Territorial Scope of Patent Infringement

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Introduction

- **Principle of territoriality**
  - Rights conferred by patents are limited to a specific territory
  - Infringing acts must take place within the territory for which the patent was granted

- **What if territorial and extra-territorial acts are intertwined?**
  - Focus on NL / DE / UK
  - Focus on acts of offer and export
Part A: Offer

EXAMPLE

• Facts
  – Patent in country A (e.g. NL/DE/UK)
  – Offer made in country A to sell and deliver products falling under the scope of the patent
  – Manufacturing and delivery of the products takes place abroad (i.e. outside country A)

• Question
  – Does this mere offer constitute infringement – if the offer is made in NL / DE / UK?
Infringing acts – Community Patent Convention

• Art. 25 Community Patent Convention (CPC)
  “A community patent shall confer on its proprietor the right to prevent all third parties (...): (a) from making, offering, putting onto the market or using a product which is the subject-matter of the patent, or importing or stocking the product for these purposes (...)

• Primary and secondary acts of infringement:
  – Primary: No further infringing use required
  – Secondary: Dependent on primary act
A. I. Infringing acts – Dutch Patent Act

- Art. 53(1)(a) Dutch Patent Act (DPA)
  “(...) a patent shall confer on its owner the exclusive right: (a) to make, use, put on the market or resell, hire out or deliver the patented product or deal in any other way, in or for his business, or to offer, import or stock it for any of those purposes (…)”
Mere offering from NL – infringement in NL?

• Explanatory Memorandum 1987 Amendment Act:
  “[Art. 25 CPC and art. 53(1)(a) DPA] only differ from a terminological respect; substantially these approaches achieve the same result. (...) ‘Offering’ in [Art. 25 CPC] should be taken in a broad sense and does not only comprise ‘offering for sale; it also means offering in general, regardless under what title and what the person to whom the product in question is offered will next do with it. [Art. 25 CPC] will therefore in practice have the same result as the description used in the Act ‘offering for one of these purposes’, i.e. offering for one of the acts listed previously in section a. (...)”

• Dutch case law:
  – Mere offer in NL is not infringement. E.g. Presid. District Court The Hague 3 December 1990 (Bayer/Shilton).
  – However, CoA The Hague 2 Nov. 2010 (Glaxo/Pharmachemie)?
Presid. District Court The Hague
3 December 1990 (Bayer/Shilton)

• Facts
  – Offer in NL to sell and deliver products falling within scope of NL patent.
  – Manufacturing and delivering outside NL.

• Decision
  – No infringement of NL patent.
  – “For those purposes” means for any of the aforementioned acts, which are limited to Dutch territory.
  – No express wish of legislator to apart from principle of territoriality for acts of offer (reference to Explanatory Memorandum 1977; not 1987 or CPC).
Court of Appeals The Hague  
2 Nov. 2010 (Glaxo / Pharmachemie)

• Facts  
  – Listing in “G-standaard” (database with medicaments available in the Netherlands) before patent expiry  
  – Sending separate letter to (potential) customers that there would be no sale but after expiry

• Decision  
  – Infringement of NL patent as there is “offering” for (subsequent) sale; no infringing sale required  
  – Court stresses impact on market before patent expiry  
  – Supreme appeal pending
A. II. Mere offering from DE – infringement in DE?

• Section 9 German Patent Act ("GPA")
  “Without the consent of the patentee, no third party may
  1. manufacture, offer, put on the market or use, or for
  these purposes import or own a product which is
  subject-matter of the patent (...)

• Offering from Germany: infringement
  – A primary act of infringement, not a mere preparatory
  act in view of the other acts listed (cf. Art. 25 CPC)
Federal Supreme Court  
– Kreuzbodenventilsäcke (1960)

• Facts
  – Defendant in Germany offered to customers abroad to manufacture and deliver a non-infringing machine to these customers abroad and to then alter this machine once it was abroad according to teaching of the patent

• Decision
  – Infringement (+)
  – Offering is patent infringing as the offer is issued from within Germany
  – But: special circumstances, no general rule
Facts

– The Defendant (Germany) offered a product produced in Italy to clients located in various foreign countries.

Decision

– Infringement (+)
– Regardless whether product has never been in Germany or whether delivery takes place abroad or offer is only received abroad. It is sufficient that the offer is sent off in Germany.
– Offering within Germany is an infringing act per se which is reserved to the patent owner.
Court of Appeal Hamburg – Enrofloxacin (1999)

• Facts
  – The German Defendant acted as a broker in Germany for sales agreements between two companies located in different foreign countries.

• Decision
  – Infringement (+)
  – The Defendant is comparable to a local branch office of the foreign manufacturer. Offer took place in Germany.
  – Similar: LG Düsseldorf, 2 Sept. 2008 - Lattenrost
District Court/Court of Appeal Munich – Messeangebot ins Ausland (2004)

• Facts
  – The Defendant presented an infringing product at a German trade fair while explicitly pointing out that the product was “for sale outside Germany only“.

• Decision
  – “Offering“ as act of infringement
  – Negative economic effects for the patent owner within Germany because of possibility for German companies to buy abroad.
Section 60.- (1) UK Patent Act: „(...) a person infringes a patent for an invention if, (...) (a) where the invention is a product, he makes, disposes of, offers to dispose of, uses or imports the product or keeps it whether for disposal or otherwise;“
A. III. Mere offering from UK – infringement in UK?

• „Offer to dispose“ – is mere offer sufficient?

• UK Act re CPC: Sec. 60 is „so framed as to have, as nearly as possible, the same effects in the UK as the corresponding provisions of the EPC, the CPC and the PCT (…)“
High Court of Justice - Kalman v PCL (1982)

• **Facts**
  – Defendant offered (via telex) and sold product to customer in UK. Hand-over of product (change of property and possession) took place in US. Customer imported product into the UK himself.

• **Decision**
  – Infringement (-)
  – An “offer to dispose” must be an offer made in the UK to dispose of the products within the UK
A. IV. Discussion on offer

- Should mere offering be insufficient to constitute infringement, i.e. should further acts be required?
  (+) The patent owner is not substantially affected by mere offer directed solely to foreign market.
  (+) If patent owner wanted protection in foreign market he could/should have filed for protection there.
  (-) Article 25 CPC: offer = primary act of infringement: Offer independent from delivery (cp. offer re not yet produced product
  (-) Facilitate evidence

- If a mere offer can be banned in DE, but not in NL: Does this constitute a restriction on the freedom of movement of goods/services within the EU market?
• Restrictions on the movement of goods are allowed “for the purpose of safeguarding rights which constitute the specific subject matter of this property”. See ECJ 21 October 1974, Sterling Drug/Centrafarm:

“9. In relation to patents, the specific subject matter of the industrial property is the guarantee that the patentee, to reward the creative effort of the inventor, has the exclusive right to use an invention with a view to manufacturing industrial products and putting them into circulation for the first time, either directly or by the grant of licences to third parties, as well as the right to oppose infringements.”

• Can a mere offer be considered as “use (...) with of view to manufacturing and putting them into circulation for the first time”?
Part B: Export

Facts

– Patent in country A (e.g. NL/DE/UK)
– Export from country A to sell and deliver products falling under the scope of the patent
  • Alt. A: export of claimed product (as a whole)
  • Alt. B: export of kit of parts assembled abroad to make claimed product

Question

– Does this export constitute infringement in NL / DE / UK?
B. I. Export from NL

• Export of claimed product (as a whole) or complete kit of parts
  – No (direct) infringement: export is not mentioned in art. 53(1)(a) DPA

• Export of incomplete kit of parts
  – No (indirect) infringement: art. 73 DPA requires offer/supply of essential means in NL and for use of the patented invention in NL.
B. II. Export from DE

• Export of claimed product (as a whole) or complete kit of parts
  – Domestic act of commerce, it is sufficient if the dispatch takes place domestically
B. II. Export from DE

Export of incomplete kit of parts

– Indirect infringement, Sec. 10 GPA (-): offer/delivery of essential means and use of the means must take place in DE.

– Direct infringement? (+) if all essential features are realised ("erfindungsfuntionell individualisiert") and only subordinate things have to be added, in particular if infringer knows that customer will add missing parts (BGH, 14 July 1971 – Dia-Rähmchen V; OLG Düsseldorf, 24 Feb. 2011 re “Putting on the market”)

B. III. Export from UK

• Export of claimed product (as a whole) or complete kit of parts
  – Direct infringement (+); Lacroix v Kwikform (1998), but: Virgin v Delta (2010)

• Export of incomplete kit of parts
  – Indirect infringement (-): Sec. 60-(2): offer/supply of essential means and use of means must take place in UK;
  – Direct infringement (-): Virgin v Delta (2010)
B. IV. Discussion

• Should export of products/complete kit of parts constitute infringement?
  (-) The patent owner is not substantially affected by export to foreign market.
  (-) If patent owner wanted protection in foreign market he could/should have filed for protection there.
  (-) Article 25 CPC: export is not an act of infringement
  (+) Profit is generated within the territory, part of a commercial act
  (+) Infringement should not randomly depend on place of legal transfer of ownership / possession
B. IV. Discussion

- Should export of incomplete kit-of-parts constitute infringement?
  
  (-) Patent infringement requires infringement of all features
  
  (-) Legal certainty
  
  (-) Circumvention of territorial requirements re indirect infringement
  
  (+) The patent owner can be substantially affected by export of a kit of (nearly) all parts to foreign market.
  
  (+) No possibility for patent owner to stop such activities, even if there is a patent in both territories.
THANK YOU!!!

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