MEISSNER BOLTE

Uncover patents, secure evidence

German Inspection Proceedings

Contents

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Patentanwälte Rechtsanwälte
Partnerschaft mbB

Sitz der Gesellschaft: Bremen (Hollerallee 73, 28209 Bremen)
Registergericht: Amtsgericht Bremen PR 393 HB

Registered Seat: Bremen (Hollerallee 73, 28209 Bremen)
Register Court: Local Court Bremen PR 393 HB

7 key facts about inspection proceedings

1. Inspection proceedings serve to verify patent and also utility model infringements and to secure evidence;
2. The court order to carry out the inspection is accompanied by an order to tolerate the inspection;
3. The order for inspection is usually issued „ex parte“ within a few days after the application has been filed;
4. “Inspection” comprises a wide range of measures, e.g. taking photographs and taking specimens of the infringing product for further examination as well as making copies of the product-related documents (e.g. construction drawings)
5. An expert appointed by the court shall draw up an opinion on the facts established during the inspection and on the infringement of the claims of the patent-in-dispute;
6. The expert may be proposed by the applicant;
7. If the court expert opinion is to be disclosed to the applicant only in a redacted version, the defendant must show that the court expert opinion contains essential business secrets and that there is no patent infringement.

Inspection proceedings fundamentals

Inspection procedures are fact-finding proceedings aimed at having the suspected patent infringement confirmed or disproved by a court expert.

A patent or utility model owner who suspects that a competitor's product infringes his intellectual property right will usually purchase a specimen of the product to verify the suspected infringement.

However, sometimes such a test purchase is not a viable option, for example when

- the product is located exclusively on the premises of the competitor or its selected customers;
- the purchase price for the product is too high, for example, more than EUR 10,000;
- the patent protects a manufacturing process and the process is practised exclusively on the premises of the competitor or its customers.

In these cases, an inspection proceeding can help a patent holder or its licensee to obtain clarity about the possible infringement. This also applies to utility models.

Specifically, a court may, upon request, grant several persons access to the accused device, the method and the relevant documents, even if they are located or practised on the premises of third parties.

The group of persons to whom access is granted consists of a bailiff, a court-appointed expert, the applicant's lawyer and the applicant's patent attorney.

The aim of the inspection procedure is to provide the expert with the necessary information and evidence through the inspection, which he needs to be able to assess a patent infringement. In his report, the expert will give his patent infringement assessment and identify and enclose the evidence he evaluated to come to his findings.

In order to respect the interest of the (suspected) infringer in keeping business secrets confidential, a temporary confidentiality obligation is imposed on the above-mentioned group of persons not to disclose any of the information obtained to the applicant or third parties. For the same reason, the patent or utility model owner himself may not take part in the inspection.

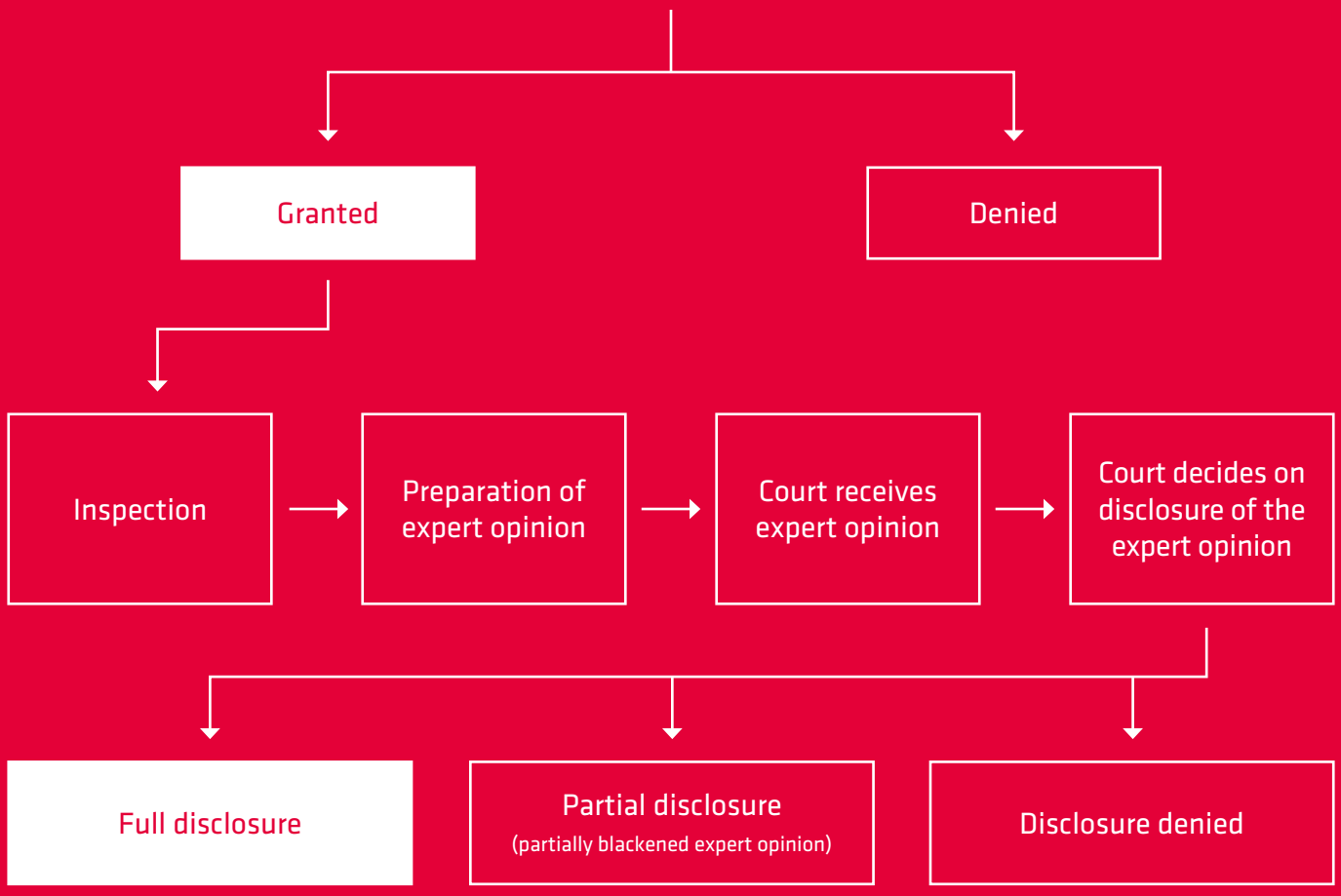
The applicant himself will receive the information on the infringement when the expert opinion is prepared and made available to the applicant by the court by means of a corresponding order. Depending on the case constellation, the expert opinion may be made available to the applicant in its original form, redacted or not at all (the conditions for release will be explained later).

The inspection procedure can thus be divided into two stages:

The first stage begins with the application for the survey order and ends with the completed survey.

The second stage begins with the completion of the expert opinion and ends with the disclosure of the expert opinion to the patent owner:

Application for inspection proceedings



Request for inspection order and requirements

In order to initiate the inspection proceedings, a request for the inspection to be carried out must be submitted to the court by the patent holder or his licensee.

In terms of content, a request for inspection proceedings is very similar to an infringement action. The applicant must construct the claim and explain to the court why he suspects an infringement of his patent or utility model. In addition, credible means of substantiation (evidence when available, affidavits, etc.) must be submitted with the request.

Since the applicant does not have sufficient information or evidence to fully prove a patent infringement, he must convince the court of a "sufficient probability" of the patent infringement.

Another essential difference to patent infringement litigation is the listing of the measures to be taken during the inspection. These must be carefully considered and selected. Measures not mentioned in the application and granted by court order cannot be carried out during the inspection.

In the request for an inspection procedure, the applicant can also make a proposal for the expert to be appointed by the court. This possibility is one of the major advantages of the inspection procedure, as the applicant can propose the most experienced and/or renowned expert in a particular field to carry out the infringement examination. As a rule, the court follows the suggestion in the request for the inspection order.

If the court follows the reasoning of the petitioner and considers a sufficient probability of infringement to be given, the inspection order is issued. Experience shows that the order takes a few days and is issued by the court without informing the defendant, i.e. "ex parte".

Permissible inspection measures and conduct of the inspection

Although the term "inspection" suggests only a visual examination of the accused product or process, the possible measures go far beyond this linguistic association. The inspection can include

- the seizure of allegedly infringing products for further analysis;
- operating the accused device or carrying out the accused method;
- making copies of relevant documents, such as technical descriptions and quality assurance documents;
- reviewing software and its source code.

As long as a court considers the requested measure appropriate and proportionate to prove the alleged infringement, the court will allow the measure.

The defendant is generally not obliged to assist the court expert during the inspection proceedings. For example, the defendant does not have to answer the expert's questions or explain the devices or methods in dispute.

In some cases, however, the expert is dependent on the defendant's active support in order to obtain the information requested. For example, it may be necessary to enter a computer password to allow the expert to view the software stored on the computer or to back up the documents stored on the hard disc.

According to case law, in such cases the defendant is obliged to actively participate in the inspection proceedings, since participation is an indispensable prerequisite for the inspection proceedings (Federal Court of Justice, decision of January 25, 2007 – I ZB 58/06). As so often, it depends on the circumstances of the individual case and on a careful wording of the requests.

The court order to carry out an inspection is accompanied by an order to tolerate the inspection.

If the defendant refuses the court expert access to the products or methods in dispute, a search warrant can be obtained. This search warrant can be enforced with the assistance of the police.

Once the inspection has been successfully carried out, the expert should have all the information necessary to draw up a detailed opinion on the suspected patent or utility model infringement.

Expert opinion and disclosure of the expert opinion

As soon as the court expert has completed his opinion on the patent or utility model infringement, he will forward the opinion to the court.

In this opinion, the expert will briefly explain the course of the inspection and present the evidence he considers relevant to the question of infringement. On the basis of the evidence found and secured, the expert will also explain whether, in his opinion, a patent infringement is given or whether an infringement could not be verified.

After the court has received the expert opinion, it informs the parties about the completion of the expert opinion and makes the expert opinion available to the defendant.

At the request of the applicant's attorneys, they will also receive a copy of the opinion. It should be noted, however, that the attorneys are still subject to the temporary confidentiality obligation at this point in time. As a consequence, the applicant's attorneys may not provide the applicant with information about the content of the expert opinion.

If disclosure of the opinion to the applicant is also requested, the parties' attorneys will discuss whether the opinion can be provided in full to the applicant or whether passages in the opinion need to be redacted before disclosure.

In this context, the defendant may submit arguments why certain passages of the opinion qualify as confidential business secrets and should therefore not be disclosed to the applicant. The defendant bears the burden of proof for these arguments.

If the court finds that the expert opinion contains business secrets that are not relevant to the question of infringement, it orders that relevant passages be redacted before disclosure.

If the court comes to the conclusion that a discussed fact does indeed constitute a trade secret, but that this fact is necessary to prove the confirmed patent infringement, the court usually allows the disclosure of the fact instead. Against this background, the parties will also discuss the patent infringement and try to confirm or rebut the opinion of the court expert.

This second stage ends with the full or partial disclosure of the expert opinion to the applicant by court order. Furthermore, the applicant's attorneys are released from the confidentiality obligation to the same extent.

As soon as the expert opinion is fully or partially disclosed to the applicant, it should be clear whether or not the applicant infringes the disputed patent. If disclosure is completely denied, it should be assumed that no patent infringement could be found.

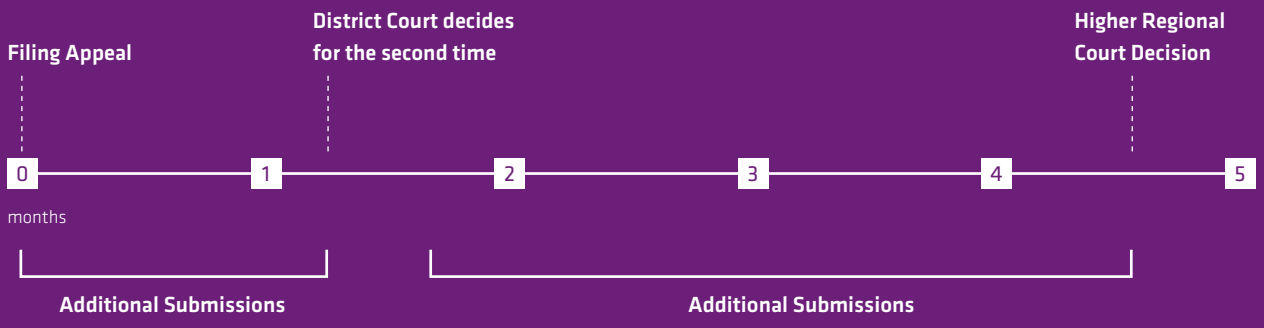
In our experience, this knowledge greatly facilitates settlement discussions. However, if the parties are not able to resolve the matter out of court, an infringement suit can be filed and the court expert opinion can be used as evidence to substantiate the patent infringement.

Time frame and risk

Inspection proceedings are also attractive in terms of time, taking 9 to 12 months in the first instance.

A decisive factor for the duration of first instance proceedings is the time the expert needs to prepare the expert opinion. Depending on the scope and complexity of the patent and the documents and evidence to be viewed, between 3 and 6 months will pass.

If the court decision to disclose all or part of the expert opinion is challenged, the inspection proceedings will move on to the second instance. Experience shows that the second instance takes between 3 and 6 months until it is completed.



If, contrary to expectations, the presumed infringement is not confirmed by the inspection, the risks and the extent in terms of damages and reimbursement of costs are very low.

Image source: Federal Patent Court, © Andreas A.P. Anetseder

Wer nicht erfindet, verschwindet. Wer nicht patentiert, verliert.

Erich Otto Häußer
Präsident des Deutschen Patentamts 1976-1995

Those who do not invent, disappear.
Those who don’t patent, lose.

Erich Otto Häußer
President of the German Patent Office 1976-1995

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