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Patent and Trademark Attorneys
THE UNIFIED PATENT COURT – QUO VADIS?

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SWISS HLG Summer Evening Event 11 June 2014, Basel
General introduction
Some History

1973 EPC signed in Munich by 16 countries

07/10/1977 EPO created in Munich

Luxembourg conference: community patent convention

1985-1989

London Agreement: 19 countries signed a translation arrangement

1985-1989

Failure: Ratified only by 7 states of required 12 signatories states

2000-2008

IT and ES did not sign the London Agreement

10/03/2011

Council decision authorizing enhanced cooperation in the area of the creation of unitary patent protection 2011/167/EU

17/10/2012

Regulation (EU) No 1257/2012 No 1260/2012

19/02/2013

Agreement on Unified Patent court signed by 25 countries not including Spain and Poland.

Creation of a European patent consisting of a bundle of national protections

1977-2012

2011/167/EU

1985-2008

17/10/2012

Agreement on
Unified Patent
court signed by
25 countries not
including Spain
and Poland.

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EU Patent Package : 3 legal Instruments

✓ Regulation (EU) No 1257/2012 implementing enhanced cooperation in the creation of unitary patent protection

✓ Regulation (EU) No 1260/2012 implementing enhanced cooperation in the creation of unitary patent protection with regard to the applicable translation arrangement

✓ International Unified Patent Court Agreement
Regulation (EU) 1257/2012: Unitary Patent Protection
Creation of unitary patent protection not included in the list of areas of exclusive competence of EU Art 3(1) TFEU

No community patent compared to community trademark/design

25 Participating Member States (PMS) of the EU (2011/167/EU Art. 1)
- UPC signatory + enhanced cooperation
- UPC signatory, but not enhanced cooperation
- Enhanced cooperation
- Non-participating EU Member State
- EPC Contracting State, but non-EU Member State
Enhanced cooperation:
- open any time to all 28 EU MS in accordance with TFEU Art. 328 (1)

Unitary effect:
- same owner
- same set of claims Art. 3
- 25 PMS designated
- uniform protection and equal effect in the 25 PMS Art. 5
- requested within one month after mention of grant published in EPO Bulletin Art. 9 (g)
Article 7 : Preponderance of German Law?

if the applicant for a unitary patent has, at the time of filing, its principal place of business or its residency in a Member State then the patent shall be treated as if it is governed by the law of that country. Thus a French patentee has its unitary patent governed by French law.

if the applicant has no principal place of business or residency in a Member State then the law governing the property in the unitary patent will be where the proprietor had a place of business at the time of filing.
Thus a US patentee, with a place of business in France, has its unitary patent governed by French law.

It remains to be seen whether this provision provides the proprietor with some leeway. Many non-European companies may well have plenty of places of business throughout Europe; can they choose which law their unitary patents is to be governed by?

The provisions to deal with joint ownership, and the ordering of joint applicants may become significant as a result.
Where the applicant has no place of business within Europe then the default position will be that the law governing the property in the unitary patent or patent application, will be that of the state where the EPO has its headquarters namely, Germany.

(where Art. 7 1(a) (b) & 2 do not apply → Patent as an object of property shall be treated as a national patent of the state where the EPO has its headquarter in accordance with Art. 6(1) EPC → Munich and overall Germany Art. 7 (3)
The other facet: Local Invalidity – are German and non-EU Applicants disfavored?

Art. 7 Regulation 1257/2012

Unitary Patent is to be treated like a national German Patent, therefore Art 139 (2) EPC together with § 3 (2) GPat Act applies which would not apply in the UK.

No unitary prior Art? Prior Art depends on nationality of Applicant?

However: Prior Art Question may not be regarded as an „object of property“

EPO Select Committee on 7 March 2014:
Different claim sets because Art 3(1) relates to „same claims upon grant“ questionable since: Art 3(2) and Art 142 (1) EPC or:
Establishing of corresponding National Regulation
Object of Property

(+)
• Transfer, mortgaging, distraint
• Licenses (succession regulations see for example § 15 (3) GPA, in contrast to a negative license)

(-)
• Transfer of Priority right
• Applicable law of license agreement
• Law of Tort (Rome II- Directive)
• Patents in Insolvency proceedings (Art 4. (1) EurInsD)

Determination of the relevant law will be required in order to determine entitlement issues and also to ensure that assignments, licences and transactions generally in relation to unitary patents are dealt with appropriately for that national law.
64% of European patent filings come from non-EPC countries.
Patent prosecution in Europe as of entry into force of UPCA

Designation of territorial scope of protection within 3 months

National route
- FR
- DE
- GB
- CH
- ES
- ...

Remaining EPC countries can still be designated

European patent granted at EPO

Within 1 month upon request of unitary protection under conditions:
- set of claims identical
- 24 PMS designated

European patent

No PMS non EU MS
- NO
- TR
- CH-LC
- IS

PL

ES

IT

NL

GB

DE

FR

+ other PMS

Within 1 month upon request of unitary protection under conditions:
- set of claims identical
- 24 PMS designated

European patent

Non-PMS & EU EPC MS

No-PMS & EU EPC MS

24 PMS (DE, FR, GB,...)

Unitary effect

Non-PMS

EU & EPC MS

Non-UPCA

EU & EPC MS

Non-PMS

UPCA MS

EU & EPC MS
Patent prosecution in Europe as of entry into force of UPCA

Designation of 24 PMS + ES, IT, PL & HR

European patent granted at EPO

Yes

Unitary effect requested within 1 month

European patent

+ 24 PMS (DE, FR, GB, AT, BE, BU, CY, CZ, DK, EE, FI, GR, HU, IE, LT, LU, LV, MT, NL, PT, RO, SE, SL, SK)

Unitary effect

Non-PMS/UPCA EU & EPC MS

Non-PMS EU & EPC MS

Non-UPCA EU & EPC MS

HR

ES

IT

PL

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Regulation (EU) 1257/2012

✔ Role of EPO Art. 9
  ▪ Administering requests for unitary effect (language of proceedings, no later than one month, same set of claims)
  ▪ Creating and administering Register for unitary patent protection
  ▪ Administering statements on licensing
  ▪ Publishing translations
  ▪ Collecting and administering renewal fees
  ▪ Administering compensation scheme for reimbursement of translation costs Art. 5
  ▪ Setting up a Select Committee of the administrative Council of EPO

✔ Unanswered question: Level of renewal fees Art. 11&12
  ▪ Progressive
  ▪ Adapted to type of applicant and size of market
  ▪ Equivalent to level of current fees paid on average for classical European patent (covering 4-5 PMS)  
    Exact amount??? So far no values disclosed
Translation arrangements
Regulation (EU) 1260/2012

✓ Specification of European patent with unitary effect according to Art. 14(6) EPC (Art. 3(1))
  ▪ No further translations required

✓ Machine translation of applications and specifications „patent translate“ Art. 3(2)
  ▪ Online + free of charge

✓ Translation in case of dispute Art. 4

✓ Transitional measures Art. 6
  ▪ Translation of specification from DE or FR into EN (2)
  ▪ Translation of specification from EN into one official EU-language (3)
  ▪ 12 years max, time required for high quality machine translation (5)
Unified Patent Court Agreement
Unified Patent Court Agreement (UPCA)

✓ To benefit the unitary effect, PMS shall ratify and depose instruments of ratification of UPCA Art. 18 (2) Regulation (EU)1257/2012

✓ Shall enter into force on the 1st day of the 4th month after deposit of the 13th instrument of ratification or accession including DE, FR and GB according to Art. 84
AT already in the pitch...

FR, DK, BE, MT follow

...Poland dropped out

United Kingdom + at least 10 other EU MS

Unified patent court agreement

France Germany
Unified Patent Court Agreement (UPCA)

✔ To benefit the unitary effect PMS shall ratify UPCA Art. 18 (2) Regulation (EU)1257/2012

✔ Shall enter into force on the 1st day of the 4th month after deposit of the 13th instrument of ratification or accession including DE, FR and GB according to Art. 84

✔ “Likely entry into force by 2015”

✔ Latest update:
  - AT already in (ratification + deposit)
  - FR DK, BE, MT (ratified UPCA but no deposit) are following

✔ UK and DE should follow before the end of 2014 (if UK still does exist...)

✔ UPCA open to all EU MS (accession instruments) Art. 84 (1)

✔ Patent Court bound by EU law, obligation to present to ECJ (Art 267 REUD, Art 21)
Court structure
Unified patent court agreement or UPCA
Court’s exclusive competence
Competence (Art.3)

• European Patents with Unitary Effect
• European Patents without Unitary Effect
• European Patent Applications
• SPC’s (Art. 30 UEPC)
The SPC Question:

Supplementary protection certificate" is defined by reference to the SPC Regulations pursuant to SPCs are granted.

Taken at face value would mean that all SPCs, whether in relation to a national patent, Relevant EP, or Unitary Patent, fall under the jurisdiction of the UPC. However, Article 3 of the Agreement clarifies that the Agreement shall apply to any SPC issued for a "patent". "Patent" is limited to a Relevant EP or Unitary Patent. Therefore, we assume that, notwithstanding the wider definition of SPC in the Agreement, the exclusive jurisdiction of the UPC must be understood to exclude SPCs based on national or non-Relevant EP patents.

Relevant patent: European patents that designate one or more contracting Member States (i.e. that designate any EU Member State except for Spain)
Unified Patent Court Agreement (UPCA)

✓ Exclusive competence of the court under Art. 32 (1), actions for:

✓ (a) threatened/actual infringements and related defenses including counterclaims for licenses
  ▪ (b) declaration of non-infringement
  ▪ (c) provisional and protective measure as well as injunctions
  ▪ (d) revocations
  ▪ (e) counterclaims for revocation
  ▪ (f) damages or compensation derived from provisional protection conferred by a published European patent application
  ▪ (g) use of invention prior to the granting of the patent or the right based on prior use of the invention
  ▪ (h) compensation of licenses according to Art.8 Regulation (EU) 1257/2012
  ▪ (i) compensation of the EPO in carrying out tasks according to Art.9 Regulation (EU) 1257/2012

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National courts

competent for actions which do not fall within the exclusive competence of UPC under Art. 32 (2)

• Vindication Claims

• Claims based on License Agreements

• Claims based on unjustified Cease and Desist Letters
Unified patent court agreement (UPCA)

- Exclusive competence of the court of 1st instance under **Art. 33**

| Local/Regional divisions (where infringement may occur or place of residence/business of alleged infringer) | (a) Infringement  
(c) Provisional, protective measures  
(f) damages, compensation  
(g) Use prior grant  
(h) Compensation of licenses |
|---|---|
| Central divisions | (b) Declaration of non-infringement  
(d) Revocation  
(e) Counterclaims for revocation  
(i) Compensation of EPO |

- (a), (c), (f) & (g) if no local/regional division in the CMS → central division
- If an action pending before division → cannot be brought before another one…
- …otherwise first seized shall be competent
- (d) pending before central division → (a) can still be brought before any divisions
- (b) & (d) only before central division unless (a) already brought before local/regional
- (a) brought before local/regional within 3 month of date when (b) initiated → (b) shall be stayed
- (a) brought before local/regional (e) has to be filed before same division, division shall have provision to decide:
  - (a) & (e) before central division
  - (e) referred to central division & (a) suspended
  - (a) & (e) before local/regional + request of technical judge
Languages of the proceedings
<table>
<thead>
<tr>
<th>Court</th>
<th>Languages</th>
<th>Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1st instance</strong></td>
<td></td>
<td></td>
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<tr>
<td>Art. 49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>central (6)</td>
<td>patent as granted</td>
<td></td>
</tr>
<tr>
<td>local (1)</td>
<td>state hosting division</td>
<td>*CMS hosting division can decide on one or more of the official languages of the EPO (English, German or French) (2)</td>
</tr>
<tr>
<td>regional (1)</td>
<td>settled as official language by MS hosting division</td>
<td>*patent as granted (3)</td>
</tr>
<tr>
<td><strong>Appeal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Art. 50 (1)</td>
<td>same as court of 1st instance</td>
<td>*language of patent as granted (2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>*another official language of CMS for whole/part of proceedings in exceptional case (5)</td>
</tr>
</tbody>
</table>
Power of the court
✓ Court’s power:

- General power Art. 56
- Court experts Art. 57
- Protection and confidential information Art. 58
- Order to produce evidences Art. 59
- Order to preserve evidences and inspect premises Art. 60
- Freezing order Art. 61
- Provisional and protective measures Art. 62
- Permanent injunctions Art. 63
- Corrective measures in infringement proceedings Art. 64
- Decision on the validity of a patent Art. 65
- Power of court concerning EPOs decisions Art. 66
- Order the communication of information Art. 67
- Award of damages Art. 68
- Legal costs Art. 69
- Court fees Art. 70
- Legal aid Art. 71
- Period of limitation Art. 72
Appeals & Decisions
Appeal Art. 73
- Within 2 months after final decision of Court of first instance (CFI) (1)
- Within 15 calendar days after order of CFI (2)
- Based on points of law and matters of fact (3)
- New fact and new evidence may be introduced according to Rules of Procedure (RoP) (4)

Effect of appeal Art. 74
- Suspensive effect set out in RoP
- Actions or counterclaims for revocation: suspensive effect
- Appeal against orders regarding
  - language of proceedings Art. 49(5),
  - delivery of evidence Art. 59,
  - communication of information Art. 62 & 67,

..do not prevent continuation of main proceedings. CFI may not give decision before Court of Appeal (CA) has been given concerning appealed order
Decision on appeal and referral back **Art. 75**
- Appeal well-founded → CA revokes CFI decision & gives final decision
- Exceptional cases referral back to CFI...
- ...which is bound by CA decision on points of law

Formal requirements **Art. 77**, decisions and orders
- in writing in accordance with RoP (1)
- in the language of proceedings (2)

Rehearing **Art. 81**
- Exceptionally granted by CA (discovery of fact unknown or procedural defect) (1)(a)(b)
- Request filed within 10 years on date of decision...
- ... no later than 2 months from discovery of new fact/procedural defect (2)
- No suspensory effect unless decided otherwise (2)

Enforcement of decisions & orders **Art. 82**
- Enforceable in any CMS (1)
Transitional provision

- Opt-out

- Opt-in

UPC

National courts
Transitional period (TP) Art. 83

- 7 years extendable up to 14 years from the date of entry into force of UPCA (1) & (5)
- Infringement, revocation actions may still be brought before national court (1)
- Opt–out (3) from exclusive competence of UPC

- UPC exclusive competence
- National courts competence
- Unless already brought before UPC
- Opt–out

1 month before expiration of TP

Granted European patents or/ & European patent applications

TP 7-14 years

Unless already brought before UPC
„Opt-out back“ (3)

- Granted European patents & European patent applications
- UPC exclusive competence
- National courts competence

OPT-OUT

OPT-OUT may be withdrawn at any moment „OPT-IN“

1 month before expiration of TP

Unless already brought before UPC

Unless already brought before national court

TP 7-14 years
Special Features:

• Protective Writ

• Seizure and Inspection (Art. 60 UEPC, R. 192 ff)

• Costs: The loser has to pay

• Autonomous conception of „matter in dispute“
Transitional Period – Risks

• Unclear definition of the field of Application of Art 81 (1)

• Decisions, how far reaching? Art. 34, 76 (1)

• If no opt out has been declared, patentee has no option to conduct proceedings on a national basis, since infringement and invalidity actions are different matters of dispute

• Patentee is not sure whether he may conduct the entire proceedings before the UPC (staying and involvement of national courts due to Art 30(1) EuGVVO - Brussels Convention)

(The Council of Ministers has adopted on 9 May 2014 a regulation to amend the EU rules on the jurisdiction of courts and recognition of judgments (Brussels I Regulation) to clarify how its jurisdictional rules will work in the context of the Unified Patent Court (UPC).

Transitional Period – Risks - Suggestions

• Agreements on the place of venue between the parties, if possible before conflicts arise, since these agreements prevail (Art. 31(2) EuGVVO)

• Request for Unitary Protection of an EP

• Filing and Branching off of national Patents and Utility Models, do you really need a Unitary Patent?
Reconsider Filing Strategies

• Limited Territorial Scope - sufficient or not

• Speed of prosecution (eg deferral of examination, Utility Model strategies in Germany)

• Easier Prosecution

• Local invalidity vs. European Wide Invalidity

• Filing Route (INPI, IGE)
### SWOT Analyse

<table>
<thead>
<tr>
<th>Intern</th>
<th>Helpful</th>
<th>Harmful</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td>One single application  🌟  One single court  🌟  Unitary protection  🌟  One single prosecution/renewal fee</td>
<td>Court competency &amp; uniformity  🌟  Fees unknown  🌟  Translation machines  🌟  Time required for entry into force</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td>Reduction of European patent prosecution/litigation costs  🌟  Harmonization of IPRs  🌟  Legal certainty  🌟  Secure IM</td>
<td>Single jurisdiction if unsuccessful  🌟  Opt-out procedure/fee (punitive fee)  🌟  Business uncertainty  🌟  Reliability on UPC</td>
</tr>
</tbody>
</table>
Conclusion & Take-away

✓ EU patent package ambitious endeavor for user of the system

✓ New Prosecution and Litigation Strategies required

✓ Complex Litigation, intertwin of national and EU wide litigation

✓ Uncertainties, our advice: try to gain time

✓ UPC gives birth to a completely new system and new rules of procedure, difficult to foresee

✓ UPC system will bring an end to the „germanic“ bifurcated system
THANK YOU FOR YOUR ATTENTION.
Links


✓ Regulation 1257/2012:

✓ Regulation 1260/2012:


✓ EU Commission
  http://ec.europa.eu/internal_market/indprop/patent/ratification/index_en.htm
The information and opinions contained in this document are not intended to be a comprehensive study, nor to provide legal advice, and should not be relied on or treated as a substitute for specific advice concerning individual situations.

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