



ERA: Training of national judiciaries

Remedies at national level: Injunctions and damages actions

I. Competition law perspective

- Injunctions are possible, but difficult to obtain:
 - » UK
 - possible for a party to be prevented from enforcing its patent rights where there is a behavior falling within article 102 TFEU (abuse of dominant position)
 - This defense may be raised during litigation or a complaint may be submitted to the UK or European Competition authorities
 - » Belgium : similar situation (e.g. alendronate-matter: Merck Generics/MSD)
 - Used as a defense by generic company in PI proceedings initiated by Merck (MSD/EG, CA Brussels, 02/07/2007): *“The enforcement of patent rights cannot be regarded as an abuse of dominance”*

I. Competition law perspective

- Generic company filed a complaint with the Belgian competition authorities with a request for preliminary measures
 - * facts (Merck Generics/MSD, 05/10/2007)
 - * what is the relevant product (ATC 3 or 4?) and geographical market (Belgium)
 - * has the patentee a dominant position on these markets (yes, more than 50% which is an indication of dominance)
 - * is there a likelihood of an abuse? No
 - no competence to assess the validity of a patent
 - there is no abuse in enforcing the patent pending the invalidity proceedings
 - * no need to investigate the required “serious, immediate and irreparable harm”

I. Competition law perspective

- Damages actions, after a finding of abuse of dominance
 - » Private enforcement: civil action brought after a competition authority has found an infringement
 - » US example: private enforcement constitutes +90% of all antitrust litigation
 - » Europe: private damages claims for violations of competition rules are still rare
 - Issues: fault requirement, the ways in which damages are calculated, passing-on defence, access to evidence, cost of actions, etc.
 - EC pushes private enforcement

I. Competition law perspective

- » Private enforcement possible in AstraZeneca-matter?
- Jurisdictional issues: possibility of cross-border damages before the courts of the domicile of the defendant (art. 2 Brussel I-Regulation)
- Not only generic companies, but also healthcare authorities
- Class-actions?

II. Patent law perspective

- Preliminary injunctions against a generic company are at the heart of the problem: competition is prevented with a PI on the basis of a patent which turns out to be invalid (speedy PI and slow proceedings on the merits)
- Infringement and/or invalidity are a matter of national courts: there is not (yet) a centralized European patent court
- Litigation has to take place in each country : litigation strategy depends on a variety of factors

II.1. Where to file suit?

- Patent litigation requires a thorough knowledge of:
 - » Patent law
 - » Patent portfolio management
 - » Jurisdictional issues (forum shopping)
 - » National legal systems and the operation of national courts
- On the basis of that knowledge, a patent litigation strategy can be developed

1. Cross-border litigation?

- European wide decision issued by one national Court
- Application of the Brussels I-Regulation (on jurisdiction)
- Controversial and limited scope after recent decisions of the European Court of Justice:
 - » *Gat v. Luk*: interpretation of article 22(4) Brussels I : no cross-border measure if invalidity is invoked;
 - » *Roche v. Primus* : interpretation of article 6(1) Brussels I : no risk of irreconcilable judgments in multinational patent litigation

2. Country-by-country litigation?

- Limitation to key jurisdictions, some with specialized patent courts (e.g. UK, The Netherlands and Germany)
- These courts have an outstanding reputation to deal with legal and technical questions
- Judgments of one or more of these jurisdictions often trigger a settlement

The Netherlands

- Specialized patent court in The Hague
- Open for cross-border injunctions, even after recent ECJ-judgments:
 - » Injunction proceedings: Gatt/Luk does not seem to apply (Steur/Zilka; Fleuren/Ruvo)
 - » No cross-border in proceedings on the merits when invalidity is raised (Sandisk/Sisvel)
 - » New referral to the ECJ

The Netherlands

- Very effective preliminary relief proceedings to obtain an interim injunction (*kort geding*)
 - » Single judge
 - » urgency (presumed in IP litigation)
 - » not always possible when the case is too complicated (rather exceptional)
 - » in-depth study of both validity and infringement issues
 - » a decision is usually obtained within 3 months
 - » Also ex parte : irreparable harm + possibility of a security

The Netherlands

- Proceedings on the merits
 - » Three judges (judgment in 18 to 24 months)
 - » permanent injunction
 - » damages or account of profits
 - » accelerated main proceedings (judgment in 10 to 14 months)

The Netherlands

- Judicial rules and costs
 - » No discovery, but new “*conservatoir bewijsbeslag*”
 - » Normally no court appearance of experts or witnesses
 - » No cross-examination
 - » Between 60,000 and 200,000 EUR (more expensive depending on various factors, such as complexity, validity issues, experts, etc.)
 - » No recovery of attorney’s fees until recently under the European Enforcement Directive

Germany

- Specialized patent courts
- Only European country with dual treatment of infringement and validity (no invalidity defense in infringement proceedings)
 - » Infringement : 12 specialized district courts (3 judges)
 - » Invalidity: Federal Patent Court in Munich (5 judges) – recent reform
- Relatively open to grant cross-border injunctions (on the basis that invalidity arguments do not have to be dealt with in infringement proceedings)

Germany

- preliminary relief proceedings
 - » only in urgent matters (within one month after knowledge of infringement)
 - » strong case of infringement must be established + technically not too complicated cases
 - » less frequently granted because a judgment on the merits can be obtained in the main proceedings within one year
 - » even ex parte (*einstweilige Verfügung*) ; possible defensive strategy : *Schutzschrift* (protection letter to the court by the alleged infringer in order to make sure that defense arguments are heard)

Germany

- Proceedings on the merits
 - » permanent injunction
 - » damages (three methods of calculation: reasonable royalty, patentee's lost profit or the infringer's profit); recent development towards higher damages
 - » no punitive/treble damages
 - » infringement decision within one year (if no expert is appointed)
 - » invalidity decision: 1-5 years

Germany

- Judicial rules and costs
 - » Limited type of discovery under a ruling of the Federal Supreme Court
 - » Dual system (issues of infringement and validity are decided by separate courts; invalidity may not be raised as a defense in an infringement action)
 - » Stay of the infringement proceedings only if a clear-cut novelty attack is at issue in the nullity action
 - » National nullity proceedings cannot be started before the Federal Patent Court until the EPO opposition proceedings have been concluded or the opposition period has expired
 - » Preferred venue for patent enforcement litigation

Germany

- Judicial rules and costs
 - » Between 40,000 and 125,000 EUR (more expensive depending on various factors, such as complexity, validity issues, experts, etc.)
 - » Costs have to be paid by the losing party but they are calculated according to formal rules resulting in the *Streitwert* (litigation value) of the proceedings.

United Kingdom

- Specialized courts: Patents Court (a division of the High Court) or the Patents County Court
- Initially very critical towards (European) patents: high rate of invalidity judgments ; now more relaxed and moving towards EPO-approach
- Reluctant to grant cross-border injunctions: A cross-border infringement question cannot be dealt with when issues of infringement and validity are so intertwined that it is not possible to judge one without the other, taking into account that a national court has no jurisdiction to invalidate a foreign patent

United Kingdom

- preliminary relief proceedings
 - » Only granted in exceptional circumstances, typically when irreparable harm for the plaintiff is likely and the defendant would not suffer irreparable damage from a temporary injunction
 - » Irreparable damage for both parties: court decides on the balance of convenience
 - » Also less frequently granted because a judgment can be obtained in the main proceedings within one year

United Kingdom

- Proceedings on the merits
 - » One judge (trial of two to three weeks)
 - » permanent injunction; other remedies available (e.g. delivery up of infringing goods)
 - » Damages are not awarded following the first instance trial which only deals with the liability of the alleged infringer. The judge will only order an inquiry as to either damages or the loss of profits which have been suffered
 - » Timing: up to 12 months

United Kingdom

- Judicial rules and costs
 - » documentary, but no oral, disclosure: defendant can be compelled to produce documents and/or description of product/process
 - » further specific discovery can be required, as well as the possibility of providing samples or allowing for an inspection of the product/process in question
 - » results can only be used for the UK proceedings (but court can give leave)

United Kingdom

- Judicial rules and costs
 - » No jury
 - » Real trial (up to two weeks) with very experienced judges
 - » Cross-examination of witnesses and experts
 - » Very expensive (ranging from £300,000 for a simple matter to millions in complex issues)
 - » English courts are inclined to award litigation costs at the expense of the losing party

Belgium

- Until recently no specialized patent courts (now 5)
- Proceedings on the merits
 - » Rather slow proceedings – often appointment of a technical expert by the court
 - » Relatively inexpensive – no discovery/cross-examination
 - » In general, costs cannot be recovered (yet) from the losing party; rather low damages
 - » Different views by various courts

Belgium

- Preliminary injunction proceedings:
 - » open for cross-border injunctions (Colgate/Unilever ; Altana Pharma ; ATMI/Praxair)
 - » *prima facie* of assessment of the patent rights: assumption that a European patent is *prima facie* valid. Invalidity defenses raised by the alleged infringer are very unlikely to succeed.
 - » urgency/balance of interests

France

- 1 centralized patent court (TGI Paris)
- Proceedings on the merits
 - » Rather slow proceedings (16 months) – often appointment of a technical expert by the court
 - » Relatively inexpensive – no discovery/cross-examination
 - » Variety of remedies, such as injunction, damages, publication, destruction
 - » At the discretion of the court, costs can be recovered from the losing party

France

- Preliminary injunction proceedings:
 - » Granted if reasonable proof of the infringement/ imminent infringement & if no serious doubt on the patent validity
 - » Suspension order, seizure of the stock, protective seizure of infringer's assets, provisional allowance of damages
 - » Urgency not required
 - » Summary proceedings before a specialized single judge
 - » Decision obtained within 3 months
 - » Also ex parte but rare + possibility of security (urgency & irreparable harm)

II.4. Conclusion

- Similar remedies in proceedings on the merits, with few damages decisions
- Different attitude towards preliminary injunctions across Europe
 - » Not possible OR presumption of validity OR invalidity arguments will be taken into account
 - » PI are the problematic issue in pharmaceutical patent cases:
 - very often a PI is granted and the patent is revoked in later proceedings
 - unjustified monopoly
 - very difficult to obtain damages (abuse of proceedings, frivolous behavior and knowledge of invalidity has often to be established)

II.5. Suggested approach

- » Suggested approach in PI proceedings (if possible):
 - Presumption of validity of a European patent
 - BUT factual circumstances have to be taken into consideration:
 - * follow-on patent;
 - * has all relevant and known prior art been disclosed to the EPO?
 - * status in foreign proceedings,
 - * limitation of claims, (limited)
 - * real prima facie assessment of validity

- » Case study