

# The Unified Patent Court

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10 November 2016

## The Unified Patent Court

### The Current Problems with enforcement of European patents

- European Patent Convention
  - “Bundle Patents”
  - Single granting procedure but complex and expensive local validation procedures and national enforcement required
  - No common appeal court to ensure harmonisation
- There are significant variations in procedure
  - Bifurcation in Germany, Austria, Hungary etc.
  - Effect of EPO Oppositions on stays in infringement proceedings:
    - Germany usually will stay main proceedings and dismiss preliminary injunction requests
    - Holland will not grant a stay
    - UK may stay but will depend on the facts
  - Extent of document production (“discovery” or “disclosure”)

## The Unified Patent Court

### The Current Problems with enforcement of European patents

- “Saisie” in France and Belgium (infringer’s documents only) and inspection/document production in Germany vs “disclosure” in UK (obligation on all parties to disclose relevant documents)
- Use of witnesses and party experts with cross-examination:
  - Always in UK
  - Virtually unknown in Germany, written expertise
- Is attorney-client privilege available before national courts? Some national courts say yes; some no. Most national courts do not extend privilege to in-house lawyers or patent agents (attorneys). This creates problems in other jurisdictions outside Europe, particularly in the US, Canada and Australia.

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### The current Problems continued

- Significant variations in the speed of proceedings
- UK and Holland: 6-12 months to decision
- Germany
  - Infringement: 6-12 months to decision in infringement proceedings (main proceedings) plus increasingly preliminary injunctions granted but
  - Validity: 15-36 months in separate bifurcated Federal Patent Court proceedings
- France: 2-3 years to decision
- Italy: 3+ years to decision
- Significant variations in outcome = business uncertainty
- Significant variations in cost and huge costs for if you need to enforce European patents in a number of major jurisdictions.

## The Unified Patent Court

### The Unified Patent Court

- A Brief History
  - Essentially 40 years of failure
  - Treaty of Lisbon 2000 states a commitment to an EU patent court as essential to the ambition for the EU to become the largest knowledge-based economy
  - 2000-2007 the Commission fights the EPO Member-States – no progress
  - November 2006, Second Venice Resolution of European Patent Judges
  - 2007 – New EU initiative under Dr. M Froelinger
  - 2017 – Likely commencement?

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### The alternative offered by the UPC and the Unitary Patent

- Single Unitary Patent effective throughout 26 of the EU Member States
- For **patentees** enforcement of the Unitary Patent or the European bundle through a single court system in most EU countries
  - Same procedure everywhere
  - Experienced judges everywhere and a technical judge in most cases
  - Common appeal court ensures harmonisation
  - One set of proceedings, one set of costs
  - Widest possible privilege for lawyers and patent attorneys
  - Speed – 12 months – to judgement in principle
- For **defendants**, removal of all threats in the EU with one counterclaim (in an infringement action) or a revocation action

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### The Venice Principles – November 2006

- Confine procedural steps to those necessary for a fair decision in accordance with the European Convention on Human Rights
- Deal with litigation in ways which are proportionate to its importance and complexity
- Ensure that parties put their best case forward as soon as possible – amendments and extensions require good cause
- Proceedings shall be open to the public unless it is necessary to keep all or part confidential in the interests of the parties or otherwise of justice or public order
- Ensure where possible a first instance decision within one year and an appeal within one further year

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### Venice Principles (continued)

- Proceedings should comprise three phases; a written pleading phase, an interim phase and an oral hearing phase
- The interim phase should be managed by a Judge-rapporteur with the widest case management powers
- At the oral phase cross examination should be available but limited to what is necessary
- Damages should be dealt with at a later separate hearing
- Appeals should be decided on the basis of evidence at first instance. New evidence should only be allowed in exceptional circumstances



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## Article 83 UPC Jurisdiction Issues

### ■ Summary

- Article 32(1) – “exclusive competence” for “actions” (a) to (i)

#### EXCEPT

- Article 83(1) – Transitional period of 7 years for national actions “for an action for infringement or for declaration of invalidity” of a European patent or SPC
- Article 83(3) – The opt-out possibility if an action has not already been brought before the UPC

### ■ “Purist theory” of the Drafting Committee but

### ■ Note the following amendments to Brussels Regulation No 1215/2012 by Regulation No 542/2014

- Article 71 a provides that the UPC is deemed to be a Court of a member state
- New Article 71c (expressly applying Articles 29-32 of the Regulation to the UPC but also Article 35?)

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### Article 83 UPC Agreement – Issues (continued)

- What national “actions” are permitted pursuant to Art 83(1) – counterclaims for revocation or declarations of non-infringement or provisional measures? Better view is that Art 83(1) is sloppy drafting and intended to cover all Article 32 actions except Article 32(1)(i) action (appeal from EPO refusing unitary effect)

- What is the effect of Art 83(1) national “actions”?

Will any action in any national Court in respect of a non-opted out EP oust the UPC jurisdiction – in all countries? (the “purist approach”)

- Irrespective of the parties?
- Irrespective of whether concluded or not?
- Even if commenced before Agreement comes into effect?
- Even if the action is for provisional measures

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### Article 83 Agreement – Issues (continued)

The application of the lis alibi pendens rules of Brussels Regulation as interpreted by the CJEU (ECJ, C-104/02 – The Tatry) suggests the blocking effect applies only to the territory of the national Court in question and only to the particular action between same parties (see Article 29 Brussels Regulation) and ends with termination of proceedings, subject to res judicata

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- Jurisdictional possibilities
  - Infringement action in UPC will block both an infringement action in the national Court and a “declaration” of non-infringement
    - but only between the same parties
    - and only in respect of the particular infringing acts in that jurisdiction
  - Action for revocation in UPC will not block a subsequent infringement action in a national Court but (probably) will block a counterclaim for revocation in that infringement action
  - Infringement action in UPC will not block subsequent national revocation action but note Article 30 Brussels Regulation (stay in case of related proceedings)
  - Infringement action first in national Court will not block action in UPC for other states (“the Swiss cheese principle”)
  - Revocation action in the UK will not prevent infringement action in UPC for all states but (probably) a counterclaim cannot be made for UK designation

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- Does Article 35 of the Brussels Regulation (“provisional measures in a national Court”) continue to apply to a non-opted out European patent even if there was a pre-existing UPC infringement action. Article 35 seems to apply if UPC is a Court of a Contracting Member State for all purposes of the Regulation

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### The Opt-Out Provisions

- Rule 5 of the Rules of Procedure set out the opt-out provisions. Essentially a granted European bundle patent may only be opted out by the “proprietor” (and an SPC by the “holder” of the SPC) during the 7 year transitional period
- Rule 8 – Who is the “Proprietor”?
- Rule 8.5 makes clear that the “proprietor” of a European patent is the person entitled to be recorded as proprietor in each country where the patent has been validated even if not in fact registered. This also applies to an applicant for a patent as well i.e. the person entitled to be granted the patent even if not the original applicant
- Rule 5 provides
  - Application to opt out must be filed at the Registry (standard electronic form will be available on the Case Management System)
  - All proprietors of all designations of the parties and the holders of all existing SPCs must make the application

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### The Opt-Out Provisions

- The opt-out will last for the life of the patent/SPC unless withdrawn
- An opt out may be withdrawn by all proprietors and holders
- The application form will take 15 to 60 seconds to complete depending on the extent of information to be inputted
- Applications for multiple opt-outs are being considered but not yet finalised
- SPCs granted following the opt-out of the basic patent will be automatically opted out
- There must be certification that the person lodging the application is authorised by all “proprietors” etc and it is currently proposed that a mandate be uploaded
- There must also be given a declaration that no action has been commenced which would prevent the opt-out (UPC action) or withdrawal of the opt-out (national court action)

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## The Opt-Out Provisions

- Restrictions on applications to opt-out
  - a Unitary Patent cannot be opted out
  - a European Patent cannot be opted out if there has been any proceeding in the UP Court prior to the date of application
  - an opt-out cannot be withdrawn if there has been any proceeding in any national court in respect of any member of the patent family (or any granted SPC) before the date of the application
- In order to prevent fraudulent applications the identity of the person lodging the application to opt-out will be checked but the procedure is still under discussion



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### The Opt-Out Provisions

- Incorrect Details – Rule 5.6

If certain details required for opting out (Rule 5.3) are missing or incorrect the opt-out is ineffective until corrected. The details in question are essentially the names of all proprietors/applicants/holders

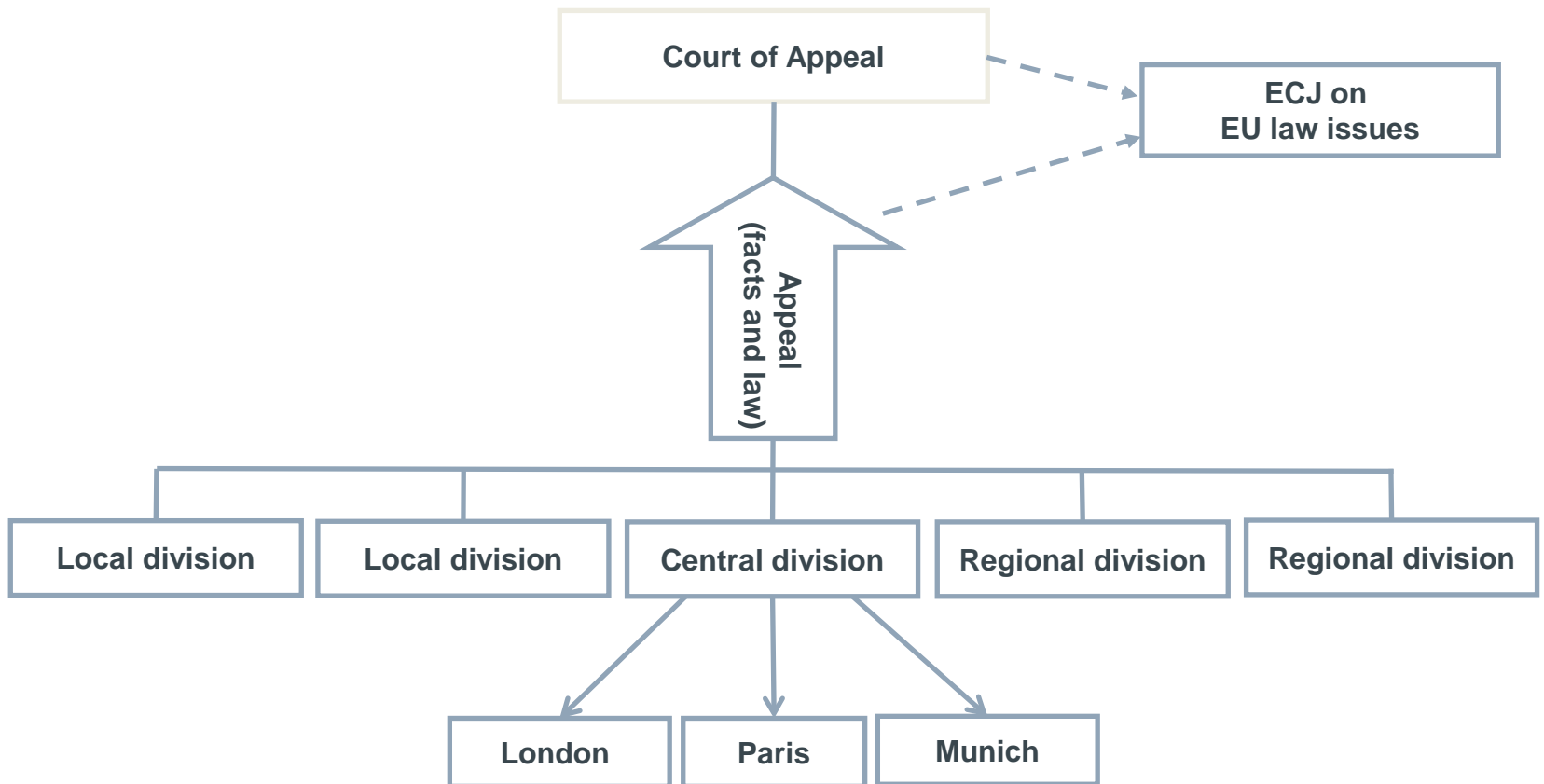
- Sunrise procedure – Rule 5.13

This will now be operated by the Registry of the UPC as part of the provisional application of the UPCA before the Agreement and the Court comes into effect

- The fee - €0

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## The UPC Structure



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### The Flexible UPC jurisdictional options – Article 33 UPC Agreement

- Infringement proceedings
  - Local or regional division where infringement occurred; or
  - Local or regional division where the defendant (or one of them) is resident; or
  - Central Division (relevant section) if the defendant is domiciled outside the EU
  - Central Division if relevant member state does not participate in a division
  
- Revocation Proceedings
  - Proceedings for revocation or declaration of non-infringement must go to the Central Division; (London for Chemistry, Pharma and Biotech; Paris for Electronics and Telecoms and Munich for Engineering)
  - Validity may also be raised by way of counterclaim in the division where existing infringement proceedings are pending
  - Parties may agree upon the division, including the Central Division
  - Note the “double-Dutch provision” of Article 33(2). If there is infringement in 3 or more regional divisions then it is defendant’s choice to move proceedings to the Central Division

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### Divisions and Choice of Language(s): The current position

- Local divisions (language(s))
  - Italy (Italian and English), England and Wales (English), The Netherlands (Dutch and English), France (French and English), German x 4 (German and English), Belgium (Dutch, French, German and English), Finland (Finnish, Swedish and English), Denmark (Danish and English), Austria (German and English), Hungary (?), Portugal (?), Slovenia (?) and Greece (?).
- Regional Divisions (languages(s))
  - Sweden, Estonia, Latvia and Lithuania (English only)
- No participation in either a local or regional division
  - Malta and Luxembourg [Bulgaria and Romania] – results in donation of jurisdiction to the Central Division (language of grant)
- Undecided
  - Poland (has not yet signed Agreement), Slovakia, Cyprus and Ireland

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- Composition of Judicial Panels – Article 8 UPCA
  - Local division with less than 50 cases per year in three successive years – 1 national judge plus 2 non-nationals
  - Local division with more than 50 cases per year\* – 2 national judges plus 1 non-national
  - All Regional divisions – 2 national judges from regional states plus 1 non-national
  - Additional technical judge if requested (most cases)
  - Central division – 2 legal Judges and 1 technical judge
  - Court of Appeal – 3 legal judges and 2 technical judges

\* Germany, UK, France, Italy and the Netherlands would qualify

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### Overview of Structure of Proceedings

#### ■ Written Procedure

- Statement of claim
  - Full facts, evidence (if available) and arguments, including construction of claims
- Defence/Counterclaim
  - 3 months after Statement of Claim with again all relevant facts, prior art, evidence and construction of claims
- Reply, Rejoinder, possible amendment of patent
- Typically will last six months

#### ■ Interim procedure – presided over by the judge-rapporteur:

- Further pleadings, documents, directions re evidence (experts and cross-examination, experiments etc.)
- Typically will last three months

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### Overview on Structure Proceedings

- Oral procedure
  - Possibility of separate witness hearing with cross-examination
  - Trial – typically will last only one day
  - Judgment within 6 weeks