

## Patent Infringement Proceedings before the *Landgericht Mannheim* and the *Oberlandesgericht Karlsruhe*

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### I. INTERNAL STRUCTURE OF THE LANDGERICHT MANNHEIM

1. The Regional Court Mannheim (“Mannheim Court”) has a longstanding tradition in patent litigation. For more than 60 years, the Mannheim Court has had exclusive jurisdiction over all patent-related actions within the state of Baden-Württemberg, one of Germany’s economically most successful and biggest states. Especially over the last decade, the number of patent litigation matters filed with the Mannheim Court has significantly increased and has reached roughly 250 to 300 new patent infringement cases filed per year. The Mannheim Court and the Higher Regional Court Karlsruhe as the appellate court are known for high-quality adjudication in patent litigation matters and for the speed of the proceedings. A judgment (including enforceable injunctive relief) can be achieved as soon as ten months from the date of the filing of the complaint. The duration of appeal proceedings is generally one year, though this has varied in recent years depending on the case load of the appellate court.

2. The increase in the number of cases made it necessary to establish a second civil division for such actions (effective as of 1 January 2005). Therefore, as of today, there are two divisions, the Civil Divisions II and VII (*Zivilkammern II und VII*), which are exclusively competent within the Mannheim Court to decide patent cases. A division is composed of one presiding judge (*Vorsitzender*) and two further judges (*Beisitzer*). One of these is the reporting judge (*Berichterstatter*) who is responsible for writing the opinion (*Votum*) for the court. In the Mannheim Court, the presiding judge of Division VII at present is Judge *Voß*, and the presiding judge of Division II is Judge *Dr. Kircher*.

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3. Whether a case goes to one or the other division is decided purely based on the sequence of the filings. Six cases in a row are assigned to Division VII and the next six cases to Division II. The only exception applies to cases where there is a very close connection between a newly filed case and an already pending case. According to the practice of the court, however, establishing this connection requires more than having the same patent-in-suit at the bar. Rather, it would need to be the same patent-in-suit *and* the accused infringing activity would need to be related. For example, if a supplier and a customer were sued in separate actions, these actions would be assigned to the same panel.<sup>1</sup>

4. The two divisions of the Mannheim Court generally discuss basic issues of law, but each division eventually makes its own decision. Therefore, it happens that on certain issues of law the divisions take different positions. One recent example concerned whether presenting accused devices at a trade fair can be deemed as offering the infringing device within the meaning of Section 9 No. 1 Patent Act;<sup>2</sup> this is generally denied – in the absence of specific circumstances – by the panel of Judge Voß<sup>3</sup> (following a recent decision of the Federal Court of Justice<sup>4</sup>) but confirmed by the division of Judge Dr. Kircher.

## II. STRUCTURE OF THE FIRST-INSTANCE PROCEEDINGS

The basic structure of the proceedings in the Mannheim Court is as follows:

1. If there is no service abroad, the presiding judge schedules a hearing for a date about six months after the filing of the complaint. There is a time limit for the defendant for filing the response brief (*Klageerwiderung*), which is usually eight weeks from the completion of the service of process. Any further terms are only set during the course of the proceedings. It is not a strict practice to set a time limit for the replication (*Replik*, the plaintiff's second brief). According to the practice of Division II and Division VII, this is usually done in most cases. Also, for the defendant's rejoinder (*Duplik*, the defendant's second brief) there is usually a term set by the Court. The Mannheim Court strictly follows the case law of the Constitutional Court regarding preclusion of facts and evidence (Section 296 Code of Civil Procedure<sup>5</sup>), so it is the absolute exception that facts and evidence are precluded, even if filed late, sometimes only shortly before the hearing. The only consequence for the plaintiff could be that the hearing date is cancelled and

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1 Such a connection ought to be made clear on the front page of the complaint.

2 See Appendix.

3 LG Mannheim, GRUR-RR 2011, 83 et seq., Judgment of 29 October 2010, Case No. 7 O 214/10 – *Sauggreifer*.

4 BGH, GRUR 2010, 1103 et seq., Judgment of 22 April 2010, Case No. I ZR 17/05 – *Pralinenform II*.

5 See Appendix.

postponed significantly if briefs raising new facts are filed shortly before the hearing. The one field where some sort of preclusion applies in the practice of the Mannheim Court regards the stay of the proceedings pending a nullity action. Such a request of a stay (including its substantiation) has to be filed within the time limit for filing the response brief. If that is not done, the Court will consider this a negative element (i.e. against the request) in the considerations underlying its discretionary decision on whether to stay the case (Section 148 Code of Civil Procedure<sup>6</sup>).

2. If service is to be effected abroad, there is a certain preference of the judges not to schedule a hearing date right away but rather to order “preparatory proceedings in writing” (*schriftliches Vorverfahren*, Section 276 ZPO<sup>7</sup>). The reason is that there are some imponderables involved in serving an action abroad, and it is uncertain how long it will take. For service abroad under the Hague Convention, the judges try, as far as possible, to make use of the service through certified mail with return receipt (Article 15 of the Hague Convention<sup>8</sup>). For example, this is also done for defendants based in the United States since the US (in contrast to Germany) has not objected to this method of service. This is a relevant difference to the practice of the Düsseldorf Court. One preferred way to serve a complaint on a foreign defendant is during a trade fair in Germany since a booth can be considered a “business location” (*Geschäftsräume*) within the meaning of Section 178(1) No. 2 Code of Civil Procedure.<sup>9</sup> This service is done by the bailiff, which requires the service to be ordered by the presiding judge (Section 168(2) Code of Civil Procedure<sup>10</sup>), and this has been standard practice in the Mannheim Court for the last decade. No translations are necessary for this service.

3. If several patents are asserted in one action, it is common practice of the Mannheim Court to establish separate actions for each of the patents (Section 145 Code of Civil Procedure<sup>11</sup>). This applies even if these patents are related patents that have been asserted in one action as a measure of precaution because of Section 145 Patent Act<sup>12</sup> (concentration rule).

4. The Mannheim Court usually does not require that German translations of English exhibits be filed (another difference to the standard practice of the Düsseldorf Court).

5. As a rule, there is only one hearing date for each case. Each division has one day during the week that is reserved for trying cases. For the division of Judge Voß (Division VII) this is Friday, and for Judge Dr. Kircher’s division (Division II) it is Tuesday.

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6 See Appendix.

7 See Appendix.

8 See Appendix.

9 Cf. BGH, NJW-RR 2008, 1082, decision of 5 May 2008, Case No. X ZB 36/07. For an English translation of Section 178 CCP, see Appendix.

10 See Appendix.

11 See Appendix.

12 See Appendix.

As a rule, each division hears between three and five cases a day, but only one or two of them is typically a big patent case. The length of the oral hearing depends on the complexity of the matter and ranges from one to eight hours. Contrary to the typical Düsseldorf practice, there is no separate early first hearing where the prayers for relief are recorded. This makes a difference since plaintiffs can withdraw an action before the main hearing without the consent of their counterparts. During the one main court hearing, the prayers for relief are recorded and the judges guide the hearing by asking specific questions. The process attorneys of each party are expected to address the issues raised by the court rather than just repeating their written pleadings.

6. If any of the parties files a brief only shortly before the hearing, the other side can request a leave to file a further brief after the hearing (post-hearing brief); this is referred to as a *Nachschubrecht*. This is another difference from the typical Düsseldorf practice. As a rule, when the hearing closes, no additional facts or evidence can be presented or taken into account by the court (though legal arguments can always be made on the principle that the court needs to know the law, *iura novit curia*). If a leave for a post-hearing brief is granted, the factual issues related to such a leave and addressed in the post-hearing brief are deemed to be included in the first instance and can therefore be taken into account by the court. However, if new facts are raised that the adversary had no chance to comment on, the court would need to reopen the proceedings in order to actually take into account such new facts (Section 156 Code of Civil Procedure<sup>13</sup>). Whether such a leave is granted does not depend on any strict time line. Particularly, it does not depend on whether the brief was filed during the last week before the hearing (which is often confused in practice). It could be that a brief filed two weeks before the hearing could give sufficient grounds for granting a leave to file a post-hearing brief, depending on the complexity of the matter.

7. At the end of the hearing, the court schedules a date for rendering a decision. This date is usually about three to six weeks after the hearing date.

### III. DECISIONS, ENFORCEMENT AND APPEAL

1. The first-instance decision can be either
  - a judgment on the merits (dismissal or a judgment ordering the relief as requested); or
  - an order for evidence taking, e.g. that an independent expert be retained; or
  - a stay of the proceedings pending an invalidity action.

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13 See Appendix.

2. Regarding a judgment ordering the requested relief, it is still the predominant practice of the Mannheim Court to phrase the relief based on the language of the patent claim as granted. Thus, the court order regarding the injunction would read: “*The Defendant is enjoined from manufacturing, offering...devices with features x, y, z [claim language].*” No further specifications are included. Only in the exceptional case of an infringement by equivalent means, or other cases in which one feature is realized in a way that deviates significantly from the embodiments in the specification, would the court request that the plaintiff amend the prayers for relief so the court can grant a correspondingly amended relief. The same is true for the practice of the appellate court, the Higher Regional Court in Karlsruhe. In the appellate court as well, the plaintiff usually does not have to automatically adjust the language of the prayers for relief; instead, the plaintiff can wait for a corresponding order of the court (usually received some weeks before the hearing) suggesting that certain amendments be made. All of this does not strictly adhere to the Federal Court of Justice’s line of precedents beginning with the *Blasfolienherstellung* case,<sup>14</sup> but it is the more pragmatic approach of the trial courts (the same is true for the Düsseldorf practice).<sup>15</sup> However, the fact that the claim language is used to phrase the relief does not mean that the scope of the injunction is as broad as the scope of the patent-in-suit. The scope is limited to the “accused embodiment”, but that is an abstract concept that describes any device in which the same technical features the court referred to for establishing infringement are realized. Thus, types or products that have not been explicitly identified can also be deemed to fall within the scope of the injunction if the relevant technical facts are the same.<sup>16</sup>

3. An independent expert can help the court to clarify concrete technical issues that are in dispute between the parties. However, retaining independent experts is the rare exception in the Mannheim Court (especially for claim construction). This is true even for more complex cases in the telecom or life science field.

4. The general experience is that the Mannheim Court takes the principles of the German two-track (bifurcation) system seriously. A stay is the exception. The court expects the defendant to make a clear-cut case of invalidity that is evident based on a summary review. Furthermore, it needs to be based on new prior art, which comes closer to the patented subject matter than the prior art considered by the Patent Office during prosecution. As to the pleading standards, it is not sufficient to just refer to an invalidity action as an exhibit to a response brief. Rather, the key points and standards justifying the requested stay need to be explained in a way enabling adjudication of these issues by the infringement court. Especially Judge Voß’ division takes this seriously.<sup>17</sup>

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14 BGH, GRUR 2005, 569 et seq., Judgment of 30 March 2009, Case No. X ZR 126/01.

15 Cf. for more details GROSCH in: Festschrift für Schilling, 2007, 207, 228 ff.

16 OLG Düsseldorf, InstGE 6, 43, 44 – *Münzschloss II*.

17 Cf. LG Mannheim, GRUR-RR 2009, 222 et seq., Case No. 7 O 94/08, *IPCOM v. HTC*.

If the patentee realizes that the claim does not include sufficient substance to distinguish the claimed subject matter over the prior art, the patentee might consider voluntarily amending the claim by adding further features (e.g. from dependent claims). It is still an open issue in the practice of the Mannheim Court how such claims ought to be treated for the purpose of a stay. There are some decisions in connection with interim relief that suggest that this would somewhat automatically be a typical case for a stay, because the infringement court could not independently make a determination on validity from scratch.<sup>18</sup> This is different from the Düsseldorf Court, which takes the position that such an amended patent should at least not be treated less favourably than a utility model.

5. Appeals go to the Higher Regional Court Karlsruhe (in the city where the Federal Supreme Court and the Federal Constitutional Court are also located). The only panel that has jurisdiction over patent cases is the 6<sup>th</sup> Panel with Judge Schmukle presiding. Further members of the bench are Judges Dr. Deichfuß, Dr. Zülch and Dr. Singer and Prof. Glöckner.

6. A first-instance decision can be enforced provisionally pending an appeal if the plaintiff posts the security bond specified in the judgment. Under Section 719 of the Code of Civil Procedure,<sup>19</sup> the appellate court can generally stay the enforcement of an injunction if the appeal has high prospects of success and if there is irreparable harm for the defendant that puts the existence of the defendant's business at risk. One issue that has been controversial in the practice of the appellate court in Karlsruhe regarding Section 719 CCP was whether the enforcement of an injunction can be more easily stayed if the plaintiff is a non-practicing entity, i.e. a company that does not practice the subject matter of the patent-in-suit. In the case of *IPCOM v. HTC*, the appellate court in Karlsruhe stayed the enforcement, *inter alia*, also referring to the aspect that the plaintiff as a non-practicing entity has an interest in monetary relief only.<sup>20</sup> In the more recent case of *IPCOM v. Nokia*, however, the appellate court dismissed the application for a stay, leaving open whether the previously applied rationale would still stand in this court.<sup>21</sup>

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18 LG Mannheim, GRUR-RR 2006, 348 et seq., Judgment of 23 December 2005, Case No. 7 O 282/05 – *Etikettiermaschine*.

19 See Appendix.

20 InstGE 11, 124, margin no. 13.

21 OLG Karlsruhe, Decision of 18 April 2011, Case No. 6 U 29/11.

#### IV. PROVISIONAL RELIEF

1. The Mannheim Court and the Karlsruhe appellate court are rather reluctant to grant provisional injunctions in patent matters. The essence of their position is that the court not only requires a case that can be dealt with in the short time frame available for such proceedings (i.e. low degree of technical complexity),<sup>22</sup> but also that the defendant is able to credibly show a good reason why it is necessary to hear and decide that case on short notice. This can be a specific competitive situation or the potential for irreparable harm. A good example is the possible market entry of generics.

2. The new strict line of the Düsseldorf appellate court,<sup>23</sup> according to which generally only a patent that has already been subject to an *inter partes* validity proceeding can be deemed suitable for a provisional injunction, has so far not been adopted by the Karlsruhe appellate court, but the Mannheim Court already held in a case of early 2009 that, as a rule, only a patent which has been confirmed by the first instance in an *inter partes* validity proceeding is suitable for a provisional injunction proceeding.<sup>24</sup> In this decision, the Mannheim Court (Judge Voß's division) also held that a patent for which the opposition period has not yet expired generally does not allow the court to confirm validity with the confidence sufficient to grant an injunction.<sup>25</sup> However, the closer the end of the opposition period approaches, the more the burden of proof shifts to the defendant.

3. As stated above, the Mannheim Court has also refused to grant injunctions based on amended patents when the amendment has not been subject to a review and decision of the Patent Office or the Federal Patent Court.

#### V. CASES RELATING TO STANDARD ESSENTIAL PATENTS

1. In the last decade, the Mannheim and Karlsruhe Courts have decided numerous infringement cases regarding patents essential to industry standards (MPEG Audio, UMTS, GSM, Orangebook and many others). If a product is designated by the defendant as standard-compliant, the plaintiff can point to the normative parts of the standard for showing how the relevant features of the patent-in-suit are realized in the accused device. If the defendant contests infringement, it has been the practice of the Mannheim

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22 OLG Karlsruhe, GRUR-RR 2002, 278 et seq., Decision of 2 April 2002, Case No. 6 W 24/02 – *DVD-Player*; GRUR 1988, 900 et seq., Judgment of 27 April 1988, Case No. 6 U 13/88 – *Dutralene*.

23 OLG Düsseldorf, InstGE 12, 114 et seq., Judgment of 29 April 2010, Case No. I-2 U 126/09 – *Harnkatheterset*.

24 LG Mannheim, InstGE 11, 159 et seq., 27 February 2009 – case no. 7 O 29/09, sub 1 b); appeal rejected by OLG Karlsruhe InstGE 11, 143 et seq., judgement of 8 July 2009 – case no. 6 U 61/09..

25 LG Mannheim, sub II 2.

Court that this cannot be done by just denying the concrete allegation, but rather the defendant generally needs to explain why and how this is done differently (if it is the defendant's own product or the defendant can get this information from its suppliers). Thus, there is a certain shift in the burden of proof. This approach can generally be deemed as compensating for the lack of discovery in the German system and has a long-standing tradition in the Mannheim Court,<sup>26</sup> especially as supported by the European Enforcement Directive 2004/48/EG.

2. One distinct aspect of the Mannheim/Karlsruhe courts is that they also have jurisdiction over antitrust matters. This is advantageous since there is no conflicting competence in the very popular recent cases in which FRAND defences were raised in patent litigation relating to standard essential patents. The cases that have been decided on the Federal Court of Justice level so far have been assigned to the antitrust panel of this third-instance court rather than to the Tenth Civil Panel, which is competent to hear and decide patent matters.

3. In the last decade, numerous decisions of the Mannheim Court have addressed issues pertaining to the interface of antitrust and patent law. The first significant cases in which these issues were addressed were the Rambus cases against Micron, Infineon and Hynix in which the defendant invoked a "patent ambush" defence and a FRAND defence. Ever since, in almost all of the cases based on standard essential patents that were filed in the Mannheim Court, the defendant raised a FRAND defence. Such defences – e.g. in the MPEG-1 Audio essential cases (mp3 and DVB), in the UMTS- and GSM-related IPCOM litigation (against, *inter alia*, Nokia and HTC) and in the Orangebook Standard litigation of Philips – have been raised against various third parties relating to, *inter alia*, CD-R technology.

The Orangebook Standard litigation ended at the Federal Court of Justice,<sup>27</sup> and its Orangebook Standard decision has so far been the leading precedent in this field. The key holding is that a defendant can raise the FRAND defence in a patent litigation (rather than having to offensively sue the patentee for a license), but strict requirements have to be met for the defence to be effective: the defendant is required to make a binding offer on FRAND terms, and the defendant is required to act as if licensed, i.e. account on the sales of the infringing products has to be rendered and royalties have to be paid into an escrow account. So far, these requirements have never been held to be met.

The most recent appellate precedent relating to FRAND is the Karlsruhe decision of *Nokia v. Bosch* in which the court, *inter alia*, held that a holder of a standard essential patent cannot generally be bound (via the duty not to discriminate) to repeat for other

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26 Cf. LG Mannheim, InstGE 7, 14, Judgment of 6 June 2006, Case No. 2 O 242/05 – *Halbleiterbaugruppe*.

27 BGH, GRUR 2009, 694, Judgment of 6 May 2009, Case No. KZR 39/06 and OLG Karlsruhe, GRUR-RR 2007, 177, Judgment of 6 June 2006, Case No. 2 O 242/05.

companies the grant of a lump sum license granted at an earlier stage of the license program to a competitor of the defendant.<sup>28</sup>

## VI. UTILITY MODELS

The Mannheim Court strictly applies the new standard of the Federal Court of Justice according to which the “inventive step” for a utility model needs to have the same quality as the inventive activity required for a patent (Article 56 EPC, Section 4 German Patent Act<sup>29</sup>). This has led the Mannheim Court in a number of cases to seek the help of an independent expert to rule on validity.

## VII. INDIRECT INFRINGEMENT

For indirect infringement, both divisions of the Mannheim Court have adopted the position that an unconditional injunction can be rendered even if there is a non-infringing use for the accused device provided that the functionality relevant for the infringement can be left out without inhibiting the non-infringing use.

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28 OLG, Karlsruhe, Judgment dated 23 March 2011, Case No. 6 U 66/09. See also LG Mannheim, 9.12.2011, 7 O 122/11, case *Motorola v. Apple*, holding that a FRAND offer is insufficient if the defendant does not acknowledge claims for past damages accrued prior to making the offer.

29 See Appendix.