

The Patent Lawyer

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GLOBAL REACH, LOCAL KNOWLEDGE

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The right balance

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PLUS

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- Contested proceedings in the US
- Europe's new patent system
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- Examination practice in South Africa



On the verge...

Europe's new patent system will create a single patent and litigation system for the region. Wouter Pors reviews key aspects of the Regulations.

After almost 40 years of preparation, Europe will finally get a unitary patent and a unified court to enforce it. This will allow for one patent application, resulting in a uniform right throughout most of Europe, which can be enforced through a brand new court at the European level.

The new Unified Patent Court (UPC) offers the opportunity to cover 25 countries in one action. This may be cost effective and it offers the opportunity to cover countries where you normally would not want to litigate, for instance because the outcome is not very predictable or because the system is slow. Finally a territory with more inhabitants than the US becomes one jurisdiction for patent litigation. The downside of course is that your patent can also be invalidated for 25 countries in one action. However, for a transitional period of seven and maybe even 14 years, the new system will exist in parallel with the traditional system of litigation in national courts.

The relevant Regulations which provide for a single Unitary Patent were adopted by the European Parliament in December 2012, whereas the Agreement that will set up the court system was signed on 19 February 2013. Provided the agreement will be ratified by at least 13 states in time, unitary patents and their enforcement will become available early in 2015.

The court will have local divisions in at least those countries that are experienced in handling patent litigation, regional divisions for other countries and also a central division. There will be one Court of Appeal. The role of the Court of Justice of the European Union has been limited as far as possible.

Of course, national patents will remain an option even after the transitional period and those will remain subject to the jurisdiction of the national courts. Thus, patentees will need to make careful decisions regarding their prosecution strategy, which may include filing divisionals to be able to have unitary and traditional European patents

in parallel, as well as applying for national patents. Our firm can provide strategic advice at an increasing level of detail as the implementation progresses in the course of 2013 and 2014.

Unitary Patent Regulation

The Unitary Patent Regulation provides for the grant of so-called Unitary Patents – officially named “European Patent with Unitary Effect” – which will have effect throughout the EU, for now with the exception of Italy and Spain (and currently also Poland). The prosecution will be handled by the European Patent Office (EPO) and is the same as for the current European patents. Within one month of grant, a request for unitary effect can be filed with the EPO, which will be entered in a special register. The Unitary Patent will provide uniform protection in all the participating Member States, currently 24 until Poland signs up and later maybe Italy.

Scope of protection

The scope of protection of Unitary Patents is not governed by the Regulation itself, but by the UPC Agreement. The purpose of this solution is to offer uniform protection throughout Europe, separate from the quirks of national law, but with the exclusion of the jurisdiction of the Court of Justice of the European Union (CJEU). Due to the achieved solution, unitary patents will be exclusively adjudicated by judges specialized in patent law.

Whether the CJEU will be effectively kept out of the system completely remains to be seen. It will of course retain jurisdiction for EU instruments of law, such as the Biotech Directive.

Characteristics

An important advantage of course is that only one renewal fee has to be paid each year to the EPO, instead of the national renewal fees that are due for traditional European patents. The level of those renewal fees still needs to be decided by the EPO Select Committee; this will probably happen in late 2013.

Thus, industry will have the option of applying for a Unitary Patent, a European patent – and subsequent registration in a selected number of European countries – or national patents. National patents are enforced in the national courts. Unitary Patents are enforced in the UPC. Traditional European patents are in principle enforced in the UPC too, but can be enforced in national courts on the basis of an opt-out declaration for the first seven or even 14 years.

Résumé

Wouter Pors, Partner and Head of IP in The Hague, Bird & Bird

Wouter is head of the IP department in The Hague and a patent litigator with 24 years of experience. He is also the secretary of the Dutch group of the AIPPI. Wouter is deeply involved in the implementation of the UPC and has written and presented on the issue extensively. He also handles a wide variety of other IP cases, ranging from trademarks to database rights, including litigation in the Dutch Supreme Court and the European courts.

Applicable translation arrangements

The second instrument is the Regulation on applicable translation arrangements, also an instrument of enhanced cooperation between 24 Member States, in which Poland, Italy and Spain will not participate (for now).

Applications for Unitary Patents and European patents are filed and prosecuted in one of the three official languages of the European Patent Convention, namely English, German or French. For a transitional period of at least six years, a translation into English shall be submitted along with applications in German and French, and a translation into German or French shall be submitted along with an application in English, but no further translations are necessary.

Where there is a dispute, the patentee will have to provide, upon request by the alleged infringer, a full translation of the Unitary Patent 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.

Agreement on the UPC

The third and probably the most important instrument is the UPC Agreement itself, which will introduce a single litigation system at European level, which will hold hearings in many cities throughout Europe. Italy does participate in this court.

The big advantage is that it is a single court with a single set of rules on jurisdiction and procedure. However, the organization of the court and the rules are quite complicated. Next to the UPC Agreement, there is an extensive set of Rules of Procedure. The current version, which is already the fifteenth draft, is the subject of a public consultation which will run until October 1, 2013.

These rules are drafted to allow for maximum flexibility to maintain a certain "couleur locale" in patent litigation. Within that flexibility, litigation in the United Kingdom may comprise cross-examination of expert witnesses as the London courts are used to, litigation in Germany may comprise bifurcation of infringement and validity claims as the German courts apply, and many other variations from country to country, some small, some major may occur.

Thus, the new system will still allow for forum shopping among all the local and regional divisions, calling for a litigation strategy within the UPC and for a considerable amount of expertise – including cross-border expertise – of the advocates involved. The expectation of the Member States is that the Court of Appeal will develop best practices in due time, which will limit local variations, but this will take time to create and will probably never result in complete uniformity.

Litigation in the UPC will provide a one-stop-shop – or two stops in cases of bifurcation of infringement and validity – for enforcement in Europe, but it will be crucial which entrance to the shop is taken. Our firm is particularly experienced in developing such strategies and is at the forefront of developing strategies tailored to the essentials of the UPC.

Organization of the Unified Patent Court

The Unified Patent Court will consist of a Court of First Instance (CFI) and a Court of Appeal. The Court of Appeal will be in Luxemburg and all hearings will be held in Luxemburg. This guarantees a uniform approach at the appeals level and thus allows the Court of Appeal to develop uniform best practices that will need to be applied by the CFI.

The CFI will consist of a central division, regional divisions and local divisions. The central division will hear electronics cases in Paris, life sciences cases in London and mechanical engineering cases

(including automotive) in Munich. The headquarters of the central division will be in Paris.

The participating countries will have to decide in the coming months whether they want to set up a local division of their own, join forces in a regional division or refer all their cases to the central division. However, it is clear that the most experienced countries such as Germany, the United Kingdom, The Netherlands, Belgium, France and Italy will have local divisions, with two national judges out of each three judge panel. The Italian local division will of course only handle litigation on traditional European patents, since Italy for now is not joining the Unitary Patent. In addition, there will be at least three local divisions, namely a Nordic, a Czechoslovakian and a Southeast division. Other countries may simply send their infringement actions to the central division.

Jurisdiction of the UPC divisions

Infringement actions shall be brought before the local or regional division of the place of infringement or domicile of the defendant. Actions against defendants who have no domicile or place of business in Europe may be brought before the local or regional division of the place of infringement or before the central division. The division first seized shall handle all cases on the same patent. This will allow for quite a bit of forum shopping.

Actions for a declaration of non-infringement and validity actions shall be brought before the central division. If a counterclaim for invalidity is brought in an infringement action, the division might bifurcate, meaning that the invalidity counterclaim is sent to the central division.

Of course, parties may also agree on a division of their choice. This is particularly interesting if an action would otherwise end up in an inexperienced division.

Infringement actions will be conducted in the language in which the defendant does its business in territory of the division addressed or in the language of the patent, if the division allows for that. At the central division it will be done in the language of the patent.

Procedure

The type of procedure for the UPC will of course be a blend of what is customary in the participating countries, but it will be an independent regime of its own. The agreement provides that it will include a written, an interim and an oral procedure, organized in a flexible and balanced manner. Technically qualified judges may be added and the court may appoint experts. Access to confidential information can be restricted by the court. Basically all instruments available to the various national courts in Europe will also be available to the UPC, including provisional and protective measures and orders to preserve evidence and inspect premises.

An extensive set of rules of procedure has already been developed by a drafting committee. As mentioned above, they allow for a lot of flexibility, but there are some general principles. This will be a front loaded procedure; all arguments will need to be included in the first written statements, including the way evidence is going to be produced. A judge-rapporteur will handle case management and make all the important procedural decisions. The trial hearing will in principle take no more than one day, but may be preceded by separate witness hearings and hearings to examine experts.

The major challenge of the system is that you may be sued in any division, where you will have three months to fully prepare your defense, possibly in a local language. Our firm is a one-stop-shop that guarantees you will be able to cope with this challenge, offering dedicated teams including litigators that know the judges and speak the language.

About Bird & Bird

Since 1898 Bird & Bird have led the way in protecting the ideas that have made some of the world's greatest companies successful.

This rich history has given us an unparalleled insight into our client's industries and, in 1998, we became one of the first law firms to organise itself around key sectors, enabling us to share our deep industry knowledge more effectively across the firm. We use our experience and insight to develop and innovate legal solutions and find new ways to advise our clients on preparing for future developments, on litigation throughout Europe and Asia and we even advise lawmakers on opportunities for the improvement of intellectual property legislation.

Our passion for the Aviation, Aerospace, Communications, Electronics, Energy and Utilities, Food and Beverage, Financial Services, IT, Life Sciences, Media and Sport sectors means that we are continuing to attract the brightest and best lawyers in these industries to work with us. They join us because the fact that our clients are continually innovating means we often work at the cutting-edge of the law to establish how legal frameworks are implemented in new situations.

Hot topic - the Unitary patent and Unified Patent Court

Anyone wishing to enforce or defend against an existing European Patent as well as a Unitary Patent will need to understand how the new system is going to work in practice, what options are available to them in terms of courts (both as regards national vs UPC as well as within the UPC system) and what filing and litigation strategies they will need to adopt in order to maximise the prospects of a successful outcome.

Bird & Bird provides education, support and guidance as to what may happen under the proposed UPC system and what this will mean for clients' businesses. With over 290 specialist IP lawyers, Bird & Bird boasts one of the world's largest IP teams, and we're trusted counsel to some of the world's most respected and innovative companies. Our dedicated patent team provides clients with a multi-lingual, unified effort, with the added benefit of insight into the various specialist patent courts in all Member States and their approach through our years of acting in the main patent courts of Europe.

Join us

Bird & Bird is hosting a reception during AIPPI on Monday 9 September 2013, at 17:30 - 21:00 at its Helsinki office:

Bird & Bird
9th Floor
Mannerheimintie 8
Helsinki

Please email marjaana.vuori@twobirds.com to book your place.

Wouter Pors and Michael Alt of Bird & Bird will be speaking at a special session on the UPC during the AIPPI Forum on Friday 6th September from 17.30.

For further information please contact wouter.pors@twobirds.com

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