

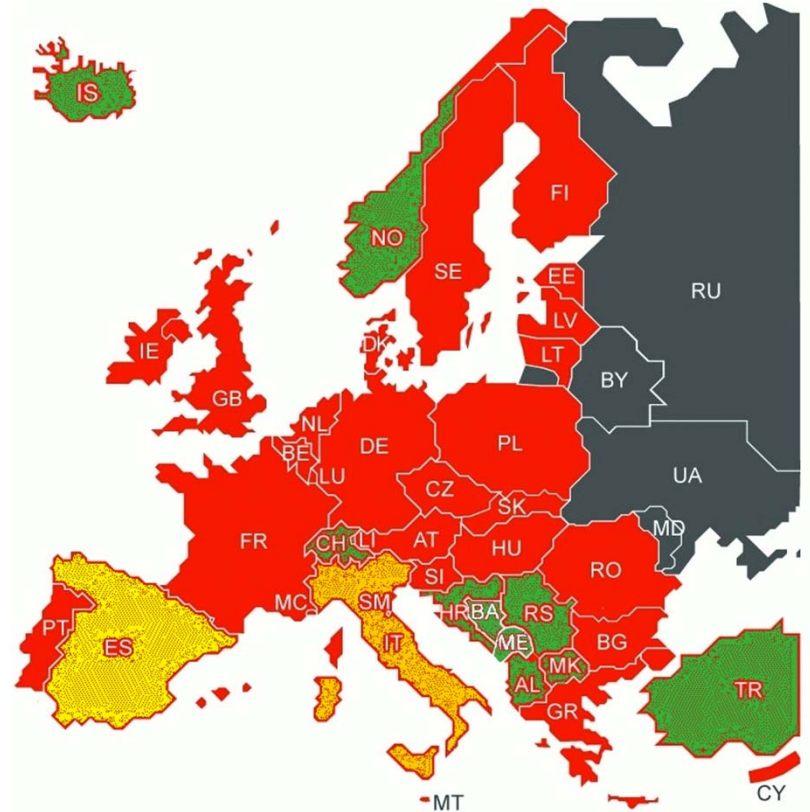
**WIPO Life Sciences IP Disputes
Basel, 22 May 2015**

European Patent Litigation: UPC perspectives

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Unitary patent and UPC regime

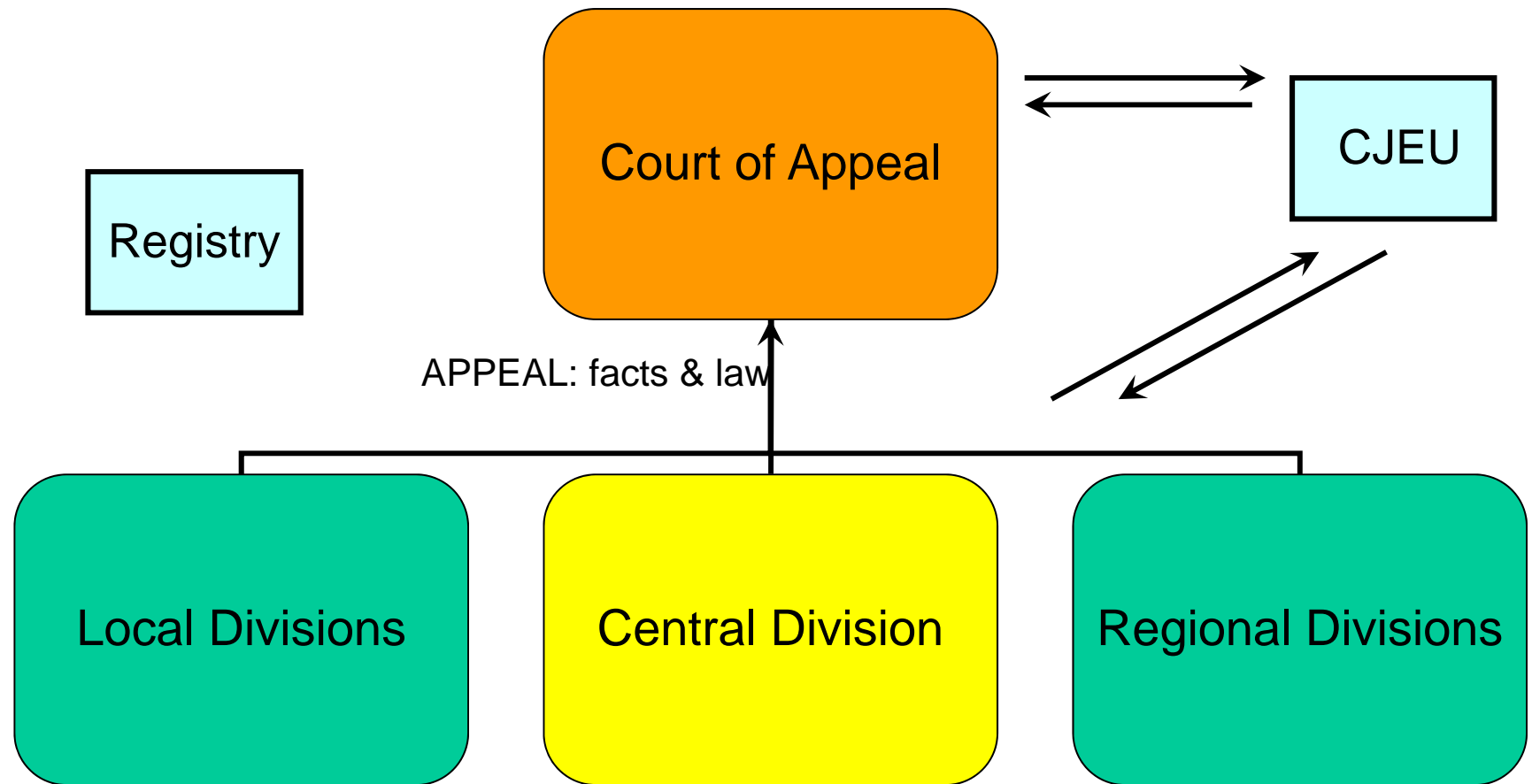
- **Unitary patent:**
 - Single EP having unitary effect across the 25 participating Member States (EU - [Spain](#), [Italy](#), Croatia).
 - Litigate unitary patent in a single court, the UPC.
- **EPs and national patents will still be available, but:**
 - EPs may be litigated before the UPC unless opted out within first 7 years.



What will the UPC mean?

- Europe will finally be one market for patents covering 400m people
- One court case can decide infringement for much of the EU
- Standard procedure for all courts:
 - emphasis on written submissions plus one day hearing
 - But discretion in procedural matters
 - Bifurcation, document production, use of witnesses/experts
- A harmonised approach – with greater certainty and less fragmentation than current system
- A quicker, simpler, cheaper enforcement of IP rights to protect a valuable market.
- In the near term the system runs in parallel with existing national system
- Existing EPs / SPCs can stay in or “opt out”
- In parallel, to EPO oppositions

The UP Court System



The UP Courts

- **Local Divisions** (infringement actions):
 - UK (2 locations?), Germany (4 locations), France, Netherlands, Belgium, Italy, Austria, Denmark, Finland and more.
- **Regional Divisions** (infringement actions):
 - Sweden and the Baltic countries.
 - South-Eastern Europe (Bulgaria, Romania, Greece, Cyprus)??
 - Czech Republic and Slovakia??
- **Central Division** (Revocation/ DNI and infringement vs non EU defendants):
 - **Paris**: Transport, textiles, Physics, Electricity etc
 - **Munich**: Mechanical engineering, lighting, heating etc
 - **London**: **Human necessities, chemistry incl (bio) pharma etc**

Jurisdiction: Infringement

- Local or Regional Division corresponding to
 - Place of infringement
 - Defendant's domicile – if defendant has a place of business in a MS party to the UPC agreement

UPC - Jurisdiction: Infringement

- Central Division

- If defendant **does not have a place of business** in a MS party to the UPC agreement then patentee may bring action before Central Division (instead of in place of infringement)
- If the place of **infringement occurs in a MS which does not have a court** (eg Malta, Luxembourg)
- If a **revocation action is already pending** before the Central Division

Language Regime

- Main headlines:
 - Central Division- language of the patent (EN/FR/DE)
 - Local Divisions-local language
 - France – French (and English)
 - UK/Ireland- English
 - Germany- German (possibly also English)
 - Netherlands- Dutch and English
 - Regional Divisions
 - Sweden and Baltic division - English

Panels of Judges

Local and Regional Divisions:

- 3 legally qualified judges and 1 additional technically qualified judge where requested / required
 - More experienced local divisions- 2 local legal judges and 1 pool
 - Less experienced local divisions – 2 pool legal judges and 1 local
 - Regional Division- 3 pool judges

Central Division:

- 2 legally qualified, 1 technically qualified
- But - Upon request by one of the parties or the regional /local division an additional technically qualified judge may be allocated (Art. 8 (5))
 - Parties may agree to have their case heard by a single legally qualified judge (Art. 8 (7))

Applicable law: patent as a property right

■ Art. 5 Regulation => Art. 7 Regulation: law of the State where applicant has his

- residence or
- principal place of business or
- a place of business (filing date)

default solution for non-European patentees: German law (EPO headquarters)

■ including Art. 25-30 Agreement (rights conferred by the patent) as part of national law

Conflict of laws

- Union law has primacy - **Article 20**
- UPC can refer questions to CJEU – **Article 21**
 - **SPC regulation**
 - **Biotech Directive**
- Sources of law – **Article 24**
 - Union law
 - The UPC Agreement
 - EPC
 - International agreements
 - National law
- Limitations of the effects of a patent – **Article 27**

Article numbers refer to UPC Agreement

Case management and procedural tools

- Pre-action – saisies available to preserve evidence (rule 192)
- Orders to produce evidence / communicate information can be made (including against third parties) (rule 190& 191)
- Provisions to protect confidential information
- Active case management via judge rapporteur (rule 101)
- Interim conference within 3 months of closure of written procedure:
 - Identify the main issues / facts in dispute (rule 103)
 - Establish schedule
 - Explore possible settlement
 - Order further pleadings, disclosure, evidence, xx, experiments, inspection, bifurcation etc
 - Decide value of the dispute for costs purposes

Available Relief – Provisional measures

- Provisional measures available include preliminary injunctions, delivery up, blocking bank accounts, preserving evidence
- May be ex parte (Rule 212) and may be prior to issuing proceedings
- Decision on application for provisional measures – Rule 211
 - *2. In taking its decision the Court may require the applicant to provide reasonable evidence to satisfy the Court with a sufficient degree of certainty that the applicant is entitled to commence proceedings ..., that the patent in question is valid and that his right is being infringed, or that such infringement is imminent.*
 - *3. In taking its decision the Court shall in the exercise of its discretion weigh up the interests of the parties and, in particular, take into account the potential harm for either of the parties.....*
 - *4. The Court shall have regard to any unreasonable delay..*

Court Costs

- Fixed fees at each major stage e.g. for infringement, for counterclaim, for damages determination, for appeal
- Value-based fees are payable in addition for infringement and counterclaim
- Each party will assess value of case
- Judge-rapporteur will decide at the interim conference
- “Reasonable and proportionate” costs recoverable by the successful party.
- **Consultation document issued – 8 May 2015**
- http://www.unified-patent-court.org/images/documents/court_fees_and_recoverable_costs_consultation.pdf
- Responses due by 31 July 2015

Proposed fees

■ Fixed fees

■ Infringement action [R. 15]	11.000 €
■ Counterclaim for infringement [R. 53]	11.000 €
■ Action for declaration of non-infringement [R. 68]	11.000 €
■ Action for compensation for license of right [R. 80.3]	11.000 €
■ Application to determine damages [R. 132]	3.000 €
■ Appeal pursuant to Rule 220.1 (a) and (b) [R 228]	16.000 €
■ Other counterclaims pursuant to Article 32 (1) (a) UPCA	11.000 €
■ Revocation action [R. 47]	20.000 €
■ Counterclaim for revocation [R. 26]	20.000 €
■ Application for provisional measures [R. 206.5]	11.000 €
■ Application for opt-out [R. 5.5]	80 €
■ Application for withdrawal of an opt-out [R. 5.8]	80 €
+ fixed fees for each procedural step	

* additional value based fees for actions that have a value of €500,000 or more, starting at €2,500 and culminating in €220,000 for cases with a value of more than €30 million.

Fee adjustments

ALTERNATIVE 1 – Behaviour based

- 25% (fixed + value-based) fees reimbursed if action heard by single judge
- If case settles, fees reimbursed depending on stage reached – subject to “procedural behaviour” of parties.
- If likely to threaten economic existence

ALTERNATIVE 2 – Specific measures for SMEs etc

- SMEs, NPOs, Universities etc may apply for fee exemption prior to interim conference
- If likely to threaten economic existence

Proposed caps on recoverable costs

Value of action	Ceiling for recoverable costs of representation per instance and party
Up to and including 250.000 €	Up to 50.000 €
Up to and including 500.000 €	Up to 75.000 €
Up to and including 1.000.000 €	Up to 150.000 €
Up to and including 2.000.000 €	Up to 200.000 €
Up to and including 4.000.000 €	Up to 400.000 €
Up to and including 8.000.000 €	Up to 600.000 €
Up to and including 16.000.000 €	Up to 800.000 €
Up to and including 30.000.000 €	Up to 1.000.000 €
Up to and including 50.000.000 €	Up to 1.500.000 €
More than 50.000.000 €	Up to 3.000.000 €

Enforcement of judgments

- **Art. 82 (3), Rule 354 (1)** - decisions and orders of the Court shall be directly enforceable in accordance with the enforcement procedures and conditions governed by the law of the particular Contracting Member States where enforcement takes place.
- **Rule 354 (2)** - Enforcement in non-Contracting Member States shall take place in accordance with the Regulation (EU) No. 1215/2012 or the Lugano Convention
- **Rule 354 (3)** - Enforcement in States which are not Contracting Member States or member states of the Regulation or Convention referred to in para. 2 shall take place in accordance with the law of that state.

Current Status: Timing

- Implementation follows ratification of 13 signatories (inc FR,DE,UK) + 4 months.
- Expected to come into force “no earlier than late 2015” opening the way for:
 - the first unitary patents; and
 - the first Unified Patent Court cases in respect of existing EPs/SPCs

BUT

- 7 year transitional period for EPs /SPCs
- Possible opt out of EPs during transitional period, but can opt back in

Patent enforcement in the UPC

Pros

- One stop shop for 25+ MS
- Fast proceedings – decision in 1 year
- Cost efficient
- Specialist patent judges
- Technical judges available
- Avoids risks of contradictory positions
- Front loaded system with active case management
- Some availability evidence gaining /testing procedures

Cons

- All eggs in one basket - Beware crown jewel patents!
- Different language regimes and multiple venues possible
- Limited availability of evidence gathering tools cp national litigation strategies
- Scope of appeal and quality of first instance judgment?
- Exercise of discretion – availability of injunctions?
- Court fees??
- Will UPC have jurisdiction for all issues?
- May still need national litigation in non-ratified states

Thank you!

Any questions?



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