The Unitary Patent
Unified Patent Court

Taylor Wessing LLP
The European patent reform package
The European patent reform package – new legal bases

> Proposed EU regulations (x2) on:

Council/Parliament Regulation
- Implementing enhanced cooperation in the area of the creation of a **unitary patent** protection

Council Regulation
- Implementing enhanced cooperation in the area of the creation of the unitary patent protection with regard to the **applicable translation arrangements**

> Draft International Treaty (x1) on:

- A Unified Patent Court and Statute
- Plus: Rules of Procedure
Reform package

When will it all be up and running?

> Complete package – all 3 instruments
  - Unitary patent is hostage to unified court

> Unified court
  Signing Agreement end 2012/ early 2013
  Entry into force on later of:
    - “1 January 2014”!!
    - 4 months after 13th ratification (incl big 3)

BUT remember EPC 2000 took nearly 7 years to ratify

> Scenario: applications in examination before regulation comes into effect, but granted after entry into force of proposed regulation can be designated “unitary”
  - Theoretically first unitary patents granted in 2014!
  - First court cases (“classical” EP patents) theoretically in 2014
  - More realistic might be 2016 or later in the decade?
The Unitary Patent
Unitary patent - what will change?

> New regime will supplement, not replace, existing national and “classical” EPC patents

> Unitary effect:
  - “uniform protection … equal effect in all participating Member states”
  - “may only be limited, licensed, transferred, revoked or lapse in all participating states”
  - Impact on patent strategies: filing approach, dispute forum shopping, jurisdictional peculiarities

> “European Patent with unitary effect”:
  - New instrument will be a sub-species of the EPC patent

> Language Requirements (next slide)

> Object of property – which national law? … German law applicable

> Role of EPO and national offices and Commission
  - EPO: Register of unitary patents
  - EPO: post-grant administration (incl translations, renewal fees, revocation, limitation, etc)
  - Licenses of right
  - Translation compensation scheme
  - National offices……..?
  - Commission will determine level of renewal fee and distribution key

> Jurisdiction/ case law …….. the new court (and CJEU?)
Unitary patent - what will change? (2)

Language regime

Unitary patent specifications:
> translations restricted to Article 14(6) EPC
> (no Article 65 EPC... builds on London Protocol)
  - Publication of spec in one EPO language with claims in all three
  - Exception: in case of patent dispute
    ▪ translate into language of country of infringement/infringer

Filing in non-EPO language
  - Provide translation into EPO language
  - (Limited) compensation for translation costs

Transitional arrangements (up to 12y)
  With request for unitary effect...
  - Proceedings FR or DE – also file a translation of specification in EN
  - Proceedings EN – also file a translation of spec into any other EU language (not IT, ES)
Unitary patent – a good thing?

Motivation:

1. Single Market, Unitary Currency → Unitary patent
2. Costs

BUT not universally popular, some SMA

Costs (dependent of level of renewal fees)

- Cost savings for applicants exaggerated ×
- “Classical” EP patent allows cost flexibility ×
- Language regime avoids Article 65 ✓
  (recognition dominance of EN)
- Cost of compensation scheme ×

Main benefit for industry is unified court (?)

- Costs / harmonisation of proceedings, substantive law ✓
- Unified court could have been created without unitary patent [EPLA]
Unified Patent Court (UPC)
Unified Court

> **UPC will have exclusive jurisdiction** A.1, A.3, A.32 for disputes relating to:
  - unitary patents, A.1, A.3(a), and,
  - *(subject to opt-out provision, A.83)*, classical EP patents A.3(c)(d)

> **Transitional and opt-out, A.83**
  - Date of effect toward end of decade (?) transition period during *7 subsequent* years
  - In first 7 years, if no action pending, patent can opt-out of UPC (“classicals” only)
  - Opt-out must be registered at UPC registry, but can be reversed.

> **Primacy of EU law, but…**
  - scope for referrals to CJEU, Articles 20-23 limited
  - *(if A.6, 7 and 8 in Reg can be deleted/replaced)*

> **Limitation, A72**
  - 5 years from (awareness of) infringement *(actions for financial compensation)*

> **Rights conferred** *(direct/indirect use)* and limitations thereof, A.25, A.26, A.27,
  - Based on A.25 to 28 of the 1989 Community Patent Convention,
  - corresponds to s.60 PA 1977

> **Validity** based on A138 of EPC A.65

> **Case law** – will be derived from a number of sources of applicable law
UPC: headline changes (UK perspective)

> Which venue for which action? [the maze]
> Flexible, but front-loaded, procedure, R.11, R.263
> Active Case Management
> Trial generally 1 day, R.113, whole process generally 1 yr  [preamble Rules]
> Forum shopping not eliminated (but reduced?): bifurcation
> Evidence: disclosure, role of party experts, Saisie
> Appeal/rehearings – normally no suspensive effect (except for validity), A.74(1)(2) / A81.
> Representation and the patent litigation market
UPC structure

**Court of Appeal**

- **Paris:** Seat and Sub-registry
- B) performing operations
- D) textiles, paper
- E) fixed constructions
- F) Physics
- H) electricity

- **London:**
  - A) human necessities
  - C) Chemistry, metallurgy

- **Munich:**
  - F) Mechanical Engineering, lighting, heating, weapons and blasting

**Local / regional divisions:**
- 21 states combining in 6 regionals
- 3 states having a local only
- 1 state having 4 locals
- 3 states conferring jurisdiction on central

All technical areas covered

Additional locals (at request of state) for each extra 100 cases/year started
UPC across Europe

Ireland, UK and NL (?)

Belgium (L)

Portugal (L)

France (L)

DE (L) x4

LU, MT, SL (C)

DE/AT (R)

DK, EE, FI, LT, LV, SE (R)

PL, HU, SK, CZ (R)

BG, CY, GR, RO (R)

Italy (L)

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Central Division of Appeal

**Central Division A33(2)(4)(9)**
- (subject to request by defendant to transfer to central) Infringement action where infringement in territories of 3 or more regional divisions, A33(2)
- Action for declaration non-infringement, A32(1)(b), except after infringement action in local/regional (then transfer to seized local/regional).
- Action for revocation, A32(1)(d) except after infringement action in local/regional (then transfer to seized local/regional)
- Actions against EPO decisions, A32(1)(i)

**Subject to decision on bifurcation**
- A33(3)(b): Local counterclaims for revocation, A32(1)(e), after local/divisional claim for infringement A32(1)(a) [local/regional panel to decide, A33(3) and R37]
- A33(5): Local counterclaims for infringement, after central claim for revocation, A32(1)(d) [R70: stay central revoc.proceedings, pending local decisions on A33(3),R37]
- A33(6): Local counterclaim for infringement, after central claim for dec non-infringe, 32(1)(b) [R71: stay central dec.non-infringe proceedings, pending local decision on A33(3),R37]

**Local or Regional Division, A33(1)(2)**
- Infringement or threatened infringement of patents/SPCs (in (a) state of infringement or (b) state of defendant*), A32(1)(a)
- Provisional/protective measures and injunctions, A32(1)(c)
- Action for damages arising from provisional protection, A32(1)(f)
- Actions relating to prior use, A32(1)(g)
- Actions for compensation for licenses of right, A32(1)(h)

A33(2) - If several local/regional divisions then only the first seized for entire case
- Subsequent actions (of the above type on same patent) between same parties must be heard in same division

* A33(1) If D’s state is ex-EU then apply (a) in relevant Local or transfer to Central Division

Parties ultimately decide (by agreement), A.33(7)
For any action (except under A.32(1)(i)) parties may agree to bring action before any division including the central division.
Panels

> Multinational composition, A8(1)

> Local division
  3 legal judges (1 local, 2 foreign), A.8(2)
  > 50 cases/year: 3 legal judges (2 local, 1 foreign), A.8(3)

> Regional division
  3 legal judges (2 regionals, 1 foreign), A8(4)

> Central division
  2 legal judges (different nationalities) and 1 technical judge
  Except for EPO-related complaints – then 3 legal judges

> Technical judges
  ▪ Appointed whenever validity/revocation is in issue, eg R.37(2)
  ▪ Either party or rapporteur may additionally request a technical judge, R.33, R.34
  ▪ Technical judge has vote – in cases of even vote (eg where 4 judges) presiding judge shall prevail, A35 of Statute

> Parties may request that case be heard by single legal judge

> Judge-rapporteur (legal judge) appointed by presiding judge, R18
  ▪ Handles all matters (alone or with panel members) in written and interim proceedings
Bifurcation

> **A33(3):**
  - Local counterclaims for revocation, A32(1)(e), after local/divisional claim for infringement A32(1)(a)
  - [apply A33(3) and R37: local/regional decision whether to bifurcate]

> **A33(5):**
  - Local/regional counterclaims for infringement, after central claim for revocation, A32(1)(d)
  - [R70: stay central revoc. proceedings, pending local decisions on A33(3), R37]

> **A33(6):**
  - Local/regional counterclaim for infringement, after central claim for declaration non-infringement A32(1)(b)
  - [R71: stay the central declaration non-infringe. proceedings, pending local decision on A33(3), R37]

> **Forum shopping**
  - Patentee may see benefit (where numerous litigation venues available under A33(1)(a)) in splitting proceedings
    - infringement stayed (pending validity) – Angora cat
    - Infringement not stayed – obtain injunction before invalidity ruling
    - Forum shopping due to bifurcation possibilities not eliminated entirely…….
  - **BUT new hurdles**
    - requires both parties to be “heard” (unlike current situation in DE or AT), A.33(2)
    - panel decides on which outcome of A33(2) – to bifurcate or not, R35 (and R.69 and R.70)
      - “Shall stay infringement proceedings where there is a high likelihood of invalidity…..” R37(3)
    - if panel has DE/AT member (less likely outside in DE/AT region (?)), who favours bifurcation, he must convince other panel members
    - Panel considers case for bifurcation in context of active case management requirement A.43
    - Active case management requires that proceedings be “quick and efficient”, and taking into a/c cost implications R.332(h)(1)
    - Decision to bifurcate is a procedural decision and appealable (with leave of Court of First Inst, R220(2))
  - Unlikely to spread outside DE/AT region (?)
  - DE and AT may initially become favourite venue for patentees in multinational litigation
Procedures

> Flexible, but front-loaded procedure, R.11, R.263

- Flexible
  - To the extent they’re allowable, local practices may be adopted
  - Competition between venues?
  - Levelling out over time?

- Timetable
  - (written procedure) largely fixed
  - Generally 1 year to trial [preamble, Rules of Proc], 1 day for trial

- Written procedure (plus interim procedure and oral hearing), R.10, R.12
  - Closure or further exchange pleadings, R.35, R.36

- Issues, role of rapporteur
  - “parties shall set out their full case as early as possible” [preamble to Rules]
  - Issues identified by judge-rapporteur at interim conference, R.104, (after receiving all pleadings at end written procedure, R.35)
  - Amendments to pleadings – must be justified - court permission only if amendment could not reasonably have been done earlier and does not hinder other party, R.263

> Active Case Management, A.43

- Issues identified by rapporteur [above]
- Rapporteur has wide powers (may seek documents, explanations or proof, may ask questions of parties), R.103, R.104
- Court serves documents, R.6, R.276
- Vis-à-vis current EN procedure - less opportunity for inter partes communication
- Mode of service – priority is electronic communication, R.271, R.278
Infringement and Defence of Invalidity ("Main timeline")

**Written Procedure (R12 documents)**
- Statement of Claim: R.13
- Preliminary Objection: R.18
  - Ex Parte, R.17
  - 1 month
- Counterclaim for Revocation: R.25
- Reply to Statement of Defence: R.25(1.2)
- Application to Amend: R.30
- Application toStrike: R.30
- Application to Strike: R.30
- Reply to Preliminary Objection: R.18
- Notice of Revocation Proceedings: R.31
- 3 months
- Application to Amend: R.32
- 1 month
- Application to Amend: R.32
- 1 month

**Interim Procedure, R101 – R110**
(Respondent completes all prep for oral hearing)
- Other written pleadings followed by apprehension: R.12.5, R.56
- Interim Conference: R.103, R.104
- Interim conference: R.104:
  1. Identify issues
  2. Determines relevant facts
  3. All prep for oral proceedings (and any separate hearing of witnesses)
  4. Explore allocation, etc

**Oral Procedure, R.111 – R.124**
- Separate Witnessness Hearing (if necessary): R.144, R.145
- Oral Hearing: 1 Day, R.112
  - Oral submissions
  - Witnesses/experts

**Post-hearing procedures**
1. Determination of level of damages/compenation: R.125 – R.143
3. Appeals, R.220 – R.243
4. Rehearing, R.244 – R.254

Inter alia:
- Indication of facts relied upon
- Description of evidence relied on
- Indication of further evidence to some

Applies to Appeal may include auxiliary requests, R.30.1(a)
Declaration of Non-Infringement (Rules 60 to 70)

Written Procedure (R.60 - R.70)

Commenced at Central Division

- If party does not agree or ignores R.60(1)(a)...
- P: Statement for Deal of Non-Infringement, R.61, R.62
- D: Preliminary Objection, R.18

1 month

D: Reply to Preliminary Objection, R.67
P: Preliminary Objection, R.18

2 months

D: Reply to Preliminary Objection, R.67
P: Preliminary Objection, R.18

1 month

D: Defence to Preliminary Objection, R.67
P: Preliminary Objection, R.18

1 month

D: Counterclaim for Infringement R.60.2
in Central Division (2m), R.65, R.66 or
any local division (3m), R.71.3
P: Counterclaim for Infringement R.60.2
in Central Division (2m), R.65, R.66 or
any local division (3m), R.71.3

1 month

Separate Witness Hearing (if necessary) R.16(4)(g), R.15

Oral Procedure, R.112 - R.124

Interim Conference (if necessary) R.103, R.104

Interim Hearing (1 Day, R.113)
- Oral submissions
- Witness/exhibits

Closure Written Procedure at receipt of last RS1 doc, R.35, R.36 (extended by respondent)

Closure Interim Procedure

Rule 71: Proceedings for infringement in the Central Division

- R.23(2) within six months of the statement of the deal of non-infringement
- When action stays in Central Division or R.67
- (Division substituted, R.09) transfer to the relevant High Court as proceedings of all proceedings in Central Division
- First issued within 3m, then stay circuit and local regional
- Determined by further procedure

3 months, R.101
### Languages

| **Statement of Claim** | in a (the) language of division or  
|                       | (if at central division) the language of grant, R14.1  
|                       | Language of Statement of Claim is language of proceedings, R14.2  
|                       | Translation in D’s language, R14.3  
| **(Revocation counterclaim)** |  
| (i) Local/regional division | Same language as main claim, R5  
| (ii) Central Division | Language of grant  
| **Revocation/dec for non-infring** | Pleadings in language of grant, R46  
| **Witnesses** | … with the court’s consent may give evidence in a language other than the language of proceedings, R178.7  
| **Appeal** | in language of proceedings in court first instance or (ii) by agreement of parties, in language of grant (translations of first instance documents required)  
| **Language by agreement** | Parties may agree on language of grant – if panel disagrees parties may request transfer to central, A49(3)(4), R.321  
| **Request by one party only** | Panel decides, R323  
| **Oral proceedings** | All divisions will provide interpretation to the parties if requested  
| **Translations** | To the extent deemed appropriate, panels will dispense with translation requirements  
| **Defendant’s right to translation, A51** | In central division Defendant has a right to translation of relevant documents if (all three):  
|                       | a) jurisdiction of central division arises from A33(1)  
|                       | b) defendant’s language is not that of proceedings  
|                       | c) the defendant doesn’t understand the language of proceedings  


Provisional Measures I

A.62  **Provisional measures (general)**
- Provisional injunctions
  - to prevent imminent infringement OR to stop ongoing infringement
- shall take into account potential harm to either party arising from grant or refusal
- can impose recurring penalties, lodging of guarantees, seizure, delivery up, freezing
- security for costs, A69(4)
- application procedure (incl hearing), R206
- pan-EU effect, subject to A.34

Ex parte
- “*take due account of the interests of the parties and shall, before making any order, give any party the opportunity to be heard, unless this is incompatible with the effective enforcement of such order*”, A.56(2)
- “*if delay may cause irreparable harm to the applicant*”, R.212, R.197
Provisional Measures II

A.59  **Order to produce evidence**
At request of one party and sufficient supporting evidence, court order other side to produce specified evidence/information

A.60  **Order to preserve evidence and inspect premises (Saisie)**
- also before filing claim
- physical seizure of products or samples
- Inspect premises by appointed independent person
- demonstrable risk of destruction/removal evidence and adequate security

A.61, 62  **Freezing orders**
- bank accounts and other assets

A.67  **Power to order communication of information**
- origin, distribution channels, quantities etc, identities third parties
Permanent Measures

> **Injunctions, A63**
  - Non-compliance leading to recurring penalties

> **Damages or recovery profits, A.68**
  - Damages “appropriate” to harm suffered
  - Injured party (to extent possible) to be restored to position it would have been in infringement had not occurred
  - Take into account one of:
    - Lost or unfair profits, and non-economic considerations eg moral prejudice
    - Royalties which would have been due

> **Measures relating to infringing products, A64**
Without prejudice to damages award or any other compensation
a. Declarations of infringement
b. Recalls
c. Modifications to products
d. Removal from channels of commerce
e. Destruction
(at expense of infringer)
Evidence

> **Order to produce evidence, R.190**
  - Like specific disclosure, no equivalent of standard disclosure CPR 31.6
  - Party seeking the evidence controlled by other side must provide evidence in support of its application, R.190(1)(2)
  - Judge-rapporteur may issue order, as appropriate, R.190(3)

> **Order to communicate information, R.191**
  - Relates to product and distribution, A.67
  - No equivalent to Part 18 Request ("any matter in dispute.. whether or not in a statement of case")
  - Not direct request to other side - goes through the court

> **Order to preserve evidence/inspect (Saisie contrefaçon), A60, R.192 – R.199**
  - May be ex parte, R197
  - Can apply before Statement of Claim
  - Demonstrable risk of destruction/removal evidence and adequate security
  - Inspection premises to obtain also unspecified documents
  - Already exists in EN law... powerful source of evidence

> **Role of party experts [reduced vis-à-vis current role in UK proceedings?]**
  - Expert reports, R.170.1(b)
  - Hearing of experts, R.170.2(c) – under control of the court other side can put questions [in oral hearing], R.178
  - Technical judges (whenever patent validity is in issue)
  - EPO and UK’s PCC – party expert is exception rather than the rule
  - Court experts
  - Party experts’ role may be limited to input on technical understanding rather than traditional UK role
A unified patent litigation market

Representation

“by lawyers authorised to practise before a court of a Contracting member state” A.48(1)

This applies to each division.…
For example, a German lawyer may act before the London division and UK lawyer may act before the Düsseldorf division.