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THE SEDONA CONFERENCE WORKING GROUP SERIES



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Guidelines for the Efficient Resolution of Disputes before the Forthcoming Unified Patent Court in Europe Litigation

A Project of The Sedona Conference
Working Group on Patent Litigation
Best Practices (WG10)

JUNE 2022 VERSION



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Preface

Foreword

Under the soon-to-be-introduced Unified Patent Court system, a new patent jurisdiction will arise potentially spanning the whole of the European Union. The advantages are obvious: more cost-efficient litigation with the chance of obtaining an EU-wide injunction. Nevertheless, as with all new laws and regulations (let alone courts), there will be significant uncertainty around the first pending proceedings and how they will be managed by the incipient courts. In order to mitigate these uncertainties, judges and lawyers need to consider the existing case law under the different current European patent regimes to better understand how to interpret the new rules and resolve the disputes in an efficient but also fair and equitable manner.

All stakeholders involved—patentees, defendants, practitioners, and judges—will look for guidance in the relevant provisions, but also in the body of case law formed by national court practice and decisions. There will be a joint struggle to find the best way to litigate Unified Patents, and those “traditional” European Patents which have not been opted-out of in time, before the new courts, keeping in mind the potential competition from national courts for shorter, more effective, and cost-efficient national procedures. This Sedona Working Group 10 Framework for Analysis for Developing Guidelines for the Efficient Resolution of Disputes Before the Forthcoming Unified Patent Court presents consensus, non-partisan Principles and Guidelines for litigation before the Unified Patent Court in Europe that if adopted in whole or in part will result in a more fair and efficient dispute resolution process to the benefit of all stakeholders.

The goals of this *Commentary* are as follows:

- Identify for judges and attorneys the main global strategies that parties employ to take advantage of the different EU patent systems, so the newly formed courts can better understand how to best deal with disputes given that there is no case law to consult.
- Help the courts and attorneys understand how different jurisdictions in the EU have so far addressed the problems concerned, and to use this information for their decision making.
- Improve the resolution of global patent portfolio enforcement actions.

WG10’s overarching Principle for our efforts in this *Commentary* is:

Principle No. 1 – The accurate and efficient resolution of EU-wide patent disputes under the new regime will be improved by cross-fertilization of best practices developed in different jurisdictions attempting to solve the same problems, and the newly-formed courts addressing these disputes will benefit from having a greater understanding of the different approaches taken across Europe.

Rather, this *Commentary* aims to provide a general overview of the procedural and strategic options that are enabled by the legal instruments surrounding the Unified Patent Court. Working Group 10 will update this *Commentary* to reflect the forthcoming incipient case law as it develops.

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The Efficient Resolution of Disputes before the Forthcoming Unified Patent Court in Europe Litigation Principles “At a Glance”

Principle No. 1 – The accurate and efficient resolution of EU-wide patent disputes under the new regime will be improved by cross-fertilization of best practices developed in different jurisdictions attempting to solve the same problems, and the newly-formed courts addressing these disputes will benefit from having a greater understanding of the different approaches taken across Europe.iii

I. Introduction

Increasingly multinational corporations with global patent portfolios are seeking to enforce their portfolios on multiple fronts across different patent jurisdictions around the world. On the other side, companies that expect to be asked to license such global portfolios are considering strategies to limit their exposure by steering dispute resolution to more favorable venues.

Currently, a patentee cannot enforce its patents in the whole of the European Union with one action. Even though the term “European Patent” (EP) suggests a European-wide protection, an EP is in fact a bundle of various national patents. Accordingly, each national court of each member state of the European Union can only decide about the infringement and/or validity of the respective national part of the EP. Even though there are exceptions to this rule, an infringement action must principally be filed in each of the member states of the European Union in which the patentee wishes to enforce its rights, irrespective of whether the defendant and the alleged infringing act are identical in each jurisdiction. Most of the largest global patent cases are filed in a handful of venues—namely Germany, the Netherlands, and France—due to perceived advantages (e.g. quality, timing, costs and/or available remedies). Nevertheless, the need to file separate patent infringement actions under in part totally different substantive and procedural law regimes opens the question whether individual EU countries will remain attractive venues of choice for the enforcement of global patent disputes for claimants in the future.

The Unified Patent Court system will be a completely new playing field for international patent litigation. The various courts scattered throughout Europe that are about to be established will decide infringement and validity of Unitary Patents and, during a transitional period, all other European Patents which have not been converted into Unitary Patents.

The first attempt to generate a unitary EU-wide patent system was the 1975 Convention for the European Patent for the common market, or (Luxembourg) Community Patent Convention (CPC). However, ratification by all then EU member states could not be achieved. The main reasons for the failure were the anticipated additional costs (due in part to the requirement of full translation of the whole patent document into all languages of the EU) and the planned dispute resolution process, under which a patent-in-suit might be declared null and void by a single ordinary court and in effect invalidated across the complete territory of the EU.¹

The second attempt was made in 2000 when the European Commission (EU Commission), one of the legislative bodies of the European Union, published a proposal for a community patent.² Essentially, the already existing European Patent Convention (EPC),³ which is independent from the European Union, was to be connected with the future common EU patent system. According to this proposal, the EU was to become a member of the EPC and bring into existence a single EU

¹ *Götting ZEuP* 2014, 349.

² COM(2000) 412 final — 2000/0177(CNS).

³ The European Patent Convention (EPC) is a multilateral treaty originally signed by 16 countries in 1973 and instituted the European Patent Organisation. This provided an autonomous legal system according to which European Patents are granted.

patent (next to the “European Patents ” which are in fact merely a bundle of national patents) granted by the EPO). Furthermore, the aim was to setup a common court for intellectual property matters consisting of first instance divisions and boards of appeal having sole jurisdiction over patent matters. After this proposal was revised in March 2004,⁴ it looked as if it could be ratified and the EU community patent system could launch. However, the EU member states again could not come to agreement on the issues of translation and an effective court system.⁵ After further deliberation, the Council of the European Union, another one of the legislative bodies of the European Union, agreed in December 2009 on a concept for an EU Patent Regulation⁶ which included the creation of a court for European Patents and EU-Patents.

In parallel to this development, the member states of the European Patent Convention worked on the European Patent Litigation Agreement (EPLA) aiming at generating a European Patent Court. Even though the EU Commission was in favor of the EU being part of the EPLA-system, the Court of Justice of the European Union (CJEU) found the EPLA noncompliant with EU law due to the lack of a mechanism for courts to make referrals to the CJEU.⁷ Additionally, Italy and Spain disagreed with the planned for language regime of the three official languages of the EPC, i.e. German, English, and French.

In order not to stall the development of an EU-wide patent system, the EU Commission and the Council decided in 2011 to make use of the so-called *enhanced cooperation*-mechanism.⁸ In the sense of a “two-speed Europe,” this instrument opens up the possibility of achieving greater integration even if, in the absence of a consensus among all EU member states, only some of them want to participate in a legislative process. Spain and Italy filed a complaint before the CJEU against the adoption of the *enhanced cooperation*-mechanism in relation to patent matters, but the court dismissed their objections as unfounded in April 2013.⁹ In this case, *enhanced cooperation* means that it enters into force only when it has been ratified by 13 member states, including those three with the most valid European Patents in the year preceding the year of signature of the Unified Patent Court Agreement. At that time, those three member states were Germany, the United Kingdom, and France.

This so-called “EU Patent Package” lay the groundwork for the creation of unitary patent protection in the EU, consisting primarily of three pillars: the Unified Patent Regulation,¹⁰ the Translation Regulation,¹¹ and the Unified Patent Court Agreement.¹²

⁴ Council Doc. 7119/04.

⁵ *Götting* loc. cit.

⁶ Council Doc. 16113/09.

⁷ CJEU, Opinion 1/09.

⁸ Council Decision 2011/167/EU.

⁹ CJEU, Decisions C-274/11 and C-295/11 – *Spain and Italy/ Council*.

¹⁰ EU Regulation 1257/2012.

¹¹ EU Regulation 1260/2012.

¹² EU 2013/C 175/01.

- As a consequence of the link to the EPC, the unitary patent is a European Patent which has unitary effect as from the date of grant of the European Patent. “Unitary effect” means that a European Patent would not be issued as a bundle of national patents as far as the participating member states of the EU are concerned.¹³ For this reason, the Regulation speaks of a “European Patent with unitary effect.” The prerequisite for this is that a European Patent has been granted according to the rules of the EPC. The unitary patent is thus dependent on the underlying European Patent.
- The Translation Regulation provides that no further translations are required once the patent specification of a European Patent with unitary effect has been published. Further translations are required only in case of litigation and during the transitional period.
- The newly-setup court system consists of two instances, namely a Court of First Instance and a Court of Appeal. The Court of First Instance comprises a Central Division and Local and Regional Divisions.

Further complaints by Spain against the so-called “EU Patent Package” were dismissed by the CJEU,¹⁴ but a major setback for this project occurred in Germany. In 2017, a constitutional complaint against the nationally necessary approval act for incorporating the Unified Patent Court Agreement into national law was filed before the Federal Constitutional Court. On 13 February 2020, the court granted the complaint and declared the approval act null and void.¹⁵ The approval act would have transferred sovereign rights to the newly created Unified Patent Court, thus effecting a substantive constitutional amendment. However, according to the court, this lacked the necessary approval of a two-thirds majority of all members of the Bundestag (Parliament) and the Bundesrat (Federal Council). The unanimous resolution of the Bundestag, at which only 35 parliamentarians were present, was therefore not sufficient. Accordingly, Germany (as one of the necessary signatory countries) was not able to ratify the Unified Patent Court Agreement. However, only a couple of months after this decision, the Parliament and the Federal Council adopted the approval act with the required two-thirds majority. A further constitutional complaint against the approval act is still pending. However, the Federal Constitutional Court has in preliminary proceedings already decided that the complaint is obviously inadmissible.¹⁶ Accordingly, Germany is now finally able to ratify the UPCA.

After the threshold of the required number of signatories was met in January 2022, a pertinent question remains, namely whether the withdrawal of the United Kingdom from the European Union (“Brexit”) has a (detrimental) effect on the start of the Unified Patent Court system. While it has been debated whether the UK can still be a member of the system even after Brexit,¹⁷ the actual problem is that the UK withdrew its previous ratification of the UPCA and its signature of the so-

¹³ For example, the result of a European Patent with Unitary Effect could be the grant of a bundle of patents consisting of the following national patents: Norway and Switzerland (both not members of the EU), Spain (currently not participating in the EU Patent Package) and the European Union.

¹⁴ CJEU, Decisions C-146/13 and C-147/13 – *Spain/Council*.

¹⁵ Federal Constitutional Court, 2 BvR 739/17.

¹⁶ Federal Constitutional Court, 2 BvR 2216/20.

¹⁷ *Ohly/Streinz*, GRUR Int 2017, 1.

called Protocol to the Agreement on a Unified Patent Court on provisional application (PAP-Protocol). The PAP-Protocol is pivotal for the entering into force of the EU Patent Package. However, according to the PAP-Protocol, the United Kingdom is explicitly listed as a necessary signatory. Nevertheless, without even addressing this potential pitfall, the Council has simply declared that the PAP-Protocol entered into force on 19 January 2022.¹⁸ It remains to be seen whether this “where’s a will, there’s a way”-doctrine will prevail at the end of the first proceedings before the newly created courts where it can be expected that the losing parties will challenge the decisions before any available national or supranational courts.

The three main instruments setting up and defining the details of the Unified Patent Court system—the Agreement on a Unified Patent Court, the Statute of the Unified Patent Court, and the Rules of Procedure of the Unified Patent Court—will likely have to be applied in the first “real” cases for the very first time starting in 2022 or 2023. Apart from this, provisions in EU regulations already in force will also be applicable, e.g. EU Regulation No. 1257/2012 in relation to transactions of Unitary Patents (assignments and licensing) or EU Regulation No 1215/2012 concerning the enforcement of decisions.

Every aspect of patent litigation and civil procedure will be the subject of intense discussions in the first few years before there can be an established case law of any kind.

¹⁸ <https://www.consilium.europa.eu/en/documents-publications/treaties-agreements/agreement/?id=2015056>.

II. Patent Litigation in Europe After Implementation of the UPC-system

A. FILING AND PROSECUTION STRATEGIES UNDER THE UPC LEGAL FRAMEWORK

With the UPC system coming into force, in principle all patents granted by the EPO will fall under the jurisdiction of the UPC. However, for 7 years¹⁹ after the initialization of the UPC, applicants will have the possibility for a patent (or patent application) to “opt-out”, i.e. a declaration that they do not wish the UPC to be competent for this particular protective right. “Opt-outs” can be declared within the mentioned time period at any time,²⁰ provided that there is no action involving this patent filed at the UPC.²¹

For patent owners during the transitional time there are basically five possibilities to prosecute and litigate patents in the countries of the Unified Patent Court Agreement (hereinafter to be referred to as the UPCA):

Option	Filing Office	Validation	Opt-out	Litigation venue
A	EPO	Nationally	Yes	National courts
B	EPO	Nationally	No	UPC / National courts (if opted out)
C	EPO	Unitary Patent	Not possible	UPC
D	National Patent Offices	n/a	n/a	National courts
E	EPO	n/a	No, but branch off utility models or other comparable rights	German national courts

In the long term, however, Option “A” will not be applicable anymore, i.e. if not an utility model

¹⁹ According to Art 83(3) UPCA; the applicant has to file the so-called “opt-out” until one month before expiry of the transitional period. The Administrative Committee may prolong it once for a further seven years, Art 83(5) UPCA.

²⁰ Ibid.

²¹ It has been argued that the term “action” according to Art 83(3) UPC, however, can be read as not involving preliminary measures. Therefore it has been suggested that patentees may file a preliminary injunction request rather than an infringement action. If the court does not allow the injunction then the request can be withdrawn without the other party being informed (cf. V. G) and an “opt-out” can still be filed. However, this interpretation seems questionable, cf. *Luginbühl/Stander* GRUR Int. 2014, 885, 889; *Schriber* GRUR Int 2013, 1102, 1105.

deviation is filed,²² where applicable, then patentees must file national patents if they want national patent litigation.

It should be noted that in some countries, national and European patents may co-exist, but in others they may not. Additionally, some European countries have closed the “national route” at the Patent Cooperation Treaty,²³ i.e. international patent applications cannot be nationalized at their national patent Offices.

For patentees, the question whether to “opt-out” or not an existing European patent or application is one of the crucial tasks in preparing for the UPC system. Strategic considerations²⁴ involve the following:

- If an “opt-out” is desired it must be distinguished between a preemptive “opt-out,” at best during the protocol phase, or an “opt-out” on a case-by-case basis and only when an infringement is identified.
- A preemptive “opt-out” has the advantage that the “race to the courthouse” is avoided and it is ensured that competitors may not block the “opt-out” by filing a nullity suit before the UPC. Since an “opt-in” is possible once, patentees may still choose the UPC as their venue, should they be satisfied with its way of decision making. Disadvantages are of course the administrative effort associated with an “opt-out” and the inability to influence the jurisdiction of the court. The example of the EPO has shown, however, that the tracks are laid early.
- An “opt-out” on a case-by-case basis has the advantage that administrative effort is avoided. Of course the risk of being blocked by a nullity suit is then always on the table.
- No “opt-out” has the advantage of potentially being involved in the Court’s early jurisdiction and thus being able to be heard when the fundamentals are being laid. Of course this requires a basic trust in the UPC.

Many companies have publicly stated that they will “opt-out” their “crown jewel patents”, but not their “Tier B” patents (as to keep the possibility to be a part of early UPC jurisdiction).

Another issue to be decided by patentees is whether they want to file Unitary Patents for their upcoming granted applications. Here the EPO has accommodated applicants insofar as that once Germany has deposited its ratification it will be possible for applications, where the intention of grant²⁵ has not been confirmed yet, to file a request²⁶ that the publication of grant is delayed until the

²² This does not apply to those patents having been opted-out which will remain outside the jurisdiction of the UPC.

²³ The Patent Cooperation Treaty was signed in the 1970s to provide an economical and streamlined means for the filing of patent applications in several countries. It is governed by the World Intellectual Property Organization and has more than 150 nations as signatories.

²⁴ Cf. the discussion in *Hüttermann*, Einheitspatent und Einheitliches Patentgericht, Heymanns, Köln, 2016, Chapter 6.

²⁵ Art. 71 (3) EPC.

²⁶ Cf. EPO OJ, 1/2022, Article A4, <https://www.epo.org/law-practice/legal-xts/official-journal/2022/01/a4.html>

UPC system is in force.

Unitary patents have the disadvantage that no “opt-out” is possible for them. Apart from this juridical issue, the basic strategic considerations whether or not to file a request for unitary patent protection are mainly monetary.

The “cost/coverage” ratio of Unitary Patents is attractive, provided that the coverage in the (initially) seventeen countries of the UPCA is really needed. Most European patents are validated in France, Germany, and the UK only and the latter is no part of the UPC system.

Additionally it must be considered that when choosing the Unitary Patent, the possibility to “thin-out” is not given anymore. Currently many patentees choose to drop national validated patents over time when annuities start to rise so that finally only Germany (or France and Germany) is still covered, whilst other national parts have been lapsed.

With the Unitary Patent it is “all in or out”, i.e. a selective choice of coverage to save costs is impossible. The implicit additional costs for the lack of “thinning-out” have for a patent that was validated in five countries or more been estimated to be in the range of 25-30%.²⁷

A cost factor that weighs in pro the Unitary Patent is the savings in translation and national validation procedures. Apart from the second language, no further translations are needed and also costs for national representatives can be avoided. As a rule of thumb and a way of shortcutting things it has been suggested to consider whether for a given application Italy is important – and if yes, file a Unitary Patent, if not, stick with the current national validation regime.

B. NATIONAL PATENT LITIGATION IN PARALLEL TO UPC PATENT LITIGATION

The procedural framework established by the UPCA creates multiple opportunities for an interaction between proceedings before national courts and proceedings before the UPC. This interaction can take many forms, as outlined here below.

A first layer of possible interaction is inherent in the jurisdictional framework established by the provision of a transitional regime under Article 83 UPCA, which implies that non-opted out EPs will be subject to the dual jurisdiction of both the UPC and national courts.²⁸ This means that – during the transitional period – patentees and alleged infringers will be able to bring actions for infringement or for revocation of EPs and SPCs both before the UPC and the national courts.²⁹

²⁷ Cf. the discussion in *Hüttermann*, *Einheitspatent und Einheitliches Patentgericht*, Heymanns, Köln, 2016, Chapter 4.

²⁸ Art. 83(1) UPCA.

²⁹ It has been convincingly noted that the language of Article 83(1) UPCA, albeit apparently limited to actions for infringement and revocation, should be interpreted as extending to actions for declarations of non-infringement, as well as to protective and provisional measures. A different interpretation would imply restricting the choice of forum to just one party and would pose questions of unjustified unequal treatment. Cf. A. Ohly, *The jurisdiction of European courts in patent disputes*, 2018, manual published by the European Patent Office, available at <https://www.epo.org/learning/materials/jurisdiction.html>, p. 24 and ff. For the position that the language of Article 83(1) UPCA is a shorthand for referring to any action that comes under the jurisdiction of the UPC, cf. also A. Johnson, *Unified Patent Court*, in T. Cook, *The Patent Litigation Law Review*, 3rd ed. 2019, p. 9, and the

This flexibility generates a myriad of potential scenarios of parallel proceedings at the UPC and national level, as well as multiple opportunities for forum shopping. This is further exacerbated by the fact that a number of points regarding the relationship between such potential parallel actions on non-opted out EPs remain uncertain, as the language of Article 83(1) UPCA leaves room for different interpretations.

A first point of uncertainty is whether actions brought before national courts in respect of a non-opted out EP block the UPC jurisdiction altogether or whether parallel proceedings are possible, within the limits of the *lis alibi pendens* provisions of Articles 29-32 of Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.³⁰ It has been noted that the UPCA does not provide for an “all-or-nothing rule” according to which, once litigation has started before a national court under Art. 83(1) UPCA, a European patent would be taken out of the jurisdiction of the UPC entirely.³¹

This would imply the possibility of parallel proceedings before national courts and the UPC concerning the same or different portions of the same non-opted out EP. Multiple examples can be envisaged, such as national revocation actions of the national portions of a non-opted out EP after an infringement action has been brought before the UPC or, vice versa, a central revocation action before the UPC after an infringement action has been brought before a national court. Also, under the rules of Articles 29-32 of Regulation 1215/2012, an action based on the same portion of a non-opted out EP could be brought both before national courts and the UPC, if directed against different parties (e.g. a national infringement action of the national portion of a non-opted out EP against one alleged infringer and a UPC infringement action of all national portions, including the already asserted national portion, of the same non-opted out EP against another alleged infringer). The opposite view has also been expressed, relying on the language of Article 34 UPCA to exclude at least certain instances of parallel proceedings. Article 34 UPCA states that decisions of the UPC shall cover all portions of European patents in force in countries participating in the UPCA. This provision is then relied on to suggest that the drafters of the UPCA wished to exclude any possibility of UPC infringement or revocation actions which did not extend to all portions of the non-opted out EP, thereby excluding UPC jurisdiction or forcing a stay of the UPC action under Article 29 of Regulation 1215/2012 where certain portions of the same non-opted out EP have already become the object of national actions³². This interpretation of the drafters’ intention underlies the current language of Rule 5.1(b) of the RoP, stating that the effects of opt outs cannot be partitioned and should instead be effective for all designations.

introductory document to the UPC prepared by the European Patent Academy of the EPO, available at https://e-courses.epo.org/wbts_int/litigation/UPCAgreement.pdf, p. 20.

³⁰ Regulation 1215/2012.

³¹ Cf. A. Ohly, *The jurisdiction of European courts in patent disputes*, 2018, manual published by the European Patent Office, available at <https://www.epo.org/learning/materials/jurisdiction.html>, p. 24 and ff. See, also, W. Tilmann and C. Plassmann, *Unified Patent Protection in Europe: A Commentary*, OUP, 2018, p. 1245. Multiple practical examples are given in both works.

³² For a reference to this possible interpretation of Article 34 UPCA, cf. J. Pila and P.L.C. Torremans, *European Intellectual Property Law*, OUP, 2016, 643.

At the same time, it is noted that the argument may not be conclusive as Article 34 UPCA may tolerate exceptions (e.g. in the event of licenses, different owners, prior use rights or unpublished prior rights) and may not be a sufficiently reliable basis to exclude the possibility of parallel actions.³³ Furthermore, Article 34 UPCA would resolve only part of the problem and would not avoid the possibility of different types of actions brought before the UPC and national courts (e.g. an infringement action before the UPC and revocation actions before the national courts).

In essence, the issue is unclear and will certainly be the object of extensive litigation in the early days of the UPC. Also, no matter the solution early UPC jurisprudence will give to the above issues, it can be predicted that an unintended but likely consequence of this dual jurisdiction will be a “race to the courthouse” in the event of non-opted out EPs, to seize the preferred jurisdiction before any pre-emptive action is filed by the other side. Also, no matter the solution which will be adopted by the early case law of the UPC, tactical pre-emptive national patent litigation will most likely remain a factor, if only to shield key markets (e.g. where manufacturing takes place) from the jurisdiction of the UPC or to influence UPC proceedings (e.g. relying on the shorter time to trial before certain national courts with a view of creating infringement and/or validity precedents to be then relied on before the UPC). These problems will not arise for opted-out EPs, which will only be subject to the jurisdiction of the national courts.

A second layer of possible interaction between proceedings before national courts and proceedings before the UPC does not depend on the transitional regime and is inherent in the jurisdictional system under Regulation 1215/2012. Multiple scenarios can indeed be envisaged of parallel proceedings between the UPC and national courts involving the same cause of action between the same parties as per Article 29 or related actions as per Article 30, that is actions which are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments.

The typical example of application of Article 29 would be that of so called “torpedo actions”. As the UPC is deemed to be a court of the Contracting Member States and is subject to the same obligations under Union law as any national court of the Contracting Member States (Article 1 UPCA), the usual *lis alibi pendens* rules of Article 29 would apply.³⁴

Additional scenarios may arise in situations where the jurisdiction is split amongst national courts and the UPC, depending on the form of action. By way of example, under Article 32(1)(a) UPCA, the UPC has jurisdictions over “related defences” in infringement actions, “including counterclaims concerning licenses.” Such defences may also be the object of main actions before national courts. Again, multiple fact patterns can be envisaged. Immediate examples could be main actions before national courts requesting a declaratory judgment that certain acts are covered by a license or exhaustion or main actions before national courts where the seized court is asked to establish the terms of a license in a competition law or FRAND setting. If the same issue is then brought before the UPC as a defence to an infringement action, Article 29 of Regulation 1215/2012 would apply and the UPC may conclude that UPC proceedings should be stayed.

³³ Cf. W. Tilmann and C. Plassmann, *Unified Patent Protection in Europe: A Commentary*, OUP, 2018, p. 662 and ff.

³⁴ See A. Ohly, *The jurisdiction of European courts in patent disputes*, 2018, manual published by the European Patent Office, available at <https://www.epo.org/learning/materials/jurisdiction.html>, p. 17. For the view that, by virtue of Article 71(c)(1), Article 29 would only apply to the relationship between parallel actions pending before the UPC and courts of a Member State of the Union not party to the UPCA, see W. Tilmann and C. Plassmann, *Unified Patent Protection in Europe: A Commentary*, OUP, 2018, p. 613.

Alternatively, in situations where the parallel actions are related as per Article 30 of Regulation 1215/2012, the court later seized may discretionarily stay the proceedings.

A third layer of possible interaction between proceedings before national courts and proceedings before the UPC derives from the possibility of retaining national patent or utility model rights in parallel with EPs or UPs (see above paragraph for the various possibilities of double patenting recognized by various Contracting Member States). The coexistence of EPs or UPs with national rights will allow patentees to bring parallel actions before the UPC and the national courts, enforcing patents or utility models having the same scope of protection over the same territory.

One may wonder whether the UPC or the national courts may wish to reduce the risk of inconsistent decisions (and avoid a duplicative use of judicial resources) by relying on discretionary stays under Article 30 of Regulation 1215/2012. Legal basis for doing so would however require some creative effort, as, from a formal perspective, the risk of irreconcilable judgments does not exist when the causes of actions (the infringement of the European right and that of the national right) are not related.

If discretionary stays do not become an issue, the existence of parallel rights over the same invention will become another source of tactical litigation for pan-European litigation strategies, to create influential precedents to be exported in the parallel jurisdiction or reduce the risk of enforcement, multiplying the venues where remedies are sought.

Also, national litigation may be resorted to in situations where it provides tactical advantages, e.g. allowing for broad pre-trial discovery measures (as is the case in e.g. France, Belgium, and Italy with the orders for “*saisie-description*” or “*descrizione*”) or preliminary injunctions before grant (as is possible in Italy on the basis of national or European patent applications).

C. THE IMPACT OF THE UPC-SYSTEM ON LICENSING AND TECH-TRANSFER AGREEMENTS

Licensing and tech-transfer agreements are usually quite all-encompassing, and often include provisions on the (co-)ownership of patent applications and patents, prosecution and enforcement. However, with the new UPC-system and the EU Regulation No. 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection (“Reg. No. 1257/2012”) some details may need to be addressed in future agreement or require reconsideration in existing agreements. Particularly, who may decide to register an opt-out or withdraw an opt-out will likely not have been addressed in existing agreements whilst this is a crucial point for exclusive licensees.

For the question who can bring an action before the Court, the UPC-system distinguishes three different parties: the proprietor, the exclusive licensee and the non-exclusive licensee. In the UPC-system, the patent proprietor is *prima facie* entitled to bring actions before the Court.³⁵ The holder of an exclusive license is entitled to bring actions under the same circumstances as the patent proprietor, provided that prior notice is given to the proprietor.³⁶ This right is, however, not given to

³⁵ Art. 47 (1) UPCA.

³⁶ Art. 47 (2) UPCA.

non-exclusive licensees. The holder of a non-exclusive license is only entitled to bring actions before the Court in so far it is expressly permitted in the license agreement.³⁷ In addition, the same prior notice obligation as exists for exclusive licensees applies to non-exclusive licensees. Since litigation in the UPC-system is likely not expressly mentioned in existing licensing and tech-transfer agreements, this requires a review of the agreements.

Moreover, in any action brought by a licensee, e.g. infringement or a declaration of non-infringement, the proprietor can join the action.³⁸ The latter is even a requirement if the validity of the patent is challenged.³⁹ It needs to be reviewed how to deal with the proprietor joining the action in existing license agreements.

A complicating factor is that who is entitled to bring an action before the Court may be at odds with who is entitled to opt-out or withdraw the opt-out. In principle only the proprietor may opt-out or withdraw the opt out,⁴⁰ meaning the licensee cannot control this. There can be a conflict if the (exclusive) licensee has the right of enforcement but cannot decide where to bring an action because of a lack of control over the registration or withdrawal of an opt-out. This situation requires coordination between a licensee and the proprietor which may be easier to achieve if this situation is addressed before there is a prospective of any litigation. To address this preemptively may be straightforward for new agreements but may require (re)negotiation for existing agreements. For tech-transfer agreements, it is just as important for parties to consider the opt-out, as it is a joint action.⁴¹ Parties could choose a joint opt-out or have the choice to opt-out lie with the party entitled to file the patent, and impose a duty to cooperate on the other party.

Parties should also consider the provisions of Reg. No. 1257/2012. Art. 3(2) jo. 8 Reg. No. 1257/2012 determines that the holder of a European patent with unitary effect has the option to file a statement at the EPO to the effect that the proprietor is prepared to allow any person to use the invention as a licensee in return for appropriate consideration. The license will be treated as a contractual license.⁴² Further, if parties cannot agree on the appropriate consideration, the UPC has exclusive competence to establish this.⁴³ This competence is somewhat remarkable: on the one hand, the Court can determine what is a reasonable compensation (or royalty) would be for a license of right, but, on the other hand, will not have competence, at least as the object of a main action, to determine a FRAND royalty (as this is not included in Art. 32 UPCA).

Art. 5 Reg. No. 1257/2012 confirms that a European patent with unitary effect confers on the proprietor the right to prevent any third party from committing acts throughout the participating Member States, which acts are defined by the national law which is applicable to the patent in

³⁷ Art. 47 (3) UPCA.

³⁸ Art. 47 (4) UPCA.

³⁹ Art. 47 (5) UPCA.

⁴⁰ Rule 5 RoP.

⁴¹ Rule 5 (1) (a) RoP.

⁴² Art. 8 (2) Reg. No. 1257/2012.

⁴³ Art. 32 (h) UPCA.

accordance with art. 7 Reg. no. 1257/2012.⁴⁴ This article first determines that a European patent with unitary effect shall be treated in all participating Member States as a national patent of Member States which law is applicable to the patent. This applicable law is cascaded. First, the applicable law would be that of the Member State (a) where the applicant has his residence or principal place of business, (b) where the applicant has a place of business, or – when these do not apply – (c) where the EPO has its headquarters. So, for example, if the applicant has a principal place of business in The Netherlands, Dutch law would apply for determining what an infringing act is. Therefore, parties should carefully consider who is listed on a patent application, and in what order, in existing and future license- and tech-transfer agreements.

D. EUROPEAN PATENT WITH UNITARY EFFECT AS AN OBJECT OF PROPERTY

Art. 7 of the Regulation (EU) No. 1257/2012 address the UP as an object of property. The basic idea is that the UP will be treated like a national patent. This leads of course inevitably to the question which national patent will be the reference for the treatment of the UP as an object of property. Where no applicant has his residence, principle place of business or place of business in a participating Member State the UP will be treated like a national German patent as an object of property.⁴⁵ This is due to the fact that Munich is the headquarters of the European Patent Organisation.

Turning to the question how national German law treats national German patents as an object of property, one has to bear the following principles in mind:

(1) Principle of definiteness: On the one hand, national German law requires that an assignment of rights in rem – and patents are considered to be rights in rem – needs to be “definite”. This means that third parties must be put in a position to clearly and unambiguously assess which rights in rem were fully or partially assigned from one party to another. An assignment that violates this principle of definiteness is null and void pursuant § 134 German Civil Code.

(2) No legal form requirement: On the other hand, national German law does not require any legal form (i.e. written form, notarization, etc.) for a valid assignment of a national patent (or any other right in rem with the exception of real estate). This applies also to partial assignments or the grant of licenses. Thus, an oral agreement to transfer a national German patent constitutes a valid assignment. The same is true for the assignment of the right to claim a priority. However, the party who asserts in court that such oral assignment took place bears the burden of proof. Thus, it is certainly recommendable to document in writing that an assignment took place (whereby the principle of definiteness needs to be observed in such written deeds).

E. UNITARY PATENTS: THE NEED FOR FREEDOM TO OPERATE IN EPC COUNTRIES WITH FEW VALIDATED EP-PATENTS

One of the effects of EPs-UE will be that there will be more valid patents in countries where only a fraction of granted EPs have been validated so far. For example, in 2020, 133.715 EPs were granted by the EPO. However, only 27.135 EPs were validated in Austria, which amounts to about 20 % of

⁴⁴ See also the confluence with art. 25-27 UPCA.

⁴⁵ Art. 7 (1) No. 3.

the granted EPs. With the introduction of EPs-UE, it is expected that the number of active EPs in countries such as Austria, Bulgaria, Estonia, and Portugal will increase drastically. Accordingly, FTO analysis will be much more complex in these countries in the future.

What will also be challenging when conducting an FTO analysis in the future is that EPs-UE will most likely have a different territorial scope depending on the date when the UE is granted. It is currently envisaged that the UE will cover 17 MS when the UPC system comes into force. However, further MS will likely join the Unified Patent system after the start of the system. Therefore, the territorial scope of those EPs-UE, which were already requested when the UPC system started, will remain restricted to the 17 MS initially participating (contrary to EUTMs and Community Designs whose territorial scope grows/diminishes (Brexite!) with the growth/diminishment of the EU). EPs-UE, which will be requested a few years later, may cover more countries. Accordingly, it will be necessary to check for each EPs-UE when the unitary effect was granted and which countries were covered by the respective request at the respective date of grant of UE.

What will be particularly challenging during the transitional period is the patentee's option to opt out of the jurisdiction of the UPC and to withdraw such an opt-out again. Thus, if, for example, when the FTO is conducted, a specific patent is opted out of the UPC, an infringement analysis has to be completed in view of the case-law of the respective national courts having jurisdiction. However, it may well be that the patentee of a specific patent withdraws the opt-out and files an infringement action with the UPC on the next day. If so, case-law of the UPC will suddenly be much more relevant than national case-law. Accordingly, third parties who conduct an FTO analysis will be well advised to clear their way for both scenarios, i.e., under the jurisdiction of national courts and under the jurisdiction of the UPC. Additionally, other procedural measures may be appropriate. For example, not all national infringement courts in the participating MS accept protective letters. Thus, if a specific patent is opted out, it may not be possible to validly file a protective letter with the competent court in a critical jurisdiction. However, as soon as the opt-out is withdrawn, it may be highly advisable to file a protective letter with the UPC. As it seems rather unlikely that filing a protective letter pre-emptively with UPC as long as the relevant patent is opt-out of the jurisdiction of the UPC is considered to be admissible, it will be highly advisable for all critical patents detected during an FTO to constantly monitor their opt-out status in order take appropriate procedural measures in a timely manner, e.g., promptly filing a protective letter with the UPC after the withdrawal of an opt-out.

When conducting an FTO analysis, attention must also be paid to the fact that specific countries may be covered twice. This is especially true for Germany, in which, so far, so-called “double protection” by an EP bundle patent and a national German patent for the same subject matter was prohibited. Accordingly, any German patent so far automatically loses its legal effect if an EP bundle patent is granted for the same subject matter.⁴⁶ According to a governmental draft of an amendment to the relevant legislation, Germany currently plans to uphold such a prohibition of double protection only for those EPs-UE which were opted out according to Article 83(3) UPCA. Accordingly, it is highly likely that in the future, it will be possible that national German patents and not-opted-out EPs-UE covering Germany will coexist. Accordingly, when conducting an FTO

⁴⁶ Art. II § 8 IntPatÜG

analysis, it will be necessary to assess freedom to operate for the territory of Germany not only for the EP-UE but also a national counterpart that may have the same or a different scope of protection.

Additionally, in several EP-MS (e.g., Germany, Austria, France, etc.), there is also the possibility to gain utility model protection in addition to patent protection for the same or a similar subject matter. Accordingly, when conducting an FTO analysis for EP-MS in the future, it will be necessary to assess freedom to operate for EP-UE and/or corresponding national patents and/or related national utility models. For example, due to a different scope of protection or a diverging interpretation, there may be freedom to operate with respect to one specific IP right, but not with respect to related IP rights having a similar or even identical scope of protection.

III. Navigating the UPC Agreement and the Rules of Procedure

A. INFRINGEMENT/SCOPE OF PROTECTION

1. Introduction

Patents provide patent proprietors with exclusivity rights for inventions that the proprietor has in return disclosed to the public. Third parties are prohibited from performing unauthorised acts violating the exclusivity rights provided by the patent.

The rights conferred by a patent before the UPC courts are provided in Art. 25 and Art. 26 of the UPC agreement (UPCA) and the limitations to these rights are provided in Art. 27 of the UPCA. Articles 25-27 of the UPCA are basically in line with similar provisions in the patent laws of most UPC contracting member states. However, irrespective of these provisions, determining the scope of protection of a particular patent requires case-by-case analysis.

Case law developed nationally in the UPC contracting member states has shown that such determinations may differ between jurisdictions. Regulation (EU) No 1257/2012 states that the scope of protection provided by a unitary patent granted with the same set of claims in respect of all the participating Member States shall benefit from unitary effect in the participating Member States⁴⁷. It shall provide uniform protection and shall have equal effect in all the participating Member States⁴⁸. The scope of that right and its limitations shall be uniform in all participating Member States in which the patent has unitary effect⁴⁹.

Thus, given the unitary effect of a unitary patent, there is a need for harmonisation of the determination of the scope of protection. The question is where to find sources for a harmonised interpretation of claim scope and conferred rights.

2. Sources of law

According to Art. 24 of the UPCA, the UPC courts shall base its decisions on (a) Union law; (b) the UPC Agreement; (c) the EPC; (d) other international agreements applicable to patents and binding on all the Contracting Member States; and (e) national law.

However, neither Union law nor the UPCA itself provides any further guidance to the interpretations of the scope of the rights conferred by Art. 25-27 UPC in particular cases. Neither does the UPC rules of procedure (RoP).

The EPC states that the rights conferred by a European patent shall be decided nationally in the territories in which the European patent was validated, as if it was a national patent (Art. 64 EPC). Further, the EPC makes it clear that the extent of protection of a European patent shall be

⁴⁷ Art. 3.1 of REGULATION (EU) No 1257/2012

⁴⁸ Art. 3.2 of REGULATION (EU) No 1257/2012

⁴⁹ Art. 5.2 of REGULATION (EU) No 1257/2012

determined by the claims and that the description and drawings shall be used to interpret the claims (Art. 69 EPC).

The Protocol on the Interpretation of Article 69 EPC (“the Protocol”), further defines in Art. 1 that the description shall be used to define a position combining a fair protection for the patent proprietor, (guided e.g. by the inventive concept appearing in the description) with a reasonable degree of legal certainty for third parties (guided by a strict literal interpretation of the claim language). Art. 2 of the Protocol states that due account shall be taken of any element which is equivalent to an element specified in the claims, i.e. facilitate the application of the doctrine of equivalents. However, the EPC provides no further guidance to the interpretations of the scope of the rights conferred by Art. 25-27 of the UPCA in particular cases.

Thus, it seems clear that the best sources for guiding the determination of the scope of protection in particular cases are the case law developed in the participating contracting states.

However, on several occasions, case law has shown that differences exist in e.g. claim construction in the different jurisdictions.

Although the claims are the starting point for determining the scope in all jurisdictions, some jurisdictions (e.g. the Netherlands) tend to allocate decisive importance to the general inventive concept disclosed in the patent when interpreting the claims. Other jurisdictions give decisive weight to the function of particular claim features (e.g. Germany) and others take a more literal approach and examine the skilled person’s perception of the wording of the claims and the intention of the patentee when drafting the claims (e.g. Italy).

Thus, it seems clear that there is a need for the Unified Patent Court (UPC) to provide harmonisation on approaches to claim construction. Since the central, regional, and local divisions of the UPC may (initially) be inclined to apply the version of the doctrine of equivalents with which the relevant judges are familiar, it may be that we can expect some degree of forum shopping, and that we must await the final harmonisation from the Courts of Appeal.

In any event, at present, it is impossible to predict how UPC case law will provide this harmonisation in practice.

In particular, several interesting questions – and answers – are needed.

3. The doctrine of equivalents

The doctrine of equivalents is recognised in all UPC member states and is further specifically provided for in the Protocol. Usually, the national courts have developed a series of questions the answers to which are guiding the determination of equivalence. However, given the differences in the questions, the results are not always the same.

Further, it seems that the doctrine of equivalence is itself a moving target even at a national level among courts in the same jurisdiction, and as seen in e.g. the pemetrexed cases, courts all over Europe applying the conventional claims construction principles developed for their jurisdiction have had their decisions overturned in appeal, paving the way for new ways of interpreting claims and the Doctrine of Equivalence. It seems that several national courts in Europe have now decided

that certain limitations introduced to the claim scope can be effectively disregarded based on the reasons for introducing the limitations⁵⁰.

Even further, it seems that the determination (in time) of the relevant date (i.e. the priority date, the filing date or the date of the alleged infringement) at which equivalence is to be determined is not harmonised throughout the national courts of Europe.

Thus, it will be interesting how the UPC decides to apply this doctrine.

4. File wrapper estoppel

With respect to claim construction in general, and also with respect to the application of the doctrine of equivalents, it will be interesting to learn the extent to which the UPC will rely on the file wrapper, created during prosecution of the patent, in their claim construction (file wrapper estoppel) and the extent to which statements and/or limitations made during prosecution can be used when interpreting the claims. Several national courts, e.g. in the Netherlands, Belgium, Italy, Sweden and Denmark, rely extensively on the file wrapper in their claim interpretation, whereas others, e.g. Germany and Italy do not.

How the UPC will deal with this topic is uncertain. However, it seems wise for applicants to take this into consideration during prosecution of their applications at the EPO.

Similarly, it will be interesting to learn if and how statements made during a (potential) revocation action at the UPC can be used when interpreting the scope of the claims in the infringement action. And if this is indeed the case, if this has an impact on the possibility of permitting the use of file wrapper estoppel.

B. FACT-FINDING (INSPECTION, SEIZURE, ETC.)

1. Rules governing evidence in front of the UPC

The system adopted in the UPC system is based on continental law tradition in the sense that the burden of the proof lies on the parties relying on specific facts⁵¹ and no discovery-like or disclosure-like procedures are provided.

The Statement of claim should present all evidence of the allegations it contains and provide with indication of the measure that will be sought during the written phase of the procedure.

Should a fact be not contested by a party, it is considered as true between the parties.⁵²

⁵⁰ In the Pemetrexed cases, a claim limitation introduced at the EPO during prosecution to overcome an Art. 123(2) objection was initially considered limiting the scope with respect to equivalents, but later disregarded throughout the national courts of Europe. Ironically, this practice was introduced by the British Supreme Court in *Actavis vs. Lilly* ([2017] UKSC 48). Similar approaches to claim construction were applied by e.g. the Higher Regional Court of Munich (6 U 5222/20 and 6 U 4817/20), the Appeal Court of the Hague (200.261.833/01), Tribunal judiciaire de Paris (TGI) First instance (19/06927) and Stockholm Tingsrätt (PMT-1248/18).

⁵¹ Art. 54 UPCA and Rule 171.1.

⁵² Rule 171.2.

But the Court can order a party to submit the evidence of an alleged fact if this evidence is under the control of that party. The failure to provide such element should be taken into consideration by the Court in its decision.⁵³

Among the means of evidence available in front of the UPC, the Rules of procedure give the following non-exhaustive list (Rule 170): written evidence (in particular, documents, written witness statements, plans, drawings, photographs), expert reports and reports on experiments carried out for the purpose of the proceedings, physical objects (in particular devices, products, embodiments, exhibits, models), electronic files and audio/video recordings.

The UPC system provides different means to help the claimant to bring evidence of its allegation.

Article 53 UPCA gives a list of these means: hearing of the parties, requests for information, production of documents, hearing of witnesses, opinion by experts, inspection, comparative tests or experiments and affidavits.

One of the most interesting mean is the possibility to obtain an order to preserve evidence otherwise named “saisie”, by reference to the famous French *saisie-contrefaçon* without being completely identical to the later.

Chapter V provides with a more detailed description of all the measures that can be obtained.

2. Reversal of the burden of proof

The UPCA provides with the possibility of reversal of the burden of proof in the specific case where the subject matter of the patent is a process for obtaining a new product or when there is substantial likelihood that the identical product was made by the patented process and the patentee, despite reasonable efforts, has been unable to bring evidence thereof.⁵⁴ This reversal of the burden of proof is already widely in place in national European legislations.

3. Confidentiality measures:

as a matter of principle, all proceedings pending in front of the UPC are deemed to be public in the sense that court rooms are open to the public and documents of the proceedings filed in the Register are available. Nevertheless, both the UPCA and the Rules of procedure refer to the protection of confidential information of a party, of a third party an even in the general interest of justice or public order⁵⁵ which may lead to close the doors of the court or to limit disclosure or to limit the documents (or content thereof) available from the register.⁵⁶

In the context of gathering evidence, the Rules of procedure impose on the Court to take into account the legitimate protection of confidential information. It is the case for order to produce

⁵³ Rule 172.2.

⁵⁴ Art. 55.

⁵⁵ Art. 45 UPCA.

⁵⁶ Rule 262.

evidence,⁵⁷ order to preserve evidence,⁵⁸ order for inspection⁵⁹ where only named persons subject to appropriate terms of non-disclosure can have access to the evidence produced if it contains confidential information.

The same also occurs for the respect of a professional privilege or a duty of confidentiality imposed by national legislation, such as attorneys' privilege (attorneys-at-law, patent attorneys⁶⁰ or confidentiality imposed on spouse, descendant, sibling or parents who cannot be heard as witness if it expose them to criminal prosecution under the relevant national law.

C. AVAILABLE REMEDIES

The UPC system provides for a number of remedies, which can be classified as final remedies imposed when the Court finds infringement on the merits and as provisional measures applicable in the event of an alleged infringement. This catalogue of remedies, which corresponds with the remedies and measures stated in the Directive 2004/48/EC (Enforcement Directive), is developed in the Agreement on a Unified Patent Court (hereinafter: UPCA) and the (draft) Rules of the Procedure of the Unified Patent Court (hereinafter: RoP).

Final remedies:

1. Permanent injunctions⁶¹

Where the Court finds infringement on the merits, it may grant an injunction against the infringer and/or against the intermediary whose service are used by a third party to infringe a patent, aimed at prohibiting the continuation of the infringement. As indicated by the wording "may", the UPCA does not allow for an automatic injunction, but the imposition of a permanent injunction is in the Court's discretion. Although Art. 63 UPCA does not provide a corresponding provision like Art. 62(2) UPCA for preliminary injunctions (where the Court "shall" take into account the potential harm for either of the parties resulting from the granting or the refusal of the injunction), the Court may based on the general principles also apply proportionality considerations here. For example, the Court is required to take due account of the interest of the parties when imposing remedies⁶² and to ensure that they are used in a fair and equitable manner and do not distort competition.⁶³ If the permanent injunction is not complied with, the Defendant will be ordered, where appropriate, to pay a recurring penalty to the Court.⁶⁴

⁵⁷ Rule 190.

⁵⁸ Rule 196.

⁵⁹ Rule 199.

⁶⁰ Rule 287.

⁶¹ Art. 63 UPCA.

⁶² Art. 56(2) UPCA.

⁶³ Art. 42(2) UPCA.

⁶⁴ Art. 63(2) UPCA, R. 354.3 RoP.

2. Award of damages⁶⁵

At request of the injured party, the Court shall order the infringer who “knowingly, or with reasonable grounds to know”, engaged in infringing activity, to pay the injured party damages appropriate to the harm actually suffered by that party as a result of the infringement.⁶⁶ UPCA makes clear that damages are non-punitive but aim at putting the injured party in the position it would have been if no infringement would have taken place. Such damages are either calculated by taking into account all appropriate aspects (such as negative economic consequences, including lost profits of the injured party and any unfair profits of the infringer, and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the injured party) or set as a lump sum (at least the amount of royalties or fees which would have been due).⁶⁷ It should be noted that, where the infringer did not knowingly or with reasonable grounds to know engage in infringing activity, the Court may nevertheless order the recovery of profits or the payment of compensation.⁶⁸

The amount of damages may be determined in the proceedings on the merits,⁶⁹ or in subsequent proceedings.⁷⁰ In the latter case, it is of importance that an application for determination of damages, which may include a request for an order to lay open books, cannot be lodged later than one year from service of the final decision on the merits.⁷¹

Finally, it should be pointed out that Art. 4(1) of Council Regulation No 1260/2012 (Translation Regulation) states that in the event of a dispute relating to an alleged infringement of a European patent with unitary effect, the proprietor must provide, at the request and the choice of the alleged infringer, a full translation of the European patent with unitary effect into an official language of either the participating Member State in which the alleged infringement took place or the Member State in which the alleged infringer is domiciled. In its assessment, the Court shall, in particular where a SME, natural person, non-profit making organisation, university or public research organisation is concerned, take into consideration whether the alleged infringer acted without knowing or without reasonable grounds for knowing of infringing the European patent with unitary effect before having been provided with the requested full translation.⁷²

⁶⁵ Art. 68 UPCA.

⁶⁶ Art. 68(2).

⁶⁷ Art. 68(3) UPCA.

⁶⁸ Art. 68(4) UPCA.

⁶⁹ R. 118 RoP; also as an interim award of damages which shall at least cover the expected costs of the procedure for the award of damages and compensation on the part of the successful party, R. 119 RoP.

⁷⁰ R. 125 et seqq. RoP.

⁷¹ R. 126 RoP.

⁷² Art. 4(4) of the Translation Regulation.

3. Communication of information⁷³

On a justified and proportionate request,⁷⁴ the Court may order the infringer or, under the conditions of Art. 67(2) UPCA, any third party to inform of (a) the origin and distribution channels of the infringing products / processes, (b) the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the infringing products, and (c) the identity of any third person involved in the production / distribution of the infringing products or in the use of the infringing process.⁷⁵ For the protection of confidential information, the Court may order that this information be disclosed to certain named persons only and be subject to appropriate terms of non-disclosure.⁷⁶ In particular where the Court orders a third party to provide the information, the interests of that third party shall be duly taken into account.⁷⁷

4. Compensation⁷⁸

The Court has also the exclusive competence in respect of actions for compensation derived from the provisional protection conferred by a published European patent application.⁷⁹ While the UPCA does not provide an explicit legal basis for such claim for compensation, the Claimant can base its claim on Art. 67 EPC (in combination with national law).

5. Corrective measures⁸⁰

On request, the Court may order appropriate measures with regard to products found to be infringing and, in appropriate cases, with regard to the materials / implements principally used in the creation / manufacture of those products. Such measures shall include (a) a declaration of infringement, (b) recalling the products from the channels of commerce, (c) depriving the product of its infringing property, (d) definitively removing the products from the channels of commerce or (e) the destruction of the products and/or of the materials and implements concerned.⁸¹ When considering such corrective measures, the Court shall take into account the need for proportionality between the seriousness of the infringement and the remedies to be ordered, the willingness of the infringer to convert the materials into a non-infringing state, as well as the interests of third parties.⁸²

⁷³ Art. 67 UPCA.

⁷⁴ R. 191 RoP.

⁷⁵ Art. 67 UPCA.

⁷⁶ R. 191, 190.1 second sentence RoP.

⁷⁷ R. 191, 190.5 RoP.

⁷⁸ Art. 32(1)(f) UPCA.

⁷⁹ Art. 32(1)(f) UPCA.

⁸⁰ Art. 64 UPCA.

⁸¹ Art. 64(2) UPCA.

⁸² Art. 64(4) UPCA

The Court will order the infringer to carry out the measures at its own expense, unless particular reasons are invoked for not doing so.⁸³

6. Publication of decision⁸⁴

Finally, the Court may order on request order appropriate measures for the dissemination of information concerning the Court's decision, including publishing the decision in full or in part in public media.

7. Defendant's claim for compensation⁸⁵

In the event that the Court varies or revokes an enforceable decision or order, the Court may order the party which has enforced such decision or order upon request to provide appropriate compensation for any injury caused by the enforcement.⁸⁶

8. Provisional and protective measures

Before or after the main proceedings on the merits have been started, the Court may in case of a respective application also impose provisional and protective measures.⁸⁷ By way of summary proceedings, the Court has to be satisfied 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 immanent.⁸⁸

As provisional measures, the Court may on request in particular order preliminary injunctions,⁸⁹ the seizure or delivery up of the goods suspected of infringing a patent right so as to prevent their entry into or movement within the channels of commerce,⁹⁰ if an applicant demonstrates circumstances likely to endanger the recovery of damages, a precautionary seizure of the movable and immovable property of the defendant, including the blocking of his bank accounts and other assets⁹¹ and an interim award of costs.⁹² Also, the Court may on request order to preserve relevant evidence, subject to the protection of confidential information, and to inspect premises⁹³ and may grant freezing order which orders a party not to remove from its jurisdiction any assets located therein, or not to deal in

⁸³ Art. 64(3) UPCA.

⁸⁴ Art. 80 UPCA.

⁸⁵ R. 354.2 RoP.

⁸⁶ R. 354.2, 125 RoP.

⁸⁷ Art. 62 UPCA, R. 205 et seqq. RoP.

⁸⁸ Art. 62(4) UPCA.

⁸⁹ Art. 62(1) UPCA, R. 211.1(a) RoP.

⁹⁰ Art. 62(3) UPCA, R. 211.1(b) RoP.

⁹¹ Art. 62(3) UPCA, R. 211.1(c) RoP.

⁹² R. 211.1(d) RoP.

⁹³ Art. 60 UPCA, R. 192 et seqq. RoP.

any assets, whether located within its jurisdiction or not.⁹⁴

Should subsequently to a revocation or lapse of the provisional measures be found that there has been no infringement or threat of infringement, the Court may order the applicant, on the defendant's request, to provide the defendant with appropriate compensation for any damage suffered as a result of those measures.⁹⁵

D. DEFENCE POSSIBILITIES FOR DEFENDANT

1. Introduction

Pursuant to Art. 32 (1) (a) UPCA, claims and actions under the exclusive competence of the UPC include “*actions for actual or threatened infringements of patents and supplementary protection certificates and related defences, including counterclaims concerning licences*”. Except for the explicitly mentioned “counterclaims concerning licences”, it is left to interpretation what exactly qualifies as a “*related defence*” in an infringement action. Hence, and while the UPCA and UPCARoP set out some of the available defences, there is room to argue whether other defences might or might not be available to a defendant in an infringement action before the UPC courts. Undoubtedly, the UPCA is drafted with the intent to grant broad competence to the UPC courts where infringement actions are concerned, so that most defences known from patent infringement proceedings in participating EU member states should also be available in front of the UPC courts. However, there will be noticeable differences, some of which are highlighted in this Chapter.

2. Formal grounds for defence

As a first and formal ground for defence, defendant may challenge the jurisdiction and competence of either the UPC courts or of the court's division, or of the language of the statement of claim. As to the jurisdiction and competence of the UPC courts, the competence of the national courts continues to apply for all actions that are not listed in Art. 32 UPCA. In particular, the competency of national courts includes infringement actions for which the patent proprietor has declared an op-out pursuant to Art. 83 (3) UPCA. As discussed in Chapter IV, Art. 33 UCPA governs the competence of the local and regional divisions, depending on the place of infringement or defendant's domicile. The required language of the statement of claim is governed by Rule 14 UPCARoP. If defendant wants to raise the aforesaid defence, it is required to file a preliminary objection within one month of service of the statement of claim.⁹⁶ Importantly, for the UPC the question of *lis pendens* seems to be considered as a matter of lack of competency,⁹⁷ so that any related defence should be raised as part of such preliminary objection.

As a second ground for defence, defendant may inform the UPC courts that the subject of dispute has already been decided by a competent court before (*res indicata*). This applies, obviously, to earlier decisions by the UPC courts themselves on the same subject matter. It applies, however, also to earlier decision of national courts of participating EU member states, to the extent that they had jurisdiction

⁹⁴ Art. 61 UPCA.

⁹⁵ Art. 60(9), 61(2), 62(5) UPCA.

⁹⁶ Rules 19 to 21 UPCARoP.

⁹⁷ Art. 33 (2) UCPA.

over the subject of dispute. Therefore, if a national court has already ruled on the infringement of a national part of a EP patent by the same party, the UPC courts will be barred to again rule on the infringement of such national part. Importantly, the UPCA does not seem to acknowledge preliminary and main procedures as relating to the same subject matter.⁹⁸ Arguably, the denial of a preliminary injunction by a court of a EU member state will therefore not prevent the Court from granting an injunction also with effect in the respective EU member state, once the respective patent has moved under its jurisdiction. It appears unclear, whether the acceptance of a preliminary injunction by defendant as final and binding might make a difference in this regard. Procedurally, this defence provides for an absolute bar that can be raised at any time during the proceedings.⁹⁹

Different from the rules of procedure in some participating EU member states, including Germany¹⁰⁰, the UPCA does not require claimant to include all patents that it considers infringed by a certain product or process in the statement of claims. Thus, no corresponding defence will be available for defendant, while claimant may get an unexpected “second chance” of filing for infringement in the UPC system based on a patent that may otherwise be barred from enforcement due to the aforesaid, national rules.

3. Noninfringement

Any patent infringement claim under the UPCA will either be based on Art. 25 UPCA (right to prevent the direct use of the invention), or Art. 26 UPCA (right to prevent the indirect use of the invention). Obviously, for such claim to succeed, claimant will need to show that defendant has used the invention, or that such use is imminent.¹⁰¹ Defendant, on the other side, may show that no such use has occurred, either for a lack of any reserved act of use (such as making, offering, placing on the market) in the relevant territory, or for the accused product or process not being subject matter of the patent in suit. For the latter (and notwithstanding the burden of pleading and proof generally being upon claimant¹⁰²), defendant may show that one or more features of the asserted patent claims are not realized in the accused product or process.¹⁰³

Art. 27 UPCA provides for certain limitations on the effect of a patent, such as acts done privately and for non-commercial purposes, acts done for experimental purposes, or various other acts that are in the public interest and/or are exempted from patent protection by international treaties. If any of these situations apply, Art. 27 UPCA provides for a corresponding (non-infringement) defence against any infringement claim.

⁹⁸ Cf. Art. 62 (5) UPCA, Rule 213 UPCARoP.

⁹⁹ Rule 352 UPCARoP.

¹⁰⁰ *Zwang zur Klagekonzentration*, Sec. 145 of the German Patent Act.

¹⁰¹ Art. 62 UPCA.

¹⁰² Art. 54 UPCA.

¹⁰³ As with most of the participating EU member states, features of a patent claim might be realized literally or under the doctrine of equivalence.

4. Entitlement to use

Defendant may further raise a defence concerning its entitlement to use the patented technology, which can be based on (a) defendant's co-ownership of the patent, (b) a license which allows defendant the use of the patent, and/or (c) defendant's prior use rights.

As regards co-ownership of the patent, the UPCA, as well as all other regulations governing the unitary patent, do not provide any specific rules which govern whether and to what extent a co-proprietor is entitled to make use of the patent. Arguably, this should be governed by the national law of the member state in which the property right has first come into existence. This would then lead to the application of German law, due to the EPO having its main offices in Munich¹⁰⁴. Under German law, and in the absence to an agreement to the contrary, co-proprietors are subject to the law of tenancy in common. Under German case law, co-ownership of a patent usually comes with the entitlement of each co-proprietor to use the patented technology, subject to certain "fair balance" restrictions and also possible financial obligations towards the other co-proprietor(s)¹⁰⁵.

As cited before, a "*counterclaim concerning a license*" is explicitly mentioned as a "related defence" in Art. 32 (1) (a) UPCA. While the term counterclaim might be somewhat misleading, its use in the context of Art. 32 (1) UPCA leads commentators to conclude that it is not limited to counter actions (such as claims for a declaratory judgment on the existence of a license), but extends to the use as a defense argument against an infringement claim.¹⁰⁶ If a license exists, it provides for the patent proprietor's consent to use the patent, which would exclude the patent proprietor's right under the UPCA to prohibit the direct or indirect use of the invention.¹⁰⁷ Obviously, the scope of a license, which often comes together with various restrictions (e.g. on the permitted territory, on the duration of the use, or the subject matter of the use), can be subject to further dispute between the parties. In such cases, the wording in Art. 32 (1) (a) UPCA seems to imply that the UPC is in fact competent to also decide upon the interpretation of a contractual clause in a licensing agreement.

The prior use right is acknowledged in Art. 28 UPCA. Due to the "first to file" principle that applies in both the participating EU member states and for the unitary patent itself, the right secures the legitimate commercial interest of an earlier user of the invention, who failed to file first, to continue the use that existed at the priority date. Art. 28 UPCA does not state any requirements, nor gives any guidelines, as to the scope and application of this right in each situation. Instead, Art. 28 UPCA refers to the rules of those participating EU member states in which defendant would have enjoyed a prior use right if the patent was (hypothetically) asserted in the national courts. This mechanism is subject to criticism¹⁰⁸, as it may lead to a unitary patent being enforceable in only some participating

¹⁰⁴ *Tilmann*, in Tilman/Plassmann, Unified Patent Protection in Europe, 2018, Art. 7 EPUE Reg., mn. 45 subs.

¹⁰⁵ For further details: BGH GRUR 2005, 663 – *Gummielastische Masse II*.

¹⁰⁶ *Tilmann and Grabinski*, in Tilman/Plassmann, Unified Patent Protection in Europe, 2018, Art. 32 UPCA., mn. 23 subs.

¹⁰⁷ Art. 25 and 26 UPCA: "(...) to prevent any third party not having the proprietor's consent (...)".

¹⁰⁸ *Busche*, in Tilman/Plassmann, Unified Patent Protection in Europe, 2018, Art. 28 UPCA., mn. 5.

EU member states (namely those where no prior use right would apply), which deviates from the otherwise unitary effect of the unitary patent.

5. Antitrust defense

While the UPCA does not set out any antitrust defenses itself, it explicitly allows to apply EU law,¹⁰⁹ so that the restrictions on antitrust and anti-competitive behavior, as set out in Art. 102 TFEU, are likely to apply also in front of the UPC courts, who are therefore expected to allow for corresponding defenses.

In particular, it appears likely that the UPC courts will also apply the framework set out by the ECJ in relation to anti-competitive behavior by the enforcement of standard essential patents (“SEP”), including the necessity for an SEP holder to make a fair, reasonable and non-discriminatory (“FRAND”) offer and for an implementer to appropriately respond thereto.¹¹⁰ Alternatively, or in addition thereto, the UPC courts may also refer to the IPR policies of the respective standard setting organizations (“SSOs”) and the SEP holder’s contractual obligations thereunder, which are to be interpreted according to national laws.¹¹¹ In the latter case, the choice of law of the respective IPR policy might influence the scope of the available defense, which is considered as a possible concern.

It seems unclear whether the UPC courts will assume the task of setting a FRAND rate for a potential license on a SEP, if the antitrust defense is being raised, noting that courts of the participating EU member states have been reluctant, so far, to engage in such calculations themselves.

Importantly, the UPCA (Art. 59) and UPCARoP (Rule 191) provide a suitable framework, including rules on confidential treatment, that allows for the disclosure of sensitive business information such as comparable license agreements, which are often used to determine whether a FRAND offer and/or FRAND counteroffer meet the applicable criteria.

6. Exhaustion of rights

Art. 29 UPCA limits the rights conferred by a European Patent (i.e. either a patent with unitary effect or an EP patent that has become subject to the UPC’s jurisdiction) to acts that are not subject to the principle of exhaustion, so that the exhaustion of rights is a direct defense also under the UPCA. Such exhaustion occurs if a product has been placed on the market in the EU by or with the consent of the patent proprietor, which provides for a EU-wide (regional) exhaustion.

7. Limitations and forfeiture

Art. 72 UPCA sets out a five-year period after which actions “*relating to all forms of financial compensation may not be brought*”. First, the way this provision is drafted (“*may not be brought*”) indicates that the UPC courts need to observe these time limits of their own motion¹¹², so that this will not qualify as a defence

¹⁰⁹ Art. 24 (a) (a) UPCA.

¹¹⁰ ECJ, C-170/13, Huawei Technologies vs. ZTE.

¹¹¹ Art. 24 (1) (e) UPCA provides the UPC courts with the competence to also decide on these questions, as far as the national law of a participating EU member state is concerned.

¹¹² *Gundt*, in Tilman/Plassmann, Unified Patent Protection in Europe, 2018, Art. 72 UPCA, mn. 28.

in a stricter sense (i.e. something that needs to be actively raised by defendant). Still, making the UPC courts aware of the relevant time periods and underlying facts will certainly be prudent for any defendant who wishes to benefit from Art. 72 UPCA. Secondly, while Art. 72 UPCA extends to all forms of financial compensation, which includes all damages claims, it does not cover any non-financial claims, such as cease-and-desist claims. However, it is understood that after five years on continuous non-infringement, any such claim might face other challenges (e.g., in the case of a cease-and-desist claim, a lack of repetition risk), so that a statutory limitation might not be necessary.¹¹³

Forfeiture is not explicitly mentioned in the UPCA. However, according to Art 42 (2) UPCA, the UPC courts must apply all rules, procedures and remedies provided for in the UPCA in a “*fair and equitable manner*”, which may include the possibility to defend against a claim being brought extremely late (and against the justified expectations of the defendant) based on good faith considerations. Also, both Art. 3(2) Enforcement Directive¹¹⁴ and national laws of the participating EU member states (both of which need to be observed by the UPC courts as per Art. 24 (1) UPCA) contain similar concepts, so that a defence based on forfeiture is likely to be available also in front of the UPC courts.

8. Entitlement suits

Another possible defence is to claim ownership rights to the patent in suit. Such entitlement suits fall outside the jurisdiction of the UPC courts. They need to be filed with the competent national courts, most often at the place of domicile of defendant. While the UPCA does not explicitly acknowledge a related defence, Art. 71 (c), 30 (1) of the Brussels-I-Regulation¹¹⁵ and Rule 295 (k) UPCARoP should vest the UPC courts with the power to stay an infringement case pending the outcome of any such entitlement suit in a national court¹¹⁶. To what extent they may use such power will need to be developed by the UPC courts’ case law.

9. Revocation (counter-)action

Obviously, one of the most common defenses against a claim for patent infringement is the challenging of the patent’s validity. For the UPC system, there are two different options to challenge a patent that is being enforced in a pending infringement case: First, defendant may file a separate revocation action with the competent division of the UPC courts,¹¹⁷ or an opposition with the EPO, which then remains separate from the infringement case. Secondly, as an alternative or in addition to the separate nullity action, defendant may file a revocation counteraction, which will then be part of the infringement case and will be dealt with simultaneously.

In case of a separate revocation action, defendant will usually request that the infringement case is being stayed until a decision on the patent’s validity, or that any decision on infringement is made

¹¹³ *Gundt*, in Tilman/Plassmann, Unified Patent Protection in Europe, 2018, Art. 72 UPCA, mn. 38.

¹¹⁴ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.

¹¹⁵ Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

¹¹⁶ Nieder. Vindikation europäischer Patente unter der Geltung der EPatVO, GRUR 2015, 936.

¹¹⁷ Art. 33 UPCA.

subject to the condition subsequent that the patent is not held invalid. The UPC courts have discretion to grant these requests, as per Rule 118 (2) UPCARoP.

The revocation counteraction is governed by Rules 25 to 31 UPCARoP. While there might be some room to argue that the revocation counteraction might also be filed at any later point in time during the infringement proceedings (if sufficient justification is provided)¹¹⁸, Rule 25 (1) UPCARoP foresees that the revocation action shall generally be filed together with the statement of defence already. It may contain all attacks against the patent's validity that would otherwise (or additionally) be included in a separate revocation action.

There will be (and are already) numerous strategic considerations for a defendant in an infringement case at the UPC whether to file a separate revocation action, a revocation counteraction, or both. Some of these considerations include the question of which division may best decide on the patent's validity (as a separate revocation action filed by non-party to the infringement case can bring this case to the central division), which division should be handling the infringement case (as a revocation counteraction creates the possibility for the UPC courts of referring the entire case to the central division), the question of when relevant prior art will become available (as a late availability of such prior art may require a separate revocation action at that time, in order to avoid a possible exclusion for late filing), and whether the infringement case has been brought by the patent proprietor or a licensee (as the revocation counteraction may require to include the patent proprietor in the infringement case as a third party).¹¹⁹ For a further discussion on these issues, please refer to Chapter V.B.

E. AMENDING THE PATENT-IN-SUIT BEFORE THE UPC

1. Introduction

Patent amendments are often necessary in order to establish a defense position during patent revocation proceedings, where patent proprietors may expect the opposing party to perform an in-depth analysis of the validity of the relevant set of claims asserted. Accordingly, a European patent with unitary effect or traditional non-opted out European patent may be amended before the UPC as a defence to a counterclaim for revocation (Rule 30 RoP) or as a defence in a revocation action (Rule 49 RoP). The proprietor may amend both the claims and/or the specification and may (where applicable and appropriate) include one or more alternative sets of claims (auxiliary requests).

2. Amendments and requirements

The amendments must comply with Articles 84 and 123(2), (3) EPC and result in a valid set of claims.¹²⁰ Thus, the amendments must result in a set of claims that are clear; do not introduce subject-matter which extends beyond the content of the application as filed, and further; does not extend the protection conferred by the patent. It should be noted that the amendments must be accompanied by an explanation as to why the claims are valid and why the requirements of Articles 84 and Art.123(2), (3) EPC are satisfied. In this respect, it is to be expected that the UPC will rely on Case Law from the

¹¹⁸ *Burrichter/Kirchbofer* in Bopp/Kircher, Handbuch Europäischer Patentprozess, 2019, § 16, mn. 9.

¹¹⁹ *Burrichter/Kirchbofer* in Bopp/Kircher, Handbuch Europäischer Patentprozess, 2019, § 16, mn. 68 subs.

¹²⁰ Rule 30.1(b) RoP.

Boards of Appeal of the EPO, while no explicit references thereto are apparent in the UPCA or the RoP. If relevant, the amendments shall also be accompanied by an explanation as to why the claims are infringed.¹²¹

The amendments may both be conditional and unconditional meaning that they may be proposed as auxiliary requests to be assessed only in case a higher-ranking request is rejected by the UPC. However, if the proposed amendments are conditional, the proposals, i.e. the number of auxiliary requests, must be reasonable under the circumstances of the case.¹²²

It will be interesting to learn how the UPC will interpret when the number of auxiliary requests are reasonable and when they are not. It is expected, however, that the UPC will apply a rather strict approach to this question.

3. Language

The proposed amendments must be filed in the language in which the patent was granted. If the language of the proceedings at the UPC is not the language in which the patent was granted, the proprietor must also provide a translation of the proposed amendments in the language of the proceedings. If the patent is a European patent with unitary effect, the proprietor must also, if requested by the defendant, provide a translation of the proposed amendments in either 1) the language of the defendant's domicile in a Member State of the EU, or 2) in the language of the place of the alleged infringement or threatened infringement in a Contracting Member State.¹²³

4. The effect of granted amendments

Amendments granted by the Court of European patents with unitary effect shall have effect in all the participating Member States.¹²⁴ In the case of a European patent, the decisions of the UPC shall cover the territory of those Contracting Member States for which the European patent has effect.¹²⁵

5. When to file proposed amendments

Importantly, the proposed amendments should be filed already with the statement of defence to the revocation or the counterclaim for revocation action, as requests to amendments filed subsequently may only be admitted into the proceedings with the permission of the Court (Rule 30.2 RoP). It is expected that the UPC will apply this rule rather strictly, highlighting the need for a speedy case management and analysis in cases before the UPC.

6. Risks

The requirement for filing the request to amend the patent already when lodging the statement of defence to the revocation or the counterclaim for revocation action poses a major risk to proprietors

¹²¹ Rule 30.1(b) RoP.

¹²² Rule 30.1(c) RoP.

¹²³ Rule 30.1(a) RoP.

¹²⁴ Art. 3.2 of Reg. (EU) No 1257/2012.

¹²⁵ Art. 34 UPCA.

who may be under time pressure when confronting a revocation action. Thus, patent proprietors are advised as early as possible to perform an analysis of potential weaknesses in their patent claims, and to carefully consider the possibilities of amending the patent before the UPC even before being confronted with a counterclaim for revocation.

Further, patent proprietors should be cautious to propose unconditional amendments as it may be endangering the patent in case the UPC considers the amendments not to comply with the requirements of Rule 30.1(b) RoP.

Proprietors of European patents which do not benefit from unitary effect (e.g. patents having different sets of claims for different participating Member States) should also note that it seems unclear from Art. 34 UPCA whether different sets of claims can survive amendments before the UPC.

IV. Proceedings before the UPC

A. FORUM SHOPPING AMONG LOCAL AND CENTRAL DIVISIONS OF THE UPC

It is safe to assume that we will see diverging case law and case management among the various local divisions and the central division of the UPC (“UPC divisions”). This assumption will certainly hold true for at least the next decade but will very likely persist forever, as it is for instance the case in Germany where we still witness today inconsistent case law and case management between the Regional Courts in Düsseldorf, Mannheim and Munich. All of these inconsistencies will inevitably lead to Forum Shopping, since the choice of the best venue is the most critical path item of every patent litigation campaign. Of course, prior to the start the new system one can only make an educated guess which of the various UPC divisions will be the most patentee-friendly forum. However, already today it is expedient to identify the main factors which will play a role when it comes to the assessment which UPC division will be the best venue for the matter at hand.

As of today, the following venues are available for starting an infringement action before the UPC:

Local divisions:

- Austria: Vienna
- Belgium: Brussels
- Denmark: Copenhagen
- Finland: Helsinki
- France: Paris
- Germany: Düsseldorf, Hamburg, Mannheim, Munich
- Italy: Milano
- Netherlands: The Hague
- Portugal: Lisbon
- Slovenia: Ljubljana

Regional divisions:

- Sweden Nordic-Baltic: Stockholm

Central division:

- Paris, Munich

The composition of the panels of these UPC divisions is rather complicated and will be of huge importance when predicting the outcome of a specific UPC case, since it can be anticipated that each UPC judge will in the end decide the UPC cases in a similar way like this judge had decided the national litigation cases prior to becoming a UPC judge. The reason for this is the absence of detailed rules in the Union Law or the UPCA in relation to the key questions of: claim construction, literal infringement and the doctrine of equivalents. Insofar the only legal sources are Art 69 (1) European Patent

Convention¹²⁶ and Art. 1 and Art. 2 of the Protocol on the Interpretation of Art. 69 European Patent Convention¹²⁷.

The composition regime for the local, regional and central division can be summarized as follows: at the central division we will have judges from different Member States of the UPC.¹²⁸ At the local divisions, there will be one judge from the respective Member State where the local division is located and two judges from other Member States which are allocated on a case by case basis from the pool of UPC judges.¹²⁹ If the country of the local division had or will have a track record of more than 50 patent litigation cases per year, the local division will be composed of two judges from the respective Member State where the local division is located and one judge from another Member State who will be allocated to this local division on a long-term basis. Currently, this applies to the local divisions in Düsseldorf, Hamburg, Mannheim, Munich, Paris and The Hague.

Bearing this outset in mind, it is worthwhile considering the practical implications:

File wrapper estoppel: If a patent is litigated that entails questions of claim construction which are prompted by statements made by the applicant during patent examination proceedings, such patent should be asserted before the local divisions in Düsseldorf, Hamburg, Mannheim, Milan, Munich and Paris or the central division in Paris and Munich since France, Germany and Italy do not recognize a file wrapper estoppel (this is different from the court practice of the Netherlands). The absence of such file wrapper estoppel is a critical success factor since applicants are almost always unaware of any potential accused product when making statements as to the correct understanding of a claim feature during the prosecution phase.

Functional claim construction: Assuming that the claims of a patent in dispute only read on an accused product if the claim features are construed in a broad functional way, such patent is likely best placed before the German local divisions. This is due to the fact that the German patent trial courts – and in particular the Düsseldorf court – adopt a function-oriented claim construction approach which focuses on the technical effect of a claim feature rather than its literal meaning. In general, this claim construction approach leads to an extension of the scope of protection of a patent.

¹²⁶ Art. 69 (1) EPC reads as follows: *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.*

¹²⁷ Art. 1 and 2 of the Protocol read as follows:

Art.1: 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.

Art. 2: 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.

¹²⁸ See Art. 8 (6) UPCA.

¹²⁹ Cf. Art. 8 (2) and Art. 18 (3) UPCA.

Doctrine of Equivalents: Cases that will be tried under the doctrine of equivalents do always entail questions of judgement rather than precision. The UPC divisions will decide such cases on the basis of Art. 2 of the Protocol on the Interpretation of Art. 69 EPC and the governing case law in the respective UPC Member State. As of today, each Member State has established a different “multiple factor” test how to decide cases under the doctrine of equivalents. As of today, it is practically impossible to make a fair assessment which of these various national approaches will lead to the most favorable results.

Automatic Injunction: It goes without saying that injunctive relief is the main objective of every patentee. The UPCA is rather vague when it comes injunctive relief. Art. 63 (1) UPCA simply states that the UPC “may” grant an injunction if infringement is found. The verb “may” entails discretion and might set the stage for a “proportionality test” that might water down the availability of injunctive relief. However, Germany and Italy already have such proportionality test codified in their respective national patent laws and in both jurisdictions automatic injunctions are still the governing rule (and not the exception). Thus, in cases where an injunction might bring about appreciable hardships for the alleged infringer such cases should be brought before UPC divisions of the Member States which are reluctant to grant exceptions to the principle of the automatic injunction. This holds true in particular for France, Germany and Italy.

Preliminary Injunctions:

The UPCA also provides for rules when to grant interim relief through preliminary injunctions (cf. Art. 62 UPCA). The UPCA makes clear in Art. 62 (2) that a balancing of interests needs to be made in the course of the decision whether interim relief is granted or not. This is also the current practice in the national practice of the UPC Member States. However, many Member States require that in interim relief is only granted in urgent cases. In Austria, such “urgency requirement” is interpreted in a very generous way, making the local division in Vienna an interesting venue in cases where the patentee knew about the infringement for more than 1-2 months and is still interested in obtaining a quick interim restraining order. Also, The Hague will play an important role when it comes to preliminary injunctions, since the Dutch courts have a reputation of entertaining requests for preliminary injunctions (even as a cross-border measure).

B. CASE MANAGEMENT OF UPC LITIGATION

The Court has the exclusive competence for various types of proceedings.¹³⁰ These proceedings can be divided into three phases: written, interim and oral procedures.¹³¹ As the name suggests, the written procedure consists of the exchange of legal briefs starting with the Statement of claim. The Claimant has to include all arguments and evidence that it wishes to rely on in the proceedings in its Statement of claim. This means that all the exhibits needed to prove the position taken (e.g. that there is infringement or that the patent is invalid) have to be available and submitted at the start of the proceedings. In other words: the proceedings are ‘front-loaded’. It is important to consider what have to be taken before proceedings are started, and how to best deal with the front-loaded approach.

¹³⁰ Art. 32 UPCA.

¹³¹ Art. 52 UPCA and Rule 10 RoP.

Being the one to determine when proceedings are started, it is easier for the Claimant than for the Defendant to deal with the front-loaded approach. The difficulty for the Defendant is exacerbated by the short, non-extendible deadlines laid down in the Rules of Procedure. The Defendant has three months from service of the Statement of claim to lodge a Statement of defence in case of an infringement action¹³² or two months in case of a revocation action or an action seeking a declaration of non-infringement (Rules 49 and 67 RoP). If the Defendant wishes to file a counterclaim for revocation or infringement it must be included in the Statement of defence (Rules 25 and 50 RoP). This means that if a party has reasons to assume it may be sued before the UPC, it should start preparing as early as possible.

The front-loaded approach of UPC proceedings is connected to the division of the burden of proof. The burden of proof of all facts shall be on the party relying on those facts (Art. 54 UPCA). Where the Claimant thus relies on certain facts in its Statement of claim, it needs to obtain all necessary evidence validating those facts before filing. Parties have a duty (to offer) to produce evidence when a statement of fact is contested or likely to be contested.¹³³ Art. 55 UPCA provides an important reversal of the burden of proof regarding the relationship between process patents and products: without evidence to the contrary, the product will be deemed to be obtained by the patented process if the product is identical. The alleged infringing party can refute the presumption with proof to the contrary, whereby its legitimate interests in protecting its manufacturing and trade secrets need to be taken in to account.

The evidence can come in all shapes and forms. Art. 53 UPCA and Rule 170 (1) RoP allow for different means of evidence. These can include in particular written evidence i.e. documents, written witness statement (affidavits) or drawings, expert reports, reports on experiments carried out for the purpose of the proceedings, physical objects i.e. devices, products or models, and electronic files and audio/video recordings.

When it comes to obtaining the evidence, the initiative in principle lies with the parties themselves, and the procedures thereof will be governed by the Rules of Procedure. Unlike in US and (to some extent) UK litigation, UPC proceedings do not provide for an obligation to disclose evidence, i.e. there are no discovery or disclosure obligations. There are, however, effective ways to secure or obtain evidence which is known to exist, i.e. documents or samples. The types of fact-finding possibilities provided in the UPCA, such as an inspection and seizure, have been described above in Chapter III.B. The confluence of these possibilities with national evidence proceedings is described above in Chapter V.D. In this context, it is useful to note that in infringement proceedings, the Claimant can also lodge an application for an order to preserve evidence (also called a “saisie”) prior to an order for inspection.¹³⁴ The Court may then order prompt and effective provisional measures to preserve relevant evidence in respect of the alleged infringement.

Aside from the fact-finding seizure and inspection (with or without saisie), the means for obtaining any evidence in UPC proceedings are broad. They include i.a. hearing of the parties, hearing of

¹³² Rule 23 RoP.

¹³³ Rule 171 (1) and 172 (1) RoP.

¹³⁴ Art. 60 UPCA and Rule 192 RoP.

witnesses and/or experts, requesting an order for inspection of a place or object, and the Court can even order a party or third party to produce evidence.¹³⁵

C. LEGAL AND TECHNICAL JUDGES

The composition of the panels of the Court of First Instance is regulated by Article 8 UPCA, Articles 19-20 Statute and Rule 345 RoP, and varies depending on the type of division, as outlined below:

- Central division: the panel is composed of two legally qualified judges who are nationals of different Contracting Member States and one technically qualified judge, allocated from the Pool of Judges established under Article 18 UPCA.
- Regional divisions: the panel is composed of two 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 the Contracting Member States concerned and who shall be allocated from the Pool of Judges.
- Local divisions: the composition of the panel varies depending on the volume of patent cases in the Contracting Member State hosting the local division. For Contracting Member States where less than 50 cases a year are heard on average during a period of three successive years prior or subsequent to the entry into force of the UPCA, the panel is composed of one legally qualified judge who is a national of the Contracting Member State hosting the local division concerned and two legally qualified judges who are not nationals of the Contracting Member State concerned and are allocated from the Pool of Judges on a case by case basis. For Contracting Member States where more than 50 cases a year are heard, the panel is composed of two legally qualified judges who are nationals of the Contracting Member State hosting the local division concerned and one legally qualified judge who is not a national of the Contracting Member State concerned who is allocated from the Pool of Judges. This allocation may be on a case by case or on a permanent basis, depending on the workload of the court and the need to have a permanently sitting panel to handle the workload of the division.¹³⁶

Any panel of a local or regional division may, after having heard the parties, submit *ex officio* a request to the President of the Court of First Instance to allocate from the Pool of Judges an additional technically qualified judge with qualifications and experience in the field of technology concerned, where it deems this appropriate.¹³⁷ This request of allocation of a technically qualified judge is compulsory in the event of counterclaims for revocation when the local division decides to hear both the infringement and invalidity claims.¹³⁸

This request can also be raised by the parties. Under Article 8(5) UPCA and Rule 33 RoP, upon request by one of the parties, any panel of a local or regional division shall request the President of the Court of First Instance to allocate from the Pool of Judges an additional technically qualified judge with

¹³⁵ Art. 53 (1) and 59 UPCA, Rule 170 (2) and (3) RoP, and Rule 190 RoP.

¹³⁶ Art. 8(3) UPCA.

¹³⁷ Art. 8(5) UPCA.

¹³⁸ Art. 33(3)a UPCA.

qualifications and experience in the field of technology concerned.¹³⁹

The request to allocate a technical judge could play an important strategic role under a number of perspectives:

- Requesting the allocation of a technical judge would obviously increase the technical expertise of the panel, which may be a factor to consider in cases raising complex technical questions (the patentee may e.g. perceive that the presence of a technical judge might be beneficial in a case of infringement by equivalents, as a technical judge may be more willing to focus on technical functions, whilst a defendant may e.g. perceive that the presence of a technical judge might be beneficial to address certain grounds of invalidity);
- Requesting the allocation of a technical judge might also be an effective tool for the defendant to reduce the risk of bifurcation before local or regional divisions where bifurcation under Article 33(3)c UPCA might be perceived as a potential risk (especially in the early phases of UPC jurisprudence, in the absence of established case law on the point). Faced with an early request to allocate a technical judge in a case where a counterclaim for revocation is filed, coupled with an indication that such request is not conditional on the counterclaim, the local or regional division might indeed have an incentive to proceed with both the action for infringement and the counterclaim for revocation under Article 33(3)a UPCA.
- Lastly, requesting the allocation of a technical judge might serve the purpose of balancing (or, *a contrario*, further increasing) the influence of a specific legal tradition/approach amongst the legal judges composing the panel of the local or regional division at hand, depending on the language of the proceedings and the formation of the panel.

The allocation of judges from the pool of judges is done by the President of the Court of First Instance in accordance with Article 18(3) UPCA, on the basis of “their legal or technical expertise, linguistic skills and relevant experience.” Linguistic skills obviously play an important role in the selection of judges to be allocated, as the judge to be allocated will need to be skilled in the language of the proceedings (or in the language used by the division, if the allocation is permanent). This means that – for proceedings conducted in languages other than English - the judge to be allocated will likely be a national of the seat of the concerned local or regional division.

The composition of panels of the Court of Appeal is regulated by Article 9 UPCA, Article 21 Statute and Rule 345 RoP. Any panel of the Court of Appeal shall sit in a multinational composition of five judges. It shall sit in a composition of three legally qualified judges who are nationals of different Contracting Member States and two technically qualified judges assigned from the pool of judges by the President of the Court of Appeal.

The role of the technical judges in the decision making process of the panels where they sit might be interpreted differently depending on the nationality of the (legal and technical) judges of that panel,

¹³⁹ Based on the language used by the relevant provision of the UPCA (“shall”), the court has no discretionality in processing the request. This principle is however balanced by Rule 33 RoP, under which a request to appoint a technical judge shall be lodged as early as possible in the written procedure, and if it is lodged after the closure of the written procedure shall only be granted if justified in view of changed circumstances, such as new submissions presented by the other party and allowed by the Court.

and their experience with their own national judicial systems. The national courts of certain Contracting Member States are used to appoint technical advisors. Their involvement varies depending on the practice of the individual jurisdiction, and can go from the preparation of an opinion for the Court on all issues of validity and/or infringement (this is the case e.g. in Italy) to the provision of opinions on individual technical points (as is the case e.g. in Austria and Belgium).

Local divisions in Contracting Member States having a tradition with technical advisors might be inclined to request the appointment of technical judges even in the absence of requests from the parties and might be inclined to give significant weight to the opinion of the technical judge. Also, they could consider requesting technical judges to prepare concise preliminary opinions for the panel, e.g. in preparation of the oral proceedings.¹⁴⁰

The role and influence of technical judges might instead be more limited in Contracting Member States where judges traditionally decide on patent matters, including technical issues, without the support of external advisors.

Different local practices may develop in the early years of UPC jurisprudence and it will be interesting to see how this may affect court practice and forum selection choices of the parties.

D. BIFURCATED VS. NON-BIFURCATED PROCEEDINGS

Estimated length: 1/2 pages.

Key issue: Advantages and disadvantages of the case being dealt with in a bifurcated or non-bifurcated manner.

E. THE IMPORTANCE OF THE LANGUAGE ASPECT UNDER THE UPC SYSTEM

Estimated length: 1/2 pages.

Key issue: If and how can the language of the proceedings be determined beforehand by the claimant and later influenced by the defendant?

¹⁴⁰ A similar interaction characterizes proceedings before the Swiss Federal Patent Court, one of the few examples of court having a similar architecture, with panels composed of legal and technical judges.

V. *Litigation Strategies*

A. INFRINGEMENT ACTION

When filing an infringement action, the following aspects should be taken into account:

1. Front-loaded proceedings

Action before the UPC are very front-loaded and it is difficult, sometimes impossible, to bring in further information or file requests in the course of the proceedings. Therefore plaintiffs should ensure that they have prepared their case as much as possible before going to court

2. The “need for speed”

Actions before the UPC follow a determined schedule and both parties should not expect any deadline that is set in the Rules of Procedure to be extended. Whilst initially the time pressure is on the defendant, as he has only three months to reply after the infringement suit was filed – and this includes a possible counterclaim for revocation – this situation is reversed if the defendant has acted *lege artis*. Then the plaintiff has only two months to reply, and this includes possible amendments of the patent incl. auxiliary requests. Any requests to amend the patent that is filed after this two months needs the leave of the court and plaintiffs cannot expect the court to be very generous, at least not initially. So as a result there is an extreme “need for speed” and quite regularly not the side with the better arguments will prevail but the side who is better prepared and can make decisions rapidly.

3. Injunctions

Although it is widely expected that injunctions will be granted on a regular basis when an infringement is affirmed by the court, at least until a steady jurisdictional practice has evolved, plaintiffs are surely wise to argue why an injunction should be granted by the court.

It is, however, not yet clear how the injunction will be allowed by the court – on the basis of the patent claim or just for a single product (?) Here plaintiffs are well-advised to request both (the least restrictive as an auxiliary measure), e.g. as follows:

“It is requested that [the opponent = company + legal representatives such as managing directors, alternatively only the company] be ordered to provide a Trans-Europa-Express with the following features.

[now discuss claim 1 of the patent in suit],

in particular the product with the designation "Europa Endlos"

[now describe product]

not to be offered, sold or used within the area of application of the Unified Patent Court Agreement at the time of the oral proceedings, with the exception of [here name non-

validated possible future member states], alternatively in [here states applicable at the time of the filing of the suit], and not to be possessed or imported for the purposes mentioned [. . .].

4. Territorial coverage

It should be noted that unlike the Unitary Patent, whose coverage is fixed at the time of being registered, it is not ruled out that countries that enter the UPCA after a case has begun may be covered in the final ruling, if the initial requests have been made accordingly (of course if the patent at suit is valid in these countries as well). Plaintiffs should take this into account when preparing their case and potentially use the wording as above.

5. Unlikely bifurcation

Although it has been discussed that local chambers might be inclined to bifurcate proceedings, i.e. transfer a revocation proceedings to the central chamber in case a counterclaim for revocation is filed, it is expected that this will be a rare exception, also in cases where the plaintiff is not the patent owner, but a licensee. As this situation (= licensee as plaintiff in the infringement suit, plaintiff as defendant in the revocation action) requires a good deal of cooperation between both, actually here the advantage may be on the defendant / potential infringer.

6. Possible actions before filing the suit

As the UPCA knows no §93 ZPO, which would put the costs on the plaintiff in case he has filed a surprising action and the other party gives in at first occasion, it can be discussed whether pre-filing actions (e.g. filing of a warning letter etc.) will actually have any benefit. However, it can be that the court will develop an analogous cost regime due to Art 69(3) which allows that unnecessary costs caused by one party shall be born by it. So it seems wise to contact the (potential) defendant prior to filing the infringement action.

7. Preliminary injunction instead of a full infringement action?

It should be mentioned that, depending on the situation, filing a preliminary injunction instead of a full infringement action may be preferred (cf. Section V. G)

B. REVOCATION ACTION

1. Grounds for revocation¹⁴¹

Regarding revocation grounds, Article 65 UPCA refers to Articles 138(1) and 139(2) EPC. Thus, the same grounds for revocation as in EPO opposition proceedings exist (lack of novelty, lack of inventive step, lack of industrial applicability, non-eligibility, insufficiency of disclosure, added matter). Additionally, the revocation grounds, which so far only in national revocation proceedings could be relied on, namely an earlier unpublished national application, an extension of the scope of protection after grant, and lack of entitlement, are available.

Whereas it is clear that with respect to EP bundle patents, the invalidity ground of an earlier

¹⁴¹ Art. 65 UPC.

unpublished national application may only establish nullity of the national part of the EP bundle patent in the respective country, it is currently not clear what effect such a national unpublished elder right will have for EPs-UE. The Unified Patent Regulation¹⁴² and the UPCA are silent in this respect, i.e., a transformation of an EP-UE into national parts of an EP bundle patent in those countries where the elder national right does not exist is not enacted (such a transformation is for example known from Article 139 EUTMR). As the unitary character of the EP-UE is one of the core elements of the Unified Patent Regulation, it is highly doubtful whether the UPCA would find an EP-UE with respect to a specific national territory as partially invalid under Article 65(3) UPC. However, it is up to the MS to open a route for late validation if an EP-UE is revoked due to an elder right that exists only outside the respective jurisdiction.¹⁴³ What could also be a feasible solution is that an EP-UE is not revoked due to an elder national right at all, but that the EP-UE is found not to be enforceable in the territory of the elder national right.¹⁴⁴ Such an approach was already found to be in line with the unitary character of EUTMs.¹⁴⁵

With respect to claims for lack of entitlement, Article 138(1) EPC only enacts revocation of an EP in case the owner has no right to the patent according to Article 60 EPC. However, the UPCA does not offer the option that an EP is transferred to its rightful owner. Accordingly, if the rightful owner instead wishes a transfer of the EP, a respective action with the competent national court must be filed.¹⁴⁶ Thus, in case of lack of entitlement, the rightful owner will be able to choose (also after the end of the transitional period) to file an action for revocation with the UPCA or an action for transfer with the competent national court.

2. Competence

Depending on whether (isolated) revocation proceedings are started or whether revocation is counterclaimed in pending proceedings, different divisions of the UPC are competent. Whereas actions for revocation of patents and for declaration of invalidity of SPCs shall be brought before the central division,¹⁴⁷ a counterclaim for revocation in case of an action for infringement may be brought before the local or regional division proceedings are pending before.¹⁴⁸ The concerned local or regional division will then have discretion (after having heard the parties) to proceed as follows: (a) proceed with infringement and counterclaim for revocation proceedings, whereas a technically qualified judge is added to the panel of three judges (b) refer the counterclaim for revocation to the central division and suspend or proceed with an action for infringement or (c) with the agreement of the parties, refer the case for decision to the central division.¹⁴⁹ In case revocation proceedings are

¹⁴² EU Regulation 1257/2012: Implementing enhanced cooperation in the area of the creation of unitary patent protection.

¹⁴³ As far is known such late validations are currently provided for in Italy and Hungary; a respective draft legislation is under preparation in Austria.

¹⁴⁴ Cf. Ackerman/Vissel, Grur 7/2016, Nationale ältere Rechte und europäische Patente mit einheitlicher Wirkung, p 645.

¹⁴⁵ CJEU C-239/09; DHL vs Chronopost, para 45.

¹⁴⁶ Cf. Aloys Hüttermann, Mitteilungen der deutschen Patentanwälte 2015, 100.

¹⁴⁷ Art 33(4) UPCA.

¹⁴⁸ Art 33(3) UPCA.

¹⁴⁹ .Art 33(3) UPCA.

pending, the patentee can choose either to file an infringement counterclaim with the central division or to lodge an infringement action before a regional or local division.¹⁵⁰ In case of lodging the infringement action before a regional or local division, the central division shall stay further proceedings pending a decision of the local/regional division on how to proceed pursuant to Art 33(3) UPCA as set out above. In its discretionary decision, the local/regional division shall consider how far the central division's revocation action was advanced prior.¹⁵¹

3. Relationship to EPO opposition proceedings

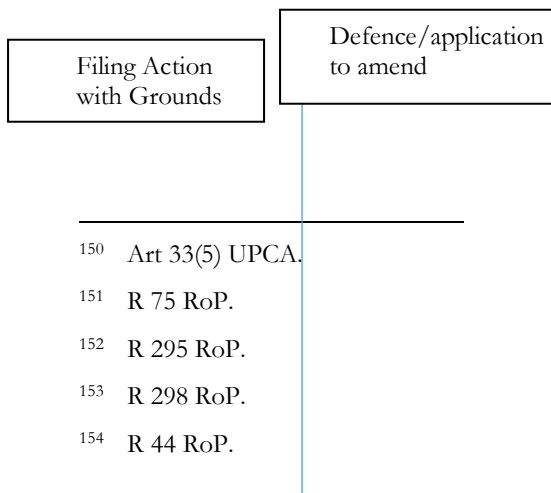
In the absence of any rules on priority between EPO opposition proceedings and revocation actions before the UPCA, both actions may run in parallel. The same is true for UPCA proceedings and limitation proceedings before the EPO. However, the UPC may stay any action relating to a patent which is also the subject of opposition proceedings or limitation proceedings (including subsequent appeal proceedings) before the EPO in case a decision in such proceedings may be expected to be given rapidly.¹⁵² Additionally, the court may of its own motion or at the request of a party request that opposition proceedings or limitation proceedings before the EPO be accelerated in accordance with the proceedings of the European Patent Office.¹⁵³

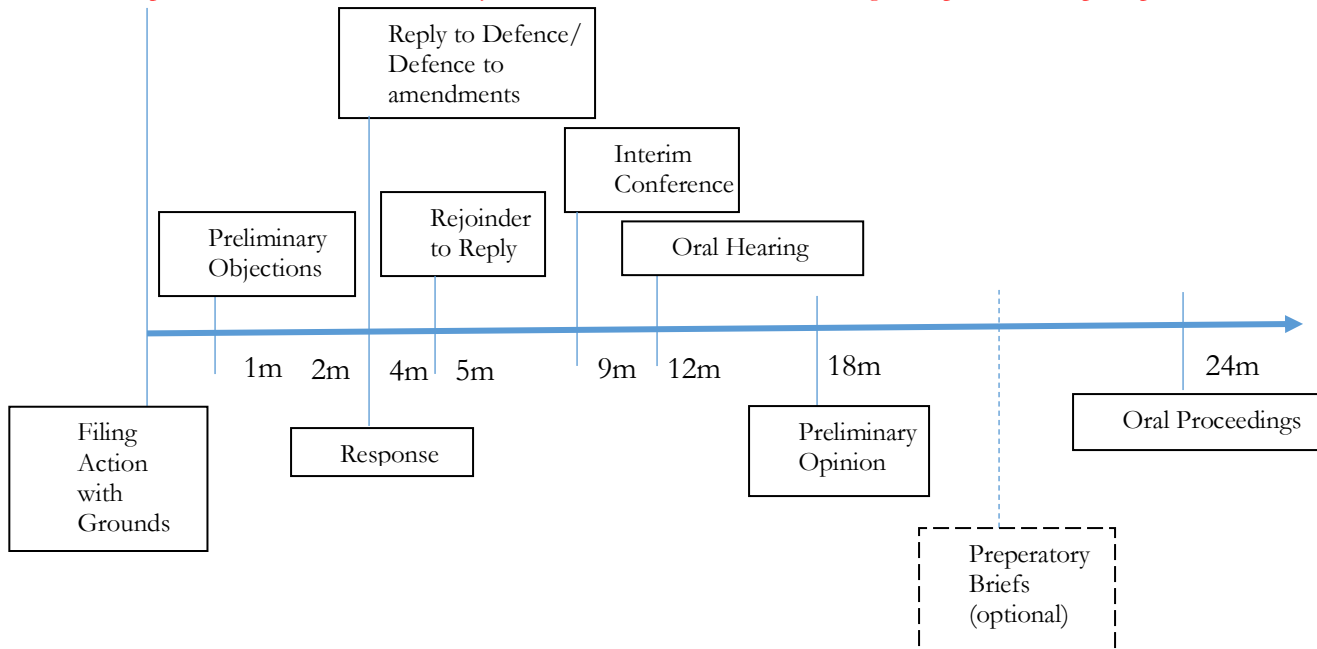
4. Procedural steps

Revocation proceedings are initiated by lodging a statement of revocation at the Registry, which shall contain details of the parties to the proceedings, an indication of the extent to which revocation of the patent is requested, one or more grounds for revocation supported by arguments of law and where appropriate claimants proposed claim construction, an indication of the facts relied on, the evidence relied on and an indication of any order which will be sought during the interim proceedings and a list of document, including witness statements, referred to in statement for revocation.¹⁵⁴

As infringement proceedings also revocation proceedings comprise a written procedure, an interim procedure followed by an oral procedure. The deadlines in the written procedure in revocation proceedings before the UPC are summarized and compared to the deadlines in EPO opposition proceedings in the time scale below:

UPC





EPO

5. Strategic considerations

Accordingly, EPs-UE may be attacked in three different fora (i) UPC central division by filing a revocation action (ii) UPC local/regional division by filing a counterclaim for revocation (iii) EPO by filing an opposition.

Filing an opposition is only possible within 9 months of the publication of grant. Thus, in many disputes the alleged infringer will not have the option anymore to start opposition proceedings. However, if it is already known within the 9-months opposition term that a third party's patent may be critical, starting opposition proceedings seems advisable.

The advantages of filing an EPO opposition may be summarized as follows:

- Lower Costs
 - Official fees EPO: Opposition: € 840, Appeal € 2.785
 - Official fees UPC: Revocation Action € 20.000; Appeal: € 20.000
- Lower Cost risk:
 - EPO: generally, each party bears its own costs
 - UPC: cost award to the winning party (ceiling for recoverable costs depending on the value proceedings: value up to 250.000€ - 38.000€; graded up to a value of proceedings with more than 50 Mill € - 2 Mill €)

- Larger territorial Effect:
 - EPO opposition covers the EP patent as whole (EP-UE, national validations and non-EU-MS, eg UK, CH)
 - UPC proceedings have only legal effect in the participating MS (currently 17 UPCA-MS as opposed to 38 EPC-MS)
- Non-disclosure of the opponent's identity
 - EPO: oppositions filed by a strawman are generally allowed, unless there is an abuse of law, e.g., filed in the interest of the patentee itself¹⁵⁵
 - UPC: Anybody who is concerned by a patent, may bring actions in accordance with the Rules of Procedure.¹⁵⁶ Thus, it seems rather likely that some legal or economical interest must be proven and that a strawman as claimant will not be allowed.

The advantages of filing a revocation action/counterclaim for revocation with the UPCA may be as summarized as follows:

- No time limitation
 - EPO: opposition term limited to 9 months after publication of grant
 - UPC: no time limit
- Shorter duration
 - EPO: aims 1st instance decision within 24 months, currently
 - UPC: aims 1st instance decision within 12 months
- Further revocation grounds:
 - UPC: same revocation grounds as at EPO plus lack of entitlement, extension of scope of protections after grant and national elder right

As there is no rule which excludes parallel oppositions proceedings before the EPO and revocation proceedings before the UPC, there may be scenarios in which both proceedings are initiated in parallel. Parallel proceedings may be initiated if it is an extremely important case and the costs of parallel proceedings are acceptable. There may also be situations in which the opponent/claimant is barred from introducing further prior art documents in the pending proceedings. As the time limits are much stricter in UPC proceedings, the patentee may be pushed to disclose his arguments and

¹⁵⁵ EPO-EBA G9/93; G4/97

¹⁵⁶ Art. 47(6) UPCA.

claim amendments much earlier in case revocation proceedings are initiated in addition to opposition proceedings.

C. DECLARATION OF NONINFRINGEMENT ACTION

1. Requirements

An action for declaration of noninfringement (DNI), i.e., a request that the performance of a specific act does not, or a proposed act would not, constitute an infringement of a patent, may be lodged by the person who does or plans to do such act against the patentee or a licensee, if the patentee or licensee has asserted that the act is an infringement.¹⁵⁷ The conditions for an "assertion" according to R 61 RoP will have to be specified by the court, however, it seems unlikely that a request, why a third party considers itself qualified to make use of the invention would be regarded as such an assertion. However, in case the patent or licensee requests submissions of a cease-and-desist declaration, this will undoubtedly qualify as an assertion according to R 61 RoP.

If no such assertion has been made by the patent proprietor or licensee, a DNI action may be lodged if that person has applied in writing for a written acknowledgment to the effect of the declaration claimed, and has provided him with full particulars in writing of the act in question and the patentee or licensee has refused or failed to give any such acknowledgment within one month.

The DNI action shall (only) be directed against the patentee or licensee who has asserted an infringement or refused or failed to give acknowledgment of non-infringement after receiving a written request. Thus, if the licensee asked for a cease-and-desist declaration, the DNI action can only be directed against the licensee. For directing the DNI action also against the patentee, it will be necessary to request a non-infringement declaration separately from the patentee and that the patent refused or failed to give such an acknowledgment.

Accordingly, the RoP explicitly refer to two alternatives (infringement assertion by the patentee/licensee and failure/refusal to acknowledge non-infringement by the patentee/licensee) in which a DNI action will be allowed.

However, Art 47(6) UPCA generally states that any natural or legal person may bring actions who is concerned by a patent, i.e., has a legal interest deserving protection. Thus, there may be other scenarios in which the claimant may also successfully argue that he is concerned by a specific patent, and therefore, the requirements for a DNI action, namely legal interest, may be met. For example, this may be the case when a third party, namely a customer, is a defendant in an infringement action. If it can be proven that the customer is to be held harmless by the DNI claimant, this should be sufficient to prove legal interest by the DNI claimant.

Another scenario could be an IPR declaration to a standardisation organisation according to which a specific patent is declared to be standard-essential, i.e., that its technical teaching is necessary to make us of a specific standard. Also, in this case, everybody applying the standard is concerned by this patent and would therefore have a legal basis for lodging a DNI action.¹⁵⁸

¹⁵⁷ R 61 RoP.

¹⁵⁸ Tilmann/Plassmann, *Unified Patent Protection in Europe*, 1616.

2. Competence – Interaction with Infringement Actions

DNI actions have to be lodged with the central division of the court.¹⁵⁹ However, there are two exceptions to this general rule: an infringement action is already pending before the regional/local division, and the parties agreed to bring the DNI action before any other division of the court. Thus, if an infringement action is already pending before a local/regional division, this division is also competent for a DNI action.¹⁶⁰

If an infringement action is already pending, a DNI action is only admissible under specific circumstances: a DNI action should be admissible when a limitation of the patent in dispute or a right to use or exhaustion of the patent in dispute is asserted. However, if the DNI action is only based on the assertion that the acts conducted do not fall under the scope of protection or no infringing acts were conducted,¹⁶¹ such a DNI action will be inadmissible as these assertions will already lead to a rejection of the infringement action, and thus there is no legitimate interest in such a DNI action.¹⁶²

In case a DNI action is pending before the central division prior an infringement action is lodged, the DNI action shall be stayed if the infringement action between the same parties or between the holder of an exclusive license and the party requesting a declaration of non-infringement relating to the same patent is brought before a local or regional division within three months of the date on which the action was initiated before the central division.¹⁶³ Accordingly, the alleged infringer cannot draw the dispute from a competent local/regional division of the patentee's choice, if the patentee files an infringement within 3 months from initiating a DNI action. If an infringement action is only filed after the 3-months-term, there's no mandatory stay of the DNI actions as stipulated in Art 33(6) UPCA. However, in case of such "late-filed" infringement action, the presiding judges of the central division and the local or regional division concerned shall consult to agree on the future progress of proceedings, including the possibility of a stay of one action.¹⁶⁴

3. Procedural Steps (R 64ff)

DNI proceedings are initiated by lodging a statement for declaration of non-infringement at the Registry, which shall contain the same details as in revocation or infringement proceedings. In addition, particulars are to be included, which confirm that the requirements of R 61 are met.¹⁶⁵

The written procedure in DNI proceedings basically corresponds to the procedure in infringement proceedings. Accordingly, a defence is to be filed within 2 months, and optionally reply to defence and a rejoinder to the reply are to be filed within 1 month. As in infringement proceedings, the

¹⁵⁹ Art. 33(4) UPCA.

¹⁶⁰ Art. 32(1)(b), 33 para 4 UPCA.

¹⁶¹ Art. 25, 26 UPCA.

¹⁶² Tilmann/Plassmann, *Unified Patent Protection in Europe*, 654.

¹⁶³ Art. 33(6) UPCA.

¹⁶⁴ R 76(3) RoP.

¹⁶⁵ as there may be other grounds than those explicitly cited in R 61 RoP, the reference to R 61 seems to narrow

written procedure is followed by an interim procedure and an oral procedure.

A fixed court fee of € 11.000 is to be paid.¹⁶⁶ If the value of the dispute exceeds € 500.000 a valued-based fee has to be paid in addition to the fixed fee. The value of an action for a DNI is to be calculated as for infringement action.¹⁶⁷

4. Strategic Considerations

By filing an admissible DNI action (under the condition set out above), an alleged infringer may block the patentee during the transitional period to start national infringement actions.¹⁶⁸ However, by filing a DNI action with the UPC, the DNI claimant cannot block the patentee/licensee from filing an infringement action with the UPC. On the contrary, as the DNI action is only mandatorily stayed if the patentee/licensee files the infringement action within 3 months from the date the DNI action was lodged, filing a DNI action may even trigger or at least motivate the patentee/licensee to start an infringement action within the 3-months term.

D. EVIDENCE PROCEEDINGS

As mentioned in chapter III B., the UPC system is largely inspired from continental European law system where it is up to the claimant to prove the facts it alleges.

In order to help the claimant in its task, the UPCA and the Rules of procedure provides with various means to obtain and gather evidence.

These means are in particular : witness and experts statements, order to produce evidence and to communicate information and orders to preserve evidence and orders for inspections.

An overview of these means is provided below.

1. Witnesses and experts of the parties¹⁶⁹

Witness statements can be made in writing or orally, the latter being only available if the written statements is contested by the adverse party and if an Application for the hearing of a witness in person is filed. The refusal by a witness to be heard by the Court can be sanctioned by a fine.¹⁷⁰

Exception to the signing of a witness statement or the hearing of a witness can be raised in case this witness is a spouse (or partner equal to a spouse according to the relevant national law), a descendant, sibling or parent of a party. The same exception applies if the witness is subject to

¹⁶⁶ Rules on Court fees and recoverable costs, B.I.

¹⁶⁷ Guidelines for the determination of Court fees and the ceiling of recoverable costs of the successful party, pt. 3

¹⁶⁸ Art 29 BR.

¹⁶⁹ Rules 175 to 181.

¹⁷⁰ Rule 179.

professional privilege or other duty of confidentiality or expose him / her to criminal prosecution if he/she has to testify.¹⁷¹

The hearing of a witness can be done through videoconferencing system.¹⁷²

The Rules of procedure require that the witness states that he/she is aware that of his/her obligation to tell the truth and his/her liability in case of a breach of this obligation.

One important element that differentiate the UPC system from common law system lies in the fact that witnesses can be questioned, but by the judge, or by the parties under the control of the judge. There is therefore no cross-examination of the witnesses in the sole hands of the parties.¹⁷³

Experts can be appointed by the parties to provide expert evidence and assist the Court impartially on matters relevant to his/her area of expertise.¹⁷⁴ The Rules of procedure states that this duty overrides “any duty to the party pertaining him/her” and that the expert should not “act as an advocate for any party to the proceedings”, although in practice, parties will necessarily have experts statements supporting their position in Court.

Experts can do experiments at the request of the parties or at the request of the Court upon reasoned request from a party¹⁷⁵ in order to prove a fact for the purpose of the proceedings.

2. Court experts¹⁷⁶

As an exception to the principle according to which the parties should prove the facts they allege, the UPCA and Rules of procedure provide with the possibility for the parties to ask for the appointment of an expert by the Court.

The same rules of impartiality and absence of conflict of interest as the judges apply.¹⁷⁷

An indicative list of experts is established and managed by the Registrar of the Court, but parties can also make suggestions of names.

The Court order appointing an expert details the questions asked to the experts and the timing to reply thereof. The order can only be appealed upon authorization of the Court¹⁷⁸ or with the judgement on the merits.

¹⁷¹ Rule 179.3.

¹⁷² Rule 178.6.

¹⁷³ Rules 177.2, 178.4 and 178.5.

¹⁷⁴ Rule 181.

¹⁷⁵ Rule 201.

¹⁷⁶ Rules 185 to 188.

¹⁷⁷ Art. 57 UPCA.

¹⁷⁸ Rule 220.2.

3. Orders to produce evidence and to communicate information (art. 59.1 and 67 UPCA and Rules 190 and 191)

The UPCA and Rules of procedure¹⁷⁹ provide with the possibility to obtain evidence from the adverse party or a third party. The claim for production of evidence should contain reasonably available and plausible evidence in support of the claim and substantiate “specified evidence” which lies in the control of the adverse or third party. This measure can therefore not be used as a fishing expedition.

The judge rapporteur can give the possibility to the adverse party or the third party to be heard and should in any case take into consideration the interest of that third party when granting the order.

Failure to comply with the order to produce evidence can be taken into consideration when deciding on the issue in question.¹⁸⁰

Protection of confidential information is also taken into account and may lead to the limitation of the number of people having access to the evidence with an obligation of non-disclosure.¹⁸¹

When information relating to the origin and distribution channels of the infringing products or processed, quantities manufactured, delivered, received or ordered and the price obtained, the identity of any person involved in the production or distribution of the infringing products or processes is needed, UPCA and Rules of procedure provides with the possibility to ask for an order to communicate information.¹⁸² The reference to the infringing nature of the products or processes implies that the liability has already been decided and that these elements can only be asked in the phase of determination of damages.

This measure can be ordered against the infringer or against any third party that can provide the information sought.

Rule 141 to 144 also provide that request for open lay books can also be filed in the damages proceedings.

4. Order to preserve evidence (saisie) and order for inspection¹⁸³

The order to preserve evidence, specifically referred to as “saisie” may be one of the most used measure to gather evidence in front of the UPC if it is as used as the French *saisie* for French proceedings. Few elements are nonetheless different from the French *saisie*, as will be detailed below.

An order to preserve evidence can be requested to obtain a detailed description with or without the taking of samples, the physical seizure of allegedly infringing goods, the physical seizure of the materials and implements used in the production or distribution of those goods and any related

¹⁷⁹ Rule 190.

¹⁸⁰ Rule 190.6.

¹⁸¹ Rule 190.1.

¹⁸² Art. 67 UPCA and Rule 191.

¹⁸³ Art. 60 UPCA and Rules 192 to 199.

documents and the disclosure of digital media and data (including password necessary to access to them).¹⁸⁴

An application could be filed by any party entitled to launch patent infringement proceedings against the defendant before or in the course of patent infringement proceedings.

One major difference with the French-type *saisie* is that the defendant can be heard by the Court when such application is filed, even if the application was filed *ex parte* by the applicant. In such case, when the judge-rapporteur informs the applicant that it intends to hear the defendant, the rules of procedure offers the possibility to the applicant to withdraw the application (in such case, the application does not appear in the Register).¹⁸⁵

The applicant must justify the filing of the grant of an *ex parte* order, in particular due to urgency or demonstrable risk of destruction or unavailability of evidence.¹⁸⁶

To obtain the order, the applicant must also expose the reasons why the requested measures are needed to preserve evidence and, if the application is filed before the launch of proceedings on the merits, a concise explanation of the action that will be started before the Court.¹⁸⁷

As for the French *saisie*, the Rules of procedure impose a sort of duty of loyalty on the applicant who must disclose any material fact it knows that might influence the Court when deciding whether or not to grant the order.

The protection of confidential information is also taken into account by the Court and the order may limit the disclosure of the information to certain people subject to appropriate terms of non-disclosure.¹⁸⁸

One way to force the applicant to withdraw its application or to obtain from the court the possibility to be heard may lie in the possibility to file protective letters.¹⁸⁹ Inspired from the German practice of “*Schutzschrift*”, any person considering likely that measure be taken against it can file a protective letter. This protective letter is filed with the Registry of the Court and may contain any challenge of the facts that may likely be presented against it and a possible challenge of the validity of the patent. Once received by the Registrar, the protective letter is shared by the Registry with all divisions of the Court and should remain available for 6 months (with the possibility of extension of 6 additional months). Should measures be contemplated against the defendant who filed a protective letter, this letter is then sent by the Registry to the division in front of which the Application for measures has been filed and to the Applicant to such measures.

¹⁸⁴ Rule 196.

¹⁸⁵ Rule 194.5.

¹⁸⁶ Rule 197.

¹⁸⁷ Rule 192.

¹⁸⁸ Rule 196.

¹⁸⁹ Rule 207.

If the order is granted before the launch of any patent infringement proceedings on the merits, the Applicant shall launch such proceedings within 31 calendar days or 20 working days from the day specified in the order (Rule 198), otherwise the defendant can ask for the revocation of the order.

An appeal against the order to protect evidence can be lodged by the applicant (if the measure has been rejected) or by the defendant within 15 days of the notification of the order to the “applicant” which may in practice be difficult to know for the defendant.¹⁹⁰ But Rule 197 provides with the possibility for the defendant to ask for a review of the order within 30 days after the execution of the measure to have the order revoked or amended.

The UPCA and the Rules of procedure also gives the possibility to obtain an order for inspection¹⁹¹ which allows inspection of products, devices, methods, premises or local situation in situ. The same rules as for the order to preserve evidence apply.

5. Other evidence

As other possible evidence, the UPCA and the Rules of procedure gives the possibility to obtain an order to freeze assets¹⁹² in order for a party not to remove assets from the jurisdiction of the Court or not to deal in any assets whether located within its jurisdiction or not.

Letters rogatory are also provided in Rule 202 in order to obtain production of documents or the hearing of witnesses or experts by other competent courts or authorities outside of the EU. For the same request within EU members, regulation No. 1206/2001 applies.¹⁹³

6. Interplay with national systems

article 32 of the UPCA which relates to the exclusive competence of the UPC does not refer to measures relating to evidence. It may therefore allow means for evidence stemming from the national legislation of a Contracting member State.

One can therefore imagine using the French-type *saisie* which will only be granted *ex parte* to obtain evidence standing on the French territory and launch afterwards patent infringement proceedings in front of the UPC.

E. PROCEDURE FOR THE DETERMINATION OF DAMAGES AND COMPENSATION

Although damages can be requested at the same time as the procedure determining liability,¹⁹⁴ the Rules of procedure also mentions the possibility to have damages be determined through separate proceedings.¹⁹⁵ Damages are dealt with article 68 UPCA which refers to the possibility for the

¹⁹⁰ Art. 73 UPCA.

¹⁹¹ Art. 60 UPCA and Rule 199.

¹⁹² Art. 61 UPCA and Rule 200.

¹⁹³ Rule 173.

¹⁹⁴ Rule 118.

¹⁹⁵ Rule 125.

injured party in a patent infringement proceedings to obtain damages which refer to the “harm actually suffered” as a result of the infringement.

Typical of European continental law system, the UPCA states if the infringer should not benefit from the infringement, no punitive damages are available.

Article 68.3 of the UPCA mirrors article 13.1 of the Enforcement Directive 2004/48 as of the elements to be taken into consideration by the Court to set the damages. It refers to the negative economic consequences, which includes lost profits, unfair profits made by the infringer and where appropriate, moral damages. It also contains the possibility to ask, as an alternative for a lump sum which could not be less than the amount of royalties or fees which would have been due by the infringer if it had requested permission.

Interestingly, the UPCA provides with the possibility to lower damages in cases where the infringer did not “knowingly, or with reasonable grounds to know” engage in the infringing activity. In such case, the Court has the possibility to only order the recovery of profits or the payment of compensation.¹⁹⁶

As to the damages proceedings in itself, the Rules of Procedure indicate that such proceedings should be initiated no later than one year from the service of the final decision on the merits (including appeal) on both validity and infringement. Damages can also be requested in case of a revocation of an order to preserve evidence,¹⁹⁷ revocation of provisional measures¹⁹⁸ or in case of non-compliance with an order of the Court.¹⁹⁹

The Application for the determination of damages has to indicate all redress and interests asked, all supporting facts and evidence and may contain an application for the laying of open books. This Application is registered and served upon the defendant who can file Defence within 2 months. A reply can be filed with a month by the Applicant and the defendant can file a Rejoinder within a month from receiving the Reply. Specific timing applies for the Request to lay open books.²⁰⁰ If the request is granted, the defendant should comply with the decision to lay open books and set the time period within which the procedure for the award of damages shall be continued.²⁰¹

It will be interesting to see the approach that will be taken by the UPC in terms of setting damages as, so far, jurisdiction from the European Union differ on this aspect, with some countries allowing high amount for damages where others allows low (or even no) amount of damages.

¹⁹⁶ Art. 68.4 UPCA.

¹⁹⁷ Rule 198.2.

¹⁹⁸ Rule 213.2.

¹⁹⁹ Rule 354.4.

²⁰⁰ Rules 141 and 142.

²⁰¹ Rule 144.

F. COST-FIXATION PROCEEDINGS

As a general rule and unless equity requires otherwise, the unsuccessful party shall bear the reasonable and proportionate legal costs and other expenses incurred by the successful party, up to a ceiling set in accordance with the Rules of Procedure.²⁰² The Court may award costs differently where a party only succeeds in part and in exceptional circumstances. Unnecessary costs shall always be borne by the party causing such costs. The Court may order a party to provide adequate security for legal costs incurred by the other party.

The Court shall decide in principle on the obligation to bear legal costs in the decision on the merits and the Court may order an interim award of costs in the decision on the merits.²⁰³

Cost decisions are made by the judge-rapporteur in accordance with the procedure laid down in Chapter 5 of the Rules of Procedure. The successful party must seek a cost decision within one month of service of the decision on the merits and may recover court fees, attorney fees, costs for experts and witnesses and other expenses. The judge-rapporteur may require the applicant to provide written evidence of all costs and shall allow the other party to respond.

The standing judge of the Court of Appeal decides on granting leave to appeal and decides appeals of cost decisions.²⁰⁴

Although Art. 69 of the UPCA stipulates that a ceiling shall apply for legal costs and expenses, Rule 152(2) instructs the Administrative Committee to adopt ceilings only with respect to representation costs. According to the draft scale of recoverable cost ceilings, the ceilings for representation costs are based on the value of the proceedings and range from EUR 38.000 up to a maximum of EUR 5 million if the value of the proceedings exceeds EUR 50 million.

G. PROVISIONAL AND PROTECTIVE MEASURE

According to Art. 62 of the UPCA, the Court may grant provisional injunctions to prevent any imminent infringement or to prohibit, or make subject to the lodging of a guarantee, the continuation of an alleged infringement. The Court may make a prohibitory injunction subject to a recurring penalty payment.

The Court may also order seizure or delivery up of allegedly infringing products and, if the applicant demonstrates circumstances likely to endanger the recovery of damages, precautionary seizure of the alleged infringer's property.

The Court may require the applicant to furnish reasonable evidence to demonstrate with a reasonable degree of certainty that the patent is valid and infringed. The Court may weigh up the interests of the parties prior to granting or refusing injunctions and, according to Rule 211 of the Rules of Procedure, the Court shall have regard to any unreasonable delay in seeking the provisional

²⁰² Art. 69 of the UPCA.

²⁰³ Rules 118(5) and 150(2) of the Rules of Procedure.

²⁰⁴ Rule 221.

measures. Neither the UCPA nor the Rules of Procedure clarify whether the Court will apply a presumption of validity or what is required to rebut such presumption.

The Court may invite the defendant to object to the application for provisional measures and it may hold an oral hearing to which it may summon either both parties or only the applicant. In exercising its discretion regarding the procedure, the Court shall take into account whether the EPO has upheld the patent in opposition proceedings, the urgency of the action, the reasons for any *ex parte* measures requested, and any protective letter filed by the defendant.

If necessary, and particularly where delay is likely to cause irreparable harm, the Court shall order provisional and protective measures without hearing the defendant. If the Court grants *ex parte* measures, the defendant shall be notified and the Court shall review the measures within reasonable time. If the Court refuses *ex parte* measures, the applicant may withdraw the application and request that it remains confidential. To mitigate the risk of *ex parte* measures, any person entitled to start proceedings under Article 47 of the UPCA may file a protective letter. A protective letter is valid for an extendable period of 6 months and shall be forwarded to the panel or judge appointed to decide on provisional measures in relation to the patent covered by the protective letter.

A patent holder may lodge an action for provisional measures before or after starting main proceedings on the merits. In the former case, the applicant must bring an action leading to a decision on the merits within the longer of 31 calendar days or 20 working days, or the Court shall revoke any measures ordered upon the request of the defendant.

If the Court revokes the measures or if the Court subsequently finds that the patent was not infringed, the defendant may request the Court to order the applicant to provide appropriate compensation for any damage suffered. As a condition for granting the measures, the Court may require the applicant to lodge adequate security to ensure such compensation.

The Court's orders to grant provisional and protective measures take immediate effect. Parties may appeal to the Court of Appeal. Leave to appeal is not required. An appeal will not suspend the effect of the order, but the Court of Appeal has the power to suspend the effect upon request by the appellant.

VI. Enforcing a judgement of the UPC under the national procedural rules

A. REQUIREMENTS FOR ENFORCING A UPC-JUDGMENT

1. Starting point: Revised Brussels I

Principally, decisions by a court of an EU member state are enforceable in all EU member states subject to the requirements stipulated in Chapter III of EU Regulation No. 1215/2012 (Revised Brussels I). However, Revised Brussels I is not applicable for decisions of so-called common courts - like the courts established under the UPC-regime²⁰⁵ - if enforcement is sought in a EU member state over which the particular common court has jurisdiction. Accordingly, if a decision of a local or regional division of the UPC is sought to be enforced in a EU Member State which is a party to the UPCA, the rules of the UPCA completely supersede the rules of Revised Brussels I.²⁰⁶ Chapter III of Revised Brussels I remains only applicable for cases where a judgment of a local or regional division of the UPC is sought to be enforced in a EU member state which is not party to the UPCA.²⁰⁷ During the transitional period, the enforcement remains to be governed by Revised Brussels I in cases of either an opt-out or an action brought before national courts.²⁰⁸

2. The enforcement under the UPCA-regime

The remedies which can be sought by the plaintiff are permanent injunctive relief²⁰⁹ - in particular cease and desist orders -, removal from the distribution channels, recall and destruction,²¹⁰ information,²¹¹ as well as damages.²¹² Apart from this, the plaintiff can also request the publication of the decision at the expense of the defendant.²¹³

The enforcement of decisions of the UPC is governed by Art. 82 UPCA in connection with R. 354 Rules of Procedure (RoP). Accordingly, any decision of the Court shall be enforced under the same conditions as a decision given in the Contracting Member State where the enforcement takes place. Art. 82 (1) UPCA stipulates that the decisions of the UPC are enforceable in all contracting EU member states, whereas the enforcement can be made subject to the provision of a security²¹⁴

²⁰⁵ Art. 71a (2) Revised Brussels I.

²⁰⁶ Cf. Art. 71d (2) Revised Brussels I.

²⁰⁷ Art. 71d (1) Revised Brussels I.

²⁰⁸ Art. 71c (2) Revised Brussels I.

²⁰⁹ Art. 63 I UPCA.

²¹⁰ Art. 64 UPCA.

²¹¹ Art. 67 UPCA.

²¹² Art. 68 UPCA.

²¹³ Art. 80 UPCA.

²¹⁴ Art. 82 (2) UPCA.

whether by deposit, bank guarantee or otherwise.²¹⁵ The national law is only applicable to the extent the UPCA and the Statute of the Court do not prevail (Art. 82 (3) UPCA)..

To the extent the enforcement of acts are concerned which are subject to the actual cooperation of the defendant (such as the claims for injunctive relief, information and recall), the enforcement can include recurring penalty payments payable to the court, under Art. 63 (2), 82 (4) UPCA, R. 354 (3) RoP. The amount of the penalty payment “shall be proportionate to the importance of the order to be enforced and shall be without prejudice to the party's right to claim damages or security”.²¹⁶ The penalty shall be fixed either upon request or of the court's own motion. Pursuant to R. 354 (4) in connection with R. 264 RoP, the defendant's right to be heard shall be observed by either inviting the parties to provide written submissions within a specified period and/or to an oral hearing on a fixed date. According to views in the literature, the UPCA insofar forms a conclusive regime.²¹⁷ Thus, there is no jurisdiction for national law or courts. Particularly, there is no room for additional penalty measures (such as detention of the directors as is, for example, possible under German procedural law).

In relation to enforcement of acts which can be conducted by third parties (such as the claims for removal from the channel of distribution and destruction), the court may order that such acts be carried out at the expense of the defendant.²¹⁸ Apart from this, penalty payments for non-compliance are not foreseen by the UPCA against third parties. In this regard, it has been suggested that national laws be applicable pursuant to Art. 82 (3) UPCA.²¹⁹

As regards the enforcement of damage awards, the order of penalty payments is not an appropriate remedy. Accordingly, the enforcement of such awards is governed by national laws, i.e. by the law of the contracting EU member state in which the enforcement is to be conducted.²²⁰

B. MITIGATION POSSIBILITIES FOR THE DEFENDANT

1. Formal requirements of enforcement

First of all, even if R. 345 RoP states that decisions and orders of the Court are immediately enforceable, R. 118 (8) RoP provides some necessary accomplishment by the interested party. In particular, the claimant may proceed with enforcement, in respect of individual judgments, only if:

- it has notified the Court that he intends to proceed to enforce a determined part of the judgment - which it needs to indicate;
- it serves this notice together with a certified translation of the same into official language of a Contracting Member State in which the enforcement shall take place and of the operative orders of the judgment to be enforced.

²¹⁵ R. 352 (1) RoP.

²¹⁶ Art. 82 (4) UPCA.

²¹⁷ *Leistner* GRUR 2016, 217.

²¹⁸ Art. 64 (3) UPCA.

²¹⁹ *Nieder* GRUR 2017, 38.

²²⁰ Art. 82 (3) UPCA.

Therefore, in the absence of the above, the enforcement can be prevented.

Defendant has also other possibilities to prevent the enforcement of the decision.

2. Appeal (or rehearing) and suspensive effect

Appeal may be brought within a term of two months for court decisions and fifteen days for orders. Generally, an appeal does not have automatic suspensive effect, so that First Instance decision may be enforced even if it has been appealed.

However, pursuant to Art. 74 (1) UPCA, the Court of Appeal, may grant suspensive effect to the appeal procedure, following motivated request of one of the parties. Rule 223 RoP states that such application shall set out the reasons why the lodging of the appeal should have the suspensive effect along with the facts, evidence and arguments relied on. In addition, it is specified that the Court of Appeal shall decide the Application without delay.

In case of extreme urgency, the applicant may without formality and at any time apply for an order for suspensive effect to the standing judge.

However, Rule 223 RoP states as well that “*There shall be no suspensive effect for an appeal of an order pursuant of Rule 220.2*”.

Moreover Art. 74 (2) UPCA provides that an appeal against a decision on actions or counterclaims for revocation and on actions based on Art. 32 (1) (i) - actions against EPO decisions - shall always have a suspensive effect.

According to Art. 81 UPCA a request of rehearing after a final decision (admitted in very exceptional cases) does not have suspensive effect, but the Court of Appeal may decide otherwise.²²¹

3. Patent revocation or amendment

According to R. 354 (2) RoP, where an enforceable decision or order has been made pursuant to a finding of infringement of a patent and, following the conclusion of the action, the patent is amended or revoked, the Court may order, upon the request of the party against whom the decision or order would be enforceable, that the decision or order ceases to be enforceable.

4. National enforcement remedies

According to Art. 82 (3) UPCA, which clarifies that enforcement procedures shall be governed by the law of the CMS where the enforcement takes place, national enforcement remedies may be resorted to²²².

²²¹ R. 252 RoP.

²²² For instance *Vollstreckungsgegenklage* (action to oppose enforcement) pursuant to s 767 ZPO or *Titelgegenklage* (title counterclaim) pursuant to s 767 ZPO in Germany; *Opposizione all'esecuzione* pursuant to art. 615 ccp in Italy.

5. Security

Another option, which does not prevent from the enforcement of the decision, but should avoid possible negative consequences of this enforcement is requesting a security. According to Art. 82 (2) UPCA and R. 352 RoP, the Court may subject any order or measure to a security to be posted by the successful party to the unsuccessful one. If the security is not already specified in the decision, the interested party can file an application in order to request the granting of a separate order of security²²³. Failing the security (when ordered), the enforcement cannot start.

6. Decision by default

When a decision by default is given, the lodging of a request to set aside this decision pursuant to R. 356 RoP may induce the Court to grant a stay of the enforcement until it has given its decision on it.

7. Settlement

According to Art. 79 UPCA the parties may, at any time in the course of the proceeding conclude their case by way of settlement, which shall be confirmed by a decision of the Court. This is clearly possible also after a decision, until this becomes *res judicata*. A settlement prevents the enforcement of the decision.

8. Modification of the infringing product

If the defendant has modified the infringing product and seeks clarification in relation to the scope of a decision with regard to a modification of the infringing product, he may start an action for negative declaratory judgment before the panel which issued the first judgement. In cases of particular urgency, the Court (or the single judge) may stay the enforcement on a preliminary basis.²²⁴

9. Protective letter

Even if protective letter provided by Rule 207 RoP is not a means to prevent the enforcement of a decision, we refer also to it as it is anyway a means that could be effective in order to avoid that a Court issues provisional measures without first hearing the defendant, in case of urgency.

C. REMEDIES FOR WRONGFUL ENFORCEMENT

Even though the UPCA tries to avoid the occurrence of the so-called “injunction gap” (i.e. a time gap between the issuance of the injunction and the decision on the validity), it is still possible (e.g. in case the exclusive licensee files the complaint so that the validity of the patent in suit has to be contested in separate proceedings, Art. 47 (5) UPCA). Accordingly, it is (technically) possible that a judgment is (preliminarily) enforced and the patent is later revoked.

²²³ *Unified patent protection in Europe, A commentary*, C. Plassman, W. Tilmann, OXFORD UNIVERSITY PRESS, 2018 p. 1771.

²²⁴ *Unified patent protection in Europe, A commentary*, C. Plassman, W. Tilmann, OXFORD UNIVERSITY PRESS, 2018 p. 1780.

The question is how such wrongful enforcement can be rectified. R. 354 (2) RoP only stipulates that the ongoing enforcement be stopped. The provision of security pursuant to Art. 82 (2) UPCA only concerns non-final decisions²²⁵ so does not help the defendant in case of the unjustified enforcement of final infringement decisions. A rehearing is only possible in cases of criminal offenses or fundamental procedural errors.²²⁶ Art. 60 (9), 62 (V) UPCA and R. 213 (2) ROP only concern provisional measures.

Other statutory measures are not available. It has been suggested applying Art. 60 (9), 62 (V) UPCA *mutatis mutandis*.²²⁷ It remains to be seen how courts will deal with this issue once it arises. However, these cases will likely be rare given that it can be expected that courts will decide on infringement and validity in the same proceedings.

²²⁵ Based on the wording of Art. 82 (2) UPCA, this provision is not limited to non-final decisions. However, there is no reason why also the enforcement of final decisions should be subject to the rendering of security.

²²⁶ Art. 81 UPCA.

²²⁷ *Grabinski* GRUR Int 2013, 310.

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DESIGNED
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FORWARD
IN A
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AND JUST
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