
The ECJ on the interpretation in line with European Law of the legal validity of a patent-in-suit – a game changer in proceedings for a preliminary injunction due to patent infringement in Germany? (European Court of Justice, judgment dated April 28, 2022 – case no. C-44/21 – *Phoenix Contact*)
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A general refusal of preliminary injunctions in patent litigation without a prior confirmation of the patentability of the patent-in-suit in first-instance validity proceedings at the least violates European law.

This is because:

“Article 9(1) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights must be interpreted as precluding national case-law under which applications for interim relief for patent infringement must, in principle, be dismissed where the validity of the patent in question has not been confirmed, at the very least, by a decision given at first instance in opposition or invalidity proceedings.”

Any existing (and even established) national case law is to be amended accordingly.

1. Facts and circumstances of the case

In Germany, the issuance of a preliminary injunction for patent infringement requires that a claim for injunction as well as grounds for the injunction exist and the weighing of interests shows that the interests of the applicant prevail. A claim for injunction exists if the patent is infringed. There are grounds for the injunction if the legal validity of the patent-in-

suit is sufficiently certain, and the applicant keeps the “urgency deadline”, i.e., initiates court proceedings swiftly within a few weeks after obtaining knowledge of all essential circumstances of the patent infringement.

The question of which criteria must be fulfilled so that the legal validity of a patent-in-suit is to be deemed sufficiently certain is assessed differently in the case law of the German courts of lower instance. The Courts of Appeal of Duesseldorf and Karlsruhe generally assume a sufficiently certain legal validity of the patent-in-suit only if the patent-in-suit has survived first-instance two-party validity proceedings, i.e., opposition or invalidity proceedings, at the least (see Duesseldorf Court of Appeal, InstGE 9, 140/146 – *Olanzapin*, InstGE 12, 114 – *Harnkatheterset*; Karlsruhe Court of Appeal, judgment dated September 23, 2015, 6 U 52/15, GRUR-RR 2015, 509 – *Ausrüstungssatz*). However, various exceptions to this principle are established. In case of one of these exceptions, a preliminary injunction can be issued based on a patent even without a prior decision confirming its legal validity.

The particular reason given for this rule-exception-ratio is that about 70% of all patents are fully – or at least partly – revoked or declared invalid in validity proceedings, i.e., do not survive as granted, and that the legal validity of a patent-in-suit, which is often complex, can only insufficiently be assessed in summary proceedings by infringement courts which do not sit with any technical judges.



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Up until 2019, the Munich Court of Appeal deviated from the above case law and held a legal opinion in line with the case law of the Court of Appeal of Hamburg: It did not assume the principle that a patent-in-suit must already have survived validity proceedings. Consequently, according to said case law, preliminary injunctions were particularly also issued for patents-in-suit which were “fresh off the press” if, based on a summary examination, the Court made the prognosis that the patent-in-suit would survive pending validity proceedings (see judgment dated July 26, 2012, 6 U 1260/12, BeckRS 2012, 16104). In December 2019 however, the Court of Appeal of Munich fundamentally reversed its policy, changing its case law in this respect (see judgment dated December 12, 2019, 6 U 4009/19, GRUR 2020, 385 – *Elektrische Anschlussklemme*). From then onwards, in line with the case law of the Duesseldorf and Karlsruhe Courts of Appeal, the issuance of a preliminary injunction should also generally only be considered if the patent-in-suit had already successfully survived first-instance two-party validity proceedings at the least. The Munich Court of Appeal also acknowledged various exceptions from this principle.

This caused the District Court of Munich I, in further injunction proceedings, to refer the following question to the European Court of Justice, requesting a preliminary ruling (“Vorabentscheidung”):

“Is it in line with Article 9(1) of Directive 2004/48/EC for Courts of Appeal having jurisdiction of final instance to generally refuse the issuance of preliminary injunctions for patent infringement in proceedings for interim relief if the patent-in-suit has not survived first-instance opposition or invalidity proceedings?”

The 21st Civil Division of the District Court of Munich I considers this interpretation of the rule in Art. 9(1) of Directive 2004/48/EC (“*Enforcement*” Directive) to violate European law, even if the case law under review provides exceptions from this principle. The referring Court considered itself prevented by the change in case law of the Munich Court of Appeal from issuing the requested preliminary injunction, as the patent-in-suit had not yet survived two-party validity proceedings, and none of the established exceptions applied either.

2. Findings of the European Court of Justice

The European Court of Justice (“*ECJ*”) confirms the concerns of the referring District Court of Munich I and finds that national case law, according to which a preliminary injunction is generally refused in patent litigation if the examined and granted patent-in-suit has not been examined again regarding its patentability in first-instance opposition or invalidity proceedings at the least before an injunction is issued is irreconcilable with Art. 9(1) of the “*Enforcement*” Directive.

The European Court of ECJ provides the following grounds for its decision:

- The “*Enforcement*” Directive imposes upon the member states the obligation to ensure that an imminent patent infringement is prevented and/or a continuation of a patent infringement is prohibited by measures of interim relief (Art. 9(1) lit. a) in conjunction with paragraphs 17 and 22 of the preamble of the “*Enforcement*” Directive).
- Here, the factor time is particularly significant for an effective enforcement

of the patent: The interim measures must be suitable to immediately end the infringement of the patent without any unjustified delay without having to wait for a decision in the matter (Art. 3(1), Art. 9(1) lit a) in conjunction with paragraph 22 of the preamble to the "Enforcement" Directive).

- A central objective of the "Enforcement" Directive is the special protection of intellectual property rights and their enforcement (paragraph 10 of the preamble and Art. 3(2) of the "Enforcement" Directive). For this purpose, a minimum standard is set, but the member states are at liberty to take more powerful protective measures.
- To provide a balance, the "Enforcement" Directive provides the following three mechanism that protect the respondent:
 - The possibility of the revocation of the provisional measure if no proceedings on the merits are initiated (Art. 9(5) of the "Enforcement" Directive, implemented in German Law of Civil Procedure in Secs. 936, 926 German Code of Civil Procedure);

- ordering the provision of a security (Art. 9(6) of the "Enforcement" Directive, implemented in German Law of Civil Procedure in Secs. 936, 921 German Civil Code);
- ordering damages should the interim measure be retrospectively revoked (Art. 9(7) of the "Enforcement" Directive, implemented in German Law of Civil Procedure in Sec. 945 German Code of Civil Procedure).

The ECJ finds that the German legal stipulations do not contradict the "Enforcement" Directive and, in this context, emphasizes that the requirement of conformity of national law with European Law is not limited to national legal provisions; rather, the Court states, national courts are also obligated to interpret national law in a manner which is in line with the objectives of the "Enforcement" Directive. The ECJ explicitly clarifies that established case law needs to be amended

"if it is based on an interpretation of national law that is incompatible with the objectives of a directive".

Comments

The preliminary ruling by the ECJ establishes an important principle regarding the requirements for the examination of the legal validity of patents in the context of preliminary injunctions and could result in a renaissance of proceedings for a preliminary injunction in patent litigation. This is because, and the ECJ explicitly states this, the national courts are obligated to adapt their case law to the finding of this decision and, as the case may be, even amended it.

Thus, the following aspects are now clear:

A potential infringer will no longer be able to rely on the notion that a request for a preliminary injunction of a patentee will be generally refused only because the patent-in-suit has not yet survived two-party validity proceedings.

Regarding the details, the preliminary ruling of the ECJ allows for some leeway of interpretation in spite of the clarity of its findings; it also gives rise to questions not only regarding further judicial practice, but also regarding the strategic conduct of patentees and potential infringers:

The considerations of the preliminary ruling do not conclusively demonstrate whether the ECJ took the entire relevant case law of German courts into account and appropriately assessed it. The referral for a ruling by the District Court of Munich I did indeed already clearly show that absolutism, according to which a preliminary injunction based on a patent-in-suit that has not been examined in two-party proceedings always is to be refused, is not an inherent part of the case

law of German Courts of Appeal; Rather, the wording “*in general*” already emphasizes that this is a principle which also allows exceptions, an aspect which the referring Court even explicitly explains in its grounds. The ECJ, in contrast, chooses wordings for the grounds for its decision – particularly in marginal no. 33 – that could be understood to be such an absolutism, according to which the existence of a decision in two-party validity proceedings is the indispensable prerequisite for the issuance of a preliminary injunction. Therefore, it is not surprising that Dr. Kühnen, the Chair of the 2nd Civil Senate of the Duesseldorf Court of Appeal, has recently cast doubts regarding the implications of the preliminary ruling of the ECJ for German courts during a presentation. These doubts are based, *inter alia*, on the fact that the referral for a ruling failed to mention to the ECJ the fact that the lion’s share of patents is fully, or at least partially, revoked or declared invalid. However, this fact is implied in the decision of the Munich Court of Appeal to which reference is made in the referral for a ruling and which is under review (see Munich Court of Appeal GRUR 2020, 385/388, marginal no. 68 – *Elektrische Anschlussklemme*).

Hence, it will be exciting to see to which extent the courts of lower instance will feel bound by the findings of the ECJ and how these findings will impact the case law of the different courts of lower instance. Possibly, only further proceedings for a preliminary ruling will deliver final clarity. It is highly probable, however, that, in the future, at least the District Court of Munich I will not consider itself prevented from issuing preliminary injunctions again based on

patents-in-suit which have not yet survived two-party validity proceedings, even where no established exception applies either.

Several points of the decision by the ECJ emphasize that the primary objective of the "Enforcement" Directive is to protect the rights of IP owners at a high – if not the highest – level and safeguard their enforcement. The focus is on protecting the owner of the IP right. The above-mentioned protection mechanisms in favor of respondents do indeed exist, but they only take effect after the preliminary injunction has been issued. These findings suggest a rather patentee-friendly understanding and a correspondingly strict application of the preliminary ruling: If the court considers the patent-in-suit infringed and makes a positive prognosis regarding its legal validity upon a merely cursory examination, the requested preliminary injunction generally is to be issued. The respondent, however, "only" is to be protected from potential enforcement losses. Such an interpretation in particular will probably lead to a judicial practice of ordering the provision of security - of considerable amounts - more frequently in the future in order to hedge these enforcement losses.

However, even in case of such a patentee-friendly understanding, the courts are, of course, at liberty to conservatively grant preliminary injunctions based on patents, taking other considerations of proportionality into account, because the interests of the potential infringer are to be considered during the required weighing of interests, and the issuance of a preliminary injunction also interferes with the protected rights and property of the potential infringer.

A possible and quite realistic conclusion from the preliminary ruling could be a reversal of the previous rule-exception-ratio which was applicable according to the case law of the Duesseldorf, Karlsruhe, and Munich Courts of Appeal. This reversal would mean that patents "fresh from the press" are now generally also enforceable by way of a preliminary injunction unless the respondent succeeds in demonstrating fundamental doubts regarding the legal validity of the patent-in-suit. What also seems rather realistic is that more preliminary injunctions will now be issued based on (unexamined) utility models.

Further strategic questions which result from the preliminary ruling are, for instance:

- Does the decision of the ECJ give rise to a new urgency deadline, meaning that, in the short term, preliminary injunctions are possible in individual cases even though the owner of the protective right has already had knowledge of the patent infringement for a longer period of time?
- Which implications does the decision of the ECJ have for the judicial standard of examination regarding the assessment of the legal validity of patents-in-suit? Are the grounds for an injunction to be affirmed if the court assumes that there is even a realistic possibility that the patent-in-suit survives two-party validity proceedings? Or is a (very) predominant positive prognosis regarding legal validity required to be able to issue a preliminary injunction?
- Which effects on the strategic conduct of the applicant and/or the respondent result from applying the one or the other standard of examination?



- How should I conduct myself as an applicant? Does the applicant, for example, have to anticipate attacks on the legal validity of the patent-in-suit and refute them in advance? Or can they wait for the respondent's submission(s) and react?
- Which consequences are there for the respondent, also considering the case law of the German Federal Constitutional Court, according to which preliminary injunctions must generally not be issued *ex parte*, i.e., without hearing the respondent first? Is a reply to a warning letter advantageous and recommendable? What will particularly have to be taken into account is that a solid validity search does take some time and will usually hardly be feasible in the strict urgency deadline to which the applicant must adhere. Are protective briefs possibly the means to choose? The applicant will probably have to pay the price of slightly slower injunction proceedings with an oral hearing for the fact that the legal validity of a patent-in-suit which has not yet survived two-party validity proceedings will be entirely independently assessed by the courts.
- Which impact does the ECJ decision have on the practice of the future UPC?

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