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The German Federal Court of Justice on availability of injunctive relief and equivalent patent infringement (BGH, judgement of May 10th 2016 – X ZR 114/13).
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The present judgement can be considered a landmark case because the German Federal Court of Justice (»BGH«) has decided for the first time – as far as patent law is concerned – whether the availability of injunctive relief may be restricted timewise to allow the infringer a certain grace period for continued use of the patent.

Facts of the Case

The Plaintiff is patent owner of the German patent DE 196 54 370 (hereinafter »*patent-in-suit*«). Independent claim 1 of the patent-in-suit covers a heating system, which has – in contrast to usual vehicle heating and air systems – a separate extra-heater, including a distinct heat exchanger. Dependent claim 3 specifies that heating wires are additional means of heating. The three Defendants are companies in the automotive sector. The first Defendant produces heating systems for cabriolet seats. The second Defendant is the first Defendant's parent company. The third Defendant is producing cars, which incorporate the heating system. The Plaintiff brought legal actions before the competent courts, asking – inter alia – for injunctive relief, claiming that the Defendants' heating system constitutes a literal patent infringement or – at least – an infringement under the doctrine of equivalence with respect to claim 1 of the patent-in-suit.

The first and second instance courts (LG Mannheim, Urt. v. 17.1.2012 – 2 O 112/07; OLG Karlsruhe, Urt. v. 7.8.2013 – 6 U 12/12) dismissed the complaints for lack of infringement. The courts held that a comparison of claim 1 and 3 made clear that the patent-in-suit differentiates between the terms »*heat exchanger*« (used in claim 1) and »*heat wire*« (used in claim 3). According to the courts, the Defendants' heating system did not include a »*heat exchanger*« as claimed in claim 1. Consequently, the Defendants' system did not fall within the scope of claim 1 of the patent-in-suit.

The Plaintiff appealed the judgement before the German Federal Court of Justice (»BGH«). On appeal, the Defendants requested the dismissal of the appeal and – alternatively, in case of non-dismissal – the grant of a grace period, which would allow the Defendants to sell their infringing products for several months and, therefore, restrict the impact of an injunctive relief.

Findings of the court

The Plaintiff's appeal succeeded. The German Federal Court of Justice agreed with the Plaintiffs' opinion and assumed that the Defendants' heating system ultimately contains a »*heat exchanger*« as claimed by claim 1, at least under the doctrine of equivalents. The Federal Court of Justice

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also denied the requested grace period and granted an injunction without any restrictions.

On infringement, the German Federal Court of Justice rejected the Defendant's view that systems with »*heat wires*« do not fall within the scope of claim 1. The Court made clear that dependent claim 3 cannot be used to restrict independent claim 1. The difference in wording, namely that claim 1 mentions »*heat exchanger*« and claim 3 speaks of »*heat wires*« did not allow for the conclusion that »*heat wires*« could not be a »*heat exchanger*« in the meaning of claim 1. On the substance, the Court made an alternative analysis and found that the Defendants' system of heat transmission via the lamellae of PTC-elements constitutes at least an infringement under the doctrine of equivalents.

On the issue of a grace period, the Court found that – as far as patent infringement is concerned – injunctive relief must generally be available without any restrictions under German law. Thus, any restrictions of the availability of injunctive relief can only be accepted in very exceptional cases. Such exceptional cases require that an immediate enforcement of injunctive relief would be disproportional and non- justifiable and therefore, contrary to good faith, even taking into account the patent owner's interest. According to the Court's analysis, the requirements in patent law must be stricter than in trademark or competition law (where grace periods may occur more frequently), because a patented product is already produced in an infringing manner. In contrast, in trademark and competition law matters, a lawfully produced item is »*solely*« wrongly labelled. Thus, the infringer must stop producing and distributing the patented product until – either – the patented parts are excluded from the product or system – or – a license agreement with the patent owner is concluded. The Court held that a restriction of the patent's power through the grant of a grace period is only justifiable if – due to special circumstances – the economic impact of an immediate enforcement of injunctive relief would lead to severe consequences for the infringer, which were far beyond the intended effects of the injunctive relief and therefore, would be unacceptable. In the present case, the Court did not assume such special circumstances: first, the Defendants' heating system is no essential component because it leaves the core usability of the vehicle unaffected. Second, the Defendants did not show any goodwill by reaching out to the Plaintiff in order to enter into a license agreement.

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Remarks

The present judgement is quite illustrative for the rather patent-owner friendly German approach in patent litigation. It emphasizes that – contrary to the Anglo-American systems – the grant of an injunction is quasi-automatic if infringement is found and that restrictions of the enforcement of injunctive relief like a grace period can only apply in very rare and special cases. So far, no such case exists in German case law, and also the present case – relating to key products of one of Germany's most important car makers – was found not to be good enough.

Further, the present case shows a continuing trend in German patent infringement law in favor of the patent owner which may be called the »*reincarnation*« of equivalent patent infringement. For quite a number of years, the German infringement courts nearly always denied equivalent patent infringement in view of a very narrow interpretation of the requirements for infringement under the doctrine of equivalents. This tendency was turned around a few years ago by a couple of Federal Court of Justice judgements wherein the present one is the current in which equivalent infringement was found, thereby clearly leading to a broader scope of protection of patents and thus to a better position of the patent owner in Germany.