Patent Revolution in Europe: The Unitary Patent and the Unified Patents Court
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The existing system under the European Patent Convention

~40 EPC contracting states

Includes all 27 European Union member states

Key jurisdictions:

UK
Germany
Netherlands
France
The existing system under the European Patent Convention

- EPO
- National Offices
- Granted Patents (National)
  - Unharmonised
  - Procedurally Different
  - No common Appeal
Problems - Costs

- Prosecution
- Maintenance Fees
- Validation/translation
- Multiple Litigation Costs
Problems - Differences

• Same facts, different judgements
• Procedures
• Speed
• Forum shopping
• Result?
Differences lead to…
In a Perfect World, well Europe…

• Single designation for EU at EPO
• Single court system for EU
• Judges with technical expertise
Further Wishes
The EU Patent Package – the solution?

1. Unitary Patent Regulation
   - Patents granted by the EPO may take effect, within participating EU member states, as a unitary patent

2. Language Regulation

3. Unified Patent Court
   - Decisions effective throughout participating Member States
   - Exclusive jurisdiction for all infringement / revocation cases for existing and new EPs (including unitary patents)
   - Appeals determined by judges with patent law expertise
   - Subject to transitional provisions (opt out regime)
40 years in the making…

1973 European Patent Convention
1975 Community Patent Convention – never ratified
1999 Draft European Patent Litigation Agreement (EPC member states)
2000 EC proposal for Community Patent Regulation and London Agreement
2008 Draft agreement for Unified Patent Court and draft EU regulations for Unitary Patent and translation arrangements
2011 “Enhanced cooperation” procedure adopted no final agreement
2012-14 Final drafts published and ratification begins-2017?
Who’s in – and who’s out?

24 EU member states (out of 27) are IN

Spain, Poland OUT... for now

IT IN for court, OUT for Unitary Patent... for the moment (though EPO counting as IN).
1. Unitary Patent - Structure

Same grant procedure as for a classical European patent

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*) The EPO delivers its search reports, including written opinion on patentability, in less than 10 months on average, and in less than 6 months for Euro-direct applications.

Where European patent is registered with unitary effect, the European patent will be deemed by participating Member States not to have taken effect as a national patent.

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Applying for a Patent - What are your options?

1. European patent with unitary effect

Renewals will be based on “Top Four” renewal costs (DE, FR, GB, NL)

2. European Patent – not opted out from UPC

3. European patent – opted out from UPC

4. National patent from national patent offices
Article 5 (Uniform protection)

1. The European patent with unitary effect shall confer on its proprietor the right to prevent any third party from committing acts against which that patent provides protection throughout the territories of the participating Member States in which it has unitary effect, subject to applicable limitations.

2. The scope of that right and its limitations shall be uniform in all participating Member States in which the patent has unitary effect.

3. The acts against which the patent provides protection referred to in paragraph 1 and the applicable limitations shall be those defined by the law applied to European patents with unitary effect in the participating Member State whose national law is applicable to the European patent with unitary effect as an object of property in accordance with Article 7. [Essentially residence or place of business of applicant on date of application. No residence, DE law.]

4. In its report referred to in Article 16(1), the Commission shall evaluate the functioning of the applicable limitations and shall, where necessary, make appropriate proposals.
2. Language Regulation

Transition

- EN, FR, DE (Claims all 3)
- For 6-12 years will need to translate into a further EU language

Post-Transition

- Only if dispute
- Court/infringer request (into language of court)
- cost borne by proprietor
3. Unified Patent Court: Effects

- Decisions effective throughout participating Member States
  - Exclusive jurisdiction for all infringement / revocation cases for existing and new EPs (including unitary patents)
- Subject to transitional provisions (opt out regime)
3. Unified Patent Court – Jurisdiction

Exclusive jurisdiction over:

i. European patents with unitary effect;

ii. All non-unitary European patents in member signed up to the UPC (opt out available)

iii. All non-unitary EP applications (opt out available)

iv. All SPCs (opt-out available)
3. Unified Patent Court – Structure

- European patent & European patent with unitary effect

- Court of First Instance
  - Infringement actions
    - Local or Regional Divisions
  - Revocation actions
    - Central Division

- Court of Appeal
  - Appeal on Matters of Fact and Points of Law

- Court of Justice of the EU
  - Preliminary Rulings on EU Law
3. Unified Patent Court – Central Division
Thank you!

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Patent Revolution in Europe
Unitary Patent and
Unified Patent Court

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Alban Kang
Patent litigation in Europe - current

- European Patent Convention
  - 38 member states
  - 28 European Union member states
  - Central patent application procedure
  - CJEU 13-7-2006, C-539/03, *Roche vs Primus & Goldenberg*:
    - Granted patents are subject to the laws of the countries of registration, and so are claims for infringement
  - Article 24 section 4 Brussels I Regulation 2012:
    - Validity exclusive jurisdiction of each country of registration
- No unitary patent right
- 38 countries to litigate in
- 38 national laws apply to infringement and validity
Unitary Patent Package covers 418,000,000 consumers in 1 European jurisdiction

Current exceptions:
- Croatia (will join)
- Poland
- Spain (CJEU judgment: 5-5-2015)

= has ratified UPC Agreement
Patent litigation in Europe - future

• **3 options for patents**
  • Traditional European patent, validated in countries of choice
  • European patent with Unitary effect, 25 EU member states
    • + option for traditional EP in remaining 14 countries
    • Poland and Spain currently do not participate
    • Croatia will join later
  • National patents

• **New litigation system**
  • Unified patent court, 25 EU member states
    • Unitary patents
    • Traditional European patents (not opted out/opted in again)
  • National courts
    • Traditional European patents (opted out + during transitional period)
    • National patents
Choice of court system

• Patent portfolio
  • Unitary patent → UPC  
  • Traditional European patent → UPC or national courts  
  • National patent → National courts

• Block central attack for traditional EP
  • Patent owner → file opt out  
  • Third party → action at UPC to block opt out

• Lis pendens rules
  • Seize UPC first → blocks national courts  
  • Seize national court first → limits UPC
Unified Patent Court – preferred?

- Single court for 25 countries, 418,000,000 consumers
  - USA 318,000,000  Japan 127,000,000
- Easy to understand – for litigants
  - 1 system, 1 law – no shattered national law anymore
  - US and Asian companies will prefer UPC – and maybe Europe
- Easy to valuate – for investors
  - 1 system – especially Unitary Patent is clear
- Experienced judges – certainty & predictability
  - Best judges from 25 countries, strong focus on patent law
- Clear procedure, result in 1 year
  - Autonomous substantive & procedural law
  - Clear deadlines, strong case management by UPC
Advantages of the new system

• A patent for 25 countries
  • For the price of validation in 4 countries
  • No need to guess where future market will be: covers all
  • Easier to valuate, easier for investors
  • No need to clear the way country-by-country

• Effective but balanced enforcement at the UPC
  • Works for Unitary Patents and traditional European patents
  • Enforcement in efficient court with specialized judges
  • No need to go to court country-by-country
  • No need to go to inexperienced courts
  • 25 countries for the litigation costs of 1 – 2 countries
    • For enforcement of patent against infringement
    • To clear the way for third parties
UPC exclusivity and transitional regime

• Intention: UPC exclusive for Unitary and European patents
• Transitional regime: claimant not forced to use UPC for EP
  • UPC is exclusive for Unitary Patents from the start
  • For traditional European patents 7 years non-exclusivity
    • Actions may be brought before UPC or national courts
      • Also if patent is not opted out; for lis pendens see new Article 71c section 2 Brussels I Regulation (recast)
    • Patentee may opt out, then only national courts have jurisdiction
      • Opt out works for lifetime of the patent
      • Sunrise register at EPO prior to start of UPC
    • Patentee may opt in again at any time
      • Opt in not possible if action has been pending before national court
      • Second opt out is not possible
  • 7 year period may be extended to 14 years
Traditional EP’s: UPC vs national courts

• **Exclusive jurisdiction of the UPC – in the end**
• **Transitional period: 7 – 14 years**
  • Opt-out: national court has exclusive jurisdiction
    • Torpedo actions against opt-out and opt-in?
  • Choice UPC – national courts: infringement and revocation [83]
    • Court first seized has jurisdiction over the claim brought before that court
      • Same cause of action + same parties – exclusive jurisdiction
      • Related actions: stay by other courts optional
      • Related: so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments
      • Only the court that is not first seized can refer related case on request – national court first seized cannot refer to UPC
Opting out and opting in

• Opt-out option
  • Only available for traditional European patents
  • Preliminary register at EPO, UPC draft Rule 5.13 -> Sunrise Period
  • Be ready to file when preliminary register starts
  • Fee € 80
    • Final register at UPC
    • Sunrise register opens at UPC 1 January 2016
  • Works for the life of the patent
  • Excludes UPC jurisdiction completely for that patent
  • Not possible if action is or has been pending before UPC

• Option to withdraw opt-out (= opt in)
  • Any formal requirements?
  • Not possible if action in national court has ever been pending
  • Including actions that were finished before system came into force
  • No fee intended
Portfolio management

• Same type of patent for all inventions?
  • Easy and straight-forward strategy
  • Potentially most cost sensitive
  • Not necessarily the ideal IP right for a particular case, considering both available countries and strength of the invention

• Decision for a specific patent type on a case by case basis?
  • Optimal IP right for a particular case
  • Potentially relatively costly since detailed analysis required

• Generally same type of patent but different type if appropriate?
  • Compromise between costs and optimal protection
Strategic options for the patentee (1)

National patents

• In particular if patent is needed only in some jurisdictions

• Example: patent relevant to a product which is developed for the entire European market and not differentiating between products for different countries

European patent with unitary effect

• If patent is strong (i.e. no doubts on patentability) and if patent protection is required in all of Europe (e.g. for a pharmaceutical compound)

  **Advantage:** Injunction, including preliminary injunction (R.211 of preliminary rules of procedure) possible for all of Europe; validity confirmed for all of Europe

• Alternatively: If patentee has doubts on validity but does not wish to litigate the case in various jurisdictions
Strategic options for the patentee (2)

Traditional European patent – opting-out

- Example:
  - Patent is relevant for several jurisdictions
  - Patent is of high economic value
  - Patentee is willing to litigate in various jurisdictions
  - Patent is of uncertain validity

- Advantage: patent cannot be revoked for all of Europe in one decision

Combination of parent and divisional application, one being a traditional EP with opt-out, the other a EU patent or EP without opt-out

- Double-shoot strategy, for very important products for which patent protection in several countries is required and where the validity of the patent is unclear
What does this mean now?

• Check patent portfolio strategy
  • Possibility to file for unitary effect in the near future
  • Prepare strategy for opt-out (or not)
  • Review licence agreements

• Consider future litigation strategy
  • Where to enforce: UPC or national courts?
  • Can I clear the way centrally
    • Central attack on validity
    • And how to prepare for that

• Talk to investors
  • New opportunities, new challenges
Structure of the Unified Patent Court

- **Court of First Instance**
  - **Central Division**
    - Seats: Paris (electronics – classes B, D, E, G + H), London (life sciences – classes A + C) and Munich (mechanical engineering – class F)
    - Locations vary, but judges are the same!
  - **Regional divisions**
    - Countries cooperating to form a division
  - **Local divisions**
    - Countries that set up their own division (max 4 per country)
    - Local division ≥50 cases: 2 local judges, otherwise 1 local, rest pool judges
    - Experienced patent judges form the majority of initial ±80 legal judges
    - Thoroughly trained new judges with keen interest in patent law

- **Court of Appeal**
  - Seat: Luxemburg

- **Registry**
  - Seat: Luxemburg
Language of proceedings

• **Statement of claim in language available at division**
  - Maybe language of defendant, otherwise translated
  - Language of Statement of Claim is language of further proceedings
  - Judge Zigann: President CFI may *always* change it to patent language
  - Even if that is not a language of the division!

• **Local and Regional Divisions may designate**
  - Official languages of the country of local division
  - Designated official language(s) of region
  - Designated EPO language(s) – most choose English

• **Language to be used if more than one available**
  - Claimant may choose, but...
  - National language or even language of the defendant’s region if infringement only in country where defendant is based
  - English limited: defence and judgment possible in national language
    - Düsseldorf wants it, Munich and Mannheim do full English litigation
Local & Regional Divisions & language

• Local divisions
  • London – English
  • Düsseldorf, Munich, Mannheim, Hamburg – German & English
  • Paris – French & English
  • The Hague – Dutch & English
  • Brussels – Dutch & French & German & English
  • Milan – Italian
  • Helsinki – Finnish, Swedish & English
  • Copenhagen – Danish & English
  • Dublin – English
  • Vienna – German
  • Ljubljana – Slovenian & English?

• Regional divisions
  • Nordic: SE, EE, LT, LV – Stockholm – English
  • Hungary, Croatia, Slovenia - Hungarian, Croatian, Slovenian, English?
  • Czechoslovakian division: CZ, SK
  • Southeast: RO, BG, CY, GR – Regional & English & French

• Central division: LU, MT (PT undecided)
Conclusions

• English is the main language, but cannot always be achieved
• Procedure moves fast in well-defined stages
• Thorough case management by judge-rapporteur
• Take time to prepare well
  • But defendant normally has only 3 months
• There will be cross-examination
  • But probably in separate hearings before trial hearing
• Case is better prepared at start of trial hearing
  • Focus on presentations by parties – may be done in 1 day
• State of the art representatives with true focus needed
How to prepare for UPC litigation

• Be prepared for UPC to open
  • Review portfolio – divisionals, Unitary Patents, opt-out
  • Review licence & cooperation agreements – choice of law
• Be prepared to start litigation
  • Choice of division
  • Choice of language
  • Prepare all necessary evidence
  • Get a good team
  • Prepare for online filing
• Be prepared to defend yourself
  • You get just 3 months to file your defence & counterclaim
  • In the division & language chosen by the claimant
Act now!

• System probably goes live 2016
  • Build suitable portfolio now
    • Apply for divisionals (decide now!)
    • Keep one pending to be able to apply for unitary effect
  • Review existing portfolio
    • Bird & Bird to develop tools now!
  • Prepare to opt-out when sunrise register opens (mid 2015?)
    • Third party may launch pre-emptive strike
  • Review licence agreements
    • Exclusive licensee may enforce without patentee’s permission, unless licence provides otherwise
    • Non-exclusive licensee may not, unless licence provides otherwise
    • Choice of law necessary for non-EU based proprietors
      • Otherwise German law applies (Art 7 UP Regulation)
    • Will apply to existing licences
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