

# CLIENT ALERT

## Unified Patent Court: The Language Regime

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*Crowell & Moring's series of alerts provides practical information and professional comment on all the ramifications regarding the introduction of the Unified Patent Court (UPC). For further information, please [see our UPC leaflet PDF](#) or contact the lawyers listed near the bottom of each alert. To view other alerts in this series, [please click here](#).*

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The language regime for the Unified Patent Court (UPC) has proven to be a highly political and difficult issue in the negotiation phase of the UPC Agreement. Countries such as Italy and Spain even considered the issue a dealbreaker. Instead of agreeing to the UPC, they (unsuccessfully) initiated proceedings before the Court of Justice of the European Union against Council Decision 2011/167/EU of 10 March 2011 authorizing the use of the "enhanced cooperation" procedure to create the unitary patent. In May 2015, the CJEU dismissed a second legal challenge by Spain, this time against Regulation (EU) 1260/2012 which established the language regime of the UPC. Since then Italy has formally announced that it will join the UPC. Currently Spain is the only country in the European Union that will not be joining the Unitary Patent package.

Clearly, Spain's objections revolve around a concern that Spanish speakers will be disadvantaged under the UPC system, and, indeed, the language regime for the UPC will be a significant and controversial change compared to the language regime used by the European Patent Office (EPO). Are Spain's concerns justified? Below we consider the practical implications of the new language regime and consider its potential impact on interested parties and how it might affect their patent enforcement strategies. A correct understanding of the complex set of applicable rules is indispensable for all those concerned.

### 1. In which language will a unitary patent be registered?

First, the good news. The unitary patent will be a European patent for the purposes of filing and prosecution. No changes have therefore been introduced with respect to the language to be used for the patent application procedure. Following the application for a European patent, the applicant must file the request for unitary effect with the EPO within one month of the date of publication of the mention of the grant of the patent in the European Patent Bulletin. Such a request must be submitted in the official language pursuant to Article 14(3) of the European Patent Convention (Article 3.2 of Regulation 1260/2012). It is this language that will become the language of the proceedings in all communication before the EPO.

During a transitional period of up to 12 years as of the entry into force of the UPC, the patent proprietor will have to provide a translation of its European patent in one additional language. If the patent is granted in German or in French, the translation must be into English. After the transitional period, Article 3 of Regulation 1260/2012 provides that no further translation will be required. From then on, the system will rely upon "*Patent Translate*", the machine translator that will translate the unitary patent claims. In case of dispute about the correctness of the machine translations however, courts or alleged infringers can request the patent proprietor to provide a full human translation in the relevant language (Article 4 of Regulation 1260/2012).

## 2. What language should be used to amend a unitary patent in the course of the revocation proceedings before the UPC?

When an amendment of the unitary patent is requested in the course of revocation proceedings before the UPC, the amendment must be filed at the EPO in the language in which the patent was granted by the EPO (Rule 30.1(a) Rules of Procedure (RoP)).

However, in several cases the language of the proceedings will not be the language in which the patent was granted (this could occur for example before the local or regional division dealing with a counterclaim for revocation in the national language, or before the local, regional or central division when parties have agreed to use a language other than the language of the patent). In those cases, the proprietor will need to translate the proposed amendments into the language of the proceedings and file the translation in the revocation proceedings (Rule 30.1(a) RoP).

### Example

When an infringement claim with respect to a patent granted by the EPO in French is brought in Dutch before the local division of The Hague, the counterclaim for revocation could be brought either in Dutch before the local division of The Hague, or it could be referred to the central division. Regardless of the choice of forum, the patent proprietor has to file its amendment request with the EPO in French (*i.e.*, the language in which the patent was granted). However, if the counterclaim for revocation remains before the local division of The Hague, the patent proprietor must also submit a Dutch translation of its amendments to the UPC.

## 3. Which languages will be spoken in the different UPC court divisions?

Article 49 of the UPC Agreement provides that the language of proceedings is the official language (or one of the official languages) of the contracting state hosting the local or regional division. Contracting states are however free to designate one or more of the official languages of the EPO as the language of proceedings in addition to or instead of the official language of the local or regional division.

As will be explained in our Client Alert on the competent court of the UPC, the Unified Patent Court will have various "local divisions" in countries that volunteer to host one. In practice, Article 49 of the UPC Agreement implies that the following languages will be used by the local divisions:

London	English
Dusseldorf, Munich, Mannheim and Hamburg	English and German
The Hague	English and Dutch
Brussels	English, Dutch, French and German
Paris	English and French
Helsinki	English, Finnish and Swedish
Copenhagen	English and Danish
Dublin	English
Milan	Italian
Vienna	German

Besides local divisions, also some "regional divisions" will be created in which one or more countries can bundle their jurisdictions. Only one such regional division has as yet been created: by Sweden, Estonia, Latvia and Lithuania. At this so-called Nordic-Baltic division, all proceedings will be conducted in English.

Also a "central division" will be created within the UPC framework. This division will be located in Paris, with a specialized section in London (focusing on chemistry and pharmaceutical patents) and in Munich (focusing on mechanical engineering patents). At the central division, the general rule is that proceedings will be conducted in the language in which the patent was granted by the EPO, *i.e.*, English, French or German (Article 49(6) UPC Agreement).

#### **4. Will English be favored over other national languages?**

As a general rule, the language of the proceedings shall be the official European Union language (or one of the official languages) of the contracting state in which the division is located.

However, as is clear from the overview of languages above, most local and regional divisions will allow litigation in English in addition to the official national language of the contracting state. Given that most patents subject to the UPC will be available in English and parties can agree to use the language in which the patent was granted, it moreover seems highly likely that the new UPC rules will in practice favor English-speaking users during the patent prosecution stage. As the language of the patent becomes the language of the proceedings at the litigation stage, English-speaking users also maintain this advantage before the UPC.

For example, before the local division in Paris, the claimant can either choose to bring its claim in English or in French. This choice of language obviously has important implications and could offer some strategic advantages to the first mover (*cf.* question 6).

#### **5. Do parties have a say in the choice of language before the UPC?**

Yes: subject to approval by the competent panel, parties can mutually agree on using the language in which the patent was granted (Article 49(4) UPC Agreement). Moreover, on the basis of fairness and taking into account all the relevant circumstances of the case, also the judges can choose to conduct the proceedings in the language of the patent. Consent must nevertheless be obtained from the parties (Article 49(5) UPC Agreement).

In appeal proceedings, the same language will be used as at first instance, unless all parties agree to use the language in which the patent was granted (Article 50(1) UPC Agreement).

#### **6. How important is the first mover advantage?**

As mentioned in previous Alerts, the party initiating the action before the UPC often has an advantage over the defendant. Besides the choice whether or not to bring its claim within the UPC framework (and thus not to opt out, which remains possible during the transitional period) and the choice of forum, the claimant can also choose the language in which the claim is initiated. It is this language that will become the language of the proceedings at first instance, as well as on appeal.

In addition, any revocation counterclaim must also be brought in the same language as the main claim if it is brought before the same local or regional division (Rule 45.2 RoP). If, on the other hand, the counterclaim for revocation of the patent is brought before the central division, the claim must be brought in the language in which the unitary patent was granted (Rule 45.1 RoP). If this language differs from the language used in the initial infringement claim, the judge-rapporteur may order the translation of written pleadings and other specific documents (or parts thereof).

### Example

If an action is brought by a claimant before the local division in Copenhagen, the claimant could choose to file its statement of claims in Danish. If the defendant does not understand the Danish language, it will have to employ a Danish-speaking law firm and its defense will require a lot of (costly) translations.

If the defendant wants to initiate a counterclaim for revocation, it must initiate this counterclaim in Danish if it is also brought before the local division in Copenhagen. If proceedings are bifurcated, and the counterclaim for revocation is brought before the central division in English, the rapporteur may request that both the claimant and the defendant file translations of specific documents. The rapporteur will decide who is responsible for these translations and who should bear the related costs.

If the entire proceedings are referred to the central division, the case will be conducted in the language in which the patent was granted.

It appears from the above that the language regime of the UPC allows for forum shopping by the first mover before the UPC. The claimant can choose its forum on the basis of the language applied by the local, regional or central division. If the defendant is not familiar with the designated language of the chosen forum, it will incur additional complications and costs. Moreover, if the counterclaim for revocation is bifurcated and brought before the central division in a different language (*i.e.*, the language in which the patent was granted, whereas the language of the statement of the claim is the language used in the infringement proceedings before the local or regional division, *cf. supra*), many of the documents used in the national proceedings will have to be translated.

These additional complications and costs could be misused by a claimant when initiating proceedings before the UPC, or when threatening to do so. These costs could also constitute a barrier for SME's, effectively forcing them to settle a dispute against their best interests rather than defend an infringement claim in court.

## 7. How is the advantage of the swift and strategic first movers mitigated?

As the language regime is politically sensitive, several safeguards have been put into place to protect the rights of individuals that are not fluent in English, French or German.

Although the current requirement for translations in the prosecution proceedings will be a thing of the past after the transitional period, inventors will still be able to obtain patent texts in their own languages through an automated machine translation tool for patents on the EPO website, "*Patent Translate*".

Moreover, in the event of a dispute about the validity or infringement of a European patent with unitary effect, the patent proprietor must, at its own expenses, provide a full translation of the European patent into an official language of either the participating contracting state in which the alleged infringement took place or the state in which the alleged infringer is domiciled (Article 4 of Regulation 1260/2012).

When deciding on damages, the court hearing the dispute can also take into account that the alleged infringer may have been acting in good faith, prior to receiving a translation in his or her own language. The court could accept that the alleged infringer possibly did not know or did not have reasonable grounds to assume that he or she was infringing the patent (consideration 9 of the preamble of Regulation 1260/2012).

According to EU law, when proceedings are initiated by a statement of claims that is served on the defendant in a language it does not understand, or in a language other than the official language of the EU member state addressed, the defendant may refuse to accept the document at the time of the service or return the document within one week to the public officers or authorities competent for the receipt of judicial or extrajudicial documents from another EU member state. This receiving agency must then inform the claimant, which can rectify matters by providing a translation of the document (Article 8 of Regulation (EC) 1393/2007).

During the proceedings, every document that is submitted will need to be translated into the language of the proceedings. The party submitting the document will have to bear the costs for this translation. However, any Court of First Instance or the Court of Appeal may, to the extent they deem appropriate, dispense with the translation requirements (Article 51(1) of the UPC Agreement).

Before the Court of First Instance and the Court of Appeal, individual parties can request interpretation facilities in accordance with Article 51 of the UPC Agreement.

Moreover, the "small local operator" clause provides protection for defendants operating locally. Although it remains unclear which defendants will be considered to be "local operators" (certainly in the global e-commerce environment), the protection applies when the infringement has occurred only in the contracting state in which the defendant is domiciled (and thus in accordance with Article 33(1)(a) of the UPC Agreement the claim can only be initiated there). In those circumstances, the statement of claims must be drafted in the national language of that contracting state. If the contracting state has designated several official languages, the proceedings shall be conducted in the official language of the region in which the defendant has its domicile or principal place of business (Rule 14.2(b) RoP). Nevertheless, litigation before the Nordic Division will always be conducted in English.

Another exception to the general language regime is the "English limited" clause (Article 49(2)(c) of the UPC Agreement). This clause was implemented for political reasons and allows the contracting states to include the option to use English as an additional language before their local or regional division, but to restrict the use of English to preliminary objections, written pleadings and other documents and/or oral hearings. In other words, judgment can still be pronounced in the official language of that division, even if the litigation has been conducted in English. This rule leads to a mixture of languages for certain parts of the proceedings within one court action. This could be problematic for a judge, who has to find the correct translation of technical terms etc. Moreover, all judgments will most likely be translated into English as this will probably become the international working language within the UPC.

## **8. Will the costs of translation be reimbursed?**

Regulation (EU) 1260/2012 of the Unitary Patent package does indeed provide for a compensation scheme to reimburse the translation costs incurred by applicants who file European patent applications in a language other than one of the official languages of the EPO. Article 5 of Regulation 1260/2012 makes it possible to receive reimbursement for all translation costs up to a fixed limit.

The compensation scheme will however only be available for SMEs, natural persons, non-profit organizations, universities and public research organizations having their residence or principal place of business within a contracting state (Article 5(2) of Regulation 1260/2012).

This reimbursement will be administered by the EPO and will be paid out of the income generated by the renewal fees. Pursuant to Article 13 of Regulation 1257/2012, the calculation of the share is partly based on the amount of the compensation paid to the participating contracting state which has an official language other than one of the official languages of the EPO.

No concrete numbers or more detailed information have been published so far.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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