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the UPC Central Division
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Patents in Europe *2013/2014*

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How and when to bring a case before the UPC Central Division

As the reality of the Unified Patent Court draws closer, patent holders should now familiarise themselves with the rules governing the competence of the court's Central Division

By Axel Casalonga, Casalonga et Associés

Long in the making, the agreement establishing the Unified Patent Court (UPC) is now in the process of being ratified. Patent holders should ensure that they understand the court's structure and are familiar with the features of each division so that they can adopt appropriate strategies when the court is up and running.

Composition and features

The UPC will be composed of a Court of First Instance, a Court of Appeal and a register. The Court of First Instance will be a single court with a Central Division and a number of local and regional divisions, which will be established in the contracting states. The headquarters of the court will be in Paris, where the president of the court will also sit.

The language of proceedings before the Central Division will be the language of the granted patent – that is, English, German or French. This may constitute a significant advantage over proceedings before a local or regional division, where the language will be one of the official languages of the country in which the division is located (or one agreed on by the countries that set up a regional division).

The language of any appeal following a decision of the Central Division will also be English, German or French, since the language before the Court of Appeal will always be the language used at first instance.

In many circumstances, therefore,

plaintiffs may want to bring their case before the Central Division rather than before a local or regional division.

The following situations will arise:

- The competence of the Central Division in the case at issue is governed by the UPC Agreement; the parties have no choice and must bring the case before the Central Division.
- The plaintiff can freely choose to bring the case before the Central Division, even if the other party or the court disagrees.
- The plaintiff must obtain the defendant's agreement to bring the case before the Central Division.
- The case was first filed with a local or regional division but the plaintiff wants to transfer it to the Central Division; the division's panel must agree before the case can be transferred to the Central Division.

This chapter considers each of these situations in turn.

Exclusive competence

Revocation actions

Direct actions for revocation of European patents and unitary patents must be initiated before the Central Division, as long as no infringement action is pending before a local or regional division. However, according to Article 33(7) of the UPC Agreement, the parties may agree to bring a direct revocation action before a local or regional division. The agreement expressly mentions patents in Article 32, which – according to the definition given in Article 2(g) – comprise both classic European bundle patents and European patents with unitary effect (ie, patents granted under the provisions of the European Patent

Convention that benefit from unitary effect in the territories of the participating member states by virtue of the regulation implementing enhanced cooperation in the area of the creation of unitary patent protection).

If the nine-month opposition period has not expired, the revocation of the patent can be requested at the European Patent Office (EPO) by way of an opposition procedure or, alternatively, directly before the Central Division. The plaintiff therefore has the choice between these two venues (Article 33(8)).

If an opposition is pending before the EPO, the Central Division may stay proceedings if a rapid decision may be expected from the EPO (Article 33(10)). This probably means that if a revocation action is filed before the Central Division within the nine-month opposition period, or even some months after the beginning of an opposition procedure, the Central Division will not stay proceedings and will issue its decision before the EPO.

However, this will have to be established by case law, since Rule 295 of the present draft of the Rules of Procedure provides more generally that the court may stay proceedings if an opposition or a limitation (including appeal procedure) is pending before the EPO or a national authority.

Invalidity of supplementary protection certificates

Actions for invalidity of supplementary protection certificates (SPCs) also fall within the competence of the Central Division (Article 32(d)).

The main ground for nullity of an SPC will be the nullity of the patent. However, the agreement contains no provision forbidding a party from requesting the invalidity of an SPC on other grounds (eg, linked with the marketing authorisation).

Apart from exceptional cases, the Central Division will not hear opposition proceedings since the nine-month opposition period will have already expired.

Declarations of non-infringement

According to Article 33(4), actions for declaration of non-infringement (for patents and SPCs) fall within the competence of the Central Division. This applies to both classic

European and unitary patents.

According to Article 33(6), the Central Division shall stay proceedings concerning declarations of non-infringement if an infringement action between the same parties is brought before a local or regional division within three months of commencement of the action for declaration. It is unclear what will happen to the stayed action for declaration of non-infringement. It will probably be closed following a decision on infringement by the local or regional division, as long as the infringing acts correspond exactly to the definition given in the declaration for non-infringement. If, on the contrary, the definition is broader, it may be worth pursuing the action for a declaration of non-infringement following the decision of the local or regional division.

Administrative actions

According to Article 33(9), the actions referred to in Article 32(1)(i) shall be brought before the Central Division. This could apply, for example, to an appeal against an EPO decision concerning a request for restoration of a unitary patent that lapsed after the patent holder failed to pay an annual fee.

Free choice

Non-contracting member state defendants

The plaintiff will have the choice to bring an infringement action before the Central Division if one of the defendants is domiciled outside the territory of the contracting member states. Such a defendant may be accused, for example, of infringement consisting of importing a product into the territory of a contracting member state (Article 25(a)). Even if the user of the product is domiciled in the territory of one of the contracting member states, it will thus be possible to sue all of the defendants before the Central Division. The plaintiff's decision cannot be contested by any of the defendants.

Of course, consideration must be given to Article 33(1)(b), which states that the defendants must have a commercial relationship and the action must relate to the same infringement (product or process).

No local or regional division

According to the last sentence of Article 33(1),

if the contracting member state in which the infringement took place has no local division and does not participate in a regional division, the case is brought before the Central Division.

Similarly, according to Article 18(4) of the Statute of the Court, if a local or a regional division ceases to exist, all cases pending before that division are transferred to the Central Division.

If, therefore, one or several member states decide not to create a local division or join a regional division, or decide to dismantle their local division or cease their participation in a regional division, all infringement cases that could have been brought before a local or regional division of that member state will be handled by the Central Division. Such a decision not to create a local division or not to join a regional division may be based on economic grounds, since the member states hosting a local or regional division must provide the necessary facilities and support the costs of establishing and running such local or regional division (Article 37(1)).

The reason for this seemingly strange provision is that the competence of a division can always be defined on the basis of the place where an infringing act took place. If there is no local or regional division at that place, an alternative must be provided; this alternative is the Central Division.

Infringement actions following revocation

According to Article 33(5), if a revocation action is pending before the Central Division, an infringement action based on the same patent may also be brought before the Central Division. The defendant in the infringement action which had first initiated a revocation action must bring its case before the Central Division. Therefore, the plaintiff in the infringement action (which was the defendant in the revocation action) will have, in this case, the possibility of choosing the Central Division, so that the Central Division will rule on both cases (infringement and revocation).

However, according to the present wording of Rules 70 and 71, where a plaintiff has applied for revocation or a declaration of non-infringement before the Central Division and the defendant subsequently initiates an

infringement action before a local or regional division against the plaintiff in respect of the same patent, the president of the Court of First Instance shall, unless otherwise agreed by the parties, require the panel of the Central Division to stay proceedings, pending a decision of the panel hearing the action for infringement.

This provision is unsatisfactory, as there is no need to consider the infringement claim if the patent is revoked. It shows the preference of the drafters of the Rules of Procedure for joined actions being brought before local or regional divisions instead of the Central Division.

Agreement

Infringement actions

According to Article 33(7), the parties may agree to bring an infringement action before the division of their choice, including the Central Division. It is unclear how this could work in practice, however. If the plaintiff alone decides to bring an infringement action before the Central Division on the basis of this provision, how will the plaintiff know that the defendant will agree with its choice? The only possibility would be for the plaintiff first to contact the alleged infringer (by a warning letter?) and request an agreement to have the case heard by the Central Division. Otherwise, the defendant can challenge the plaintiff's choice and immediately argue before the Central Division that it objects to the case being heard by that division.

Numerous infringements

According to Article 33(2), if an infringement action is pending before a regional division and the infringement has occurred in the territories of three or more regional divisions, the regional division concerned shall, at the request of the defendant, refer the case to the Central Division. The purpose of this provision may be to try to prevent forum shopping by the plaintiff. Here, the choice of the Central Division is reserved to the defendant, not to the plaintiff. This may also be a strategy used by the plaintiff in order to have the case heard by the Central Division. In any case, the point may be moot, since it is unlikely that more than three regional divisions will be established.

Infringement action, with revocation action pending

According to the last sentence of Article 33(2), if an action is pending before a division (which could be the Central Division seized of an invalidity action), and another action is brought before another division (eg, an infringement action) between the same parties and concerning the same patent, the division first seized shall be competent for the whole case. This means that if a revocation action is pending before the Central Division, a subsequent infringement action must be brought before the Central Division, which will then handle both the invalidity and the infringement actions.

This, however, is contradicted by Article 33(5), which states that in such a situation it is possible, but not compulsory, to bring the action before the Central Division. In any case, it shows that a patent holder will be free to bring an infringement action before the Central Division if the alleged infringer has already initiated a revocation action. Moreover, in such a case, a single decision on both validity and infringement will be issued, thus avoiding any bifurcation. By contrast, a third party filing first a revocation action against a patent will run the risk (or have the advantage) that the Central Division be chosen by the patent holder in case of a subsequent infringement action.

Agreement between parties and panel

According to Article 33(3)(c), if a counterclaim for revocation is made in an infringement action that is pending before a local or regional division, that local or regional division has the option, with the agreement of the parties, to refer the entire case (infringement and counterclaim for revocation) to the Central Division.

Article 33(3) further provides that in such a situation the local or regional division must first hear the arguments of both parties. If both parties agree to refer the entire case to the Central Division, the panel is unlikely to disagree.

Both parties must agree to this complete referral. If only one party is in favour of the referral, the division must either keep the whole case or proceed with a partial referral

relating only to the validity of the patent.

In addition, Article 33(3)(a) provides that the relevant division may decide to refer the counterclaim for revocation to the Central Division at its discretion, without an express agreement of the parties; the local or regional division need only hear the parties on that question before making a decision of referral. It may be that one party (or even both) is against this partial referral, which would lead to a bifurcation if the local or regional division still decides to refer the validity question to the Central Division.

In such case Rule 40 provides that the judge-rapporteur shall accelerate the procedure before the Central Division. It is difficult to predict what will happen in practice, but the idea is clearly that the local division, having referred the counterclaim to the Central Division, need not stay infringement proceedings for too long.

Conclusion

Plaintiffs will have many opportunities, besides those imposed by statute, to bring their actions before the Central Division instead of a local or regional division. Deciding on a strategy before initiating an action will be crucial. The language of proceedings and the possibility of obtaining evidence of infringement will be important considerations when deciding on the UPC division before which an action should be brought. **iam**

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Mr Casalonga was president of the French Patent and Trademark Association from 1993 to 1995. He is now chairman of the Litigation Committee of the European Patent Institute, which is preparing position papers for the European Commission and Council relating to the Unified Patent Court and its proposed Rules of Procedure.

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