

Information on the state of the play of the Unitary Patent and the Unified Patent Court

Margot Fröhlinger
Principal Director Unitary Patent,
European and International Legal Affairs

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“Brexit” and its consequences

- “Brexit”-vote – state of play:
 - In the referendum on the UK's membership in the European Union of 23 June 2016, the UK electorate decided with a majority of 52% that the UK should withdraw from the EU.
 - For the UK to leave the EU it has to invoke Art. 50 TEU, which deals with the procedure of withdrawal of a Member States from the EU.
 - Once the UK has notified the European Council of its intention, negotiations will start on the arrangements for the UK's withdrawal its future relationship with the EU.
 - These negotiations shall last not more than two years (but extension possible). During the duration of the negotiations (however long they take) the UK remains a EU Member State.

“Brexit” and its consequences (cont’d)

- Impact of “Brexit”-vote on the EPO:
 - No consequence on the membership of the UK to the European Patent Organisation.
 - No consequence on the effect of the European Patents in the UK.
- Impact of “Brexit”-vote on the Unitary Patent Package:
 - As long as the UK is a EU Member State, the UK’s ratification of the UPCA is required for the system to start.
 - Art. 89(1) UPCA provides that the agreement will enter into force four months after the deposit of the 13th instrument of ratification or accession, including the three Member States with the highest number of European patents in 2012, which (France, Germany and the UK; Member State being defined in Article 2b as EU Member State).

“Brexit” and the Unitary Patent Package (cont’d)

- Impact of “Brexit”-vote on the Unitary Patent Package:
 - Still too early to determine the exact ramifications. But whatever the impact may be, adequate answers will be developed.
 - President of the Office: *“there are a variety of good reasons for the UK to ratify the UPCA, which is an international agreement. I am convinced that with the support of the user community the right solutions can and will be found.”*
 - The EPO remains fully committed to pursue the work on the technical implementation of the Unitary Patent package and to successfully conclude the remaining work as planned and within the initial timeframe
 - Similarly, the work of both the Select Committee of the Administrative Council of the EPO and the UPC Preparatory Committee is far advanced and expected to be completed in the fall.
 - Chairman of the Select Committee and Chairman of the UPC Preparatory Committee: *“[...] the work dedicated to the technical implementation should continue to progress as envisaged, in accordance with the mandate of both Committees and in line with the clear wish of the user community to bring the Unified Patent Court and the Unitary Patent into operation as soon as possible.”*

Witness history in the making – The reform of the patent system in Europe

- The result of four decades of negotiations and multiple attempts to create a single pan-European patent and a common patent court for Europe.
- History in a nutshell:
 - **1973:** signature of the European Patent Convention (EPC). Envisaged to be completed later by creation of an EEC patent and a common court for the EEC Member States.
 - **1975:** The 9 MS of the EEC sign the Community Patent Convention combined with a resolution to conclude a litigation protocol. Ratification fails in DK and IE.
 - **1989:** The 12 MS of the EEC sign the second Community Patent Convention, including the COMPAT and the COPAC. Ratification subsequently fails again in a number of Member States (ratification only by DE, DK, FR, GR, LU, NL, UK).
 - **2000:** EC presents the Community Patent Regulation (CPR), which envisaged the accession of the EU to the EPC and included translation arrangements and a future common litigation system. But negotiations lapse in 2004.

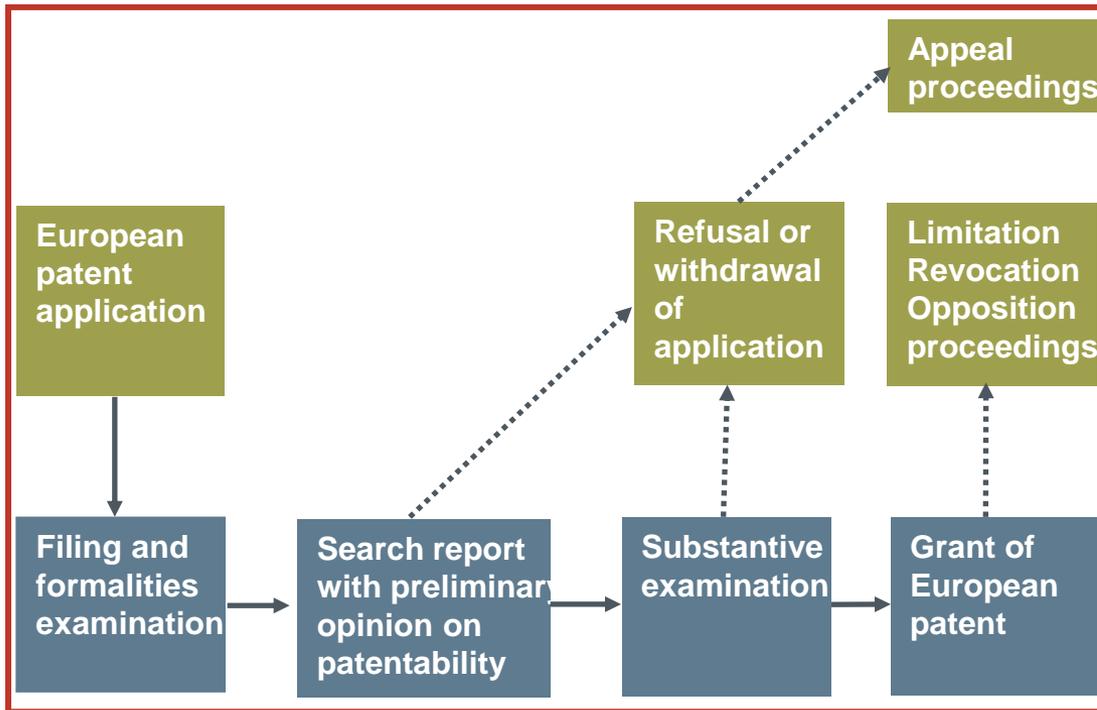
Witness history in the making – The reform of the patent system in Europe (cont'd)

- **12/2010:** Competitiveness Council establishes that agreement on the Community Patent cannot be attained within a reasonable period by the Union as a whole (Art. 20 TFEU). Request by Member States to the EC with a view to launch enhanced cooperation in the patent field (Art. 329 TFEU). Commission submits proposal to the Council to that effect.
- **03/2011:** Council authorises enhanced cooperation.
- **12/2012:** Council and European Parliament reach final compromise on the Unitary Patent package.
 - Regulation (EU) No. 1257/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection
 - Regulation (EU) No. 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements
- **02/2013:** Signature of the international agreement on the Unified Patent Court (OJ EPO 5/2013) establishing a single court system with jurisdiction for classical European patents and Unitary Patents by 25 EU Member States (not by Spain, Poland and Croatia).

Why a reform of the patent system in Europe?

- The entry into force of the EPC in October 1977 provided Europe with a very successful centralised patent granting procedure

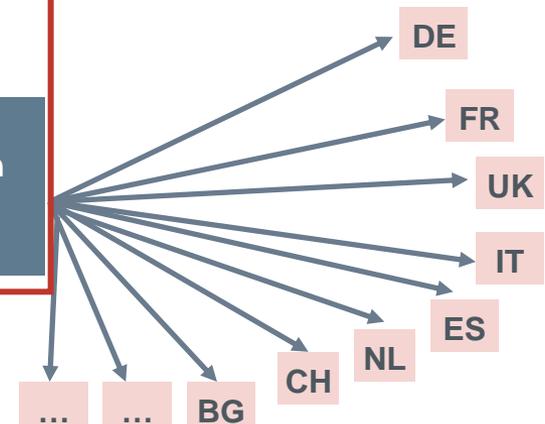
Centralised granting procedure for European patents



Protection in up to 42 states

Granted European patent is a “bundle” of individual national rights.

Granted EP requires validation in each of the designated states to retain its protective effect and be enforceable against infringers.



Why a reform of the patent system in Europe? (cont'd)

- Potential shortcomings of the current system in the post-grant phase, e.g.:
 - the European patent, as a bundle of patents “with national effect”, is subject to national legal regimes (unless otherwise provided in the EPC, see Art. 69 and Protocol, Art. 138 EPC) as regards:
 - translation requirements and national renewal fees;
 - infringement, rights conferred by the patent and limitations;
 - licensing, transfers, registers, levy of execution, pledges etc.
 - Potentially results in:
 - High costs and complexity for users;
 - Parallel litigation with risk of diverging national decisions.
- Aim of the reform:
 - Is to offer business an alternative by simplifying the existing system and support a cost effective route to uniform patent protection and dispute settlement throughout Europe.

What is the Unitary Patent?

- The Unitary Patent is based on a European patent granted by the EPO under the EPC's rules and procedures,
- to which, upon request of the patentee, unitary effect is given for the territory of 26 Member States participating in the Unitary Patent scheme,
- i.e. no need for national validations.

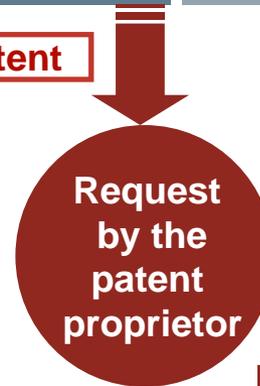
What is the Unitary Patent? (cont'd)

- The Unitary Patent will co-exist with national patents and with classical European patents.
 - Patent owners will be able to choose between various combinations of a Unitary Patent, classical European patents, and national patents, e.g.:
 - UP combined with EP:
 - *a Unitary Patent for the 26 Member States of the European Union which participate in the Unitary Patent scheme, combined with a*
 - *a classical European Patent taking effect in one or more EPC Contracting States which do not participate in the scheme (e.g. Spain, Switzerland, Turkey, Norway, Iceland, etc.).*
 - UP combined with national patent:
 - *a Unitary Patent for the 26 Member States of the European Union which participate in the Unitary Patent scheme, combined with*
 - *one or more national patent(s) in one or more EPC Contracting States, which either do not participate in the scheme or which allow double protection.*
- But: No double protection by a Unitary Patent and a classical European patent on the territory of the 26 participating states. Double protection by UP and national patent possible in some countries.

How to obtain it?



Same grant procedure as for a classical European Patent



**European Patent with
Unitary Effect
in the territories of
26 Member States**

**The European Patent is deemed not
to have taken effect as a national
patent in the 26 Member States**

How to obtain it? (cont'd)

- Requirements for the registration are very simple and straightforward
 - Substantive requirements (*cf.* Art. 3 (1) Reg. 1257/2012; R. 5 (2) UPR):
 - Unitary effect can only be requested for European patents that were granted
 - in respect of all 26 participating states, and
 - with the same set of claims for all of them.
 - » Regardless of whether the participating Member States have already ratified the UPC Agreement or not.
 - » It is therefore important to not withdraw designation of a participating Member State during the grant procedure.
 - » Application must have been filed after 1 March 2007 (Malta joining the EPC).

How to obtain it? (cont'd)

- Requirements for the registration are very simple and straightforward
 - Procedural requirements (*cf.* Art. 9 (1) lit. g Reg. 1257/2012; R. 6 UPR):
 - Filing of the request:
 - *By the patent owner in writing,*
 - *in the language of the proceedings,*
 - *within one month following the publication of the mentioning of the grant.*
 - Request must contain: the number of the European patent concerned, the particulars of the proprietor(s), and if a representative has been appointed also the particulars of the latter.
 - Unitary effect can also be requested if European patent was granted to multiple proprietors in respect of the same or different participating Member States. But request must then be filed by common representative (Rule 151 EPC).
 - During a transitional period, a translation of the European Patent has to be submitted with the request (Art. 6 Reg. 1260/2012):
 - *Full EN translation if the patent is granted in FR or DE.*
 - *Full translation into any language of the EU if the patent is granted in EN.*

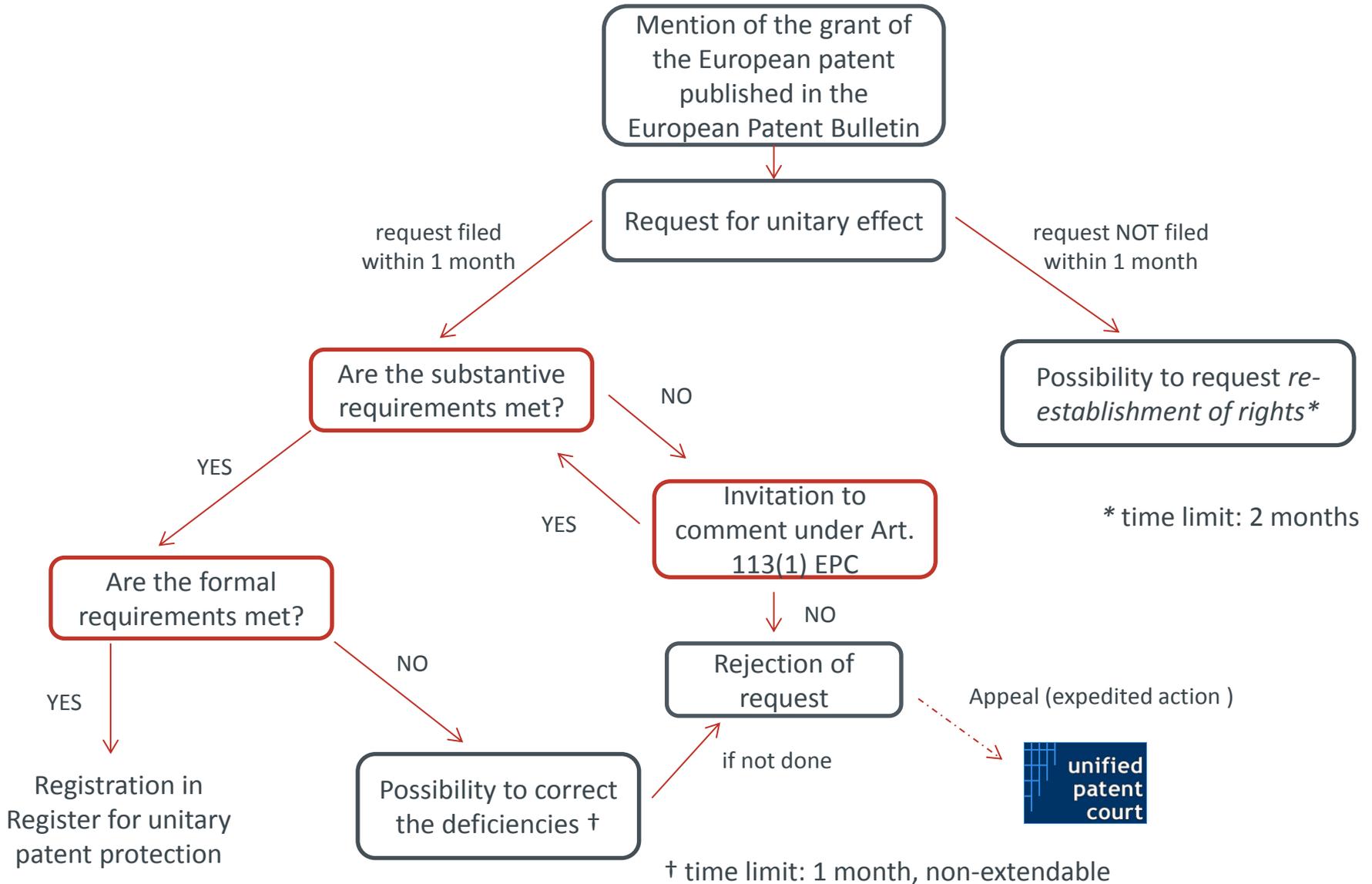
How to obtain it? (cont'd)

- If all requirements (substantive and procedural) are met:
 - EPO registers unitary effect in the Register for unitary patent protection, and
 - communicates the date of this registration to the requester (R. 7 (1) UPR).
- If the requirements are not met:
 - EPO rejects the request (after giving patentee the opportunity to comment)
 - But:
 - If the request is not filed in due time (one month period): A request for *restitutio in integrum* can be filed within two months of expiry of the one month period (R. 22(2) UPR).
 - If request is filed in due time but other formal requirements are not met (R. 7(3) UPR): EPO invites the requester to correct them within a non-extendable period of one month.
 - *Request is rejected if the requester fails to observe this time limit .*
 - *Restitutio in integrum in this non-extendable period of one month is excluded (R. 22(6) UPR).*

How to obtain it? (cont'd)

- Decisions of the EPO can be appealed at the UPC (Art. 32(1)(i) UPCA).
 - Expedited procedure for an application to annul a decision of the Office to reject a request for unitary effect (R. 97 draft UPC RoP):
 - Interlocutory revision not applicable
 - Application to annul EPO decision to reject a request for unitary effect to be lodged within 3 weeks of service of EPO decision
 - Standing judge to decide within 3 weeks
 - Appeal against latter decision possible; also to be decided within 3 weeks by standing judge of UPC Court of Appeal.

How to obtain it? (cont'd)



What will it cost?

- No fees at all charged by the EPO for the purpose of obtaining a Unitary Patent, i.e.:
 - No filing fee, examination or registration fee for the request for unitary effect.
 - However: Fee for re-establishment of rights in case of a request for unitary effect filed belatedly (R. 22(2) UPR and Art. 2(2) RFeesUPP).

What will it cost?

- Possible compensation of a lump sum of € 500,- for translation costs (Art. 4 RFeesUPP):
 - Requirements:
 - *Patent application must be filed in an official EU language other than English, French or German;*
 - *Patent applicant and patent owner must be a natural persons or an SME (as defined in EC Recommendation 2003/361/EC), a non-profit organisation (as defined in Article 2, para.1(14) Reg. No 1290/2013), an university or a public research organisation;*
 - *Residence or principal place of business must be in the EU*
 - *Request must be filed together with request for unitary effect*
 - This lump sum complements the existing reduction of the application and examination fee before the EPO if a patent application or an examination request is filed in a language other than English, French or German.

What will it cost? (cont'd)

- Level of renewal fees based on so-called True TOP 4:
 - The level of renewal fees has been fixed at the equivalent of the combined renewal fees for the top four countries out of the 26 participating Member States in which European patents were most often validated at the time the TOP 4 approach was approved (DE, FR, UK and NL).
 - Fees will be less than € 5,000 in the first 10 years, which is the average lifetime of a European patent.
 - It's only afterwards that the fees increase somewhat more substantially, so that the total fees for maintaining the patent over the 20-year term amounts to approx. € 35,000.
 - Additional fee for belated payment of a renewal fee: 50% of the belated renewal fee (Art. 2(1) item 2 RFeesUPP)).
 - Fee reduction fixed at 15 % for patent holders having filed a statement for a license of right (Art. 8 Reg. 1257/12).

What will it cost? (cont'd)

- “Top 4” approach for the renewal fees:

2nd year:	<i>EUR 35</i>	11th year:	<i>EUR 1.460</i>
3rd year:	<i>EUR 105</i>	12th year:	<i>EUR 1.775</i>
4th year:	<i>EUR 145</i>	13th year:	<i>EUR 2.105</i>
5th year:	<i>EUR 315</i>	14th year:	<i>EUR 2.455</i>
6th year:	<i>EUR 475</i>	15th year:	<i>EUR 2.830</i>
7th year:	<i>EUR 630</i>	16th year:	<i>EUR 3.240</i>
8th year:	<i>EUR 815</i>	17th year:	<i>EUR 3.640</i>
9th year:	<i>EUR 990</i>	18th year:	<i>EUR 4.055</i>
10th year:	<i>EUR 1.175</i>	19th year:	<i>EUR 4.455</i>
		20th year:	<i>EUR 4.855</i>

What will it cost? (cont'd)

- Review clause (Art. 7 RFeesUPP):
 - No later than 5 years from the date of application of Reg. 1257/2012, end every 5 years thereafter:
 - EPO will submit a report to Select Committee of the Administrative Council of the EPO on the financial impact of the Unitary Patent on the EPOrg's budget and renewal fee income of the participating Member States, and where necessary make appropriate proposals for adjusting fee level;
 - EPO, after consultation of EU Commission, will submit a report to the Select Committee of the Administrative Council of the EPO on the use of the Unitary Patent by specific entities such as SMEs, and where necessary, make proposals with a view to improving their access to the Unitary Patent.

What is the territorial scope?

- Unitary effect only in those participating Member States for which the UPC Agreement has entered into force "*at the date of registration of unitary effect*" (Art. 18(2) Reg. 1257/2012), i.e.:
 - In the first years there will be different generations of Unitary Patents with a different territorial coverage;
 - There is no automatic extension of the territorial coverage of a given Unitary Patent to other participating Member States which ratify the UPC Agreement after the registration of unitary effect by EPO.

When will it be available?

- Beginning 2017
 - The Unitary Patent Regulations (EU Regulation Nos. 1257/2012 and 1260/2012) are now in force for 26 EU Member States
 - In October 2015, Italy joined the Unitary Patent and became the 26th member of the enhanced cooperation on the Unitary Patent protection
 - Croatia and Spain remain outside the enhanced cooperation scheme
 - The Unitary Patent Regulations apply from the date of the entry into force of the Agreement on a Unified Patent Court (UPCA)
 - The UPCA will enter into force four months after the deposit of the 13th instrument of ratification or accession, including the three most patent intensive Member States (France, Germany and the UK)
 - So far, 11 Member States have deposited their instruments of ratification, incl France, with several others hoping to be able to ratify during 2016.
 - According to the UPC Preparatory Committee it is likely that the Court will enter into operation beginning of 2017 (May) with well over the necessary number of 13 State Parties.

Accompanying measures at EU and at national level

- Certain accompanying measures at EU and national level are needed to complete the Unitary Patent framework.
- Issues which could not be or simply were not addressed by the EU Regulations or the rules adopted by the Select Committee will have to be addressed by the EU Commission, at national level by the participating Member States, or by the UPC.
- These include:
 - Supplementary Protection Certificates (SPC);
 - National validations in case a request for unitary effect is rejected after the deadline for validations at national level has expired;
 - Cases in which earlier national rights lead to a limitation or revocation of the patent for the territory of one of the participating Member States after the registration of unitary effect;
 - Double protection between Unitary Patents and national patents.

Accompanying measures at EU and at national level

- Is there a need for a Unitary Supplementary Protection Certificate (SPC)?
 - European Commission envisaged the creation of Unitary SPC
 - See: Single Market Strategy of 28/10/2015 COM(2015) 550 final and the accompanying Staff Working Document of 28/10/2015 SWD (2015) 202 final http://ec.europa.eu/growth/single-market/index_en.htm).
 - Raises a number of legal and political challenges and is probably unlikely to be achieved in the short term.
 - Pending the creation of a Unitary SPC, EC plans to issue a Communication clarifying that national SPCs can be obtained on the basis of a Unitary Patent.

Accompanying measures at EU and at national level

- National validations in case a request for unitary effect is rejected by the EPO or is overruled by the UPC at the time when the validation deadlines has already expired.
 - Difficulties of a harmonized approach:
 - At least one country considers that the patent holder should just pay the national renewal fees, even if a request for unitary effect is filed.
 - Discussions in the Select Committee on this issue revealed, however, that a large number of Member States are of the view that in such cases the deadline for national validations should be re-opened, *e.g.* by way of *restitutio in integrum*, and the deadline for paying the renewal fees for classic European patents deferred until after the decision about rejecting the request for unitary effect (implemented or in the process of being implemented in Sweden, Finland, Netherlands and Germany).

Accompanying measures at EU and at national level

- Prior national rights leading to a limitation or revocation of the patent for the territory of one of the participating Member States after the registration of unitary effect.
 - Only few cases, but different approaches in discussion:
 - Revocation or limitation of the entire unitary effect and possible reopening of the deadline for national validations or loss of the entire Unitary Patent
 - Revocation or limitation of the unitary effect only for the territory of the Member State concerned (argument: same set of claims required only at the moment of the request).
 - Improved “top-up search” by EPO.

Accompanying measures at EU and at national level

- Double protection between Unitary Patents and national patents.
 - No double-protection for the same invention by a Unitary Patent and a classical European patent on the territory of the 26 participating Member States.
 - Double-protection by Unitary Patent and national patents left open in Reg. 1257/2012 and to be decided at national level.
 - No prohibition under the European Patent Convention (Art. 139 (3) EPC).
 - Different approaches considered by Member States:
 - Germany which traditionally has a ban on double protection by EPs and national patents now provides in their new draft legislation for double protection of UPs and national patents. Other countries allowing double protection include DK and SE.*
 - Double-protection adds a layer of complexity and may potentially also impact the opt-out strategies of patentees.

Introduction to the Unified Patent Court (UPC): implications for the users and the EPO



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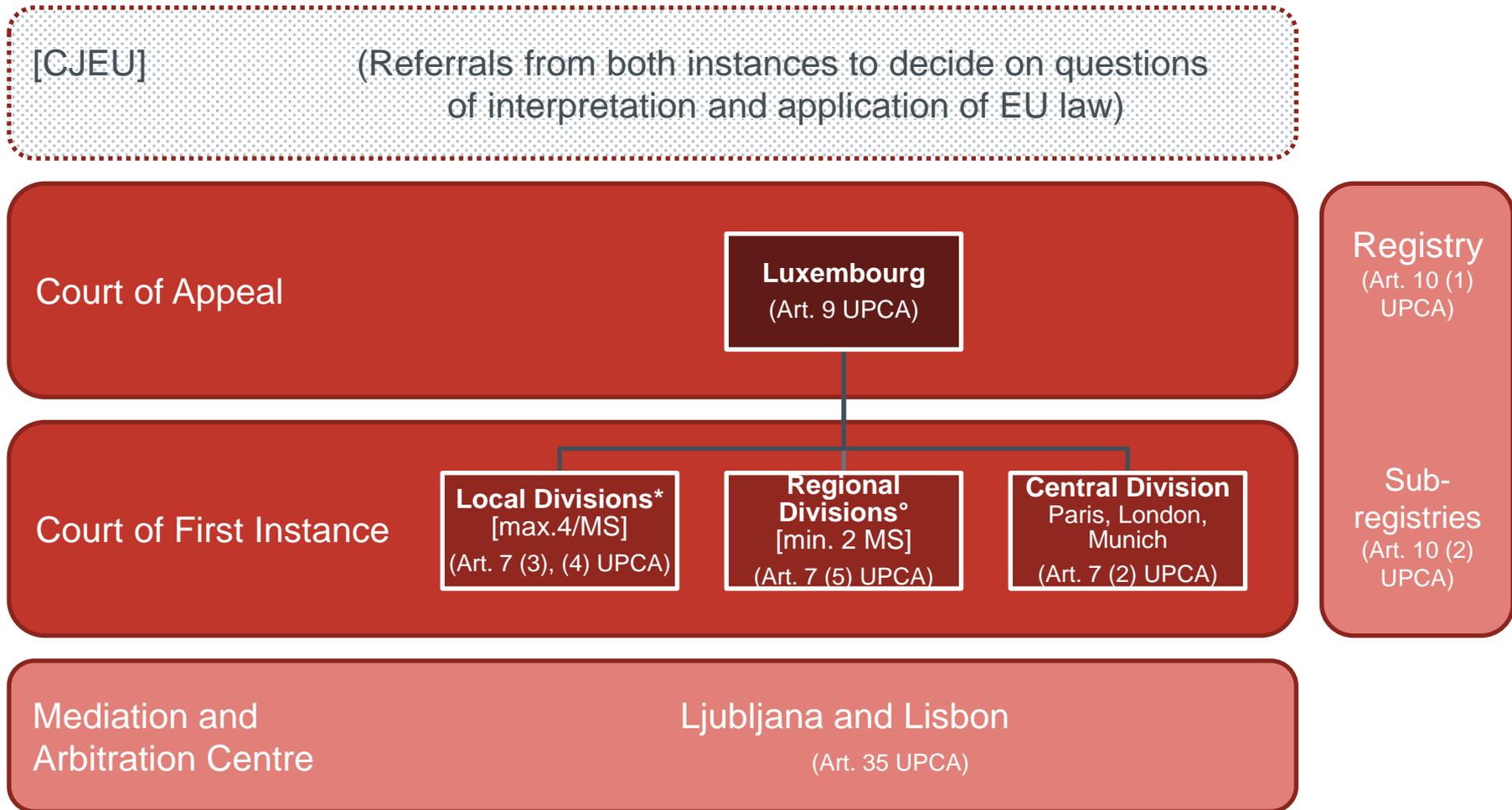
The UPC in a nutshell

- Supranational court covering 25 Member States with one action
 - Jurisdiction over Unitary Patents, as well as traditional EPs (unless opt-out).
 - Exclusive competence in respect of
 - infringement;
 - validity;
 - provisional and protective measures and injunctions.
- Court will consist of specialised patent judges - both legally and technically qualified judges - and will apply its own autonomous substantive and procedural law.
- Efficient procedure with tight deadlines and judgments at first instance within approx. 1 year after the start of the action.

Structure of the UPC

- Decentralised Court of First Instance with divisions in various participating Member States insures proximity to the users.
 - A Central Division located in Paris and sections in London and Munich.
 - Local Divisions located in individual participating Member States.
 - Regional Divisions located in certain Member States where two or more participating Member States group together.
 - Local or regional division in Bucharest?
- Centralised Court of Appeal located in Luxembourg.

Structure of the UPC

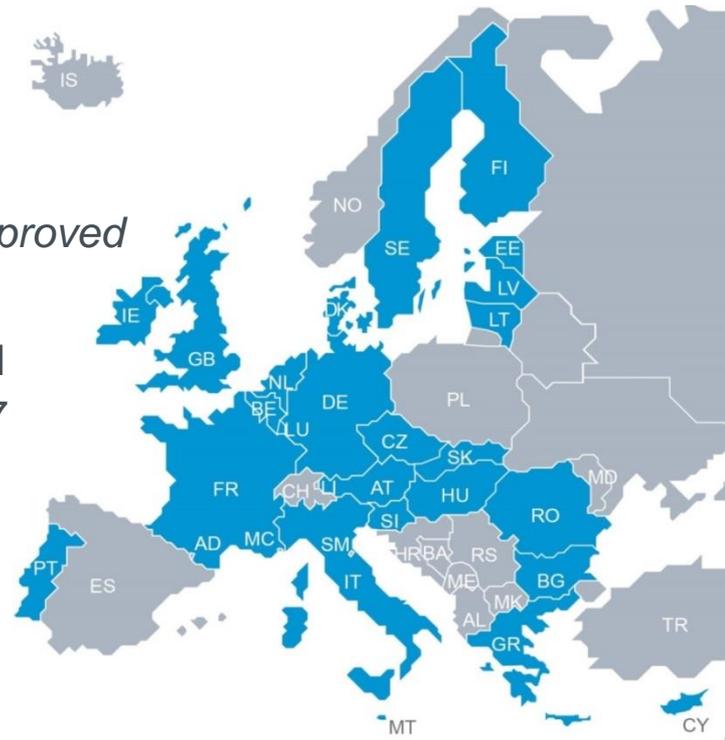


* Local divisions: AT, BE, DK, FI, FR, IT, NL, UK, + 4 in DE (Düsseldorf, Mannheim, Munich, Hamburg)

° Regional division in Stockholm created by Sweden and the Baltic states

Competence

- Territorial competence:
 - Signing of the UPCA
 - AT, BE, BG, CY, CZ, DE, DK, EE, FI, FR, GR, HU, IE, IT, LT, LV, LU, MT, NL, PT, RO, SE, SI, SK, UK
 - But not: ES, PL, HR
 - Ratification of the UPCA:
 - 11 Member States with many others planning to ratify in 2016.
 - *In Italy the ratification bill has been approved by the lower house of the Parliament.*
 - UPC PrepCom planned that the Court will enter into operation in the course of 2017 with well over 13 States.



Competence (cont'd)

- UPC has exclusive jurisdiction for litigation in respect of European patents, *i.e.* not only in respect of Unitary Patents but also in respect of European bundle patents and SPCs based on such patents.
- The national courts of the Contracting Member States remain competent for actions which do not come within the exclusive competence of the Court.
- Shared jurisdiction:
 - Unitary patent → UPC
 - Classical European patent → UPC or national courts
 - National patent → National courts.

Competence (cont'd)

- Exclusive jurisdiction includes:
 - actions for actual or threatened infringements and related defences, including counterclaims concerning licences;
 - actions for declarations of non-infringement;
 - actions for provisional and protective measures and injunctions;
 - actions for revocation and for declaration of invalidity;
 - counterclaims for revocation and for declaration of invalidity;
 - actions for damages or compensation;
 - actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention;
 - actions for compensation for licences of right; and
 - actions concerning decisions of the European Patent Office.

Competence (cont'd)

- Local competence:
 - Actions for infringement → LD or RD of the state of the alleged infringement and those of the state of the residence of the defendant are competent.
 - If there is no LD or RD for the respective Member State → CD is also competent.
 - If the defendant has no residence within the Member States → CD is competent.
 - “Unilever-Clause” (Art. 33 (2) UPCA): transfer of actions brought in RD to the CD at the request of the defendant if there is infringement in the territories of three or more RD.
 - Actions for revocation and for declaration of non-infringement → CD
 - LD or RD remain competent for a subsequent infringement case. In parallel, CD is also competent.
 - Counterclaim for revocation → may be raised before the division before which an infringement action is pending
 - LD or RD may either proceed with both actions, or refer counterclaim for revocation to the CD, or with the agreement of the parties refer the entire case to the CD.
 - Actions concerning decisions of the EPO → CD

Applicable law

- Sources of law, see Art. 24 UPC Agreement.
- EU law, is the primary source but limited in scope, e.g. Biotechnology Directive.
- Validity of classical European patents and Unitary Patents will be decided on the basis of the European Patent Convention.
- Basic criteria for infringement are in the UPC Agreement itself (Art. 25-30 UPCA).
- Procedural law is also in the UPC Agreement and in the Rules of Procedure based on it.
- In addition, the Court will apply national law as indicated by private international law.

The Judges

- Eligibility criteria (Art. 15 UPCA):
 - Highest standards of competence;
 - Proven experience in the field of patent litigation (can be acquired by training);
 - Good command of at least one of the official languages of the EPO;
 - National of a Contracting Member State.
- Legally and technically qualified judges:
 - LQJ shall possess the qualifications required for appointment to judicial offices in a Contracting Member State.
 - TQJ shall have a university degree and proven expertise in a field of technology. They shall also have proven knowledge of civil law and procedure relevant in patent litigation.
- Appointed for a term of six years, with possibility of re-appointment.
- Remuneration: EUR 11,000 and EUR 12,000 (after internal tax deduction) for CFI Judges and CoA Judges respectively.
- Judicial recruitment process has started with the publication of the vacancies on 12 May 2016.

The Judges (cont'd)

- Composition of the panels:
 - Any panel shall have a multinational composition and shall be chaired by a legally qualified judge.
 - Court of First Instance: 3 or 4 judges as a rule.
 - Panels of LD sit in a composition of three legally qualified judges.
 - *Two of them have to be nationals of the state for which the division is set up if this state has 50 or more patent cases per year (this would be the case for the Italian LD); otherwise there is only one judge from this state and the two additional judges are allocated from the pool of judges.*
 - Panels of RD sit in a composition of three legally qualified judges.
 - *Two judges always come from the region.*
 - Upon request of a party, any panel of a LD or a RD shall request the allocation of a technically qualified judge. It may make such a request of its own motion.
 - Panels of CD sits in a composition of two legally qualified judges of different nationality and a technically qualified judge.
 - Court of Appeal: 5 judges (3 LGJ + 2 TQJ).

Language of proceedings

- **LD or RD:** Language of proceedings is
 - the official language of the state hosting the division;
 - the respective state may allow the use of additional languages, in particular English;
 - with the agreement of the division, the parties may choose the language of the granted patent. If the Court disagrees, the parties may request that the case be referred to the central division.
- **CD:** Language of the proceedings is the language of the granted patent.
- **CoA:** Language of the proceedings remains the same as in first instance proceedings, unless the parties agree on the use of the language of the granted patent.
- “Small local operator” clause provides protection for defendants operating locally.
 - *When the infringement has occurred only in the Contracting State in which the defendant is domiciled the language of proceedings at the LD is the language of the defendant.*

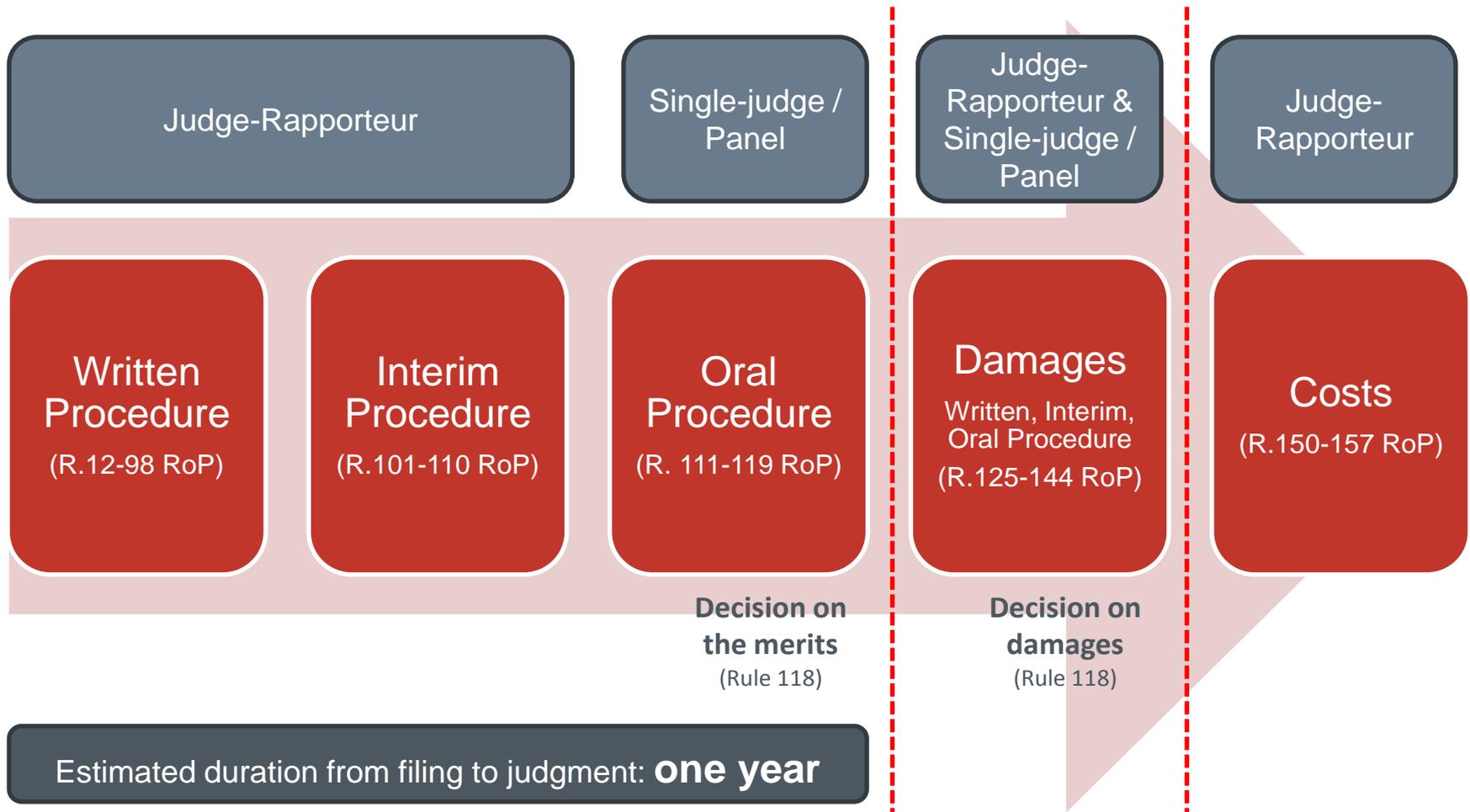
Representation

- Parties have to be represented in all proceedings before the UPC.
- Representation may be undertaken
 - by lawyers entitled to act before a court of a Member State, or
 - by European Patent Attorneys having appropriate qualifications, such as a European Patent Litigation Certificate.

Procedure

- Main features:
 - Staged procedure
 - Written phase predominant
 - Tight deadlines, very active case management
 - Order to preserve evidence (saisie) available
 - Front loading type
 - Preliminary injunction available

Structure of the proceedings (Art. 52 (1) UPCA)



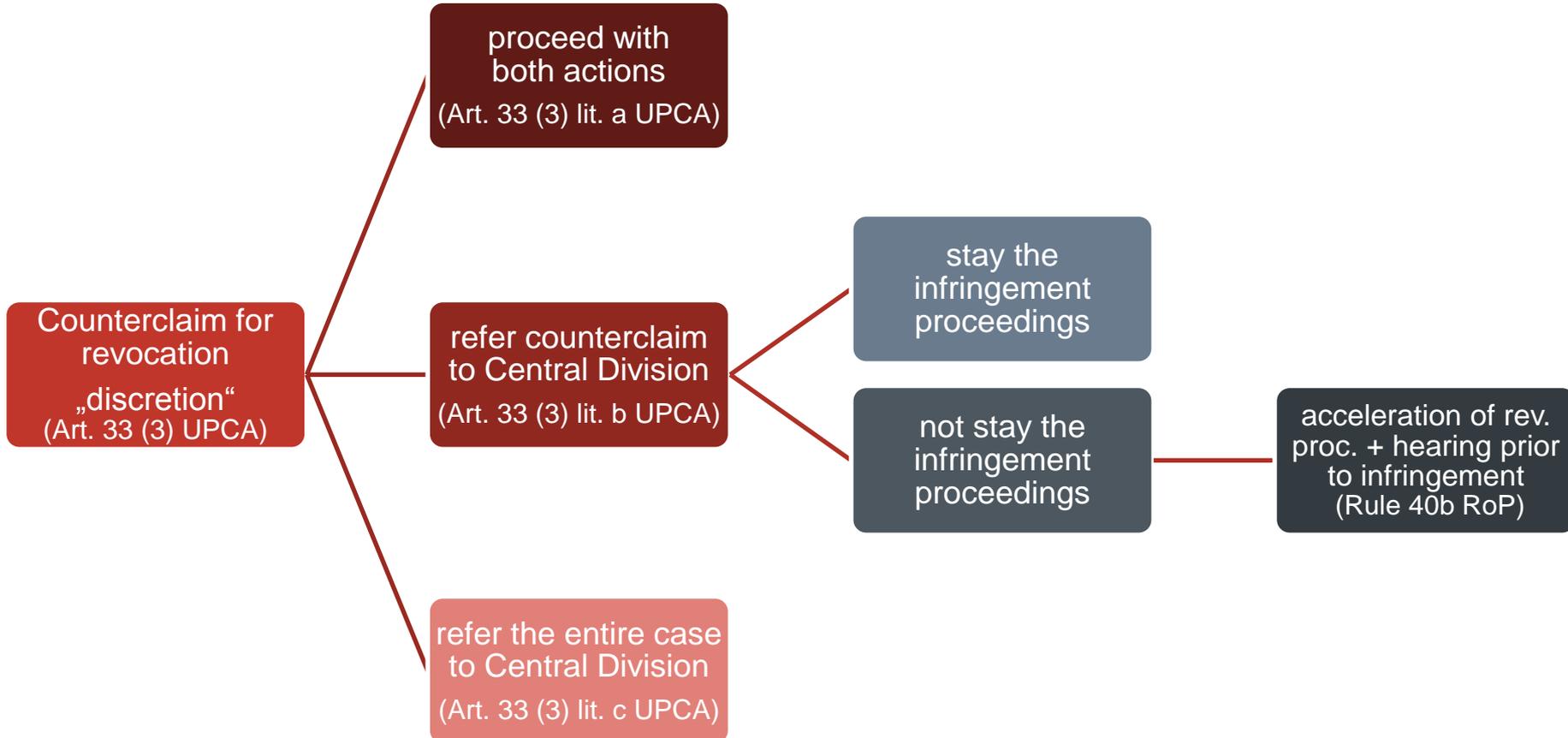
At any stage of the proceedings, Court to examine possibilities of a settlement (may propose that the parties make use of the Mediation and Arbitration Centre)

Claims for invalidity - Bifurcation

Two different types of claims for invalidity:

1. Counterclaim for revocation in infringement proceedings (Article 33(3) UPC): optional bifurcation
 - a) No bifurcation: Division deals with entire case.
 - b) Bifurcation: Division bifurcates the case and sends the counter claim for revocation to Central Division and either continues with infringement or stays (Rule 37: ‘high likelihood that the relevant claims of the patent (or patents) will be held to be invalid’; Rule 40b: If the infringement action is not stayed, the judge-rapporteur will accelerate revocation proceedings before the CD, and the judge-rapporteur shall endeavour to set the hearing date on the revocation prior to the hearing date of the infringement action).
 - c) With agreement of parties: Division sends integral case to Central Division
2. Revocation as main action (Article 33(4) and (5) UPC): Central Division
 - a) Infringement action is started first at a local or regional division: Invalidity action has to be brought before the same local or regional division if the dispute is between the *same* parties relating to the *same* patent (Art. 33(4)).
 - b) Invalidity action is started first at Central Division: Infringement action can be brought at Local/Regional division if the dispute is between the *same* parties relating to the *same* patent (Art. 33(5)). Division dealing with the infringement proceedings has discretion to stay (see above Alternative 1b)).

Claims for invalidity – Bifurcation (cont'd)



Remedies

- Remedies are based on Enforcement Directive
 - Injunction
 - Intended to be ordered when patent is found infringed or wide discretion to the judge?
 - *Art. 63 (1) UPCA: "Where a decision is taken finding an infringement the Court may grant an injunction [...]";*
 - *The UPC has the discretion not to grant an injunction if considering the circumstances of the case, an injunction would be disproportionate.*
 - *The principle of proportionality is a guiding principle under the Enforcement Directive.*
 - Preliminary Injunction
 - Court may order provisional measures (RoP 211). Provisional measure can *inter alia* be a preliminary injunction against a defendant (RoP 211). Requires:
 - *sufficient degree of certainty that applicant is entitled to the claim;*
 - *discretion, taking into account potential harm to either party; and*
 - *urgency of the action.*
 - RoP 212, Ex-parte preliminary injunction (i.e. without hearing the defendant).
 - *where any delay is likely to cause irreparable harm to the applicant or*
 - *where there is a demonstrable risk of evidence being destroyed"*
 - Possibility to file Protective Letter.

Remedies (cont'd)

- Corrective Measures
 - declaration of infringement;
 - recalling the products from the channels of commerce;
 - depriving the product of its infringing property;
 - definitively removing the products from the channels of commerce;
 - the destruction of the products and/or of the materials concerned;
 - publication of the judgment.
- Communication of Information
 - Art. 67 (1) UPCA: information to be communicated by the infringer:
 - the origin and distribution channels of the infringing products or processes;
 - the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the infringing products;
 - the identity of any third person involved in the production or distribution of the infringing products or in the use of the infringing products.
 - Order to lay open books (RoP 144) subject to a request to lay open books pursuant to RoP 141.

Remedies (cont'd)

- Damages
 - No major changes expected compared to current national law (harmonised through Enforcement Directive with only minor variations).
 - Willful infringement (Art. 68 (1) UPCA)
 - damages appropriate to the harm actually suffered
 - Unintentional infringement (Art. 68 (4) UPCA)
 - recovery of profits
 - payment of compensation
 - Extent of damages (Art. 68 (2) UPCA)
 - Suggest that disgorgement of infringer's profit should become the rule.
 - *injured party shall be placed in the position it would have been in if no infringement had taken place*
 - *infringer shall not benefit from the infringement*
 - *damages shall not be punitive*
 - Determining the amount of damages (Art. 68 (3) UPCA)
 - take into account all appropriate aspects, such as injured party's lost profits, infringer's unfair profits and moral prejudice caused to the injured party
 - set the damages as a lump sum which should at least correspond to a royalty

Appeal

- Basic outline:
 - All final decisions and orders of the CFI are subject to appeal.
 - Procedural orders can also be appealed.
 - Any party may appeal if it is adversely affected
 - Procedural aspects
 - Statement of appeal against a final decision has to be filed within two months and the statement of grounds of appeal within four months of its notification.
 - Appeal may be based on points of law and points of fact.
 - New facts and evidence may only be introduced where the submission thereof could not reasonably have been expected during first instance proceedings.
 - An appeal has no suspensive effect unless the Court of Appeal decides otherwise on a party's request.

Court fees and recoverable costs

- Cost risk:
 - Court fees
 - Own attorney fees
 - Recoverable costs
 - if you win: recovery of costs up to a certain ceiling (judge has discretion to raise or lower the ceiling)
 - if you loose: pay own costs + opponent's cost (up to recovery ceiling)

Court fees and recoverable costs (cont'd)

- Rules essentially divide actions and applications into two groups:
 - infringement actions and actions for declaration of non-infringement fixed court fee (€11,000) + sliding scale value-based fee for cases.
 - revocation actions (€20,000) and P.I. (€11,000) are subject to a fixed fee only.
 - Small companies and micro-entities can claim a reduction of 60% provided certain criteria are met.
- Recoverable costs are set out on a case value basis
 - maximum ceiling for recoverable costs for values of more than €50 million are capped at €2 million
 - But: Upon request, the court has the discretion to lower the ceiling if
 - the amount of recoverable costs of representation to be awarded to the successful party threatens the economic existence of the requesting party, especially if the latter is a small entity, such as an SME.
 - the Court shall take into consideration all available information on the parties and circumstances.
- No opt-out fee
- Publication of Guidelines for determining the value-based fees and recoverable costs
 - Assessment of the value shall reflect the objective interest pursued by the filing party
 - Most practicable method for determining case value will be on an appropriate licence fee

Opt-out

- A transitional arrangement which only applies to classical European bundle patents and not to Unitary Patents. During the transitional period of seven years, which can be extended up to 14 years:
 - There is a concurring jurisdiction of the national courts.
 - In addition, the applicant or patent proprietor may exclude the exclusive jurisdiction of the UPC for the life-time of the patent by filing an opt-out declaration up to one month before the end of the transitional period.
 - The declaration to opt-out is to be submitted to the Registry of the Court and is entered into the Register of the Court.
 - The declaration may also be withdrawn (opt-in)
 - Opt-out and opt-in, are both subject to the requirement that no action has been filed yet at the court which had jurisdiction until the relevant declaration
 - Opt-outs can be registered already before the entry into force of the UPC Agreement and the start of operations of the UPC during a so-called “sun-rise” period.

Conclusion

- EPO and participating countries are in the final stages of establishing the UP and the UPC. This represents the biggest change to patent law in Europe for 40 years.
- The introduction of a single court system will make patent protection and enforcement across Europe easier and more effective.
- Any company operating in Europe should make itself familiar with the new Court system and the procedure at the Unified Patent Court, which ultimately also includes adapting existing or developing a newly tailored patent strategy for Europe.

Thank you for your attention!

Margot Fröhlinger
Principal Director, Unitary Patent, European and International Legal Affairs

+49 (0)89 2399 5200
mfroehlinger@epo.org

