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AGAIN CONSTITUTIONAL COMPLAINT AGAINST RATIFICATION OF THE LAW ON THE UNITARY PATENT

SOMETHING IS STIRRING AFTER ALL ON THE QUESTION OF WHETHER AN INJUNCTION CAN BE OBTAINED FROM A "MERELY" GRANTED PATENT

THE NEW GERMAN ACT AGAINST UNFAIR COMPETITION: STRICTER RULES FOR WARNING LETTERS

ON 1 NOVEMBER 2020, SEBASTIAN KROHER JOINED OUR LAW FIRM AS ATTORNEY-AT-LAW

Jochen Sties and Dr. Adrian Kleinheyer

Again constitutional complaint against ratification of the law on the unitary patent

I feel like I am stuck in groundhog day ...

In our last report on the unitary patent (see our newsletter of March 2020) we quoted world literature. Today it is only enough for a US movie comedy from the 90's.

A brief reminder: the first ratification of the law on the unitary patent was annulled by the German Federal Constitutional Court in March 2020 because the German Bundestag had committed a formal error during the vote.

In mid-December 2020, the German Bundestag and Bundesrat passed the Unitary Patent Act for the second time. Shortly thereafter, however, the Federal Constitutional Court was again called upon to prevent the law from coming into force. Again, the Federal Constitutional Court approached the Federal President with a request not to sign the law. According to the Office of the Federal President, the Federal President is again complying with the request. The unitary patent is thus once again on hold, and it is not possible to say when it will proceed in which direction.

It is not surprising that the Federal Constitutional Court is again being called upon. Admittedly, in the first decision in March 2020, the Federal Constitutional Court was still able to justify the unconstitutionality on the basis of a formal error in the vote in the Bundestag, so that not all the substantive arguments put forward in the constitutional complaint had to be discussed. Nevertheless, the resolution contained side comments on some of the substantive arguments. This could be understood as a finger pointing that there might be further critical points beyond the formal error. The Bundestag did not react to the finger pointing and reintroduced the bill unchanged. This time, the formal hurdle was overcome, so that the Federal Constitutional Court can now devote itself entirely to the substantive arguments.

In this situation, it is at best a marginal note that Italy has thrown its hat into the ring and nominated Milan as the seat of a chamber of the Unified Patent Court (the chamber that should have been located in London has to move due to the Brexit). However, one can ask whether the political wrangling over the seat is worth it when, once again, it is not clear whether this court will ever become operational.

Something is stirring after all on the question of whether an injunction can be obtained from a "merely" granted patent

It was the "bazooka" in patent and utility model infringement proceedings: an ex parte injunction issued by a court without hearing the alleged infringer, prohibiting him out of the blue from continuing to manufacture, sell or use a particular product or from carrying out a particular process.

Over the years, however, a number of hurdles have been erected by the courts that make it more difficult to obtain such an injunction.

One of these hurdles results from the decision 1 BvR 1783/17 of the Federal Constitutional Court of September 30, 2018, in which it was stated that an ex parte injunction, i.e., a preliminary injunction (PI) issued without hearing the opponent, violates the principle of procedural equality of arms. It follows from this principle that the opponent

must in principle be granted the right to be heard in some way before he is confronted with the serious consequences of a PI without the possibility of a defense. The right to be heard can be granted by an oral hearing or a written hearing in the injunction proceedings. The right to be heard may also be granted by a warning letter preceding the request to be granted a PI, in which case the opponent's response to the warning must be submitted in the injunction proceedings.

Only in cases where the enforcement of the patent or utility model would become impossible if the opponent is requested to submit a statement prior to the issuance of the PI, the right to be heard may exceptionally be waived. An example of this is a proceeding in which evidence is to be obtained, where the alleged infringer could eliminate the evidence of infringement if he is warned by the IP owner or summoned to a hearing by the court.

Another hurdle results from the increasingly stringent requirements of the infringement courts as to the validity of the patent or utility model on which the PI is based. Many years ago, the infringement courts assumed that the validity of a patent could be relied upon. Only in the case of a utility model, which is registered without substantive examination, was it necessary to submit detailed arguments with respect to the validity.

In 2010, the Higher Regional Court Düsseldorf was the first German court to tighten the requirements. In the decision "Harnkatheterset" (I-2 U 126/09), it was stated that the infringement court can no longer rely on the granting act by the patent office, but that sufficient validity can only be assumed if the asserted patent has already survived first instance opposition or nullity proceedings.

For a long time, the infringement courts in Germany disagreed as to whether opposition or nullity proceedings that have been survived (at least in the first instance) should actually be the prerequisite for issuing a PI. The Munich Higher Regional Court also ultimately took this line, whereas it explicitly rejected the Düsseldorf practice in a ruling (6 U 3039/16) as recently as 2017.

Now there is movement in this discussion again. One of the two patent litigation chambers at the Munich Regional Court has issued a referral order (21 O 16782/20) with which the European Court of Justice (ECJ) is asked the question whether the restrictive practice of the higher regional courts is compatible with the so-called Enforcement Directive, i.e. with Directive 2004/48/EC, which regulates the measures by which industrial property rights are enforceable within the EU. Article 9 (1) of the directive

states that a patent owner can enforce his patent against an infringer by means of preliminary injunctions. Further requirements are not mentioned there.

In the reasoning for the question referred to the ECJ, the 21st chamber refers to the fact that a patent proprietor has no control over whether his patent is attacked with an opposition or a nullity action. If this is not the case, the patent proprietor (contrary to the provisions of the Enforcement Directive) would then have no possibility to enforce his patent with a PI.

It is encouraging that the ECJ decides on such referrals within a reasonable period of time. The average duration of proceedings was recently around 15 months. There is therefore hope that the additional requirements imposed by the higher regional courts for the issuance of a PI will soon be cancelled.



QUESTIONS?

If you have any questions regarding these topics, please feel free to get in touch with your personal contact or Jochen Sties at j.sties@prinz.eu or +49 (0) 89 / 59 98 87-103.

The new German Act against Unfair Competition: Stricter Rules for warning letters

On 2 December 2020, some amendments to the German Act against Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb, UWG*) came into force. The amendments aim to prevent abusive cease-and-desist letters from competitors and associations.

One of the most important amendments concerns the frequently occurring warnings of violations of legal information and labelling obligations, such as missing mandatory information in the imprint of a website. Under the new law, the sender of such warning letter is no longer entitled to reimbursement of attorney fees. In addition, the sender can no longer request a cease-and-desist declaration with a penalty clause from a competitor being warned for the first time for such violation. The same restrictions apply to warnings concerning breaches of the General Data Protection Regulation (GDPR).

In addition to the above, the variable place of jurisdiction has been abolished for acts of unfair competition committed on the Internet: From now on, such infringements can no longer be asserted before any regional court nationwide, but only before the court at the defendant's place of residence or place of business.

Not new, but now laid down in more detail in the law, is the prohibition of abusive warning letters. The newly introduced Section 8c UWG contains a catalogue of standard examples for which a warning letter is to be assumed abusive. The catalogue includes the determination of an unreasonably high amount in dispute or the request for an undertaking with an excessive contractual penalty.

Another important change concerns the capacity of associations to take action under the German Act of Unfair Competition: In future, associations may only pursue competition violations if they are registered with the Federal Office of Justice in the list of qualified trade associations. The aim of this new regulation is to curb the activities of dubious associations that pursue competition violations mainly to claim reimbursement of attorney fees.

One of the prerequisites for registration is that the association has a minimum amount of 75 members. This rule is to the detriment of small and reputable professional associations. However, the new prerequisites for the capacity of associations to sue do not apply until 1 December 2021; this gives all interested associations sufficient time to obtain registration in the list of qualified trade associations.



QUESTIONS?

If you have any questions regarding this topic, please feel free to get in touch with your personal contact or Dr. Adrian Kleinheyer at a.kleinheyer@prinz.eu or +49 (0) 89 / 59 98 87-107.

On 1 November 2020, Sebastian Kroher joined our law firm as attorney-at-law

Mr Kroher studied law at the University of Munich with a focus on "Intellectual Property". After his legal traineeship during which he worked in the IP department of a major automotive company and law firms in Munich and Kuala Lumpur, he completed the LL.M. programme "International Studies in Intellectual Property Law" in Dresden and Exeter, UK. He then worked for several years in the legal department of a DAX-30 company in Munich and as a lawyer in an international law firm.

Mr Kroher advises on all matters of trademark, design, copyright and competition law.



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