

Generally no grace period for marketing infringing products - “Heat exchanger”

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by Dr. André Sabellek

In a recent judgment the Federal Supreme Court (Bundesgerichtshof, BGH) took a stand on the question whether to grant the patent infringer a grace period for marketing the infringing products for a certain time after the final judgment (judgment of May 10, 2016, court docket: X ZR 114/13 - Wärmetauscher [heat exchanger]).

In the present case, the BGH had to decide on infringement of a patent protecting a system for heating the air streaming around neck and shoulders of a person sitting in a convertible car. The defendants had requested the complaint to be dismissed because of non-infringement or at least, as an auxiliary request, to grant them a grace period enabling them to deliver all cars with the respective heating system which will be ordered until the judgment is given.

The BGH found the defendants to infringe the patent by equivalent means and did not grant a grace period for the following reasons:

A grace period – like sometimes granted in unfair competition matters – may only be contemplated under very strict conditions in patent law cases. In general, the option to grant a grace period is limited by the effectiveness requirement according to Art. 3 of the enforcement directive. Severities resulting from the cease-and-desist order must be accepted. An exception may only be made if – due to particular circumstances of the individual case – the economic consequences of immediate compliance with a cease-and-desist order would harm the infringer in an unacceptable way extending beyond the disadvantages usually going along with compliance to such an order.

A grace period in patent infringement cases has for example been proposed by aca-demia in cases where the infringing item is only a small but functionally substantial part of a complex technical device (like a mobile phone) and cannot be replaced by a licensed or off-patent item within a reasonable time period.

In the case decided by the BGH, the heating system was an optional, not functionally substantial part of a car. The respective cars could also be used without the heating system. Furthermore, the defendants did not substantiate that there was no possibility to obtain a license for the heating system under acceptable conditions. Also, there was no indication of a serious economic harm of defendants’ business without a grace period.

In a nutshell, this decision shows that if defendant cannot substantiate exceptionally serious economic consequences which cannot be otherwise avoided, a patent infringer will not be granted a grace period before German patent infringement courts.

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