

IP Report

Patent Law



**BARDEHLE
PAGENBERG**

German Federal Court of Justice on claims for recall and removal in Germany in case of acts performed abroad (BGH, judgment »Abdichtsystem« of May 16th, 2017 – Case X ZR 120/15).

Reported by Nadine Heiartz and Dr. Dominik Woll

In the present judgment, the German Federal Court of Justice (»BGH«) found that sales completely performed abroad may under certain circumstances constitute patent infringement in Germany and provides detailed guidance as to relevant facts and their legal assessment.

Further, the BGH clarified that claims for recall and claims for definitive removal of infringing products from the channels of commerce pursuant to the German Patent Act (»PatG«) may be asserted in parallel. Also, the claim for recall is not excluded because the debtor is based abroad.

Facts of the case

The Plaintiff is the owner of the German part of the European patent EP 1 291 158 (»patent-in-suit«) concerning a system for the sealing of inflatable articles. The Defendant, based in Italy, supplied repair kits for car tires to its customers outside Germany, which imported the repair kits to Germany.

The Plaintiff filed an infringement complaint with the Regional Court of Mannheim (»first instance court«) asking – *inter alia* – for destruction, recall and definitive removal of the infringing products from the channels of commerce. The first instance court generally decided in favor of the Plaintiff, but dismissed the asserted claim for destruction.

Both parties filed an appeal against the first instance judgement with the Higher Regional Court of Karlsruhe (»second instance court«). With its admissible cross appeal, the Plaintiff requested that the claim for recall also covers sales of the Defendant to its customers abroad. The Defendant requested that the infringement complaint be dismissed in its entirety.

The second instance court rejected both appeals, but admitted an appeal on (two) points of law to the BGH concerning the scope of the claim for recall and the relevance of sales to customers outside Germany.

Findings of the Court

a) Relevance of sales outside Germany

The BGH confirmed that, as a rule, a supplier based abroad, who delivered patent infringing products to a customer also based abroad, was not obliged to examine or monitor the further use of the supplied products by its customers. Therefore, the mere delivery to a customer abroad did not yet establish liability for potential patent infringement in Germany. However, if »concrete indications« were available to the supplier that its customer would further deliver the products to Germany, inspection commitments for the supplier emerged. If the supplier did not attend to these inspection commitments and did not prevent such further delivery, for example by stopping its deliveries to the customer, the supplier was liable for pat-



Nadine Heiartz,
Attorney-at-law,
Partner



Dr. Dominik Woll,
Dr. iur.
Attorney-at-law,
Partner

BARDEHLE PAGENBERG
Partnerschaft mbB
Patentanwälte Rechtsanwälte

Prinzregentenplatz 7
81675 Munich
T +49.(0)89.928 05-0
F +49.(0)89.928 05-444
info@bardehle.de
www.bardehle.com

ISO 9001 certified

ent infringement in Germany. »Concrete indications« were, for example, at hand if the supplier received knowledge about (imminent) further deliveries to Germany or if the purchased amounts were so huge that it was probably difficult to only sell them in patent-free countries. On the other hand, the general activity of the customer on the German market was not sufficient to impose inspection commitments on the supplier.

As in the present case the factual findings at first and second instance regarding »concrete indications« for the Defendant about a possible further delivery to Germany did not suffice, the BGH referred the matter to the second instance court which now is to hear and decide on the case again.

b) Scope of recall claim

The BGH clarified that the claim for recall and the claim for definitive removal of infringing products from the channels of commerce can be asserted in parallel. In particular, both claims were directed to different legislative objectives which might overlap, but which were complementary and did not exclude each other: the claim for recall obliged the defendant to merely request its customers to return the delivered products; the claim for definitive removal obliged the defendant to pursue all possible and reasonable legal and non-legal means to ensure that no (further) circulation of the products occurred in the channels of commerce in Germany. Also, the wording of the relevant

provision in the PatG (Sec. 140a, para. 3), using the word »or«, argued in favor of a right to choose between both remedies (recall and removal). Likewise, the Enforcement Directive was considered to provide all three remedies (recall, removal and destruction) in parallel; in any event, the Member States were free to provide advanced rights.

Furthermore, the BGH held that a claim for recall did not require that the defendant had the power of disposition over the relevant products. The wording of Sec. 140a, para. 3 PatG did not provide for such requirement. (Note: Apparently, the BGH referred to the fact that different from the wording of Sec. 140a, para. 1 PatG regarding the claim for destruction, Sec. 140a, para. 3 PatG did not require that the products were »held or owned by the infringer« regarding the claim for recall and removal). Applying such requirement also in case of the claim for recall would contradict its purpose to impose the obligation on the debtor to recall all infringing products from the channels of commerce, even if they had already been delivered to its customers.

Finally, the BGH found that a claim for recall was at hand even if the recalled products were to be returned to a defendant abroad where German law could not impose the obligation to destroy the products. The claim for recall did not only prepare a claim for destruction, but provided an independent remedy that could be asserted in parallel.

Remarks

The BGH confirms and expands its sophisticated case law on the liability for patent infringement in Germany in case of co-perpetrators (»Nebentäter«) and activities completely performed abroad, and provides detailed guidance as to relevant facts to be considered and their legal assessment.

Different from the second instance court, the BGH clarified that a foreign supplier may not only be held liable for further delivery of infringing product by its foreign customer to Germany if the supplier knows that the customer will offer and sell the product in Germany. Rather, liability for patent infringement in Germany may already be given if the supplier in case of »concrete indications« for further delivery to Germany does not prevent same, but carelessly keeps supplying infringing products to the customer. Hence, the liability threshold for patent infringement in Germany based on acts performed abroad is further lowered. A supplier may no longer simply trust that its customers act lawful, but the relevant facts and resulting legal duties need to be monitored even more carefully for all supply relationships. If specific indications are at hand that a customer will further deliver infringing products to Germany, the supplier must examine the facts and – if necessary – for example stop further deliveries to the relevant customer. Whether and what additional measures the supplier can reasonably be expected to take, depends on the individual case; what must be considered in this respect is, for example, the extent to which infringing acts by the customer occurred; the knowledge of the customers;

the likelihood that they deliberately take the risk of a claim for patent infringement due to further delivery to Germany; and what legal measures may be taken against the customer by the patent owner. What remains open is the question what level of certainty is required when looking for »concrete indications«.

The BGH also clarified for the first time – as far as patent law is concerned – that the right to recall and removal generally can also be asserted against a debtor abroad who does not hold or own infringing products within Germany. So far, this was judged inconsistently by German courts.

What was explicitly left open by the BGH is whether returning the infringing products from Germany to a patent-free country was sufficient to meet the requirements of definitive removal from the channels of commerce. In this respect, the purpose of the claim for removal to prevent (further) circulation of the infringing products, i.e. to clear the market from infringing products and to thereby create a demand for lawful products may need to be considered.

Finally, the BGH clarified that if the customer has committed at least one infringing act in Germany, the supplier is obliged to render accounts about all deliveries made to this respective customer, irrespective of whether all those deliveries resulted in a further delivery to Germany and thus constituting a claim for compensation.