

## THE UNITARY PATENT PROTECTION AND THE UNIFIED PATENT COURT

January 2013

*After almost forty years of discussion, Europe has finally achieved the creation of a single patent protection having the same effect on the entire territory of a plurality of European countries. At the same time and within the same political package, a single centralized court system, the Unified Patent Court (UPC), shall be established for deciding on the infringement and validity not only of the newly created Unitary patent but also of all existing and future European patents.*

*The European patent system which exists since 1976 will now at last be completed by a single European jurisdiction, the UPC, which will replace the present decentralized national courts system.*

*The new Unitary patent will be granted by the European Patent Office (EPO) as a European patent according to the same examination and granting procedure that is provided for in the European Patent Convention. At the time of grant, and only during a transitional period, only one translation of the Unitary patent will be required. After such transitional period, no translations will be required. The translation costs will therefore be greatly reduced.*

*The UPC will issue a single decision for the entire territory of the Contracting Member States, leading to a broad cross border injunction and a determination of damages for infringement in several countries simultaneously.*

*It is expected that both the Unitary patent and the UPC could enter into force in 2014. Many of the pending European patent applications could therefore be granted as Unitary patents if the patentee so chooses.*

*Concerning European patents designating individual European countries, the patentee will retain the choice, in case of infringement, between the new centralized UPC system and the present decentralized national courts, at least during a transitional period of seven years.*

### 1. THE UNITARY PATENT

The Unitary patent is in fact a European patent having

a unitary effect in a certain number of Contracting Member States.

Therefore, to obtain a Unitary patent, it is sufficient to file a European patent application as usual.

The search and examination will proceed as usual by the Examining Divisions of the EPO until grant of a European patent.

At the time of grant, the patentee will have the possibility of choosing between (i) a European patent having the effects of national patents in several countries designated or (ii) a Unitary patent i.e. a European patent having a unitary effect in the Contracting Member States that will have ratified the specific regulation concerning the Unitary patent protection.

The number of European countries that will be covered by this Unitary protection will be at minimum 13, including France, Germany and the United Kingdom, and up to 25. Spain and Italy, however, are presently out of this system and will therefore not be covered by the Unitary patent protection.

If the patentee chooses the Unitary patent protection, a request has to be filed before the EPO within one month from the date of grant of the European patent. At the same time, a translation is to be filed of the complete patent (description and claims) in the language of any of the Contracting Member States as long as the patent has been granted in English. For example, patentees may file a translation in French or in German.

Since the Unitary patent is, in fact, a European patent, any third party may file an opposition at the EPO within the usual nine months opposition period. An Opposition Division and subsequently a Board of Appeal can therefore decide to revoke entirely the

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European patent for all the designated countries including the entire territory of the Unitary patent.

A single renewal fee for the Unitary patent will have to be paid at the EPO during the life of the Unitary patent and until its expiry. The level of the renewal fees is presently unknown.

The Unitary patent can only be assigned for the entire territory covered. Licenses limited to certain territories, however, may be granted.

The infringing acts of a Unitary patent are defined in the Agreement relating to the creation of a UPC.

### 2. THE UNIFIED PATENT COURT

The Unified Patent Court (UPC) is a single judiciary organization common to all Contracting Member States that will replace the present national courts system in case of patent litigation relating to European patents and Unitary patents.

The UPC will comprise a Court of First Instance, a Court of Appeal and a Register.

The UPC will have exclusive jurisdiction for all litigation relating to:

- Unitary patents
- European patents designating one or more of the Contracting Member States; and
- Supplementary Protection Certificates (SPC) for pharmaceuticals

The UPC will have exclusive jurisdiction for:

- infringement actions
- revocation actions
- declarations of non-infringement
- orders for provisional measures such as

preliminary injunctions, preservation of evidence, inspection of premises for gaining evidence of infringement, etc...

- permanent injunctions
- damages for patent infringement.

### The Court of First Instance

The Court of First Instance will comprise a central division located in Paris with sub-branches in London and Munich for certain technical fields.

In addition to the central division, the Court of First Instance will have local divisions that can be created in the Contracting Member States and regional divisions resulting from cooperation agreements between Member States.

The number of local divisions in each country will depend on the number of infringement cases handled before entry into force of the Agreement in the relevant country. The number of local divisions will also depend on a political decision in each Member State.

In France, there will probably be a local division located in Paris near the central division.

In Germany, there will probably be a local division in Munich and one or two further local divisions in Düsseldorf and Mannheim for example.

In the United Kingdom, there will probably be a local division in London.

The Nordic countries will probably agree to constitute a regional division.

### Judges of the central division

The central division will be constituted by

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multinational panels of three judges. The three judges will comprise two legally qualified judges who will be nationals of different Contracting Member States and one technically qualified judge with qualifications and experience in the technological field concerned by the relevant case.

### **Judges of the local and regional divisions**

The panels of the local divisions will be multinational panels of three legally qualified judges.

If the local division is located in a Contracting Member State with significant experience in patent litigation (more than fifty patent cases per year on average before entry into force of the Agreement), the panels will comprise two local judges i.e. two legally qualified judges who are nationals of this Contracting Member State. The third judge will not be a national of this Contracting Member State but rather will be appointed from a pool of judges so as to guaranty the multinational character of the panel.

If the local division is located in a country with less experience in patent litigation, the panel will comprise only one local judge together with two legally qualified judges allocated from the pool of judges.

The panels of the regional divisions will be constituted by three legally qualified judges chosen from a regional list of judges who shall be nationals of the Contracting Member States concerned and one legally qualified judge who shall not be a national of said Contracting Member States and shall be appointed from the pool of judges.

In addition, to the three legally qualified judges of a panel of any local or regional division, a technically qualified judge with a qualification and an experience in the technological field concerned may be appointed from the pool of judges upon request of one of the

parties or at the initiative of the panel. In this case, the panel will therefore be composed of four judges. If a vote is equal on the decision, the vote of the presiding judge shall prevail.

### **The Court of Appeal**

The second instance will comprise a single centralized Court of Appeal located in Luxembourg.

The panels of the Court of Appeal will be constituted by five judges i.e. three legally qualified judges of different nationalities and two technically qualified judges.

The Court of Appeal will take final decisions on cases referred to by any first instance division.

The Court of Appeal may revoke a decision of the Court of First Instance issued by any division and give a final decision. In exceptional cases, the Court of Appeal may refer the case back to the Court of First Instance for decision. In such a case, the Court of First Instance will be bound by the decision of the Court of Appeal on points of law.

There is no Supreme Court or third instance level provided in the Agreement.

A request for rehearing, however, may be made after a final decision of the Appeal Court in case of the discovery of a fact that would constitute a criminal act and was unknown to the party requesting the rehearing. Rehearing can also exceptionally be decided in the event of a fundamental procedural defect.

If the rehearing is considered well founded, the Court of Appeal may set aside completely or partially the decision under review and reopen the proceeding for a new decision.

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### Definition of infringement acts

According to the Agreement establishing the UPC, the following constitute acts of infringement of the Unitary patent or the European patent, if made without the consent of the patentee:

#### Direct infringement:

- making, offering, selling, using, importing or storing the patented product
- using the patented process
- offering, selling, using, importing or storing a product directly obtained by the patented process

#### Indirect infringement (contributory infringement):

- supplying or offering to supply any person with means relating to an essential element of the invention
- when the third party knows or should have known that those means are suitable or intended for putting the invention into effect
- (with exception of staple commercial products).

#### Limitations to infringement are indicated in the Agreement:

- private or experimental uses
- farmer's privilege.

#### Exceptions to infringement are defined:

- prior users shall enjoy in each Contracting Member States the same rights as they would have had for a national patent for the same invention.

These prior user rights are therefore defined by national laws and limited to each specific country. This means that in certain cases there could be a decision of infringement only for part of the territory

covered by the Unitary patent or for only some of the countries designated by a European patent.

### Where to engage an infringement action:

An infringement action can be initiated before a division of the Court of First Instance located in a country where an infringement act has occurred.

The action may also be initiated before a local or regional division located in a country where one of the defendants has his domicile or place of business.

The infringement action may also be initiated before the central division when one of the defendants has his domicile of place of business outside the territory of the Contracting Member States. This could be the case if infringing products are imported within the territory of the Contracting Member States from outside.

The central division also has jurisdiction if the Contracting Member State where the infringement took place does not host any local division and does not participate in any regional division. This could be the case for certain Member States that choose not to pay for the costs of establishing and sustaining a local or regional division.

Finally, a case can also be brought before the central division if both parties agree.

It must be noted that when the same action is engaged before several divisions, the division first seized is competent for the whole case.

### Where to engage a revocation action:

A revocation action requesting the nullity of the patent may be brought directly by a third party or indirectly as a counterclaim by a defendant during the course of an infringement action engaged by the

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patentee.

Direct nullity actions must be brought before the central division.

In case of a counterclaim for revocation filed during an infringement action pending before a local or a regional division, there are three possible alternatives:

- the counterclaim may be handled by the local or regional division joining infringement and nullity. In such a case, however, the local or regional division has to appoint an additional technically qualified judge to the panel. The local or regional division will then take a single decision addressing both the infringement and validity of the patent.
- the local or regional division may refer the question of the validity of the patent to the central division. In that case, the local or regional division may stay the infringement proceeding or decide to pursue the proceedings and issue a decision on infringement without waiting for the outcome of the decision on the validity of the patent.
- the entire case may be referred by the local or regional division to the central division, if the parties agree. Consequently, the central division will decide both on the infringement and validity of the patent.

### Language of the procedure

Before the central division, the language of the procedure will be the language of the granted patent (English, French or German).

Before a local division, the language of the procedure will be one of the official languages of the Member State hosting the division or one of the EPO official languages chosen by said Member State. It must be

noted that a local division may be authorized (by the Member State hosting said division) to accept more than one language of the procedure.

Before a regional division, the language of the procedure will be one of the official languages of the Member States having organized the regional division or one of the EPO official languages chosen by said Member States.

The parties may also agree among themselves to use the language of the granted patent. If the panel of the division does not agree, the parties may request that the case be transferred to the central division.

On the other hand, the competent panel of a local or regional division may, on grounds of convenience and fairness, and with the agreement of both parties, decide to use the language of the granted patent as language of the procedure.

In addition, one party may request that the language of the granted patent be the language of the procedure. The President of the Court of First Instance may decide to grant such a request, after having heard the other parties and the relevant panel, on grounds of fairness and taking into account all relevant circumstances, including the position of the parties, in particular the position of the defendant. In such a case, translations and interpretation may be provided.

In any case, interpretation facilities will be provided at oral hearings upon request of any party.

Before the Court of Appeal, the language of the procedure will be the language used before the Court of First Instance.

### Evidence of infringement

In some cases it is important and difficult to produce



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evidence of infringement. The Agreement provides for the possibility of obtaining an order for inspection or an order for producing evidence.

### **Order for inspection (saisie-contrefaçon)**

The inspection of premises may be ordered by a decision taken *ex parte* i.e. without hearing the other party. The order may be subjected to the provision of the filing of a security. The request filed before the court must contain some evidence that the patent is infringed or is about to be infringed. This means that the judge will not automatically grant the requested order.

The request must be lodged before the division where the applicant intends to file the subsequent infringement action.

The inspection of the premises that may be ordered by the court has to be done by a person appointed by the court. The applicant or any employee of the applicant is not allowed to be present. However, the applicant may be represented by an independent professional practitioner, for example a patent attorney.

The inspection will normally result in a report containing a description of the alleged infringement. It is also possible to take samples to sustain evidence of infringement. Physical seizure of infringing products can also be performed if the order of the court permits it. Documents relating to the production and the distribution of the infringing products can be seized.

For the protection of confidential information, the order for inspection may provide that such kind of information may only be disclosed to certain named persons.

The inspection of premises must be followed by an

infringement action before the court within a period of 31 calendar days. Otherwise, the defendant can obtain the revocation of this measure and also appropriate compensation for any damages suffered.

### **Order to produce evidence**

The court may issue an order to a party to produce further evidence if reasonable evidence is already available and has already been filed. This could be useful in case where only partial evidence has been obtained, for example during an inspection of the premises of the alleged infringing party.

### **Communication of information**

The court may order an infringer to produce information about the origin and distribution channels of the infringing product and/or manufacturing process, the quantities produced, manufactured and delivered, etc... However it must be noted that this order can only be obtained for an "infringer" i.e. after a decision of the court stating that an infringement has been committed. If information is necessary to sustain a claim for damages, this claim will only be possible after the decision on the merit.

In any case, the confidentiality of the information will be maintained and the court may order that collection of confidential information or evidence be restricted or prohibited.

### **Provisional measures**

The court has the possibility of ordering a preliminary injunction even without notifying the other party. In deciding on a preliminary injunction, the court must take into account the balance of interest of both parties. The request for a preliminary injunction may be filed before the central division or, alternatively, before any local or regional division.

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The summary procedure before the court comprises a written procedure and an oral procedure.

In order to try to avoid being subjected to a preliminary injunction by surprise, any person may file at the central register of the court a “protective letter” relating to a given patent, indicating for example why the patent should be considered void or having a limited scope of protection, or why the manufacturing or commercial activities exerted do not fall under the scope of the patent. The protective letter has a duration of only six months, however may be renewed.

When a request for preliminary injunction is filed before any division of the Court of First Instance, the Register is immediately informed and sends to the division a copy of any filed protective letter.

### Remedies

After a decision of infringement, the court may order a permanent injunction and also, any further corrective measure such as the recall of the infringing products, the removal from the commercial circuit of any infringing product or the destruction of infringing products.

Damages for past infringement may be determined by the Court in the decision on the merits if sufficient information can be filed before the court during the written procedure. Alternatively, and in more complicated cases, the determination of damages will be made after the decision on the merit, in a separate proceedings during which a request to lay open books may be filed.

In assessing damages, the Court will take into consideration the lost profits suffered, any unfair profit made by the infringer as well as elements other than economic factors such as the moral prejudice. Alternatively, the Court may award a lump sum as damages on the basis of normal royalties.

In any case, the Agreement specifies that damages shall not be “punitive”. On the contrary, the principle is that the injured party should be placed in the position it would have if no infringement had taken place.

The period of limitation is of five years.

### Representation

The parties must be represented before the Court by a “representative”.

Such a representative may be either:

- a lawyer admitted to represent parties before the national courts of one Contracting Member State
- or a European Patent Attorney on the list of the EPO, with an appropriate qualification (European Patent Litigator).

In both cases, the “representative” may be assisted by a patent attorney who will have the right to speak at hearings before the court.

### Court fees

In the long term, the court should be self supporting.

In the first years, the Contracting Member States hosting the central, local and regional divisions of the first instance as well as the Court of Appeal, will provide for the necessary facilities such as premises, offices, IT equipment, support staff.

In addition, the parties will have to pay specific fees to the court for each step of the procedure. The level of the Court fees is not yet known. However, each specific fee will have a fixed part and, for cases having a high value, a value based supplemental part.

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The first indications on the Court fees are as follows:

- infringement action: fixed Court fee of 6 000 €
- revocation action: fixed Court fee of 6 000 €
- appeal procedure: fixed Court fee of 9 000 €.

A value based fee would be added if the value of the case is determined at more than 1 million Euros.

### Entry into force and transitional provisions

The Agreement will enter into force as soon as 13 countries will have ratified it. These 13 countries must include France, Germany and the United Kingdom.

During a transitional period of seven years, owners of European patents designating one or several EPC countries will have the choice to initiate an infringement action before each national Court as is currently the case or before the newly created centralized UPC. Of course this choice does not exist for the Unitary patent for which only the UPC has exclusive jurisdiction, even during the transitional period.

Owners of European patents as well as applicants for European patents will also have the possibility of “opting out” from the UPC by filing a corresponding “opt out” declaration at the Register of the Court. Such a declaration, which can be withdrawn at any time, may be filed for each pending European application or European patent, before expiry of the transitional period.

If such an “opt out” declaration has been filed for a given patent, a third party cannot validly file a revocation action before the UPC for that patent.

Of course, no opt out declaration can be filed for a Unitary patent.

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