

Anti-Suit-Injunctions in Germany

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Anti-suit-injunctions (ASIs) are court-ordered, cross-border litigation prohibitions with the aim of preventing proceedings in other countries than the location of the court by way of interim injunctions. These are not directed against the foreign court itself, but rather against the plaintiff with the aim of prohibiting the initiation or continuation of parallel court proceedings. While this legal instrument has a long tradition in common law countries such as the UK and the USA, it is so far not recognized in the civil law jurisdictions across Europe apart from UK. In multinational disputes concerning standard-essential patents (SEPs) ASIs have been granted by US and UK courts in order to block parallel national infringement proceedings elsewhere until a decision on the worldwide FRAND license was reached before the UK or US courts¹.

However, recently patentees have relied on so-called ANTI-ASIs to defend themselves against the blockade of already initiated national patent infringement proceedings before German infringement courts².

In March 2019, Nokia filed ten patent infringement suits against Daimler GmbH before the Regional Courts of Munich, Mannheim and Düsseldorf based on standard-essential mobile telecommunications patents. The supplier of the attacked component, a U.S. subsidiary of the Continental Corporation, joined the proceed-

ings as an intervening party and, on May 10, 2019, filed an action in the U.S. District Court (Northern District of California) for a license on FRAND terms and requested the grant of an ASI against Nokia with the aim of preventing the continuation of the German patent infringement proceedings. The ASI served to ensure that the U.S. litigation was not disrupted by German court decisions and to establish a uniform FRAND license. In particular, the aim was to prevent the implementers from getting pressured into accepting license fees that are potentially not FRAND-compliant, due to threat of provisionally enforceable injunctions as a consequence of the infringement. Thereupon, on July 9, 2019, Nokia filed an application with the Munich Regional Court – even before the decision on the U.S. ASI was rendered - requesting a cease-and-desist order (i.e. an ANTI-ASI) against Continental with the aim of preventing it from applying for the ASI in the U.S. proceedings. In “ex parte” interlocutory injunction proceedings, the Munich Regional Court granted the requested ANTI-ASI with decision of July 11, 2019. The decision was upheld by the Munich Regional Court upon opposition of Continental with judgement of August 30, 2019 and furthermore confirmed in the appeal proceedings before the Munich Higher Regional Court of December 12, 2019. As a consequence, Continental complied with the ANTI-ASI, subject to the reservation of filing further ASI applications, if necessary³.

¹Examples include the global FRAND litigation *Apple v Qualcomm* (US - S.D. Cal. 2017), *Conversant v Huawei/ZTE* (UK - High Court Chancery 2018) and *Unwired Planet v Huawei* (UK - High Court Patents 2017), as well as *IPCom v Lenovo* (US N.D. Cal. 2019) and *Nokia v Daimler/Continental* (US N.D. Cal. 2019).

²Munich Regional Court, Judgement of 2 October 2019, Beck RS 2019, 25536; Munich Higher Regional Court, Judgement of 12 December 2019, Beck RS 2019, 33196.

³See comments of Grunwald, GRUR-PRAX 2020, 47; Ehlgén, GRUR 2020, 379 and Keßler/Palzer, Mitt. 2020, 169.

Even if such ANTI-ASIs are aimed at defending against foreign ASIs it remains to be stated that they are bans on foreign proceedings granted by German courts and therefore have to be qualified as ASIs. In view of this the question arises, whether ASIs may become legal instruments in German court practice.

In the litigation between Nokia and Daimler/Continental both the Munich Regional Court and the Munich Higher Regional Court found that Continental's application for an ASI before the United States District Court - Northern District of California constituted an unlawful infringement of an absolute intellectual property within the meaning of Section 823 in conjunction with Section 1004 para. 1 sentence 1 of the German Civil Code (Bürgerliches Gesetzbuch - BGB) and thus granted the injunction as a lawful defensive measure. By applying for an ASI, Continental had created the concrete danger of an unlawful encroachment on Nokia's patent rights protected under Section 823 para. 1 German Civil Code and had thus created a risk of first infringement which triggered a claim for injunction under Section 1004 para. 1 sentence 2 German Civil Code. According to the positive finding of the Munich Regional Court, which was approved by the Munich Higher Regional Court, the unlawfulness of the encroachment on property results from the fact that the patentee would otherwise be deprived of the right to bring an action in Germany. This would endanger the sovereign rights of the Federal Republic of Germany by frustrating the court proceedings provided for under the rules of law and would contradict rights protected in the Sections 9 and 139 et seq. German Patent Act (PatG)⁴. As a result, a substantive claim for withdrawal of the ASI-request in the US proceedings was recognized by German courts.

The Regional Court justified the existence of the necessary judicial authority to prohibit Continental from continuing the ASI proceedings by stating that the interim injunction applied for by Nokia was not a judicial prohibition to conduct litigation in the US, but merely a defense in order to allow litigation in Germany. In this respect, the Regional Court distinguished between the U.S. main proceedings concerning the determination of the FRAND licenses and the application for an ASI in respect of the infringement pro-

ceedings pending in Germany. A prohibition to file the latter could not be qualified as a prohibition of litigation in court, as the right to conduct the US main proceedings would remain unaffected. According to the reasoning of the Regional Court, the defense against foreign ASIs would not have to be assessed as an impermissible prohibition to conduct a trial.

The Munich Higher Regional Court did not follow this differentiation and considered the injunction as granted by the Munich Regional Court as an ASI which is principally not acceptable in Germany. Insofar the Appeal court referred to the case law of the Federal Court of Justice according to which, there is a lack of legitimate interest not only for actions directed against the conduct of court cases as such, but also for actions directed against accompanying procedural applications such as requests for the issuance of an ASI. This assessment can hardly be contradicted, since the conduct of an ASI procedure in the US undoubtedly involves the use of legal instruments provided for in the US civil procedure.

Accordingly, the Munich Higher Regional Court had to identify a specific legal interest in order to rectify legal protection against the US-ASI, by way of a German ASI. The Munich Higher Regional Court rightly did not assume the existence of a classical right of self-defense in accordance with Section 227 German Civil Code, because it was actually possible to take legal action to defend against ASI attacks from abroad and the attack could be averted by appropriate urgent measures granted by the Court. Rather, the Higher Regional Court took into account the reasoning defined in the case law of the Federal Court of Justice relating to the so-called "procedural privilege". This principle, according to which a litigant cannot be prohibited from undertaking certain procedural actions, including the use of judicial or official proceedings, is based on the assumption that the protection of the other party is guaranteed in the context of the proceedings⁵. This trust in the competence of the courts and the legality of court proceedings where each party can assert its legal position applies in principle on the European level, with the proviso that a cross-border review of the competence of one court by a court of another EU Member State is not permitted. According to the correct assessment of the Higher Regional Court,

⁴See already OLG Düsseldorf NJW 1996, 940.

⁵BGH NJW 2005, 3141.

these presumptions of trust and legality do not apply in relation to non-European countries, such as the USA⁶. Therefore, the court examined whether the rights and interests of the applicant in the continuation of the patent infringement proceedings in Germany are sufficiently safeguarded in the US-ASI proceedings.

This was not the case, according to the reasoning of the Munich Higher Regional Court, because the protection of the US main proceedings was the main focus there. In spite of the Nokia's possibility of legal defense in the US-ASI proceedings, including the right to be heard and the right of appeal, the effects of the prohibition of the continuation of the German patent infringement proceedings were only considered from the point of view of "tolerability" and therefore not sufficiently taken into account in the US proceedings.

When weighing up the conflicting interests, Nokia's position of patent ownership, which is protected by fundamental rights and enforceable in court, takes precedence over the general freedom of action of the defendant. The defendant had the opportunity to assert the objection of licensing on FRAND terms in German infringement proceedings as well. Finally, the order of the ANTI-ASI was justified as the only effective defensive measure against the ASI, especially since the applicant had to reckon with punitive sanctions in the USA in the event of non-compliance, even if the US-ASI would not be recognized and enforceable in Germany.

Admissibility of ASIs under German law?

Unlike the UK or the United States, ASIs have not been recognized so far in German law⁷. ASIs issued by foreign courts were principally irrelevant under German law and not enforceable. Consequently, in the past, the service of such ASI was refused because of the infringement of Germany's sovereign rights. According to a decision of the Düsseldorf Higher Regional Court of January 10, 1996, the service of a foreign ASI which prohibits parties in Germany from continuing their case and/or which prohibits the parties from bringing further proceedings before domestic courts must be refused⁸. Instructions from foreign courts to the parties of German

proceedings on the nature and content of proceedings are therefore irrelevant. The decision as to whether a particular procedural step is admissible lies solely with the German courts.

Vice versa German courts consequently respect the sovereignty of foreign courts and do principally not intervene in foreign court proceedings by way of ASIs and requests for Anti-suit injunctions based on Section 826 German Civil Code or Section 823 para 1 German Civil Code are therefore predominantly denied in Germany.

Nevertheless, the Munich Higher Regional Court opened the door for the granting of ASIs in Germany as an exceptional defense strategy. However, the grant of ASIs is in view of the "procedural privilege" only conceivable as "ultima ratio", if the undesirable foreign proceedings are not in accordance with the rules of law and have negative impacts in Germany which cannot otherwise be avoided - even if - the respective decision would not be recognized and enforceable in Germany. In addition, a prevailing interest to prevent foreign proceedings has to be established by the applicant of a German ASI.

Against this backdrop it is not very likely that beside Anti-ASIs the grant of ASIs like in the US or UK will become an admissible court practice in Germany. Rather, the grant of Anti-ASIs remains an exemption under very specific circumstances.

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⁶BGH NJW 2020, 399, 402.⁵BGH NJW 2005, 3141.

⁷Geimer/Schütze, International Legal Relations in Civil and Commercial Matters, 58th EL October 2019, Preamble to Article 2 of Regulation (EC) No 44/2001; Cegl/Voß/Lunze ZPO § 709 marginal no. 23; Lehmann, NJW 2009, 1645,1646; BGH NJW 2020, 399, 402.

⁸OLG Düsseldorf BeckRS 1996,940.