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LIABILITY FOR "OFFERING" A PATENT INFRINGING OBJECT BY UNDERTAKING DOMESTIC PREPARATORY ACTS FOR LATER DISTRIBUTION IN PATENT-FREE COUNTRIES

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In deciding what constitutes an "offering" as defined by Section 9 (1) German Patent Act, the previous case law looked to whether the potential offer behavior, according to its objective declarative value and the actual circumstances of the individual case, is understood by the targeted public such that the addressees are given the prospect of actual power of disposal over a device according to the invention (German Federal Supreme Court [BGH] – Kopplung optischer Geräte). In the past, the case law for this required that for the targeted public the specifically offered infringement object can be unambiguously identified from the behavior of the defendant and its actual circumstances (BGH – Radschützer). The necessary connection to a concrete infringement object was previously denied if the offer related not to products already existing and known to the targeted customers, but to products only to be manufactured in the future and initially still to be adapted to the individual customer specifications, which need not necessarily be designed as realizing the invention.

In a recent decision, the Higher Regional Court [OLG] of Düsseldorf (decision of 6 April 2017, case no.: I-2 U 51/16 – Dampftrocknungsanlage) broadened the concept of offering as defined by Section 9 (1) Patent Act to mean that for the necessary connection of the "offering" to a concrete infringement object the reference should not be to the potentially offer-establishing behavior of the defendant, but whether this behavior triggers the demand for an identifiable infringement object. The OLG Düsseldorf believes a demand for an object realizing the invention only triggered abroad is also sufficient for the assumption of an infringing "offering" domestically if the demand is still within the context of an offer originally made from within the country. With this decision the OLG noticeably broadened the substantive scope of protection of Section 9 (1) Patent Act, and now also includes in the consideration actions abroad previously excluded from the domestic patent protection.

THE PREVIOUS INTERPRETATION OF THE CONCEPT OF "OFFERING"

Section 9 (1) Patent Act stipulates that a patent has the effect that only the patentee is authorized to use the patented invention within the framework of the applicable law. Therefore, under Section 9 (2) (1) Patent Act, third parties are prohibited from offering a product that is the subject matter of the patent without the patentee's consent. Someone offering a

product under patent protection in Germany exposes himself to liability even if ultimately no manufacture and no marketing of the object offered results from these activities.

What were the previous conditions for an offering as defined by Section 9 (1) Patent Act?

Under the established case law, it was already sufficient for an offering that someone holds out to

another the prospect of providing him with actual power of disposal over an item according to the invention. Therefore, an offering as defined by Section 9 (1) Patent Act needs no legally binding purchase offer; instead, mere preparatory actions intended to enable or promote the creation of a later transaction regarding an object realizing the invention are also sufficient. The BGH assumes an offering if the behavior in question is understood by third parties to mean they can acquire from the provider a product that realizes the invention. Consequently, distribution of advertising brochures, advertising of a product on the Internet, and product presentations at trade fairs or customer events can already lead to an infringement even if an actual sale of the product shown was not even intended and the product is also not even in stock and deliverable. It is sufficient that the provider in principle has the technical means to make the offered product. (BGH GRUR 2006, 927 – Kunststoffbügel; GRUR 2003, 1031, 1032 – Kupplung für optische Geräte; OLG Karlsruhe, GRUR 2014, 59, 62 – MP2-Geräte; OLG Düsseldorf RAW 2015, 60, 64 et seq. – Warmpressumformung).

To what extent did the offer action previously have to relate to a specifically identifiable infringement object?

According to the previous case law, the offer action as defined by Section 9 (1) Patent Act had to relate to an infringing product clearly identifiable at the time of the offer. However, it was not necessary that the realization of all features according to the patent be clearly recognizable to the person skilled in the art solely from the concrete offer behavior and/or the offer means used, such as the product's image or description in a brochure, in a presentation or on a flyer. Instead, the BGH held that it is decisive whether it can be assumed, upon objective consideration of the actual circumstances of the individual case, that the product offered corresponds to the patent's subject matter. It was not sufficient for this that the offer recipient merely considers the realization of all invention features to be possible; instead, the addressee had to be able to gain from the circumstances of the offer the certain conviction that he is being offered a product realizing the invention (BGH GRUR 2003, 1031, 1032 – Kupplung

für optische Geräte; GRUR 2005, 665, 666 – Radschützer; OLG Düsseldorf GRUR 2007, 221 – Simvastatin; GRUR-RR 2007, 259, 262 – Thermocycler; GRUR 2004, 417, 418 – Cholesterinspiegelsenker).

According to the previous case law, an infringing offer could already be present if the offer action per se had no direct connection to a concrete infringement object. The BGH said the necessary connection to a concrete infringing product could also result for the targeted public indirectly from the objective declarative value of the offer behavior in connection with the overall consideration of the actual circumstances of the individual case (BGH GRUR 2005, 665, 667 – Radschützer). But previously, for creation of the connection to a concrete infringement object, the higher courts' case law required that this already existed at the time of the offer action and was known to or at least could be determined by the targeted public (OLG Düsseldorf, judgment of 23/3/2017 – I-2 U 58/16, BeckRS 2017, 109832 margin no. 52; judgment of 22/12/2011 - case no.: I-2 U 103/06). Previously, products marketed purely abroad that were unknown to the targeted domestic public were not included in the determination of the concretely offered object (OLG Düsseldorf, judgment of 23/3/2017 – I-2 U 58/16, BeckRS 2017, 109832 margin no. 59). The previous higher courts' case law also held that products only made individually according to the given customer specifications and not necessarily realizing the invention also lacked the necessary connection to a concrete infringement object (OLG Düsseldorf, judgment of 22/12/2011 - case no.: I-2 U 103/06).

Under what conditions was the sufficient domestic connection of an offer action present previously?

Like all other infringement actions of Section 9 Patent Act, the offer action must take place domestically based on the territoriality principle or have a sufficient domestic connection to cause the infringement of the German patent. However, this does not mean that previously only actions performed purely domestically were covered. Under the previous case law, it was already sufficient for the necessary domestic connection that an offer was sent

from within the country even if the recipient was abroad and the transaction offered should also take place completely abroad, so that there would never be a manufacture, importation or marketing of a patent-realizing object domestically (OLG Munich, judgment of 16/9/2004 – 6 W 2048/04, InstGE 5, 17). According to the previous practice it was always a condition for the necessary domestic connection that the offer made from within the country to another country was related to a concrete infringement object; therefore, the product to be manufactured or delivered had to be identifiable from the offer behavior coming from within the country. As a result, not just the offer action had to have a sufficient domestic connection, but also the attacked infringement object.

THE EXPANSION OF THE CONCEPT OF "OFFERING" BY THE OLG DÜSSELDORF

In the "Dampftrocknungsanlage" decision of 6 April 2017, the OLG Düsseldorf decided on the question to which extent mere preparatory acts undertaken domestically for a transaction later taking place abroad regarding an object under patent protection in Germany constitute an infringing offering as defined by Section 9 (1) Patent Act.

In the OLG's opinion, an "offering" as defined by Section 9 (1) Patent Act is present if the infringer, through his overall behavior, stimulated a demand for infringing objects that promises to be satisfied with the offer action (most recently OLG Düsseldorf, judgment of 6/10/2016 – case no.: I-2 U 19/16, BeckRS 2016, 21218 margin no. 60; judgment of 17/6/2016 – case no.: I-15 U 69/15, BeckRS 2016, 21061 margin no. 12; judgment of 11/6/2015 – case no.: I-2 U 64/14, GRUR-RS 2015, 18679 margin no. 57; judgment of 13/2/2014 – case no.: I-2 U 42/13, BeckRS 2014, 05732 in each case with reference to BGH GRUR 2006, 927 – Kunststoffbügel).

Therefore, unlike the BGH, for determining whether there is an offering as defined by Section 9 (1) Patent Act, the OLG refers not to the objective explanatory content of the infringer behavior but, in a sort of overall consideration, to the consequences caused by the potential offer action. But as in the previous BGH decisions, in the OLG decisions concerned the offer action always related to an infringing product already

identifiable for the targeted public at the time of the offer action based on the circumstances that as a consequence of the offer action was demanded domestically.

In "Dampftrocknungsanlage", the OLG concluded the presence of an "offering" as defined by Section 9 (1) Patent Act from the fact that in response to a foreign customer inquiry the defendant sent to the foreign company an offer for installation of a steam drying system that was not related to a concrete infringement object, but ultimately, as a consequence of this offer, a patent-realizing steam drying system was installed there. The defendant's relevant offer to its foreign customer according to his statement related only to the manufacture and installation of a steam drying system still to be adapted to the customer specifications yet to be specified. In the opinion of the OLG, while the later manufacture of a patent-realizing system abroad by itself was not a patent infringement domestically, there was already in the unspecified offer an "offering" of this infringing object as defined by Section 9 (1) Patent Act from within the country.

The OLG held that the shipment location, and therefore the place of the defendant's offer that ultimately led to installation of the patent-realizing steam drying system, was in Germany. According to the OLG it could remain unanswered whether this offer already related to the installation of a system realizing all claim features or the clarification required for that only took place following further discussions abroad. The OLG stated that if an offer coming from within the country is followed by a delivery and/or creation of the system offered – possibly in the patent-free country, as here – that realizes the patent in suit's technical features, this generally justified the conclusion that the offer previously sent from within the country is to be assessed as infringing. This applied so long as the foreign actions were within the context of the original domestic offer object, i.e. merely developing these and not modifying them. The OLG saw such a modification of the offer subject as not present.

CONCLUSION

By applying this interpretation of the concept of "offering," the Higher Regional Court significantly

expands the previous scope of application of Section 9 (1) Patent Act. In its view the infringer's offer action now no longer must relate to an infringement object that can be concretely identified at the time the offer is issued. While the OLG did not completely separate the interpretation of the concept of "offering" from the connection to an actually existing or at least clearly identifiable embodiment of the invention, the infringing embodiment no longer needs to be clearly identifiable for the targeted public at the time of the offer action. It is sufficient that the offer action subsequently triggered an actual demand for a product realizing the invention. The OLG thus held that a direct conclusion can now be drawn from the subject of the demand to the subject of the offer. Accordingly, contrary to the previous case law, not just an isolated consideration of the potential infringer action but an overall consideration of the overall events connected with the offer behavior must be performed to assess the infringement quality of the action.

Also in other respects, with the "Dampftrocknungsanlage" decision the OLG went beyond the previous case law on the interpretation of the concept of "offering." For the demand for products according to the invention that the OLG believes substantiates the presence of an infringing offering, in this decision for the first time the court also found a demand for a patent-realizing object merely triggered in the patent-free countries to be sufficient. Through its overall consideration, the OLG creates a domestic connection for consequences of domestic preparatory acts that take place purely abroad. Such preparatory actions, which viewed in isolation by themselves do not yet have a connection

to a clearly identifiable infringement object and promote actions merely performed abroad that represented an infringement if they took place domestically, in the absence of sufficient domestic connection of the infringement object were previously qualified by the literature as not being an infringing "offering" as defined by Section 9 (1) Patent Act (Ann, in Krasser/Ann, Patentrecht [Patent Law], 2016, Section 33 margin no. 127 et seq.; Scharen, in Benkard, PatG [Patent Act], 2015, Section 9 margin no. 10). With its overall consideration rationale, the OLG removed the previously required double domestic connection and as a result allowed it to suffice that the infringement action has a domestic connection.

In practice, the broadening of the concept of "offering" has the consequence that multinational companies no longer must merely monitor their external presentation and their customer communication domestically in isolation for directly infringing contents; instead, any commercial behavior domestically must be oriented such that no direct causal contribution to the creation of demand for infringing products can be derived from it even if this demand arises and is satisfied exclusively in patent-free countries. According to this case law, contract negotiations with foreign customers conducted from Germany that might end in the conclusion of a transaction having the use of a German invention as its object now run the risk of triggering a liability for patent infringement even if there never is and was never intended to be a manufacture, importation, or marketing of a product according to the patent domestically.

In case you have any questions, please do not hesitate to contact us.



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