

Patents in Europe 2008

Austria

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1. What options are open to a European patent holder, whose rights cover your jurisdiction, when seeking to enforce its rights in your jurisdiction?

A patent holder may initiate civil or criminal proceedings before the Austrian courts, seek a declaratory decision from the Austrian Patent Office and obtain customs measures. Civil proceedings may be initiated based on the Patent Act for patent infringement (claims for preliminary and permanent injunctions, destruction, information on supply sources, rendering of accounts, payment and publication of the judgment).

A criminal action may be brought in case of wilful infringement. In the course of these proceedings the patent holder may apply for the search and seizure of infringing products.

The Patent Office will decide, upon request, whether to issue a declaratory order against a person who uses a product or applies a process in Austria, whether this product or process falls entirely or partially within the scope of a patent. These are documentary proceedings based on submitted descriptions and results. Any claims based on actual patent infringement are subject to court proceedings.

According to European Council Regulation 1383/2003, customs measures are available against the import of products that infringe a patent or SPC where the infringing products originate from outside the European Economic Area. Applications must be filed with the Customs Office Villach Competence Centre – Intellectual Property.

2. Does your jurisdiction have specialist patent courts? If not, what level of expertise can a patent owner expect from the courts?

The Commercial Court of Vienna is exclusively competent for civil proceedings based on the Patent Act. The Court, in its three competent chambers, sits in panels of three: two professional judges (one of whom is the presiding judge) and one technical judge (a court-appointed patent attorney). This composition allows the Court to represent a high degree of legal and technical expertise.

There are no specialist patent judges for criminal proceedings. However, the Criminal Court of Vienna has exclusive jurisdiction.

3. Is it possible to cross-examine witnesses at trial? How far are proceedings based on written evidence? Are there restrictions on the use of evidence from experts?

Civil proceedings for patent infringement are subject to the general civil procedural rules, in particular the Code of Civil Procedure. Further procedural provisions are contained in the Patent Act.

For proceedings on the merits, the Code of Civil Procedure provides a (non-exhaustive) list of acceptable forms of evidence (ie, documents, opinions of a court-appointed expert, interrogation of witnesses and the parties). Cross-examination of witnesses is permitted.

Patent enforcement proceedings are largely based on written evidence. The patent specification serves as *prima facie* evidence of the patent right being granted. Regularly, a court expert is appointed. The scope of the expert opinion is defined by the court. The court expert delivers an opinion in written form, but the court and the parties may question the expert in an oral hearing. The parties are free to use private experts, submit their written opinions and present them in an oral hearing, although these opinions are regarded as private documents to be freely considered by the court (like any other evidence). Affidavits of witnesses are not permissible,

but are occasionally accepted.

Provisional proceedings for preliminary injunctions are handled expeditiously. Only readily available means of evidence are permissible, such as documents, affidavits, prepared private expert opinions, interrogation of parties and witnesses (without the presence of attorneys). No formal hearing takes place. A court expert cannot be appointed in provisional proceedings. An invalidity action against the patent in suit will not serve as grounds to suspend the provisional proceedings.

4. Are infringement and invalidity dealt with simultaneously? What level of proof is necessary to demonstrate one or the other?

The Court is competent to hear civil infringement proceedings, whereas only the Patent Office has the authority to declare a patent invalid.

If the defendant in infringement proceedings challenges the validity of the patent in suit, the Court shall first autonomously consider the question of validity. The Court may request a (non-binding) opinion from the Patent Office on this matter. If the Court concludes that the patent may potentially be invalid, it must suspend the infringement proceedings to enable the defendant to submit an invalidity motion with the Patent Office within one month. The infringement proceedings will continue after a final decision has been issued on the validity of the patent in suit. In provisional proceedings, no such suspension is possible.

The plaintiff must prove that it is the rights holder to the patent (or is otherwise entitled – for example, as exclusive licensee), and that the patent is valid. An excerpt from the Patent Register regularly serves as *prima facie* evidence of these facts. In addition, the plaintiff must prove that the patent has been infringed or that infringement is imminent.

The defendant must prove the objections it raises (eg, in relation to non-infringement, invalidity of the patent, prior use, licence, exhaustion, expiry, time limits).

In exceptional cases, a reversal of the burden of proof applies if the plaintiff, owing to a lack of knowledge of the factual circumstances, has difficulty in proving the facts, whereas it is reasonable for the defendant, according to the principles of good faith, to provide such evidence. Where a patent is directed to a process for the protection of a novel product, any product with the same composition shall be regarded

as being produced according to the patented process until the contrary is proven.

5. To what extent is pre-trial discovery permitted?

No procedure is available in civil proceedings that is comparable to US discovery. The parties are obliged to produce the evidence for the facts that they must prove.

The plaintiff may file a motion for preservation of evidence or seek a preliminary injunction for the preservation of evidence if the taking of evidence is at risk or if evidence will be lost if taken in due course in the proceedings.

In criminal proceedings, it is possible to obtain an inspection of premises where infringing products may be held and the seizure thereof; this is often performed in preparation for civil proceedings. The plaintiff may seek further information on the infringement (disclosure of the source of supplier), which is not procedural, but rather substantive (eg, cease and desist, removal, payment).

The court may order the defendant to produce a document to which the plaintiff has referred in the proceedings (see also Article 43 of TRIPs), or may order a third party to produce a document where the third party is liable to do so according to the provisions of the General Civil Code or where this is a joint document.

6. To what extent does any doctrine of equivalents apply in an infringement action?

According to court practice, as confirmed by the Supreme Patent and Trademark Senate, equivalent use of a patented invention occurs where a person skilled in the art at the priority date, equipped with general technical knowledge and considering the state of the art, adopts the exchanged features without inventive effort as a method of functioning in the same way as the claimed patent. Equivalent use would not include the use of features that have equal effect while altering the protected idea in essence or contradicting the fundamental idea of the invention.

7. Are there certain types of patent right that may be granted by the EPO – biotech or computer software-related, for example – that are more difficult to enforce than others?

Under statutory law, no patent rights are more difficult to enforce than others.

No patent protection is available for software in general. The program code is therefore protectable in the form of a utility

model or a copyright-protected work. In practice, not even utility models are widely accepted. Biotech patents are enforceable as usual patents, as long as they do not relate to genetically modified human cells or embryonic cells.

8. To what extent are courts willing to consider, or bound by, the opinions and decisions of other courts that have dealt with similar cases?

The Court is not legally bound by opinions or decisions of other courts or previous decisions of the Court. However, the Austrian courts generally consider the opinions and decisions of the Supreme Court as guidance, and will not deviate from previous Supreme Court rulings unless the facts of the case are different.

A declaratory decision as to whether a specific product or process falls within the scope of a patent is binding in infringement proceedings between the same parties regarding the same infringing object.

9. To what extent are courts willing to consider the reasoning given by foreign courts that have handed down decisions in similar cases?

The Austrian courts are not bound to consider foreign decisions or reasoning contained therein. While they may take such reasoning into account, they are generally reluctant to do so – although reasoning given by German courts may be considered due to the countries' similar historic and legal backgrounds. In patent cases the Austrian courts usually consider the reasoning of the German Federal Patent Court and the German Federal Supreme Court, and occasionally that of the English patent courts.

10. What options are open to a defendant seeking to delay a case? How can a plaintiff counter delaying tactics?

A defendant seeking to delay a case in patent matters will challenge the validity of the patent and seek to have the infringement proceedings suspended until the Patent Office has finally decided on the patent's validity, which may take some years.

The initiation of declaratory proceedings before the Patent Office as to whether a specific product or process falls within the scope of a patent is not grounds for the mandatory stay of infringement proceedings. However, the infringement proceedings are often suspended; otherwise, a dissenting declaratory decision may give rise to the re-opening of infringement proceedings.

A defendant may also choose not to submit all of its arguments, evidence and requests at the beginning of the proceedings, but rather to proceed step by step later on.

However, the Court (also upon the plaintiff's request) has several possibilities to counter such tactics. It may reject submissions if it concludes that such submissions could have been made earlier due to a party's gross negligence and that the acceptance of such submissions would considerably delay the proceedings. Also, motions for the submission of evidence deemed irrelevant must be rejected. The Court may decline a motion where it believes that the motion has been made with the intention of delaying the proceedings and that the taking of such evidence would result in a substantial delay. The Court may set a deadline within which the parties must identify and submit their evidence, and may reject all submissions after this deadline.

11. How available are preliminary injunctions and how do you get them?

The plaintiff may apply for a preliminary injunction either prior to, simultaneously with or after the filing of the complaint. The court has the authority to render preliminary measures *ex parte*, without granting the defendant the opportunity to be heard. However, the application is usually served on the defendant for reply. In certain cases the applicant may even counter-reply, although this is not provided for by law.

The plaintiff must present to the Court a well-founded case describing a clear case of infringement and the clear validity of the patent. Urgency is not a statutory requirement under Austrian law. However, the Court is usually reluctant to grant preliminary injunctions in patent matters.

Proceedings in provisional matters in patent litigation normally take between three weeks and two months at first instance, and between six months and one year at second instance.

12. How long does it take to get a decision at first instance? Is it possible to expedite this process?

Patent infringement litigation in Austria may last from approximately two to five years at first instance, depending on whether the infringement proceedings are suspended while awaiting a decision of the Patent Office on the validity of the patent in suit. A final decision may take three to seven years. It is not possible to expedite this process.

13. What avenues for appeal are open to the defeated party in a first instance case? What criteria are there for granting an appeal? How long does the appeal process take?

A decision in civil infringement proceedings may be appealed to the High Court of Vienna within four weeks. An ordinary or extraordinary appeal before the Austrian Supreme Court (deadline four weeks) may be allowed at the discretion of the Supreme Court. The same applies to preliminary proceedings, with a deadline of 14 days.

Apart from the general admissibility conditions (formal requirements), an appeal may be granted for reasons of:

- Nullity (in case of substantial violations of procedural rules);
- Other considerable procedural errors which might have hindered a thorough examination of the dispute;
- Incorrect assessment of the facts; or
- Incorrect legal evaluation.

No new factual allegations may be made at the appeal stage. In an appeal to the Supreme Court, the facts of the case cannot be reconsidered.

A criminal court decision may be appealed to the Supreme Court or the Higher Court of Vienna, depending on the grounds for appeal. The appeal process takes at least one to two years.

14. To take a case through to a first instance decision, what level of cost should a party to litigation expect to incur?

The costs of patent litigation are hard to estimate. The first instance proceedings with the support of a patent attorney, including the costs of private expert opinions, attorney fees etc, may cost from Euros 15,000 to Euros 50,000.

The costs of provisional proceedings may vary between Euros 3,000 and Euros 15,000.

The costs of an appeal may be estimated at between Euros 6,000 and Euros 15,000.

15. Who can represent parties in court? Is specialist representation required?

Representation by an attorney is mandatory. While the law does not require specialist representation, support by a patent attorney is advisable and is common practice.

16. What remedies are available for infringement and how are these typically applied? Are punitive damages available and in what circumstances?

A patent holder whose rights have been infringed or are at risk of infringement may apply for a permanent injunction (cease and desist order). Preliminary injunctions are available under simplified conditions in patent matters: the applicant need not prove that its cease and desist claim is at risk or that the preliminary injunction is necessary for the prevention of irreparable harm to the rights holder. The court may revoke a preliminary injunction granted where reasonable grounds are given, if the alleged infringer provides adequate security.

In addition, the patent holder is entitled to seek the removal of the interference (eg, destruction of the infringing product).

The patent owner may seek the rendering of accounts by the infringer, the accuracy of which can be assessed by an accounting expert.

In case of unauthorised patent use, the Patent Act provides alternative claims for:

- Adequate remuneration;
- In case of fault, either damages – including lost profits – or payment of profits realised by the infringer; or
- In case of gross negligence or fault, independently of the proof of any damages, twice the amount of what is considered adequate remuneration (double damages).

Adequate remuneration is generally calculated based on the evaluation of an adequate contractual licence fee, taking into consideration the advantages and disadvantages of the infringer as compared to a licensee (the licence analogy). Damages can lie in lost profits or in lost licence fees.

The plaintiff may seek to compel the infringer to provide information on the origins and sales channels of goods and services involved in the patent infringement. The patent owner is not entitled to seek information which is disproportionate to the infringement or unlawful.

The plaintiff is entitled to request publication of the judgment if it can prove that this is in the public interest. This is assumed wherever the infringed patent products were not insubstantially marketed or promoted.

Anyone who wilfully infringes a patent commits a criminal offence and may be fined up to Euros 180,000. Prosecution shall take place only upon request of the infringed party.

Punitive damages are not provided for

by law, although a claim for double damages may have a punitive effect.

17. Are there any realistic alternatives to litigation in cases relating to patent disputes?

No. While the parties may agree to alternative dispute resolution, in practice this is rare in patent-related matters.

18. Has your jurisdiction signed up to the London Agreement on Translations? If not, how likely is it that it will do so?

Austria has not signed up to the London Agreement on Translations. Since the Austrian government is opposed to the idea of abandoning the requirement for a full translation and there are some constitutional obstacles, it is unlikely that Austria will ratify the Agreement in the foreseeable future.

19. Are there any other features of the enforcement system in your jurisdiction that you would like to point out?

The judges at the Court regularly follow the findings of the court-appointed expert. Therefore, the appointment of the court expert is of vital importance to the parties. It is also advisable to retain private experts in technically complex issues. The parties should bear in mind that in the – often extremely narrow – field of expertise, experts may have conflicts of interest.

If a preliminary injunction is subsequently set aside (eg, if a higher court quashes the preliminary injunction or if the claim is denied in the main proceedings), the plaintiff is liable to compensate the defendant for any financial disadvantage suffered as a result of the preliminary injunction, regardless of negligence or fault.



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