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Court rules on admissibility of infringement proceedings against patent that has not yet been granted

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Facts

Three affiliated pharmaceutical companies sought a preliminary injunction, a final injunction and a declaration of liability per se against two generics companies based on a patent expected to be granted soon. The application that the claimants expected to be granted had been rejected by the Examining Division of the European Patent Office. However, a Technical Board of Appeal reversed that decision and referred the matter back to the Examining Division with the order to grant a patent.

The Patent and Market Court held the claimants' action inadmissible, citing a provision in the Swedish Procedural Code on the admissibility of requests for specific performance, which covers injunctive relief. This provision focuses on when a claim falls due. The Patent and Market Court reasoned that there could be no claim for performance before there is a patent. The claimants appealed the ruling to the Patent and Market Court of Appeal, which reversed the decision.[(1)]

Decision

The Patent and Market Court of Appeal noted that it is sufficient for admissibility that the performance has come due when the court rules on the merits of the claim. The Court agreed with the lower court that it would be difficult to formulate a generally applicable rule as to when the inception of an IP right is so likely or close at hand that an infringement action should be allowed. Instead, the Court held, this must be decided on a case-by-case basis.

In the immediate case, the Court noted, the Technical Board of Appeal had ordered the Examining Division to grant the patent with the patent claim on which the claimants had based their infringement assertion. The Court held that, at the present stage, it had to accept the claimants' assertion as to when patent grant was to be expected and that it was unlikely that the lower court would rule on the merits of the claim before that. The Court also observed that the record did not suggest that the conditions for advancing the case before patent grant were lacking. It thus found the claim for injunctive relief admissible.

As for the declaration sought by the claimants, the Court found that it also was admissible as it was based on an assertion of legal relationship between the claimants and the defendants.

It should be added that the Court distinguished the issue of whether an infringement action is admissible before patent grant from the question of whether a preliminary injunction can be granted before that.

Comment

The ruling by Patent and Market Court of Appeal confines itself to the question of admissibility. It accordingly answered only the question of whether a claimant can initiate proceedings. Whether the claims, including the preliminary injunction sought, can be granted is then for the Court to examine. The claimants pointed out commentary discussing whether provisional relief could be granted before patent grant. However, historically, the Swedish courts have rejected attempts to obtain such relief.

The ruling opens the door for pre-grant litigation, which likely is most relevant for pharmaceutical companies. The development of the present case will have to be watched to analyse whether there are any tangible strategic benefits in bringing pre-grant infringement proceedings, in circumstances where they are admissible.

It should be added that the Procedural Code gives the courts the power to reject a case on the merits without issuing summons if the claimant's statement does not comprise legal reasons for the claim or if it is otherwise manifestly ill-founded. The Court did not discuss the relationship between its finding of admissibility and the lower court's power to nevertheless reject the case on the merits for being ill-founded. However, the power to reject cases without issuing summons shall be applied restrictively. It is not probable that a court, which has found patent grant to be so likely and close at hand that it, on one hand, decides to admit an action, on the other hand rejects it for not being sufficiently well grounded.

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Endnotes

(1) Ruling by the Patent and Market Court of Appeal on 11 May 2022 in case PMÖ 5185-22.