Session 5B

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SESSION 5: PATENT LAW

5B. Patent Potpourri

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Speakers:
Tobias Hahn
HOYNG ROKH MONEGIER, Düsseldorf
Liability for Infringement Abroad: The Phenomenon of the Extension of European Borders

Aloys Hüttermann
Michalski Hüttermann & Partner, Düsseldorf
T 1063/18 — Uproar at the EPO?

Myles Jelf
Bristows LLP, London
International Exhaustion

Heinz Goddar
BOEHMERT & BOEHMERT, Munich
Injunctive Relief and Proportionality

Suzanne Michel
Google, Washington, D.C.
Subject Matter Eligibility Around the World

Justin Watts
WilmerHale, London
PROF. MOSSOFF: Let’s kick off our concurrent session on Patent Potpourri. The difference between this and “Patents—Past, Present and Future” or other patent panels is that we are the best-smelling one. [Laughter]

Without further ado, I’m going to start. We’re going to go down the line here. We will kick off with Myles.

Myles, take us away.

DR. JELF: What we have this morning is international patent exhaustion in seven minutes or less. I’m conscious that Sir Robin Jacob dealt with this yesterday and he did it in slightly over seven minutes, so this is a record attempt. Excuse me if I may paraphrase slightly some of the specifics of the law.

The fundamental point I want to address is the fact that we have different systems globally for addressing the issues raised by exhaustion. My thesis is going to be that the way those different systems interact with each other is particularly difficult. They form a rather toxic mix for businesses that have to practice on a global basis.

The first point is I’m not going to get bogged down in the doctrine or terminology. The fundamental issue here is sometimes talked about as “exhaustion,” sometimes as “implied license,” or a question of “waiver.” I think that fundamentally there is the same issue at the heart of all of those. It’s a question of consent and it’s a question of if you have sold somebody something or granted them a license to do certain things with a purchased product in certain circumstances, to what extent can you later restrict what they do with the product that you’ve sold to them.

Why do courts care about this? Well, ultimately it’s a question of fairness. There is an entirely respectable line of thought that says: “If I’ve bought something, I own it outright, the property has been transferred to me. Why should there be any constraints on what I subsequently do with that property?”

I’m going to simplify things and say that there are two different philosophical approaches to how we deal with that question of fairness.

An aside before we get to the specifics of those two approaches is that obviously different systems in the world take different approaches to many different issues. As a foreign lawyer, generally you see what’s done abroad and one’s first instinct is Well that’s just mad! And then you sort of see it in the round and realize there are checks and balances so that what may seem mad in fact works in the context of the whole system.

The problem we have here is because of the international ramifications of exhaustion, the checks and balances of one system, whilst consistent internally, cause problems with the “checks and balances” of other systems.

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A very quick, lightning tour of the law, a précis.

There are two flavours/flavors (depending on how your spellcheck is set up): geographic restraints and field-of-use restraints. I’m going to broadly deal with these by saying these are dealt with in two different ways — this is very broad-brush — there is the way the United States does it and then I am going to, very unfairly, say there is the way everybody else does it.

The United States Supreme Court in the *Lexmark*² case takes a relatively extreme view and says as soon as you put something on the market anywhere, then your rights in terms of patents are exhausted for all purposes; a U.S. patent is no longer of any use to restrain any further dealing or commercialization of the product. If the patentee wants to have post-sale restrictions, that’s fine, there’s no fundamental problem with that, but they need to organize that contractually.

I am going to talk primarily about the EEA/EU now — and again this is already a generalization because there is no harmonization even within the European Union about exhaustion, but in my experience the jurisdictions I have looked at have a broadly similar approach.

Field of use is slightly different from geographical restrictions: as long as it is clearly understood by the purchaser what they are buying and what restrictions they are buying and that is communicated and passed down the chain, then restricting activities outside that permission is not a problem; you haven’t exhausted things.

Geographically, it is slightly more complex. For extra-EEA restrictions that is generally also true; you can restrict sales to China or to Malaysia or wherever you want. However, within the EEA you cannot restrict geographically; once something is sold in one Member State it cannot be restrained within another geographically. You can restrain on a field-of-use basis, however, crucially, the nature of those restrictions, both in terms of the license scope and in terms of any contractual provisions, is quite tightly controlled by European antitrust law.

I am going to illustrate the way that those two global approaches cause problems with a case study.

- Two companies, *A* and *B*, are each trading worldwide in components for gas cookers.
- Both have significant patent portfolios and they think the other is infringing their portfolios.
- Each has a different customer base. One deals primarily with domestic applications and the other with commercial applications.

At the moment, because of this fear that they may have an issue in the future, both are spending a lot of time and money on patent issues. Their filing policy is intense, trying to match what is being done on the other side. They are filing European Patent Office oppositions. They are filing inter-partes reviews (IPRs) at the U.S. Patent and Trademark Office. Both are spending a lot of time and effort on potential patent conflict.

But they realize there is no commercial conflict between them, so they would quite like to have a coexistence agreement that says: “I am not going to pursue you if you are selling into commercial; you don’t pursue me for selling into domestic. We can stop spending all this money on patent lawyers” — which apparently is a good thing; I’m not sure about that.

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However, EU antitrust law says that you cannot just have a contract saying “you take these customers and I will take those customers” — because that violates a whole bunch of principles — “however, what we can do is draw up reciprocal licenses that are restricted in scope, and then if something turns up as one of your products being used in a commercial application, I can still bring a patent action; if one of my products turns up in a domestic application, you can bring a patent action. Within our respective spheres everybody is happy.”

The problem comes up that now we have to factor in the fact that these products are being dealt with worldwide and they will turn up in the United States. Under *Lexmark*, that restriction on the field of use is completely unenforceable. As soon as the product has gone into the marketplace, the U.S. patents can no longer be used to police the license agreement.

The parties try to follow what the Supreme Court indicated in *Lexmark*: if you want to have post-sale deals, you have to do that contractually; each is content to say, “I will only sell into the domestic market; you will only sell into the commercial market.”

But what about onward sales beyond these two? Also, how does *A* police what has happened with *B*’s customers?

So the parties say, “Okay, let’s have a chain of contracts. My contract with my customers will say ‘when you sell anything further down you will impose the same obligation; and I will make you a third-party beneficiary to all this so you can police it directly.’”

Unfortunately, they then realize that neither has any visibility of what the other’s sales and distribution mechanisms are. So, unlike the patent context where if *A* sees products turning up being used commercially they can bring a patent action, if the breach is contractual, when they see those products turning up, they don’t know where the fault lies in the chain of contracts; they don’t know whether it was that party or somebody upstream. So it is much more difficult for them to enforce even with third-party rights.

So then they say: “Okay, we’ll have a register and I’ll tell you where my products are going and you tell me where your products are going and we can see when things go wrong.” Unfortunately, that violates the EU antitrust laws again. That is sharing sensitive customer information.

The conclusion of this is a philosophical clash between the way that the United States is dealing with that potential unfairness (which is patent rights are no good; do everything by contract) versus the way the EU States do it (which is contractual market divisions are difficult to arrange but we are happy for you to have partial licenses) — the clash between those two makes it very difficult for a business operator on a global basis.

Which brings me to the conclusion that Sir Robin came to yesterday, that it would be great if we could get people together and try to have a more holistic solution across the globe.

Thank you very much.

PROF. MOSSOFF: I want to emphasize that I’m not doing introductions with all the accolades and titles that everyone acquires — it’s a bit like *Game of Thrones* — after a certain point with the length of their titles. But embrace our Internet and Google if you want to know about all of their great achievements, or just look in the old-school dead-tree book that was provided by Hugh and the conference organizers.

Ken, do you have any reactions or comments to Myles’s presentation on exhaustion?
As is typical when you’ve got hypotheticals, his hypothetical is not real-world. We are getting along quite well in the United States now that we know what the law is, thanks to our nine wise men and women on the U.S. Supreme Court, and we are using contracts to get us around the problem quite readily. Label licenses still work. Contracts work. It’s an interesting hypothetical, but this ain’t law school.

The only thing I’ll say in response to that, Ken, is that was a real example. I spent three months trying to negotiate those contracts and it couldn’t be done in the end.

Well, you’ve just got to hire an aggressive, nasty America lawyer. We get it done between each other. You Europeans are too damn nice. Come on!

You've just got to hire an aggressive, nasty America lawyer. We get it done between each other. You Europeans are too damn nice. Come on!

That is true.

And by “aggressive, nasty lawyer” you mean Ken? [Laughter]

Mr. Dunner will speak for me. I haven’t got an aggressive bone in my body.

Excellent.

I'm going to use Myles's trick if I have to. When the bomb goes off, I'll say, “I'm almost there” and talk for another five minutes. I hope that this is not necessary.

I am going to speak about a completely internal EPO issue, but this is at the moment the hottest issue at the EPO. This is Decision T 1063/18.3

What is this all about? What did it say? For the first time ever a Technical Board of Appeal of the EPO declared Rule 28 (2) of the European Patent Convention invalid in view of earlier decisions of the Enlarged Board of Appeal, which is something like the supreme court of the European Patent Office, except that usually most of their decisions make sense.

There is a background to it. Article 53 of the European Patent Convention4 says that process claims related to essentially biological methods are not patentable.

The question is: what happens with products of these process claims; are they patentable as such or not?

In 2015 the Enlarged Board of Appeal, in two conciliated procedures (G2/12+ G2/13, “Tomatoes II” and “Broccoli II”),5 said: yes, they are principally patentable; the eligibility is only for the process; the products as such can be patented.

This caused quite a stir one has to say. At first, Germany and Netherlands changed their national patent laws. According to German patent law, now these products (usually plants) are not patentable.

Then the European Union became active. The European Parliament asked the European Commission for an opinion whether this ruling would be covered by the Biopatent Directive — what happens now? The Commission issued a Notice in November 20166 that said that it was the intention of the drafters of the Biopatent Directive, where all this comes from, that also products of such essentially biological processes should be not patentable.

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In reaction, the Administrative Council of the EPO became active and in July 2017 introduced a new rule, Rule 28(2), in which they said that products which are made out of essentially biological processes are not patentable.

In the meantime, of course applicants were active. Syngenta had filed a 2012 application (priority 2011) on pepper plants, EP 2 753 168, which in March 2018 was refused (solely) for violating Rule 28(2).

I should say that in the meantime the prosecution of all these applications was halted, so for some years this actually wasn’t prosecuted.

Finally, in March 2018, the Examining Division said, “This not patentable because we have Rule 28(2).

Syngenta appealed. The hearing was in December 2018, so not so long ago. The case was decided by an Enlarged Panel of the T 3.3.04 (five instead of the usual three members because of the importance of the case). The Board decided that Rule 28(2) would violate the interpretation of Article 53(b) by the Enlarged Board of Appeal: We have the ruling of the Enlarged Board of Appeal that those products — “a cultivated blocky fruit type pepper plant” (paprika) — as such must be patentable because the ruling of the Enlarged Board of Appeal must prevail and Rule 28(2) is not applicable, period. But they saw a problem with inventive step and also with clarity. So the case was sent back to the Examining Division to deal with that.

This of course caused a stir especially with the Member States which are in the Administrative Council. The EPO President became active on 5 April 2019 and initiated a referral to the EBA, which has been given the number G 3/19. The questions referred to the EBA are whether Rule 28 could be issued even though there was the earlier G 2/12+ G2/13; and, if yes, if Rule 28 was an allowable interpretation of Article 53 EPC. Again, the prosecution of all corresponding applications that fell under that was stayed, too.

If the referral is not successful, some important Member States of the Administrative Council have announced that they will then just pull the plug and simply change the European Patent Convention. How could you do that without a Diplomatic Conference? It is possible because, according to Article 33 of the EPC, the Administrative Council can change part of the Convention “to bring it into line with an international treaty relating to patents or European Community legislation relating to patents.” They obviously are of the opinion that this notice has enough substance to do that.

Three final questions.

First, if the European Patent Convention is not changed, will this lead to more patents? Here I must say no, not necessarily. What we actually have here is a classical shift of eligibility to inventive step as product-by-process claims before the EPO have a high threshold to pass inventive step. The rulings G2/13+G2/13 follow the line of the EPO to shift eligibility problems to inventive step. In case you speak German, there is an interesting article from 2012 [Hüttermann / Storz: Nicht Erschießen sondern Erhängen – Zur stetig zunehmenden Rolle der erfinderischen Tätigkeit bei der Beurteilung der Schutzfähigkeit von Patenten, Mitt. dr. Patentanw. 2012, 107–110] which I recommend you read

The trend that the EPO has is to avoid eligibility problems; instead they put it to inventive step. It can be that none of these patents is issued because they are simply not inventive.

If they would be granted, would they be invalid in Germany and the Netherlands? In all likelihood yes.
Did the Board have the right to overrule the Administrative Council? That is in question. The Board concluded this from an *obiter dictum* of an earlier decision (T 39/93) but that is not a definitive ruling. Hopefully, the referral will lead to more clarity.

Last but not least, we do have a German constitutional complaint about the independence of the Board. I hope that our Bundesverfassungsgericht takes all of this into account because this clearly does not speak for any over-obedience of the Boards concerning the decisions of the Administrative Council and the President.

Thank you.

PROF. MOSSOFF: Distinguished panelists and additional commentators, any reactions to how patent eligibility issues have now prompted a large-scale institutional and government crisis?

QUESTION [Maximilian Haedicke, Albert-Ludwigs-Universität Freiburg]: When I was at Georgetown many years ago doing my LLM, I heard about a case called *Marbury v. Madison.* My understanding of this case is that it was about the separation of powers in the U.S. Constitution and the role of the Supreme Court.

I think that we have a very similar issue at the EPO right now because the question is whether the Administrative Council can make rules which are in contradiction with former Board of Appeals decisions. I think we are at a very critical point for the EPO right now. It needs to be decided how the rule of law works in the EPO, how the separation of powers works, and whether the Administrative Council has all the power in the EPO system and how far it can be controlled by the Enlarged Board of Appeal.

PROF. MOSSOFF: Thank you.

QUESTION [Trevor Cook, WilmerHale]: I was interested in your reference to Article 33 of the EPC and changing parts of the Convention to bring them into line with European Community legislation related to patents. I would be very interested in your thoughts about the status of that Commission Notice because it is merely a Commission interpretation of the *travaux préparatoires* and does not to my mind have the force of law.

MR. HÜTTERMANN: To come back to Max’s comments and also to yours, I think this is a very interesting decision because it goes way beyond the special field of patents; it goes really to who has the final say in what.

I hope — this is my personal view — that, although there may be admissibility problems, the referral of the President will be accepted. In my opinion, the Board in this case should have referred the case to the Enlarged Board of Appeal in order to ask, let’s say, who prevails.

I agree with you, Trevor. The thing is that the Member States are not happy with this ruling, period, and they want to get rid of it.

At the moment we do have a compromise. Initially, there were rumors that the Administrative Council or the Member States who form that would simply go for an amendment of the EPC straightaway. But then they said, “Okay, we’ll first let the President handle it internally because the legal basis is creative.” But simply that is what they want, period.

One has to wait to see what comes out of that. I personally hope that the Enlarged Board of Appeal will take on the case. Even if they have admissibility problems, there is the G 3/08 decision,* which was about computer-implemented inventions, where they said,

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8 5 U.S. 137 (1803).
“Oh, all of this is not admissible but …” and then they at length answered all the questions that were posed to them.

I hope that in the case they have admissibility problems, which probably are there, they still will give answers about who is in charge and how the balance is between the different organs, here the Enlarged Board of Appeal and the Executive. That would be good, I think.

PROF. MOSSOFF: I’m wanting to keep us moving along so that we stay on track. We’ll have more time for questions and answers towards the end as well where you can ask any questions of all the speakers.

Our next speaker is Tobias Hahn.

MR. HAHN: Moving on in the Potpourri session, I will try to relate the issues we have decided to discuss. In a very broad sense I’m also talking about, maybe not separation of powers, but a jurisdiction issue.

The starting point is German case law on liability under German patent law for acts of infringement that are actually conducted abroad, not on German territory. In a way, that raises in the broad sense similar issues. But that shall only be the starting point. If possible, I would like to have a discussion on possible other tendencies of national courts trying to extend their jurisdiction. When I say “jurisdiction” I’m not referring to jurisdiction in a narrow sense, because I think a lot of these are not jurisdiction issues as such, but they show a certain tendency for courts to decide cases that they may have rejected to decide on in the past.

The cases on liability for acts actually done abroad arise in two categories, direct and indirect infringement. I will be focusing on direct infringement because the principles are more or less the same and I want to save you the nitty-gritty details of German case law in indirect infringement. It’s all in the slides, so if you want to visit that you can do that later on.

I will start with cases where, from the German point of view, we actually do not have acts abroad but acts in Germany when it comes to direct infringement. So you have offering or putting on the market as the main key aspects or the main key acts of infringement.

Offering, I think it is important to note to start with, takes place in German territory if either the sender or the receiving location of the offer is in Germany, which means that Internet offers as long as they are also directed to German customers are considered an act of infringement in Germany. The same applies for exhibition of products and offering of products at trade fairs as long as they are in German territory.

For the putting on the market or the actual supply of the product, it is important to note that this is not only an offer from Germany to abroad but also that in case you have a supply from abroad to German territory and that is already considered “putting on the market” in the German territory.

What are the cases that do not fall under these categories directly?

One of these cases is a 2003 case, the Radio Clock I (Funkuhr) decision. What were the facts of the case?

There was a defendant who was located abroad producing the infringing radio clocks, and he supplied the products not to a customer in Germany but to a customer also abroad, and that intermediate then sold the products into German territory. So, different to

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10 Mitt 2002, 416.
the cases we’ve just discussed, the defendant did not conduct all infringing acts on German territory.

What did the Supreme Court say? In effect, they attributed the acts of the intermediate to the defendant, and as a requirement for such attribution the Supreme Court stipulated that if the supplier of the product knows both the patent and the infringement allegation as well as the country of destination — in other words, if he supplies the products to an intermediate and knows that that intermediate will carry on selling these products on German territory — then the direct infringing acts of the intermediate can be attributed to the defendant, to the supplier of the product, even though he does not conduct himself any acts on German territory.

Other facts, like whether there is cooperation between the supplier and the third party — such as, for example, a parent and a subsidiary — do not matter; the knowledge itself creates liability under German Patent Law.

That was taken further in Abdichtsystem, a rather recent decision of 2017, where it was held that you actually do not necessarily even need knowledge, but there is what I would phrase liability for negligence.

The idea construction is as follows. You may also take part in the infringement on German territory if you have an obligation not to promote third-party infringement.

Now, the big question is, of course, what gives rise to that obligation not to promote third-party infringement. The Supreme Court said there must be specific indications of infringement in Germany. In other words, in our case where the supplier supplies the product to an intermediate also located abroad, if there have been specific indications that these products will be carried on, inter alia, to Germany, then there may also be liability under German Patent Law.

The big question is, of course, what are the specific indications. The easy case is positive knowledge because that has been established in the previous decision. But there may also be other indications that the Supreme Court had mentioned, for example, if the number of products ordered by far exceed the demand of the market where the intermediate is located; so you must be aware of the fact that these products will also end up in Germany. Or, alternatively, there is an obvious correlation between the order on the one hand and the activity of the intermediate on the German market.

What specific circumstances may qualify as the specific indications I think remains to be seen, but it is important that the knowledge requirement is not as such necessary under this construction but you have some sort of negligence that may already suffice for liability under German Patent Law.

To sum it up, what are the key takeaways? The strategy obviously following from this is make your intermediate that you want to sue aware of your patent and aware of the fact that if these products end up in Germany, or entirely in Germany, which then creates knowledge, you would be able to sue the supplier himself and not only the intermediate for patent infringement in Germany.

To put this in a broader scale, I think this is one example of national courts — I wouldn’t say extending jurisdiction because they’re not extending jurisdiction; they are applying the law as it is — but I see this case law development in a similar line as, for example, in the United Kingdom in the Unwired Planet case, where the U.K. courts felt competent to determine FRAND rates on a worldwide basis. Again, I don’t think it is a true

11 Bundesgerichtshof [BGH] [Federal Court of Justice], May 16, 2017, Abdichtsystem, Case No. X ZR 120/15 (Ger.).
jurisdiction issue, but I think it shows a similar development of the U.K. courts deciding issues that they may not have decided on in the past because they would have felt they probably do not have jurisdiction or should not do so.

I would be interested also in hearing from the audience whether there are certain other developments in other jurisdictions.

Thank you very much.

PROF. MOSSOFF: Thank you.

DR. WATTS: Would you welcome, on the basis of this jurisdiction, courts elsewhere — let’s say in the United Kingdom, or perhaps China or elsewhere — on the basis that the harmful act that is being held to infringe a German patent is happening in their own territory, adjudicating declarations of noninfringement of the German patent by acts that are happening in the United Kingdom or China or anywhere else?

If you have an international jurisdiction that says an action outside of Germany is infringing, I can’t see why the determination of that infringement shouldn’t take place in the court where the act is happening.

MR. HAHN: I think the answer is twofold. I do not see anything barring the U.K. court from declaring noninfringement if it finds that there is noninfringement. I think the big question is, does that have any binding effect on other national courts like the German court?

I think the answer is clearly no because that is a true jurisdiction issue. But it may be a way for parties to sort out their dispute in regard to the action that would then be litigated in Germany by being actually taken abroad. But, as I said, I do not think it is a true jurisdiction issue because the way that the German courts construe it is that it is attributing an act that has relevance for the German patent, attributing that to another party that in some way or the other contributes to it.

PROF. MOSSOFF: First, I want to ask if Shlomo or Ken have any reactions.

MR. ADAMO: I don’t.

DR. COHEN: The issue of contributory infringement always raises interesting controversies, especially in an international setting. But I would say there is nothing much new in the idea that contributory infringement can occur outside the jurisdiction.

What you will need to do, as I understand these German cases have concluded, is connect the acts outside the jurisdiction to the impact in the jurisdiction. In that respect I think there is a pretty substantial body of laws in several jurisdictions to that effect.

QUESTIONER [Tobias Bremi, Isler & Pedrazzini AG and the Swiss Federal Patent Court, Zurich]: You gave a nice piece of advice for the position of the patentee. What would be your advice for the, I presume, Italian supplier who sells his products? How can he avoid presumed knowledge? Is it sufficient, for example, to inform his French distributor “You are not entitled to sell that to Germany?” — is that sufficient, even if later on you realize he’s not sticking to that suggestion? That would be interesting for me.

MR. HAHN: My personal view on this is that you can’t really avoid it. There may be certain steps of escalation. It may be enough in the first step for you to interrogate your customer to determine whether he intends to supply the products also to the German market. But I think you can’t evade it once you have been made aware of it; you are aware of the fact that these products are being sold on German territory as well, and then you are within contributory infringement.

So in the end I don’t think there’s a way out of it. Quite frankly, if you are aware of the fact that your products end up, inter alia, on the German market, then probably you
should be liable under German Patent Law for infringement of the German patent or the German part of a European Patent.

PROF. MOSSOFF: Aloys.

MR. HÜTTERMANN: The problem here is that both companies are competitors but their client was like a big automotive company, and you just don’t sue them, period. So they had to find a way to get them sued without really suing their actual client. I think the Italian company is doomed. If you get an order from a big automotive company, then they want to be free to sell that everywhere. There’s nothing you can do about it.

QUESTION [Judge Klaus Grabinski, Federal Court of Justice, Karlsruhe]: I think it’s very easy. As soon as you are aware that in this case this Italian intermediate is selling products in Germany where it is patent-infringing, you have to stop supplying this intermediate. That is as easy as it gets.

You were not liable before because you were not aware of the situation when you were doing the first deliveries, but once you have been made aware of the patent infringing acts in Germany, of course, you have to stop supplying the patent infringer.

QUESTION [Joachim Feldges, Allen & Overy]: I see where this is coming from, but I have some concerns about the effect of looking at that in an isolated manner from the German perspective. You intervene then also with international commercial relationships, you request stopping from supplying entirely, and that has an impact on competition also beyond the question of an infringement of a German patent.

I think some more, let us say, understanding of what the impact of such case law is also beyond what is legitimate under German patent protection would be helpful. My concern is that it is reaching too far if you only look at this aspect.

MR. HAHN: Just two words: design around it. That would be my answer.

PROF. MOSSOFF: This is great. Thank you.

If anyone else has any questions, hold them. We’ll have time towards the end to continue the conversation.

Among the wonderfully perfumed topics that we are covering on our panel we’ll continue with infringement doctrines with Justin.

DR. WATTS: Thank you.

Well, perfumed is one thing. But the other thing about potpourri is it’s dry, it’s of no practical use, and it’s best kept in the cupboard. So I’m going to talk about the doctrine of equivalents. [Laughter] We are going to go back, if I can, for a bit of history and to place it in context.

I will start off with Kirin-Amgen v. Hoechst Marion Roussel,\textsuperscript{13} in which Lord Hoffmann held that the correct approach to the scope of claims was “purposive construction” and differentiated that from the doctrine of equivalents, which he said really has no place in English law. Although it’s fair to say, if you are going to be dealing with infringement by variants and you are commenting on how variants infringe, I do find it a little odd not to regard that in itself, as it were, as a doctrine of equivalents.\textsuperscript{14} He held that there are two requirements for analysis of infringement now:

- First, do the variants infringe as a matter of “normal interpretation,” which, in subsequent cases, has been said to be purposive infringement, although when I go through

\textsuperscript{13} [2005] RPC 9 (U.K.).

\textsuperscript{14} [2017] UKSC 48 (U.K.), [2017] RPC 21 (U.K.).
some of those cases you will see that purposive construction is no longer really what the
courts are doing?

- Second, if it does not infringe as a matter of normal interpretation, does it
  nonetheless infringe because it differs in a way that is immaterial? He went on to expand
  what “inmaterial” means.

By the way, all the cases I mention on are the first slide and the references are there
if you want to look them up later.

The Actavis test has three stages:

- First: does the variant achieve the same result in the same way?
- Second: would that be obvious to a person skilled in the art knowing that the
  variant achieves the same result, that it does it in the same way? So that is giving the person
  skilled in the art knowledge of the variant and asking him does it work in the same way.
- Third: does the reader of the patent nonetheless conclude that strict compliance
  is required with the literal meaning of the claims?

Now, some fears were expressed that Actavis was going to open floodgates of new
litigation, but actually it took fifteen months before the first case was reported that you
might think turned on the new doctrine.

That was the Icescape v. Ice-World case. Lord Justice Kitchin, now Lord Kitchin,
approached the variant in that case by identifying what he said was the “core invention.”
The claim had a number of integers that specified in particular that the components
concerned, which were pipes, needed to be connected in series; and the variant was to
connect them in parallel. It was common ground that that was a difference of some
significance because in some ways there were advantages in connecting them in parallel.
But the court nonetheless held that the core invention had been used, the core invention
wasn’t concerned with the series part of the claim, and consequently the claim was
infringed even though the specification in the claim, that the pipes be connected in series,
was not what was done.

Now, on the final question, whether strict compliance was required, the court
approached that first by deciding that series connection was not part of the core invention.
It concluded that that in itself implied that compliance with the requirement of series
connection was not necessary and would not be understood to be necessary.

The conclusion in Actavis and Icescape, I would say, leaves little room in cases
where the third question might be thought to be determinative.

The second question also is hardly likely to arise in real-world cases, certainly not
outside of the pharmaceutical sector, since it presupposes that the expert knows the solution
and the question is whether he is unable to determine how it works. For mechanical cases
I would say that is a very unlikely scenario, and in electronic cases too; these are
technologies where experts who know what the solution is will almost inevitably be able
to determine how it works. There may be cases in pharma where the second question will
make a difference.

So an awful lot of real-world cases are going to turn on whether the variant
achieves the same result in the same way. That then comes down to a question of
determining what the court thinks “result in the same way” means and, therefore, what the
core invention is. Some subsequent cases have looked at this, and it’s quite instructive to
see how they have approached it.

The first is *Regen Lab v. Estar Medical*. This and the following cases are all from the Intellectual Property Enterprise Court (IPEC), the junior court in the United Kingdom, and His Honor Judge Hacon.

The claim in *Regen Lab* said you needed a polyester gel and a molarity under 0.1. The judge said the accused product didn’t have the required polyester gel, and had a molarity of 0.136, so it was also outside the numerical requirement; but he said it infringed anyway because neither of those was important to the core invention.

Now, it sort of follows from that, as I said, that if the first question is answered in favor of the patentee, it really is difficult to find a reason for why the third question will not be answered in the patentee’s favor as well. The presumption is switched from being “the patentee means what he says” to being a presumption in the opposite direction.

It is also quite significant in *Regen Lab* that the doctrine of equivalents was applied to numerical limits. Now, I’m thinking of this in terms of my children when they were seventeen and a half and saying, “Why can’t I vote and why can’t I drink given that the limiting age is eighteen in the United Kingdom and we are equivalent to eighteen-year-olds?”

The world doesn’t work like that. Much like the seven-minute limit here on the talks that doesn’t work either, it is no longer the case for patents.

*Technetix v. Teleste* is a similar case. The case concerned the functional and physical layout of electronics. The judge held that the functionality of the electronics was the core invention and ignored the claim features that were related to physical layout.

*Marflow Engineering v. Cassellie* is interesting, I think, because in that case we had a claim for a wall mount with a locking member on the wall mount. The court held, on what was really an extremely narrow construction, that that wasn’t infringed literally by the attachment of two nuts holding the pipe in place but was infringed under the doctrine of equivalents.

That has a lot in common with the latest High Court case of *Emson v. Hozelock*, where the question was whether an inner and outer part of a hose were attached at the ends. They were actually attached just a couple of inches from the ends. The court held that that wasn’t literal infringement but was infringement under the doctrine of equivalents.

Bearing those cases in mind, what has been the impact of the new doctrine? Surprisingly perhaps, there are not many cases in fact where the new doctrine has actually done anything to the ultimate outcome of past cases. *Icescape, Regen,* and *Hozelock,* even *Kirin-Amgen,* didn’t in the end turn on the doctrine of equivalents; they turned on the fact that the patents were invalid. So the result would have been the same, doctrine or no doctrine.

*Marflow* is a case where it looks like the doctrine makes a difference, but actually one suspects that if there had been no doctrine of equivalents and just purposive construction, the purposive construction would have been broad enough to encompass the infringement. But this ignores two important points, which will only take about a minute to cover.

The first is that cases like *Technetix* are being brought now and they probably wouldn’t have been brought in the past. The fact is that U.K. patents have broadened in

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scope. In the past, if you wanted to broaden your patent, you would have invalidated it and now you get broader scope for free.

Second, actually the impact of these cases is not really on the reported cases; it’s outside of that. It is in the advice that we give to clients about their freedom to operate and their litigation risk. That advice has become much harder to give. It’s much woollier. Whenever you look at a design-around in which, obviously, people have looked at the limitations of the claims, it is now almost impossible to think how a design-around can be said to be free of any infringement risk because obviously it is trying at least in some respects to achieve the same result in the same way. That is the whole purpose of a design-around.

Design-arnouds are actually part of what the patent system is meant to encourage, to promote innovation that works around patents. That has been made much more uncertain.

I’m not saying the United Kingdom is unique in this — we are latecomers to the doctrine of equivalents — but I am concerned that we now might have the broadest infringement doctrine internationally. While that’s brilliant for nonpracticing patent entities, it is rather unhelpful to the encouragement of industry to come to the United Kingdom, and the very last thing we want to be doing right at the moment is discouraging investment into the United Kingdom’s manufacturing economy.

Thank you.

PROF. MOSSOFF: Excellent. It makes sense in a presentation on equivalents that you’ve gone beyond the scope of your allocated seven minutes.

Ken?

MR. ADAMO: I’m not sure what doctrine it is that you’re using in the United Kingdom, but it sure as hell isn’t the doctrine of equivalents. I know you guys hate the doctrine of equivalents.

So here’s my advice to people who are facing this kind of situation: hopefully you’ve got a United States counterpart patent, because this standard that you are going to have to jump through with no jury is going to be very difficult to give a clean answer to as far as these three-part tests go.

In the United States the test is very simple: substantially the same function, substantially the same way, with substantially the same result.

Did you hear the word “substantially” in the U.K. test? No. You are talking about a variation on literal infringement.

So don’t go to the United Kingdom. You’ve got U.S. coverage. Use the United States or use — no, I’m being serious about this — we’re talking about how you use the whole world. This is how you use the whole world.

“Insubstantial difference,” of course, is the other way the test is stated in the United States. It is done element by element. And guess what your big secret weapon in the United States is? Who decides this? Not some judge in the United Kingdom, an American jury. American juries, educated properly with the right expert and nice PowerPoints and stuff, will give you usually a good shot at it.

So I’m sorry, I know you all hate juries, but it’s better than — if you’ve only got doctrine of equivalents to argue and there is the U.K. test, I think you are going to have a better shot going across the pond if you can do it.

PARTICIPANT [Prof. Martin Adelman, George Washington University, Washington]: Ken, you know that under the same facts in Actavis the trial judge, not the jury, said that there was no prosecution history estoppel on a tangential theory, and
therefore came to the same result as Lord Neuberger. Now we’ll see what the Federal Circuit does.

But what you said is not true. Actavis in the United States was decided in exactly the same way. So far — I’m sitting next to an Eli Lilly lawyer who may question me — but so far those are the facts.

And let’s face it, Actavis was a very hard case. Even Adelman, who hates the doctrine of equivalents, would have applied it in that case, as the Germans did and as so far, the Americans have and the Dutch.

PARTICIPANT [Prof. Robin Jacob, Former Lord Justice of Appeal of the Court of Appeal, London; Faculty of Laws, University College London, London]: And the Italians.

MR. ADAMO: Marty, you raise a good point. The question of equivalents is a jury issue, but the question of prosecution history estoppel is of course an issue of law, which is reviewed de novo by the Federal Circuit, and they can reverse it like that [snaps fingers], and they often do. So, please, we have a difference of a point of view, but don’t call me wrong unless you can back it up, all right?

PARTICIPANT [Prof. Adelman]: There was no real question about “substantially the same.” It was obviously substantially the same if you looked at what they were doing. The only issue was an estoppel, and they had the similar estoppel in Europe. I’ll go over more of the facts.

PROF. MOSSOFF: Marty, thank you. This is certainly a great example of “learn, debate, and have fun.”

Justin, I know you wanted to have one quick response, and then Aloys.

DR. WATTS: It is slightly unfair to Ken because he’s facing out and can’t see the slides, but the word “substantially” appeared on that slide four times.

MR. ADAMO: Then why didn’t you say “substantially” seeing you were reading a script, pal, which I could see?

DR. WATTS: Because I had seven minutes; and it doesn’t make any substantial difference. [Laughter]

PROF. MOSSOFF: Perform the same function in the same way to achieve the same result.

MR. HÜTTERMANN: There’s also an alternative to juries, which is Klaus Grabinski — at the moment in Germany, hopefully at the Unified Patent Court soon.

PROF. MOSSOFF: Excellent.

Moving right along to rock star patent policy and patent lawyer Suzanne.

MS. MICHEL: Rock star? [Laughter]

I am here from a company that started out in a garage and is now Google. We’ll change over to the other side of the pond here. I want to talk about what’s really the hot topic in the United States these days, which is subject matter eligibility and Section 101. 20

To give you a caveat, I’m sharing the tech perspective. I am intentionally setting aside the 101 Mayo21 issues around the life sciences.

The U.S. Constitution has a goal of promoting the useful arts, and that has been understood in the United States to mean advances in technology, and not things like economic principles, legal relationships, sports plays, games, speed dating, human interactions, and those kinds of things.


Section 101 is the part of the statute that supplies that filter. I hope it would be noncontroversial to filter out claims like the one in *Bilski*,\(^{22}\) which was just about hedging without any computer component to it. Every major patent system in the world has some kind of technical effects test, so having that in the United States really makes us more consistent with the rest of the world.

Why do we have it? Well, patents aren’t really needed to incentivize that kind of advancement. Other IP might also apply to these kinds of nonpatentable subject matter issues.

I think a really harder question is what to do about mixed claims, those claims that recite what the Supreme Court has called an “abstract idea”—the things I’ve just listed—but also have something that looks like technology. In our space that means computer elements.

It is the *Alice v. CLS Bank International* case\(^{23}\) that really grappled with that issue. What *Alice* tells us is that the mere recitation of some kind of generic component, like hardware, isn’t going to save the claim. That’s because it’s easy to game that kind of system. It would be easy to overcome the Section 101 filter by just putting in some of those elements and really elevating form over substance when the invention is not in fact about technology.

The law has evolved since *Alice* a few years ago, and the Federal Circuit now consistently asks whether a claim recites a technological solution to a technological problem or a purported improvement in the relevant technology. They’re asking this question at both *Alice* Step 1 and *Alice* Step 2, but really in the last couple of years this question has been the central question in *Alice* Step 1. My point here is that this is really what the Section 101 test is now, at least when you are talking about software claims, computer-implemented inventions. The claim is not abstract if it recites a technological solution.

That is the right question to ask for computer-implemented inventions. It aligns with the constitutional goal of promoting the useful arts; it supports innovation in the software industry; it absolutely does allow patents on software that represent technological advances. What it prohibits is your business method on the Internet, business method on a computer.

It also aligns, like I said, the United States with what happens in a lot of the rest of the world and rejects the narrative that the law is in such a state of confusion that there is effectively no 101 test that can be articulated.

The recent cases out of the Federal Circuit and out of the PTAB at the Patent Office where there have actually been dissents on this particular question—one side saying “yes there is a technological solution to a technological problem,” and the other side saying “No”—is significant because it shows decision-makers really grappling with that central question and tells us what questions we all ought to be grappling with. This is the way that we argue our own patent applications. This is the way that people are litigating on these issues today.

I would say there is no evidence that having this test in this kind of line is hurting the software industry. The opposite is actually true—R&D investment is way up and venture capital investment in the software industry is up.

If anyone’s hurt, it’s probably lawyers. They have to now carefully explain in their patent applications what the technological advance is, and litigation on flimsy business

method patents is no longer a really good profitable business. This is actually a good thing for innovation, not a bad thing.

The main objection to this technology test that I’ve been hearing is that a lawyer cannot really predict with certainty what is going to fall on one side or the other. The proposed solution to the problem of this unpredictability from bar groups like the American Intellectual Property Law Association has been to effectively say “no line at all” and allow patents on hedging and speed dating and all of that. For sure that would be predictable, no line is always predictable — if we didn’t allow any validity challenges, patents would be super-predictable — but it is also a really bad idea; it is contrary to the goals of the patent system; and, again, would put the United States out of sync with the rest of the world.

At Google what we found is that when we were writing patents pre-Alice they always bombed in Europe. We were having a really tough time getting past the technical effects test in Europe. When we started bringing in European attorneys to help us write those patent applications up-front for the United States in ways that would transfer over to Europe, we started getting our European patents. And we’ve also now been able to use that approach to overcome Alice rejections in the United States. My point again being that I think Alice has in a lot of ways reconciled some of the differences between the United States and Europe.

If you accept that Section 101 has to provide some kind of filter — and I understand some people won’t accept that — we then have the necessity of articulating what kind of line that should be. Again, I think the technological solution/problem test works well.

I really appreciate the concerns about the unpredictability. We can all point to cases that should have gone one way or the other and that we disagree with. Welcome to the legal profession. That’s just the state of what happens in our world.

That unpredictability is due partly to the common-law practice of creating a line one case at a time and, maybe, partly due to different panels and different judges applying that test in different ways.

But the problem is not the test itself. There are always going to be difficult cases. As lawyers it is our job to push at the line constantly. It’s the difficult cases that get litigated and those are the ones that get a lot of attention. There are cases that fall easily on one side of the line or the other. Those aren’t getting the attention. So the situation always looks worse than it really is.

The problem with making unpredictability the end-all and be-all for this issue is that unpredictability exists in so many patent doctrines. The doctrine of equivalents claim construction is a big bugaboo I think; lots of reversals there. So really 101 is unpredictable, but compared to what and what are we going to do about it?

The big question, I think, is: where do we go from here? What is the best course of action to get a more stable jurisprudence and more predictable line, because absolutely that would be very beneficial to the system and to innovation?

I would propose that less complaining about the Supreme Court is the first step because it is taking a lot of time away from the conversation that we should be having, which is: What is technology; what is not technology — how do we want to draw this line?

What would definitely not be helpful would be coming up with a whole new set of words through legislation and then spending the next ten years litigating those.

PROF. MOSSOFF: Shlomo, do you have any reaction to that?

DR. COHEN: It seems like the world is round. The same questions come up in all jurisdictions all the time. We just have to remind ourselves that we’re playing a very delicate balancing game of costs and benefits without the data.
There was one scholar, Richard Posner, about thirty years ago who wrote a book that tried to evaluate the costs and benefits of the patent system, and he pretty much gave up after the book was written.

And here we are debating one of the most serious issues in the present human condition — economics, politics, culture, technology, science, everything — and we don’t really know what the final impact of our decisions are, whether all this works to actually accelerate innovation; does it really encourage innovation; is it an incentive or is it not? We are pretty much in the dark about that. There are not enough statisticians and economists among us.

PROF. MOSSOFF: Aloys.

MR. HÜTTERMANN: If I may, two comments. First, I heard with pleasure that you should let your European patent attorneys draft your patents. That’s great. [Laughter]

Second, I just wanted to explain. In Europe actually the technicality test is very low, the threshold, so almost everything is technical. The problem is that in Europe simply nontechnical features are not considered to be a reasonable ground for inventive step. So also here we see the behavior that eligibility matters are more or less disappearing, the threshold is very low, but in the end it is all shifted to inventive step, which has been the line of the European Patent Office for the last twenty years.

In the end the outcome is you don’t get a patent. You don’t get a patent because it is not patent-eligible — it is — but it is simply not inventive. This is something that I wanted to clarify so that you understand it.

MS. MICHEL: I agree with that. I didn’t go into all of that in the interest of time. I also really agree with your statement that in the end the outcome is the same. I think it is an interesting question of whether the United States should move to that kind of approach and move those technical questions into the inventive step, which would be the obviousness analysis. I think that’s probably politically unfeasible. It would require opening up legislation on Section 103. But it’s an interesting conversation.

MR. HÜTTERMANN: In my opinion, if I understand Mr. Iancu right, this is actually what he proposed.

MS. MICHEL: I don’t think he did.

PROF. MOSSOFF: Not all of it.

MS. MICHEL: Not the opening Section 103 inventive step part of it.

MR. HÜTTERMANN: That’s to keep the threshold low and put it to others.

MS. MICHEL: I think there would be resistance in the United States to a Section 103 obviousness analysis that said, “We are not going to look at the nontechnical pieces.” I think that would take a change in statute; and you would then be fighting, as you do in Europe, about what do we take out of the inventive step analysis and what don’t we take out. You are shifting the fight to another place, but it is still in a lot of ways the same question.

PROF. MOSSOFF: Last but never least is Heinz.

MR. GODDAR: Thank you so much.

When the organizers and I agreed on the theme of my little presentation here, a certain event — i.e., “Injunctions and Flexibility in Patent Law – Civil Law and Common Law Perspectives,” conducted at the Ludwig Maximilian University Munich on April 4–5, 2019, in cooperation with the German Association for Intellectual Property (GRUR))
where a British judge (Sir Richard Arnold) and a German Supreme Court judge (Dr. Klaus Grabinski) had a nice discussion on whether Germany permanently violates the case law of the ECJ by disproportionately giving remedies for cases of patent infringement. That inspired me even more to speak about my theme here, namely, the “wonderful world” of the German bifurcation system.

Before that event in Munich on the 4th of April, actually I wanted just to find an excuse for the embarrassment that I always feel when my students somewhere in the world ask me, “Why is it that 80 percent of all patent litigation in Europe takes place in Germany and not in other countries?” I feel really embarrassed because they might think we (i.e. the German people) are a litigious people. We are not any more since 1945. [Laughter]

Now I would just like to explain the German system, and maybe, after the end of these six minutes and fifty seconds, why we have this situation that I just have described.

I would like to structure my little presentation as follows. First, where we stand in relation to a possible revision of that system. Second, I would like to explain the system first as it is; then what the pros and cons of the present system are; and, third, where we stand in a possible revision of that system.

On the 20th of May, as most people here will know, there will be a governmental public hearing in Berlin, and the discussion is about “automatic injunction or not, and what do we have to change?” We will see what comes out. It is unforeseeable. I will guess today: nothing will come out, but we will then remain in a Brexit-induced European Patent Convention situation.

In the German system we have compulsory bifurcation. We know this. Not in utility model litigation, by the way. Utility models are handled by the same district courts in Germany where patent litigation takes place, and there the court handles both validity and infringement questions. So this situation is not unknown to the German system.

But in relation to patents we have automatic bifurcation. Automatic means: If somebody is attacked they are heard and handled; bifurcation means if somebody is attacked because of patent infringement in a patent litigation specialized court like Düsseldorf or Mannheim — I mention particularly these two courts; my colleagues from Munich and Hamburg and wherever in Germany might forgive me, but these are the most used ones — then the defendant’s noninfringement arguments are heard but his nonvalidity arguments are only indirectly heard/handled If the defendant wishes to argue validity of the attacking patent, he has to go to file an invalidation action at the German Federal Patent Court as a counterattack. He then takes a copy, so to say, of the invalidation action back to the judge in the patent litigation, let’s say, in Düsseldorf and says: “Your Honour” — we don’t say “Your Honour”; this is American TV — “Your Honour, please, I know that you don’t decide on validity, but please stay the litigation procedure until the invalidation court will have decided on validity.”

Then, what happens? Factual situation: in only 10 percent of the patent infringement litigation cases filed at the Düsseldorf District Court in 2017–2018 a stay took place; in 90 percent of the cases no stay took place. This means the litigation procedure goes on, usually ending, if the plaintiff has well selected the court, in a fast-acting court like Düsseldorf — at the moment not so good; they need another additional chamber for patent disputes I believe personally — or you go to Mannheim and Munich, which is eager presently to become one of the most recognized German patent litigation district courts with an injunctinal relief, namely as follows: You go there and you will get a decision
which ends with an immediately enforceable automatic injunction — no eBay\textsuperscript{25} situation in Germany, please; duly note, except in certain cases, like standard-essential patents (SEPs), but we leave them out of the consideration here. The plaintiff and the defendant in the patent litigation will end up in about one year with an immediately enforceable injunctional relief. That’s it.

At that time, the invalidation case is not decided yet. Rather, it takes another one year and a half until the invalidation case at the Federal Patent Court will be decided. In this period there is an immediately enforceable injunctional relief. “I can stop you right away.”

The patentee would continue: “There is a way to avoid this, of course: payment.” That means the patentee will “negotiate” — not restricted to Germany, but covering the whole of Europe, maybe even worldwide — a settlement and have a very, very valuable instrument in his hand — namely, to torture the defendant to death, so to say, because he knows the defendant, if enforcement of the injunction takes place, is out of business for quite a while and will suffer practically unrepairable damage in market reputation etc.

There must be later on, of course, monetary compensation for all the losses caused, etc., but this is not something which prevents people from enforcing the District Court’s injunction immediately. In the good old times, that was not done; at least in Germany. It was good style to wait until the appeal decision against the injunctional relief granted by the District Court would have issued, and only then, i.e. after “confirmation” of the injunctional relief granted by the District Court by the Appeal Court, enforcement would have been conducted. But not nowadays; rather, the patentee will at least threaten immediate enforcement of the injunctional decision of the District Court.

So the answer for my students, when they ask me why people go to Germany for patent litigation, I tell them it is because of this blackmailing opportunity, as I call it. [Laughter].

This opportunity is only caused by the fact that the Federal Patent Court in invalidation cases works so slowly. It needs two years and a half for an invalidation procedure, and the litigation court needs only about one year until grant of injunctional relief in a patent litigation case. Why is that so?

The “official” reason is that there are not enough judges at the Federal Patent Court. The judges are overworked, which is a mystery to me because they get fewer and fewer appeal cases against the decisions of the German Patent Office because fewer and fewer German Patent Office decisions in national German patent cases which could go to appeal are made — the number of patent grants at the European Patent Office (EPO) is steadily increasing, but at the German Patent and Trade Mark Office is steadily decreasing. The number of the judges at the Federal Patent Court, however, is still the same, and nevertheless they seem to have less and less time to work on invalidation cases. Maybe the invalidation cases have just gotten more difficult. This is the problem.

Now we have a situation where the aforementioned lack of speed of invalidation procedures at the Federal Patent Court should be healed. I know that also “people” in the German Federal Court of Justice, namely judges, say: “This must be changed. This is not a good system.”

But what could we change? We must accelerate the working of the Federal Patent Court. I believe personally — and there are a lot of discussions going on also on the political level — that a possible solution might be that the Federal Patent Court at least

\textsuperscript{25} eBay Inc. v. MercExchange, LLC, 547 U.S. 388 (2006).
gives a qualified opinion, which must be given as a matter of law in an invalidation case well before the oral proceedings, let’s say, six months after the filing of the invalidation case. Then this opinion would be available to the litigation court before it makes its decision in the co-pending patent litigation. No stay thereof would be necessary anymore.

I predict that if anything comes out of the present discussion in Germany, it will be this change of procedure — probably not by law, but by practice of the litigation as well as the invalidation courts.

Thank you so much.

PROF. MOSSOFF: I see a hand in the back.

QUESTION [Cordula Schumacher, Arnold Ruess, Düsseldorf]: Sorry, Heinz, I have to disagree. I think the reason why we have a lot of patent litigation in Germany primarily is due to the highly experienced judges who dig into even the most complex cases. It is because of a streamlined court system where we don’t have discovery. It is because of reduced costs compared to some other countries. It is because of the experience, because we’ve had so many cases, so that almost any legal question has already been addressed in various cases. I think these are the primary reasons.

When we are discussing the injunctions and the so-called “automatic injunction,” I think we have to see that we are litigating patents that have gone through a prosecution — so it’s not just the registered right; we have a prosecution — and in the infringement courts it’s not that the infringement judges do not look at validity at all; they do look at validity and they just estimate the chances of validity proceedings.

I do agree on the aspect that the invalidity proceedings could be quicker, but I don’t think it’s that black and white and so many invalid patents get injunctions. I don’t think that’s the current situation.

DR. WATTS: Could I ask Ken a follow-up to that question? Did people go to the Marshall District of Texas because of its experienced judges and the lack of discovery, or was it for another reason? [Laughter]

MR. ADAMO: This is going to probably surprise you. In the last two years defendants — being accused infringers — have won more often in Marshall, Texas than plaintiffs. This is not unusual.

People went there over the last five years — and I’m not only admitted to the State Bar of Texas, but I am admitted to the Eastern District of Texas, and I think between Justin and I, I’m the only one who has ever tried a case there.

These people don’t just write big checks for people because they’ve got U.S. patents. These are jurors like anywhere else. They understand the law and they apply the law.

The Federal Circuit is always there if a stay is made of a judgment while the appeal is going on to handle this.

If you look at the judges — it’s like why do people go to the U.S. International Trade Commission (ITC)? Who tries more cases in the United States — in the world; I’m sorry, maybe even more than Düsseldorf — really tries them, than ITC judges? Nobody.

Who tries more cases in the United States to verdict than the judges in the Eastern District of Texas? I could probably pick Judge Stark in Delaware; Judge Lynn in Northern Texas, no. They are very experienced judges. They do rule fairly. They now handle summary judgments, which in the old days they didn’t. But that’s the main reason they went out there.

You know which is the most patent-favorable “over the years” district in the United States, awards the biggest jury verdicts on average? Delaware — not East Texas, Delaware
— and they don’t even know the difference between the singular and plural of y’all in Delaware. [Laughter]

Oh, you guys didn’t know there was a plural of y’all? I’ll tell you later.

PROF. MOSSOFF: Shlomo wants to say something, and then Heinz.

DR. COHEN: Ken, like all of us non-Americans who hear about jury trials in complicated patent cases, I’m very bewildered, and I’m always reminded of the comedian who talked about the O.J. Simpson trial and spoke about “a jury who had to decide on DNA where most of them didn’t get that far in the alphabet.” [Laughter]

MR. ADAMO: Shlomo, remember this all gets transcribed. It never goes away.

DR. COHEN: That’s the Google issue.

PROF. MOSSOFF: Heinz?

DR. COHEN: That was just the preamble.

The real point is to remind ourselves that these are the same issues that come up again and again. The question now is have patent holders exceeded or exaggerated their power, which resulted in an anti-IP campaign, which resulted in the eBay decision in the United States where injunctive relief, which we all thought was the most automatic relief remedy in a patent infringement case, is no longer the case. And you can track it back to other events, like pharmaceutical companies and AIDS patents in Africa or many other questions. This is a very delicate, never-ending balancing game.

MR. GODDAR: One comment: I would fully agree with what Cordula Schumacher said, and I can give a nice speech on all the advantages of the German system. But I fear a little bit that what I talked about here, my very personal opinion, is the driving force which drives the cases into Germany.

QUESTION [Joachim Feldges, Allen & Overy, Munich]: Actually we are now in the situation in Germany where we get final judgments on infringement a year before there is the first hearing on validity. That is a constitutional concern. The right to be heard is disregarded, and that needs to be fixed. There is no debate about that.

So this is an issue, and for good reasons Germany was not strongly fighting in the Unified Patent Court to introduce their system there for good reason and experience. That is definitely now at the stage where we need to fix it.

PROF. MOSSOFF: I’m going to take one more question and then we’ll break for lunch.

QUESTION [Jürgen Dressel, formerly with Novartis, Basel]: I certainly would agree with Heinz, also due to our past experience in European litigation, that there is a huge blackmailing potential in this bifurcation and in the time difference between the infringement and the invalidation decisions.

I would add to what you said that it is not just the proceedings of the Federal Patent Court which are slow. The other issue is that in Germany while European Patent Office opposition proceedings are still ongoing you cannot actually start a national invalidation action. At least in the past, the European Patent Office was extremely slow. They are improving a little bit, but I think this is still an issue. I am wondering whether this practice can be changed easily or is cast in law and can actually be changed.

PARTICIPANT [Klaus Grabinski, Federal Court of Justice]: It is the law.

QUESTIONER [Mr. Dressel]: It is cast in law so it cannot be changed easily, okay.

MR. ADAMO: I have one quick point, and I’m not suggesting this is a solution to the problem. Anti-suit injunctions have become very popular in the United States, for all sorts of reasons, and people can get very creative about those. You will find judges in the United States, if they’ve got personal jurisdiction over you, can stop you from doing
something in Germany unless you want to go to jail in the United States. (I’m overstating that, obviously, about the jail.)

PROF. MOSSOFF: I want to thank our audience and thank our panelists and presenters. It was wonderfully substantive, fun, and very sweet-smelling.