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FCJ Denied Exclusive Licensee's Right to Sue as Long as Patentee's Action Regarding the Same Subject Matter Is Pending

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The FCJ decided in the recently published decision “Wundverband” [Wound Dressing] “[Moelnlycke Health Care v. BSN Medical](#)” (docket X ZR 70/12) on 19 February 2013 that if patentee has granted an exclusive license after he has filed an infringement action, an exclusive licensee will be (in part) a legal successor of the patentee. As a consequence, as long as patentee's claims (including such claims concerning the time-span after grant of an exclusive license) are pending at another German court, the exclusive licensee has no right to sue with regard to the same subject matter due to the force of res judicata of the judgement against the legal successor and the lis pendens rule.

Facts

The FCJ decision is concerned with a domestic case focussed on German civil procedural law, however, the decision can have an impact on European cross-border patent litigation strategies.

Background of the case is a negative declaratory action (NDA) by the German company B (and members of its company group) against the Swedish company M at the Stockholm District Court (Docket No. T-4333-08) concerning M's EP 855 921 covering inter alia Germany (more facts of the case and the proceedings in UK were commented in our [previous contribution](#)).

After the B company group had filed the NDA in Sweden, M tried to enforce the EP in Germany. First, a patent infringement action was filed against B and its managing directors at the Regional Court Mannheim (Docket No. 2 O 234/09). B's managing directors were not a party to the Swedish proceedings.

When it became clear that the action against B would be dismissed and the actions against the managing directors stayed due to the lis pendens rules of the Brussels Regulation, M granted an exclusive license to its German subsidiary M (DE) which immediately filed an infringement action at the Regional Court Dusseldorf against B and its managing directors with basically identical claims as before the Regional Court Mannheim, but claiming rights to the time period after grant of the exclusive license. M DE argued that according to prevailing case law of the FCJ, an exclusive licensee enjoys an independent right to sue.

At the Regional Court Mannheim, M withdrew the claims to information and damages with regard

to the time period after grant of the exclusive license. The Defendants, B's managing directors refused to give their consent. M then declared to the court that "the matter was finally resolved", however, again, the Defendants refused to join the declaration. Proceedings are still pending.

With regard to the action by M (DE) at the Regional Court Dusseldorf, the Court dismissed M (DE)'s action against B and granted the claims against the managing directors with regard to the claims on information and damages only. It dismissed the claims for injunction, destruction, withdrawal and removal from the commercial channels since those were identical to M's claims in Mannheim. Both parties appealed.

The Higher Regional Court Dusseldorf separated the proceedings with regard to B and B's managing directors. Its decision of 26 April 2012 (docket I-2 U 18/12) pertains to B's managing directors only. The Higher Regional Court Dusseldorf decided that M (DE) may not be considered as M's legal successor with regard to all rights to the patent since certain rights remain with the patentee and M is therefore not prevented from filing an action against the managing directors with regard to all claims, including claims for injunction, destruction, withdrawal, removal from the commercial channels, damages and information.

Judgment of the FCJ

The FCJ revoked the decision of the Higher Regional Court Dusseldorf of 26 April 2012. The Court first pointed out that if the patentee should grant an exclusive license during pending patent infringement proceedings, such a disposition regarding the patent may not affect the proceedings, i.e. the parties must remain the same (Sec. 265 (2) CCP). The aim of this rule is to prevent a party from evading the legal effect of a court decision by assigning the object of the proceedings to another party. Furthermore, an adversary must be protected from being sued twice. Therefore, Sec. 325 (1) CCP rules that a judgment shall also have effect for and against the persons who have become successors in title to the original party after the matter has become pending. If a judgment has legal effect against a party, said party may not file a court action in the same matter again (Sec 263 (3) No. 1 CCP).

The FCJ stressed that if a patentee should grant an exclusive license, as opposed to the assignment of the patent, said patentee will not lose its right to sue, for instance based on a claim to damages due to loss of license-fee income (FCJ X ZR 94/10, "Tintenpatrone II" and X ZR 86/10, "Cinch-Stecker"). Therefore, the patentee and the exclusive licensee may sue a patent infringer independent of each other.

However, the exclusive licensee's legal position will be derived from the patentee's legal position. It is of no concern if the patentee grants the exclusive license after a court decision becomes final or during pending proceedings, the exclusive licensee will still be (in part) a legal successor to the patentee and therefore as a legal successor must observe the court's decision (Sec. 325 (1) CCP). Consequently, as long as the proceedings filed by the patentee are still pending, its exclusive licensee may not file a new court action regarding the same subject matter at another court (Sec. 261 (3) No. 1 CCP). The FCJ assumed there was "the same subject matter" since M's claims for injunction, information and damages as filed at the Regional Court Mannheim have no limits in time. Even though M had withdrawn its claims with regard to the time period after grant of the exclusive license, and later declared those claims to be "finally resolved", unlimited claims are still pending since the defendants refused to give their consent to the withdrawal and refused to join the declaration that the case is "finally resolved".

The lesson to be learned from this decision of the FCJ is that if a patentee's claims are not be limited to the time period prior to the grant of the exclusive license (and defendant's do not agree with a withdrawal (etc.) of the complaint), the exclusive licensee may not file an action with regard to the same patent against the same defendant(s), even if the complaint is concerned with the time period after grant of the licences due to the force of res judicata and lis pendens rules under German national civil procedure law. Furthermore, claims for injunction, destruction, withdrawal and removal from the commercial channels are inadmissible.

With regard to the claim by M (DE) against B (party to the proceedings in Sweden), the Dusseldorf Court is waiting for an expert opinion on Swedish law as to whether the decision of the Court in Stockholm against the patentee (M) will have force res judicata against the exclusive licensee M (DE) and whether the licensee will then be prevented to file the same action in Germany again.

If German law will have to be applied (e.g. in another European jurisdiction, but not UK which decides the question of res judicata between patentee and licensee of a foreign country under national law, see [previous contribution](#)), the decision of the FCJ that an exclusive licensee is a legal successor (in part) of the patentee could finally result in the understanding that patentee and exclusive licensee must be considered as "the same parties" under Article 27 BR. If in addition "the same subject matter" is involved, this would significantly restrict one of patentee's options to circumvent the blocking effect of an NDA. With regard to the Swedish expert opinion, it remains to be seen, whether Swedish law will generate similar or different results.

Anja Petersen-Padberg

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