

quinn emanuel trial lawyers

quinn emanuel urquhart & sullivan, llp

los angeles | new york | san francisco | silicon valley | chicago | tokyo | london | mannheim

Indirect Infringement and Contributory Infringement Under European and German Patent Law

1/15/2011

In Europe, patent law is governed by the European Patent Convention (EPC) of 1973, a multilateral treaty that led to the creation of the European Patent Organisation (EPOrg) in 1977. The EPOrg provides an autonomous legal system under which European patents are granted. However, each member nation retains its own distinct set of laws related to patent ownership, validity, and infringement. The following article discusses indirect and contributory infringement under this framework, with a focus on the application of German law.

Direct and Indirect Infringement

German law, like the other laws of the EPC member states, distinguishes direct from indirect infringement. Direct infringement is generally defined with reference to the two basic patent categories: product (device) claims and method (process) claims. Direct infringement requires (1) for a device patent, that the infringer manufactures, offers or puts on the market, or uses a device realizing the entirety of the features of an independent claim, or (2) for a method patent, that the infringer offers or practices a method realizing all steps of an independent claim.

The concept of indirect infringement provides a remedy for acts occurring prior to actual direct infringement. The claims allowed by Germany's Patent Code, § 10, are directed against those who supply or offer "means" related to an essential element of the invention allowing it to be put into effect in Germany.

"Means"

"Means" is interpreted broadly. A "means" need not be part of the claimed product or a direct element of the claimed method. It is sufficient that the means functionally interacts with a claim element to realize the inventive concept, thus "relating to an essential element of the invention." Based on this concept, the Düsseldorf court held that selling a DVD on which a digital signal with a special format is stored could indirectly infringe a device patent protecting a receiver/reading device to read out the data from the DVD. It reasoned that because the use of a patented device is also protected under German law, the storage device interacted with the protected reading device during its use.

The "means" also does not require a physical structure. The Mannheim court therefore held that offering mp3 decoding software indirectly infringed a device claim protecting a receiver/reader for receiving and decoding mp3 digital audio files.

"Essential element of the invention"

The German Federal Supreme Court has held that any claim element generally qualifies as an essential element of the invention. The essential element to which the means relates thus need not be a characterizing part of the claim distinguishing the claimed subject matter from prior art, but can be any claim element including a feature well known from prior art.

The Mannheim court recently applied an exception in a UMTS/GSM patent litigation for a method claim in which a mobile telephone served only as the "object" of a handover method (involving two base stations and the mobile stations). Whether the device was in fact only a technical object of the procedure is in dispute and an appeal is pending. The German patent bar is watching to see whether the court of appeals accepts this new standard for method claims because it is inconsistent with the broad standard for device claims and would significantly limit liability for indirect infringements of method claims.

Contributory infringement

The special statutory category of "indirect infringement" differs from the general tort liability to which those who contribute to the infringement by a third party are subject. It is thus analogous to contributory infringement. In the latter category, the Federal Supreme Court has developed a broad liability relevant in the international context: For example, if company A supplies in Korea a product X (e.g., a clutch or seat) to be installed by car manufacturer B in cars bound for Germany, A will be liable for direct patent infringement in Germany if product X is subject to patent protection under a device claim. This applies

quinn emanuel trial lawyers

quinn emanuel urquhart & sullivan, llp

los angeles | new york | san francisco | silicon valley | chicago | tokyo | london | mannheim

even if the car's export to Germany is solely controlled by manufacturer B. Company A is deemed to be independently liable for the importation of the device into Germany, even in the absence of intent.

Because this result is derived from general German tort theories, other European jurisdictions might arrive at different results. For example, in the UK, liability is limited to scenarios involving a "common design" between the importing entity and the supplier acting abroad.

Indirect infringement through acts committed abroad

If a foreign supplier merely provides a portion of a protected device to a manufacturer assembling the complete patented device, the "indirect infringement" provision will have priority and, under the general view, no liability attaches. That is because indirect infringement requires a double connection to Germany: (i) the means must be supplied in Germany for (ii) putting the invention into effect in Germany. Thus, a somewhat arbitrary difference in how the device claim is phrased can have a tremendous impact on the infringement remedies. That should be, but rarely is, considered when drafting claims.

The Supreme Court, however, recently alluded in dicta to a possible way for a patentee to establish direct infringement if the supplier knows of the infringing activity. It therefore might make sense to send notice of the patent to foreign suppliers with an explanation of the infringement argument in a cease-and-desist letter. But other considerations, such as a possible counter-action with an Italian torpedo need to be evaluated, too. In any event, service of the complaint, which under German law needs to be fully substantiated, should establish such knowledge.