of German law thus already make it possible today to assess the reasonableness of the right to injunctive relief in the context of patent infringements.”*

<sup>3</sup> See *Haedicke*, Mitt 2018, 249

<sup>4</sup> See *Hüttermann*, GRUR Int 2018, 1148

<sup>5</sup> Ruling issued by the BGH on May 10, 2016 (X ZR 114/13) in the *Wärmetauscher* case.

## In Our Own Affairs

Dr. Aloys Hüttermann will hold presentations before the Berlin Regional Group (March 30) and the Southwest Regional Group in Stuttgart (April 1) of the German Association for the Protection of Intellectual Property (GRUR). The topic will be “The Debate over Rule 28 of the EPC: A War of the Worlds at the European Patent Office?”

On the other hand, however, the Ministry concluded that the current approach of the courts of instance was too strict, hence the need to reformulate the law:

*“However, the courts of instance have thus far made allowance for this – as far as one can tell – only in an extremely guarded manner. Thus, isolated cases may arise in which the economic detriments of a court-granted injunctive order exceed the scope needed to create a sufficiently deterring effect.”*

Adducing the *Wärmetauscher* decision as a justification for the reformulation seems a bit of a stretch, however, given that this decision explicitly referred to the granting of a use-by deadline (*Aufbrauchsfrist*)<sup>6</sup> but not of a general denial of the right to injunctive relief.

If this formulation should indeed be permanently incorporated into the Patent Act, then one can surely expect that litigation over injunctive relief to play a prominent role in future patent disputes – at least until such time as the courts have established a reliable legal precedent.

One can also assume that this will not fail to have consequences for the unitary patent system, Article 63 of which puts injunctive relief into the discretion of the court.

Even though it was generally expected that changes in the law would become unavoidable given the time discrepancy between rulings from the Federal Court of Justice and the infringement courts, this proposed draft version comes as a surprise, especially in terms of its weakening of injunctive relief. It will remain to be seen whether the amendment of Section 139, in particular, becomes law in the form proposed. But it is all but certain that supporters of an unqualified right of injunctive relief will mobilize to oppose it.

## EJC Ruling C-666/18: IT Systems SAS vs. Free Mobile SA

On December 18, 2019 the European Court of Justice issued a ruling that primarily touches on copyright but which nonetheless has broader implications, given that it also adduces Enforcement Directive 2004/48/EC in its reasoning. The basis of the ruling was a peculiarity of French law which provides as follows:

*“First of all, a person cannot be made liable by another person for one and the same matter under both contract law and tort law at the same time [...]; second of all, tort-law liability shall be superseded by contractual liability if said persons are under obligation to each other through a valid agreement and the damage suffered by one party arises from the non-performance or malperformance of the contractual obligations of the other party ist.”<sup>7</sup>*

In the case at hand, the plaintiff (IT Systems) had granted the defendant (Free Mobile) a usage right to software, but the latter had proceeded to modify the software in impermissible fashion. IT Systems therefore asserted claims under both tort law (i.e. copyright claims) as well as under contract law. The court of first instance denied the tort-law claims, whereupon the appeals court referred the case to the EJC with the following question: Could copyright-infringement claims, too, be asserted despite the fact that contractual claims potentially took precedence under French law? The EJC explicitly affirmed this point:

*“It follows from the foregoing that the determination of the liability regime applicable in the event of infringement of the copyright of a computer program by a licensee of that program falls within the competence of the Member States. However, the application of a particular liability regime should in no way constitute an obstacle to the effective protection of the intellectual property*



<sup>6</sup> Above all, see Marginal Note 40 et seqq. of the ruling.

<sup>7</sup> Marginal Note 26 of C-666/18.

rights of the owner of the copyright of that program as established by Directives 2004/48 and 2009/24.”<sup>8</sup>

Although this ruling does not directly pertain to patent law, it may indeed have indirect impacts thereon, given that the EJC based its reasoning on Enforcement Directive 2004/48/EC (inter alia) and thereby made it clear that, also in the context of contractual relationships, claims for the infringement of industrial property rights cannot be vacated.

It is not inconceivable, furthermore, that the ruling could play a role in the future unitary patent system. This is because Article 32 of the Agreement on a Unitary Patent Court stipulates that the Unitary Patent Court is competent for patent infringements but not for contractual breaches.<sup>9</sup> In keeping with Ruling C-666/18, this competence will also usually be deemed given when the parties to a lawsuit have mutual contractual relations; in other words, it will become more difficult for a defendant to successfully cast doubt on the competence of the Unitary Patent Court.



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<sup>8</sup> Marginal Note 46 of C-666/18.

<sup>9</sup> The exception being disputes over payments towards license fees where the owner of a unitary patent has declared readiness to grant a license pursuant to Art. 8 of Regulation 1257/2012/EU – but these are unlikely to be of any great importance in practice