



# *Update on the Unified Patent Court and the Unitary Patent and implications for the industry*

# 1. Key documents

23/03/2009: Draft agreement 7928/09

04/12/2009: “Conclusions on an enhanced patent system in Europe”

08/03/2011 CJEU negative opinion

13/04/2011: Commission Proposal for a Regulation of the European Parliament and of the Council implementing enhanced cooperation in the area of the creation of unitary patent protection (2011/0093)

13/04/2011: Commission Proposal for a Council Regulation implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements (2011/0094)

05/12/2011 Draft agreement on a Unified Patent Court and draft Statute Revised Presidency (18239/11)

## 2. Status

- 05/2011: Italy and Spain challenged the Council's decision to authorize enhanced cooperation before the CJEU.
- 01/12/2011: agreement between the European Parliament and the Council on the "Unitary Patent Package", approved by the Legal Affairs Committee of the European Parliament on 20/12/2012  
December 2011.  
  
This approval now needs to be confirmed by the whole of the European Parliament, but the Parliament is awaiting agreement on the UPC.
- 05/12/2011: Competitiveness council reached an agreement on the patent package, with few outstanding issues and need for an agreement on the location of the central division of the UPC
- Drafting of the Rules of Procedure by the group of experts has started up again

### 3. *UPC - update*

05/12/2011 Draft agreement on a Unified Patent Court and draft Statute Revised Presidency (18239/11):

- » Member States hosting a UPC court should provide for the necessary facilities (premises, IT, offices) and for the duration of the initial transitional period (first 7 years) administrative support staff
- » The system should become self financing over time but for the duration of the initial transitional period, financial contributions by the Member States will be required based on the number of European patents in force and the number of European patents litigated in the Member State concerned
- » 13 ratifications are required for the entry into force of the UPC
- » Court fees
  - system of fixed and value based fees
  - the UPC should be accessible for parties with limited resources: users with more significant resources should provide a reasonable and proportionate contribution on the basis of the economic value of the case at stake

## 3. UPC - update

05/12/2011 Draft agreement on a Unified Patent Court and draft Statute Revised Presidency (18239/11):

- » Language of the proceedings of a local division can only be changed with the agreement of the parties, but upon the request of a party the President can change the language of the procedure into the language of the patent for reasons of fairness
- » Jurisdiction of the central division
  - Parties will have the choice to bring an infringement action before the central division if the defendant is domiciled outside the EU,
  - If the defendant is domiciled in the EU and the alleged infringement has occurred in the territory of three or more regional divisions, the defendant has the possibility to request a transfer of the case to the central division
  - If a revocation action is already pending before the central division, the patent holder had the possibility to bring an infringement action for this central division
- » Transitional period: classical European patent can be litigated before national courts for 7 years, but a prolongation for a maximum of 7 years is possible

## 3. *UPC - update*

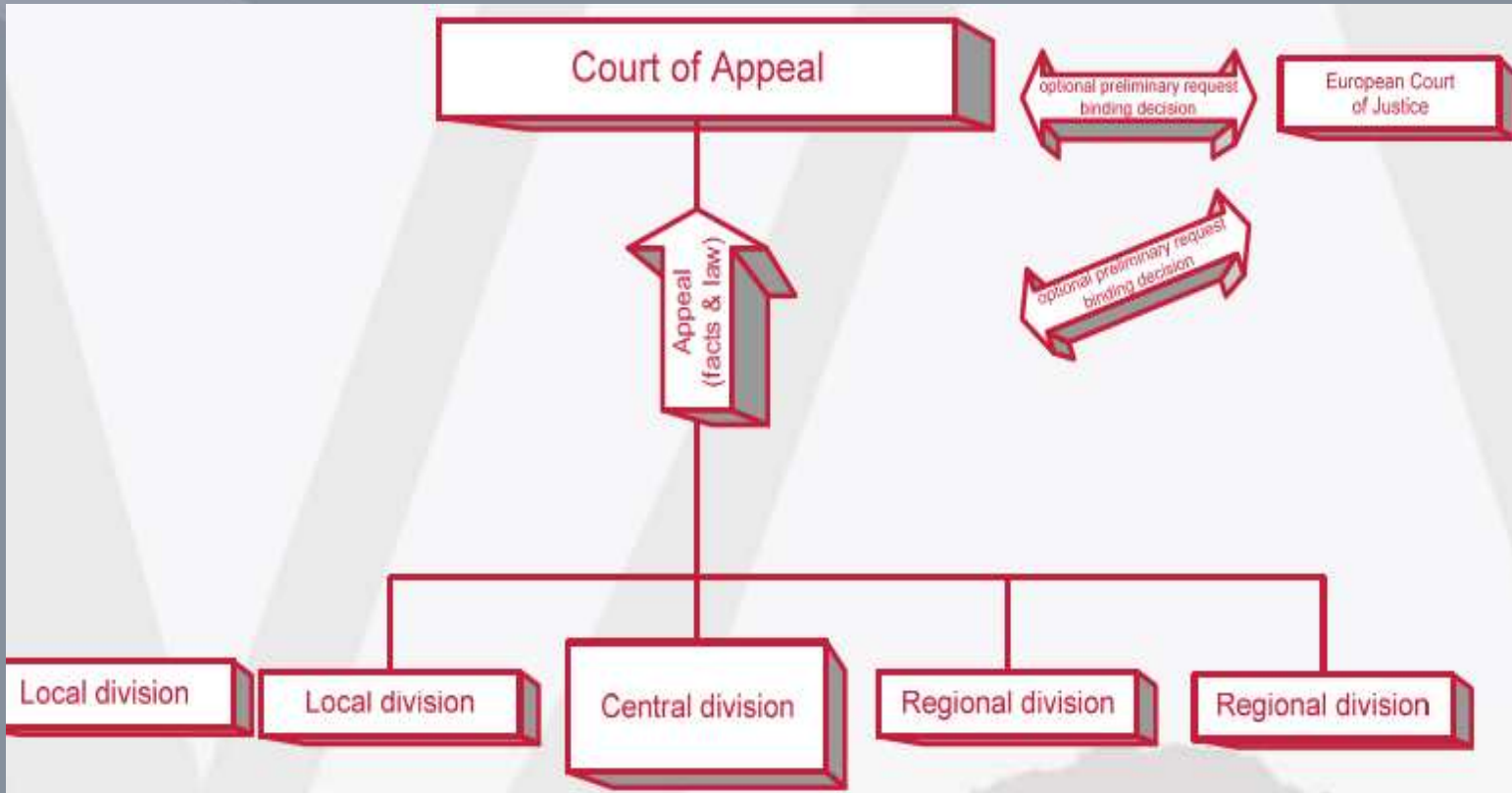
05/12/2011 Draft agreement on a Unified Patent Court and draft Statute Revised Presidency (18239/11):

- » Local divisions: maximum in one Member State is increased from three to four
- » Proposed seats
  - Central Division: France
  - Court of Appeal with the Registry: Luxembourg
  - Patent Mediation and Arbitration Centre: Ljubljana and Lisbon
  - Training facilities for judges: Budapest

## 4. UPC : legal position

- Reaction to negative opinion of CJEU (Chapter IIIa):
  - » International court created by the Member States alone, excluding third countries and without the EU being a party to the treaty
  - » Guarantees that the UPC will adhere to European Union law (Art.14a)
  - » Application of Art. 267 TFEU on preliminary rulings (Art.14.b)
  - » Member States are jointly and severally liable for damages resulting from an infringement of Union law (Art.14.c)
  
- Questions:
  - » Will this overcome the CJEU's fundamental objection relating to the dual pillars of the EU's judicial system (national courts and CJEU) : F. De Visscher, *GRUR* 2012?
  - » Does the EPC forms part of EU law (see Art. 14.e) and does this mean that any question of interpretation will have to be submitted to the CJEU?

## 5. UPC : Structure



- First Instance: 1 Central division and local and regional divisions
- 1 Court of Appeal
- 1 Registry (seat of the Court of Appeal, but with sub-registries at all CFI-divisions)



- Local divisions (Art.5):
  - » Member States shall have to indicate at the time of ratification if they want to set up a local division (no threshold but for an additional division, more than 100 patent cases/year are required);
  - » Additional division or discontinuation of division after the entry into force: Art.13
  - » Maximum 4 per Member State (previously 3)
  
- Regional divisions (Art.5):
  - » Can be set up for 2 or more Member States, who will designate the seat of the division
  - » May hear cases in multiple locations

- Composition (Art.6):
  - » Multinational composition of three judges
  - » Local division
    - < 50 cases/year: 1 national legally qualified judge + 2 other nationalities from the pool of judges
    - > 50 cases/year: 2 national legally qualified judges + 1 other nationality from the pool of judges
  - » Regional division
    - Two permanent legally qualified judges chosen from a regional list of judges, who shall be nationals of the Member States concerned + one legally qualified judge from the pool of judges who shall not be a national of the Member States concerned

## 6. UPC : Composition

- » Technical judges:
  - A regional or local division can request the President of the CFI to allocate from the pool of judges an additional technically qualified judge with qualifications and experience in the field of technology concerned
  - This is also possible if an invalidity claim is initiated and the regional/division decides to deal with both infringement and validity
- » Central division
  - Actions under Art. 15(1)(g): Three legally qualified judges who are nationals from other Member States (decisions of the EPO relating to the implementation of the EPU)
  - 2 legally qualified judges from other Member State and + 1 technically qualified judge from the pool of judges
- » Parties may agree to have their case heard by a single legally qualified judge

## 6. *UPC : Composition*

- » Court of Appeal (Art.7):
  - Multinational composition of 5 judges
  - Three legally qualified judges who are nationals of different Member States
  - Two technically qualified judges with qualifications and experience in the field of technology concerned
  - A panel dealing with actions under article 15 (1)(g) can sit in composition of three legally qualified judges who are nationals of different Member States

- The UPC will hear cases on (Art.1):
  - » EPU
  - » SPCs (based on which type of patent? EPU but still nationally granted)
  - » European patents which have not yet lapsed at the date of the entry into force of the UPC or are granted after that date
  - » Patent applications which are pending at the date of the entry into force of the UPC or which are filed after that date
  - » No jurisdiction over for national patents
- Territorial scope of decisions (Art.16):
  - » EPU: the territory of the Member States in which the patent has unitary effect
  - » EP: the territory of those Member States for which the EP has taken effect

- Transitional period (Art.58):
  - » Initially 5 now 7 + 7 years: infringement and revocation proceedings with respect to European patents may still be initiated for national courts
  - » Unless proceedings before the UPC have already been initiated, holders of European patent (applications) granted or applied for prior to the entry into force can opt out from the exclusive competence of the UPC, by notifying the Registry by the latest one month before the expiry of the transitional period
  - » Unless proceedings have already been initiated before a national court, opt-out can be withdrawn

## 7. UPC : Jurisdiction

- Infringement cases: actual or threatened infringement
- Declarations for non-infringement
- Provisional and protective measures and injunctions
- Revocations
- Counterclaims for revocations
- Actions for damages
- Prior use claims
- National courts shall remain competent for actions related to EPs and EPU's which do not come within the exclusive competence of the UPC

## 7. UPC : Jurisdiction

- (Non-)Infringement actions, actions for damages and prior uses shall be brought for:
  - » The local division of the Member State where the actual or threatened infringement has occurred or may occur, or the regional division in which this Member State participates (cf. Art. 5.3 Brussel-I Regulation);
  - » The local division of the Member State where the defendant or, in the case of multiple defendants, one of the defendants has his residence, principle place of business, or place of business, or the regional division in which this Member State participates
  - » Defendants with residence or (principle) place of business outside the territory of the Member States: jurisdiction where the actual or threatened infringement has occurred or may occur
  - » If the Member State concerned does not host a regional or local division, infringements actions shall be brought for the central division



## 7. UPC : Jurisdiction

- But infringement actions can also be brought for the central division (new):
  - » Parties will have the choice to bring an infringement action before the central division if the defendant is domiciled outside the EU
  - » If the defendant is domiciled in the EU and the alleged infringement has occurred in the territory of three or more regional divisions, the defendant has the possibility to request a transfer of the case to the central division
  - » If a revocation action is already pending before the central division, the patent holder has the possibility to bring an infringement action for this central division

## 7. UPC : Jurisdiction

- A counterclaim for revocation can be brought in an infringement actions. The local or regional division shall have three options:
  - » Proceed with both the infringement action and the counterclaim for revocation with an additional technically qualified judge with qualifications and experience in the field of technology concerned
  - » Refer the counterclaim to the central division and suspend or proceed with the infringement proceedings (controversial)
  - » With agreement of the parties, refer the case for decision to the central division
- The central division is competent to hear:
  - » Revocation and non-infringement actions
  - » If a revocation action is pending before the central division, an infringement action may be initiated at any local/regional division, but with the same three options as above;
  - » If a revocation action is pending before the central division, the patent holder has the possibility to bring an infringement action for this central division (NEW)

## 7. UPC : Jurisdiction

- » If an infringement action has been initiated before a local or regional division, a revocation and non-infringement action can only be brought before the same local or regional division (but with the three options as described above)
- » An action for non-infringement before the central division shall be stayed once an infringement action is initiated within three months before a local or regional division
- The parties can always agree about the competent division (Art. 15.6)

## 8. UPC : Language of the proceedings

- Language of the proceedings before any local or regional division: an official EU language which is the official language of the Member State hosting the division, or the official language(s) designated by the Member States sharing a regional division
- However, Member States may designate one or more of the official languages of the EPO as the language of the proceedings of their local or regional division
- Parties may agree on the use of the language in which the patent was granted, subject to approval by the competent panel (no approval, parties may request to refer the case to the central division)
- At the request of one of the parties, the local/regional division may, on grounds of convenience and fairness, decide on the use of the language in which the patent was granted as language of the proceedings
- The language of the proceedings at the central division is the language in which the patent concerned was granted

## 8. UPC : Language of the proceedings

- Court of Appeal: language of the proceedings before the CFI, but parties may agree on the use of the language in which the patent was granted (in exceptional cases, the Court of Appeal may decide on using another official language)
- CFI and Court of Appeal may dispense with translation requirements
- At the request of one of the parties, the CFI or Court of Appeal shall provide interpretation facilities to assist the parties concerned at oral proceedings
- Special regime for infringement cases for the central division (Art. 31.3)

## 9. *Some procedural issues*

- Who will be allowed to act as a representative for the parties?
  - » *Article 28 (1) : lawyers authorized to practise before a court of a Contracting Member State.*
  - » *Article 28 (2) : European Patent Attorneys who are entitled to act as professional representatives before the European Patent Office pursuant to Article 134 of the EPC and who have appropriate qualifications such as a European Patent Litigation Certificate.*
- What means additional “appropriate qualifications” : this will be defined by the Administrative Committee *Article 28 (2.b)* .

- Order to produce evidence (Art.35)
- Order to preserve evidence and inspect property (Art.35a); very broad provision similar to a saisie-contrefaçon
- Provisional and protective measure
  - » To prevent any imminent infringement, to forbid the continuation of the alleged infringement or to make such continuation subject to the lodging of guarantees
  - » The Court shall have the discretion to weigh up the interest of the parties and in particular take into account the potential harm for either parties
  - » Urgency? Procedure?
- What means additional “appropriate qualifications” : this will be defined by the Administrative Committee *Article 28 (2.b)* .

# 11. Some considerations

- CIPA (12/2011) *“The problem is that the political momentum is about getting a deal – any deal – done, rather than doing the right deal)*
- Uncertainty
- What about the Rules of procedure? These will only be adopted after the coming into operation of the systems although these rules are critical as to how the UPC will operate in practice
- Forum-shopping given the jurisdiction rules
- Good for generic industry? Clearing the path before the Central Division?
- How will originators react? Opt-out? Filing and litigation national patents? Fear for involvement of CJEU?



## 11. *Some considerations*

- SPCs?
- Where to find the judges?
- Funding/Costs: No EU funding ; funding by Member States and users via Court fees (language and translation requirements, training of judges, arbitration centre, etc.)
- Will the UPC have a truly European flavour as the composition of the local divisions will permit them to exhibit a national character