

## Draft for discussion of the Federal Ministry of Justice and Consumer Protection

### Draft second law on the simplification and modernisation of patent law

Date...

The Bundestag has passed the following act:

#### Article 1

#### Amendment of the Patent Act

[...]

27. the following sentence shall be inserted after the second sentence of Section 81(5)

"The docket number of a patent action by which a claim based on the patent in suit is asserted shall be indicated.

28. Article 82(3) shall be replaced by the following subsections (3) and (4)

"(3) If the defendant objects in due time, the patent court shall notify the plaintiff of the objection. The defendant may state the grounds of objection within two months of service of the action. The time limit may be extended by up to one month by the presiding judge upon request if the defendant submits important grounds for this. These shall be substantiated.

(4) The presiding judge shall schedule a date for the oral proceedings as early as possible. Oral proceedings may be dispensed with upon agreement of the parties. Subsection (2) shall remain unaffected."

29) Section 83(1) is amended as follows:

a) The following sentences are inserted after the first sentence:

"Such [preliminary opinion] shall be given within six months of the date of service of the action. If a patent action is pending, the [preliminary opinion] should also be sent to the other court ex officio. The Federal Patent Court may set a time limit for the parties to submit final written comments in preparation for the indication referred to in the first sentence. If the Federal Patent Court does not set a time limit, the [preliminary opinion] may not be made before the expiry of the time limit under Section 82(3), second and third sentences. Any comments of the parties received after the expiry of the time limit may not be taken into account by the Federal Patent Court for the purposes of the indication".

b) In the new sentence 7, the words "such indication" are replaced by the words "indication referred to in the first sentence".

34. the following sentence shall be added to Section 139(1)

"The claim shall be excluded if the enforcement of the claim for injunctive relief is disproportionate because, due to special circumstances, taking into account the interests of the proprietor of the patent vis-à-vis the infringer and the requirements of good faith, it constitutes a hardship not justified by the exclusive right.

35. the following Section 145a is inserted after Section 145:

**"§ 145a**

In patent actions, Sections 16 to 20 of the German Act on the Protection of Trade Secrets of 18 April 1919 (Federal Law Gazette I p. 466) shall apply accordingly.

- 30 -

## **Grounds**

### **A. General part**

#### **I. Objective and necessity of the regulations**

10 years have passed since the last major reform of industrial property rights by the Law for streamlining and modernising patent law of 31 July 2009 (Federal Law Gazette I p. 2521). Then, as now, Germany plays a leading role on the European and international level as a location for the protection of intellectual property in the field of industrial property. However, in order to guarantee this outstanding position in the future, it was time to revisit whether the current legal regulations still meet the requirements to ensure effective and balanced levels of protection of industrial property rights. The result of the review of the regulations in this field of law is presented with the submitted draft: Accordingly, there is only a selective need for simplification and modernisation of national patent law and other laws in the field of industrial property rights. The draft law presented proposes, not least with a view to advanced digitalization, to simplify procedures, to clarify provisions of existing law and to delete superfluous or obsolete regulations. Individual aspects of existing law are also to be optimised and modernised in order to align national procedures with international procedures.

#### **II. Main content of the draft**

##### **1. Patent Act**

In the current legal policy discussion on patent law issues, a need for optimisation in the judicial enforcement of rights has been identified, in particular, in that the legislator has not intended to correct the negative effects of the principle of bifurcation applicable in Germany. According to the principle of bifurcation, litigation concerning the infringement of patents is conducted before the civil courts, while the Federal Patent Court is competent for litigation concerning the invalidity of patents. Here, the draft, with an addition to Sections 82 and 83 of the German Patent Act (PatG), proposes a better synchronization of the infringement proceedings before the civil courts and the nullity proceedings before the Federal Patent Court by stipulating pleading deadlines. In addition - against the backdrop of ongoing digitalization and the increasing technological complexity of products - it had to be reviewed

whether the regulation of the right to injunctive relief under patent law (Sec. 139 PatG) also required amendment in light of current case law. To this end, the Federal Ministry of Justice and Consumer Protection has extensively discussed with the parties involved, representatives of the judiciary and the scientific community the question of whether claim for injunctive relief under patent law should be specified by an explicit requirement of proportionality. There is broad agreement among stakeholders that a proportionality test for the claim for injunctive relief under patent law is already possible on the basis of existing law. Parts of the German economy point out, however, that this corrective measure is hardly ever applied by the courts of lower instance. Against this background, the legislative proposal provides for a clarification of the regulation of the claim for injunctive relief (Sec. 139 PatG). Furthermore, the draft proposes with the new Sec. 145a PatG to apply Sec. 16 to 20 of the German Act on the protection of Trade Secrets of 18 April 2019 (Federal Law Gazette I. p. 466) to patent litigation *mutatis mutandis*. In addition, the Patent Act optimizes procedures and clarifies regulations of the applicable law. In addition, the amendment to the Law on International Patent Conventions brings the deadline for the national patent application procedure into line with international procedures. Finally, the Patent Act will be editorially corrected where necessary and the current official designation "German Patent and Trademark Office" will be uniformly introduced. In detail:

- a) Synchronization of infringement proceedings before the civil courts and nullity proceedings before the Federal Patent Court

The German patent system is characterised by the bifurcation of nullity proceedings on the one hand and patent infringement proceedings on the other (so-called "principle of bifurcation"). Thereafter, the question of infringement of the patent and the question of invalidity of a patent are examined and decided in separate proceedings and by different courts. The infringement judge is bound by the facts of the granted patent and is not authorised to question the validity of the patent. The judicial review of (legally binding) granted patents is the responsibility of the Federal Patent Court in the first instance and the Federal Court of Justice on appeal.

The purpose of the principle of bifurcation is to adapt the procedure and the composition of the court to the different challenges and needs of the subject matter of the dispute. The German infringement courts are thus in a position to settle a large number of civil law disputes cost-effectively and within a short period of time, thus ensuring both effective and efficient enforcement of patent rights and legal certainty for the competitors involved. At the same time, the Federal Patent Court is a special court which, due to its composition with legally qualified and technical members, decides on the validity of the patent in an expert and cost-effective manner. With this approach, the patent location Germany has for a long time held a leading position in Europe and worldwide.

However, a disadvantage compared to a uniform procedure is that, due to the different jurisdictions, the assessment of the infringement and validity issues may differ in terms of time, especially since nullity claims are often brought only after a time delay in response to an infringement action.

In order to achieve a better synchronization of the timing of the two proceedings, Section 83 of the German Patent Act was revised by the Law for streamlining and modernising patent law of 31 July 2009 (Federal Law Gazette I p. 2521) and the qualified notice of the Federal Patent Court to the parties was introduced. With this indication the Federal Patent Court should have disclosed the factual basis of the court decision to be taken - i.e. its preliminary assessment of the factual and legal situation in the invalidity proceedings - as early as possible so that the parties could prepare themselves and base their further submissions on it. The Federal Patent Court shall, if infringement proceedings between the same parties are pending at the same time, make its qualified indication available to that court when requested. The preliminary assessment of the factual and legal situation

by the Federal Patent Court thus makes it easier for the civil courts to conduct a summary examination of the prospects of success of the nullity proceedings, even if this is not binding on the infringement proceedings.

Practice has shown that the aforementioned purpose of qualified indication is not fully met. The duration of infringement proceedings on the one hand and invalidity proceedings on the other hand is now regularly diverging and has reached a level which requires legislative countermeasures. Although there is a strong need to accelerate patent court proceedings in view of ever shorter product cycles and ever closer networking of technologies in the context of Industry 4.0, an average nullity procedure at the Federal Patent Court currently takes more than two years with an increasing tendency. This is contrasted by swift infringement proceedings lasting approximately one year before the civil courts. In many cases, the Federal Patent Court has not yet made a decision when the legal dispute about the infringement of the patent is already being conducted in second instance before the Higher Regional Court and thus a - most of the time provisionally enforceable - injunction has already been issued. The (too) long lasting legal uncertainty caused by the lack of clarity about the validity of patents has a negative impact on research and development services and production: Investments have to be postponed until the patent is declared invalid or funds are uselessly invested in the development of circumvention solutions that are not necessary.

In order to accelerate proceedings, a procedural regulation is to be introduced, among other things, that enables the Federal Patent Court to make its decision on the preliminary assessment of the validity of a patent under Sec. 83 PatG available to the infringement court within six months already. In order to achieve this goal, the procedure before the Federal Patent Court between service of the action and the qualified indication order is to be streamlined.

#### b) Clarification of the regulation of the claim for injunctive relief (Sec. 139 PatG)

Current patent law provides that in the event of an infringement of its patent, the patentee has a claim against the infringer for injunctive relief. However, according to the decision of the Federal Court of Justice (BGH, judgement of 10 May 2016, Docket No. X ZR 114/13, GRUR 2016, 1031 - Wärmetauscher), a court order to cease and desist may not be issued if the enforcement of the patentee's claim for injunctive relief, even when taking into account its interests vis-à-vis the infringer, would constitute adisproportionate hardship and would therefore be contrary to good faith. The legal framework of German law thus already allows for the examination of the proportionality of the claim for injunctive relief in case of patent infringements.

However, as far as can be seen, the lower courts have so far been very reluctant to take this into account. There may be isolated cases where the economic disadvantages of an injunction granted by a court go beyond what is necessary to have a sufficiently dissuasive effect. Against this background, it seems appropriate to make it explicitly clear with the proposed addition to Section 139(1) - in line with Article 3(2) of Directive 2004/48/EC - that the enforcement of a claim for injunctive relief under patent law may in specific cases exceptionally be disproportionate.

However, the explicit consideration of the principle of proportionality in Section 139 PatG must not lead to a devaluation of patent law. Continuously strong claims for injunctive relief are essential for the enforcement of patents for the German industry. The draft therefore provides that the restriction of the claim for injunctive relief - as laid down in the case law of the Federal Court of Justice - is restricted to exceptional cases.

c) Corresponding application of the German Act on the protection of Trade Secrets

The draft proposes to apply more detailed provisions of the Law on the Protection of Trade Secrets (GeschGehG) of 18 April 2019 (Federal Law Gazette I p. 466) in the patent process. In patent litigation, confidentiality interests of the parties can be affected and can form a conflict of interests in court proceedings. On the one hand, there is an interest in also using confidential information to substantiate the party's own legal positions in the legal dispute. On the other hand, such information should, as far as possible, not be disclosed, in order to not affect its own competitive position. In order to achieve a better balance of this conflict of objectives, the newly provided Section 145a PatG is intended to provide for a corresponding application of the procedural provisions of Sections 16 to 20 GeschGehG in patent litigation. For example, protected information must be treated confidentially by the parties to the proceedings pursuant to Section 16 (2) GeschGehG and may not be used or disclosed by them outside of court proceedings. Under Section 19(1) GeschGehG, the court may also restrict access to documents or to the oral proceedings to a narrow circle of persons upon request.

## **B. Detailed considerations**

### **Re Article 1 (Amendment of the Patent Act - PatA)**

#### **Re point 27 (Section 81(5))**

In order to speed up the proceedings, the new regulation provides that the court docket number of patent litigation proceedings against the patent in suit, which are known to the plaintiff, should in the future already be communicated with the action. This primarily concerns patent infringement proceedings in which the plaintiff itself is involved, but also applies to proceedings known to it in which third parties are involved (e.g. affiliated companies). If the notification is omitted, the court can, as it has been able to in the past, demand appropriate additions.

#### **Re point 28 (Section 82)**

##### **Re subsection (3)**

The new regulation introduces a legal time limit for the defendant to substantiate its objection.

The law currently provides in Section 82(3) that the court normally schedules a date for oral proceedings in adversarial proceedings. This may cause a delay in the proceedings if the parties do not fully submit their comments until the preparation of the hearing or in the hearing itself. In practice, therefore, the court regularly sets time limits for the submission of written comments pursuant to Section 99 PatG in conjunction with Section 273 et seq. German Act of Civil Procedure (ZPO). In order to simplify and further accelerate proceedings, a time limit regulation is created for invalidity proceedings in Sec. 82 (3) PatG, which eliminates the need for the court to set a time limit. The period shall be two months in total and shall run from the service of the action on the defendant. The duration of the time limit is adapted to the circumstances of the invalidity proceedings and corresponds to a common practice of the civil courts in patent litigation. As in the past, the proprietor of the patent will be requested to make comments within one month upon service of the nullity

action. A statutory time limit of one additional month is now introduced for the submission of the grounds of objection. This period may, if important grounds for doing so are substantiated and are shown to be reasonable, be extended by the presiding judge by up to one month at the request of the defendant. Thus, without extension, the defendant normally has two months from the date of service to comment to the nullity action. The court then has up to four months to consider the arguments of both parties and prepare the qualified indication. During this period, the court may, if necessary, request the parties under Section 83 PatG (see No. 12) to make supplementary submissions within a reasonable period of time and pause the submission of indication in the remaining time. Overall, this means that the qualified indication can be issued after about six months and, if necessary, submitted to the infringement court. In invalidity proceedings, there will then, as before, be an opportunity to comment on the indication, so that the right to be heard is fully guaranteed.

#### **Re subsection (4)**

The content of the existing Section 82(3) on oral proceedings is, for systematic reasons, taken over as the new subsection (4) without any changes to its content. As in the past, an oral hearing is generally required for a decision on the merits of the case following an objection in due time. The new wording of the first sentence takes account of the fact that in practice the scheduling of oral proceedings does not normally take place immediately after the objection has been made. At the same time, it is clarified that the determination of the date of the oral hearing - as a consequence of the principle of acceleration - must continue to be made as early as possible, insofar as the careful preparation of the date allows.

#### **Re point 29 (Article 83(1))**

##### **relit. (a) and (b)**

The new regulation serves the objective to make the qualified indication more useful with regard to the infringement proceedings before the civil courts than has hitherto been the case. The introduction of a six-month target period and the power of the Federal Patent Court to disregard any submissions of the parties received after expiry of this period for the indication order should significantly streamline the procedure. Furthermore, the transmission to the infringement court is expressly regulated. The aim is that the indication of the Federal Patent Court on the validity of the patent is usually available to the civil courts before a first instance decision on the infringement of the patent is made.

The basis for the qualified indication remains the process material prepared as comprehensively as possible. Pursuant to Section 99 in conjunction with Section 282 ZPO, the parties are subject to the general duty to promote the proceedings. For its part, the court must, as it has previously been the case, take measures of procedural guidance (e.g. information, requests for comments) at its discretion, as provided for in Section 99 in conjunction with Sections 139 and 273 ZPO. The aim, however, is for the defendant to present his defence against the grounds for invalidity in full and in good time - if possible, within the two-month time-limit for substantiating grounds. If the defendant does not substantiate the objection in due time, it accepts that the indication given without its grounds of objection will be forwarded to the court competent for the patent litigation and will become the basis of a decision which may be disadvantageous to the defendant.

Against this background, the new provision grants the Federal Patent Court the power to set the parties a further time-limit for the preparation of the qualified indication to submit final written comments for this purpose and to disregard any submissions received after expiry of this period. If court considers that no further time-limit or other procedural measures are necessary, it may disregard any further comments submitted by the parties after the expiry of the time-limit set for the submission of grounds for objection for the preparation of the qualified indication. The main purpose of this provision is to ensure that the indication is not

delayed for procedural reasons, in particular with regard to infringement proceedings pending before the civil courts between the same parties. The possibility to disregard the parties' comments received after the deadline applies only to the qualified indication. The right of the parties to submit further comments and evidence after the indication has been made remains unchanged. The general provisions of the German Patent Act on the rejection of late submissions for the purposes of the final decision remain unaffected.

- 50 -

### **Re point 34 (Section 139(1))**

This is a legislative clarification.

It is now expressly regulated in Section 139 that the enforcement of the claim for injunctive relief against the patent infringer may exceptionally be disproportionate and contrary to the requirements of good faith due to special circumstances in the individual case, taking into account the interest of the proprietor of the patent. The enforcement may therefore be excluded.

The principle of proportionality has constitutional status as an expression of the principle of the rule of law (Article 19 (4) German Constitution (GG), Article 14 (1) sentence 2 GG). As a general principle of law, it must also be taken into account in civil law via Section 242 and Section 275, subsection (2), German Civil Code (BGB) (see Schulze in: Schulze, BGB, 10 Ed. 2019, Sec. 242 marginal no. 33; Ohly, GRUR Int 2008, 787). It also follows from Article 3(2) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ L 157, 30.4.2004, p. 45) that measures, procedures and remedies for the enforcement of intellectual property rights must not only be effective and dissuasive but also proportionate. Accordingly, the predominant view in the legal literature assumes already today that the principle of proportionality - at least by way of an interpretation in conformity with Union law - also applies to the claim for injunctive relief under patent law (Pitz in: BeckOK, 12 Ed. 2019, Sec. 139 marginal no. 78, Ohly, GRUR Int 2008, 787). However, a restriction of the claim for injunctive relief under patent law encroaches on the core of intellectual property rights. It also affects the effectiveness and deterrent effect of the consequences of infringement, which is also required by the Directive. It is therefore common ground in the literature that the objection of disproportionality in the context of Section 139 must be limited to exceptional cases (Pitz in: BeckOK, 12 Ed. 2019, Sec. 139 marginal no. 78, Ohly, GRUR Int 2008, 787).

The case law of the Federal Court of Justice (BGH) has confirmed this view. The Federal Court of Justice (BGH) has ruled in its, so-called Wärmetauscher - judgement (BGH, judgement of 10 May 2016, docket no. X ZR 114/13, GRUR 2016, 1031), that the restriction of the claim for injunctive relief by granting a period of use may be required from the point of view of good faith pursuant to Section 242 BGB in individual cases if the immediate enforcement of the patentee's claim for injunctive relief, even taking into account its interests vis-à-vis the infringer, would constitute a disproportionate hardship not justified by the exclusive right and would therefore be contrary to good faith. The BGH makes clear that a limitation of the claim for injunctive relief can only be considered in special constellations. Supporting this, it argues that in the case of patent infringement - unlike in trademark law, where legitimate goods are provided with trademark-infringing signs - a patent-protected product is directly manufactured or put on the market or a protected process is used. It is therefore a necessary consequence of the claim for injunctive relief under patent law that the infringer must cease the infringing production or distribution and can only put the product in question back on the market once it has either obtained the necessary rights from the patent holder or modified the product so that it no longer infringes the property right, which may require considerable time and expense. The hardships inevitably associated with this are to be accepted in principle. However, a restriction of the effect of the patent by granting a period of use can be justified if the economic consequences of the immediate compliance with the

injunctive relief would, due to special circumstances, affect and disadvantage the infringer in the individual case beyond the impairments associated with his pronouncement of the claim for injunctive relief to such an extent that the unconditional prohibition would appear unreasonable (BGH, "Wärmetauscher", loc. cit., marginal no. 41).

The parties concerned essentially agree that a proportionality test for the a claim for injunctive relief under patent law is already possible on the basis of the applicable law. However, parts of the German economy, particularly in the automotive and telecommunications sectors, point out that this corrective measure is hardly ever applied by the lower courts. The applicable law, as applied by these courts, may therefore in individual cases result in the economic disadvantages of an injunction granted by the court going beyond what is necessary to have a sufficiently deterrent effect. As a result, even in the event of infringement of a single patent, which concerns, for example, a detailed functionality of a partial component, the respective proprietor of the patent can demand that the use of the entire product be discontinued, without applying the proportionality test. In individual cases, this could result in high damages, up to and including the discontinuation of the operation of a network or the prohibition of the sale of finished complex products, even though the value of the invention is disproportionate to the damage suffered by the patent-infringing manufacturer. For this reason, a legislative clarification is in any case necessary.

As far as can be seen, the lower courts have so far been very reluctant to take account of considerations of proportionality in their decisions. Against this background, it seems appropriate to make it explicitly clear with the proposed addition to Section 139(1) - in line with Article 3(2) of Directive 2004/48/EC - that the enforcement of an injunction under patent law may exceptionally be disproportionate in specific cases. However, it must be taken into account that the claim for injunctive relief in principle neither requires the actual use of the patent by the proprietor of the patent nor the culpable use by the patent infringer. The claim for injunctive relief therefore continues to be the regular corrective measure of the patent legal system in the event of a patent infringement. Accordingly, the assertion of the claim for injunctive relief by the plaintiff does not normally require a demonstration of proportionality. The proposed legislative clarification will therefore not increasingly strain on the courts either. A corresponding submission by the plaintiff asking for injunctive relief is only necessary if the infringer presents substantial reasons for an exceptional restriction of the claim for injunctive relief.

The proposed addition to Section 139 clarifies that in such a case an assessment of the overall circumstances of the individual case and a careful consideration of all circumstances, also taking into account the patentee's generally overriding interests in enforcing its claim for injunctive relief, is required. The draft deliberately refrains from proposing criteria or examples of rules for the application of the principle of proportionality in the legislative text. This does not seem appropriate because of the variety of possible cases. The question of proportionality in the enforcement of injunctions can be influenced by a number of factors, which can also interact. This applies in particular to the following exemplary aspects which may have to be assessed in the context of the individual assessment:

#### Interest of the patentee in the injunction

If the patent infringer sets out special circumstances which in the individual case may justify unjustified hardship, it may exceptionally be relevant in the context of an overall assessment of all circumstances whether the proprietor of the patent itself manufactures or has manufactured corresponding products or partial components which are in direct competition with the infringing product, or whether the proprietor of the patent is primarily concerned with the monetisation of its rights and not with the execution of inventions as an expression of the innovative function of the patent system. The latter is usually the case with pure patent exploiters. In these cases, the patent holder's interest may be primarily focused on concluding a license agreement and not on securing its own development and production activities. Clearly excessive licence claims,

which are to be enforced with a claim for injunctive relief in a manner contrary to good faith, can also speak against the granting of the claim for injunctive relief in such a constellation. However, the mere fact that the patentee does not use the patent through its own or licensed production is not sufficient for granting a period for conversion and use; such a situation is therefore not necessarily to be taken into account in itself to the detriment of the patentee. Because, injunctive relief can also be a necessary corrective measure in the patent legal system if, for example, individual inventors or universities exploit their rights with the help of third parties.

#### Economic effects of the injunction

A limitation of the effect of the patent by granting a period of use can be justified if the economic consequences of the immediate compliance with the injunction affect and disadvantage the infringer in the individual case to a particularly high degree due to special circumstances beyond the impairments associated with its general pronouncement (BGH Wärmetauscher, loc. cit., marginal no. 45). In this respect, it may be of particular importance whether the infringer would suffer exceptionally great damage from the enforcement of the claim for injunctive relief, for example because at the time of the enforcement of the claim substantial investments have already been made in the development and manufacture of a product and these consequences would be completely disproportionate to the value of the infringed patent. This may in particular be true in the case of long research and development periods.

#### Complex products

The increasing complexity of many products has as consequence that in some industries, such as the electronics, telecommunications, IT and automotive industries, end products often contain a large number of patented components. Here, too, it is necessary to weigh up in the context of an overall assessment of the circumstances whether an unconditional prohibition would have serious and - also with regard to the generally overriding interests of the proprietor of the patent - disproportionate economic effects on the entire business operations of the patent infringer (BGH Wärmetauscher, loc. cit., marginal no. 52). If the infringed patent concerns a subordinate, non-functional essential element of a component (e.g. a special equipment feature for a vehicle seat) for a complex overall product (e.g. a vehicle), serious and disproportionate economic effects on the infringer's entire business operations may be denied (BGH Wärmetauscher, loc. cit.) Conversely, it may be necessary to consider in favour of the infringer that the redesign of the product in question ("design around") are costly in terms of time and economic resources, especially if legal or official approval regulations have to be observed. The consequences - such as the prolonged cessation of production - can in individual cases be completely disproportionate to the value of the infringed patent so that the interests of the patent owner in the unconditional enforcement of its claim for injunctive relief must exceptionally take second place.

#### Subjective elements

Subjective elements may also have to be assessed in the context of the overall assessment of the circumstances (BGH Wärmetauscher, loc. cit., marginal no. 53). In this context, the nature and extent of the infringer's fault is of particular importance, i.e. whether it has taken possible and reasonable precautions to avoid an infringement, e.g. by means of an appropriate so-called "freedom to operate" analysis. In addition, the question of whether the infringer has made sufficient efforts to obtain a license agreement may also become relevant. On the part of the patent holder, disloyalty could play a role. This would be for example

conceivable if the proprietor of the patent deliberately waited until the infringer had made considerable investments before asserting the claim for injunctive relief, although there would have been a possibility of asserting the claim earlier.

### Third Party Interests

The extent to which third party interests may conflict with the enforcement of a claim for injunctive relief in the event of a patent infringement has not yet been clarified by the highest court. In its judgment of 9 March 2017 (Düsseldorf Regional Court, judgment of 09 March 2017, docket no. 4a O 137/15, CIPR 2017, 74 - Herzklappen), the Düsseldorf Regional Court decided that the granting of a period of use cannot be based on third party or general interests, as these interests are sufficiently protected by the possibility of a compulsory licence under Section 24. In support of this, the court pointed out that the compulsory licence - unlike a period of use - is not only effective for a limited period of time. Nevertheless, both legal institutions allowed the use of a patent against the will of the patent holder. However, the legal institutions differed in their requirements: On the one hand, a compulsory license requires that the public interest requires the grant of a compulsory license (Sec. 24(1) No. 2 PatG), which allows the interests of patients to be taken into account (cf. Rinken/Kühnen in: Schulte, PatG, 9 Ed. 2014, Sec. 24 Rdn. 13 et seq.; cf. BPatG, judgment of 31 August 2016, docket no. 3 LiQ 1/16 (EP), GRUR 2017, 373). A further condition, however, is that the licence seeker must have made unsuccessful efforts within a reasonable period of time to obtain the consent of the proprietor of the patent to use the invention on reasonable commercial terms (Sec. 24(1) No. 1 PatG).

This (stricter) provision of Section 24 PatG would be undermined if one granted a period of use solely on the basis of the interests of third parties without the conditions of Section 24 (1) being met - i.e. in particular without the infringer having unsuccessfully sought a license.

Thus, the interests of third parties can only be taken into account indirectly, namely in the assessment of whether the enforcement of the claim for injunctive relief constitutes unjustified hardship for the infringer: This applies, for example, to scenarios in which a cease and desist order results in the supply of patients with the infringer's products no longer being guaranteed or important infrastructures being impaired and the infringer is therefore in danger of permanently losing market share for its product.

### Legal consequences

As a result, the careful consideration of all circumstances in the individual case is left to the jurisdiction. The draft therefore deliberately refrains from specifying concrete legal consequences for case constellations in detail. The court may, for example, grant the infringer a reasonable conversion period within which a non-infringing alternative must be developed, or grant the infringer a period of use within which he may resell the infringing product in stock. However, a longer-term or permanent exclusion of a claim for injunctive relief also seems conceivable.

Should the court deem necessary in individual cases to limit or temporarily exclude the claim for injunctive relief, this does not lead to a legalization of the patent infringement - in contrast to a compulsory license under Section 24. Any claim for damages remains unaffected in this case. The patentee may still assert this claim for damages against the infringer by means of Section 139 (2).

A permanent refusal of the right to injunctive relief because of disproportionate burden on the debtor, on the other hand, will only be possible in very few cases. It presupposes that unreasonable hardship for the injunction debtor cannot be sufficiently taken into account by means of a conversion and use up period.

The draft submitted therefore enables the courts to take the appropriate decision in each individual case.

### **Re point 35 (§ 145a)**

The proposed amendment aims to make the detailed provisions on the protection of business secrets applicable in patent litigation.

The German Act on the Protection of Trade Secrets (GeschGehG) of 18 April 2019 (Federal Law Gazette I p. 466) serves to protect trade secrets from unauthorised acquisition, use and disclosure (Section 1 (1) GeschGehG). It implements Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of confidential know-how and business information (business secrets) against unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016, p. 1). The Directive lays down a minimum standard and does not preclude more extensive protection in the Member States, subject to the conditions set out in the second subparagraph of Article 1(1) of Directive (EU) 2016/943).

In addition to the regulation of independent claims which can be asserted in court in the context of trade secret disputes, Sections 16 to 20 of the GeschGehG provide for special procedural measures to protect trade secrets.

Under Paragraph 16(1) of the GeschGehG, the court may, at the request of one of the parties, classify information in dispute, in whole or in part, as requiring secrecy if it may be a trade secret within the meaning of Paragraph 2(1) of the GeschGehG. Such information must be treated confidentially by the parties to the proceedings pursuant to Section 16 (2) GeschGehG and may not be used or disclosed by them outside of court proceedings. According to Section 18 GeschGehG, this applies in principle also after the conclusion of the legal proceedings. In the event of an infringement of these obligations, the court may, upon request, impose regulatory measures and enforce them immediately. Furthermore, Paragraph 19(1) of the GeschGehG allows the court to restrict access to documents or to the oral hearing to a narrow circle of persons upon request. Section 20 GeschGehG regulates the procedure for the measures pursuant to Sections 16 to 19 GeschGehG.

There is also a particular need for procedural protection of trade secrets in patent litigation. For this reason, the newly inserted Section 145a PatG orders a corresponding application of these provisions also in patent litigation. Finally, the information relevant to patent disputes often includes business secrets within the meaning of the GeschGehG. It may be necessary to disclose business secrets in court to substantiate a claim or to defend the claim. This applies, for example, when determining FRAND licence conditions, when calculating damages caused by the patent infringement or when taking evidence under Sec. 139 (3) sentence 2 PatG that the manufacture of a product is based on a process other than the patented process.

The so-called "Düsseldorf procedure" remains unaffected by the proposed application of the above provisions for the protection of trade secrets in patent litigation. The "Düsseldorf proceedings" are a combination of an independent procedure of taking evidence and a temporary injunction to tolerate the inspection of a case by a court expert. It offers the patent holder the opportunity to obtain evidence-relevant information from the sphere of the defendant and at the same time protects the defendant's confidentiality interests. However, unlike the new Sec. 145a PatG, the "Düsseldorf proceedings" do not address the problem that a party discloses trade secrets in the course of his pleading in court.