

A new approach to procuring evidence

Rights owners used to face difficulties in obtaining evidence from non-public sources to prove infringement in Germany. But, as **Reinhardt Schuster, Tilman Müller-Stoy** and **Birgit Strube** explain, recent case law, in particular in Düsseldorf, is changing that practice

Unlike many western countries such as the US (discovery), France (*saisie contrefaçon*), UK (search order) and Italy (*descrizione*), Germany used to lack satisfying (fast and effective) compulsory means for collecting information and preserving evidence to prove the infringement of an IP right. According to German patent law (and likewise with respect to other IP rights), the burden of proof of an infringement generally lies with the right owner. No party (especially the defendant) is obliged to “put weapons into the hands of the enemy”.

Difficulties arose particularly in patent cases relating to the infringement of method claims, when an analysis of the manufactured product did not give sufficient information about the manufacturing process used, when no shifting of the burden of proof was possible and when no other publicly available and sufficient evidence was admissible. The alleged infringer could generally conceal his manufacturing method behind the walls of his plant and had no obligation to disclose it to the patent owner, to independent technical experts or to the infringement court. As a consequence, legally existing IP rights were – in some cases – not or not easily enforceable.

Section 809 Civil Code claim for inspection

According to the prevailing opinion of German IP practitioners, the claim for inspection in Section 809 German Civil Code (BGB) is the only reliable way out of this dilemma. This claim generally allows for the inspection of any object on the properties of which a claim for infringement, such as cease and desist or damages awards and the like, may depend – even before the infringement trial. In patent cases, for instance, any object which may be protected by a product claim as well as technical manuals and samples or pictures of the accused product or design drawings may be inspected.

This claim is interesting in particular for owners of IP rights who want to be certain about a potential infringement before deciding whether or not it is worthwhile to file an infringement action. A survey of the former and recent case law is given here, leading to a practical solution favoured by the District Court of Duesseldorf – the busiest court in Germany and Europe for patent infringement cases.

Former case law - the “Druckbalken” decision

Until 2002, the case law of the German Federal Supreme Court and the German first instance infringement courts showed considerable reluctance to allow inspections. The claimant had to comply with severe formal and practical requirements, in particular in patent infringement cases. Furthermore, the scope of the inspection claim was limited. Finally, its enforcement was

deemed to have procedural restrictions and therefore required a pre-trial over the inspection claim through several instances in some cases taking up to four years before a main claim for infringement could be filed with a good chance of success.

These limitations became particularly apparent in the landmark decision “Druckbalken” of the German Federal Supreme Court in early 1985 relating to a patent infringement case. Though the Federal Supreme Court found that Section 809 BGB not only applied in copyright infringement cases but also in patent infringement cases, it further found that the particularities of patent law generally required certain restrictions. Since the claim for inspection depended on a main claim for infringement, the claimant had to prove a high degree of likelihood of infringement to avoid undue investigation. The result of the requested inspection had to be the last element in an otherwise complete chain of evidence. With regard to the extent of due inspection actions, it was ruled that a seizure and/or sequestration of the requested object could be conducted in order to allow an inspection. Furthermore, the result of the inspection could be documented by photos, drawings or a written description.

However, no actions could be taken which would require an “intervention in the substance of the object”. Such interventions would, for example, be the disintegration or dismantling of parts of the object or a commissioning or decommissioning of the object. Section 809 BGB only allowed visual inspection such as measuring, weighing or touching it physically. With regard to the procedural enforcement of an inspection claim, the German Federal Supreme Court affirmed the established case law which held that only the seizure, the sequestration and the inspection itself (which could be conducted by an independent specialist sworn to confidentiality to protect company secrets of the defendant) could be ordered by a preliminary injunction, whereas the delivery of the result of the inspection to the claimant – typically a written description and photos – had to be requested in the course of regular time consuming proceedings on the merits.

In summary, the decision “Druckbalken” set considerably high standards, particularly for patent infringement cases. In most cases of lack of evidence, an inspection could not be achieved. Even if an inspection was allowed, the admissible inspection measures were often too limited to satisfy the needs of the claimant. Last but not least, claimants usually had to wait too long before they could successfully file the infringement action based on the evidence preserved by an inspection. Consequently, the claim for inspection according to Section 809 BGB was considered to be a blunt sword and therefore only very rarely requested in practice.

Recent case law - the "Faxkarte" decision

In May 2002, the German Federal Supreme Court rendered another landmark decision known as "Faxkarte" which is widely interpreted as opening new and more satisfying perspectives for the right owner with regard to the requirements for and extent of an inspection claim in IP infringement cases.

Though the "Faxkarte" decision relates to copyright infringement and unfair competition, the prevailing opinion in the literature transfers its effects also to patent infringement cases – a question that the German Federal Supreme Court left open but indicated the approval. Although claims to inspection have been filed and some inspection proceedings have been conducted in patent infringement cases since the "Faxkarte" decision was rendered, to date neither an affirming nor a declining German court decision has been published with regard to this question.

The "Faxkarte" decision explicitly rejects the standards set by the "Druckbalken" decision and considers a "certain amount" (that is, a lower amount as opposed to a high degree of likelihood of infringement) to be generally sufficient for allowing an inspection. Only exceptionally, in particular in cases in which legitimate company secrets of the accused infringer may be disclosed, may a higher likelihood be required as a result of a comprehensive balancing of the conflicting interests of both parties depending on all relevant circumstances of the individual case. With regard to due inspection measures, the "Faxkarte" decision overrules the general limitations of the "Druckbalken" decision. It allows for an intervention in the substance of the object, except in cases in which an inspection would necessarily damage the object and could not be compensated by damage awards which can, on their part, be guarded against by a security bond – these criteria depend on the circumstances of the individual case. Therefore, depending on the case, even an inspection that destroys or impairs the object may be allowed.

However, the "Faxkarte" decision does not determine important practical questions such as the procedures to be observed or the timing permitted. It contains no indication as to whether the delivery of the result of the inspection to the claimant still has to be requested in the burdensome course of time-consuming proceedings on the merits. Maybe this is why a survey by Judge Kuehnen, presiding judge at the District Court of Düsseldorf, conducted in summer 2004 among his colleagues at other prominent German first instance IP courts, yielded the result that even after the "Faxkarte" decision only a small number of inspection requests in patent and utility model infringement cases have been filed with these courts.

Practice at the District Court of Düsseldorf

Most German instance courts now struggle to implement the procedural consequences of this more liberal approach of the German Federal Supreme Court to allow claimants the necessary fast access to the requested information and evidence without violating a defendant's legitimate company secrets. Mainly the District Court of Düsseldorf has recently and repeatedly practised a satisfying solution. Instead of time-consuming proceedings on the merits, the claimant may request a considerably more effective and shorter procedure of taking evidence (according to Sections 485 and following the German Civil Procedural Code) which can and in most cases should be initiated prior to the main infringement trial, and which usually only takes a couple of weeks before the evidence taken, that is the outcome of the inspection, is handed over to the claimant. The claimant may and usually should further support this request with a request for a preliminary injunction forcing the defendant to allow the inspection measures.

Another advantage is that the independent procedure of taking evidence allows an independent court expert to conduct the inspection formally. Its results therefore have the full evidential value of a court-ordered expert opinion. Consequently,

more reliable results can be achieved. The chances of an actual infringement trial become sufficiently predictable. Furthermore, a decision allowing the requested inspection is not subject to appeal and therefore may lead to a reduction of costs. Company secrets of the defendant can be protected procedurally by swearing the persons involved in the inspection to secrecy until the defendant has had the opportunity to bring forward his respective arguments in a post-inspection oral hearing that is not open to the public. Consequently, the District Court of Düsseldorf usually allows the presence of the claimant's attorneys during the inspection. They are then bound to secrecy towards their own client – a practice comparable to so-called counsel-only clauses in the US discovery. Thus, an inspection may be conducted even before the defendant was heard, minimizing the risk that the defendant removes or modifies relevant pieces of evidence. In any event, such a claim is only given if sufficient evidence cannot be reasonably preserved in a different way.

However, this practice of the District Court of Düsseldorf – due to dogmatic concerns – has not gone uncontested, even

Questions remaining over patent enforcement

Even though the recent case law has given new perspectives, a few questions remain open, in particular with regard to patent cases. So far, it has not been explicitly decided whether an inspection claim applies just to a presumed infringement of a product claim or also to the infringement of a method claim. Furthermore, it has not been clarified whether the inspection can be extended to an investigation and description of means that equivalently use the subject matter of the patent in suit (that is, if it also applies to cases of equivalent patent infringement).

Regarding the prevailing opinion in the literature as well as the latest increasingly liberal tendencies in the case law, it can be expected that the German courts will allow an inspection with regard to both questions.

Influence of European law

This is all the more true considering the possible changes and improvements to be expected by the implemen-

tation of the Directive 2004/48/EC of the European Union on the enforcement of intellectual property rights (the so-called Enforcement Directive) that substantially strengthens the position of IP rights owners with regard to enforcement. This Directive, which is often described as TRIPs-Plus, obliges every EU member state to provide fast and effective measures to preserve all relevant evidence in respect of an alleged IP infringement even before the start of proceedings on the merits. Its requirements are widely taken from the far-reaching French *saisie contrefaçon* and therefore demand considerable changes in the German law. The deadline for implementation is April 29 2006. However, to date, it is unclear if Germany will be able to implement the Directive in time. Although a legislative draft has already been elaborated, it has not been published, due to uncertainty over the German government and the people in charge of this issue, following the recent elections.

though it has led to satisfying results in practice. It remains to be seen how other prominent infringement courts and the appeal instances will react in supportive preliminary injunction proceedings.

Improved position for IP owners

Recent developments in German case law have improved the position of IP rights owners substantially with regard to collecting information and preserving evidence in order to enforce their rights in an infringement action. Further improvements can be expected upon implementation of the Enforcement Directive.

For the time being, it is – with regard to its extensive practical advantages – recommended to file an inspection action prior to the infringement complaint in accordance with the approach practised by the District Court of Düsseldorf. This accelerated procedure constitutes a quick and cheap early test before a full-blown infringement suit and may in some cases be the only chance for an IP right owner to preserve the necessary evidence within an acceptable period of time. Depending on the relationship of the parties involved, it may even be appropriate to initiate criminal proceedings (for example, for intentional patent infringement) based on the outcome of the inspection. If this is done, the prosecution may preserve further evidence that can then be obtained by the IP right owner, without any further limitations, by inspection of the investigatory files.



Reinhardt
Schuster



Tilman
Müller-
Stoy



Birgit
Strube

© Bardehle Pagenberg 2005. The authors are members of the firm in Munich