Kluwer Patent Blog

Dialectics between English and German Courts on making vs repair

Thomas Musmann (Rospatt Osten Pross) · Tuesday, August 6th, 2013

by Rüdiger Pansch for rospatt osten pross

Assuming that “it is sensible for national courts at least to learn from each other and to seek to move towards, rather than away from, each other’s approaches” (Lord Neuberger, Schütz vs Werit, House of Lords judgment of 13 March 2013 at no. 40, [2013] UKSC 16) how does this work in practice?

We have had the privilege to witness a very instructive exchange of views between the German and English Courts through all instances on an identical legal problem (albeit not between identical parties): the line to be drawn between permitted repair of a patented object and its remanufacturing which constitutes patent infringement. We have described this earlier as the “bulk container paradox” (cf. post of 28 Oct 2011).

The English and German first instance courts started in full harmony, both denying patent infringement (High Court of Justice, judgment of 31 March 2010, case no. HC08C02241; LG München I, judgment of 20 May 2010, case no. 7 O 14224/09). Justice Floyd in great detail analyzed the case law of the BGH (German Federal Supreme Court) considering that it could well serve as a source of inspiration for the English Court (at no. 195): “There are aspects of the German law which are fully and expressly consistent with our own, further aspects which are inconsistent with our law and yet further aspects which develop positions which are not yet fully developed here. I am bound to follow the English law as expressed by the Court of Appeal and the House of Lords, but free to develop it where not so constrained”.

The harmony did not last. In second instance, the Court of Appeal found for patent infringement (judgment of 29 March 2011, case no. A3/2010/1274, [2011] EWCA Civ 303 no. 90) while the OLG München confirmed the first instance denying patent infringement (judgment of 28 July 2011, case no. 6 U 3412/10). In their reasons, both Courts referred to the other jurisdiction. Lord Justice Jacob briefly mentioned the German case law concluding that “None of these three cases has a direct parallel with the present case because in none of them did the defendant take the product of the patentee, re-manufacture it and sell it in competition with the patentee. They were all about whether ultimate consumers of the patentee’s product could, by replacing parts, prolong the life of the product”. The OLG München expressly distanced itself from this interpretation of the English Court. However, in its leave to appeal it suggested that the BGH should also consider the divergence between the Courts.

The different paths of the Appellate Courts were not reconciled in the third instance, to the contrary: the BGH did not approve the second instance judgment but referred the case back to the OLG München holding that more evidence was necessary for denying patent infringement, namely the opinion of the average consumer. If the pallet container is regarded as worthless when its interior bubble has to be replaced, the replacement constitutes remanufacturing and hence patent infringement. If, on the other hand, the average consumer expects that the interior bottle will have to be replaced during the life of the container, it is necessary to examine whether the technical effects of the invention are embodied in the interior bubble. In its reasoning, the BGH also rejected Lord Justice Jacob's view to accept "making" just because defendant on their own website said that they were "re-manufacturing".

The House of Lords, in contrast to the decision of the BGH, finally denied patent infringement (judgment of 13 March 2013, [2013] UKSC 16) and in doing so overruled the second instance judgment. Lord Neuberger analysed the former German decisions as well as the recent pallet container II judgment of the BGH and held (at no. 39 et seq.): "These are not only decisions of a highly expert, experienced and respected court on the very point which is raised in this case, but they are decisions of a court of another signatory state to the EPC (and the CPC) on a point of some significance arising under those Conventions. We should therefore accord them considerable respects, and sympathetically consider the extent to which we should adopt any points of principle or practice which they raise. However, there can be no question of the courts in this jurisdiction feeling obliged to follow the approach of the German courts, any more than the German courts could be expected to feel obliged to follow the approach of the English and Welsh courts. […] While complete consistency of approach may be achieved one day, it is not a feasible or realistic possibility at the moment. Nonetheless, given the existence of the EPC (and the CPC), it is sensible for national courts at least to learn from each other and to seek to move towards, rather than away from, each other's approaches." Lord Neuberger further held that the BGH approach on determining whether the pallet container is considered worthless if its bottle has to be replaced should be applied with caution (at no. 74), and decided not to refer his case back to Justice Floyd as it was, in his opinion, very unlikely that new evidence on such a factor would have affected the outcome (at no. 75 et seq.).

What Lord Neuberger had presumed for his case when he decided not to refer it back turned out to prove true for the German case: the OLG München finally denied patent infringement because the new evidence proved that the relevant public still attributed a certain value to a pallet container even if its inner bottle has to be replaced (judgment of 13 June 2013, case no. 6 U 3412/10 (2)). After all, there is harmony in the end, and the Courts obviously learned from each other while they fundamentally developed the law.

Kluwer IP Law

The **2022 Future Ready Lawyer survey** showed that 79% of lawyers think that the importance of legal technology will increase for next year. With Kluwer IP Law you can navigate the increasingly global practice of IP law with specialized, local and cross-border information and tools from every preferred location. Are you, as an IP professional, ready for the future?

Learn how **Kluwer IP Law** can support you.

This entry was posted on Tuesday, August 6th, 2013 at 6:21 pm and is filed under Germany
You can follow any responses to this entry through the Comments (RSS) feed. Both comments and pings are currently closed.