GERMANY

BGH denies injunctive relief grace period in patent case

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In case of a patent infringement, the patentee normally has an interest not only in obtaining damages from the infringer, but also that the infringer immediately stops the infringing action. A request for an injunctive relief against the infringer is therefore standard practice in patent litigation. In such a situation the infringer may have an interest in being granted a grace period in order to gain time to find a bypass solution or to deplete his stock of infringing products. Such a grace period for the infringer, known from copyright or competition law cases, has also been discussed in patent law literature as an exceptional measure. It may be granted by a court if an immediate cessation of sales of the infringing product were to lead to disproportionate disadvantages for the infringer. Granting such a grace period requires reflecting the overall circumstances of the individual case, and such a limited continuation of the infringing action must not cause unacceptable adverse effects on the infringed party.

In a recent decision (BGH X ZR 114/13 "Wärmetauscher") the German Federal Supreme Court (BGH) ruled for the first time on the prerequisites for granting such a grace period to the patent infringer. In the case decided, the defendant was found to infringe a patent directed to a heat exchanger for a convertible car seat heating system. The defendant requested a grace period on the injunctive relief until the cars that had been ordered up to the date of the Supreme Court´s decision and that had already been equipped with a system including the infringing product have been delivered to customers. The defendant argued that in litigation lasting almost 10 years, where previous instances always denied an infringement, granting injunctive relief with immediate effect after the BGH's surprising infringement decision would negatively affect the infringer disproportionately.

The BGH decided not to grant a grace period in the case in question and argued that stricter rules apply in patent infringement than, for example, in trade mark infringement. Referring expressly to case law of the England and Wales High Court in *Navitaire* ([2005] EWHC 0282 [Ch]), the BGH concurred that an unconditional injunctive relief may only be avoided if its effects were "*grossly* disproportionate" in relation to the benefit for the protected right, or even "*oppressive*". The BGH, like the High Court, concluded that in patent infringement strictly handling exceptions from unconditional injunctive relief is also in line with Article 3 of the European Parliament´s Intellectual Property Rights Enforcement Directive.

By this recent decision, it has now been clarified by the Federal Supreme Court that there is factually no grace period from injunctive relief for the patent infringer, unless very exceptional circumstances apply.