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› Patent and Trademark Attorneys



THE UNIFIED PATENT COURT – QUO VADIS?

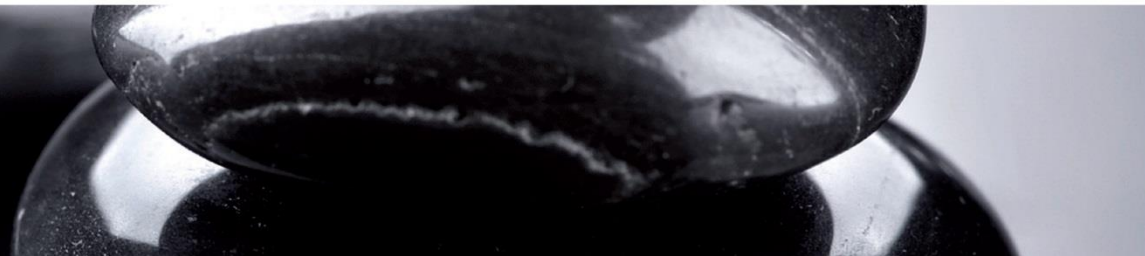
DR. MATTHIAS STOLMÁR

PATENTANWALT (DE, CH) - EUROPEAN PATENT AND TRADEMARK ATTORNEY
D.E.S.U (PATENT LITIGATION CEIPI)

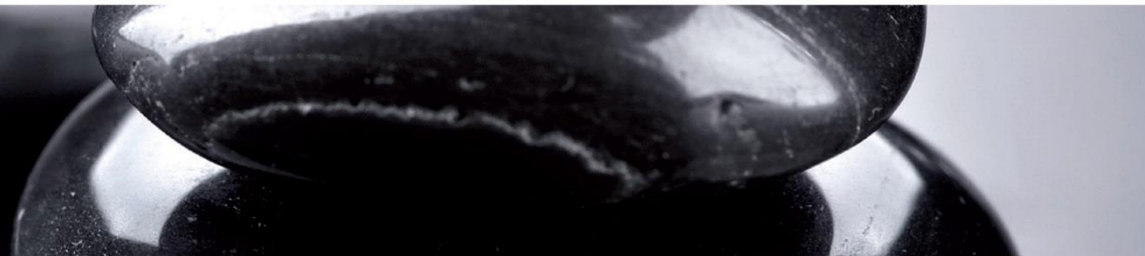
SWISS HLG Summer Evening Event 11 June 2014, Basel

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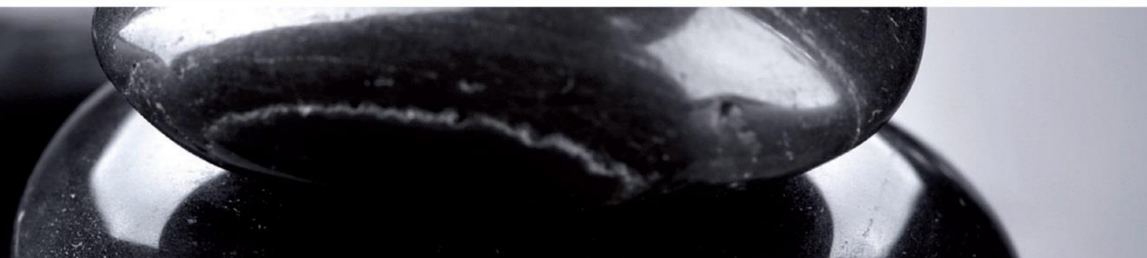
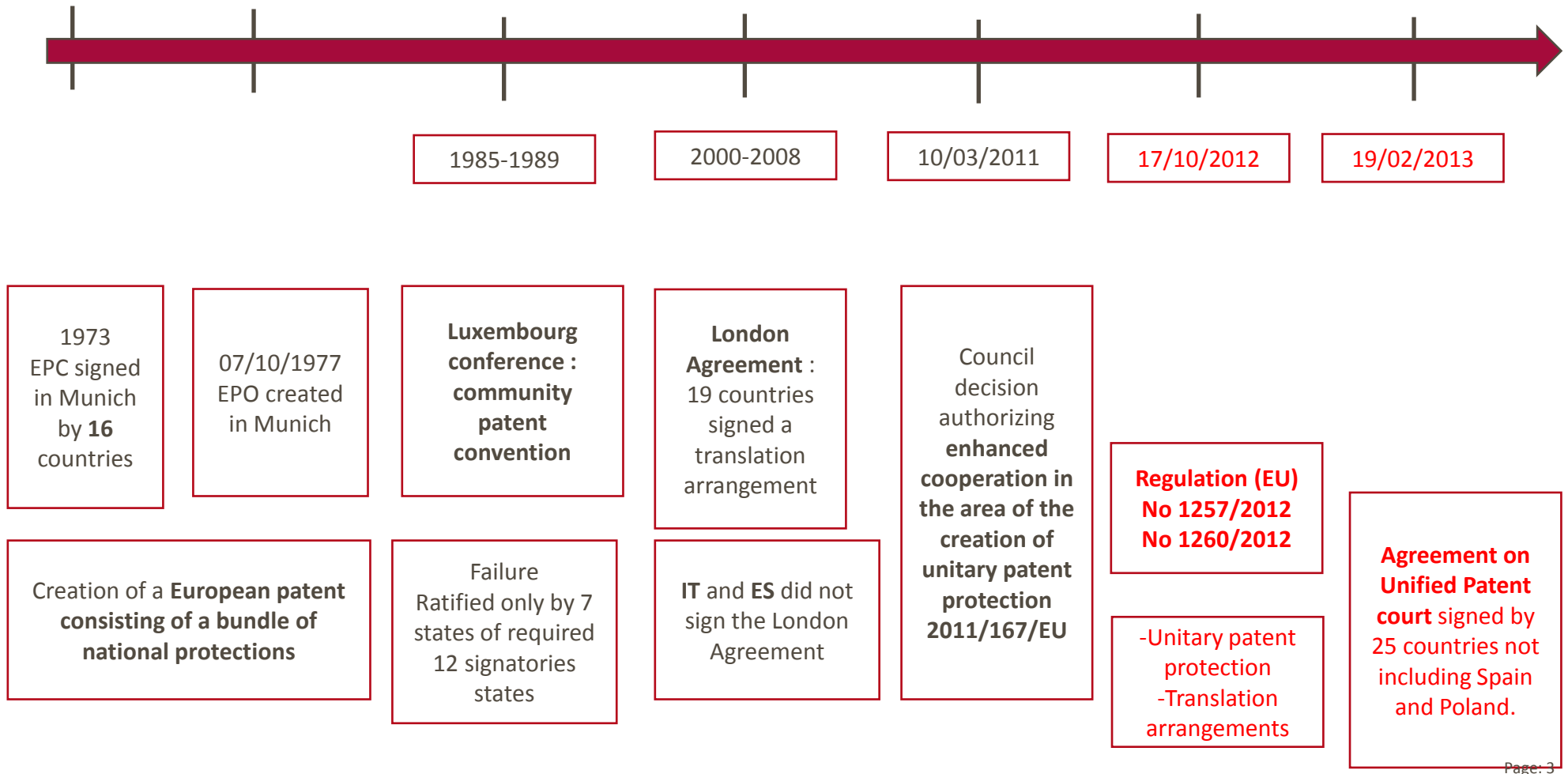
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General introduction

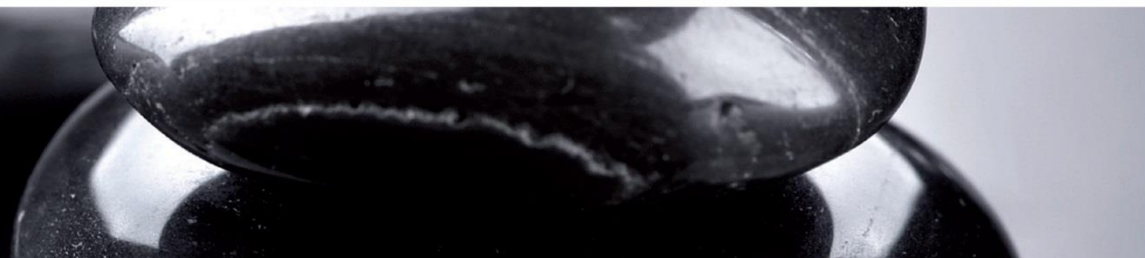


Some History



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



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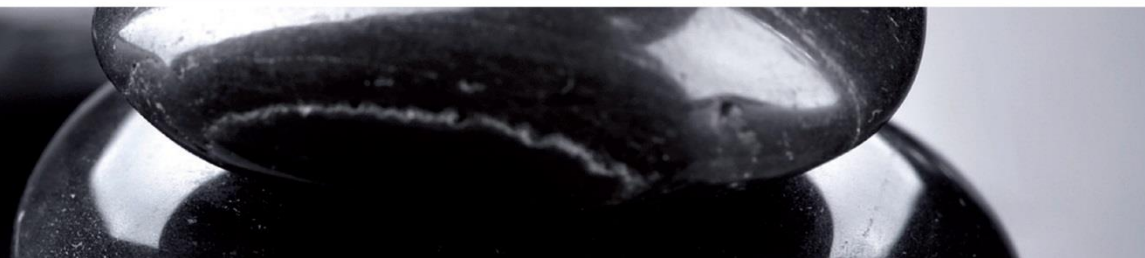
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Regulation (EU) 1257/2012

✓ Creation of unitary patent protection not included in the list of areas of exclusive competence of **EU Art 3(1) TFEU**

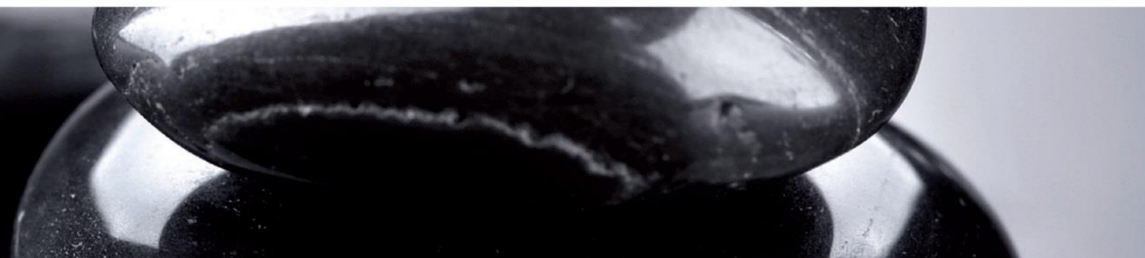
No community patent compared to community trademark/design

✓ 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



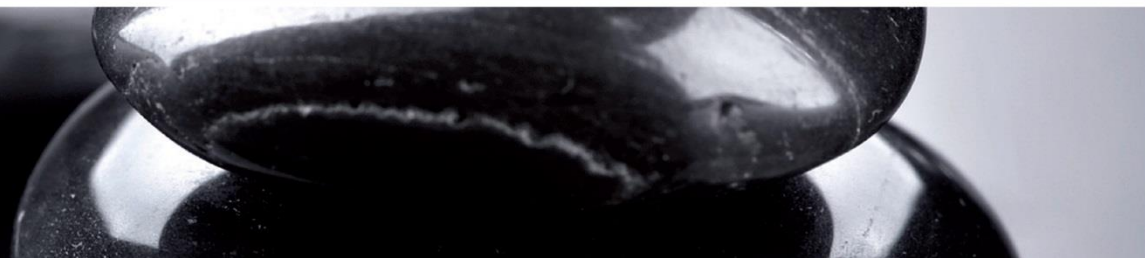
Regulation (EU) 1257/2012

✓ Enhanced cooperation :

- open any time to all 28 EU MS in accordance with **TFEU Art.328 (1)**

✓ Unitary effect :

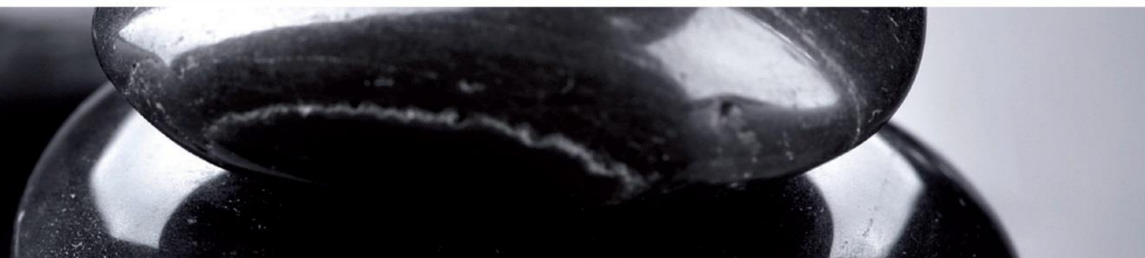
- same owner
- same set of claims **Art. 3**
- 25 PMS designated
- uniform protection and equal effect in the 25 PMS **Art. 5**
- requested within one month after mention of grant published in EPO Bulletin **Art. 9 (g)**



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.

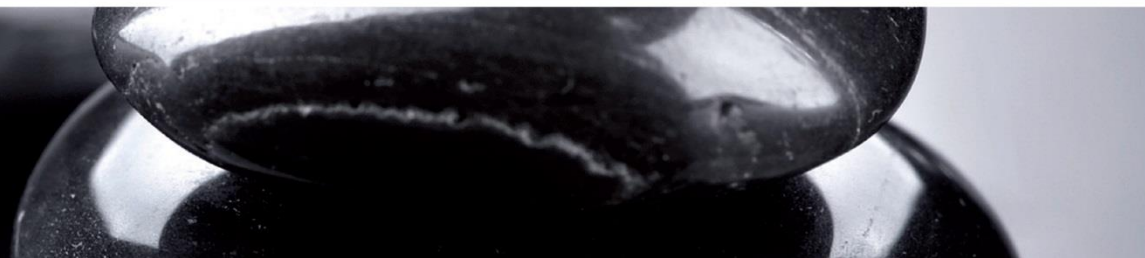
if the applicant has no principal place of business or residency in a Member State then the law governing the property in the unitary patent will be where the proprietor had a **place of business at the time of filing**.



Thus a US patentee, with a place of business in France, has its unitary patent governed by French law.

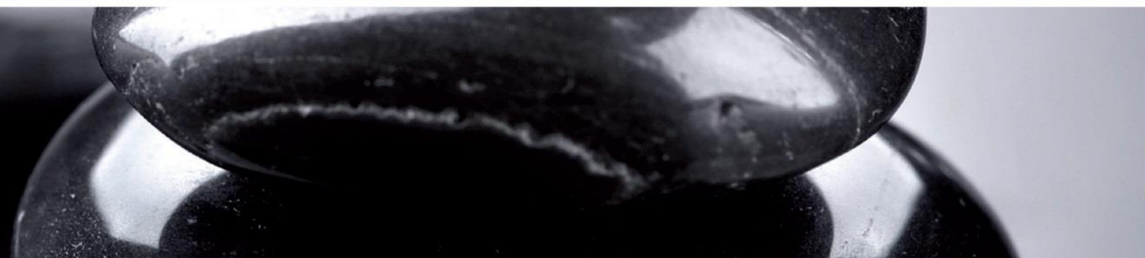
It remains to be seen whether this provision provides the proprietor with some leeway. Many non-European companies may well have plenty of places of business throughout Europe; can they choose which law their unitary patents is to be governed by?

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?

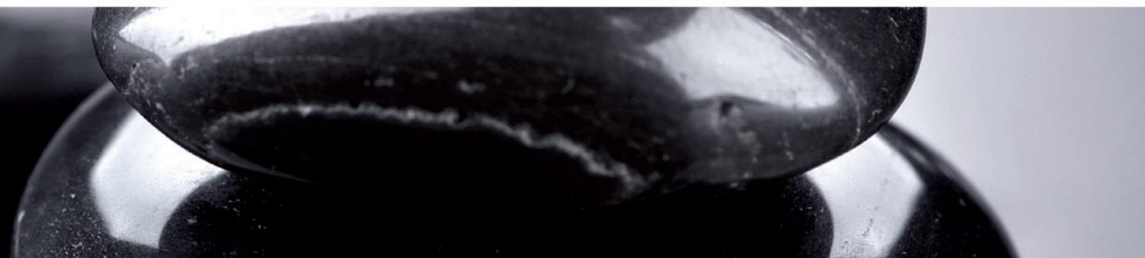
However: Prior Art Question may not be regarded as an „object of property“

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

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Object of Property

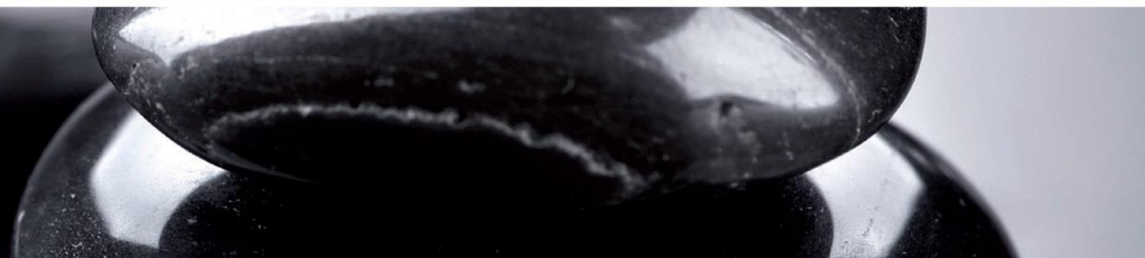
(+)

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

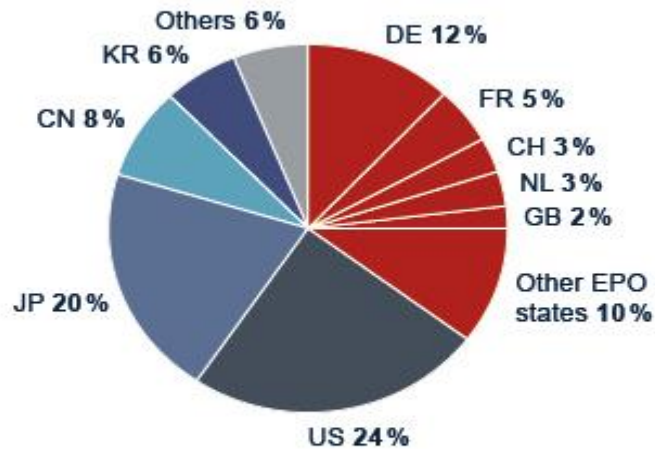
(-)

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

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.



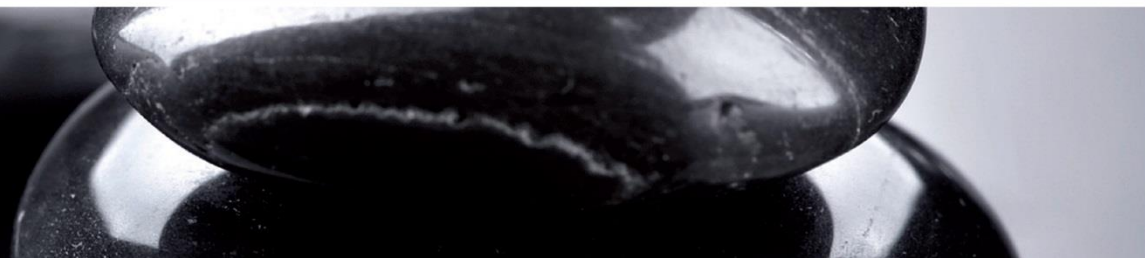
European patent filings per country of origin



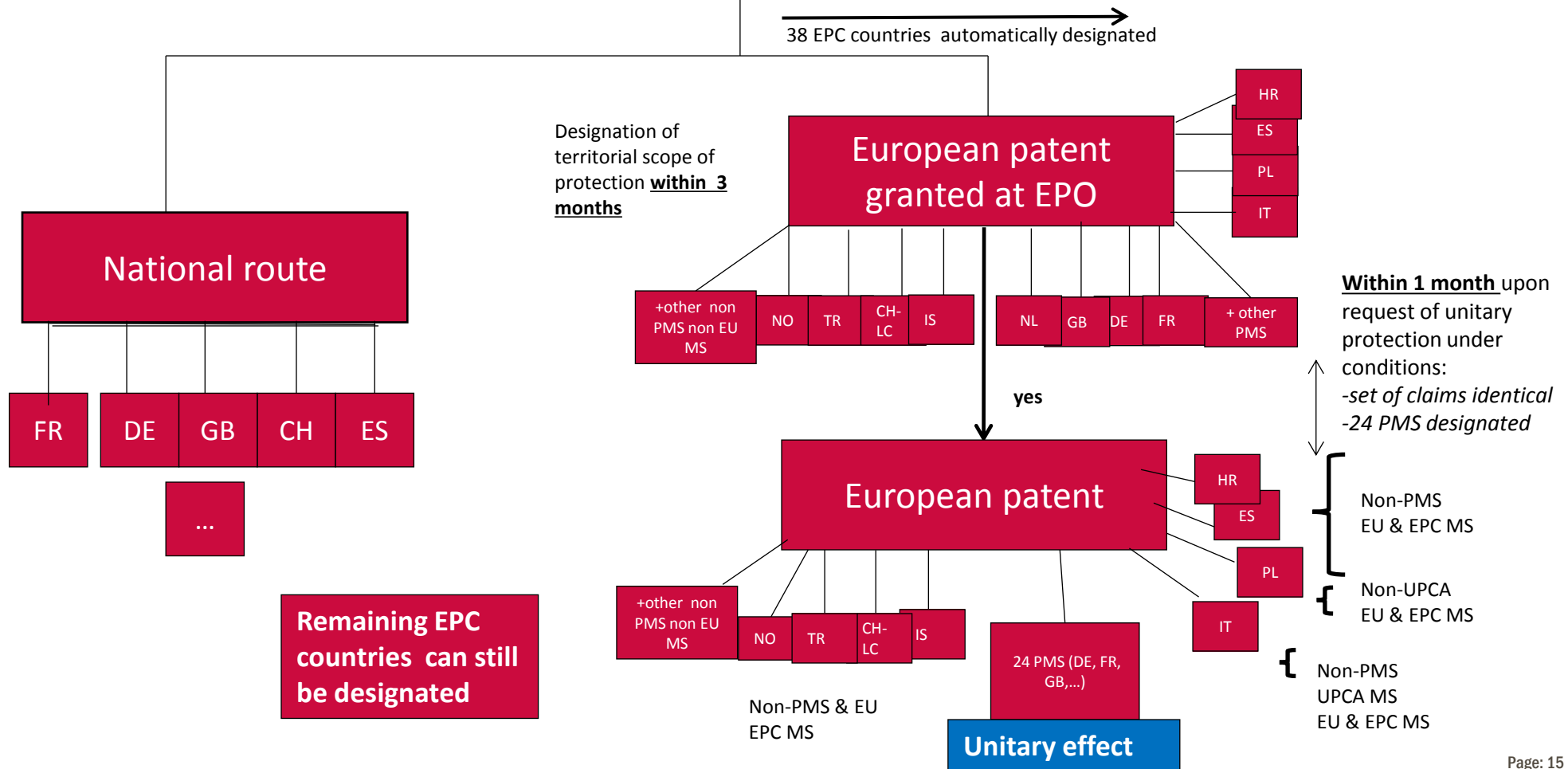
	2013	2012	Change
US	64 967	63 198	+2.8%
JP	52 437	51 791	+1.2%
DE	32 022	33 850	-5.4%
CN	22 292	19 182	+16.2%
KR	16 857	14 791	+14.0%
FR	12 417	12 285	+1.1%
CH	7 966	8 129	-2.0%
NL	7 606	6 489	+17.2%
GB	6 469	6 666	-3.0%
Other EPO states	27 425	26 563	+3.2%
Others	15 232	15 529	-1.9%

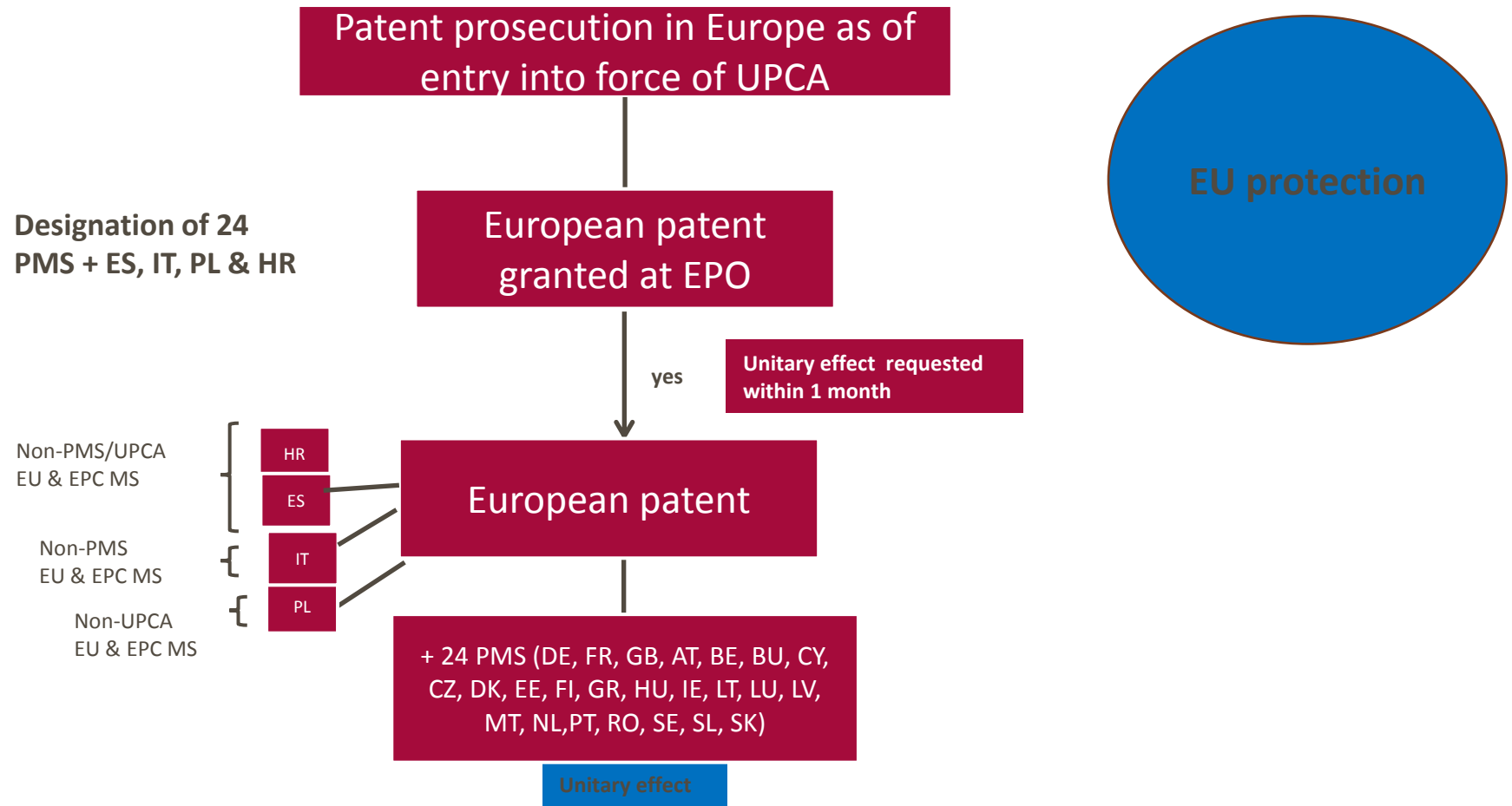
Analysis based on the European patent filings 2013 (Direct European filings under the EPC and international filings under the PCT).
 The filings have been allocated to the country of residence of the first-named applicant.
 EPO: the 38 member states of the European Patent Organisation, including EU28

✓ 64% of European patent filings come from non-EPC countries.



Patent prosecution in Europe as of entry into force of UPCA





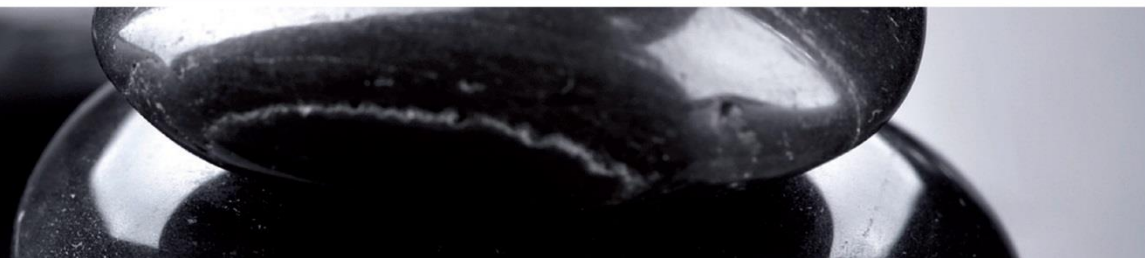
Regulation (EU) 1257/2012

✓ Role of EPO Art. 9

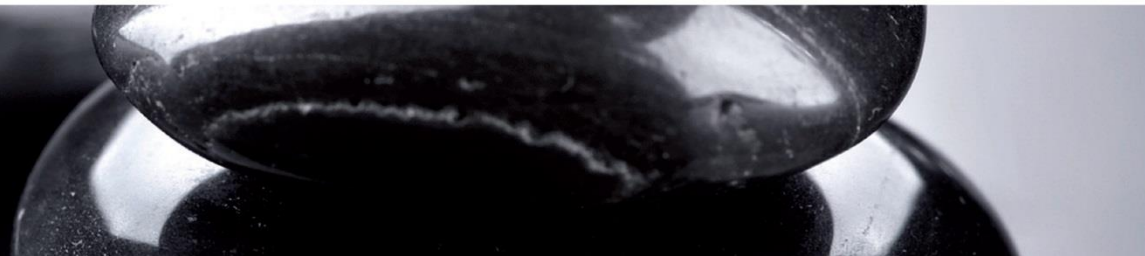
- Administering requests for unitary effect (language of proceedings, no later than one month, same set of claims)
- Creating and administering Register for unitary patent protection
- **Administering statements on licensing**
- Publishing translations
- Collecting and administering renewal fees
- Administering 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**

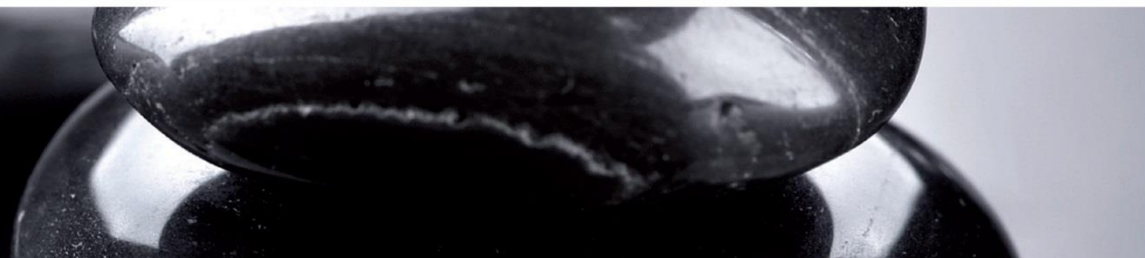


Translation arrangements



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)**



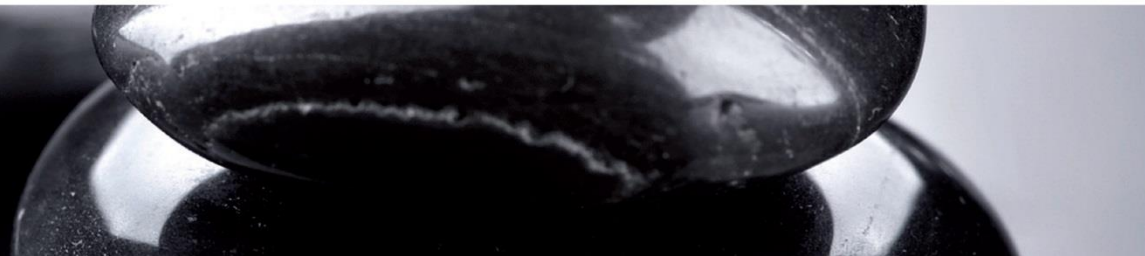
Unified Patent Court Agreement



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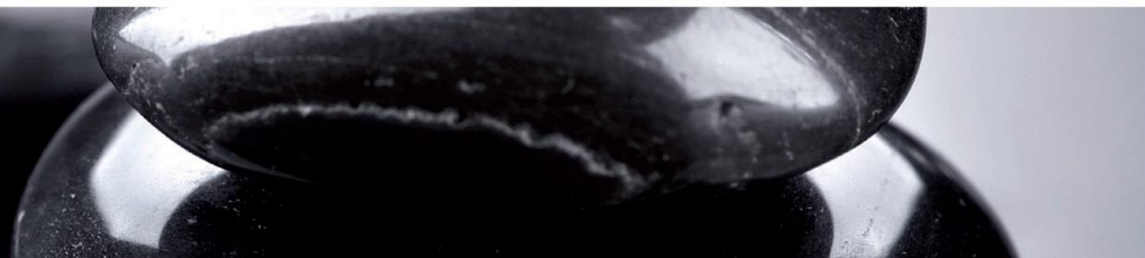
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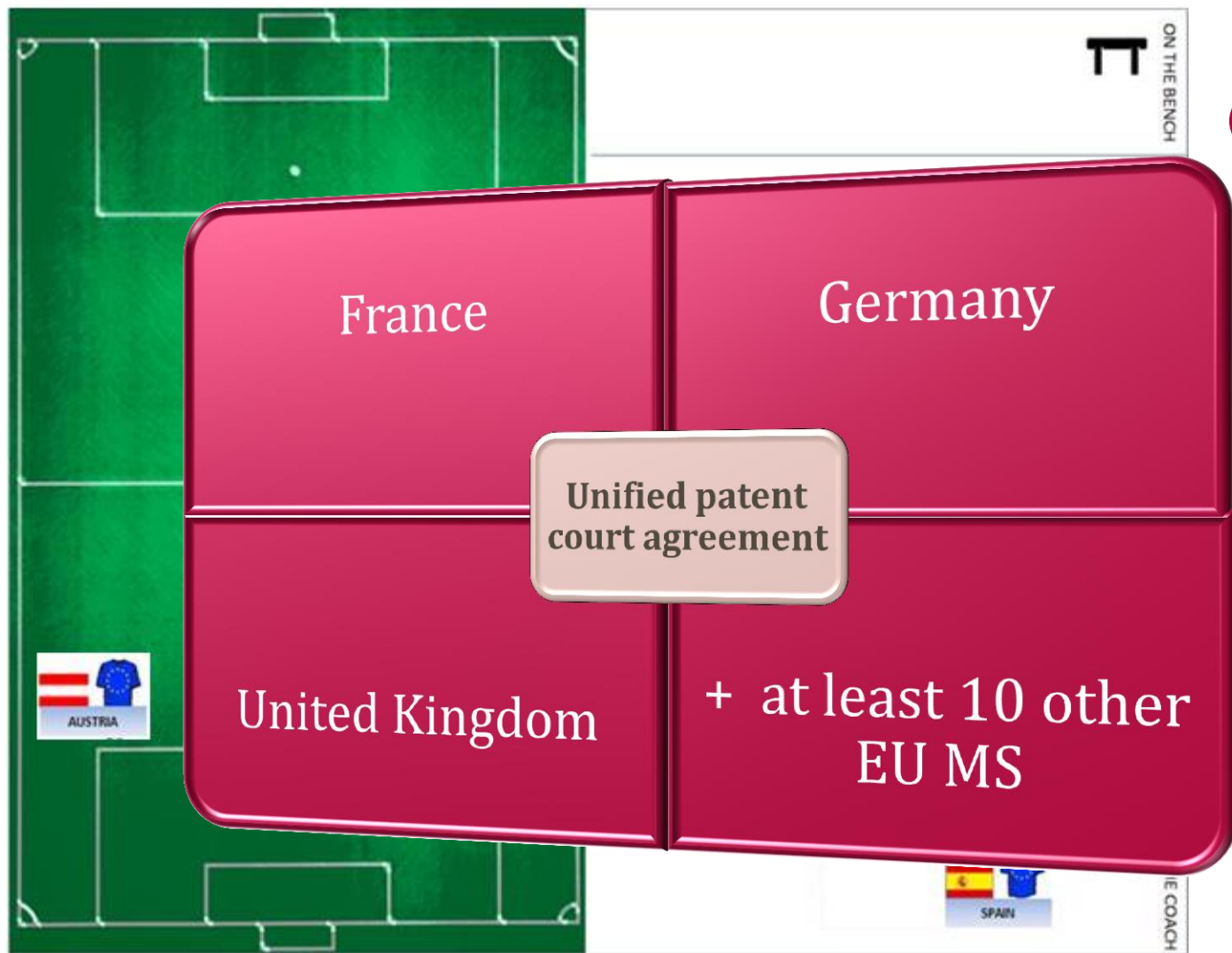
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Unified Patent Court Agreement (UPCA)

- ✓ 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**





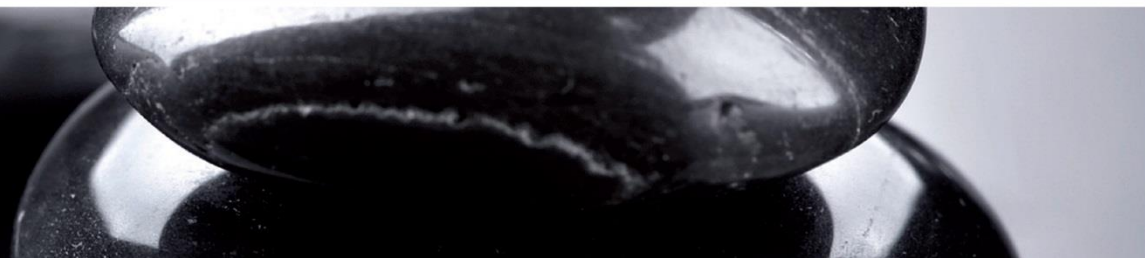
AT already in the pitch...

FR, DK, BE, MT follow

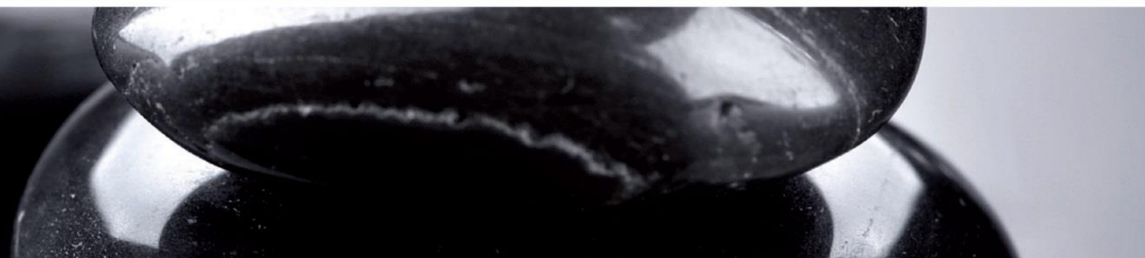
...Poland dropped out

Unified Patent Court Agreement (UPCA)

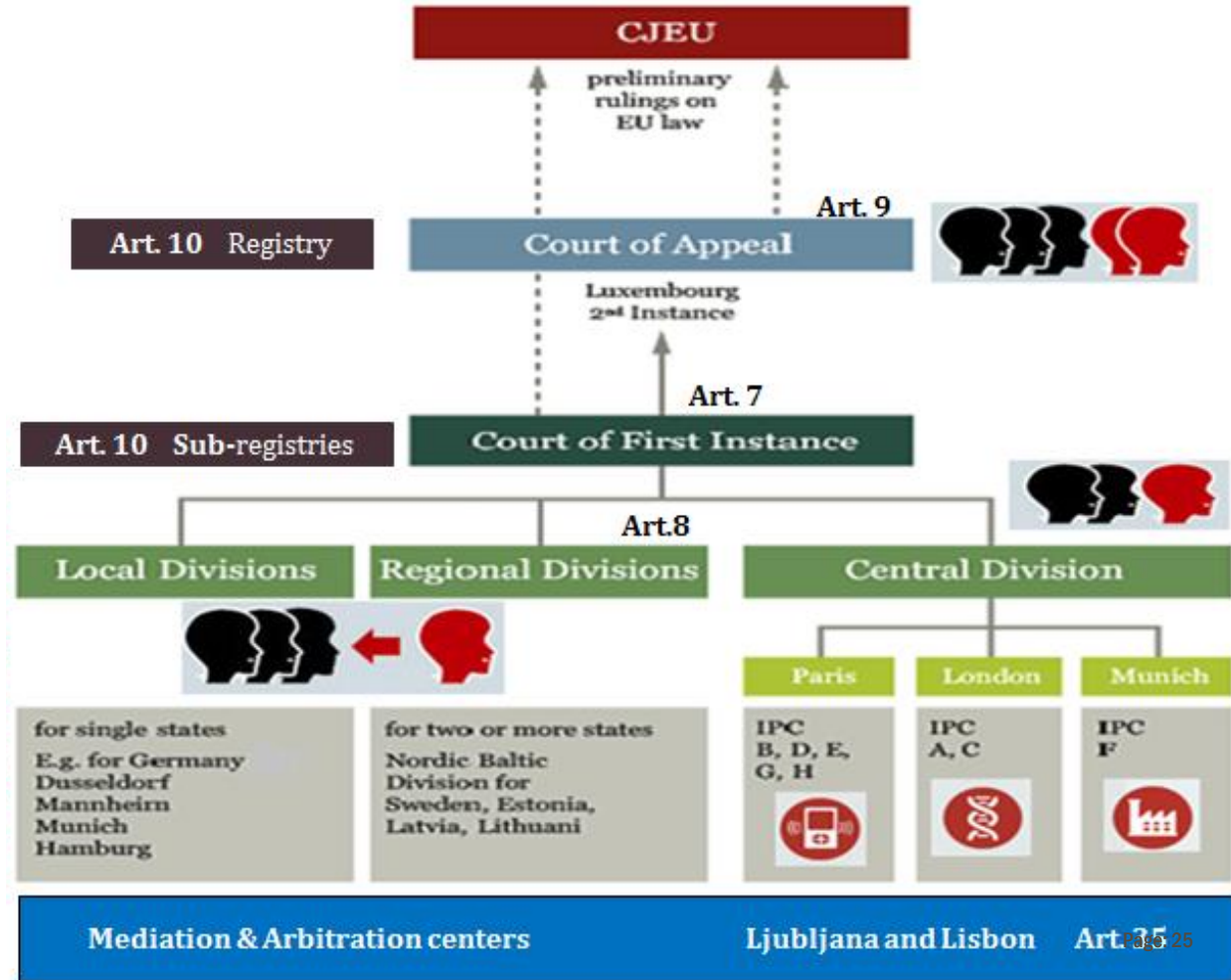
- ✓ To benefit the unitary effect PMS shall ratify UPCA **Art. 18 (2) Regulation (EU) 1257/2012**
- ✓ Shall enter into force on the 1st day of the 4th month after deposit of the 13th instrument of ratification or accession including DE, FR and GB according to **Art. 84**
- ✓ “Likely entry into force 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



 Legally qualified judge
 Technically qualified judge
Training center for judges in Budapest
Art. 19, 38 & 39

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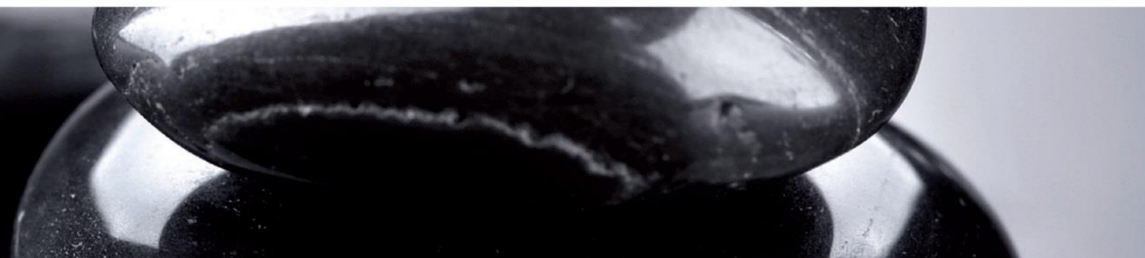


Court's exclusive competence

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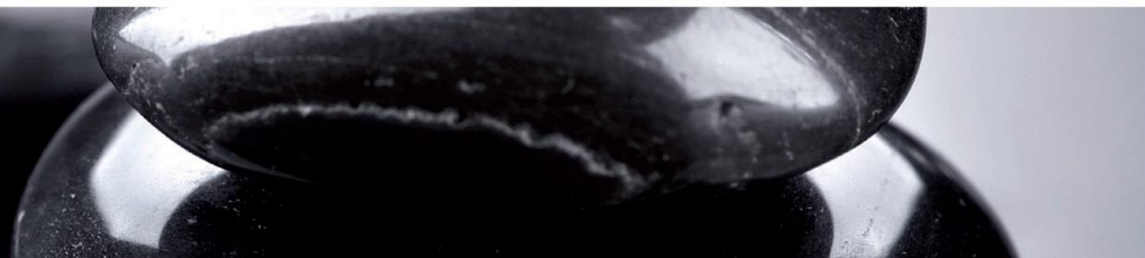
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Competence (Art.3)

- European Patents with Unitary Effect
- European Patents without Unitary Effect
- European Patent Applications
- SPC's (Art. 30 UEPC)
-

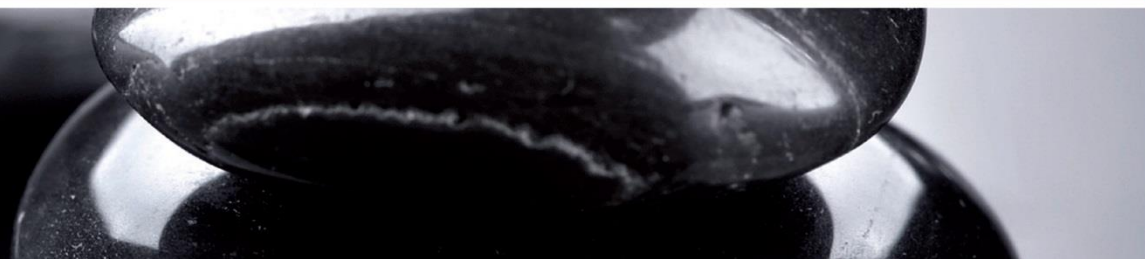


The SPC Question:

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

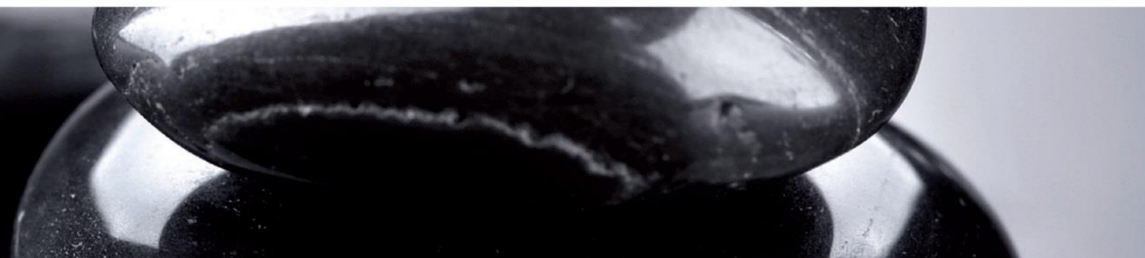
Taken at face value would mean that all SPCs, whether in relation to a national patent, Relevant EP, or Unitary Patent, fall under the jurisdiction of the UPC. However, Article 3 of the Agreement clarifies that the Agreement shall apply to **any SPC issued for a "patent"**. "Patent" is limited to a Relevant 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)

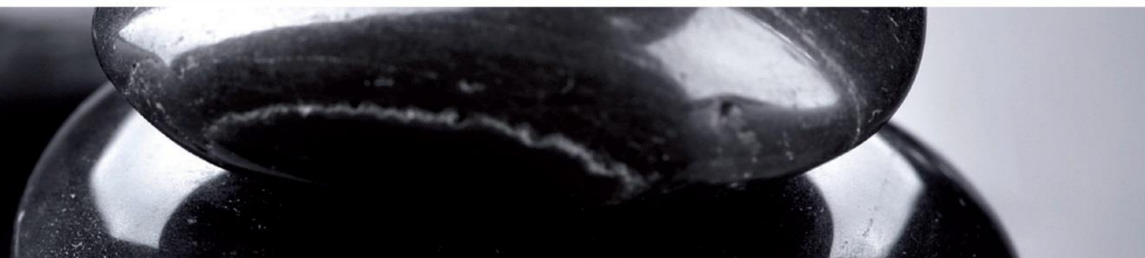
- ✓ Exclusive competence of the court under **Art. 32 (1)**, actions for:
 - ✓ (a) threatened/actual infringements and related defenses including counterclaims for licenses
 - (b) declaration of non-infringement
 - (c) provisional and protective measure as well as injunctions
 - (d) revocations
 - (e) 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**



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

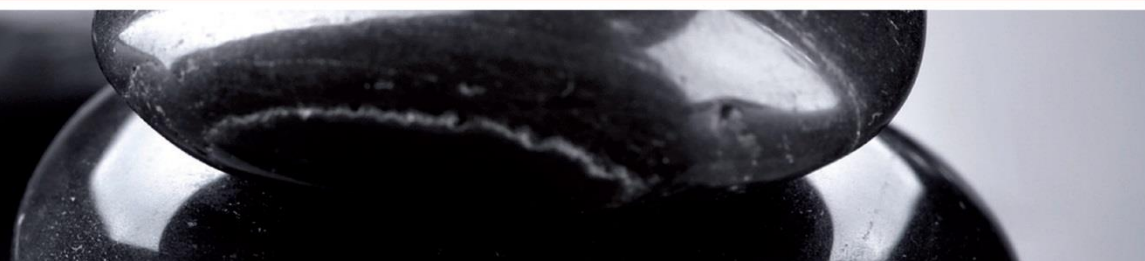


Unified patent court agreement (UPCA)

- ✓ 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

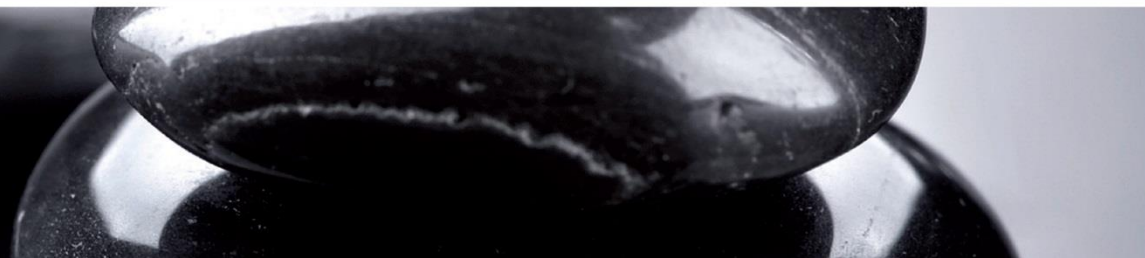


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Court		Languages	Arrangements
1st instance Art. 49	central (6)	patent as granted	
	local (1)	state hosting division	*CMS hosting division can decide on one or more of the official languages of the EPO (English, German or French) (2) *patent as granted (3)
	regional (1)	settled as official language by MS hosting division	
Appeal Art. 50 (1)		same as court of 1st instance	*language of patent as granted (2) *another official language of CMS for whole/part of proceedings in exceptional case (5)



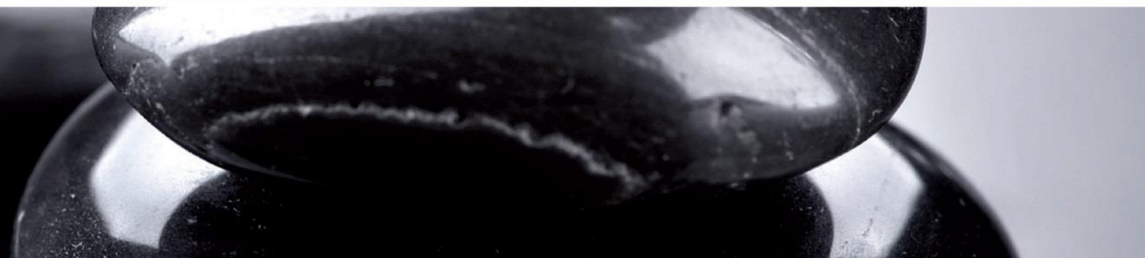


Power of the court

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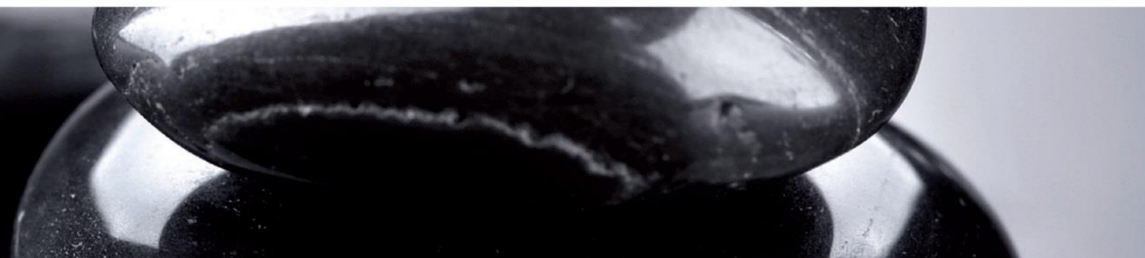
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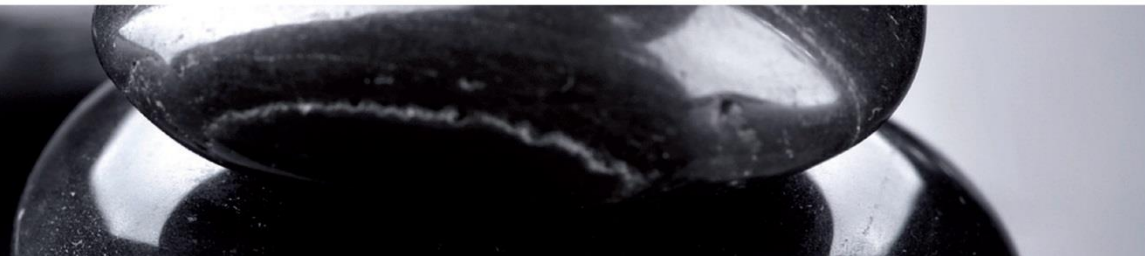


✓ Court's power :

- 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

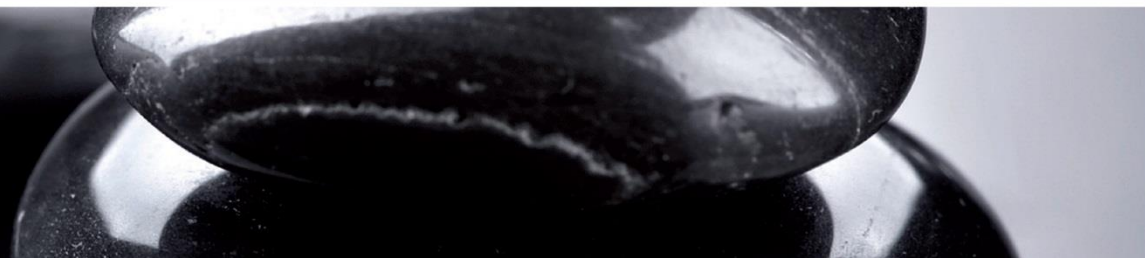


✓ Appeal **Art. 73**

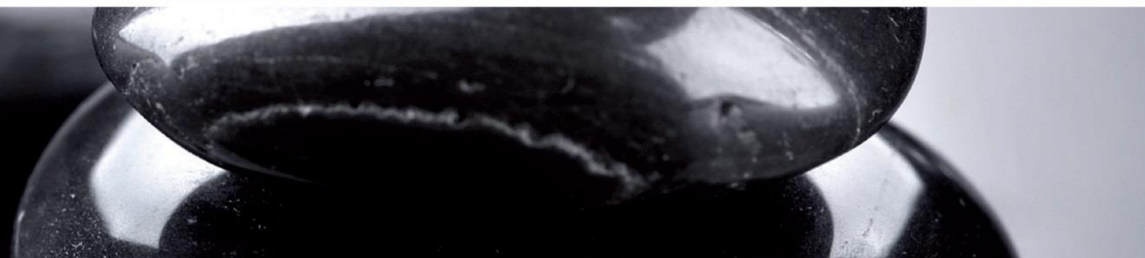
- **Within 2 months** after final decision of Court of first instance (CFI) **(1)**
- **Within 15 calendar days** after order of CFI **(2)**
- Based on points of law and matters of fact **(3)**
- New fact and new evidence may be introduced according to Rules of Procedure (RoP) **(4)**

✓ 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 suspensive effect unless decided otherwise **(2)**
- ✓ Enforcement of decisions & orders **Art. 82**
 - Enforceable in any CMS **(1)**



Transitional provision

-Opt-out

**National
courts**



UPC



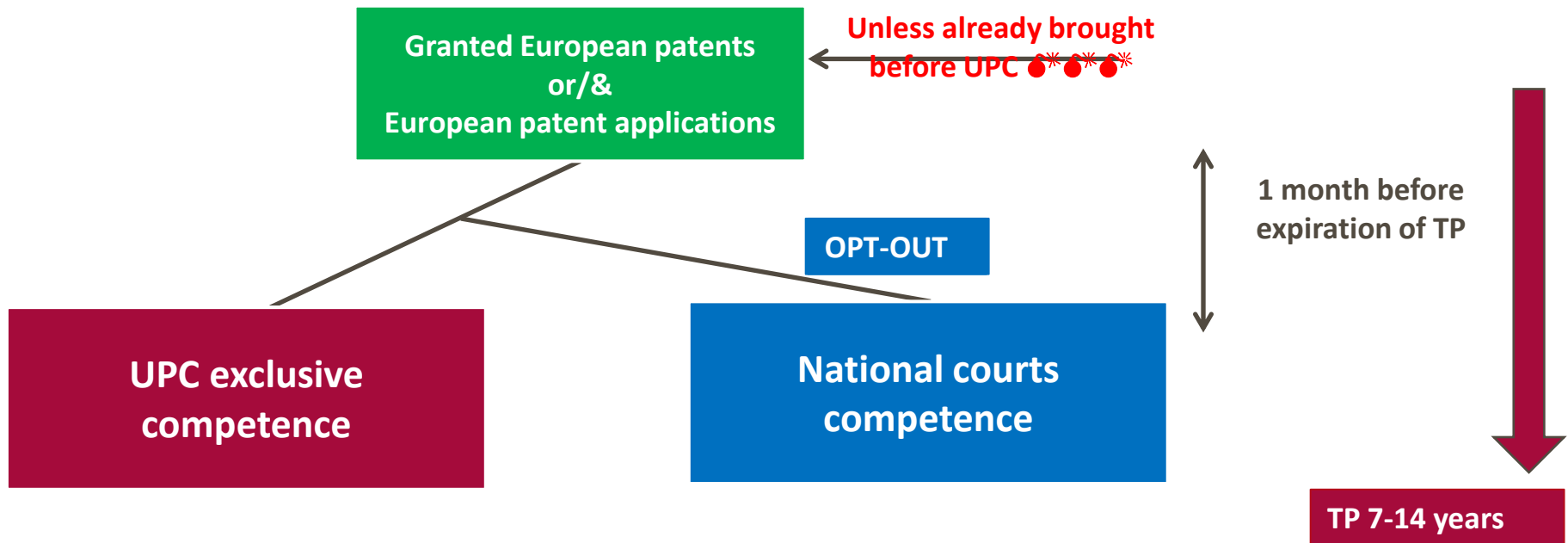
-Opt-in

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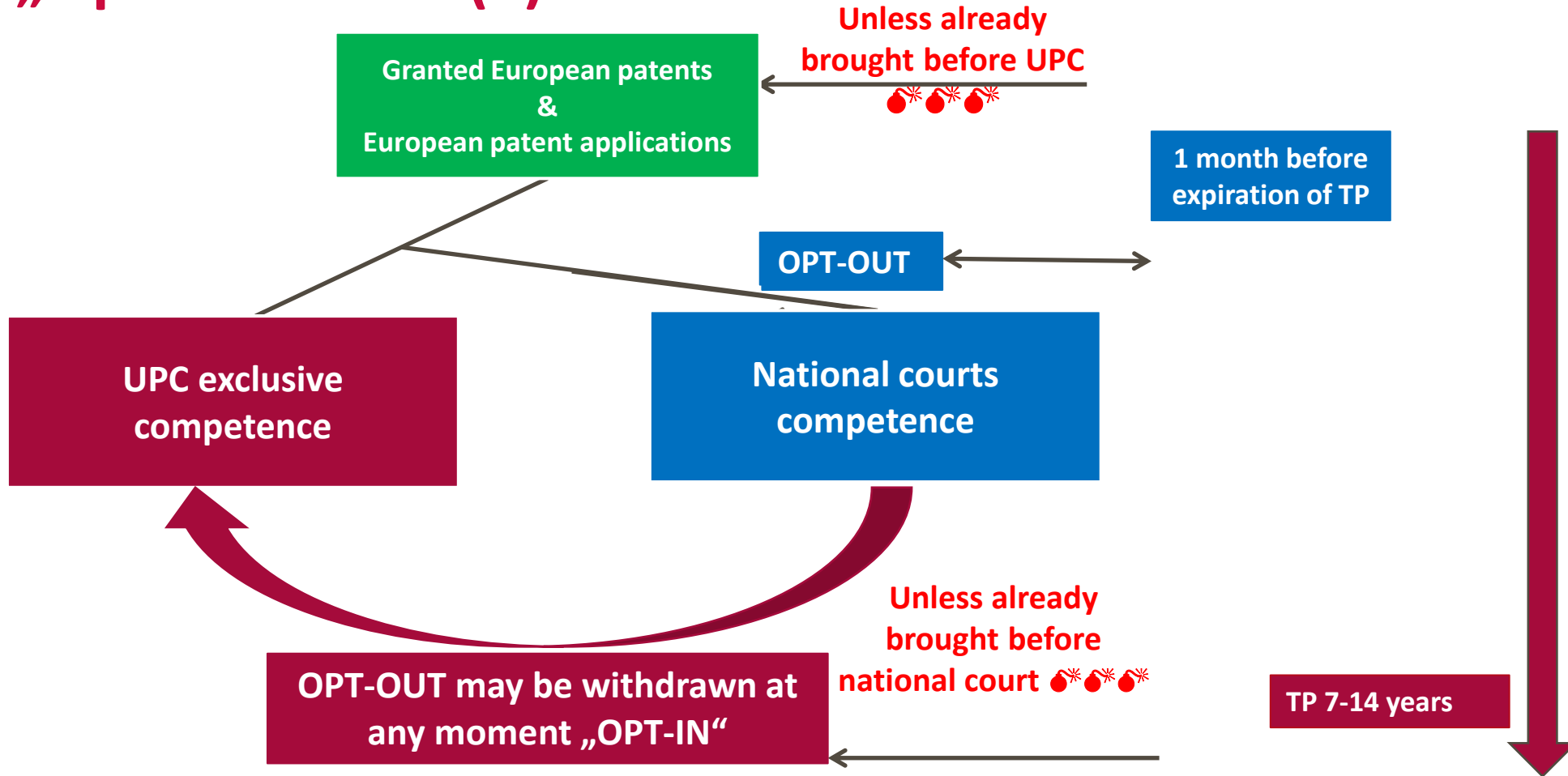
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✓ Transitional period (TP) Art. 83

- 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

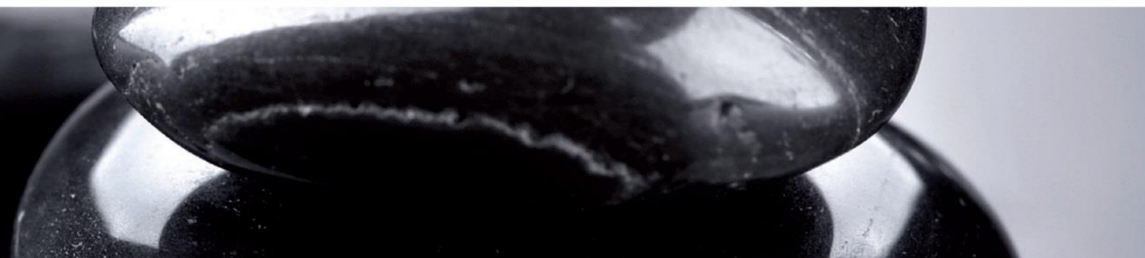


„Opt-out back“ (3)



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“



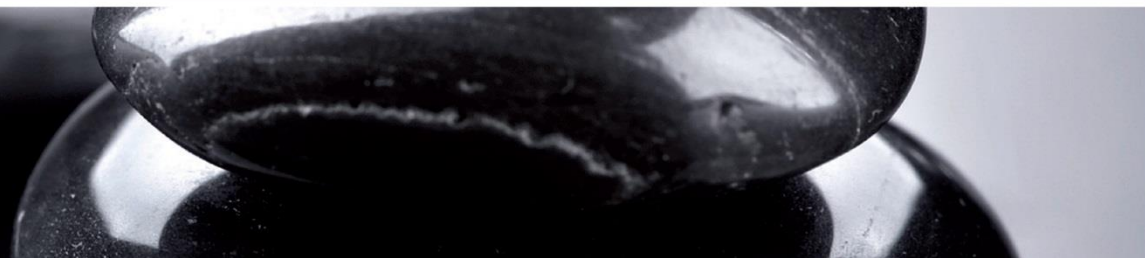
Transitional Period – Risks

- 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).

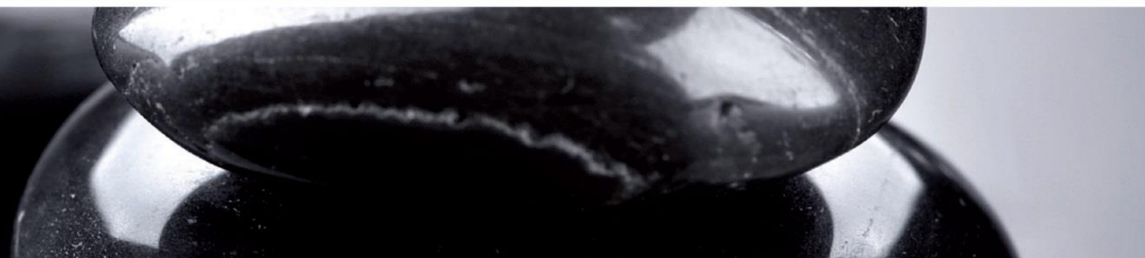
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/jha/142493.pdf

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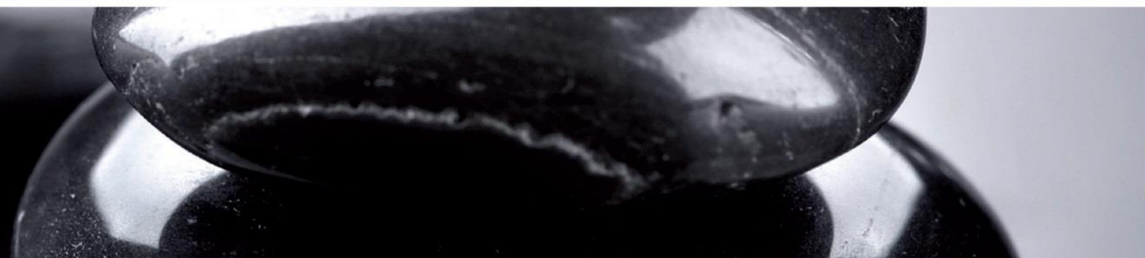
Transitional Period – Risks - Suggestions

- 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 matrix of EU patent package

SWOT Analyse 📄 📌

	Helpful	Harmful
Intern	<p> Strenghts 📄</p> <ul style="list-style-type: none"> One single application ⊕ One single court Unitary protection One single prosecution/renewal fee 	<p> Weakenesses 📄</p> <ul style="list-style-type: none"> Court competency & uniformity Fees unknown Translation machines Time required for entry into force
Extern	<p> Opportunities 📄</p> <ul style="list-style-type: none"> Reduction of European patent prosecution/litigation costs Harmonization of IPRs Legal certainty Secure IM 	<p> Threats 📄</p> <ul style="list-style-type: none"> Single jurisdiction if unsuccessful Opt- out procedure/fee (punitive fee) Business uncertainty ⊖ Reliability on UPC

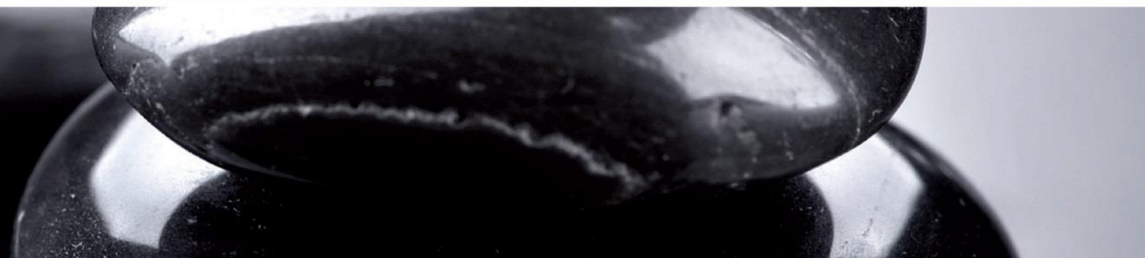
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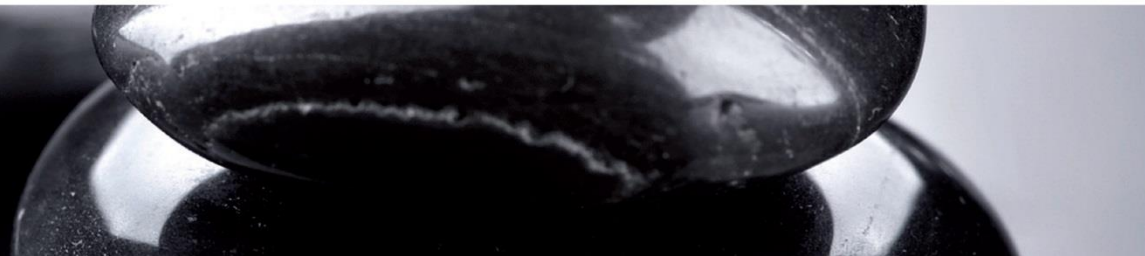
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Conclusion & Take-away

- ✓ 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

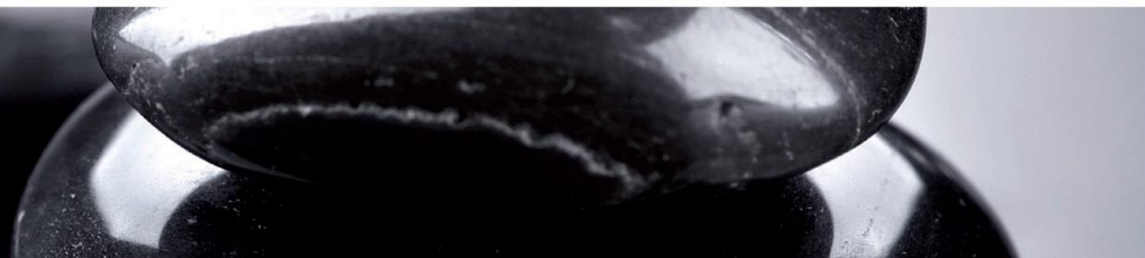


THANK YOU FOR YOUR ATTENTION.



Links

- ✓ EPO website : <http://www.epo.org/law-practice/unitary.html>
- ✓ Regulation 1257/2012 :
✓ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:361:0001:0008:EN:PDF>
- ✓ Regulation 1260/2012 :
✓ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:361:0089:0092:EN:PDF>
- ✓ Unified patent court : <http://www.unified-patent-court.org/>
- ✓ EU Commission
http://ec.europa.eu/internal_market/indprop/patent/ratification/index_en.htm





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