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Injunctions in European Patent Law

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I. Need for a proportionality assessment?

At present, it is widely discussed that the grant of a patent injunction might be seen as disproportionate where the patent concerned protects a technology, which perhaps is only a minor component of a much more complex system. The potential effect of the injunction to stop the use of the system as a whole might be seen as excessive.

The paper will give an overview of the legal foundations and the practical implications of patent injunctions both with regard to selected European jurisdictions and the European Patent law. It will especially be discussed whether there is a statutory basis for a proportionality assessment in considering the grant of an injunction.

II. Legal foundations

1. International Instruments

The aim to establish a certain convergence in the enforcement of intellectual property rights is internationally recognized, namely by the TRIPS Agreement of 1995 and – at the European Level – by the Enforcement Directive of 2004.

a) The TRIPS-Agreement of 1995

Art. 44 TRIPS on injunctions does not state any requirement of proportionality of any sort in the granting of such injunctions¹: “The judicial authorities shall have the authority to order a party to desist from an infringement [...]”. If the drafters of the TRIPS Agreement had intended to stipulate such precondition they would have explicitly done so. This can be deduced from a comparison to Art. 46 TRIPS on *Other Remedies*, which explicitly mentions a “need for proportionality” in considering such requests.²

Another issue is, whether TRIPS would allow such a restriction. It is frequently argued that Art. 30 TRIPS³ may be construed in a way to allow for individual exceptions to the exclusivity right of the patentee, which are to be granted by judges deciding on the enforcement of the patent. However, several reasons rather speak against a broad reading of this provision.

First, its wording clearly addresses the extent of the patent as a substantive (exclusivity) right. It describes “exceptions to the rights conferred” thus potentially limiting their scope. Addressing “members” also leads the assumption that the exceptions should only be

¹ Ohly, GRUR Int. 2008, 787, 797.

² „In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account.”

³ *Exceptions to Rights Conferred*: Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.

granted by TRIPS member states as legislators of their own law as opposed to court judges applying the law.

Hence, the TRIPS-Agreement does not stipulate any mandatory proportionality requirement in the granting of an injunction.

b) The Enforcement Directive of 2004

Just as the TRIPS, the Enforcement Directive does not expressly stipulate a proportionality requirement for the granting of an injunction. The conditions for the granting of an injunction explicitly are left for the national legal orders to determine.

Considering the material provisions of the Directive it is noteworthy that proportionality in fact is mentioned in several instances, albeit not explicitly in Art. 11 with respect to injunctions. Art. 3 para 2 contains a general statement according to which the remedies prescribed by the Directive shall 'also' be proportionate. Of course, from the wording it is clear that this requirement shall apply to all remedies mentioned in the following, including injunctions. Yet, despite of the general statement, a number of the following provisions explicitly set out proportionality requirements: This is the case for Art. 10 para 3⁴ or Art. 8 para 1⁵.

On this basis it may be assumed that the general statement regarding proportionality made in Art. 3 para. 2 is of rather declaratory character. This also is supported by the observation that in the same sentence, Art. 3 para. 2 calls for remedies to be 'effective' and 'dissuasive'. Hence, allowing for an application of the proportionality requirement such as to exclude injunctions, must always be balanced against the effectiveness and dissuasiveness of the remedy.⁶ If at all, this should only be permitted by applying very high standards.

Finally, Art. 12 addresses the proportionality of measures against the infringer in a particularly explicit manner. It opens to judicial authorities the possibility ("may" instead of "shall") of ordering pecuniary compensation instead of an injunction in cases where the infringement was committed unintentionally and without negligence. The further requirement is that the execution of the measures in question would cause disproportionate harm to the person held liable. The provision also applies to injunctions.⁷ Hence, it does not constitute a general proportionality requirement but an exemption clause targeting faultless infringement.⁸

All in all, this shows that the drafters very carefully considered the aspect of proportionality of injunctive relief, but they chose not to insert a general exception.

⁴ Prescribing a need for proportionality in considering a request for corrective (provisional) measures.

⁵ Request of the Claimant for information shall be justified and proportionate.

⁶ BGH GRUR 2016, 1031 – Wärmetauscher, para. 50; Ohly, GRUR Int. 2008, 787, 797.

⁷ Recital 25 explicitly links the alternative measure of pecuniary compensation to injunctions. This together with the placement of Art. 12 behind Art. 10 on Corrective measures and behind Art. 11 on injunctions lets it be assumed that the provision applies to both.

⁸ Ahrens/McGuire, ModellIG, § 56 Buch 1, para. 3.

c) The European Patent Convention

What about European Patent Law? Naturally, the EPC does not set out any requirements for claiming an injunction. According to Art. 63 para 3 EPC “Any infringement of a European patent shall be dealt with by national law.”

2. An overview: European substantive patent laws

What do the substantive patent laws of selected European jurisdictions and the UPCA say about a proportionality requirement?

a) Patent injunctions in German law

Section 139 German Patent Act grants a right to claim an injunction against anyone using a patented invention contrary to Section 9 or 10 Patent Act. Section 9 describes the scope of application of patent protection in terms of granting the patent holder a right to use the patented invention as well as a right to exclude all others from such use without his/her consent.

It should be mentioned that a claim for an injunction is rooted in substantive and not procedural law in Germany. Hence, if the preconditions of Art. 139 Patent Act are met, an injunction **must** be granted. There is no procedural leeway for judges to abstain from granting an injunction on the basis of proportionality considerations. However, it is an ongoing discussion in Germany whether proportionality should be part of the picture.

But what does German substantive patent law say about proportionality? First, Germany does not have a general proportionality requirement mirroring Art. 3 para. 2 Enforcement Directive (see supra). Second, Germany has not implemented Art. 12 of the Enforcement Directive. Under German patent law, only the claims for destruction and recall of products are subjected to an explicit proportionality requirement in Art. 140a para. 3 Patent Act.

However, this does not mean that German Patent Law does not call for proportionality in awarding substantive claims. In general civil law it is implemented by virtue of the good faith principle. Hence, a potential infringer may raise the defense of disproportionality against an injunction by invoking good faith under Sec. § 242 BGB.⁹ For example, the Federal Supreme Court in its “Wärmetauscher”-decision of 2016 held that an immediate enforcement of an injunction – even considering the legitimate interests of the patent holder vis-à-vis the infringer – may constitute a disproportionate severity that could not be justified by the exclusivity of the patent right and therefore was considered to be contrary to good faith. The court defined this standard in order to consider the granting of a grace period for the infringer to accomplish transition and elimination measures.¹⁰

The BGH has defined high thresholds, accounting for the very nature/character of patent infringement. Since the infringement was a direct consequence by i.e. the manufacture of a protected product it is a necessary consequence of an injunction that the infringer would have to cease production. The consequential hardship is to be accepted. A limitation of the

⁹ Benkard-Grabinski/Zülch, PatG, § 139 para. 26.

¹⁰ BGH GRUR 2016, 1031 – Wärmetauscher, para. 41.

effects of a patent was only justified if and because an absolute prohibition was intolerable/an unacceptable hardship (“unzumutbar”).¹¹

b) Patent injunctions in UK law

The UK has implemented neither Art. 3 nor Art. 12 Enforcement Directive. English courts rather see themselves as being authorized on the basis of their equity law tradition not to grant a cease-and-desist order in the event of disproportionality. However, this is considered only for rare and exceptional cases. As Judge *Pumfrey* put it in *Navitaire*: “that the effect of the grant of the injunction would be grossly disproportionate to the right protected, the word ‘grossly’ avoids any suggestion that all that has to be done is to strike a balance of convenience.”^{12 13}

This might lead the assumption that German and UK law are not too far apart when it comes to the results.

c) Patent injunctions in French law

Art. 12 Enforcement Directive was not implemented in French Law. The principle of proportionality enshrined in Art. 3.2 Enforcement Directive only comes sporadically into play when courts assess the grant of a permanent injunction.

French judges have denied injunctive relief mainly in circumstances providing for a competition law defence or for an abuse of rights defence.

d) Patent injunctions according to UPCA

Even though the prospects of the UPC are still somewhat unpredictable, it still is worthwhile to take a look at the UPCA and the Rules of Procedure – after all they are a body of harmonized European Law. Experts in patent litigation from all over Europe have discussed for decades in order to establish a common ground for the patent litigation before the UPC and tried to create a kind of “best of all worlds”.

Surprisingly Art. 63 UPCA on injunctions¹⁴ does not feature a proportionality requirement as well. Art. 63 UPCA is a literal implementation of Art. 11 Enforcement Directive.

i) No procedural discretion

The provision clearly reflects the Continental European understanding that a procedural order of an injunction is the result of a substantive cease-and-desist-claim against the infringer. In particular, there is no procedural discretion of the judges not to grant an injunction if it considers it to be disproportionate. Therefore, any counter-arguments against

¹¹ BGH GRUR 2016, 1031 – Wärmetauscher, para. 45.

¹² *Navitaire Inc. v. easyJet Airline Co Ltd* (No. 2) [2006] RPC 4, [104].

¹³ See BGH GRUR 2016, 1031 – Wärmetauscher, para. 50; see for a presentation of the UK legal situation Tilmann, *Unified Patent Protection*, Art. 63 UPCA, paras 27.

¹⁴ Article 63 - Permanent injunctions: 1. Where a decision is taken finding an infringement of a patent, the Court may grant an injunction against the infringer aimed at prohibiting the continuation of the infringement. The Court may also grant such injunction against an intermediary whose services are being used by a third party to infringe a patent.

a cease-and-desist order must be asserted under substantive law.¹⁵ But would Art. 63 UPCA allow for such counter-arguments?

There has been some discussion whether the wording “may grant” still confers discretion upon the judges not to grant the injunction despite a clear infringement. However, the predominant opinion rejects this point of view.¹⁶ Hence, if the court finds after all consideration of counter arguments that there is an infringement, an injunction – if claimed – is imperative. Arguing on the award of the substantive claim, the defendant has enough opportunity to raise its counter-arguments against the infringement.¹⁷

ii) No general substantive law defense of disproportionality

This leads us to the question whether the defendant can claim disproportionality as an argument based on substantive law?

The legal basis for a cease-and-desist claim with respect to EPUE is Art. 5(1) EPUE-Reg.^{18 19} combined with Art. 25 UPCA²⁰. Again, there is no explicit proportionality requirement. Art. 3(2) Enforcement Directive also cannot be used to limit the effects of the provision for the reasons presented above.²¹ On the other hand, several other provisions of the UPCA explicitly address discretion.²² Hence, the drafters of the UPCA took a deliberate choice not to include a proportionality requirement in the rule on injunctions in Art. 63 UPCA.

The UPCA and the EPUE referring to the Enforcement Directive are comprehensive and binding on the issue of proportionality under patent law. So there can be no recourse to national patent law under Art. 24 (1) lit. e and (2) UPCA.

III. Opinion

A general proportionality assessment as requirement for the granting of an injunction may be hazardous. Without specific standards defined by law it could severely disturb the balance of the patent system as a whole.

¹⁵ Tilman, Unified Patent Protection, Art. 63 UPCA, paras 27 et seq.

¹⁶ Reetz, Pecnard, Ruscalzo, van der Velden and Marfé, GRUR Int. 2015, 19; Tilman, Unified Patent Protection, Art. 63 UPCA, para 29.

¹⁷ Tilman, Unified Patent Protection, Art. 63 UPCA, paras 29 et seq.

¹⁸ Article 5 - Uniform protection: 1. The European patent with unitary effect shall confer on its proprietor the right to prevent any third party from committing acts against which that patent provides protection throughout the territories of the participating Member States in which it has unitary effect, subject to applicable limitations.

¹⁹ Tilman, Unified Patent Protection, Art. 63 UPCA, para 17.

²⁰ Article 25 - Right to prevent the direct use of the invention: A patent shall confer on its proprietor the right to prevent any third party not having the proprietor's consent from the following:

(a) making, offering, placing on the market or using a product which is the subject-matter of the patent, or importing or storing the product for those purposes;

²¹ Tilman, Unified Patent Protection, Art. 63 UPCA, para 18.

²² Some examples are

- Art. 60 on preserving evidence
- Art. 62 on provisional measures expressly calls for a balancing of interests, which the Court is required to effect in a discretion decision (Art. 62 (2) UPCA).

Art. 68 on damages avails itself of the option of Art. 12 Enforcement Directive.

Patent law is driven by the underlying idea that the technology behind the patents shall be made available to the general public in order to further the technical knowledge of the society as a whole. This is supposed to reduce the necessary investment in the research of new technologies and to target these investments better. Disclosing existing knowledge allows others to build upon this knowledge and to develop it further. The risk of parallel inventions – generating double costs – is reduced and the society as a whole can steadily continue to innovate. Thus disclosure is an efficient means of innovation.

While this evidently is desirable from the point of view of the society as a whole, the prospect of being used and copied is not similarly appealing to innovators. Accordingly there must be an incentive to disclose their innovations. This is where the patent system comes in. Patent holders are granted a temporary monopoly on the use of the invention. By virtue of their exclusive right they alone may decide who is allowed to use the patented invention. Patent laws clearly define the scope and the restrictions of the patent right as a temporary monopoly to assure it does not go overboard. But within these limits the injunction is central to the effective enforcement of this right, bearing much more deterrent potential than i.e. the damage remedy because it has the power to exclude competitors from the market.

Introducing a general proportionality requirement for any injunction, however, would equal an unwritten restriction of the patent right as such. In essence it would mirror a compulsory license. To put the grant of an injunction in case of an infringement into question by applying a vague proportionality requirement would in addition massively endanger legal certainty. It would put the deliberate choice of the legislator to balance the interests concerned into question.