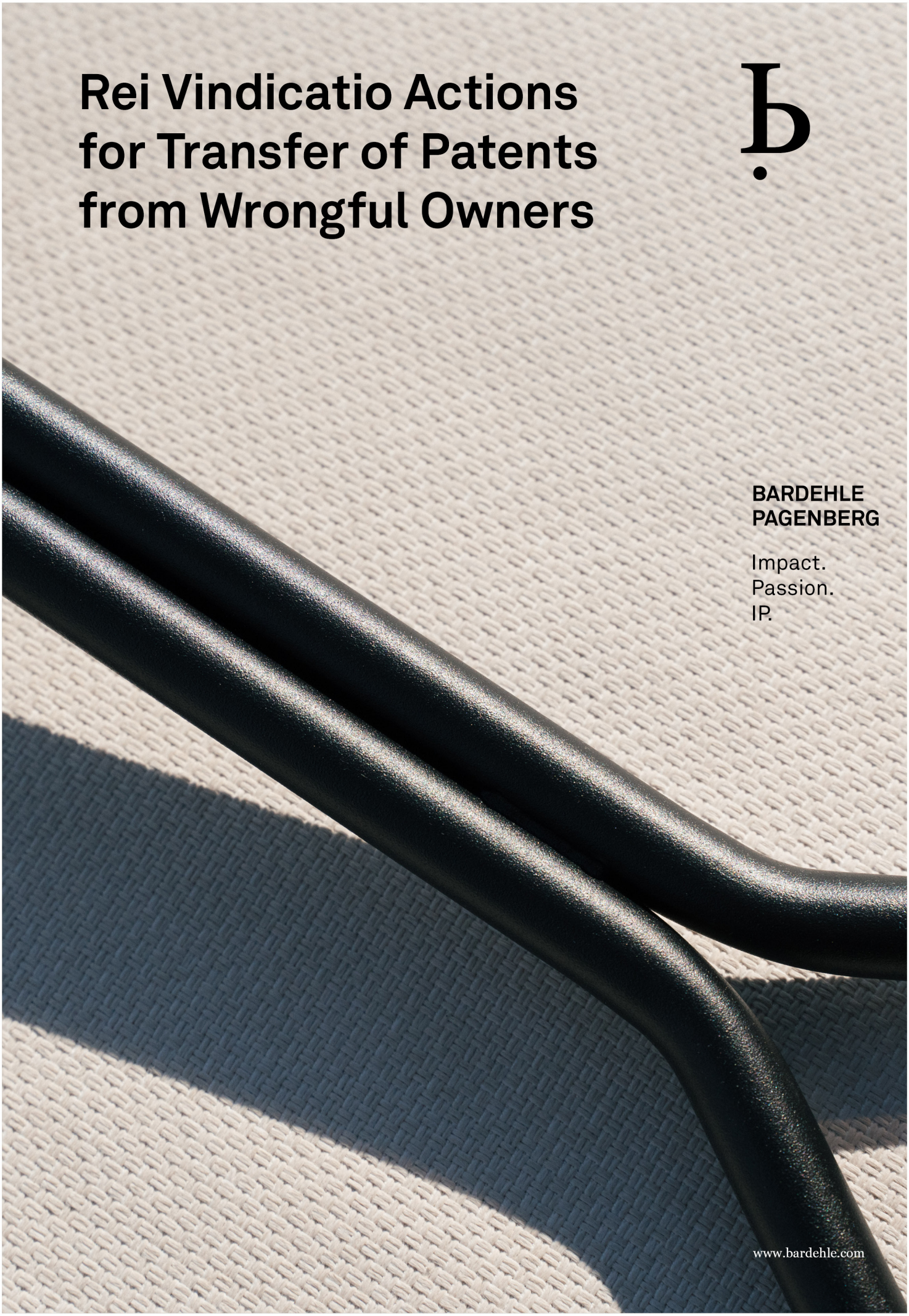
Rei Vindicatio Actions for Transfer of Patents from Wrongful Owners



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IP Brochure

Where patent or utility model applications have been filed by non-entitled persons, the true inventor or his successor in title can demand that the patent or utility model (application) be transferred to him. In Germany, the true owner of the right to the patent or utility model may enforce his right by filing a so-called rei vindicatio action with the courts.

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1. Introduction

The right to a patent belongs to the inventor or his successor in title. However, it can occur that a patent or utility model application is filed by a person who does not own the right to the patent or utility model (in the following collectively referred to as “patent”).

For example, the application could be filed by a business partner to whom the inventor dis-closed his idea. Another example is a case where an invention was made by several co-inventors but the patent application is filed by only one of them and only in his name. Ownership disputes often also occur in the vicinity of disputes over the transfer of rights from an employee inventor and the inventor’s entitlement to an appropriate compensation.

To avoid delay of examination of a patent application, the German and the European Patent Offices are not allowed to call into question that the applicant is the true owner of the right to the patent. In order to mitigate any harsh effects of this rule, the law provides that the inventor or his successor in title may demand that the wrongful applicant assigns to him the right to the patent. If the application has already resulted in a patent, the entitled person may demand that the patentee assigns the patent to him.

The entitled person can enforce his right by way of a so-called *rei vindicatio* action (German: “Vindikationsklage”) before the civil courts. Such a court action frequently occurs in parallel to an opposition or an invalidity action against the patent.

2. The plaintiff and his claims

A *rei vindicatio* action may be brought by the (true) inventor or his successor in title, for example a person to whom the inventor has assigned the right to the patent. The action may even be brought by a person who can agrue unlawful deprivation, i.e. a person who had enough knowledge about the invention to put it into practice and from whom the defendant derives his own knowledge about the invention without his consent.

The plaintiff can demand assignment of the patent application, or of the granted patent, and he can demand that the entry in the patent register be changed correspondingly.

Generally, a respective action may only be brought within a period of two years following the publication of the grant of the patent. This limitation period does, however, not apply if the patent owner did not act in good faith when obtaining the German patent application or patent or, regarding a European Patent, was aware that he had no right to the patent when the patent was granted or when acquiring the patent.

In case the content of the patent exceeds the parts which have been derived from the invention of the plaintiff, the plaintiff does not have a right to the entire patent. In cases where the contribution of the plaintiff can be separated from the contribution of defendant, a pending application may be divided in two separate applications, one of which will be fully owned by the plaintiff and the other one by the defendant. If the plaintiff has made a contribution to the invention which is “creative” but not patentable *per se*, or if a divisional application can not be filed any more (*e.g.* if the patent has already been granted), the plaintiff may be granted co-ownership.

Any licenses granted by the defendant under the patent are terminated with the assignment of the patent to the plaintiff, unless the latter authorizes the licensing.

In case the defendant acted with intent or negligence, the plaintiff may in addition claim damages.

3. Procedural aspects

The plaintiff has the burden of proving that he is the inventor or his successor in title, or that he had sufficient knowledge about the invention to put it into practice. He must prove that the invention as described in the patent (application) is identical to his own invention, and he must show a causal connection between his invention and the defendant’s filing of the application. If the plaintiff can show that at the time the application was filed he had the knowledge to put the invention into practice, the defendant has the burden of proving that he made the invention himself. The patentability of the invention is in general not at issue during *rei vindicatio* proceedings. No general or comprehensive pre-trial discovery is available. In particular, requests for production of evidence are not known in the German rules of

procedure. Thus, careful preparation including establishing documentary and/or testimonial evidence before filing the action is crucial. Investigators may be required before and during the proceedings.The court may appoint an expert for answering complex technical questions. In some cases it may be advisable to hire a private expert early on, to support the technical arguments submitted, and to avoid the need for a court expert.The parties must be represented by an attorney- at-law ("Rechtsanwalt") admitted to a German Bar. A patent attorney ("Patentanwalt") may -support the attorney-at-law with regards to technical aspects.

4. Competent courts

Rei vindicatio cases are heard by one of the 12 District Courts ("Landgerichte") in Germany which have specialized chambers for patent matters. The decision of the District Courts may be appealed as of right to the Courts of Appeal ("Oberlandesgerichte"). In some cases of special interest, a further appeal to the Federal Supreme Court ("Bundesgerichtshof") is allowed. The judges in all three instances are legally trained. They have several years of practical experience in dealing with patent disputes. The competent District Court is the one where the defendant has his residence or principal place of business, or where the filing or the grant of the patent application occurred. The latter is typically the Munich I District Court, because both the German and the European Patent Office are located in Munich. -A third venue exists within the district of the court from where the filing of the patent application was effected. The German Courts may decide cases regarding German und European patents and patent applications. In case the defendant is domiciled in Germany, foreign patents or patent applications can also be subject to a complaint in Germany, provided that their validity is not in dispute, but the German court will apply the law of the foreign country.

5. Effects of a rei vindicatio action on prosecution proceedings

As a rule, pending examination proceedings before the European Patent Office are stayed once a *rei vindicatio* action is pending and if the European patent application was already published. A tip is to file the lawsuit with the administrative court (which does not have jurisdiction), since lis pendens arises there immediately upon filing the

lawsuit, and then have the proceedings referred to the competent court.

During the stay, neither the applicant nor the Patent Office can change the legal status of the application, for example by withdrawing or granting the application.

With respect to German patent applications, a similar rule does not exist. Therefore, it is strongly recommended to request intermediate sequestration of the German application by way of parallel preliminary injunction proceedings (cf. below item 8), in order to prevent that the applicant transfers, limits or withdraws the application.

If a final decision has been rendered in favor of the plaintiff, the assignment of the patent (application) as well as the authorisation of the change of the entry in the patent register is deemed to have issued. In case of a favorable decision regarding a European patent (application), the plaintiff has the following three options:

(1) He can prosecute the European patent application as his own application in place of the applicant.

(2) He may file a new European patent application in respect of the same invention. The new application will be deemed to have the same priority date as the earlier application in so far as it does not extend beyond the content of the earlier application as originally filed.

(3) He may request that the older patent application be dismissed.

A legally binding decision regarding a European patent application is to be recognized in all EPC member states without further proceedings for recognition or acknowledgement. This does not apply to granted European patents, where in order to have the national patent offices change their registers, recognition or acknowledgment procedures have to be passed.

6. Timing

Patent *rei vindicatio* cases are decided in the first instance within approximately one year. The second instance usually takes slightly longer than one year. If there is a third instance, it rarely takes less than two years. The taking of evidence by the court and/or the appointment of a court expert usually delays the decision by another six to nine months. In highly contentious cases involving witness evidence more time may be required. The exact timing and procedure of rei vindicatio cases may differ from court to court and may vary with the court's work load.The first instance proceedings

start with the plaintiff filing a comprehensive complaint, stating all relevant facts of the case. A response of the defendant is then to be expected about three to six months after filing the complaint. Thereupon, usually another two briefs will be exchanged within two to four months. Another one or two months later, an oral hearing will be held. A decision is typically rendered within about one month after the oral hearing. Enforcement of the decision of the court is only possible when the decision has become final. Cost reimbursement claims may be preliminarily enforced (cf. item 7., below).An appeal can be lodged within one month from the service of the written first instance decision and a comprehensive reasoning has to be filed within a further month. The briefing schedule in the second instance is similar to that of the first instance. The second instance decision can be expected after a total of slightly over two years from the initial filing of the complaint in the District Court. Once a final decision ordering the defendant to consent to the transfer of the patent (application) has been rendered, enforcement can be effected by presenting an executable copy of the judgment to the German or the European Patent Office. The assignment is deemed to have become effective on the day the judgment became final.

7. Costs

The loosing party pays the court fees and reimburses the prevailing party for its statutory attorney fees and its disbursements, in particular, travel expenses and translation costs. The cost reimbursement for the fees of the attorney-at- law and the patent attorney follows a statutory fee regulation. The fees depend on the so called value in litigation, which is fixed by the court. The value in litigation also determines the court fees. Consequently, the cost risk for the loosing party includes own costs as well as reimbursable costs of the other side and court fees. The value in litigation is a measure for the value of the case for the plaintiff. For typical values in litigation between EUR 500,000 and EUR 5,000,000, the total cost risk of a patent *rei vindicatio* lawsuit in first instance ranges between EUR 50,000 and EUR 240,000. For (rarely decided) higher values in litigation, the cost risk increases roughly linearly, up to a statutory maximum of a value in litigation of EUR 30,000,000. For the second instance, the cost risk is about fifteen percent higher than for the first instance, for the third instance the cost risk is more than twice as high as for the first instance. Please note that our firm, as most other firms in our field, bills on an hourly basis, which can, depending on the actual work load, lead to own attorney fees which exceed the attorney fees according to the statutory fee regulation. Since the loosing

party only needs to reimburse the statutory fees, there may remain an amount of costs which the winning party cannot recover in recouping of cost proceedings.

8. Preliminary relief

A District Court may upon request issue a preliminary order. Such preliminary order is not directed to the assignment of the patent (application) to the plaintiff, but solely to a general prohibition to assign or relinquish the patent or to withdraw the application. The preliminary proceedings may take place before the proceedings on the merits are initiated. In appropriate cases the order may be issued *ex parte*, *i.e.* without hearing the other side first. However,the defendant can initiate regular proceedings when a preliminary injunction is issued. The plaintiff has to furnish *prima facie* evidence that the patent applicant derived his knowledge about the invention without consent of the inventor, or that there is a concrete threat that the defendant sells or abandons the patent (application). The request for preliminary injunction must be brought within a certain time limit from first knowledge of the facts constituting the claim for assignment. This time limit is in the discretion of the court, but in general it is one month. If these requirements are met, the likelihood of ultimate success on the merits is the decisive factor for the issue of the prelimi-nary order.

9. Final remarks

The parties are regularly well advised to involve a patent attorney in addition to the attorney-at-law who handles the case. Oftentimes, technical questions in particular with respect to the conception of the invention need to be discussed and explained to the court.

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