

## Patent Blog

Will the German automatic injunction live forever? The Regional Court Düsseldorf clarifies in a milestone decision (docket no. 4c O 18/21 of 7 July 2022) that the new proportionality defense pursuant § 139 (1) clause 3 of the revised German Patent Act is not available for unwilling licensees.

### A. The gist of the decision

The bottom line of the Court's first instance judgement which is not yet final can be summarized as follows: where defendants invoke that an injunction would lead to disproportionate hardships for third parties (= public interest argument), a compulsory license pursuant § 24 German Patent Act must be sought by the alleged infringer with the Federal Patent Court in the first place. The new proportionality defense pursuant § 139 (1) clause 3 of the revised German Patent Act is subsidiary to such compulsory license. In other words: § 24 German Patent Act is considered as being *lex specialis* to § 139 (1) clause 3 German Patent Act.

The decision of the Regional Court Düsseldorf does however not stop here and establishes a general "unwilling licensee" doctrine as it is known from the German FRAND case law. The Court emphasizes that defendants relying on the proportionality defense cannot "hide" behind the public interest (here: important health interests of patients using the accused product), but must seriously seek a license on reasonable market terms from the patentee. Thus, defendants are considered as "trustees" of the public interest. If no such serious licensing efforts are made, the proportionality defense is bound to fail. However, it is fair to assume that such "unwilling licensee" doctrine is in the eyes of the Düsseldorf Court not limited to cases where public interests are invoked to justify the proportionality defense. The reasoning of the decision also applies to cases where the defendant argues that an injunction would lead to disproportionate hardships for himself. Thus, also in such cases "serious licensing efforts" must be made (at least in this venue). The only remaining question is: how early must the alleged infringer act? This remains to be seen and will be clarified by future case law. It would not come as a surprise if the standards set by German case law for the FRAND defense would be applied to these scenarios *mutatis mutandis*.



## **B. Facts**

The decision relates to Nucana's patent EP 2 955 190 which Nucana asserted against Gileads products containing the active ingredient Sofosbuvir. It was undisputed between the parties that Sofosbuvir was indispensable for two different patient groups suffering from Hepatitis C and that there was no alternative medication for these patients.

In the first instance pending before the Regional Court Düsseldorf defendants did not deny the infringement of EP 2 955 190, but relied on the new proportionality defense pursuant § 139 (1) clause 3 of the revised German Patent Act, since a possible injunction would lead to disproportionate hardships for the above mentioned patient groups. Defendants also requested a stay of the proceedings in light of the pending opposition proceedings (pending on appeal) as an auxiliary request. About one month prior to the oral hearing of 11 April 2022, defendants filed a complaint for a compulsory license pursuant §§ 81, 24 German Patent Act with the Federal Patent Court. However, defendants did not seek a parallel preliminary use permission pursuant § 85 German Patent Act which is available in preliminary injunction proceedings if the alleged infringer can invoke that in light of the public interests involved there was an urgent need for such preliminary use permission.

## **C. Legal analysis**

The decision of the Düsseldorf Court is the first available decision which discusses in detail the new proportionality defense pursuant § 139 (1) clause 3 of the German Patent Act. Quite recently, this defense had its first anniversary since it was introduced to the German Patent Act on 17 August 2021. § 139 (1) clause 3 of the revised German Patent Act stipulates that

*the claim to an injunction is excluded to the extent that the enforcement of the injunction would due to the special circumstances of the individual case and the requirements of good faith lead to a disproportionate hardship for the infringer or third parties not justified by the exclusive right.*

The judgement of the Düsseldorf Court delimits the scope of application of this provision. Of course, the judgement relates to a pharmaceutical case, but there are no reasons why the findings of the decision should not be applied to other technologies.



The Düsseldorf Court commences its legal analysis by referring to the motivation of the legislator pursuant to which § 139 (1) clause 3 of the revised German Patent Act was only applicable in “special, exceptional cases” (German Parliament Printed Matter 19/25821 dated 13 January 2021, page 31 and 52).

The Düsseldorf Court further clarifies that this provision was subsidiary to the compulsory license pursuant to § 24 German Patent Act. Thus, in all cases (and not only pharmaceutical cases) where third party interests are relied upon for justifying the proportionality defense, a compulsory license must be sought in the first place. It follows from the Court’s reasoning that a corresponding preliminary injunction pursuant § 85 German Patent Act for a “preliminary permission to use the patent” should be requested by the alleged infringer, too. Otherwise, he risks the objection that his attempts are belated and not serious.

In this context it is noteworthy that – at least pursuant to judge Kühnen, cf. Manual of Patent Infringement, 14<sup>th</sup> edition, D. margin no. 558 et seq) – not only the compulsory license pursuant to § 24 German Patent Act, but also the FRAND defense take precedence over the new proportionality defense.

Both, the compulsory license (see § 24 (1) No. 1 German Patent Act) and the FRAND defense require a “willing licensee”. Following the reasoning of the Düsseldorf Court one can conclude that the Court requires a “willing licensee” for all remaining scenarios (i.e. those scenarios which are not already dealt with by the compulsory license and the FRAND defense) where the proportionality defense is invoked, too. It remains to be seen in the future whether the standard for such “willingness” will be harmonized by the German patent trial courts for all three scenarios.

