

WORLD INTELLECTUAL PROPERTY REPORT >>>

News and analysis on IP law, regulation and policy from around the world. For the latest updates, visit www.bnai.com

International Information for International Business

Volume 26, Number 6

June 2012

Reproduced with permission from World Intellectual Property Report, 26 WIPR 38, 06/01/2012. Copyright © 2012 by The Bureau of National Affairs, Inc. (800-372-1033) <http://www.bna.com>

Key Features of the Primary European Patent Litigation Countries

By Jonathan Radcliffe (London) and Ulrich Worm (Frankfurt), Mayer Brown; e-mail: jradcliffe@mayerbrown.com; uworm@mayerbrown.com

I. The European Conundrum

Europe is increasingly important to US and international companies as patent disputes and businesses go global. It is a common — but easily made — fallacy to assume that the European patent system is largely unified.

After all, the European Patent Office is the common unitary pan-European patent office, the European Patent Convention harmonises patentability laws across Europe, there is an EU Community Patent Convention intended to harmonise patent infringement law across the EU (influential, even though not fully ratified), there are EU Directives governing pan-EU laws on biotechnology patents and supplementary protection certificates (patent term extensions), and recently there have been steps to establish a pan-EU unitary patent. Also afoot are plans for a future single European patent court.

Yet this degree of harmonisation stops when it comes

to patent enforcement. Patent enforcement can only be done in national courts, country by country, irrespective of whether the patent is an EP or a national one. It is trite, but nonetheless true, that infringing activity is no respecter of national boundaries. This is especially so when faced with a determined and concerted attack by a competitor against one's market share across Europe.

Patentees must therefore enforce their patents across Europe through a carefully thought out litigation strategy crafted to achieve their commercial objectives. In such disputes the United Kingdom and Germany are often of central importance, and the bulk of high-stakes patent litigation in Europe takes place in those countries. However, if faced with a competitor launching a systemic attack across Europe then in particular France, the Netherlands, and Italy will also be part of the litigation landscape.

Understanding how to leverage the contours of the European patent litigation landscape to best advantage or to a competitor's disadvantage is key to winning such battles. The following is a general guide to the principal features of the main litigation jurisdictions in Europe. It emphasises the key relevant tactical and strate-

gic issues that should be addressed rather than providing bespoke answers.

II. Where is a Win Most Likely?

Choosing where in Europe to sue is one of the most important decisions in any strategy. Patentees will normally have a mix of EP and national patents in most major countries which can be deployed to deal with a competitor's simultaneous commercial attacks across multiple European countries.

Infringing activity is no respecter of national boundaries, but national boundaries may end up imposing different choices on patentees against their will. Usually the patentee can dictate the choice of battlefield by being able to control where to sue and the timing of litigation. This is not always the case in life sciences disputes. Generics will often trigger pan-European disputes by launching litigation aiming to revoke relevant patents and/or to obtain a court declaration that their products do not infringe. Often patentees will receive early warning of a competitor's plans when they file for marketing authorisations (especially under the pan-European centralised procedure). In some countries this step will in itself allow a patentee to launch an infringement action.

Equally, litigation cannot be commenced if local national rules do not permit it. There must after all be an actionable act of infringement by a relevant legal person before there is jurisdiction to sue. Acts of infringement are, broadly, harmonised across Europe; thus for products making, disposing, offering to dispose, using or importing them will be an infringement, as will be using a process or offering it for use. However, some countries are reluctant to allow foreign-based manufacturers to be sued absent evidence that they are responsible for infringement in that country; thus merely making and selling products in Country A to a distributor who then imports them to Country B will not normally be enough for that manufacturer to be sued in Country B.

The following points are of key importance.

(a) Specialist Courts

Patentees should normally opt to sue in a county that has both specialist patent courts and specialist patent judges. Unlike the US, juries do not play any part in patent cases anywhere in Europe — cases are tried by judges alone (sometimes with the assistance of technical assessors). The availability of specialist forums and specialist judges heightens the importance of choosing the right jurisdiction, as specialist judges will usually be significantly better and more experienced at dealing with complex, technology-heavy cases. Often too, these specialist judges will have technical backgrounds and substantial patent experience.

The main European patent litigation countries all have specialist courts, although for some (Italy and Spain)

this has been a recent development. This can be deceptive, in that not all are staffed by specialist judges.

- UK — specialist courts and specialist judges;
- France — specialist courts but no specialist judges;
- Germany — specialist courts and judges for both infringement and validity cases;
- Italy — specialist courts but no specialist judges;
- Netherlands — specialist courts and specialist judges.

(b) Litigation Timescale

The speed of patent litigation varies widely across Europe. The UK, Germany and the Netherlands are usually the fastest, typically taking 9–12 months in the UK, 9–18 months for German infringement cases (depending on the particular District Court), and about a year in the Netherlands (see table below for more detail).

However, it is not just the time to trial that is important. In some countries the appeal process takes far longer than the trial process and should not therefore be overlooked, especially when in many countries appeals are almost automatically permitted. Thus an appeal in the UK can take 9–12 months, France 18–24 months, 1–2 years in Italy, and German appeals can take about 1 year in infringement and 2–4 years in validity cases.

The UK has a “rocket docket” procedure that can be invoked for urgent cases. One of the authors has taken a fully-fledged life sciences case through trial and appeal in 8 months — thought to be a record by the Court of Appeal.

(c) Likelihood of Winning

Sophisticated patentees will weigh the relative advantages and disadvantages of different countries with one main objective in mind, deciding which country (sometimes two at most) should be the lead jurisdiction for a pan-European dispute. The ultimate objective is not just to win, but to win well, with a carefully reasoned and thorough judgment that analyses both side's evidence forensically. Such a judgment from the right court can be deployed across the courts in Europe as persuasive authority, as well as being deployed to help engineer a favourable pan-European settlement. Levels of legal costs will of course be important to most litigants.

Each case will of course depend on its facts, but nonetheless some general observations can be made.

(i) United Kingdom

The sophisticated array of tools available in UK litigation means that patents can be subjected to an almost unparalleled forensic scrutiny. The English courts have little hesitation in striking down potentially weak cases that fail to survive judicial scrutiny.

The UK has long ago shed its former reputation as a dif-

difficult country for patentees. Potential infringers will be given short shrift if they have weak cases on validity (especially if this is being run as the main defence to infringement) or potential weaknesses on infringement (for example in life science cases being too literal in seeking to avoid a claim by using alternative salts to those claimed without a firm basis in the common general knowledge, or being too literal in the design of a claimed design-around product).

The English courts have not been as deferential to the infallibility of patent offices as many other courts in Europe, and have not automatically assumed that patents must be valid if they have been granted. The courts regularly revoke patents with a potential weakness (for example, over-broad claims and the existence of close prior art, and dosage claims and formulations in life sciences cases). Potential infringers often therefore look to start revocation or non-infringement cases in the UK — especially given the advantages this confers in a race to seize primacy of jurisdiction — but it comes at a risk if their case is not legally the strongest.

UK and German judgments set perhaps Europe’s highest standards of forensic analysis of both side’s arguments and evidence, and are carefully reasoned and thorough. They will often prove highly persuasive in parallel cases in Europe and at the EPO. A UK judgment can be a major attraction for litigants because the judgment will be based on evidence and arguments derived from full document discovery, and because the expert and witness testimony will have been tested by full cross-examination on oath at trial.

Coupled to this is that — save for confidential information — any evidence obtained from the opponent in UK litigation can be deployed in other countries and in EPO opposition proceedings once it has been used in court or read by the judge. Often this kind of evidence is analysed in the judgment.

(ii) Germany

One of the main distinguishing features of German patent litigation is the so-called dualistic system leading to a bifurcation of validity and infringement proceedings in different courts. This generally favours the patentee (adding to the reputation of German courts as pro-patentee), as this procedure makes it easier to advance quite separate arguments on validity and infringement, and to advance different claim interpretations in each case (broad on infringement and narrow on validity). The dualistic system speeds up infringement litigation and helps patentees obtain speedy infringement decisions while keeping legal costs down.

Running different claim interpretations would not be permitted in countries such as the UK and the Netherlands where both issues are tried together, and where infringers will consequently try to mount “squeeze” arguments designed to force the patentee to elect between a broad claim interpretation to catch the infringement at

the risk of weakening the patent by allowing in wider prior art than otherwise, and vice versa.

Another significant consequence of the German bifurcated system is the relative speed of the two sets of proceedings. Infringement cases are far faster than validity cases, with the result that an injunction may be in place for several years before an appeal in the validity case finally rules the patent invalid. This position of strength can have profound consequences for settlement discussions.

German and UK judgments set perhaps Europe’s highest standards of forensic analysis of both side’s arguments and evidence, and are carefully reasoned and thorough. They will often prove highly persuasive in parallel cases in Europe and at the EPO. The German patent courts are the busiest in Europe.

III. UK and German Litigation Compared

(a) Pre-Litigation and Litigation Discovery / Document Disclosure and Evidence Gathering

Inspecting a defendant’s products, processes, premises or documents can sometimes be critical in determining whether they are actually infringing or not, and in examining the development work leading up to the invention. Forcing a competitor to disclose all relevant documents evidencing their infringing activities can be critically significant in a global dispute, especially if those documents can then be deployed in other countries — in particular those that do not have discovery/disclosure rules.

Not all European countries have discovery/document disclosure rules. If obtaining document discovery is important to the litigation then the broad discovery/disclosure rules of the UK must play a key part. By contrast, in Germany, as in most of Europe, discovery/disclosure is not a standard element of litigation. This prejudices claimants who do not have sufficient proof of infringement before starting litigation, but helps those who do have such evidence keep down litigation costs.

(i) Pre-Litigation Steps

The UK has perhaps the broadest and strongest range of injunctive search and seizure and evidence gathering powers in Europe, including pre-litigation document discovery. The UK has been at the forefront of developing these in the common law world.

The position in Germany is somewhat different. There is no pre-litigation document disclosure procedure. However, pre-litigation search order proceedings such as the *Düsseldorfer Besichtigungspraxis* have recently been codified in the German Patents Act, which permit such steps to be conducted by a court-appointed neutral expert and the patentee’s lawyers if there is no other way to prove infringement. The court will then determine how much of the resulting material can be used.

Some other European countries have broad and powerful pre-litigation search and seizure rules, coupled with evidence preservation. This notably includes France with its *saisie contrefaçon* rules whereby court bailiffs and experts can be requested to seize evidence (both articles and documents) before any litigation, although the *saisie* will be invalidated if no litigation subsequently commences. Italy has a broadly analogous procedure in its *descrizione* process.

(ii) Steps During Litigation

Germany has no document discovery/disclosure procedure during litigation other than the pre-action search order proceedings mentioned above. Under German procedural law the court can request parties to produce relevant documents in their possession, but cannot force them to do so apart from indirectly forcing the production of requested documents by drawing inferences from the fact that a requested document has not been produced. Germany's deliberate decision not to force litigants into a general discovery/disclosure helps to streamline infringement proceedings and to keep costs down. But it has a negative side, in that claimants who do not have full proof of infringement may favour other jurisdictions like the UK where they can use the discovery/disclosure process to make good such defects.

The UK has the widest-ranging discovery/disclosure rules in Europe, broadly analogous to those in the US. These form part of the procedural requirements once litigation has commenced. Parties to litigation must not only produce documents on which they seek to rely, but must also produce those which help or damage their own case or that of their opponent. This is a mandatory obligation, although there are patent-specific rules which aim to keep document discovery/disclosure to manageable proportions (e.g. imposing a time window of 2 years either side of the priority date, and allowing the substitution of a product/process description for discovery/disclosure on the issue of infringement). Complying with these rules and reviewing the resulting documents will add to the overall expense of the litigation compared to those countries in Europe that have no document production obligations. However, importantly, it may in practice be the only way to force such documents from an opponent, and then deploy them to other countries that do not have document discovery/disclosure.

Most civil law-based countries in Europe have no document discovery/disclosure rules (see the table below for more detail).

(b) Interim (Pre-trial) Injunctions

This can often be an important component in achieving one's commercial objectives. All the leading European patent jurisdictions will injunct defendants until trial if appropriate (and do so without notice to the defendant in cases of genuine urgency), but there are some important differences in national practices.

As mentioned above, the UK has perhaps some of the broadest and strongest range of injunctive powers in Europe. These all have the mandatory requirement that the patentee undertake to the court to compensate the alleged infringer for any damage suffered as a result of the injunction if it is subsequently overturned (e.g. because there is no infringement or the patent is invalidated). These undertakings are rigorously enforced. Damages in life sciences cases can be significant where a competitor has been denied the chance to enter the market — in the past year a GB£17.5 million award has been made in one such case.

Germany also has a strong range of injunctive powers, and does not have a requirement to provide any kind of security as a condition of the grant of an injunction. However, in principle the patentee will be strictly liable to compensate the alleged infringer if the patent is subsequently revoked. Despite its bifurcation system, in injunction applications during infringement cases the court will examine the probability that the patent may be held invalid, although this is not a detailed or extensive review. A notable feature of the German process is the availability of the protective brief procedure (the *Schutzschrift*), whereby a party who anticipates being enjoined files a sealed brief designed to stop an injunction being granted, or at least not without a full hearing, which is only opened as and if the patentee files an injunction application (for more on *Schutzschrift*, see also "France Trials 'Protective Letter' in Patent Litigation Process" [26 WIPR 13, 3/1/12]).

Of the other countries, the Netherlands cross-border injunction is notable. Although broad-ranging Dutch cross-border injunctions have been severely curtailed over the past few years, Dutch courts will still grant these injunctions against defendants based outside the Netherlands if their activities are organised by a Dutch-based entity or from a central office based in the Netherlands. However, following the recent European Court of Justice jurisprudence in *Roche v. Primus* (C-539/03), under the Brussels Convention the injunction has to fall away if the defendants challenge validity in the courts of the relevant non-Dutch countries. This is currently a hot topic as the ECJ is shortly expected to rule on another appeal on a Dutch cross-border injunction case.

(c) Evidence

(i) Expert Evidence

Expert evidence is a vital component in European patent litigation. It will generally win or lose the case. Expert selection and evidence is therefore a key part of the litigation. There is a wide divergence in how expert evidence is deployed and permitted. This impacts on expert selection. Some experts are excellent on paper but incoherent and unpersuasive under hostile questioning. There are also national procedural nuances (see the table below for more detail).

Germany allows the parties to call their own experts (on

appeal in Germany it is relatively common for there to be a court-appointed expert). Expert evidence is given in writing but the court can decide to question the experts at trial. In Germany a neutral court-appointed expert carries more weight than experts instructed by each side, but such court-appointed experts are rare (about 10% of cases, but more in life sciences disputes).

The UK allows each side to call its own independent experts, and has detailed rules governing expert testimony. This is given in writing, with reply evidence permitted, but the experts will be cross-examined at trial on their evidence under oath. Once given in open court or read by the judge, such expert evidence can then be used in other countries.

In France and Italy the court appoints its own expert (in Italy each side will appoint its own experts to liaise with the court expert).

(ii) Factual Evidence

Equivalent considerations apply to witness evidence of fact but, broadly, extensive evidence of fact is generally less significant in Europe than in the US. There are for example no European processes analogous to depositions to elicit witness testimony before trial.

The UK is notable in having detailed rules governing for witness testimony — this is given in writing and as a norm the witness will be cross-examined at trial on it under oath. Once given in open court or read by the judge, such factual evidence can then be used in other countries.

The German courts usually rely mostly on documentary evidence. Witnesses can give oral testimony, but this is a matter of discretion for the court — the usual position is that the court will rarely consider that necessary if there are relevant documents.

(iii) Experiments

Evidence from litigation experiments may be vital. It can often in practice be the only way to demonstrate infringement or to demonstrate lack of novelty by repeating a piece of prior art.

Experiments are often an important part of UK patent litigation, but the English rules mean that such experiments must be repeated in front of the other side, and so must therefore be robust, well-designed and scalable.

Experiments also feature in German patent litigation (although this is comparatively rare), and are normally conducted by one of the parties with an expert reporting on the experiment and its results.

IV. European Summary

This article has aimed to emphasise the distinguishing features of the main European patent litigation countries. It would be wrong to assume that this means that there is a clear disparity in the quality of justice amongst

the main European jurisdictions. There is not. All are world class patent litigation forums on any objective set of criteria, with the UK and Germany perhaps having a particularly pre-eminent reputation.

The different nuances of national procedure are in truth opportunities for patentees to exploit when seeking particular strategic or tactical advantage in the context of the particular facts and legal issues of their own disputes. Key headline points are:

- **Speed.** The UK, Germany and the Netherlands have fast litigation procedures, with the UK usually the fastest (and its expedited process is even faster). This can be used strategically to overtake litigation that has been commenced elsewhere and secure an advantageous and persuasive judgment for deployment elsewhere in Europe.
- **Sophistication of forum.** The English and German courts have an excellent reputation for their expertise and quality (as does the Netherlands). Elsewhere the picture can be different, as the existence of specialist courts does not necessarily confer access to specialist judges.
- **Sophistication of litigation procedure.** The UK litigation rules offer a range of highly-developed and sophisticated rules enabling full document discovery/disclosure, a rigorous cross-examination of experts and factual witnesses, and the use of experiments in the court process. If these are critical to getting to the heart of dispute, then UK litigation must form a key part of any strategy.

Germany's separation of validity and infringement litigation often favours patentees. These split proceedings allow patentees to run slightly different claim interpretations, limit the ability of defendants to run "squeeze" arguments, and help streamline infringement proceedings and keep down legal costs.

- **Cross-border injunctions.** The availability of cross-border injunctions in the Netherlands — especially if upheld in the pending ECJ appeal — can be attractive if a patentee can demonstrate the proper nexus with the Netherlands.
- **Cost.** Legal costs for patent litigation vary extensively across Europe. This is primarily a function of how extensive national procedures can be and the value the parties attribute to being able to utilise the particular national litigation tools available in each country. Of the leading European patent litigation countries legal costs in Germany are typically amongst the lowest. Legal costs in England can be amongst the most expensive in Europe, especially for high value complex cases with many witnesses and extensive document discovery/disclosure, but still less expensive than comparable litigation in the US. An average English case is far closer to the European norm.

Key Features of the Primary European Patent Litigation Countries

	United Kingdom	Germany	Netherlands	France	Italy
Specialist IP courts/ technical judges	Specialist courts and specialist IP judges.	Specialist IP courts for both infringement and validity cases. No specialist judges for infringement cases, only for validity cases.	Specialist IP courts and specialist IP judges.	Specialist IP courts, but no specialist judges.	Specialist IP courts but no specialist judges.
Speed of litigation	9–12 months to trial and 10 months for appeal (in urgent cases the entire litigation through appeal can be as short as 8 months).	German litigation is bifurcated between infringement and validity. Infringement cases typically take 9–18 months to trial and 1 year or so for appeal. Validity cases take 15–18 months to trial and between 2–4 years for appeal.	About 1 year for each stage.	Typical times to trial and then to appeal are 18–24 months for each stage.	Between 2–3 years to trial, and then 1–2 years for appeal.
Urgent interim injunctions	Broad and powerful injunctive and pre-litigation search and seizure rules are available.	Interim injunctions can be granted in as little as a few days. In practice there is a reluctance to grant an interim injunction if there is any doubt about whether there is infringement.	A full range of injunctions and pre-litigation remedies is available. This includes interim cross-border injunctions in appropriate cases.	Interim injunctions are available and are normally fully adversarial between the parties (without notice injunctions are only granted in exceptional cases). Broad and powerful pre-litigation search and seizure rules by court officials (the <i>saisie contrefaçon</i>).	A strong range of injunctions and pre-litigation tools are available. This includes the court-sanctioned description of an allegedly infringing process where that cannot be determined from the product in question (the <i>descrizione</i>).
Invalidity claim	Yes. Invalidation and infringement are dealt with at the same time. Defendants can defeat an infringement claim with an invalidity defence. A split trial maybe ordered in exceptional cases.	No. Germany bifurcates the issues of infringement and validity. In principle no invalidity defence is therefore available on infringement.	Yes. Invalidation and infringement are dealt with at the same time. Defendants can defeat an infringement claim with an invalidity defence.	Yes. Invalidation and infringement are dealt with at the same time. Defendants can defeat an infringement claim with an invalidity defence.	Yes. Invalidation and infringement are dealt with at the same time. Defendants can defeat an infringement claim with an invalidity defence.
Automatic freezing of national litigation during EPO oppositions	No in practice, although in principle a stay can be ordered in the right factual circumstances.	Yes, provided the court considers that the prospects of the opposition succeeding is good.	A matter of the court's discretion.	Yes.	No. Stays are only permitted in relation to proceedings pending before another court of "judicial" authority; the EPO is considered to be an administrative authority.
Discovery/ document disclosure	Yes. Broad and powerful document disclosure rules apply, covering internal documents which are both helpful and unhelpful to each side's case. There are patent-specific rules which can be deployed to restrict the scope of this exercise in appropriate cases.	No, although pre-litigation search order proceedings can secure relevant documents.	No, although pre-litigation search order proceedings can secure relevant documents.	No. The pre-litigation <i>saisie contrefaçon</i> procedure is directed towards seizure of samples/ stock and securing a product description, not document seizure.	No, although pre-litigation search order proceedings (the <i>descrizione</i>) can secure relevant documents.

Key Features of the Primary European Patent Litigation Countries – Continued

	United Kingdom	Germany	Netherlands	France	Italy
Factual witness testimony and cross-examination	Detailed witness evidence is given in writing, and the witness can then be cross-examined under oath at trial.	The emphasis is on documentary evidence; oral evidence is rare.	The emphasis is on documentary evidence; oral evidence is rare.	All evidence is written; no cross-examination.	The emphasis is on documentary evidence; oral evidence is rare.
Expert testimony	Expert evidence plays a central part. Each side will normally appoint one or more experts. Court appointed experts are rare. Each side can cross-examine the other's experts at trial on oath, and the judge will also usually ask questions.	The parties often use experts to support their cases, and experts can be questioned by the court at trial. Court experts are rare for trial proceedings unless the case is technically difficult, but are more common on appeal.	Each side will normally appoint one or more experts. Court appointed experts are rare. The court can question experts at trial.	The court will often appoint an expert, and the parties can also request this. Little importance is given to an expert report instructed by one side only unless it is extensively corroborated.	Expert evidence plays a central part. The court often appoints one or more experts, in which case each side will appoint their own experts to liaise with the court expert.
Cross-border injunctions	No.	Yes in principle, but very rare.	Only granted in limited circumstances against Dutch defendants (but note there is a pending Dutch reference to the ECJ on this).	Not granted in practice.	Not granted in practice.
File wrapper estoppel	No.	No, but note that bifurcation means that positions adopted in the different sets of proceedings can be based on contradictory claim interpretations.	Yes.	No.	No.
Unique national characteristics	Powerful and extensive document discovery, speed of process, and importance placed on detailed oral cross-examination and trial. Detailed reasoned judgments from the court.	Bifurcation of infringement proceedings and validity proceedings, the lack of a validity defence, and the potential for different claim interpretations.	The cross-border injunction, and speed of process.	The <i>saisie contrefaçon</i> process.	The <i>descrizione</i> search order.

Strategic and Planning Considerations for Patent Litigation in Europe

Part III of this pivotal six-part series on the strategic and planning considerations for conducting winning European patent litigation continues next month in World Intellectual Property Report on the judicial trends towards life sciences litigation in the UK, Germany and at the EU level.

Jonathan Radcliffe is a partner in the IP practice at Mayer Brown's London office and has practised exclusively in this field for over 25 years. Jonathan is recommended by the Chambers UK directory as a leading individual for patent liti-

gation and for life sciences IP. His work covers a wide range of technologies, with a particular focus on cases with a high scientific/technological content in the pharmaceutical, life sciences, medical devices, and high-tech sectors.

Dr Ulrich Worm is a partner in Mayer Brown's Frankfurt office and heads the German IP Practice. Ulrich represents clients in patent infringement and nullity proceedings before courts in Germany. In addition, he coordinates pan-European and cross-Atlantic patent litigation cases. Ulrich also advises on patent related matters such as patent license and other technology transfer agreements and is extensively experienced in fighting counterfeiting of patent protected products.