

A Guide through Europe's New Unified Patent System

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¹ This is an updated version of version 1 of the Guide.

Introduction

The EU Patent Package (the Patent Package) consists of two related, but independent parts: a Unitary EU Patent (the Unitary Patent or UP) and a Unified Patent Court (the UPC). The new system is expected to be implemented in 2014 and is likely to have significant impact on companies with European patent portfolios. Although the legal framework of the new system is not yet finalised, it is still worthwhile being prepared in advance of its implementation.

This booklet offers an overview of the framework of the new system and focuses on the litigation aspects. It should serve as a tool when protecting or challenging patents in Europe. Although the new UP is described here, a full discussion of it is beyond the scope of this guide.

Updates to this booklet will be published through McDermott Will & Emery's website as the framework of the legislation is developed.

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1. Implementation of the Patent Package

1.1. OUTLINE AND TIMING

The legal framework required to implement the Patent Package is complex because some EU Member States, particularly Italy and Spain, do not wish to subscribe to the whole package. Political pressure seeking to distance the Court of Justice of the European Union (the CJEU) from the regime complicates matters further. The Package therefore consists of overlapping legislative instruments that also impact on existing EU and national laws and international agreements.

The implementation of the Package is based on two pillars:

- The UP has its legal basis in two European Regulations, which will have direct effect across all EU Member States.
- The new UPC is based on the Agreement on the Unified Patent Court (the Agreement). The Agreement establishes the UPC through statute and provides a procedure for setting procedural rules.

The legality of the patent package has been challenged in two sets of proceedings before the CJEU:

- The first challenges² were brought by the Spanish and Italian Governments and concerned the authorisation of the “enhanced cooperation” process, *i.e.*, the making of European laws that exclude certain EU Member States, on which the Patent Package is based. The CJEU dismissed both actions on 16 April 2013.
- More recent challenges³ have been filed by the Spanish Government against the legality of the two European regulations implementing the UP.

Additional changes to existing legislation are also required before the Patent Package can come into effect. The Brussels Regulation,⁴ which governs the jurisdiction of courts within the European Union, will need to be amended in order to recognise the UPC. It is also likely that changes will be required to national patent laws, the European Patent Convention (the EPC) and the Supplementary Protection Certificate (SPC) Regulation.

In order to become effective, 13 Member States (including France, Germany and the United Kingdom) must implement national laws that reflect the Agreement. The Patent Package will take effect four months after the threshold is reached, even if other States are still in the process of ratification. As of March 2013, it appears that national legislative procedures in the Member States are likely to continue until 2014. This means the first Unitary Patents could be issued in the later part of that year.

1.2. THE UNITARY PATENT

On 17 December, 2012 two European Regulations were adopted, establishing the UP. The first deals with the general framework of that Unitary Patent (the “UP Regulation”)⁵, and the second relates to the translation arrangements (the “Translation Regulation”)⁶. Two regulations were required as higher voting thresholds are required for changes to translation arrangements.

Regulations have direct effect in each EU Member State and accordingly do not require any further national implementing measures to be taken by the States. Nevertheless, both regulations will only apply after the Agreement comes into force and in any case, not earlier than 1 January, 2014⁷. The introduction of the Unitary Patent is therefore tied to the ratification of the Agreement (see below).

² Cases C-274/11 and C-295/11

³ Cases C-146/13 and C-147/13

⁴ Council Regulation (EC) No 44/2001

⁵ Regulation (EU) No 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection

⁶ Regulation (EU) No 1260/2012 of the European Parliament and of the Council December 17, 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements

⁷ Article 18(2) of the EU Reg. (Patent); Article 7(2) of the EU Translation Reg.

1.3. IMPLEMENTING THE UNIFIED PATENT COURT

1.3.1. AGREEMENT ON THE UNIFIED PATENT COURT

The Agreement was endorsed by the EU ministers in the Competitiveness Council on 10 December 2012 and by the European Parliament on 11 December 2012.⁸ It was signed by 24 EU Member States on 19 February 2013.

1.3.2. STATUTE OF THE COURT

The Statute of the Court (the “Statute”) is an integral part of the Agreement⁹ and is included in Annex I of the Agreement. The Statute determines the institutional and financial arrangements of the UPC, including the conditions for appointing the Court’s judges and electing the President of the Court of First Instance¹⁰ and of the Court of Appeal.¹¹

1.3.3. RULES OF PROCEDURE

The procedural framework of the UPC is laid down in a set of rules, which will have to be adopted by an Administrative Committee of the Court.¹² That Administrative Committee will be established as soon as the Agreement is ratified by a minimum number of Contracting States. The rules, of which a draft has been established by a Drafting Committee of experts judges and lawyers,¹³ deal with the different stages of proceedings, general case management, proportionality and fairness (such as the right to be heard). They also contain general provisions on the applicable languages, parties, representation, means of evidence, experts, and define the powers of the UPC to order provisional measures (in particular preliminary injunctions)¹⁴ or measures to preserve evidence (e.g. *saisie-contrefaçon*)¹⁵.

1.4. PARTICIPANTS

The Patent Package excludes any non-EU State from participating in it. Certain existing EPC¹⁶ countries, such as Switzerland,¹⁷ will therefore not be covered by a UP and the UPC will have no jurisdiction in those States.

Of the EU Member States, 24 out of 27 countries (see Figure 1) are expected to be full members of the patent package, representing around 395 million residents. The remaining three States—Italy, Poland and Spain—have chosen to opt out of the system to varying degrees.

- Italy will not be covered by the UP, because it is not a participating Member State. It has, however, signed the Agreement on the UPC. Accordingly, provided the Italian legislature ratifies the Agreement, it seems the UPC will have jurisdiction over Italian parts of non-unitary (ordinary) European patents. The “Italian particularities” lead to other interesting questions such as the scope of jurisdiction of a Local Division that will be established in Italy. A UP with effect on the Italian market would not exist, but this does not mean that an Italian Local Division is necessarily excluded from taking decisions on Unitary Patents.
- Although Poland was an early subscriber to the Patent Package, it did not sign the Agreement and has indicated that it will see how the system works in practice before deciding whether or not to join. The effect of this is that, at least initially, neither the UP nor the UPC will have any application in Poland¹⁸.
- Spain has been an opponent of the system throughout and does not intend to join at all.

⁸ Document 16351/12, of 11.01.2013

⁹ Article 2(i) of the Agreement

¹⁰ Article 14 of the Statute

¹¹ Article 13 of the Statute

¹² Article 41(2) of the Agreement

¹³ Latest Draft: 15th draft dated 29 April 2013

¹⁴ See Chap. 8.

¹⁵ See Chap. 8.

¹⁶ European Patent Convention

¹⁷ Also: Albania, Croatia (until accession expected in July 2013), Iceland, Liechtenstein, Macedonia, Monaco, Norway, Serbia, San Marino, Turkey

¹⁸ Although Poland is a “participating member state” under the Regulation, Article 18(2) provides that a Unitary Patent only has effect in countries where the UPC has exclusive jurisdiction.

Figure 1: EU Member States Where the UP and UPC Will Apply

Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Romania, Slovakia, Slovenia, Sweden, the United Kingdom

1.5. APPLICABLE LAW

At present, the law governing European patents takes the form of an international agreement: the EPC. Each country that is a signatory to the EPC has implemented its own version of patent law into its national legislation. Because there is no unified court system, however, the country-by-country enforcement under the current systems in Europe often leads to inconsistency results.

The intention of the Patent Package is to unify the law applicable to patents. All Divisions of the UPC should apply the same law to all patents with which they are concerned. A German Division of the Court should therefore apply the same law as a French Division. A widespread criticism of the Patent Package, however, is that the nature of the substantive patent law that will apply under the new system is hard to identify with any degree of certainty.¹⁹ During the early years, until the UPC has established a reliable body of case law, there may be some uncertainties.

1.5.1. UNITARY PATENTS

On one hand, the UP Regulation provides in Article 5(3) that

The acts against which the patent provides protection referred to in paragraph 1 and the applicable limitations shall be those defined by the law applied to [UPs] in the participating Member State whose national law is applicable to the [UP] as an object of property in accordance with Article 7.

Article 7(1) UP Regulation states that a UP “as an object of property” shall be treated as a national patent of the participating Member State where the applicant has its principal place of business at the time of the application. If there is no principal place of business in a participating Member State, the laws of Germany will apply.

On the other hand, the provisions of the Agreement²⁰ state that the UPC will base its decisions on

- EU law (including the UP Regulation and Translation Regulation)
- The Agreement itself
- The EPC
- International agreements applicable to patents and binding on all the Contracting Member States
- National law.

Articles 25 to 29 of the Agreement set out certain substantive legal rights (such as the right to prevent direct and indirect use of the invention) and limitations conferred by both Unitary and existing European patents.

A hierarchical application of the list as provided by Article 24(1) Agreement appears to be meaningful. That is, EU law would take the highest position in the hierarchy,²¹ followed by the provisions of the Agreement (such as Articles 25-28 Agreement) and the EPC, including the laws established under it, *i.e.*, European Patent Office (EPO) case law. This law will take precedence over any national law.

Nevertheless, the dividing line between the hierarchical approach of Article 24 (1) Agreement on one hand, and the (national) law applicable to the UP “as an object of property”²² on the other seems to be difficult to define in practice. For example, it is

¹⁹ See also Chapter 4

²⁰ Article 24(1) Agreement

²¹ Article 20 Agreement

²² Article 5(3), 7(1) UP Regulation

not clear which law should govern a dispute as to whether or not a potential ownership interest in or license to a patent provides a defence to infringement. In such a situation it is likely that reference will have to be made to the national laws, *i.e.*, either the national laws of the applicant or German law.²³

1.5.2. EUROPEAN PATENTS GRANTED UNDER THE EUROPEAN PATENT CONVENTION

Article 24 of the Agreement also applies to disputes concerning existing European patents. Moreover, the substantive laws introduced by Articles 25-28 of the Agreement apply to existing European patents, as does a new exhaustion provision under Article 29. In effect, this means that a new set of rules will be applicable to existing European patents as long as they are not opted out of.

2. The Unitary Patent

2.1. MAIN CHARACTERISTICS

Patent applicants will be able to request that their European patents have “unitary effect” across 25 EU Member States, rather than having a bundle of national patents, as is the case for ordinary European patents. The EPO will be in charge for that UP and the granting proceedings will basically follow the rules of the EPC as applicable to the ordinary European patents.

According to Article 18 UP Regulation, UP protection may be requested for any European patent granted on or after the date of application of the Regulation. The request for unitary effect must be filed at the EPO no later than one month after the grant of the European patent.²⁴

2.2. APPLICATION OF THE EUROPEAN PATENT CONVENTION TO THE UNITARY PATENT

According to Article 1(2), the UP Regulation constitutes a “special agreement” within the meaning of Article 142 EPC. This article of the EPC provides that

Any group of Contracting States, which has provided by a special agreement that a European patent granted for those States has a unitary character throughout their territories, may provide that a European patent may only be granted jointly in respect of all those States.

The UP Regulation is therefore equivalent to special agreements under Article 142 EPC, which gives the unitary effect to a European patent. Accordingly, the granting proceedings according to the EPC will be the same for an ordinary European patent and a UP. Part IX of the EPC, entitled “Special Agreements”, which is where Article 142 EPC can be found, are recycled provisions. They were conceived in the 1970s in connection with the Community Patent Convention, which was never ratified.

2.3. EFFECTS OF THE UNITARY PATENT

The territorial effects of a UP and an ordinary European patent are different. The grant of a European patent may be requested for one or more individual Contracting States of the EPC,²⁵ whereas the UP will emerge from one request for the territories of the States belonging to the Enhanced Cooperation.²⁶ It can only be limited, transferred, revoked, or lapse as a whole. It can, however, be licensed in respect of the whole or part of the territory of all of the participating Member States.²⁷

²³ See also Chapter 4

²⁴ Article 9(1) (g) UP Regulation

²⁵ Article 3 EPC

²⁶ See Chapter 1.4

²⁷ Article 3(2) UP Regulation

Figure 2: Comparison – Unitary Patent/Ordinary European Patent

Unitary Patent	European Patent (Ordinary)
Prosecution in compliance With the EPC	
After grant: Protection in the Contracting Member States (currently the European Union without Spain and Italy)	After grant: Protection in individual Contracting States designated by the applicant = bundle of national patents
Opposition proceedings in compliance with EPC	

2.4. COSTS OF THE UNITARY PATENT

The UP may reduce translation costs, although in many of the key countries these have already been eliminated by the London Agreement. The translation requirements of the UP are described in Appendix I.

Other key costs, such as annual renewal fees, have not yet been determined. Article 12 of the UP Regulation describes certain conditions that should be taken into account when setting the level of renewal fees, providing *inter alia*, that they should be progressive, cover the costs of the system and should take into account the situation of specific entities such as small and medium-sized entities. For patentees engaged in litigation, the new system should reduce costs in comparison to the aggregate costs of multi-jurisdictional litigation.

2.5. OPPOSITIONS AT THE EUROPEAN PATENT OFFICE

A UP can be opposed through EPO opposition proceedings. As noted, the EPC is applicable to the UP.²⁸ There is little difference to opposition proceedings based on ordinary European patents so the following rules apply.

Nine Months Window

Within nine months of publication of the grant of a UP, anyone is entitled to file opposition proceedings with the EPO.²⁹ After this nine months period, parties seeking to invalidate the patent must refer to

- The UPC in the case of a Unitary Patent
- Either the UPC or national invalidation proceedings in cases of ordinary European patents. National invalidation proceedings will be available according to a transitional regime of the Agreement,³⁰ which is described in more detail in Chapter 3.1.

Resorting to national invalidation proceedings is usually more time consuming and may lead to inconsistent results as the patent could be found valid in some countries and invalid in others. This should not be the case in revocation proceedings before the UPC, which has effect in the territories covered by the European patent.³¹

Opponent

Any person except the patentee may file opposition proceedings. A company or person who does not want to be identified in these proceedings may involve a “straw man” that acts in its own name but on behalf of the third party. This is a common strategy employed by companies that do not want to appear as a party in the proceedings. This is acceptable provided the straw man is not used by the patentee to file an opposition against its own patents. There is presently no reason to believe that the straw man strategy will not be possible with respect to the UP.

²⁸ See Chapter 2.2

²⁹ Article 99 EPC

³⁰ Article 83 Agreement

³¹ Article 34 Agreement

No Estoppels

Opposition proceedings are held before the EPO's Opposition Divisions, which are distinct from the Examining Divisions. Opponents therefore get a fair chance in *inter partes* proceedings to have the patent re-examined, even if the invalidation challenges are based on documents that were already considered during the examination. Furthermore, an opponent is not estopped from reasserting the same arguments later in a national court or, as is likely, at the UPC. The fact that particular arguments had been raised and lost in EPO opposition proceedings must not necessarily influence the judges of the UPC.

3. Structure of the Unified Patent Court

In contrast with the current situation of having to litigate on a country-by-country basis, the UPC will have the authority to grant EU-wide injunctions, damages and other relief. In addition, freedom to operate across the European Union will be obtainable by a single set of invalidity or non-infringement proceedings. Among certain other disputes, the UPC will have exclusive jurisdiction to decide over infringement and revocation of

- Unitary Patents³²
- Ordinary European patents³³
- SPCs granted under Regulation (EC) 469/2009³⁴ (certificate for medicinal products) or Regulation (EC) 1610/96³⁵ (certificate for plant protection products).

Accordingly, Unitary Patents always fall under the exclusive jurisdiction of the UPC, whereas a particular regime applies to ordinary European patents (the "Opt-Out System").

3.1. "OPT-OUT" SYSTEM FOR ORDINARY EUROPEAN PATENTS

Ordinary European patents (and national patents) will co-exist with Unitary Patents in the future. Consequently, patent applicants do not necessarily have to put their European patents under the jurisdiction of the UPC by requesting the unitary effect for their European patents. It is possible to strategically divide a patent portfolio in two main groups: one group that is subject to the new court system, and a second group that is handled by national systems. For that (only) purpose, divisional applications could be branched off from parent applications.³⁶

For ordinary European patents a wait-and-see approach can be taken. Article 83 of the Agreement provides for a transitional period of seven years, which can be extended by a further seven years by the Administrative Committee, during which time, actions as to ordinary European patents may still be brought before national courts.³⁷

The competence of the UPC is not exclusive during that transitional period; instead the UPC co-exists alongside the competence of national courts. This means that during the transitional period, actions based on ordinary European Patents can be filed either with the UPC or national courts. To ensure that revocation actions cannot be filed with the UPC, patentees must pro-actively opt-out from the UPC's competence by means of a notification to the Register as stipulated in Article 83(3) Agreement.

Opting-out is not possible if an action has already been brought before the UPC. This opens the possibility of strategic revocation actions filed by third parties as the system goes live, with the intention of blocking the opt-out system. Conversely, patent applicants should not miss the opportunity to file an opt-out notification if revocation proceedings filed by third parties at the UPC are not wanted. The applicant may still withdraw its opt-out notification later.³⁸

³² Article 3(a) of the Agreement

³³ Article 3(c) of the Agreement

³⁴ Regulation (EC) No 469/2009 of the European Parliament and of the Council of 6 May 2009 concerning the supplementary protection certificate for medicinal products, (OJEU L 152, 16.6.2009, p.1) including any subsequent amendments.

³⁵ Regulation (EC) No 1610/96 of the European Parliament and of the Council of 23 July 1996 concerning the creation of a supplementary certificate for plant protection products, (OJEC L 198, 8.8.1996, p.30) including any subsequent amendments.

³⁶ Article 76 EPC

³⁷ Article 83(1) Agreement

³⁸ Article 5 (6) Rules of Procedure (RoP)

A few commentators have questioned the understanding of the term “exclusive competence” in Article 83(3) Agreement. During the first seven years, the UPC does not have an “exclusive competence” over ordinary European patents. Article 83(1) Agreement instead refers to a parallel competence that co-exists alongside the competence of national courts. It has consequently been argued that the applicant may in fact opt-out from exclusivity, but not from all competences, of the UPC. The provision is therefore ambiguous. Incomplete opting-out would not comply with the intentions of the Agreement, which obviously advises that the opt-out removes all competence from the UPC in respect of ordinary European patents.

3.2. STRUCTURE OF THE COURT

The Court of First Instance will be composed of national and regional Divisions across the European Union. The Central Division will be based in Paris, with further offices in Munich and London. The Court of Appeal will have its seat in Luxembourg (see Figure 3).

Figure 3: Structure of the Court



3.3. DIVISIONS OF THE COURT OF FIRST INSTANCE

3.3.1. LOCAL AND REGIONAL DIVISIONS

Local Divisions will be set up in Contracting Member States.³⁹ The number of Local Divisions to be established will depend on the number of patent cases that have been commenced in each Member State during the time before the Agreement comes into effect.

Generally, only one Local Division will be set up in a Contracting Member State,⁴⁰ but States with more than 100 cases per calendar year may set up an additional Local Division for every additional hundred cases, up to a total of no more than four Local Divisions per State.⁴¹ Owing to the quantity of patent cases handled by German courts, it is to be expected that Germany will have four Local Divisions: Munich, Mannheim, Düsseldorf and, most likely, Hamburg.

Regional Divisions may be established on request by two or more States if they have only a low number of patent cases.

3.3.2. CENTRAL DIVISION

Each of the three Central Division locations will deal with different technical subject matter, distributed according to the International Patent Classification of the World Intellectual Property Organization.⁴²

London will deal with chemistry, human necessities and metallurgy (Sections A and C), Munich will deal with mechanical engineering (Section F) and Paris will handle all other technical areas. The distribution of cases within the Central Division are shown in Figure 4. Local and Regional Divisions of the Court of First Instance will mainly decide on infringement-related issues, whereas the Central Division has competency over validity-related issues. The interaction between Local, Regional and Central Divisions will be explained in the following chapters.

³⁹ Article 7 (3) Agreement

⁴⁰ Article 7 (3) Agreement

⁴¹ Article 7 (4) Agreement

⁴² <http://www.wipo.int/classifications/ipc/en/>

Figure 4: Distribution of Cases Across the Central Division

Paris (Seat)	London	Munich
(B) performing operations, transporting; (D) textiles; paper; (E) fixed constructions; (G) physics; (H) electricity	(A) human necessities (C) chemistry, metallurgy	(F) mechanical engineering, lighting, heating, weapons, blasting

3.3.3. JUDGES

In contrast with US civil proceedings, where there is a right to jury trial in most patent cases, no jury will be involved at the UPC. Instead a panel of judges will render all decisions.

Local/Regional Divisions

In principle, the panels of the Local and Regional Divisions will be composed of three legally-trained judges with practical experience in patent cases. The Agreement stipulates that the panels will have a multinational composition.⁴³ The multinational character of the panels will be guaranteed by allocating one judge from a Pool of Judges⁴⁴ and the other two must be nationals of the State hosting the Local Division or, in a Regional Division, come from a list of judges who are nationals of the Contracting States hosting the Regional Division (Regional Judges). The Pool is composed of judges from the Contracting States.

If a state hosting a Local Division has less than 50 cases per year, two judges will be allocated from the Pool to sit alongside just one national judge.

A technically-qualified judge will be allocated to the panel

- If a counter-claim for revocation has been raised⁴⁵
- At the request of one of the parties
- At the request of the panel.⁴⁶

The Local Divisions in Germany will most likely rely on the judges of the District Courts (DC Munich, DC Mannheim and DC Düsseldorf). According to Article 17(3) Agreement, District Court judges may also be judges of a Local Division, meaning judges of Local/Regional Divisions may not necessarily be full-time.

Central Division

The panel of the Central Division will be composed of one technically-and two legally-qualified judges. The two legally qualified judges will be nationals from different Contracting Member States. The technical judge will be allocated from the Pool and will have qualifications and experience in the field of the technology concerned.

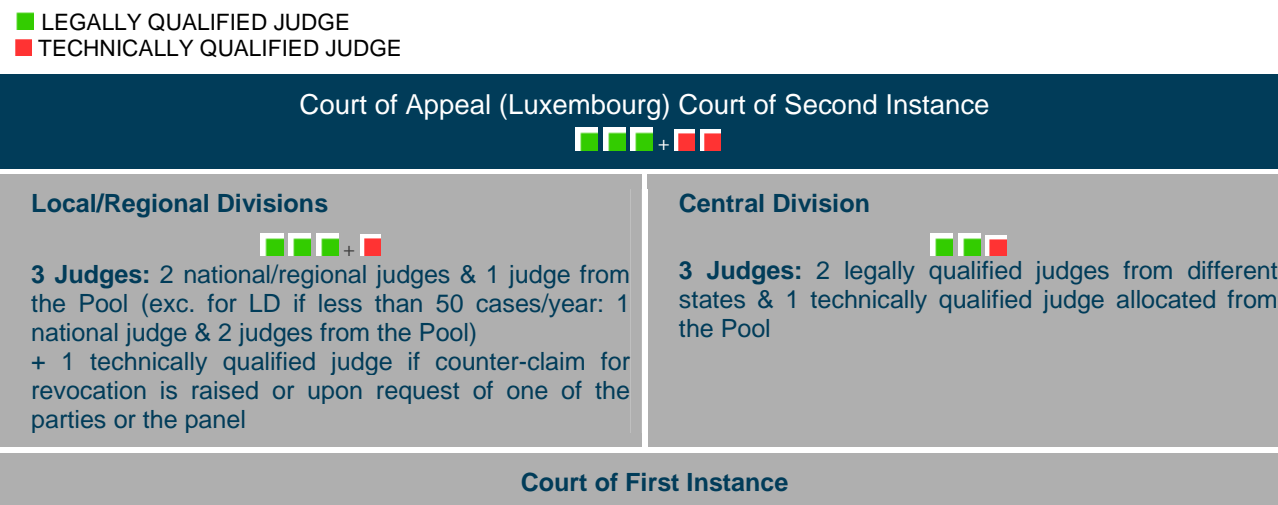
⁴³ Article 8(1) Agreement

⁴⁴ Article 18 Agreement: The Pool of Judges will be composed of legally and technically qualified judges who are full-time or part-time judges of the Court. They will be nationals of the EU Member States.

⁴⁵ Article 33(3)(a) Agreement

⁴⁶ Article 8(5) Agreement

Figure 5: Composition of the Court of Appeal



3.4. APPEAL

An appeal against a decision of the Court of First Instance may be brought before the Court of Appeal in Luxembourg by any party that has been unsuccessful, in whole or in part, in its submissions, within two months of the date of the notification of the decision.⁴⁷ An appeal can be based on both points of law and matters of fact.⁴⁸ New facts and new evidence may, in principle, only be introduced where the submission of them by the party concerned could not reasonably have been expected during proceedings before the Court of First Instance.

As shown in Figure 5, any panel of the Court of Appeal will comprise five multinational judges, three of whom will be legally-qualified and two of whom will be technically-qualified. The technically-qualified judges are allocated from the Pool and will have qualifications and experience in the field of the technology concerned.

Comparable with the US Court of Appeals for the Federal Circuit, the Court of Appeal in Luxembourg will play an important role in harmonising UPC case law.

3.5. ROLE OF THE EUROPEAN COURT OF JUSTICE

The European Court of Justice (ECJ) will not be involved as an appellate court. The UPC may nevertheless refer questions of EU law to the ECJ, as national courts do at present (Article 21 Agreement). To avoid the jurisdiction of the CJEU in substantive patent law matters, specific provisions relating to infringement laws were removed from the UP Regulation and integrated into the Agreement, which is technically not an instrument of EU law and therefore falls outside the competence of the CJEU.

4. Substantive Patent Law

4.1. INFRINGEMENT PROVISIONS

4.1.1. EXTENT OF PROTECTION

When determining the extent of protection conferred by a patent, the UPC will refer primarily to Article 69 EPC and the Protocol on the Interpretation of Article 69.⁴⁹

Article 69(1) EPC states

⁴⁷ Article 73(1) Agreement

⁴⁸ Article 73(3) Agreement

⁴⁹ Article 24 (1)(c) Agreement

The extent of the protection conferred by a European patent or a European patent application shall be determined by the claims. Nevertheless, the description and drawings shall be used to interpret the claims.

The Protocol on the Interpretation of Article 69 EPC of 5 October 1973 as revised by the Act revising the EPC of 29 November 2000 states

[Article 1] General principles - Article 69 should not be interpreted as meaning that the extent of the protection conferred by a European patent is to be understood as that defined by the strict, literal meaning of the wording used in the claims, the description and drawings being employed only for the purpose of resolving an ambiguity found in the claims. Nor should it be taken to mean that the claims serve only as a guideline and that the actual protection conferred may extend to what, from a consideration of the description and drawings by a person skilled in the art, the patent proprietor has contemplated. On the contrary, it is to be interpreted as defining a position between these extremes which combines a fair protection for the patent proprietor with a reasonable degree of legal certainty for third parties.

[Article 2] Equivalents - For the purpose of determining the extent of protection conferred by a European patent, due account shall be taken of any element which is equivalent to an element specified in the claims.

These provisions form only a general outline for determining the scope of protection of an asserted patent and will have to be refined through UPC case law. It is therefore expected that Local Divisions will refer comparatively to pre-existing national case law.

4.1.2. DIRECT INFRINGEMENT

The main provision governing a direct infringement is Article 25 Agreement, according to which a person not having the consent of the patentee shall be prohibited from

*(a) Making, offering, placing on the market or using a product which is the subject matter of the patent, or importing or storing the **product** [authors' emphasis] for those purposes*

*(b) Using a **process** [authors' emphasis] which is the subject matter of the patent or, where the third party knows, or should have known, that the use of the process is prohibited without the consent of the patent proprietor, offering the process for use within the territory of the Contracting Member States in which that patent has effect*

*(c) Offering, placing on the market, using, or importing or storing for those purposes a **product obtained directly by a process** [authors' emphasis] which is the subject matter of the patent.*

Section (a) refers to protected products, whereas (b) covers all kind of protected processes. Section (c) concerns products directly obtained by a protected process, *i.e.*, if the process is a manufacturing process, the patentee can also prohibit the commercialisation of products directly generated by that method even though his patent does not contain any product claim.

Whilst similar provisions can be found in the patent laws of the Contracting States, their interpretation may differ from State to State. Again, the application of Article 25 Agreement to particular cases will depend on the case law established by the UPC. It is therefore expected that the Local Divisions will refer comparatively to pre-existing national case law until the UPC provides its own established case law.

4.1.3. CONTRIBUTORY INFRINGEMENT

For a UP, or a validated European patent over which the UPC has exclusive competence, contributory infringement will be covered by Article 26 Agreement:

A patent shall confer on its proprietor the right to prevent any third party not having the proprietor's consent from supplying or offering to supply, within the territory of the Contracting Member States in which that patent has effect, any person other than a party entitled to exploit the patented invention, with means, relating to an essential element of that invention, for putting it into effect therein, when the third party knows, or should have known, that those means are suitable and intended for putting that invention into effect.

The offer and/or supply of means relating to an essential element of the invention, and the related act of putting the invention into effect need not necessarily occur in the same country. It is sufficient if the means are supplied in view of an exploitation of the invention within the group of countries covered by the UP, or a validated European patent. Separate national patents might not be infringed in such a situation. It appears, therefore, that when it comes to contributory infringement, the UPC does have something to offer that national courts do not.

4.1.4. LIMITATIONS OF THE EFFECTS OF THE PATENT

Article 27 Agreement lists certain limits on the effect of a patent, of which exceptions (a) to (e) are of particular importance. The rights conferred by a patent shall not extend to any of the following:

(a) Acts done privately and for non-commercial purposes

(b) Acts done for experimental purposes relating to the subject matter of the patented invention

(c) The use of biological material for the purpose of breeding, or discovering and developing other plant varieties

(d) The acts allowed pursuant to Article 13(6) of Directive 2001/82/EC or Article 10(6) of Directive 2001/83/EC in respect of any patent covering the product within the meaning of either of those Directives

(e) The extemporaneous preparation by a pharmacy, for individual cases, of a medicine in accordance with a medical prescription or acts concerning the medicine so prepared.

Although similar exceptions are provided for by the national patent laws of the Contracting States, the Agreement seems to differ from national laws. The clinical trial exemption of Article 27(d) Agreement, for example, might be narrower than the national laws of some contracting states, such as Germany. This therefore means patentees from the pharmaceutical industry may be better off in the UPC rather than the German courts.

4.1.5. DAMAGES

Article 68 Agreement provides a general outline for determining damages. Damages cannot be punitive, but they will be appropriate to the harm actually suffered by the injured party as a result of the infringement. The injured party shall, to the extent possible, be returned to the position it would have been in if no infringement had taken place. Provisions for enhanced damages in the United States, as allowed by 35 USC Section 284, will not exist under the UP system. When determining the damages, the UPC

(a) Shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the injured party by the infringement; or

(b) As an alternative to point (a), it may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of the royalties or fees which would have been due if the infringer had requested authorisation to use the patent in question.

4.1.6. GREY AREAS

The scope of protection, infringement of patents, their limitations and damages are embedded in a rough legal framework. It will still take many years until the harmonisation process results in refined and predictable case law. Some other legal areas of patent law are only sparsely addressed in the Agreement, leaving uncertainty as to interpretation and applicable law. The areas of potential confusion are

- The right based on prior use,⁵⁰ which is subject to national law. Despite the “unitary” nature of the UPC, the defence might only be available for some countries.
- Exhaustion of patent rights.⁵¹

⁵⁰ Article 28 Agreement

Other legal areas relating to patent law are not addressed at all in the Agreement and therefore raise the question of which national law is applicable.⁵² These areas include

- Remuneration of employee-inventors
- Defences arising from antitrust law (such as the Fair, Reasonable, and Non-Discriminatory (FRAND) Defence).

4.2. GROUNDS FOR REVOCATION

The UPC may revoke a patent, either entirely or partly, only on the grounds referred to in Articles 138(1)⁵³ and 139(2)⁵⁴ of the EPC.⁵⁵

The most important ground is if the patent's subject matter is not patentable within the terms of Articles 52–57 EPC, in particular, because the subject matter is not novel or lacks an inventive step (missing patentability). Another ground is non-enablement (insufficiency of disclosure), when the patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art.

It could also be asserted that the patent's subject matter extends beyond the content of the application as originally filed, which would violate Article 123(2) EPC (added subject matter). It may also be revoked if the proprietor of the European patent is not entitled under Article 60 (1) EPC. All available grounds should be contained in the written statement for revocation.⁵⁶ If the grounds for revocation affect the patent only in part, the patent will be limited by a corresponding amendment of the claims and revoked in part.

As the grounds for revocation depend mainly on the provisions of the EPC, the pre-existing case law of the EPO will thus have a decisive factor for the UPC even though the UPC is not legally bound by EPO case law.

⁵¹ Article 29 Agreement. See also Article 6 UP Regulation

⁵² See Chapter 1.5.1 (concerning UPs)

⁵³ *Article 138 Revocation of European patents*

(1) Subject to Article 139, a European patent may be revoked with effect for a Contracting State only on the grounds that

(a) The subject matter of the European patent is not patentable under Articles 52 to 57

(b) The European patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art

(c) The subject matter of the European patent extends beyond the content of the application as filed or, if the patent was granted on a divisional application or on a new application filed under Article 61, beyond the content of the earlier application as filed

(d) The protection conferred by the European patent has been extended

(e) The proprietor of the European patent is not entitled under Article 60, paragraph 1.

⁵⁴ *Article 139 EPC Prior rights and rights arising on the same date*

(1) ...

(2) A national patent application and a national patent in a Contracting State shall have with regard to a European patent designating that Contracting State the same prior right effect as if the European patent were a national patent.

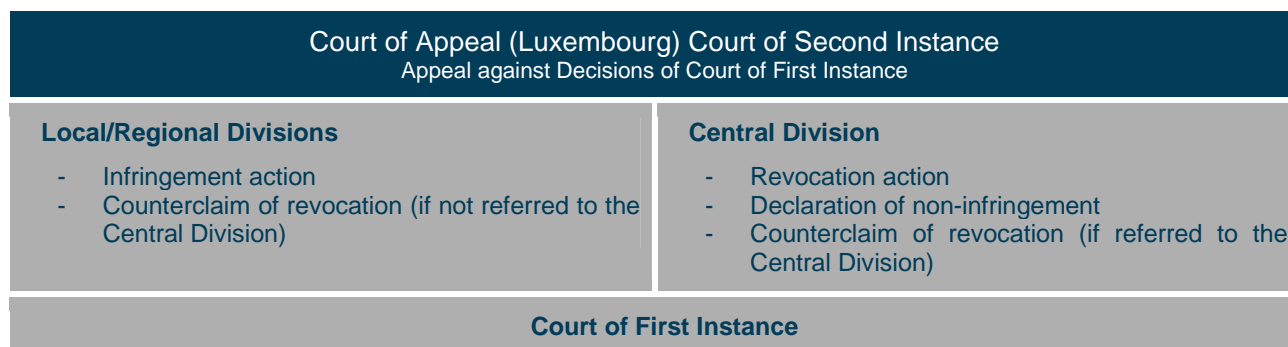
(3)...

⁵⁵ Article 65(2) Agreement

⁵⁶ Rule 45(1)(e) RoP

5. Jurisdiction and Venue

Figure 6: Appeals Against Court of First Instance Decisions



5.1. INFRINGEMENT ACTIONS

Where the parties do not agree on the venue, the action can be filed at one of two locations:

1. Where the actual or threatened infringement has occurred or may occur.
2. Where the defendant or, in the case of multiple defendants,⁵⁷ where one of the defendants has its residence, or principal place of business, or in the absence of residence or principal place of business, its place of business.

Accordingly, a Local Division has jurisdiction if the infringement occurs in the Contracting State hosting that Division (location 1) or if the residence or principle place of business of the defendant is located there (location 2). A Regional Division will have jurisdiction if the alleged infringement takes place in at least one of its Contracting States.

5.1.1. NON-EUROPEAN PARTIES

Location 1, the forum of *actus in tort*⁵⁸ will be of particular importance for patentees if the accused infringer does not have a residence or place of business in the European Union, given that such a patentee could not rely on the option of location 2. According to Article 33(1) Agreement, the patentee may file the case either with a division in compliance with the first option, at the forum of *actus in tort*, or directly with the Central Division.

5.1.2. FORUM SHOPPING

The first option may allow forum shopping. A claimant can file a lawsuit within any Contracting State in which an infringement has been committed by the accused infringer. These are the locations where the allegedly infringing product has been produced, offered, or placed on the market.⁵⁹

In the case of an offer, the infringing act might not only be the place where the offer has been made, but also where the offer is received or can be perceived by potential customers. This typically applies to an offer published through a webpage that can be perceived by an internet user in a Contracting State. Accordingly, when there has been an internet offer of an allegedly infringing product, a case could (most likely) be filed in any Division. The choice would depend upon the claimant's strategic considerations. As a result, for the vast majority of patent infringement cases, each Division of the UPC will have jurisdiction to hear the case.

⁵⁷ An action may be brought against multiple defendants only where the defendants have a commercial relationship and where the action relates to the same alleged infringement.

⁵⁸ Article 33 (1)(a) Agreement

⁵⁹ Article 25(a) Agreement

5.2. REVOCATION ACTIONS

According to Articles 32(1)(d) and 33(4) of the Agreement, (standalone) revocation actions will be brought before the Central Division. These actions are directed against the patentee.⁶⁰ Depending on the technical content of the patent in suit, these actions will be allocated to the seat in Paris or the branches in London and Munich as shown in Figure 4.

For EPO opposition proceedings, Article 99 EPC states explicitly that “any person may give notice” of opposition. Accordingly, the opponent does not need to demonstrate any legal or economic interest in the revocation of the patent when filing the notice, and it is acceptable for interested parties to use a straw man to file the notice of opposition. Competitors often prefer to stay in the background and involve a straw man for oppositions against disagreeable and uncomfortable patents of competing companies. The same principles apply to German nullity proceedings filed with the Federal Patent Court.

It remains to be seen whether or not the same flexible approach will apply in revocation proceedings before the UPC. According to Article 47(6) Agreement, “any other natural or legal person, or any body entitled to bring actions in accordance with its national law, who is concerned by a patent, may bring actions in accordance with the Rules of Procedure.” On one hand, the term “who is concerned by a patent” could be understood to mean that not “any” claimant is entitled to file a revocation action. This could be understood as meaning that at least some showing of an individual concern or interest is necessary to establish the admissibility of the action. Rule 45 of the Rules of Procedure (RoP), however, does not indicate specifically that the statement for revocation must contain a statement of interest. The general public interest in reducing the number of invalid patents favours the indicated flexible approach of the EPO. Frivolous actions might not occur because the claimant has to pay a fee when filing the action.⁶¹

5.3. DECLARATORY ACTIONS FOR NON-INFRINGEMENT

Declaratory actions for non-infringement will be filed with the Central Division. If, however, an action for infringement between the same parties relating to the same patent has been brought before a Local or a Regional Division, these actions may only be brought before the same Local or Regional Division. Accordingly, declaratory actions for non-infringement do not prevent the patentee from filing his own infringement action at the forum of *actus in tort* or at the seat of the accused infringer. A declaratory action for non-infringement could not be used by the accused infringer to predetermine the venue of the Central Division.

5.4. BIFURCATED OR UNIFIED PROCEEDINGS

5.4.1. GENERAL REMARKS

Where a patentee has brought infringement proceedings in a Local or Regional Division under Article 33(1), the alleged infringer may counterclaim for revocation of the patent concerned. This is typically the case in most patent infringement proceedings. The Local or Regional Division may then choose a course of actions from a number of options:⁶²

- Proceed in a **unified manner**, namely with both the infringement action and the counterclaim for revocation or
- **Bifurcate** by referring the counterclaim for decision to the Central Division and
 - **Suspend** or
 - **Proceed** with the infringement proceedings.

If the revocation action is already pending when filing an infringement action, the local or regional division may, similarly, either continue with the infringement proceedings, stay the infringement proceedings or, if the parties agree, refer the infringement action for decision to the Central Division.⁶³

Most of the Member States currently follow a unified approach of handling patent litigation. A defining characteristic of the current German patent enforcement system, however, is the bifurcation between infringement and invalidity determinations, *i.e.*, infringement and invalidity (“nullity”) claims are tried in different courts, on different schedules. The bifurcated system proved to be advantageous to the patentee. Infringement cases frequently move ahead of counterpart invalidity proceedings,

⁶⁰ Rule 43 RoP

⁶¹ Rule 47 RoP

⁶² Article 33(3) Agreement

⁶³ Article 33(5) Agreement

thus presenting the opportunity to have infringements resolved before invalidity is tried. While the infringement court may suspend its proceedings to allow a corresponding nullity action to resolve validity first, it does so only rarely.

The bifurcated approach leads to an outsourcing of the in-depth discussion on the validity of the asserted patent and reduces the work load at the Local/Regional Division. At the same time, it has a positive effect on the speed of the proceedings. It is very likely that the German Divisions will maintain the German tradition and apply a bifurcated approach. It is too early to say, however, whether Divisions of other States will also apply the bifurcated approach or instead conform to pre-existing traditions.

5.4.2. "STAY" UNDER THE BIFURCATED APPROACH

Rule 37(3) RoP refers specifically to the question of when the Local or Regional Division stays the proceedings in cases where they follow the bifurcated approach and refer the revocation claim to Central Division. The rule states

*Where the panel decides to proceed in accordance with Article 33(3)(b) of the Agreement, the panel may stay the infringement proceedings pending a final decision in the revocation procedure and shall stay the infringement proceedings where there is a **high likelihood** [authors' emphasis] that the relevant claims of the patent (or patents) will be held to be invalid on any ground by the final decision in the revocation procedure.*

A particular challenge of bifurcating the proceedings is the need to balance fairly the interests of the patentee (who is often interested in quickly enforcing the patent rights) with the interests of the accused infringer (who should not be prevented from commercial activities by an invalid patent). The Division will make a summary assessment based on the material submitted by the parties. If it concludes that a high likelihood of invalidation of the relevant claims is given, the Division will have to suspend the proceedings, whereas a simple likelihood of revocation leaves that decision to the Division's discretion.

The scope of this discretion is still unknown. It is likely, however, that German Divisions will be influenced by pre-existing case law. Accordingly, the likelihood of stay is low if the defendant's request is based exclusively on prior art that was already considered by the EPO during the granting or opposition proceedings. The chances for obtaining a stay might be higher if the request is based on previously unknown, novelty-destroying prior art. Considerations in favour of or against a suspension, which will likely be considered by a Local Division situated in Germany, are summarised in Figure 7.

Figure 7: Possible Considerations in the Suspension Decision

For	Against
<ul style="list-style-type: none"> - Prior art that was not considered during prosecution proceedings and is novelty-anticipating. - The inventive step has become so questionable in view of the prior art presented by the infringer that no reasonable argument in favour of validity remains. - The decision of the Federal Patent Court is based on a clearly and obviously wrong decision. 	<ul style="list-style-type: none"> - Simple doubts exist on the validity of the patent or doubts referring to the inventive step. - The nullity action only contains validity attacks (prior art) which were already considered by the patent office. - The patent has been confirmed in first instance, unless new, unknown, novelty-anticipating prior art will be identified during the second instance.
<ul style="list-style-type: none"> - The decision of the patent office is based on a clear and obviously wrong decision. 	<ul style="list-style-type: none"> - The validity attack is based on a prior public use which cannot be consistently proven by means of written documents (testimony by witnesses and affidavits are insufficient). - The accused infringer unreasonably delays the parallel invalidation proceedings.

5.5. INTERPLAY BETWEEN OPPOSITION PROCEEDING AND REVOCATION ACTIONS

In several European jurisdictions, opposition proceedings at the EPO and national revocation actions cannot be implemented simultaneously. For example, in Germany the admissibility of a national revocation action requires that no opposition proceedings against the patent be pending and that the time period for filing an opposition against the patent has passed.⁶⁴ This requirement is mainly aimed at avoiding contradictory decisions. A third party that cannot file an opposition owing to the lapsed opposition period may join pending opposition proceedings provided that an infringement lawsuit has been filed against that party.⁶⁵

The Agreement does not prioritise opposition proceedings over revocations actions. Articles 33(8) and (10) Agreement indicate that both proceedings could be pending in parallel. Article 33(8) Agreement stipulates that the claimant in revocation proceedings at the UPC is not required to file a notice of opposition with the EPO. Accordingly, the claimant can directly file a revocation action or do both.

According to Article 33(10) Agreement, the claimant is, however, required to “inform the Court of any pending revocation, limitation or opposition proceedings before the European Patent Office”. Furthermore, the provision stipulates that “the Court may stay its proceedings when a rapid decision may be expected from the European Patent Office.”

The UPC may—but not necessarily—stay proceedings in cases relating to a patent that is also the subject of opposition proceedings or limitation proceedings (including subsequent appeal proceedings) before the EPO.⁶⁶ The interplay between parallel EPO opposition proceedings and revocation proceedings at the UPC is not detailed further in the Agreement or the RoP. The establishment of standards for such stays is left to the UPC.

Of course, the UPC will only be entitled to take decisions within the boundaries determined by the EPO. As such, a UP that has been finally revoked by the EPO (for instance, after Appeal) cannot be “revived” by the UPC. In addition, as soon as the UP gets a particular (limited) scope of protection in EPO opposition proceedings, the UPC will be prevented from reinstating a previously applied broader scope of protection. This procedural framework will have to be taken into account when establishing the standards for staying proceedings at the UPC. UPC case law will have also to be motivated to avoid contradictory decisions of the EPO and the UPC and to reduce the duplication of work at the EPO and the UPC.

6. Linguistic Issues

6.1. TRANSLATION(S) OF THE UNITARY PATENT

In the case of asserting the UP owing to an alleged infringement, the patentee will have to provide, at the discretionary request of the alleged infringer, a full translation of the UP into the language of the State in which the alleged infringement took place or the alleged infringer is domiciled.

During legal proceedings, the proprietor of the UP will provide a full translation of the patent into the language of the proceedings at the request of the UPC.⁶⁷

Other translation arrangements applicable to the ordinary European Patents and UPs are explained in Appendix I.

Examples

A company situated in France is sued in the United Kingdom on the basis of a UP that has been published in English and German. Even though the infringement takes place in the United Kingdom, the French company may still request a translation of the patent into French.

The situation can be even more burdensome if, for example, a Greek company is sued in Germany. Under the assumption that the patent has been published in English and a further language that is not German, the German Division may ask for a translation of the patent into German and the Greek company could ask for a translation into Greek.

⁶⁴ Section 81(2) German Patent Act

⁶⁵ Article 105 EPC

⁶⁶ See also Rule 295 RoP

⁶⁷ Article 4 (2) Translation Regulation

6.2. LANGUAGE OF THE PROCEEDINGS

6.2.1. FIRST INSTANCE

Basic Rule

The basic rule is that the language of proceedings before

- Local or Regional Divisions is the official language or one of the official languages of the Contracting Member State hosting the relevant Division, or the official language(s) designated by the Contracting Member States sharing a Regional Division. For instance, in Germany's Divisions, the language of the proceedings will be German.
- The Central Division is the language in which the patent concerned was granted, *i.e.*, English, French or German.

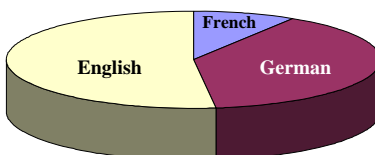
Exceptions

The Agreement leaves some margin for the Contracting States to deviate from the basic rule. They may designate one or more of the official languages of the EPO (English, French or German) as the language of proceedings of their Local or Regional Division.⁶⁸ The parties may also— if approved by the Division—agree on the use of the language in which the patent was granted.⁶⁹ Exceptionally, at the request of only one party, the UPC may, on grounds of fairness, approve the use of the language in which the patent is granted.⁷⁰

Predominant Languages at the Central Division

As more than 50 per cent of all European patent applications are prosecuted in English, it is very likely that English will be the predominant language at the Central Division in Paris. German will take second place with 39 per cent. Only 9 per cent of European patent applications are prosecuted in French. As a result, even though the main seat of the Central Division will be in Paris, English and German are likely to dominate the proceedings.

Figure 8: Languages Used in EPO proceedings



Example

The language for proceedings introduced in front of a Division located in Germany will be German. If the defendant makes a counterclaim for revocation of the patent, it is likely that the German Division will refer the counterclaim for decision to the Central Division. If the patent was not prosecuted in German, the language at the Central Division will either be French or English.

Translation of Documents

Briefs, statements of claim and defences will have to be submitted in the language of the proceedings.⁷¹ Some flexibility is given to the panels of the UPC, which may dispense with translation requirements for documents being used by the parties during the proceedings, *i.e.*, whenever it is “deemed to be appropriate.”⁷² This flexibility is appreciated; it would not be appropriate to require translations of each submitted document into the language of the proceedings

⁶⁸ Article 49(2) Agreement

⁶⁹ Articles 49(3) and (4) Agreement

⁷⁰ Article 49(5) Agreement

⁷¹ Rule 14 RoP

⁷² Article 51(1) Agreement

6.2.2. SECOND INSTANCE

The basic rule is that the language used during the first instance will also be spoken at the Court of Appeal in Luxembourg.⁷³

The parties may agree on the use of the language in which the patent was granted. In exceptional cases, and to the extent deemed appropriate, the Court of Appeal may decide on another official language of a Contracting Member State as the language of proceedings for the whole or part of the proceedings, subject to agreement by the parties.

Figure 9: Languages Used in the Divisions

Court of Appeal (Luxembourg) Court of Second Instance Language of First Instance	
Local/Regional Divisions Language of the court: Official EU language or designated language	Central Division Language of the patent: English, French or German

7. Conduct of a Case

The RoP form the framework of the case and are influenced significantly by existing Continental European laws. This means the proceedings will largely be in writing. It is expected that hearings will seldom last longer than a single day.⁷⁴ A first instance decision will be handed down within one year of the filing of the complaint, whilst recognising that complex cases may require more time.⁷⁵ There will be a right of appeal, which should typically add an additional year to the proceedings.⁷⁶

Witnesses may be summoned to appear at the hearing and expert evidence may be provided either by the parties or by an expert appointed by the Court. In compliance with Continental European legal concepts there will be no discovery as it is known in the United States. Disclosure of specific evidence under the control of another party may, however, be ordered by the Court.

To summarise, the main characteristics of the conduct of the case are

- A written procedure will take place during which the written pleadings will be exchanged⁷⁷
- There will be an interim procedure, which may include an interim conference with the parties.
- There will be an oral procedure, which will include an oral hearing of the parties, lasting approximately one day.

Proceedings before a Division will have a duration of no longer than one year.

7.1. WRITTEN PROCEDURE

The written procedure is mainly dominated by the exchange of briefs. These briefs are

- The statement of claim, made by the claimant “complaint brief”⁷⁸
- The statement of defence, made by the defendant⁷⁹

There is also the option to include

⁷³ Article 50(1) Agreement, Rule 277 RoP

⁷⁴ Rule 113 RoP

⁷⁵ Preamble to the Agreement

⁷⁶ See Chapter 3.4.

⁷⁷ Rule 12 RoP

⁷⁸ Rule 13 RoP

⁷⁹ Rules 23 and 24 RoP

- The reply to the statement of defence, made by the claimant⁸⁰
- A rejoinder to the reply, made by the defendant.⁸¹

The statement of defence may include a counterclaim for revocation, to which the claimant may respond. If necessary the *judge-rapporteur*⁸² may allow the exchange of further written pleadings.

7.2. CASE MANAGEMENT DURING WRITTEN, INTERIM AND ORAL PROCEDURE (HEARING)

During the written procedure and the interim procedure, a *judge-rapporteur* will be responsible for case management.⁸³ He will make all necessary preparations for the oral hearing, such as ordering the parties to provide further clarification on specific points, answering specific questions, producing evidence and lodging specific documents. For the same purpose, he may hold (possibly by telephone or video) an interim conference with the parties, during which he shall also explore with them the possibility of settling the dispute or to making use of the Patent Mediation and Arbitration Centre.

The presiding judge will be responsible for the case management of the oral procedure. The main element of the oral procedure is the hearing, which will be held before the panel and directed by the presiding judge.⁸⁴ The presiding judge will endeavour to complete the oral hearing within one day.

7.3. BURDEN OF PROOF

The burden of proof rests principally with the claimant (Article 54 Agreement). The patentee's duty to gather information (fact presentation) prior to commencing the lawsuit is in parallel with his burden of proof: he must prove each element of the asserted claims of action in order to prevail, and must substantiate each and every element of the claim. Rule 171 RoP stipulates that "a party making a statement of fact that is contested or likely to be contested by the other party shall indicate the means of evidence to prove it."

Rule 171 RoP also states that "if a statement of fact is not specifically contested by any party, it shall be held to be true." It does not appear that a bare denial or unreasoned contestation of a statement is sufficient to avoid the application of Rule 171 RoP. According to Rule 24 RoP, the defendant has to indicate in his defence

The reasons why the action shall fail, arguments of law including any assertion that the patent (or patents) concerned is [are] invalid and [...] where appropriate any challenge to the claimant's proposed claim interpretation.

Accordingly, if the claimant substantiates his claim sufficiently by means of facts in the complaint, it seems that a duty of presentation would then shift to the defendant. The defendant must then substantiate and give reasons in his defence brief why he believes that a particular factual assertion of the patentee is not true, incorrect or incomplete.

This means that, unlike in the United States, a bare denial would be insufficient. There should, of course, be an exception if the facts concerned were not subject to the party's own activities or personal perception and can still be denied without giving particular reasons. Furthermore, facts must be truthfully and completely disclosed in response to particular allegations raised by the other party.

The burden of proof stays principally with the claimant. Nevertheless, if the defendant does not sufficiently comply with his duty of presentation in response to the claimant's factual statement, these submissions could then be deemed as true. Through this method of allegation and response, the UPC would attempt to spur efficient and effective fact disclosure, without applying the measures to produce and preserve evidence.

7.4. EVIDENCE

The legal framework of evidence is outlined in Rules 170 to 202 of the RoP. The taking of evidence resembles the procedural frameworks of the Continental European legal systems rather than the US discovery procedure. This implies that the patentee

⁸⁰ Rule 29 RoP

⁸¹ Rule 29 RoP

⁸² The presiding judge of the panel to which the case has been assigned will designate one legal judge of the panel as *judge-rapporteur*.

⁸³ Rule 101 RoP

⁸⁴ Rule 112 RoP

must first independently investigate and gather the relevant facts and evidence from openly available sources prior to commencing a court action.

The allegedly infringing product is often freely available on the market and can be dismantled, reverse engineered and then analysed. In addition, the patentee may hire a private investigator or a private expert who could help to identify further factual material. A private expert might be used to carry out testing, or to analyse the infringing quality of the product, such as the composition of a chemical substance. In most cases, the investigation carried out by the patentee on his own initiative is sufficient to set out the relevant facts in the written pleadings during the proceedings.

It should also be taken into account that other elements commonly found in US litigation, such as the doctrine of inequitable conduct, will not exist under the UP system. Consequently, evidence-taking on those issues will not be necessary. The patentee may use the various means at his disposal to conduct this investigation and analysis.

Rule 170 RoP distinguishes between “means of evidence”, which includes pre-existing material that can be presented in form of written documents, expert reports, physical objects, electrical files or audio or video recording, and “means of obtaining evidence”, which enable the production of evidence either prior or during the proceedings, for instance through the appointment, hearing and interrogation of court experts,⁸⁵ private experts or witnesses,⁸⁶ inspections and measures to preserve evidence.

7.5. EXPERTS

The Court may conclude that the technical knowledge of an expert is necessary.⁸⁷ The Court expert will be appointed by way of an order after the parties have had the chance to make suggestions regarding his or her identity, and technical background and the questions to be put to him or her.⁸⁸ The Court experts will guarantee independence and impartiality and will therefore have a different evidentiary status than the parties’ own experts,⁸⁹ who are inclined to comply with the view of one party.

7.6. COSTS OF PROCEEDINGS AT THE UNIFIED PATENT COURT

7.6.1. REIMBURSEMENT BY THE LOSING PARTY

The system is based on the concept that “reasonable and proportionate legal costs and other expenses” shall, as a general rule, be borne by the losing party.⁹⁰ This means the successful party will be entitled to recover these costs and expenses. Where a party succeeds only in part, the costs could be apportioned accordingly.⁹¹

The question of what is meant by “reasonable and proportionate legal costs and other expenses” has not yet been answered. This clarification will be provided by the Administrative Committee, which will adopt a scale of recoverable costs, and by reference to the value of the dispute. A comparable system is known under German procedural law, which relies on a fee scale corresponding to a litigation value.

It has to be taken into account that a party’s own legal representatives generally bill on an hourly basis. The fees accordingly depend on the different tasks to be accomplished by the litigation team during the proceedings. The costs of their own lawyers do not necessarily have to be “reasonable and proportionate legal costs and other expenses”.

7.6.2. COURT FEES

The UPC will be self-financed, primarily through court fees, which have to be paid by the parties to the proceedings. Court fees will have to be advanced by the plaintiff. The amount of the court fees will be determined by the Administrative Committee and be based primarily on the value of the case, with a pre-defined ceiling.

⁸⁵ Rules 175- 181 RoP

⁸⁶ Rules 185- 188 RoP

⁸⁷ Article 57 Agreement

⁸⁸ Rule 185 RoP

⁸⁹ Rule 181 RoP

⁹⁰ Article 69 (1) Agreement

⁹¹ Article 69 (2) Agreement

7.6.3. SECURITY

At the request of the defendant, the Court may order the applicant to provide adequate security for the legal costs and other expenses incurred by the defendant which the applicant may be liable to bear. The German system provides for a security system that forms a barrier against frivolous actions.

8. Preliminary Injunctions and Discovery

The Court may grant preliminary injunctions to prevent any imminent and ongoing infringement. The Court is granted the discretion to weigh up the interests of the parties and, in particular, to take into account the potential harm to either of the parties resulting from the granting or the refusal of the injunction. This will also depend on the reasonable evidence provided by the applicant in order to satisfy itself, with a sufficient degree of certainty, that the applicant is the right holder and that the applicant's right is being infringed, or that such infringement is imminent.

The Court may also order the seizure or delivery up of the products suspected of infringing a patent so as to prevent their entry into, or movement, within the channels of commerce. If the applicant demonstrates circumstances likely to endanger the recovery of damages, the Court may even order the precautionary seizure of the movable and immovable property of the alleged infringer, including the blocking of bank accounts and of other assets.

Even though US-style pre-trial discovery is not possible under the UP system, at least some discovery may be undertaken through judicial measures, particularly if independent fact-finding is not successful. According to Article 59 Agreement, the Court may order (at the request of one party, provided that reasonable evidence is produced in support of the claim) the "opposing party or a third party to present evidence" which is under their control. More dramatic measures are possible according to Article 60(1) Agreement. Accordingly, if the patentee is in a position to show a sufficient probability that the patent is infringed, he or she may obtain evidence by means of a variety of measures. This may include that the Court simply orders the production of evidence⁹² or that the Court orders measures such as the inspection of premises, where the object in dispute is to be preserved and the physical seizure of the allegedly infringing goods including the materials and implements used in the production and/or distribution of these goods and related documents. The existence of a sufficient probability of infringement needs to be demonstrated in the request,⁹³ but seems to be fulfilled where concrete indications pointing to an infringement could be deduced from a thorough examination of the defendant's commercial catalogues and advertising, whereas requests based on mere allegations would be dismissed.

Measures to preserve evidence may even be ordered without hearing the other party, in particular if any delay is likely to cause irreparable harm to the applicant or where there is a demonstrable risk of evidence being destroyed or otherwise becoming unavailable.

The measure to preserve evidence will cease to have effect, at the defendant's request, if the applicant does not bring, within a period not exceeding 31 calendar days or 20 working days, whichever is the longer, action leading to a decision on the merits of the case before the Court.⁹⁴

⁹² Article 59 Agreement

⁹³ Rule 190 RoP

⁹⁴ Rule 198 RoP

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Appendix I: Translation Requirements of the Unitary Patent

These translation arrangements are construed on the existing EPC procedure. Accordingly, applications can be filed in any language but need to be prosecuted in one of the official languages of the EPO: English, French or German.

1. TRANSLATIONS OF CLAIMS

Article 3(1) of the Translation Regulation stipulates that the UP, if published according to Article 14(6) EPC, does not require any further translation. This means the specifications of the patent will be published in the language of the proceedings (English, French or German). In addition, it will include a translation of the claims into the other two official languages of the EPO. For example, if the UP has been prosecuted in English, its claims must therefore be translated into French and German.

2. TRANSLATION REQUIREMENTS DURING A TRANSITIONAL PHASE

As “high quality machine translations”⁹⁵ into EU languages are not yet available, transitional provisions require that the request for a UP, to be filed with the EPO within one month of its granting, must be submitted along with a full translation of the patent specification into English if the EPO prosecution was in French or German, or, into any other official EU language if the EPO prosecution was in English.⁹⁶

These transitional provisions will lapse 12 years from the commencement of the new system. This 12 year period may be terminated earlier by an expert committee finding that high quality machine translations are available for all official EU languages.

3. STRATEGIC CONSIDERATIONS

3.1. GENERAL

The system does not function without translations. Assuming that the patent has been prosecuted in English, it will be necessary to translate the patent into any other official EU language. There are 23 different official languages in the European Union⁹⁷ and the patentee is likely to select a language that could later be helpful in case of a dispute.⁹⁸

The patentee can also be asked by the alleged infringer to provide a translation either into the language of the State in which the alleged infringement occurred or where the alleged infringer is domiciled. If the dispute will be decided through legal proceedings, the Court may also ask for a translation into the language of the proceedings. The selection of the patentee will therefore depend upon the understanding of where it is most likely that the infringement will occur and where the patent will be litigated.

The situation seems to be clear if the proceedings at the EPO were in French or German: the patentee will have no choice; the patent will have to be translated into English.

3.2. Translation Regulation versus The London Agreement

The London Agreement⁹⁹ provides a financially attractive post-grant translation regime relating to the translation of ordinary European patents. States that are party to the Agreement waive, either entirely or largely, the requirement for translations.

Under the London Agreement

⁹⁵ See (6) of the Preamble of the Translation Regulation

⁹⁶ Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish, Swedish

⁹⁷ Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish, Swedish

⁹⁸ According to the Translation Regulation, the translation from English into another EU language at the choice of the applicant should contribute to the training of translation engines by the EPO (see (6) of the Preamble of the Translation Regulation)

⁹⁹ OJ EPO 2001, 549

- A State that has an official language in common with one of the official EPO languages will dispense entirely with the translation requirements provided for in Article 65(1) EPC.¹⁰⁰
- A state that does not have an official language in common with one of the official EPO languages will dispense with the translation requirements provided for in Article 65(1) EPC if the European patent has been granted in the official language of the EPO prescribed by that State, or translated into that language and supplied under the conditions provided for in Article 65(1) EPC. These States may, however, require that a translation of the claims into one of their official languages be supplied.

The London Agreement is summarised in the right column of Figure 10. There may be patent applicants who do not need the full territorial coverage of the UP, such as small and medium-sized businesses with confined business activities in only a few EU Member States.

Such applicants do not necessarily benefit from the translation arrangements of the UP. In particular, during the transitional phase¹⁰¹ at least one translation of the patent must be provided. If the applicant needs only protection in the centre of Europe (such as in France, Germany or the United Kingdom), the London Agreement would not require any translation.

In addition, it must be taken into account that a UP will not be available for Italy and Spain.¹⁰² A patent applicant who wishes to obtain protection in these countries must therefore make individual requests for a conventional patent, *i.e.*, a national patent or an ordinary European patent. As Italy and Spain are not party to even the London Agreement, translations for these countries would be necessary in any case.

The broader the territorial protection for an invention should be, the lower the burden caused by the preparation of translations will be. Indeed, a protected patent in all EU Member States will only require three translations, including Italian and Spanish.

Figure 10: Comparison – London Agreement/Translations Arrangements of the UP

	EP with Unitary Effect - only applicable in EU (without ES and IT)	EP (ordinary) – applicable to EPC members)
Language of the proceedings	English, German or French	English, German or French
Article 14(6) EPC: Translation of the claims in the other two official languages of the EPO?	Yes	Yes
Post Grant Translation Regime	Translation Regulation	London Agreement and Article 65 EPC:
Party to the EU/EPC AT Austria BE Belgium BG Bulgaria CY Cyprus CZ Czech Republic DE Germany DK Denmark EE Estonia ES Spain (no party: UPC/UP) FI Finland FR France	During transitional phase of maximum 12 years (can be shorter): <ul style="list-style-type: none"> - Language of Proceedings was French or German: Translation of the patent specification into English. - Language of Proceedings was in English: Translation in any other official language of the European Union. 	1)a) FR, DE, LI, LU, MC, CH, UK: No translation necessary! 1)b) States with a national language which does not correspond to EPO's official languages (<i>i.e.</i> HR, MK, DK, FI, HU, IS, LV, LT, NL SE, SK): <ul style="list-style-type: none"> - Translation of claims and - Translation of the description if the patent is not published in English in HR, DK, FI, HU,

¹⁰⁰ France, Germany, Lichtenstein, Monaco, Switzerland and the United Kingdom.

¹⁰¹ Article 6 of the Translation Regulation

¹⁰² See Chapter 1.4

	EP with Unitary Effect - only applicable in EU (without ES and IT)	EP (ordinary) – applicable to EPC members)
GB United Kingdom GR Greece HU Hungary IE Ireland IT Italy (no party: UP) LT Lithuania LU Luxembourg LV Latvia MT Malta NL Netherlands PL Poland (no party: UPC) PT Portugal RO Romania SE Sweden SI Slovenia SK Slovakia Only party to the EPC AL Albania CH Switzerland HR Croatia IS Iceland LI Liechtenstein MC Monaco NO Norway RS Serbia SM San Marino TR Turkey	<p>2) In case of dispute - at patentee's expenses:</p> <ul style="list-style-type: none"> - On request of alleged infringer a translation of the patent either into the language of the state in which the alleged infringement took place or in which the alleged infringer is domiciled. - On request of the court in the course of legal proceedings a translation of the patent into the language of the proceedings of the court. 	<p>IS, NL SE; - <i>i.e.</i> no translation of description in MK, LV, L, SKT</p> <p>2) In case of dispute - at patentee's expenses:</p> <ul style="list-style-type: none"> - On request of an alleged infringer, a full translation into an official language of the State in which the alleged infringement took place, or - at the request of the competent court or quasi judicial authority in the course of legal proceedings, a full translation into an official language of the State concerned <p>3) States not (yet) party to the London Agreement: AL, AT (EU), BE (EU), BG (EU), CY (EU), CZ (EU), EE (EU), ES (EU), GR (EU), IE (EU), IT (EU), MT (EU), NO, PL (EU), PT (EU), RO (EU), RS, SI (EU), SM, TR.</p> <p>(= full translation necessary)</p>