European Patent Landscape: Status Quo

<table>
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<th>Grant</th>
<th>Enforcement</th>
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<td>National Patents</td>
<td>Actions on national level</td>
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<td>European Patents</td>
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European Patent Landscape: Future

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<td>National Patents</td>
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<td>European Patent</td>
<td>Actions on national level</td>
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PATENT LITIGATION IN EUROPE

3 | UPC Crash Course – Overview and Status (December 2021)
Enhanced European Patent System

- **European Patent with Unitary Effect (UP)**
  - Applies when UPCA enters into force
  - To MS where UPCA is in force at the time of registration
  - *Moving target*

- **Unified Patent Court (UPC)**
  - Entry into force / 3 months after ratification by 3 + 10 MS
  - Hears actions relating to:
    - UPs
    - (normal) EPs
    - SPCs

**EU-Regulation 1257 2012**

- **UPCA Agreement on a United Patent Court**
- **PPA Protocol on Provisional Application**

**International treaties**
A Long and Bumpy Ride
Germany’s Ratification Drama

- March 2017: Parliament passed ratification bill
- February 2020: Constitutional court repealed bill for lack of required 2/3 majority of all of its members
- November/December 2020: Parliament passed the identical bill with required majority
- June 2021: Constitutional court rejects requests for preliminary measures based on fresh constitutional complaints
- Path for DE ratification free.
Art. 89 requires ratification by 13 Member States, „including the three Member States in which the highest number of European patents had effect“

- France
- Germany
- UK, Italy

Ratified by AT, BE, BG, DK, EE, FI, FR, IT, LT, LU, LV, MT, NL, PT, SI

Germany has passed, but not yet deposited, the ratification bill („gate keeper“)
UPC needs legal personality *before* opening (for having judges, buildings, infrastructure, rules of procedure etc)

- No sunrise or preparation period provided for in UPCA; “hard” entry after ratification by Germany

- **Protocol for Provisional Application (PPA or PAP)**

- Ratification required by 13 member states, “including Germany, France and the United Kingdom”
Ratification Status: (PPA)

- **PrepCom:**
  - “Authentic Interpretation” (context/purpose/objective)
  - “UK” means one of the three member states with the highest number of EPs (like Art. 89 UPC), i.e. Italy
  - No objection from MS in PrepCom

- Ratified by 12 MS (FI, FR, SE, LU, DE, DK, NL, IT, EE, BE, BG, SI)

- AT’s parliament has passed the ratification bill, only formal steps missing (signatures of president and chancellor; publication in the Fed. Gazette)

  ➢ **The Provisional Application Phase has almost started!**

  But then, who knows....
PPA ratified by Austria on 2 December

8 Months ?!

Launch September 2022?

Preparation Phase

Provisional Application Phase

Sunrise Period

Entry into force

You are here

UPC ratified by „Gate Keeper“ Germany
Decisions to make before launch

➢ For which applications do you want unitary protection?
➢ For which patents and applications do you want to opt out from the UPC?
➢ Against which of your competitors’ patents would you like to launch a central attack?
Part II: The Unitary Patent

Thomas Becher
So what?

Why do I (or my clients) need to know about this?

- New opportunities and new risks
- Several transitional provisions open up options – decisions need to be made
- Choice regarding how existing and new EP patents will be litigated
- The choice of litigation drives prosecution strategies
- Impact on renewal fees and budgeting
Filing and prosecution

• No change
• The EPO will still be responsible for search, examination and grant of patents
• All key aspects of EPO practice remain unchanged, including oppositions
• The brave new world opens up after a grant decision by the EPO...
Once an EP is granted, patentee will have the choices:

1. Elect to obtain an EP patent with unitary effect (EP-UE, or UP), much like a validation and validate country-by-country outside the UPC territory

2. Forego the unitary effect and validate the patent country-by-country as we do now (Classic EP)

   • decision 1. must be exercised quickly, should thus be prepared ahead of time
Timeline for registration of unitary effect

- Term for an application for unitary effect; within 1M from the publication of mention of grant

- Translation requirement for complete text (during transitional period of at least 6 years)
  - If the procedural language is German or French, an English translation is required
  - If the procedural language is English, a translation into any official language of the EU can be submitted, e.g. Spanish, or Polish, or Czech, or Hungarian

![Diagram showing timeline for registration of unitary effect]

- **Grace period** if translation has not been filed in time (Rule 7)
  - EPO invitation to issue with a non-extendable period of one month

- **Requirements of the Request** (Rules 5, 6)
  - Same claims for all states
  - In writing in the language of the proceedings (recommended: electronic form in German / English /French)
  - Translation

- **New EPO Division: UPP Division** (Rule 4)
  - One legally qualified member
  - No additional infrastructure required (EPO legal division will wear “two hats”)

• UPP register will be set up as special part of the European Patent Register (Rule 16). Register will provide among others the following information
  • Date of decision on registration of unitary effect
  • Date of registration
  • Participating member states in which the UP has unitary effect !!!
    • Problem: territory will grow after entry into force
  • Payment of renewal fees / date of lapse
  • Transfer of rights and licensing commitments re SEPs
  • Information communicated to the EPO concerning proceedings before the UPC and before national offices / courts
  • Date and purport of the decision on validity taken by the UPC

- Payment of renewal fees (Rule 13)
  - Similar provisions as for EP applications – 6M grace period for late payment (additional fee: 50% of applicable renewal fee)
  - With how many countries one reaches break even?

- Compensation scheme for Proprietors of EP-UEs for which the application was filed in an official language other than German, English and French if these are small or medium-sized enterprises, natural persons or non-profit (Rules 8 to 11)
  - Level of compensation: 500€
Impact of Validation Choice

What difference does the choice of validation make?

- Territorial reach
- Jurisdiction for litigation
- Validation costs
  - Translation costs
- Costs for renewal fees
Pruning the EP vs. cutting the UP
Conclusion
Part III: The UPCA

Dr. Niels Hölder, LL.M.
UPCA APPLIES TO

- European Patents with Unitary Effect (UP)
- Supplementary Protection Certificates (SPC)
- European Patents (EP)
EXCLUSIVE COMPETENCE (ART. 32)

- Infringement Actions
- Actions for Declarations of Non-Infringement
- Provisional Measures/Injunctions
- Revocation Actions/Counterclaims
- Actions for Damages and/or Compensation
- Private Prior Use Actions
LIMITATIONS TO COMPETENCE

- Competence limited to territory of MS (ART. 34)
- No competence for compulsory license proceedings, inventorship/entitlement or license matters (except as defense)
TRANSITIONAL PERIOD (ART. 83)

- 7 years, extendable to 14
- Actions concerning ordinary EPs and SPCs can be filed with the UPC or national courts
- Patentee can exclude competence of UPC by opting-out before a nullity action is brought before the UPC
## UPC - STRUCTURE

### Court of Appeal (Luxemburg)

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<th>Court of first instance</th>
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<tbody>
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<td><strong>Local/Regional Divisions</strong></td>
</tr>
<tr>
<td>• 1 Loc. Div./per country</td>
</tr>
<tr>
<td>• + 1 per each 100 cases per year (max 4)</td>
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<tr>
<td>• Reg. Div. shared by two or more states</td>
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UPC – SEATS OF FIRST INSTANCE COURTS

**Central Division**
Paris (E-Tech), Munich (Mechanics) + x (Chemistry)

**Local Division (>50 cases)**
Dusseldorf, Hamburg, Munich
Mannheim, Milano, Paris,
The Hague: 2/1 (Host/Pool)

**Local Division (<50 cases)**
Austria, Belgium, Denmark,
Finland, Ireland, Portugal (1/2 (Host/Pool)

**Regional Division**
Nordic-Baltic regional division (Sweden, Estonia, Latvia and Lithuania) (2/1 Host/Pool)
DIVISIONS OF THE COURT OF FIRST INSTANCE

Local/Regional Division:

• Infringement Actions
• Provisional Measures/Injunctions
• Counterclaims for revocation
• Actions for Damages and/or Compensation
• Private Prior Use Actions

Central Division:

• Stand-alone revocation Actions
• Actions for Declarations of Non-Infringement
JURISDICTION MODELLED ON BRUSSELS I

• Infringement actions
  • Local/Regional Division
    • Where infringement occurs
    • Where a defendant has a place of business
  • Central Division if no defendant has a place of business in a UPCA member
  • Claimant‘s choice/forum shopping
Integration or Bifurcation

- Infringement Action
- Revocation Counterclaim

Local Division
- Decide on infringement and nullity
- Refer nullity, decide on infringement

Central Division
- Refer nullity and stay infringement
- Refer infringement and nullity with parties’ consent

- „Compromise“ between integrated and bifurcated system
- Will „German“ Division apply patentee-friendly bifurcated approach?
Integration or Bifurcation

- „Compromise“ between integrated and bifurcated system
- Will „German“ Division apply patentee-friendly bifurcated approach?
SCHEDULE (WITHOUT NULLITY COUNTERCLAIM)
SOURCES OF LAW: THE HIERARCHY (ART. 24 UPCA)

1. EU Law (including EPUE Regulation)
2. UPCA (will also apply to opted-out EPs)
3. EPC
4. International agreements
5. National law
   • Applying to UP as object of property, in particular licenses:
   • Law of the EU member where applicant first mentioned has its principal place of business,
   • If not applicable: German law
INDIRECT INFRINGEMENT (ART. 26) – WHAT IS SPECIAL?

- Supplying …
- means relating to an essential element of that invention
- **within the territory** of the MS … in which that patent has effect
- for putting it into effect **therein**

- Double territorial requirement less restrictive due to larger territory!
DEFENCES (ART. 27 UPCA) – WHAT IS SPECIAL?

- Private, non-commercial use
- Experimental use
- Acts required for *generic* marketing approvals (e.g. Art. 10 (6) of Directive 83/2001) (Bolar exemption)
- ...
REMEDIES AND ENFORCEMENT – WHAT IS SPECIAL?

Injunctions (Art. 63)
- Discretion to weigh up the interests of the parties
- Preliminary injunctions also possible
  - Uniform approach by the UPC in contrast to approach adopted in national courts across the EU which varies significantly

Damages (Art. 68)
- First method: “All appropriate aspects” including lost profits and infringer’s profit
- Second method: Licensing analogy
- Separate damages proceedings with/without interim award possible

Enforcement
- Governed by the law of the MS where enforcement takes place
  - No recognition or registration proceedings required
  - Valuable in case of several manufacturing sites (Pharma, Automotive)
EVIDENCE: WHAT IS SPECIAL?

- Witnesses/party experts
  - Written declarations required
- Court-appointed experts/court-ordered experiments
  - Can be appointed/ordered *ex officio*
- Requests for information/evidence (R. 190, 191)
  - No discovery, specification required, but possibly far-reaching
- Order to preserve evidence/for inspection
  - Can be ordered without defendant being heard
  - Can be ordered in our outside ongoing proceedings
  - Potentially *drastic improvement* of claimant’s position
Part IV: Opting Out

Thomas Becher
Conclusion
• All EPs (i.e., those national parts which are effective in UPC territory) will eventually be subject to the exclusive competence of the UPC.

• During a “transitional period” both the UPC and the national courts of a UPC country are a proper forum, each with its own body of (case) law.

• After the “transitional period”, there will be only one court to turn to within the UPC territory, the UPC, and only the law as developed under the UPCA will apply.
• Transitional Exception for EPs: Proprietor or Applicant opts out
  • The jurisdiction of the UPC is entirely removed, national courts have exclusive jurisdiction
  • National courts will then also apply national law (https://www.unified-patent-court.org/news/interpretative-note-consequences-application-article-83-upca)
• Counter-exception: An action has already been brought before the UPC
### Transitional Exception – Opting out

- **Opting out** is a mechanism which is available for a limited time, but effective for the lifetime of a patent.

- **The opt-out scheme is available for:**
  - any EP application published before the end of the 7-year transitional period, and
  - any classic EP granted before the end of the 7-year transitional period (which will start on the date of entry into force of the UPCA), and
  - the transitional 7 years may turn into 14.
Counter-exception – Blocking action

- What is required of an “action” for it to block the opt-out?

- Not clear, confusion in German version of UPC?
  - Art. 88(1) UPCA: EN, FR, DE originals of the UPCA, each of these three texts is equally authentic
  - English text: “action” – will likely include full actions and provisional measures (as does Art. 32(1) UPC)
  - German text: “Klage” – does not normally include provisional measures (but Art. 32(1)(c) UPC does)
  - French text: “action” – not quite clear (Art. 30 CPC)
The UPC – Opting out

- What is required of an “action” for it to block the opt-out?

- Action must be in respect of the patent or application and must “have been brought” (Art. 83 (3) UPCA), or “commenced” (Rule 5.7), i.e., the action must be earlier.

- Compare the date of register entry of the opt-out application with the date of receipt attributed to the Statement of claim in the action (Rule 17.4).

- Action may or may not still be pending (Rule 5.7).
The UPC – Opting out

- Opt-out not available for UPs
- Opt-out not possible if an action has already been brought before the UPC
- Applicant/Patentee must take action to opt out!
- No official opt-out fee
- The UPC will publish a list of opted-out EPs
- Only possible during transitional period

- The UPC plans to offer a “sunrise period”, allowing opting out ≥3M before UPC litigation can start

Transition period of 7 years (possibly extended)
Why is sunrise period for declaring the opt-out required?

• Because of the counter-exception: opt-out is no longer possible if an action has already been brought before the UPC
  
  • **Worst case scenario**: commercially very valuable EP patent is attacked in **central revocation action** before UPC on the day on which UPCA enters into force (“Day 1”)
  
  • The measure to prevent this is to declare the opt-out **during the sunrise period**
Where to opt out?

• Applications for opt-out are to be filed with the UPC registry (not the EPO!)

• The Applications can be submitted using the UPC’s electronic case management system.
  – A preview website for the case management system is already available (https://cms.unified-patent-court.org/login)
  – You can create a test account there!
  – Log in using your account, select “Opt out”, and enter the required information (patent number, proprietor, etc.)

• Further to the manual procedure, the UPC also will offer an interface for automatizing the opt-out of a large number of patents (see api instructions at https://www.unified-patent-court.org/documents).

• The withdrawal of an opt-out may likewise be performed using the electronic case management system.
Who can file the opt-out request?

- Co-owners must opt out jointly

- This also applies:
  - if the national parts of the EP are owned by different legal entities;
  - if the owner(s) of any SPCs is/are different from the proprietor of the underlying EP

- For each owner, a respective ownership declaration has to be included in the application for opt-out
Opt back in?

- Opting back in, *sensu stricto*, is not possible but an application to withdraw an opt-out can be made.

- Analogous requirements as for the application to opt out.

- This is possible only once.

- But another exception: The application shall be ineffective if an action has already been brought before a national court of a UPC state.
  
  - in a matter in which the UPC would have had jurisdiction pursuant to Art. 32 UPCA.
Disclaimer:
This is simplified. There are requirements and further steps not illustrated here.
Strategic considerations regarding the opt-out

• If the avoidance of a central attack is of crucial importance: Opt-out!

• “Staying in“ may be considered if simultaneous enforcement in many countries is foreseeable and required and if litigation costs are relevant.

• Depends on:
  • commercial value of the EP – yes, the crown jewels
  • Strength of the EP
  • likelihood of litigation
  • market and competitors
  • licensing strategy
Before the EPO grant decision

• “Duplicate” patent protection by filing an EP divisional application
  • but in view of G4/19 a commercially meaningless difference in features may have to be found

• Continue one as an UP, the other as a classic EP

• Seek out jurisdictions where national patents and utility models may coexist and file nationally
  • Germany has just lifted its double patenting restrictions