

Trade Secrets in German Patent Infringement Proceedings

File Inspection DE – German Federal Supreme Court, judgement dated 14 January 2020, case no. X ZR 33/19



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On 14 January 2020, the German Federal Supreme Court rendered an important decision related to the protection of trade secrets in German Patent Infringement Proceedings. The court had to decide whether the procedural right of file inspection can be controlled by the disclosing party on the basis of “reservations” (i.e., declarations that certain submissions/documents of the court file are only to be disclosed by the court to specific individuals provided that they sign a confidentiality agreement). In a nutshell, such reservations are not acceptable under German procedural law. Thus, the protection of trade secrets in German Patent Infringement Proceedings remains a tricky thing. The most practical solution to this dilemma will be detailed below, whereby also such solution does not mitigate all risks.

Facts and findings of the case

The matter at hand relates to an SEP case that started at the Düsseldorf courts. The Court of Appeals Düsseldorf had upheld the decision of the District Court Düsseldorf in part (OLG Düsseldorf, decision of 22 March 2019, case no. 2 U 31/16; GRUR-RS 2019, 6087) and both parties to the proceedings had appealed against this decision to the Federal German Supreme Court. Once the appeal was lodged by the defendant, its legal representatives filed a request for file inspection with the court registry (“Geschäftsstelle”) whereby access to the entire court file was requested. After having asked the Presiding Judge of the Federal German Supreme Court, the court’s registry only allowed the inspection of the court file without the parts that were marked as “confidential” in the file. Against this decision, the defendant filed an opposition (“Erinnerung”) with the German Federal Supreme Court that was subsequently rejected by the court.

The defendant’s request for file inspection to the entire court file must be seen in the following context: Pursuant to the Düsseldorf case law, the SEP owner is under the obligation to disclose already existing license agreements related to the SEP in dispute so that the defendant can determine whether the license offer made by the SEP owner is in fact “non-discriminatory” (FRAND), or not. Of course, the details of such already existing license agreements are a trade secret originating from the sphere of the SEP owner.

The court file that was provided in the case at hand by the Court of Appeals Düsseldorf to the Federal German Supreme Court contained one folder that was marked "Trade Secret Protection". In this folder, there was one submission of the plaintiff with annexes that were marked as "confidential". The Plaintiff had filed this submission with the Court of Appeals Düsseldorf together with the request to only disclose the confidential pages to specific individuals provided that those individuals sign a corresponding confidentiality agreement. The Court of Appeals Düsseldorf had rejected such request and offered to the plaintiff to file a new redacted version of the submission where the confidential parts are redacted (i.e., blackened).

Legal Framework

Under Section 299 (1) German Code on Civil Procedure, "the parties" can inspect the court file and may have the court registry issue to them execution copies, excerpts, and copies. For third parties, such right to file inspection is generally dependent on the consent of the parties of the proceedings. If such consent is not granted, the president of the court and his deputy may allow third parties to inspect the files without the consent of the parties if these third parties have demonstrated a legitimate interest. Proving such "legitimate interest" is a high hurdle and in practice only met by third party interveners who have joined the pending proceedings. This legal regime for file inspection is pursuant to Section 555 (1) German Code on Civil Procedure also applicable to the court files of the German Federal Supreme Court.

It is worth noting that the legal regime for file inspection is just the opposite in German patent nullity proceedings. Here, every interested party may as a general rule access the entire court file without proving a legitimate interest. Also, such request can be filed on an anonymous basis. Consequently, under the German bifurcated system the parties must be very careful which documents of the infringement proceedings are introduced in the parallel nullity proceedings since such documents will enter into the public domain.

In the case at hand, the German Federal Supreme Court held that the "court files" pursuant to Section 299 (1) German Code on Civil Procedure comprise as a general rule all submissions/documents filed by the parties. However, an exception to this rule is given if the court has refrained from forwarding a submission to the other party in light of a reservation made by the party that has filed such submission. Consequently, any submissions/documents filed with a reservation will not form part of

the "court files". The court emphasized that legal certainty must be given right from the beginning when assessing which submissions/documents form part of the "court files". If parties file submissions/documents with reservations, such reservations contradict this legal certainty principle.

By the same token, the court is not allowed to base its decision on any such submissions/documents to the detriment of the party that did not get access to such submissions/documents. Otherwise, the right to be heard of the party that was denied access to such submissions/documents would be violated.

Practical Solution

If a party to the infringement proceedings is only willing to disclose certain information to the other party provided that measures to ensure the confidentiality of such information are adopted by the court in the first place, there is only one viable 2-step approach: in a first step, only a redacted version (i.e. a version where all confidential information is blackened) shall be filed with the court together with a corresponding request for a protective order. In a second step, once the protective order is granted, a clean copy shall be submitted to the court.

However, also this 2-step approach is not completely risk free. This is due to the fact that it is not allowed for the German courts under the governing German law on civil procedure to issue a protective order that excludes the non-disclosing party to access of certain information and that only allows such access to its attorneys or a certified public accountant. Thus, with respect to trade secrets in German patent infringement proceedings, the "ghost in the bottle"-dilemma remains. This means that if a party wants to base its pleading on a trade secret, inevitably such trade secret will become known to the other party (i.e. the ghost escapes from the bottle) so that the value of this information as a trade secret will be dramatically decreased (since the other party inevitably learns about this information, even though the protective order forces the other party to keep such knowledge confidential and not to use such knowledge of other purposes). ■

Further information:

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