20 YEARS OF PRELIMINARY INJUNCTION IN PATENT INFRINGEMENT LITIGATION

THE FRENCH RECIPE

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Introduction:

Taking the time to investigate historical data, Pierre Véron, one of the most experienced French patent litigators and Olivier Mandel, have produced irrefutable evidence that this practice, although exceptional in the French courts, can be successful. It stimulates and motivates the most ardent of patent litigators. As with French gastronomy, sound assessment of the case and thorough preparation, makes everything achievable![1]

In summary:

- Patent infringement preliminary injunction proceedings entered into French law in 1984 allowing a patent holder who lodges an infringement action to obtain, by order of the President of the court seized with the case, an interim order to stop the allegedly infringing acts until a substantive decision on the merits is rendered.
- Because of the strict requirements set by the 1984 Act, these proceedings have remained exceptional: while more than 300 patent infringement actions are lodged every year, there are less than 5 actions for preliminary injunction (barely 100 in 20 years).
- Rarely requested, preliminary injunction is even more rarely ordered: only 20 decisions (1 per year, on average) have granted such an injunction since these proceedings entered into law.
- Once preliminary injunction has been ordered, this often puts an end to the case not giving rise to any decision on the merits of the case. However when the case is judged on its merits, the final decision usually goes in the same direction as the preliminary injunction.

[1] This article is a shorter version of a study published in French language in *Propriété Industrielle*, February 2005.

This law has been in effect for 20 years now, can conclusions be drawn from its data?

Ploughing through 200 decisions issued over the years, this article covers the substantive requirements and the procedure to follow in order to obtain a preliminary injunction, culminating in a review of how the 1984 Act[2] has been applied by the French courts.

The requirements

The French preliminary injunction aims to be a quick measure, ordered only if the infringement action is initiated within a short time, and appears well founded.

The request for preliminary injunction is governed by four cumulative requirements, under article L. 615-3 of French Intellectual Property Code:

- the plaintiff must hold a granted patent;
- the court must be seized with an infringement action on the merits;
- action on the merits must be initiated within a short time of the day on which the patentee became aware of the facts on which the substantive proceedings are based;
- action on the merits must appear well founded.

[2] Act No 84-500 of 1984, June 27th now article L. 615-3 of French Intellectual Property Code :
"Where proceedings are brought before the Court for infringement of a patent, the President of the Court, acting and ruling in summary proceedings, may provisionally enjoin, under penalty of a daily fine, the carrying out of the allegedly infringing acts or make the continued carrying out of such acts subject to the furnishing of a guarantee to cover indemnity of the patentee.

The request for an injunction or for furnishing of a guarantee shall only be granted if the substantive proceedings appear well founded and are instituted within a short time of the day on which the patentee became aware of the facts on which the proceedings are based.

The judge may condition the injunction on the furnishing by the plaintiff of a guarantee to cover possible indemnification of damages suffered by the defendant if the infringement proceedings are subsequently judged to be unfounded."

Is there a difference whether the patent is granted or pending?

Only the holder of a French or European Patent designating France has the right to lodge a request for preliminary injunction on the basis of article L. 615-3 of French Intellectual Property Code. This means that the owner of a patent application has no right to lodge such a request: he has to wait until after his patent has been granted.

However, if the owner of a patent application has knowledge of infringing acts against which he wants a preliminary injunction to be ordered as soon as his patent is granted, he has to initiate an action on the merits at once; thus he will have the opportunity to lodge a request for preliminary injunction just after the patent has been granted.

An action on the merits must be pending

A request for preliminary injunction is not a stand alone request. It is only admissible if an action on the merits is pending beforehand

Such an action must be lodged before one of the ten courts which have exclusive jurisdiction to judge patent cases in France (Paris, Lyon, Marseille, Lille, Strasbourg, Rennes, Bordeaux, Nancy, Toulouse, Limoges).

Short time

A request for preliminary injunction will be held admissible only if the infringement action on the merits has been instituted within a short time[3].

The duration of 'short time' starts from the day on which the patentee became aware of the allegedly infringing acts on which his action is based. The idea being that the patentee who wants to defend his rights and stop acts he deems infringing should not have to tolerate them too long.

In some cases, for example when the accused product is sold to consumers, the court can easily determine if the action on the merits has been launched within a short time. On the other hand, for a business to business product, it will be more difficult for the defendant to demonstrate that the plaintiff was aware of such sales.

[3] It is the infringement action on the merits which has to be instituted within a short time ; request for preliminary injunction may be lodged several years after the facts provided that the substantive proceedings had been instituted within a short time. In this respect French law differs somewhat from that of the countries which require an "urgent interest".

In the French courts, it would be considered ‘short time’ if the requested infringement action on the merits was introduced in the 6 months following the day on which the patentee became aware of them.

- **Likelihood of success**

In France, the judge is only required to find in the cause of the action reasonable likelihood of success and not to consider the case on the merits well founded. In other words, the judge will have to examine the essential features of the patent at stake to consider that it does not raise a substantial question of validity and that a strong likelihood of success on infringement exists.

As a result, the existence of former decisions upholding the validity of the patent at issue or of corresponding patents, or decisions rejecting opposition introduced before the European Patent Office will be considered by the judge as serious evidence of a strong likelihood of success of the case.

The proceedings

The judge who has jurisdiction to deal with patent infringement preliminary injunction is the President of the Court of First Instance seized with the infringement action on the merits. The defendant is served summons to appear before the judge (usually at least one month in advance) where he has the opportunity to file written pleadings to sustain his defence. A hearing where both parties are heard takes place usually lasting between 2 to 4 hours. The patentee can never obtain from the President a preliminary injunction without the defendant being heard.

A decision is usually handed down within a few weeks, while substantive proceedings are much longer (between 1 and 2 years at each level of jurisdiction, first instance, appeal and *cassation*, a final appeal on a point of law).

The decision of the judge, whether it grants a preliminary injunction or not, will not become binding on the main issues of validity and infringement, which means that the court seized with the action on the merits will not be bound by the findings of fact, conclusions of law nor by the decision of the judge who ruled on the request for injunction.

Finally, the preliminary injunction will usually be immediately enforceable and will remain in force until a decision on the merits is given. However, the decision on the request for preliminary injunction may still be subject to an appeal.

Should the case go to appeal, the court of appeal will generally judge the case between 6 to 8 months.

The statistical analysis

This study focused on decisions (of first instance, appeal and *cassation,* a final appeal on a point of law) rendered on request for preliminary injunction handed down between 1984 and 2004, June 30th.

Where it was possible to identify decisions on the merits between the same litigants and relating to the same patents, these decisions were also analysed to compare the result of the action on the merits with the result of the request for preliminary injunction.

Five main conclusions were drawn from these 198 decisions.

1. Request for preliminary injunction is an exception: while more than 300 patent infringement actions are lodged in France every year[4], less than 5 actions give rise to preliminary injunction requests (barely 100 in 20 years).

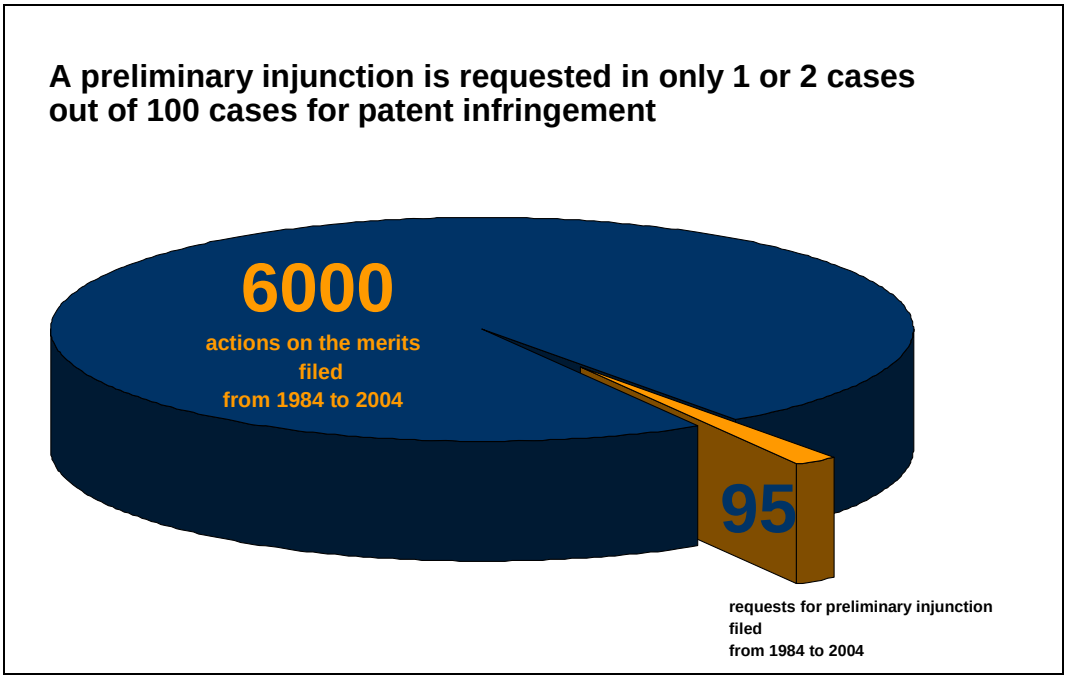

Figure 1 : Number of requests for patent infringement preliminary injunction compared to the number of substantive proceedings

[4] 70 % of the requests for patent infringement preliminary injunction are lodged before the Court of First Instance of Paris, about 15 % before the Court of First Instance of Lyon, the remaining 15 % being scattered between the 8 other Courts of First Instance which have exclusive jurisdiction to deal with patent matters.

2. Preliminary injunction is rarely granted: only 20 decisions in 20 years (i.e. 1 every year) since its introduction.

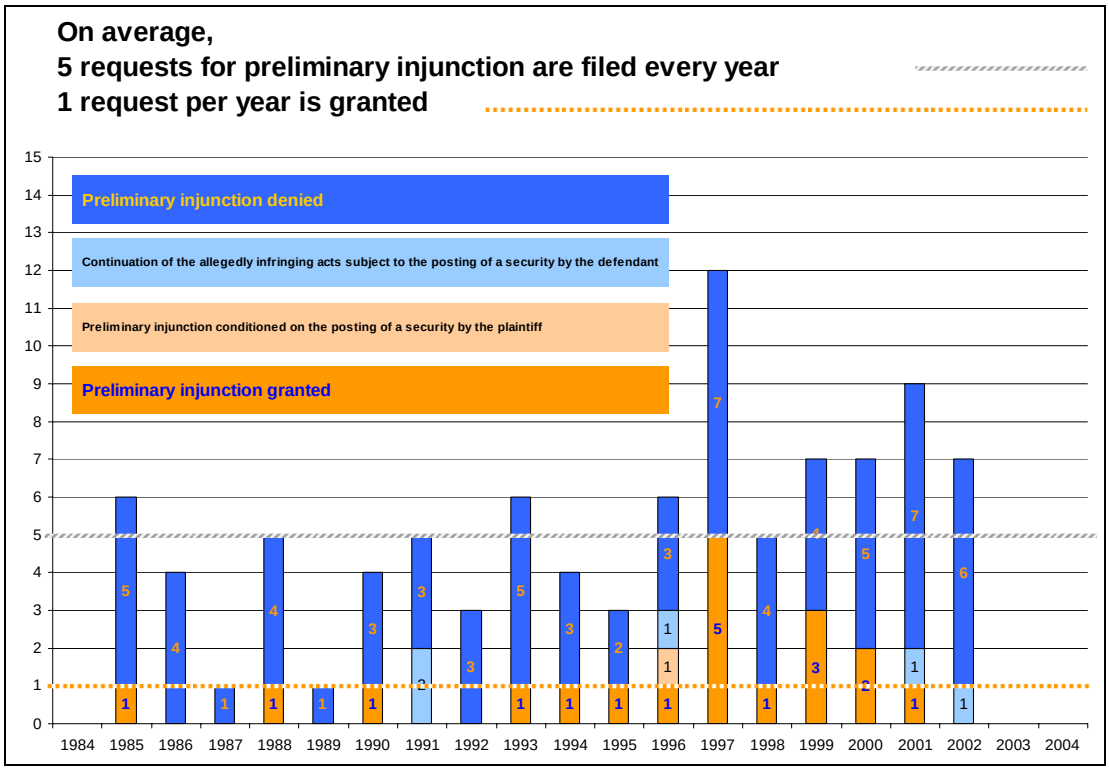

Figure 2 : Annual number and outcome of the decisions of first instance rendered on requests for patent infringement preliminary injunction

The main hurdle for the patentee is to demonstrate a likelihood of success on the merits (58 % of reasons for rejection).

As shown by the pie chart below, only 20% of the requests for a preliminary injunction were accepted while 74% were rejected.

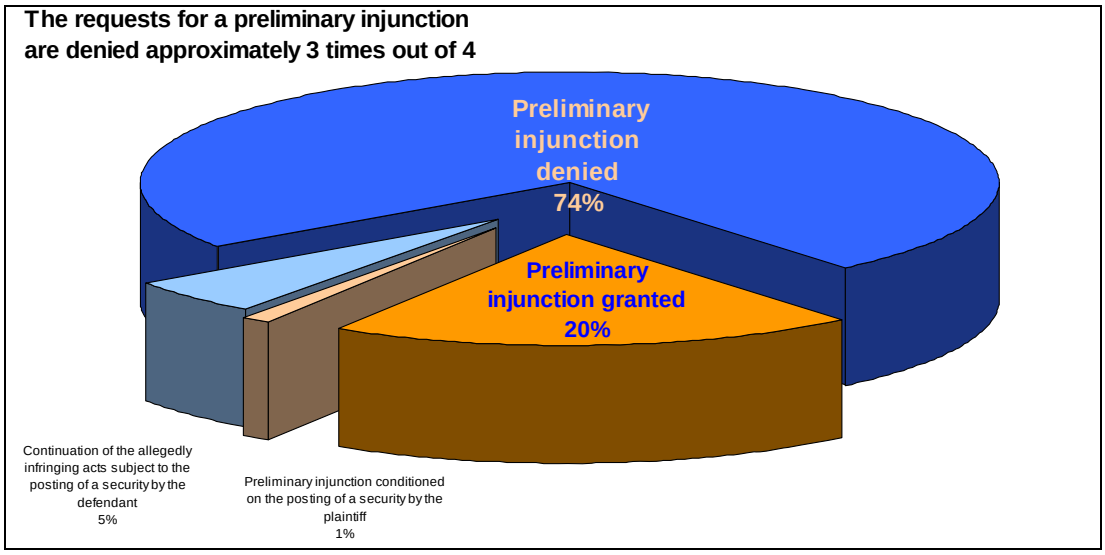

Figure 3 : Outcome of the decisions of first instance rendered on request for patent infringement preliminary injunction

3. The posting of a bond or a security is rarely ordered: only 5 decisions permitted the defendant to continue the accused activity provided that he posts a bond or a security (the highest ever noted in this survey was approximately €1,000,000). On the other hand, only 2 decisions granting the preliminary injunction ordered the plaintiff to provide a bond or security to cover the damages the defendant might claim if the action was eventually dismissed (the highest security noted was €150,000).

In the large majority of the cases, the decision is either to grant or deny the injunction.

4. Preliminary injunction proceedings puts an end to 1 case out 2: out of the 95 decisions on preliminary proceeding analysed, only 46 corresponding decisions on the merits were listed. This means that a slight majority of cases do not survive this stage having permitted the parties to assess their respective strengths and weaknesses

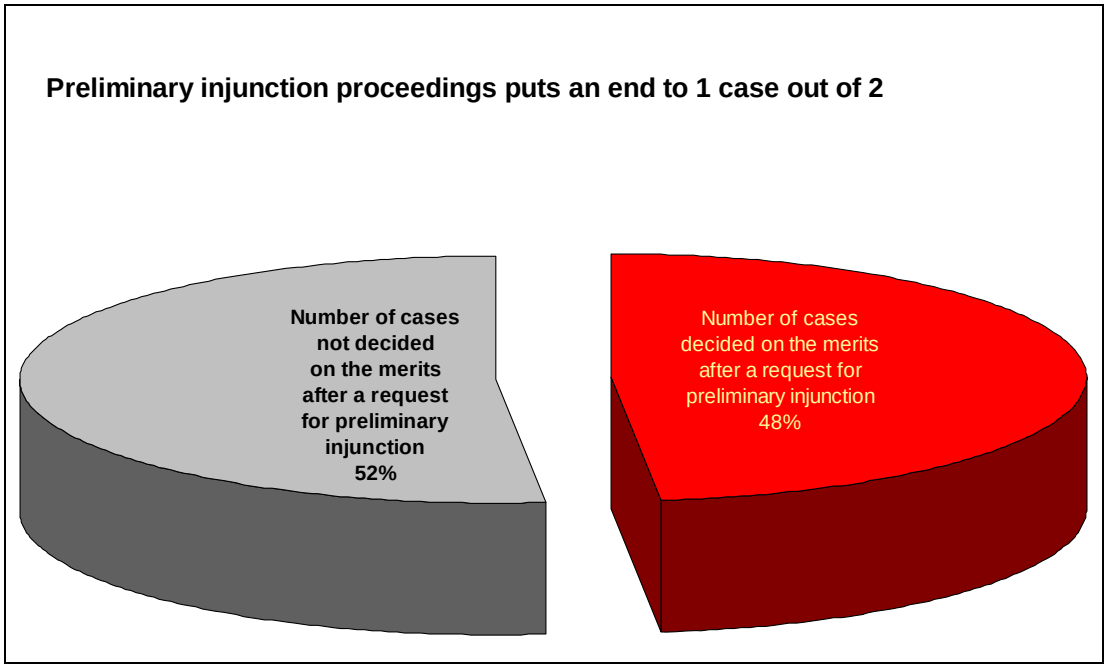

Figure 4 : Number of cases decided on the merits after a request for patent preliminary injunction

5. Preliminary injunction proceedings quickly give a clear picture of the case usually confirmed at a later stage by the judgement on the merits.

2 decisions on the merits out of 3 reach an opinion along the same lines as the decision rendered on the request for preliminary injunction.

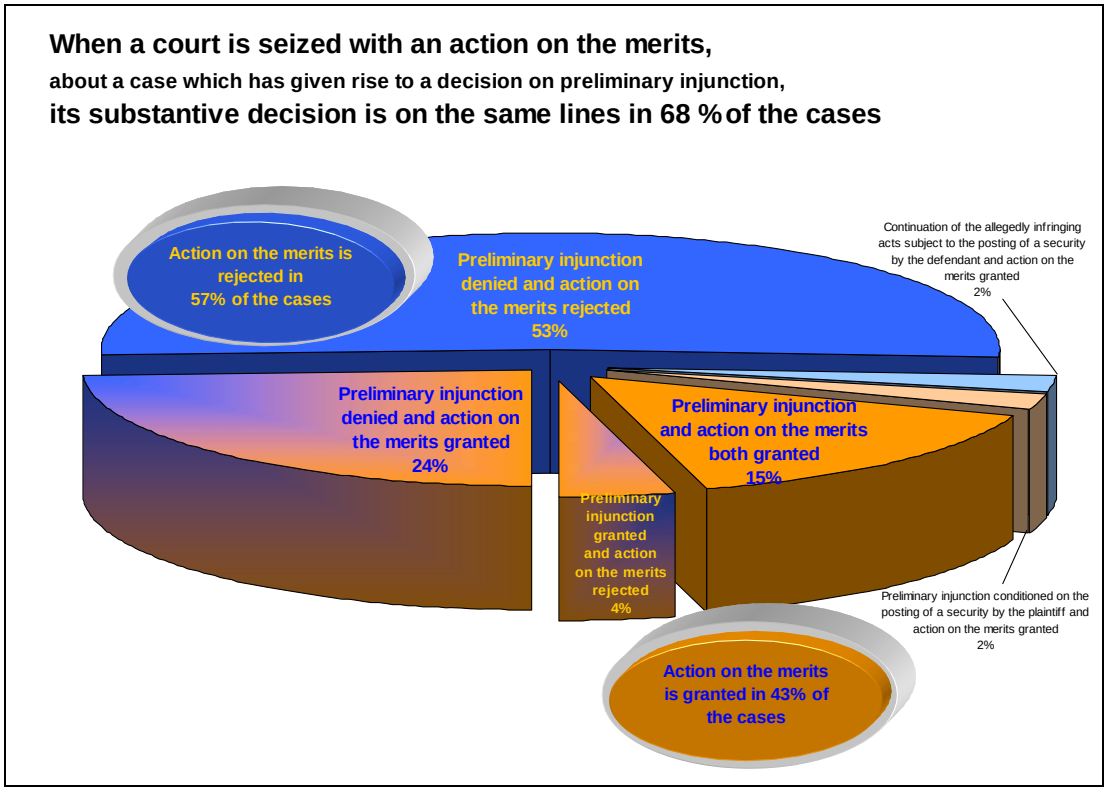

Figure 5 : Result of the request for patent preliminary injunction compared to the result of the action on the merits

Correlation between the preliminary injunction and the final decision on the merits, illustrates that preliminary injunction proceedings are an efficient mean to clarify and screen patent cases.

Conclusion

Short time, likelihood of success… it is tough out there; the French courts only issue the preliminary injunctions procedures in exceptional cases and only then if there is a reasonable chance of success!

Is this action then too difficult to obtain? Most certainly not, this is the exception that stimulates and motivates the most ardent of patent litigators. It is not without challenge but with sound assessment of the case and thorough preparation it still remains achievable!