THE UNITARY PATENT SYSTEM

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Main points

- Why EU did not create a Unitary Patent until now?

- The three pillars of the Unitary Patent System

- The Regulations on Unitary Patent and translation arrangement;

- Unified Patent Court
I) Why not a Unitary patent until now?


- **Community Design** (COUNCIL REGULATION (EC) No 6/2002 of **12 December 2001** on Community designs);

- Harmonization of copyright aspects;

- The European Patent is **not** a EU patent;
The European patent is **not** a **EU unitary** patent.

The European Patent Convention (EPC) – international agreement independent of EU Law;

EPO – a different **international organization** than the EU: 38 member states, comprising **all the member states of the European Union plus** Albania, the former Yugoslav Republic of Macedonia, Iceland, Liechtenstein, Monaco, Norway, San Marino, Serbia, Switzerland and Turkey.
There is no unitary European Patent

- **Centralized procedure for the grant of patents:**
  - uniform European patent law (novelty, obviousness, etc.)
  - conducted in a single language (EN or FR or DE)

- **European patent = "bundle patent"** (multiple independent national patents); post grant **national validation**:
  - **No unitary character**: possible different content/effects (same rights as a national patent – art. 64 EPC; process/product claims in pharma patents);
  - **Lack of centralized enforcement - parallel litigation** – costly; conflicting decisions; etc.
  - Translation costs;
  - Renewal fees; EP – 12 times more expensive than a US patent;
‘Bundle of patents’

Costs comparison - (EUR)

I) Grant:
EP (13 states) – 20,175;
US – 1,856;
JP – 1,541;

II) Maintain (20 yrs):
EP (13 states) – 129,183;
US – 14,556;
JP – 17,341
They did try…for 66 years…

- 1949 - Longchambon plan for a European Patent Office
- 1969 - French proposal on European patent law
- 1973 - Signing of the EPC
- 1989: Member States agree on an Agreement relating to Community patents - ratified only by DE, DK, FR, GR, LU, NL and UK
- 2000 – Commission’s Proposal for a Council Regulation on the Community patent (failed)
- 2007 - Vision for improving patent system in Europe;
- 2009 - EU achieves political breakthrough on an enhanced patent: several decisions of the Council shaping the fundamental principles; however, the EU Patent Regulation should be accompanied by a separate regulation on translation arrangements (unanimity – art. 118,2);
- June 2010 Commission’s proposal for Council Regulations on translation arrangements;
No community patent. Why?

- Tradition?
- Diverging Industrial Policy of Member States?
- Fate?
- A fundamental element specific to patents and close to the national identity?
Why: language and protection

- Trademark infringement

Design infringement

Patent:
Vive Google translate!
II) The three pillars

1) **EU Law**: EU Regulations on Unitary Patent Protection (based on Enhanced Cooperation; art. 118 + 326 TFUE; 3 CJEU decisions):
   - Regulation of the European Parliament and the Council on unitary patent protection (1257/2012 of 17 December 2012), and
   - Regulation of the Council on translation arrangements (1260/2012 of 17 December 2012)
   - Both already in force, will apply if and only when UPCA also enters into force;

2) **EPC** (art. 142 - 149) and implementing rules at the level of the EPO - Part IX of EPC - "Special agreements" (Art. 142-149) - provides explicit authorization to a group of EPC contracting states to give unitary effect to a European patent throughout their territories by means of a „special agreement”; Regulation 1257 – „special agreement”

3) **International treaty between EU member states**: Agreement on Unified Patent Court (UPC) - **NOT EU law** - Signed by 25 EU Member States on 19 February 2013; entry into force if ratified by at least 13 Contracting Member States, including DE, FR, UK (currently 7 including France);
III) Reg. Unitary Patent (1257/2012)

- Legal basis in EU Treaties: **Art. 118(1) TFEU + enhanced cooperation**;
- **Single application and examination procedure** for unitary patents and traditional European patents;
- Applicant will be able to apply **post-grant** (no later than one month after mention of the grant is published) for
  - a traditional European patent (national validation);
  - a European patent with unitary effect, i.e. a Unitary Patent (depends on the number of states ratification at the grant of the UP);
    - a Unitary Patent + a European Patent validated in other Member States (Spain; Turkey);
- **No double protection** by a unitary patent and a traditional European patent taking effect on the territories of the EU member states;
Choices for the applicants

[Diagram showing the process of choices for applicants in the European Union with options for national and EPO routes, leading to Application, Grant, EP-UE Registration, and Validation stages.]
Unitary effect and territorial scope

- **Unitary effect**: UP will have the same legal fate in all covered states (it can only be invalidates, limited, allowed to lapse with regard to its entire territory); exc.: licenses;

- **Territory**: **EPC + EU enhanced** (Poland but not Spain, Italy, Croatia) + **UPCA** (≥13, Italy but not Poland, Spain, Croatia); number of states at the moment of registration of grant – Reg. 1257, art. 18,2; **no extension** with new ratifications;

![Diagram of territorial scope]
Different sources for substantive Rules

- **EU Law - Unitary Patent Regulation:**
  - the principle of uniform protection, exhaustion (art. 6);
  - Ex- articles 6 (direct infringement), 7 (indirect infringement) and 8 (limitations of the patent) moved from the Regulation into the Agreement on the Unified Court; remains art. 5-3 which refers to the „law applied to EP-UE in the MS whose national law is applied to the EP-UE as an object of property” – a disguised reference to the Agreement; dualist states?

- **EPC:** Patentability provisions (novelty, obviousness, etc.), scope of protection, (art. 69 and Protocol on its interpretation) grounds for revocation (art. 138 EPC); exc. – biotechnological inventions – EU Directive 98/44/EC from 6 July 1988;

- **National law:** rules regarding compulsory licenses and unitary patent as an object of property; which national law – where the applicant had its residence or (principal) place of business or Germany;
Agreement on Unified Court – harmonizes not only UP but also EP?

under the EPC art. 64 – a European Patent confers on its proprietor the same rights as would be conferred by a national patent;

Classic EP – transitional period, opt-out - national courts; does harmonization apply?

- the Preparatory Committee – NO; issue for the national courts to decide;

- arguments: (1) art. 25 – 30 UPCA – „patents” which is defined as both UP and classic EP; (2) art. 24 and 56 specify that their provision apply only with regard to UPC; not so in art. 25 – 30; (3) art. 83 – only opt aut from the competence of the UPC, not from entire UPCA;
Substantive Patent Law in UPCA

- **Direct infringement** (art. 25) - differences between European courts:
  - **Making** (re-making vs repairing – *trading circles*: yes Germany vs no UK);
  - **Offering** (*advertisement before expiry* of UP promoting sale after expiry – infringing in Germany vs no UK);
  - **Placing on the market** (supply infringing product outside MS *knowing it is destined for MS*: infringing in Germany vs no UK);
  - **Storing** (UK – with proprietary interest, no *qualified purpose* (regardless whether is done for any other restricted activity); Germany – qualified purpose, not proprietary interest);

- **Indirect infringement** (art. 26) – any third party infringes a patent indirectly if it supplies a person in a particular country with *“means relating to nan essential element of the invention”* for unauthorized use of the invention in the country concerned;

- **Limitations** (art. 27), **rights of prior use** (art. 28); **SPC** (art. 30);
Language arrangements - Reg 1260/2012

- **Builds on EPO language regime:** no further translations after grant;

- **Transitional measures:** during a period of up to 12 years evaluation of the availability of high-quality machine translation; manual translation still needs to be available (from DE or FR to UK; from UK to any other official EU language (80% of patents));

- **Reliance on high quality machine translations:** for both applications and specifications; to be available for free in all EU official languages; **for information only** (no legal effect)

- **Protection of good faith infringers** (art. 4.4 of Reg. 1260): „In the event of a dispute concerning a claim for damages, the court hearing the dispute shall assess and take into consideration (...) whether the alleged infringer acted without knowing or without reasonable grounds for knowing, that he was infringing the UP **before having been provided with the translation referred to in paragraph 1**.”
IV) Unified Patent Court

- A specialized patent court common to the participating EU Member States (including Italy; not - Spain, Poland, Croatia) dealing with disputes relating to
  - classical European patents and
  - Unitary Patents (European patents with unitary effect);

- **Only for EP - transitional period and opt aut:**
  - Within a transitional period of 7 (+7) years, proceedings – only infringement and revocation (!) - related to EP may still be initiated before national courts
  - Holders of European patents granted or applied for prior to the entry into force of the Agreement may opt out from the regime (notification of the Registry)

- **Three levels of Rules:**
  - Agreement UPC (general rules and principles);
  - Statute of the Court (annexed to the Agreement) – more detailed;
  - Rules of Procedures - most detailed; (17th draft).

- The Court cannot fall back on general rules of proceedings of the Contracting Member States; however – for enforcement, national rules apply;
Structure of the court

- **Partially decentralized first instance (CFI)**
  - local divisions (0-4 per MS, min. 100 cases per year for a 2nd one); 4 – Germany;
  - regional divisions
    - upon agreement of at least 2 States;
    - Scandinavian and Baltic states; Romania, Bulgaria, Greece, Cyprus;
    - *local+regional*;
    - disadvantage for Regional Courts (art. 33 (2) sentence 2 UPCA) – „regional torpedo”.
  - central division (exclusive jurisdiction for certain cases):
    - **London** (human necessities + chemistry/metallurgy);
    - **Munich** (mechanical, lighting, heating, weapons);
    - **Paris** (operations and transporting/textiles/fixed constructions/electricity);

- **Centralized Court of Appeal** (Luxemburg)
Unified Patent Court

European patent and European patent with unitary effect

in case of litigation

Court of First Instance

Local or Regional Divisions

Central Division

Infringement actions

Revocation actions

Court of Appeal

European Court of Justice

Appeal on Matters of Fact and Points of Law

Preliminary Rulings on Union Law
Exclusive competence of the Court

- (a) actions for actual or threatened infringer of patents and SPC;
- (b) actions for declarations of non-infringement of patents and SPC;
- (c) actions for provisional and protective measures and injunctions; interim injunction ex parte and protective brief;
- (d + e) actions and counterclaims for revocation of patents and SPC; possibilities for the court;
- (f) actions for damages or compensation derived from the provisional protection conferred by a published European patent application;
- (g) actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention;
- (h) actions for compensation for licences on the basis of Article 8 of Regulation (EU) No 1257/2012; and
- (i) actions concerning decisions of the European Patent Office in carrying out the tasks referred to in Article 9 of Regulation (EU) No 1257/2012.
## Composition of the panels

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Procedure

- "front loaded" – the plaintiff must set out its case from the start;

- **Stages:**
  - **Written:**
  - **Interim:** the judge-raporteur makes all the necessary preparations for the oral hearing, i.e. order the parties to: provide further clarification on specific points; answer specific questions; produce evidence; lodge specific documents including each party’s summary of the orders to be sought at the interim conference
    - explore with the parties settlement possibilities – art. 52 UPCA; german style?
  - **Oral procedure:** the presiding judge will introduce the action and put question to the parties and witnesses, experts; subsequently the parties make their oral submissions and witnesses and experts are questioned under the control of the presiding judge
Written procedure
Powers of the court

- Order to preserve evidence and inspect premises (art. 60);
- Freezing orders (art. 61);
- Order for the Protection of confidential information (art. 58);
- Provisional measures – interim injunctions (art. 62);
- Order to produce evidence (art. 59);
- **Corrective measures** in infringement proceedings: declaration of infringement; recalling the products from the channels of commerce; destruction of products;
- **Revocation of the patent** (counterclaim or direct action) ground – art. 138, 139 EPC;
- **Award of damages** (art. 68 of the Agreement);
What’s not in the Rules - examples

- **No court file?**

- No clear definition of **fundamental principles** – adversarial principle, equality of arms, right of defense; etc.;

- How to solve the **fins de non-recevoir** (expl: *res judicata*, lack of interest or of legal capacity; time limitations, etc.);

- **Oral explanations** (only at the beginning of the oral hearing and prior to hearing witnesses/expert?)

- **Rules on admissibility of evidence** (irrelevance etc.);

- **Rules on force of evidence and its appreciation by the judge** (no witness over documents, lack of certified date for documents, etc.);

- **Rules on the standard of proof required**;
Thank you!