

**International  
Comparative  
Legal Guides**



Practical cross-border insights into patent law

**Patents**

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# Austria



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GEISTWERT Rechtsanwälte

## 1 Patent Enforcement

### 1.1 Before what tribunals can a patent be enforced against an infringer? Is there a choice between tribunals and what would influence a claimant's choice?

Exclusive jurisdiction is with the Vienna Commercial Court. Decisions of the court are rendered by a panel of three judges: two professional judges; and a technical lay judge, usually a patent attorney. In criminal proceedings, the Regional Criminal Court of Vienna (single judge) has exclusive jurisdiction. Appeals against decisions of the first instance have to be filed with the Higher Regional Court of Vienna. Decisions of the Higher Regional Court of Vienna may be appealed to the Supreme Court as the final instance if a legal question of fundamental relevance is involved.

### 1.2 Can the parties be required to undertake mediation before commencing court proceedings? Is mediation or arbitration a commonly used alternative to court proceedings?

No. However, the court is held to ask the parties in the first hearing, whether they would like to settle. Mediation or arbitration is uncommon in patent litigation.

### 1.3 Who is permitted to represent parties to a patent dispute in court?

Before the court, the parties must be represented by an attorney-at-law authorised to practise in Austria. In addition, the parties can instruct a patent attorney to support the attorney-at-law in technical questions. Assisting patent attorneys have rights of audience before the court and are treated as equivalent to attorneys-at-law in practice.

### 1.4 What has to be done to commence proceedings, what court fees have to be paid and how long does it generally take for proceedings to reach trial from commencement?

There is no requirement to send a warning letter in advance. Not

sending a warning letter may result in no costs being awarded if the defendant submits immediately. Thus, a law suit may be initiated without any prior steps.

The Court fees depend on the amount in dispute, which – for cease and desist claims – is determined by the plaintiff. Court fees usually range from EUR 800 to 3,000 in the first instance.

In provisional proceedings, there is no trial. It takes around three to six months from commencement to the first decision.

In main proceedings, it takes four to six months from commencement to the first hearing.

### 1.5 Can a party be compelled to disclose relevant documents or materials to its adversary either before or after commencing proceedings, and if so, how?

A party cannot be compelled to disclose documents, unless they are common documents of the parties or the party explicitly refers to the documents.

However, preliminary injunction (PI) proceedings – for the preservation of evidence – are possible. Thus house searches and seizures can be achieved by way of PI-requests in civil proceedings.

Although Austria has transformed the Enforcement Directive, seizures can be achieved only by way of a PI for a house search (or in criminal proceedings). In praxis, PIs to search and preserve evidence are granted only exceptionally, because the applicant to a certain extent has to establish that an infringement is likely.

### 1.6 What are the steps each party must take pre-trial? Is any technical evidence produced, and if so, how?

There are no formal requirements pre-trial, however, the parties must prepare the evidence they intend to present. In case of expert opinions, this may take some time.

### 1.7 How are arguments and evidence presented at the trial? Can a party change its pleaded arguments before and/or at trial?

As there are no formal pre-trial proceedings, there is no need to present arguments of evidence.

**1.8 How long does the trial generally last and how long is it before a judgment is made available?**

Austria has a bifurcated system. If invalidity of the patent in dispute is not an argument, first instance proceedings usually take one to two years. If, instead, the plea of abatement of nullity is raised and if the court considers it likely that the patent in dispute is invalid, it has to suspend the proceedings until the patent office definitely has decided about the validity. In that case, proceedings may last for years.

**1.9 Is there any alternative shorter, flexible or streamlined procedure available? If so, what are the criteria for eligibility and what is the impact on procedure and overall timing to trial?**

Most Austrian patent litigations start as provisional proceedings because no suspension is possible and because there is no requirement of urgency. In case of a plea of invalidity, the court has to evaluate the validity of the patent as a preliminary question.

**1.10 Are judgments made available to the public? If not as a matter of course, can third parties request copies of the judgment?**

First instance judgments are not published. Only second instance judgments which become definitive or Supreme Court decisions are published.

Third parties can only get access to a judgment which is not published if they can establish legal interest.

**1.11 Are courts obliged to follow precedents from previous similar cases as a matter of binding or persuasive authority? Are decisions of any other jurisdictions of persuasive authority?**

No, courts are not formally bound by precedents, not even by PI-decisions in the same matter. However, in praxis, lower instance courts respect precedents. Other countries' decisions are not binding, but are taken into consideration like any other evidence, in particular if their reasoning is convincing and in accordance to the pleading of the parties.

**1.12 Are there specialist judges or hearing officers, and if so, do they have a technical background?**

At the moment, there are four specialised senates, each of them composed of three judges: two professional judges; and one lay judge who, in general, is a patent attorney in the relevant field. The same applies to the court of second instance. The Supreme Court decides in panels of five judges, two of them being technically trained.

**1.13 What interest must a party have to bring (i) infringement, (ii) revocation, and (iii) declaratory proceedings?**

The prerequisite for an infringement action is danger of infringement or if an infringement has already occurred. For a revocation action, there is no specific interest necessary. Declaratory proceedings instead require a special legal interest in the declaration sought. The courts do not provide "legal opinions".

**1.14 If declarations are available, can they (i) address non-infringement, and/or (ii) claim coverage over a technical standard or hypothetical activity?**

Negative declaratory actions are admissible only on non-infringement. Invalidity must not be addressed since falling within the competence of the Patent Office.

Two other possibilities of declaratory proceedings are available at the Austrian Patent Office according to section 163 paragraph 1 of the Austrian Patent Act:

*"any person who industrially produces, puts on the market, offers for sale or uses an object, industrially applies a process or intends to take such measures can request a declaratory decision at the Patent Office against the owner of a patent or the exclusive licensee that the object or the process is not entirely or partially covered by the patent."*

For the holder of the patent or a licensee, section 163 paragraph 2 of the Austrian Patent Act provides a complementary provision for declaration of infringement:

*"The patentee or the exclusive licensee can request a declaratory decision of the Patent Office against any person who industrially produces, puts on the market, offers for sale, or uses an object, industrially applies a process or intends to take such measures that the object or the process is entirely or partially covered by the patent."*

**1.15 Can a party be liable for infringement as a secondary (as opposed to primary) infringer? Can a party infringe by supplying part of, but not all of, the infringing product or process?**

Austrian patent law does not only cover direct infringement but also indirect infringement: as an indirect infringer is considered someone who delivers the means that relate to an essential element of the invention, for use of the invention, to others than those who are entitled to use the invention if the third party knows or if it is apparent because of the circumstances that these means are suitable and intended to be used for the use of the invention (see section 22 paragraph 3 of the Austrian Patent Act).

**1.16 Can a party be liable for infringement of a process patent by importing the product when the process is carried on outside the jurisdiction?**

Pursuant to section 22 paragraph 2 of the Austrian Patent Act, the scope of protection under a process patent also covers the products directly obtained by the patented process. The protection under the process patent covers the product of the process incorporated or otherwise integrated into a factual whole, provided it remains distinctively present in the factual whole and retains a certain degree of independence. In case of a mixture, the decisive issue is whether the product of the process still produces the characteristic effects. It is focused on whether the characteristic properties of an "intermediate product" or a substance are still found in the final product, or whether the inventive achievement of the protected process has a characterising impact on the final product.

Pursuant to the explanatory remarks relating to the Austrian Patent Act, only products for which the products obtained by the patented process serve merely as auxiliary instruments are not covered by the scope of protection granted under the relevant process patents.

The scope of section 22 paragraph 2 of the Austrian Patent Act also covers products manufactured abroad pursuant to a process protected in Austria. The owner of an Austrian process patent is protected from the importation into and distribution in Austria of products manufactured in another country pursuant to a process protected in his favour in Austria.

**1.17 Does the scope of protection of a patent claim extend to non-literal equivalents (a) in the context of challenges to validity, and (b) in relation to infringement?**

In the context of validity, equivalence is not applied. The only common issue is that in the context of invalidity, it is also of relevance whether a patented technology at the priority date was obvious for a person skilled in the art.

In relation to infringement, Austrian case law is in line with the German *Schneidmesser* decisions, as discussed below:

According to case law of the Austrian Supreme Court and the Austrian Supreme Patent and Trademark Senate, equivalence occurs if a skilled practitioner at the priority date, armed with his general knowledge of the field and taking into account the prior art, would derive the replaced characteristics from the patent claims as functionally identical means without applying inventiveness.

To ascertain whether the patent has been infringed upon by equivalent means, one must conduct a three-step examination. This examination involves a comparison of the form of execution in accordance with the patent and the contested form of execution of the implemented solution to the problem. The following conditions must be met cumulatively:

- a) the modified form of execution solves the underlying problem addressed by the invention using means which are modified yet which involve an objectively identical effect (identical in effect);
- b) based on his knowledge of the field, the skilled practitioner can detect the modified means used in the contested form of execution as having the same effect as a means for solving the problem addressed by the invention (obviousness); and
- c) the skilled practitioner's considerations are so geared to the substantive meaning of the technical theory protected under the patent claim that the skilled practitioner considers the deviating execution with its modified means as equivalent to the execution of the solution in accordance with the patent (equivalence).

The Austrian Courts also accept the *Formstein* defence, thus the defence that the attacked embodiment does not fall within the scope of a patent, if it is anticipated in the state of the art or if it is obvious from the state of the art. The background for this defence is the consideration that the patent in suit must not be extended by means of equivalence on a subject matter which is known in the state of the art, and for which the proprietor of the patent in suit could thus not have obtained patent protection in examination proceedings. The *Formstein* defence, however, is less important in Austria, since the Austrian Courts accept the plea of abatement of nullity.

**1.18 Can a defence of patent invalidity be raised, and if so, how? Are there restrictions on such a defence e.g. where there is a pending opposition? Are the issues of validity and infringement heard in the same proceedings or are they bifurcated?**

Yes, in both the main action and in provisional proceedings. In the main action, the court has to evaluate whether the invalidity of the patent is likely, and if so, it has to suspend the proceedings until a definitive decision of the patent office is rendered, because Austria has a bifurcated system.

In PI proceedings, the court has to evaluate the validity as a preliminary question. The defendant who raises the nullity argument has to provide *prima facie* evidence of the invalidity and overcome the assumption of validity of a patent.

In (negative) declaratory proceedings, the invalidity argument is inadmissible.

Nullity proceedings or opposition proceedings are no obstacle for the invalidity plea.

**1.19 Is it a defence to infringement by equivalence that the equivalent would have lacked novelty or inventive step over the prior art at the priority date of the patent (the "Formstein defence")?**

Yes, the *Formstein* defence is accepted by the Austrian Courts.

**1.20 Other than lack of novelty and inventive step, what are the grounds for invalidity of a patent?**

Other grounds for invalidity are insufficient disclosure, added subject matter, usurpation and lack of industrial applicability. For biological material and computer programs, there are additional nullity grounds.

**1.21 Are infringement proceedings stayed pending resolution of validity in another court or the Patent Office?**

Main proceedings are stayed if the court considers the patent in dispute likely to be invalid. In provisional proceedings the court has to evaluate the validity as a preliminary question on its own.

**1.22 What other grounds of defence can be raised in addition to non-infringement or invalidity?**

The defendant may have a right of prior use or it could be a licensee. Exhaustion could apply if the attacked embodiment was brought onto the European market with the consent of the patentee. FRAND (for standard essential patents) or the bolar exemption for pharmaceuticals can be other defences.

**1.23 (a) Are preliminary injunctions available on (i) an *ex parte* basis, or (ii) an *inter partes* basis? In each case, what is the basis on which they are granted and is there a requirement for a bond? Is it possible to file protective letters with the court to protect against *ex parte* injunctions? (b) Are final injunctions available? (c) Is a public interest defence available to prevent the grant of injunctions where the infringed patent is for a life-saving drug or medical device? (Please cross-refer to your answer to question 3.2 if compulsory licensing may be available in this scenario).**

*Ex parte* PIs are possible but very rare. Almost every PI proceeding in patent matters is *inter partes*.

There are no special prerequisites for a PI, except the infringement of a valid patent. In particular, there is no balance of interest and no urgency requirement.

The court may condition the effectiveness of a provisional injunction by a security deposit of the plaintiff. Regarding the possibility of damage for the defendant, there are two cases:

- insufficient evidence (section 390 paragraph 1 of the Enforcement Act); and
- sufficient evidence but consideration of interests in favour of the defendant (section 390 paragraph 2 of the Enforcement Act).

Until deposit of a bond by the party in jeopardy, enforceability is suspended.

Some foreign plaintiffs, under certain circumstances, can be ordered to provide a bond for the costs of the proceedings.

Protective letters are not admissible.

Final injunctions are rendered only in main proceedings.

Public interest is not a criterion for an injunction, but compulsory licences are available.

**1.24 Are damages or an account of profits assessed with the issues of infringement/validity or separately? On what basis are damages or an account of profits assessed? Are punitive/flagrancy damages available?**

Damages are assessed after the infringement has been established and usually after a claim for rendering of accounts has been successfully raised.

In Austria, the infringed party is entitled to claim adequate monetary compensation. Generally, adequate compensation is determined in analogy to an adequate licence fee.

In case of culpable patent infringement, a plaintiff, instead of adequate monetary compensation, may claim:

- damages including any loss of profits; or
- the surrender of the profit made through the patent infringement.

In case of gross negligence or intent, a plaintiff may claim double the adequate monetary compensation independent of proof of damage, which is the only kind of punitive damage in Austrian law.

A plaintiff may also claim adequate compensation for any damages or other financial losses he suffered by the culpable patent infringement insofar as this is justified by the particular circumstances of the case.

As regards the lost profits, it is generally difficult for the plaintiff to prove that a particular decrease in profit is exclusively due to the patent infringement. Accordingly, plaintiffs often revert to infringer's profit made by the patent infringement. The infringer's profit has to be obtained from the patent infringement, not from other business activities. For this alternative, it is of no relevance whether the patentee would have been able to obtain the profit on its own.

If the defendant infringes the plaintiff's patent also in other states, the plaintiff can claim damages for infringement in all affected countries according to Article 2 of the Brussels I Regulation.

**1.25 How are orders of the court enforced (whether they be for an injunction, an award of damages or for any other relief)?**

Cease-and-desist obligations manifested in a judicial title (judgment, provisional injunction) are enforced by fines of up to EUR 100,000 per day or imprisonment. Provisional injunctions are generally enforceable upon receipt by the defendant. From that moment, a plaintiff can apply for enforcement with the competent district court. Enforcement is granted upon the mere allegation of the plaintiff. No evidence of the infringement is required at first. If the enforcement is not justified, the defendant must sue the plaintiff by way of a complaint according to the Enforcement Act. Such a complaint does not necessarily have suspensive effect for the enforcement.

**1.26 What other form of relief can be obtained for patent infringement? Would the tribunal consider granting cross-border relief?**

Apart from civil actions, criminal actions may provide relief.

Persecution shall take place solely upon request of the infringed party. Any wilful infringement of a patent shall be fined with up to 360 times the daily rate. Any person committing the act on a commercial basis shall be sentenced to up to two years of imprisonment. Likewise, an owner or manager of an enterprise who has not prevented a patent infringement committed within the enterprise by a person for or on his behalf shall be punished.

If the owner of the enterprise is a company, a cooperative, an association, or any other legal entity not belonging to physical persons, the same shall apply to the bodies of the enterprise if they are found guilty of such refrainment.

Persons working for or on behalf of the owner who have committed the act by order of their employer or ordering party shall not be punished if they could not have been expected to refuse the commitment of this act because of their economic dependence.

Usually cross-border injunctions are not granted in Austria. However, as Austrian law allows courts to base decisions on foreign law, orders against Austrian entities issued by foreign courts are enforceable in Austria (and *vice versa*) within the framework of the relevant international treaties and EU regulations.

**1.27 How common is settlement of infringement proceedings prior to trial?**

Patent litigations are rarely settled prior to trial. In contrast, damages claims made after a trial are often settled.

**1.28 After what period is a claim for patent infringement time-barred?**

The limitation period begins three years after knowledge of the damage and the damaging party. The right to injunctive relief in the case of continuous offences only lapses three years after the last act.

Regardless of knowledge, an absolute limitation period of 30 years applies.

**1.29 Is there a right of appeal from a first instance judgment, and if so, is it a right to contest all aspects of the judgment?**

Yes, any aspect of the judgment can be appealed, within four weeks.

**1.30 What effect does an appeal have on the award of: (i) an injunction; (ii) an enquiry as to damages or an account of profits; or (iii) an order that a patent be revoked?**

Any appeal in main proceedings has suspensive effect.

In PI proceedings, an appeal usually does not have suspensive effect. Only in very exceptional cases is a suspensive effect granted to appeals in PI proceedings.

**1.31 Is an appeal by way of a review or a rehearing? Can new evidence be adduced on appeal?**

The appeal proceedings are in writing only. Only very rarely does the appeal court issue summons to a hearing. No new evidence is admissible on appeal.

### 1.32 How long does it usually take for an appeal to be heard?

Both the appeal to the Higher Regional State Court and the appeal to the Supreme Court are usually decided within three to six months.

### 1.33 How many levels of appeal are there? Is there a right to a second level of appeal? How often in practice is there a second level of appeal in patent cases?

There are two levels of appeal. One to the Higher Regional State Court and one to the Supreme Court. The Supreme Court decides solely about questions of legal importance beyond the specific case.

### 1.34 What are the typical costs of proceedings to a first instance judgment on: (i) infringement; and (ii) validity? How much of such costs are recoverable from the losing party? What are the typical costs of an appeal and are they recoverable?

Costs of patent litigations may vary a lot. However, typically, the costs are within the following ranges:

- PI first instance: EUR 30,000 to 60,000;
- PI second instance: EUR 10,000 to 30,000;
- PI Supreme Court: EUR 10,000 to 30,000;
- main action first instance: EUR 25,000 to 100,000;
- main action second instance: EUR 10,000 to 25,000;
- main action Supreme Court: EUR 10,000 to 25,000;
- revocation action first instance: EUR 15,000 to 30,000;
- revocation action second instance: EUR 10,000 to 25,000; and
- revocation action Supreme Court: EUR 10,000 to 25,000.

The recovery rate is 25 to 40%, also on appeal.

### 1.35 For jurisdictions within the European Union: What is the status in your jurisdiction on ratifying the Unified Patent Court Agreement and preparing for the unitary patent package? For jurisdictions outside of the European Union: Are there any mutual recognition of judgments arrangements relating to patents, whether formal or informal, that apply in your jurisdiction?

Austria ratified the UPCA on 6<sup>th</sup> August 2013. On 2<sup>nd</sup> December 2021, the Austrian Parliament successfully completed the ratification of the Protocol to the Agreement on a Unified Patent Court on provisional application (PPA). There will be a local chamber at the seat of the Austrian Patent Office.

## 2 Patent Amendment

### 2.1 Can a patent be amended *ex parte* after grant, and if so, how?

The limitation of patent claims pursuant to section 46 paragraph 2 of the Austrian Patent Act with reference to elements supported only by the description is admissible also after grant. Mere communication to the Austrian Patent Office is sufficient.

### 2.2 Can a patent be amended in *inter partes* revocation/invalidity proceedings?

Yes, a patent may be amended in *inter partes* revocation/invalidity proceedings.

### 2.3 Are there any constraints upon the amendments that may be made?

The main constraint is that the scope of the amended patent must not extend beyond the content of the application as filed. However, it is even admissible to make reference to essential elements supported only by the description.

## 3 Licensing

### 3.1 Are there any laws which limit the terms upon which parties may agree a patent licence?

The term of a patent licence is only limited by the term of the patent (and respective SPCs).

### 3.2 Can a patent be the subject of a compulsory licence, and if so, how are the terms settled and how common is this type of licence?

Yes, a patent can be the subject of a compulsory licence; if a patented invention cannot be exploited without infringing an invention patented with better seniority (earlier patent), the owner of the later patent is entitled to a non-exclusive licence to the earlier patent if the invention protected by the later patent represents an important technical advance of considerable economic significance compared to the invention protected by the earlier patent. In the case of the grant of a licence, the proprietor of the earlier patent is also entitled to a non-exclusive licence to the later patent.

If a patented invention is not practised to a reasonable extent and if the patentee has not done all that is necessary for such practise, every person shall be entitled to a non-exclusive licence to the patent in respect of his business unless the patentee proves that the invention cannot reasonably be practised within the country, or cannot reasonably be practised to a greater extent than has been done, because of the difficulties involved in practising it. If the grant of a licence to a patented invention is required in the public interest, everyone shall be entitled to a non-exclusive licence to the invention for his business.

Though the law provides for the possibility of compulsory licences, they are extremely uncommon, consequently there is no national case law on how the terms are to be established. With regard to SEPs, the European Court of Justice (ECJ) provides a guideline in *Huawei/ZTE*.

## 4 Patent Term Extension

### 4.1 Can the term of a patent be extended, and if so, (i) on what grounds, and (ii) for how long?

Yes, by a Supplementary Protection Certificate (SPC), which is registered with the Austrian Patent Office. It normally has a

maximum lifetime of five years and is granted for pharmaceuticals or plant protection products (EU Regulations 469/2009 and 1610/93). For pharmaceuticals for children there is additionally the possibility of a paediatric extension of six months.

The maximum term of an SPC and the respective basic patent is 15 years from the marketing authorisation.

## 5 Patent Prosecution and Opposition

### 5.1 Are all types of subject matter patentable, and if not, what types are excluded?

According to section 2 of the Austrian Patent Act, patents shall not be granted for:

- 1) Inventions, the exploitation of which would be contrary to order, public or morality, in particular:
  - a) processes for cloning human beings;
  - b) processes for modifying the genetic identity of the germ line of human beings;
  - c) the use of human embryos;
  - d) the production and utilisation of hybrid living beings derived from germ cells, totipotent cells or cell nuclei of humans and animals; and
  - e) procedures for modifying the genetic identity of animals that are likely to cause suffering to such animals without substantial medical benefit to man or animal, and animals produced by means of such procedures.
- 2) Methods for the surgical or therapeutic treatment of the human or animal body and diagnostic methods carried out on the human or animal body; except products, in particular substances or mixtures of substances, for use in one of these methods.
- 3) Plant varieties or animal breeds or for essentially biological processes for the production of plants or animals and the plants or animals obtained exclusively by such processes.
- 4) Computer programs.

### 5.2 Is there a duty to the Patent Office to disclose prejudicial prior disclosures or documents? If so, what are the consequences of failure to comply with the duty?

No, there is no such duty to disclose prejudicial prior disclosures or documents.

### 5.3 May the grant of a patent by the Patent Office be opposed by a third party, and if so, when can this be done?

Yes. The opposition before the Austrian Patent Office has to be filed within four months from the day of the communication of the grant of the patent.

### 5.4 Is there a right of appeal from a decision of the Patent Office, and if so, to whom?

Yes, any party to the proceedings may appeal to the Higher Regional State Court (and if the prerequisites are met also to the Supreme Court).

### 5.5 How are disputes over entitlement to priority and ownership of the invention resolved?

Disputes over entitlement or priority are dealt with by the

infringement court as preliminary questions or by way of invalidity action, respectively, as the ownership is concerned by a revocation action according to section 49 of the Austrian Patent Act.

### 5.6 Is there a "grace period" in your jurisdiction, and if so, how long is it?

No, except for utility models. Utility models enjoy a grace period of six months.

### 5.7 What is the term of a patent?

Twenty years (extendable by a maximum of five-and-a-half years by an SPC).

### 5.8 Is double patenting allowed?

Yes, double patenting is allowed.

### 5.9 For jurisdictions within the European Union: Once the Unified Patent Court Agreement enters into force, will a Unitary Patent, on grant, take effect in your jurisdiction?

Yes, Austria will have a local chamber.

## 6 Border Control Measures

### 6.1 Is there any mechanism for seizing or preventing the importation of infringing products, and if so, how quickly are such measures resolved?

The Council Regulation (EU) 608/2013 (Product Piracy Regulation) is applicable in Austria, and together with the Austrian Product Piracy Act 2020 lays down measures to protect the European Market from goods infringing intellectual property rights. Customs authorities are authorised to effect border seizures when goods are suspected of infringing any IP rights. Patent infringing goods fall within the scope of the Product Piracy Regulation and therefore in Austria, border measures may be applied for patent protected goods. However, the actual number of any such border measure applications is far lower than for trademark protected goods, mostly for the obvious reason that patent infringement in most cases cannot be detected by simple inspection of goods in the course of customs controls.

## 7 Antitrust Law and Inequitable Conduct

### 7.1 Can antitrust law be deployed to prevent relief for patent infringement being granted?

Yes, it can. In case of assertion of SEPs, the alleged infringer can prevent the issuance of an injunction if he acts fully in line with the requirements set forth by the Court of Justice of the European Union (CJEU) in its *Huawei/ZTE* decision (C-170/13) regarding FRAND licensing.

Antitrust law also plays a role in parallel importation. According to the principle of exhaustion, IP rights may not be exercised to prevent the import or distribution of goods which the right holder himself (or a third party with his consent) has put on the market in another Member State.

The exhaustion principle only applies to trade between member states of the EEA. Imports from third countries can be prevented.

The exhaustion of patent rights is justified in any case as long as no state price regulation intervenes in individual markets. While some countries have no statutory price regulations, pharmaceutical prices are regulated by law in Spain, Greece and Austria, for example. On the basis of antitrust law, the ECJ has developed guidelines for parallel importation of GSK.

#### 7.2 What limitations are put on patent licensing due to antitrust law?

The Treaty on the Functioning of the European Union (TFEU) prohibits patent licensing that results in a restriction of competition (e.g., by extending the temporal, territorial and material scope of a patent or by price-fixing or downstream market foreclosure), unless the critical terms can satisfy the individual exemption criteria of Article 101(3) or benefit from a block exemption. The technology transfer block exemption regulation and the respective guidelines provide the framework with respect to licensing terms. Furthermore, Article 102 TFEU prohibits (i) the refusal of a licence, (ii) unfair royalties, and (iii) other anti-competitive terms, in cases where the patentee holds a dominant position in the market.

#### 7.3 In cases involving standard essential patents, are technical trials on patent validity and infringement heard separately from proceedings relating to the assessment of fair reasonable and non-discriminatory (FRAND)

licences? Do courts set FRAND terms (or would they do so in principle)? Do courts grant FRAND injunctions, i.e. final injunctions against patent infringement unless and until defendants enter into a FRAND licence?

There is no specific national case law on FRAND issues, thus the rules set by the EJC in the judgment of *Huawei/ZTE* (C-170/13) would be applied.

## 8 Current Developments

#### 8.1 What have been the significant developments in relation to patents in the last year?

The most significant development without doubt is the coming into force of the UPC.

#### 8.2 Are there any significant developments expected in the next year?

The local chamber of the UPC should take form.

#### 8.3 Are there any general practice or enforcement trends that have become apparent in your jurisdiction over the last year or so?

Priority issues have become the trend of 2022.



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GEISTWERT is a boutique firm focusing exclusively on IP and IT. Established in 2014 by five partners from four different (domestic and international) major IP law firms, GEISTWERT is now ranked Gold in *The Legal 500*, *Chambers*, *IAM Patents* and *WTR1000*. Rainer Schultes was named a leading individual as per the *JUVE Patent Rankings 2022* and named "Practitioner of the Year 2022 – Austria" by *Managing IP*.

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