

The Divisional Game



The recent decision “Divisional Game” of the Munich District Court I, dated 24 February 2020 (docket no. 7 O 1456/20) is a landmark decision. This decision was handed down in ex-parte preliminary injunction proceedings and was based on an undue obstruction of competitors pursuant to German Unfair Competition Law. The bottom line of this decision is an approximation of German case law to the “Arrow declarations” according to UK court practice (High Court of Justice, [2017] EWHC 2629 (Pat)). The Munich District Court I held that it is generally admissible to abandon pending (divisional) patent applications from one patent family at whatever point in time and for whatever reason. However, such freedom of the proprietor is limited under the German Unfair Competition Law, if the respective patent family is asserted in court, and if the defendant(s) are precluded from the possibility to obtaining final certainty about the validity of the patents (patent applications) involved due to such abandoning practice.

Facts and Findings of the Case

The defending party 1) is the owner of various European Patents related to a dosage regimen for the active ingredient Glatirameracetat. The defending party 2) is the exclusive licensee in these patents. Furthermore, defending party 2) owns various European Patents covering the process of manufacture for this active ingredient. The parties involved are direct competitors for drugs related to the active ingredient Glatirameracetat and corresponding dosage regimen.

All Glatirameracetat-patents of the defending party 1) are derived from the same original patent application. The patent that was granted on the basis of such original patent application was maintained in opposition proceedings by the Opposition Division of the EPO. However, after the oral proceedings were scheduled in the corresponding appeal proceedings, defending party 1) abandoned said patent. The abandonment was effected by withdrawing the consent to the text of patent application pursuant Art. 113 II EPC. In addition thereto, defending party 2) had also abandoned two

of its patents related to the manufacturing process of drugs with the active ingredient Glatirameracetat.

Independent thereof, defending party 2) asserted one of the European patents derived from the original patent application in preliminary injunction proceedings against the applicant of the preliminary injunction that was now granted by the Munich District Court I. The asserted European patent had survived first instance oppositions proceedings at the EPO in amended form. Thus, the Düsseldorf District Court had granted a preliminary injunction pursuant to the established Düsseldorf case law „Harnkatheterset“. According to this case law, preliminary injunctive relief is available if a patent successfully survived an attack on its validity (a first instance success is sufficient). The Court of Appeal Düsseldorf confirmed the preliminary injunction. Both decisions of the District Court Düsseldorf and the Court of Appeal Düsseldorf were handed down at a point in time when the UK national part of the European patent in dispute had already been invalidated and when the oral proceedings in the appeal proceedings before the Boards of Appeal were not yet held.

Against this background, the applicant of the preliminary injunction that was now granted by the Munich District Court I feared, that the defending parties 1) and 2) might again try to prevent a final decision on the validity of the asserted European dispute by withdrawing the consent to the text of patent application pursuant Art. 113 II EPC (as it had happened in the past in various other occasions with European patents of the patent family).

Decision of the Munich District Court I

Based on the submission of the applicant, the Munich District Court I handed down the following decision that was obviously inspired by the “Arrow Declarations” known from the United Kingdom. The Munich District Court I ordered defending parties 1) and 2) to refrain from withholding the patent in dispute from

a final validity decision of the Boards of Appeal of the EPO, in particular by withdrawing the consent to the text of the patent application pursuant Art. 113 II EPC. This court order was made with the reservation that such prohibition is only valid unless defending parties 1) and 2) declare a covenant not to sue in favor of the applicant, its suppliers and customers from all present and future claims based on patents derived from the original patent application.

The Munich District Court I took the view, that abandoning patents and patent applications may amount to unfair competition, if the proprietor unduly exploits the German bifurcated system, in particular the complex interplay between the invalidity proceedings at the Federal Patents Court and the EPO on the one hand and the German litigation trial courts on the other hand. Due to such interplay it is possible that a favorable grant decision or a favorable decision of the EPO confirming the validity of a patent may not be challenged anymore by third parties. Because as long as opposition proceedings are pending, no nullity actions may be lodged with the Federal Patent Court (cf. § 81 II 1 German Patent Act). However, once the consent to the text of patent application pursuant Art. 113 II EPC is withdrawn, the patent will be revoked with retroactive effect so that a further nullity action is inadmissible (because there is no legitimate legal reason to further challenge patents that are revoked with retroactive effect).

This situation is a problem for competitors, if the decisions confirming validity (that are not challengeable any longer) are used by the proprietor (or its exclusive licensees) to support its

validity arguments for other patents originating from the same patent family. This applies in particular, if the proprietor (or its exclusive licensees) try to obtain preliminary injunctions against its competitors by using such non- challengeable decisions to argue that the requirements of the established Düsseldorf case law „Harnkatheterset“ are met.

Summary

In summary, the decision of the Munich District Court I is a direct consequence of the German bifurcated system. Due to the bifurcated system, defendants are in the first place deprived from the option to assert the invalidity of the patent in dispute in infringement proceedings (under the German bifurcated system it is only possible to challenge the validity of the patent in dispute with opposition proceedings or with a nullity action and to request the trial court to suspend the infringement proceedings until the nullity attack is decided). In addition, defendants are also deprived from the chance to file a declaratory action that the patent in dispute (or the entire patent family related to the patent in dispute) is invalid. However, the German Unfair Competition Law sets a stop sign in such cases, where patent owners assert a patent family in court and further deprive defendants from the possibility to obtain a final decision about the patent(s) involved. Such a behavior amounts to an undue obstruction of competition and is unlawful under the German Unfair Competition Law. ■

Dr. Tobias Wuttke

Partner, Meissner Bolte