

Sponsored by



Licensing Executives Society
(U.S.A. and Canada), Inc.



NYSE Euronext



THOMSON REUTERS

IP Value 2011

Enforcing legal claims over manufacturing processes
Nederlandsch Octrooibureau

Part of The IP Media Group



Published by Globe White Page, publishers of *Intellectual Asset Management* magazine

iam

Europe

Enforcing legal claims over manufacturing processes

A patent allows a patentee to prohibit others from commercially exploiting its invention, as defined by the patent claims. When a patentee wishes to exercise this right, it must first establish that the alleged infringer is in fact commercially exploiting a product or process that falls within the scope of protection. This may sound straightforward, but what if the alleged infringer is using an apparatus or a process in secret? In that case, the patentee can prove that a process is being used only by (illegally) acquiring access to the alleged infringer's premises or by violating its trade secrets. Given this, what options are available for patentees to safeguard their rights?

Scope of protection

Patent claims can be directed to:

- a product (eg, a plastic article, a bicycle, a new material or a pharmaceutical composition);
- an apparatus (eg, a moulding machine for manufacturing a plastic product using injection moulding);
- a process (eg, a process for manufacturing or using a product or apparatus); or
- a use (a use can relate to the use of a product or apparatus, and may thus be regarded as a special type of process).

A patent claim directed to a product usually cites a number of product features. Any product containing all of these features is automatically infringing on that claim (eg, if a patent claim is directed to a bicycle comprising two wheels and a saddle, every bicycle with two wheels and a saddle is infringing, even if the bicycle also has a bell or a different type of saddle from that described in the patent). The holder of a valid patent has the right to prohibit anyone else from making, using, putting on the market, reselling, hiring out or delivering the patented product in or for its business, or from offering, importing or stocking it for any of those purposes.

A process claim usually cites a number of process

steps. Any process that carries out all of these process steps infringes on that claim (eg, when a claim specifies that the process of manufacturing a bicycle comprises a step of forming a wheel from bending a strip of metal and then mounting the wheel in a bicycle frame, all processes performing these steps infringe on that process claim). When a process claim is validly granted, the patentee has the right to prohibit others from using the patented process in or for their business. The scope of protection for such claims also extends to the use, marketing, reselling, hire or delivery of any product directly obtained from the patented process, in or for a business. The protection conferred by a process claim extends to "products directly obtained from such process"; thus, a patentee may also prohibit others from selling a bicycle that is directly obtained by using the patented process for manufacturing such bicycles.

Products become public as soon as they are placed on the market or otherwise disclosed to the outside world. The sale of a single product is sufficient to infringe a patent if the product is within the patent's scope of protection. The patentee would thus need to show only one such product and proof that it originated from the alleged infringer (eg, an invoice).

A manufacturing process may often remain hidden within the factory. However, the products obtained from that process usually become public: these products may allow the patentee to trace where its process is being infringed.

Reversing the burden of proof

Although patent law differs from country to country, most legal systems will reverse the burden of proof when a process claim is the subject of a judicial procedure. In particular, when the product resulting from the process is novel, it will be assumed that all such products have been manufactured using the novel, patented process (eg, Article 34(1)(a) of the Agreement on Trade-Related Aspects of Intellectual Property (TRIPs)). This means that when an alleged infringer

offers a novel product for which the patented process is the only known manufacturing process, it is assumed that the novel product was manufactured using the patented process and is thus infringing. The alleged infringer will be exonerated only if it can prove that it used a different process.

Also, in some countries the burden of proof may be reversed if an alleged infringer manufactures a product that is identical to the product obtained from the patented process, but the patentee was unable, despite reasonable efforts, to establish whether the process was actually used (eg, Article 34(1)(a) of TRIPs: “if there is a substantial likelihood that the identical product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used”). This applies in France and Germany, but does not appear to be the case in other jurisdictions, such as the United Kingdom and the Netherlands.

In short, a patentee can initiate court proceedings for an injunction to prohibit a competitor from using its process and require it to pay compensation and/or damages (depending on national law) for past and/or future infringement. During court proceedings, the burden of proof may be reversed if the process produces a novel product or – in some countries – where it is highly likely that the competitor used the claimed process.

Obtaining and safeguarding evidence during a case

Several issues relating to the production of evidence during court proceedings have been largely harmonised across the European Union as a result of the EU IP Rights Enforcement Directive (2004/48/EC).

For example, Article 6 of the directive stipulates that if a patentee presents evidence during court proceedings sufficient to support its claim that a competitor is infringing its patented process and then goes on to specify evidence in possession of that competitor, then the court may order the competitor (subject to the protection of confidential information) to present the specified evidence.

However, implementation of the directive differs slightly between EU member states. Article 6 is usually implemented so as to apply during court proceedings on the merits of the case only, in which both the patentee and the alleged infringer are party to the proceedings (*inter partes*). In most cases, Article 6 was implemented as part of, or referring to, civil law (eg, in the Netherlands, such orders were already possible under Article 843 Rv where there is a legal relationship, such as infringement, between the parties (Article 1019a Rv)).

In the United Kingdom, a court may issue a disclosure order forcing a party to disclose anything that is relevant, such as a process description. Witnesses are subjected to direct examination and cross-examination, making it difficult for them to deny the court access to the facts.

In Germany, the decision in *Restschadestoffentfernung* permitted an order for producing evidence in the course of proceedings when the patentee was unable to provide the necessary evidence, but the alleged infringer could easily do so.

In France, the president of a court may order any measure to complete evidence during a case. If evidence is incomplete regarding the possible infringement of a process claim and the product obtained from the process is novel, or it is highly likely that it was obtained using the patented process, then the burden of proof is reversed.

Obtaining and safeguarding evidence before a court case

Before starting court proceedings and in preliminary injunction proceedings, rules other than Article 6 apply to determine whether and how it is possible to acquire information that can be used as evidence.

One measure is given in Article 7 of the directive: before starting court proceedings on the merits of the case, if a patentee presents reasonably available evidence to support its claim that its (process claim) patent has been infringed or is about to be infringed, the competent authorities may order a prompt provisional measure to preserve the relevant evidence. Such an order may, if necessary, be obtained without hearing the alleged infringer, in *ex parte* proceedings, especially when there is a demonstrable risk that evidence might otherwise be destroyed. The order will generally also specify a term in which a court case must be initiated and/or a term after which the seized goods will be returned.

However, Article 7 has been implemented differently in different member states.

In the United Kingdom, a search order (formerly an Anton Piller order) is an *ex parte* procedure which permits the patentee – or rather, its bailiff – to access the alleged infringer’s premises for documents and information where the patentee suspects that the alleged infringer may destroy evidence. However, the bailiff is not allowed to disclose this information to the patentee, but must supply it to the court. The court will then decide whether the information is relevant and should be made available. In order for search orders to be granted, the case must be strong and carry a high risk of irreparable damage if no such order were given. Also,

“ A patentee can initiate court proceedings for an injunction to prohibit a competitor from using its process and require it to pay compensation and/or damages (depending on national law) for past and/or future infringement ”

such search orders require compelling evidence to establish dishonesty and a real possibility that the evidence may be destroyed. It is thus quite difficult to obtain a search order in the United Kingdom. Any information obtained by a search order may not, in principle, be used in foreign procedures.

In Germany, an *ex parte*, pre-trial court order can be used to obtain evidence in the procedure known as *selbständigers Beweisverfahren* and on the basis of the Federal Supreme Court's decision in *Faxkarte*. To this effect, the patentee must file a request with the Dusseldorf Patent Court to issue an order for taking evidence that, for instance, the machine in an alleged infringer's factory uses a patented process. It is reasonable to require some evidence to support the allegation, but the requirements for this appear low. The request must nominate an expert competent to investigate the factory. The expert will be treated as a court-appointed, neutral expert and cannot disclose any of the acquired information directly to the patentee. The court will then issue an *ex parte* order allowing the expert to investigate the premises of the alleged infringer. The expert may be allowed to bring an attorney with him or her. He or she will then draw up an opinion and submit it to the court. After hearing from the alleged infringer, the court will then decide whether to disclose the opinion to the patentee. If it does, the opinion can then be used in subsequent infringement proceedings as evidence.

In the Netherlands, the court can provide an *ex parte* order for a bailiff to preserve evidence by seizing, describing and/or taking of samples of it. Although case law is not yet conclusive, it appears that these orders are limited to preserving evidence and cannot be used for fishing expeditions. The preserved evidence must be secured by the bailiff, who is supported only by an

independent expert, and must not be disclosed to the patentee. The seizure and description must include the infringing products and/or process; in addition, it may include details of the alleged infringer's administration so that the scale of any infringement may be established, and suppliers and distributors identified. The order may also be directed to goods possessed by third parties.

In France, few changes were needed to implement the directive, as France already had the *saisie-descriptive* and *saisie-contrefaçon* in place. A *saisie* is an authorisation given by the court to a patentee to fetch any information that may be relevant to an infringement. To obtain such authorisation, the patentee files a request to the court, shows that it owns the patent and that the patent is in force, and indicates what relevant material is likely to be discovered by a *saisie*. The authorisation allows a bailiff, together with an expert (usually a patent attorney), to enter the premises of an alleged infringer to search for any relevant information. The patentee may not be present itself. An expert will then select the information that is relevant for establishing infringement: all other material will be returned. Any non-confidential material thus obtained may, in principle, be used in any court procedure, both within and outside France. The *saisie* in France is therefore frequently used for fishing expeditions to acquire information for proceedings in France as well as abroad.

Conclusion

In enforcing patent claims directed to a manufacturing process, a patentee may encounter difficulties in providing conclusive evidence that an alleged infringer is using the claimed process, as use of the claimed process is likely to take place behind closed doors.

However, when the claimed process results in a novel

product, the burden of proof reverses. It is then up to the alleged infringer to prove that it manufactured the product using a process other than the claimed process.

Moreover, several measures are available for the preservation and collection of evidence. In particular, a patentee may, once infringement proceedings have been initiated and subject to specific national provisions, request the court to order the alleged infringer to provide evidence that is within its power. Such orders may be given *ex parte* when there is a risk that the evidence would otherwise be destroyed. The alleged infringer may hereby be ordered to provide, for instance, information that has not yet been supplied to the court, but that is

relevant for establishing the degree of infringement. In addition, there are legal measures to prevent evidence from being destroyed before proceedings are started: patentees may request the court to deliver an *ex parte* order to allow a bailiff to enter the alleged infringer's premises to preserve evidence or to describe goods and information that may be relevant for establishing whether the alleged infringer is actually infringing a patent claim. However, the requirements as to the level of proof, the scope of the orders and the availability of the results to the patentee differ significantly between various EU member states, despite the guidelines laid down in the EU IP Rights Enforcement Directive.



Roel van Woudenberg
Dutch and European patent attorney
vanwoudenberg@octrooibureau.nl
Nederlandsch Octrooibureau
Netherlands

Roel van Woudenberg is a Dutch and European patent attorney at Nederlandsch Octrooibureau (Eindhoven office). His customers range from small and medium-sized enterprises to multinationals and knowledge institutes. He specialises in systems architecture, data processing, software, electronics and physics. Mr van Woudenberg obtained a PhD in physics on a thesis on charm production in high-energy electron-proton collisions at the HERA collider using the ZEUS experiment at DESY (Hamburg, Germany), where he participated with a team from NIKHEF (Amsterdam).



Hans Hutter
Managing partner, Dutch and European
patent attorney
hutter@octrooibureau.nl
Nederlandsch Octrooibureau
Netherlands

Hans Hutter is a Dutch and European patent attorney, as well as managing partner of Nederlandsch Octrooibureau in The Hague. He has drafted and prosecuted patent applications in the fields of semiconductor technology, smart cards, lithography machines, telecommunications and navigation systems. Mr Hutter specialises in patenting software-related inventions and has been involved in major complex litigation in cases relating to CD-Rs, DVD-Rs, MP3s and JPEGs. He holds a PhD in the history of science and technology from Eindhoven University of Technology (1988).

Nederlandsch Octroobureau

PO Box 29720

2502 LS The Hague

Netherlands

Tel +31 70 331 25 00

Fax +31 70 352 75 28

Web www.octroobureau.nl



**NEDERLANDSCH
OCTROOBUREAU**
EUROPEAN PATENT & TRADEMARK ATTORNEYS