

The basics of patent litigation applied to plant innovation; how to avoid a patent infringement?

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*Intellectual property seminar:
Patent protection for plant innovations in the EU*

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The basics of patent litigation

Summary

- Introduction to patent protection
- 1. Patent infringement in relation to plant innovation
- 2. How to avoid patent litigation?
- 3. Patent litigation and strategies in Europe

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Introduction

- No EU patent (different from CPVR)
- Routes to patent protection
- Governing law
- Conclusion: scope of protection varies from country to country

No EU patent

- No EU title available for patent protection
 - ▶ http://ec.europa.eu/internal_market/indprop/docs/patent/docs/pat_en.pdf
- The European Patent Office (EPO) is not a European Union agency (contrary to the Community Plant Variety Office)

Routes to patent protection

- Three routes to obtain patents in Europe:
 - ▶ National route: national patent
 - ▶ European Patent Office: one application and one examination procedure but once granted the European patent behaves like a national patent (the "*national designation of a European patent*") in each designated State
 - ▶ Patent Cooperation Treaty: enables to seek patent protection simultaneously in a large number of countries by filing a single international patent application: the unique application enters into national / regional phase for the examination procedure (PCT > EPO > National patents)

Routes to patent protection

Routes	National	EPO	PCT
Examination	National	EPO	National / Regional (EPO)
Opposition	National (when available)	EPO	National (when available) / Regional (EPO)
Patent	National	National designation of EP	National / national designation of EP

Comparative: Routes to PBR protection

Route	National PBR	Community plant variety right
Examination	National	CPVO
Opposition	National (when available)	CPVO
Patent	National	CPVO

Governing law

- No EU regulation for patent
- But generally harmonized rules based on:
 - ▶ International conventions
 - ▶ European Patent Convention: Munich Convention of 5 October 1973
 - ▶ European Directives:
 - ▶ Directive 98/44/EC of 6 July 1998, on the legal protection of biotechnological inventions, harmonized the national laws (CJEU, 6 July 2010, Monsanto / Cefetra: "Directive effects an exhaustive harmonisation of the protection it confers")
 - ▶ Directive 48/2004/EC of 29 April 2004 on the Enforcement of Intellectual property rights

Governing law

Applicable law regarding:	Patents		Plant breeders rights	
	National patent	National designation of a European patent	National PBR	Community plant variety protection
Validity	National law	European Patent Convention	National law	Council Regulation No 2100/94 of 27 July 1994
Rights conferred by the patent	National law	National law (Article 64 EPC)	National law	Council Regulation No 2100/94 of 27 July 1994

Conclusion: Protection is country specific

- In patent matters the scope of protection is always subject to national laws, notably:
 - ▶ Rights conferred
 - ▶ Acts of infringement
 - ▶ Exceptions or exemptions
 - ▶ Compulsory licences
- Protection may thus vary from country to country
- Necessity to obtain local advice

1. Patent infringement in relation to plant innovation

- 1.1 Protected subject matter
- 1.2 Scope of protection
- 1.3 Exclusive rights
- 1.4 Limits of the exclusive rights

1.1 Protected subject matter

- 1.1.1 Categories of claims
- 1.1.2 Examples of patented subject matter
 - ▶ Patent allows a much more diversified subject matter

1.1.1 Categories of claims

1.1.1.1 Product claims

1.1.1.2 Process claims

1.1.1.3 Use claims

1.1.1.1 Product claims

- A product claim covers a substance or compositions (e.g. chemical compound) as well as any physical entity (e.g. object, apparatus, machine) which is produced by a person's technical skill
- Available only if the product is novel
- Protects the patented product itself:
 - ▶ whatever the method to obtain it
 - ▶ whatever the use: this principle does not apply to inventions on genetic information which are purpose-bound
- Concept similar to protection by PBR (a variety is a product)

1.1.1.2 Process claims

- A process claim covers activities in which the use of some material product for effecting the process is implied; the activity may be exercised upon material products, upon energy, upon other processes or upon living things; it may result in obtaining a product
- Available even if the product implied is not novel and even if the product possibly obtained by the process is not novel
- Process claims cover:
 - ▶ the use of the patented process itself
 - ▶ the use of the product directly obtained from the process (in particular the biological material resulting from the process)
- No equivalent concept in PBR (the method to obtain a variety cannot be protected by PBR)

1.1.1.3 Use claims

- A use claim covers the use of a product for a specific use; belongs to the general category of process claims
- Available even if the product used is not novel, but only for an unknown use
- Prevents against the specific use of the product
- No equivalent concept in PBR (the specific use of a known variety cannot be protected by PBR)

1.1.2 examples of patented subject matter

1.1.2.1 Product claims

1.1.2.2 Process claims

1.1.2.3 Use claims

1.1.2.1 Examples of product claims

- Genetic material (RNA, DNA) and fragments thereof (gene)
- vector containing a given genetic material
- cell containing such genetic material
- plant containing such genetic material (provided the subject matter is not limited to a variety)

1.1.2.2 Examples of process claims

- Method to create new varieties, method to introduce a gene in a plant cell, method to regenerate a genetically modified plant, method to detect the presence of a gene in a plant
- Exclusion of patentability for essentially biological processes for the production of plants (EPO's enlarged board of appeal "broccoli" (G2/07) and "tomato" (G1/08))

1.1.2.3 Examples of use claims

- use of oligonucleotide as a probe or a marker
- use of gene, already known for conferring to the plant a resistance to insects, for increasing its growth

1.2 Scope of protection

1.2.1 Product claims

1.2.2 Process claims

- ▶ Patent protection is broader and more far reaching than that of PBR

1.2.1 Scope of product claims

- Generally product claims only cover the claimed product
- But the protection is subject to specific provisions in relation to:
 - ▶ Biological material: the protection also extends to products derived from that biological material provided it possesses the same characteristics
 - ▶ Genetic information: the protection also extends to products in which the genetic information is **incorporated** provided the genetic information:
 - ▶ is still **contained**
 - ▶ **performs its function**

Protection of biological material

- Directive 98/44/EC, Article 8-1:

"The protection conferred by a patent on a biological material possessing specific characteristics as a result of the invention shall extend to any biological material derived from that biological material through propagation or multiplication in an identical or divergent form and possessing those same characteristics"

Protection of biological material

- A patent on a biological material cannot claim specific plant varieties
 - ▶ But a plant variety may fall into the scope of the patent, although the variety is not patentable in itself
- The protection extends to any biological material derived through propagation or multiplication from the biological material possessing the patented characteristics
 - ▶ A new variety obtained from the use of a patented biological material may be infringing if the new variety still possesses the specific characteristics

Protection of genetic information

- Directive 98/44/EC, Article 9:

"The protection conferred by a patent on a product containing or consisting of genetic information shall extend to all material, save as provided in Article 5(1) [the human body], in which the product is incorporated and in which the genetic information is contained and performs its function"

Protection of genetic information

- The protection conferred by a claim on a genetic information extends to *e.g.*:
 - ▶ Cells in which the genetic information has been incorporated
 - ▶ Plants containing cells in which the genetic information has been incorporated
 - ▶ **Plants obtained by reproduction / multiplication / crossing of that plant if the new plant still contains the patented genetic information**
 - ▶ Harvested material of that plant or part of that plant
 - ▶ provided the genetic information still performs its function
- The protection does not extend to transformed products (EUCJ, 6 July 2010, Monsanto / Cefreta: "*Directive effects an exhaustive harmonisation of the protection it confers*")

Protection of genetic information

- Decision of the CJEU of 6 July 2010, Monsanto / Cefetra :

The CJEU ruled that Article 9 of the Directive is to be interpreted as not conferring patent right protection in cases where the patented product (*i.e.* the DNA sequence CP4 EPSPS gene) is contained in the soy meal, where it does not perform the function identified in the patent (*i.e.* protecting biological material in which the gene is incorporated against the effect of herbicides), but did perform that function previously in the soy plant, of which the meal is a processed product, or would possibly again be able to perform that function after it had been extracted from the soy meal and inserted into the cell of a living organism

Protection of genetic information

- A patent for a genetic information is not infringed by the use of the genetic information for a function other than the one disclosed in the patent application (for example a patent for a genetic information claiming that it confers to the plant a resistance to insects should not cover the use of the same genetic information to increase the plant's growth)
 - ▶ another patent could in fact be filed on the genetic information for this other function or for a use
- This purpose-bound rule differs from the general rule that product claims cover all possible uses of the claimed product

Implementation in national laws

- In France:
 - ▶ Article L. 613-2-3 IPC implements Article 8 in approximately the same wording
 - ▶ Article L. 613-2-2 IPC implements Article 9 in the same wording
 - ▶ But Article L. 613-2-1 IPC states: "*The scope of a claim concerning a gene sequence shall be confined to the part of such sequence that is directly related to the specific function disclosed concretely in the description. The rights created by the delivery of a patent including a gene sequence may not be called upon against a later claim on the same sequence if this claim satisfies the requirements of Article L. 611-18 and if it discloses any other particular application of this sequence.*"
 - ▶ Thus, only purpose-bound protection is available, as the industrial applicability cannot be separated from the genetic information for the purpose of scope of protection
 - ▶ Product claims for genetic information are automatically treated as use or method claims

Implementation in national laws

- In Germany:
 - ▶ Article 9a (1) of the German Patentgesetz implements Article 8-1 in the same wording
 - ▶ Article 9a (3) of the German Patentgesetz implements Article 9 in the same wording
- In the United Kingdom:
 - ▶ Article 7 of the Patents act 1977, schedule A2, implements Article 8-1 in the same wording
 - ▶ Article 9 of the Patents act 1977, schedule A2, implements Article 9 in the same wording
- In the Netherlands:
 - ▶ Article 53a (1) of the Dutch Patents Act implements Article 8-1 in the same wording
 - ▶ Article 53a (3) of the Dutch Patents Act implements Article 9 in the same wording: this provision was however treated as an extension of protection which did not prejudice to the absolute protection granted on the genetic information itself (District Court of The Hague and CJCE Monsanto v. Cefetra)

Comparison with EDV

- The subject matter protected by a product patent is broader than that protected by a PBR
- The patent protection extends to biological material derived from the patented biological material, provided that it still possesses the patented characteristics, even if the derived material does not meet the conditions of an EDV, *i.e.* be:
 - ▶ essentially derived
 - ▶ having the same characteristics as the initial material (but for the derivation)
- The patent protection also extends to material in which the genetic information has been incorporated provided that the genetic information is contained and performs its function

1.2.2 Scope of process claims

- Generally process claims protect:
 - ▶ the patented process
 - ▶ the product directly obtained through the process: this extension is intended to give a fair protection to process claims on the territory
- Protection for process for the production of biological material extends to the process and to the material derived thereof (Directive 98/44/EC, Article 8-2)

"The protection conferred by a patent on a process that enables a biological material to be produced possessing specific characteristics as a result of the invention shall extend to biological material directly obtained through that process and to any other biological material derived from the directly obtained biological material through propagation or multiplication in an identical or divergent form and possessing those same characteristics"

Scope of process claims

- The protection also extends to any biological material derived through propagation or multiplication from the biological material directly obtained from the patented process
 - ▶ A variety obtained from the use of biological material itself directly obtained from a patented process may be infringing if the new variety still has the specific characteristic resulting from the process
- Two French decisions issued in relation to transgenic mice, but applicable to plant, confirm that the sale of breeding pairs of transgenic mice, obtained by a *"method for the specific replacement or insertion of a gene"*, with the authorisation of reproducing the mice, is an infringement of the process claim
 - ▶ TGI Paris, 3rd Chamber, 4th Section, 12 November 2009, Collectis v. GenOway
 - ▶ TGI Paris, 3rd Chamber, 1st Section, 29 June 2010, Collectis v. Taconic Farms
- Transformed product is not directly obtained from the patented process: eg Soy meal is not directly obtained from the process to obtain the soja
 - ▶ District Court of the Hague, Monsanto / Cefatra

Scope of protection: process claims Implementation in national laws

- In France, Article L. 613-2-3 IPC implements Article 8 in approximately the same wording
- In Germany, Article 9a (2) of the German Patentgesetz implements Article 8-2 in the same wording
- In the United Kingdom, Article 8 of the Patents act 1977, schedule A2, implements Article 8-2 in the same wording
- In the Netherlands, Article 53a (2) of the Dutch Patents Act implements Article 8-2 in the same wording

1.2.3 Scope of use claims

- Use claims are examined as process claims
- They thus protect:
 - ▶ the patented use
 - ▶ the product directly obtained from the patented use BUT ONLY IF the use results in a product

1.3 Exclusive rights conferred

- 1.3.1 A right to exclude
- 1.3.2 Exclusive rights conferred by product, process or use claims
- 1.3.3 Contributory infringement
- 1.3.4 Doctrine of equivalence
- 1.3.5 Comparison with PBR
 - ▶ The exclusive rights are country specific despite harmonization

1.3.1 General comments: A right to exclude

- A patent is a right to prevent others from working the invention, not a right to work the invention
- Infringement is examined in view of the similarities, not in view of the differences
- Improving can be infringing

1.3.2 Exclusive rights conferred by the patent

1.3.2.1 Product claims

1.3.2.2 Process and use claims

1.3.2.1 Exclusive rights on product

- It is prohibited from making, offering, putting on the market or using a product which is the subject matter of the patent, or importing or stocking a product for such purposes
- Similar concept for PBR although exclusive rights are slightly different

1.3.2.2 Exclusive rights on process or use claims

- It is prohibited from using a process which is the subject matter of the patent or, when the third party knows, or it is obvious in the circumstances, that the use of the process is prohibited without the consent of the owner of the patent, offering the process for use on the covered territory
 - ▶ Same for use claims
- It is also prohibited from offering, putting on the market or using the product obtained directly by a process which is the subject matter of the patent or importing or stocking for such purposes
 - ▶ Same for use claims if the use results in a product
- No similar concept as process or use claims in PBR

1.3.3 Contributory infringement

- It is prohibited from supplying or offering to supply, on the covered territory, to a person other than a person entitled to exploit the patented invention, the means of implementing, on that territory, the invention with respect to an essential element thereof where the third party knows, or it is obvious from the circumstances, that such means are suitable for putting and are intended to put the invention into effect (this shall not apply where the means of implementation are staple commercial products, except where the third party induces the person supplied to commit acts prohibited)
- No similar concept in PBR

1.3.4 Doctrine of equivalence

- According to the doctrine of equivalence, a means whose structure does not literally reproduce the claims of the patent is considered equivalent to the patented means when it performs the same function, in the same way, as the patented means and achieves similar results
 - ▶ French definition (above) is quite broad
 - ▶ Other countries' definitions are slightly narrower
- Could be compared to the PBR protection on varieties not sufficiently distinct

1.3.5 Patent v. PBR protection

PBR protection (EC Regulation No. 2100/94)	Patent protection for product claims
The following shall be prohibited:	The following shall be prohibited:
Production or reproduction (multiplication)	Making
Conditioning for propagation	
Offering for sale	Offering
Selling or other marketing	Putting on the market
	using
Exporting from the EU	
Importing to the EU	Importing for the aforementioned purposes
Stocking for the aforementioned purposes	Holding for the aforementioned purposes

+ Contributory infringement

1.4 Limits of the exclusive right

- 1.4.1 Experimental use
- 1.4.2 Breeder's privilege (few countries only)
- 1.4.3 Farmer's privilege
- 1.4.4 Exhaustion of rights
 - ▶ Those limits are narrower than for PBR

1.4.1 Experimental use

- The rights afforded by the patent shall not extend to acts done for experimental purposes relating to the subject matter of the patented invention
 - ▶ scope of exception varies from country to country
- Similar provision for PBR: Art 15-b of EC Regulation 2100/94:
 - “The Community plant variety rights shall not extend to:
(...)
b) acts done for experimental purposes”*

Experimental use

- This exception is different from the breeder's exemption
- A strict and correct interpretation of experimental use should not equate the breeder's exemption: it should not enable using patent material for the purpose of creating new varieties (the experiment must relate to the subject matter of the protection)
- But experimental use exemption has been extended in the past, in some countries (*e.g.* France for generic drugs): it could thus be used to allow using patented material for the purpose of creating new varieties in countries without breeder's exemption (*e.g.* UK)

Acts done for experimental purposes in national law

- In France, Article L. 613-5 IPC states that "*The rights afforded by the patent shall not extend to: (...) b) Acts done for experimental purposes relating to the subject matter of the patented invention (...)*"
- In Germany, the same exception is provided for in Article 11(2) of the German Patentgesetz
- In the United Kingdom, the same exception is provided for in section 60(5)(b) of the Patents act 1977
- In the Netherlands, this exception is provided for in Article 53 (3) of the Dutch Patents Act

1.4.2 Breeder's privilege

- Directive 98/44/EC does not provide for an exception for acts intended to discover or develop new varieties (such exception could even be viewed as contrary to TRIPS)
- Such specific limitation is however present in several countries:
 - ▶ France: Article L. 613-5-3 IPC which states "*Rights conferred by the Articles L. 613-2-2 and L. 613-2-3 shall not extend to the deeds performed in order to create or discover and develop other plant varieties*"
 - ▶ Germany contains a similar provision: Art 11(2)(a) of the German Patentgesetz
 - ▶ Swiss contains similar provisions
 - ▶ Netherlands DOES NOT provide for such a privilege, but a bill should be presented in fall 2011 to try and introduce this exception in the Dutch law
 - ▶ UK law DOES NOT provide for such a privilege

Breeder's privilege

- The breeder's privilege only covers the breeding or research, not the exploitation of the resulting variety
- In patent law, the variety obtained is still covered by the patent (similar situation to EDV but patent protection is much broader)
 - ▶ if the resulting variety still contains the patented genetic information and if the later performs its functions
 - ▶ if the resulting variety still contains the characteristics of the patented biological material or the characteristics resulting for the patented process

1.4.3 The farmer's privilege

- Directive 98/44/EC, Article 11:

"By way of derogation from Articles 8 and 9, the sale or other form of commercialisation of plant propagating material to a farmer by the holder of the patent or with his consent for agricultural use implies authorisation for the farmer to use the product of his harvest for propagation or multiplication by him on his own farm, the extent and conditions of this derogation corresponding to those under Article 14 of regulation (EC) No. 2100/94"

Farmer's privilege

- Extent and conditions of the exemption (Article 14 of regulation (EC) No. 2100/94):
 - ▶ Farmers are authorized to use for propagating purposes in the field, on their own holding the product of the harvest which they have obtained by planting, on their own holding, propagating material of a protected variety among agricultural plant species of fodder plants, cereals, potatoes and oil and fibre plants
 - ▶ No quantitative restriction of the level of the farmer's holding to the extent necessary for the requirements of the holding
 - ▶ Small farmers shall not be required to pay any remuneration to the holder
 - ▶ Other farmers shall be required to pay an equitable remuneration to the holder, which shall be sensibly lower than the amount charged for the licensed production of propagating material of the same variety in the same area

Farmer's privilege Implementation in national laws

- In France, Article L. 613-5-1 IPC implements Article 11 of Biotech Directive in the same wording
 - ▶ it should be pointed that the farmer's privilege does not exist in French PBR law
- In Germany, Article 9c (1) of the German Patentgesetz implements Article 11 in the same wording
- In the United Kingdom, section 60(5)(g) of the Patents act 1977 and its schedule A1 implement Article 11 in approximately the same wording
- In the Netherlands, Article 53c of the Dutch Patents Act implements Article 11 in the same wording

1.4.4 Exhaustion of rights

- Directive 98/44/EC, Article 10:

"The protection referred to in Articles 8 and 9 shall not extend to biological material obtained from the propagation or multiplication of biological material placed on the market in the territory of a Member State by the holder of the patent or with his consent, where the multiplication or propagation necessarily results from the application for which the biological material was marketed, provided that the material obtained is not subsequently used for other propagation or multiplication"

Exhaustion of rights: national laws

- In France, Article L. 613-2-4 IPC implements Article 10 in the same wording
- In Germany, Article 9b of the German Patentgesetz implements Article 10 in approximately the same wording
- In the United Kingdom, Article 10 of the Patents act 1977, schedule A2, implements Article 10 in the same wording
- In the Netherlands, Article 53b of the Dutch Patents Act implements Article 10 in the same wording

Exhaustion of rights: rational

- Once a patented product has been put on the market by the patentee or with its consent, the patentee's right over the product are deemed exhausted: the patentee loses any right to control what happens to this product
- This is an EU-wide rule: once a patented product has been marketed by the patentee or with his consent in one Member State, this product can circulate and be used without the patentee's consent in any other Member State

Exhaustion of rights: scope

- In the biological field, the patentee's rights are exhausted in relation to both:
 - ▶ the biological material placed on the market in a Member State
 - ▶ the biological material obtained from the propagation or multiplication of the biological material placed on the market but under two conditions:
 - ▶ the multiplication necessarily results from the application for which the biological material was marketed
 - ▶ the material obtained is not subsequently used for other propagation or multiplication
- The exhaustion of rights does not enable the use of a plant to develop a new variety

Exhaustion: patent v. PBR

Patent protection for product claims	PBR protection (EC Regulation No. 2100/94)
patentee's rights are exhausted in relation to both:	The Community plant variety right shall not extend to acts concerning:
<ul style="list-style-type: none"> ➢ the biological material placed on the market in a Member State 	<ul style="list-style-type: none"> ➢ any material of the protected variety, (...) which has been disposed of to others by the holder or with his consent, in any part of the Community
<ul style="list-style-type: none"> ➢ the biological material obtained from the propagation or multiplication of the biological material under two conditions: 	<ul style="list-style-type: none"> ➢ or any material derived from the said material, unless such acts
<ul style="list-style-type: none"> - the multiplication necessarily results from the application for which the biological material was marketed - the material obtained is not subsequently used for other propagation or multiplication 	<ul style="list-style-type: none"> - involve further propagation of the variety in question, except where such propagation was intended when the material was disposed of; or
	<ul style="list-style-type: none"> - involve an export of variety constituents into a third country which does not protect varieties of the plant genus or species to which the variety belongs, except where the exported materials is for final consumption purposes

Conclusion on scope of protection: Patent v. PBR

	Patent on genetic information or biological material	Plant breeders rights on a variety
Multiplication	Infringing (making)	Infringing
Growing	Infringing (using)	Not infringing (?)
Test on the protected subject matter	Not infringing (experimental use)	Not infringing (experimental use)
Breeding a variety from the protected subject matter	Infringing / Not infringing (breeder's privilege in some countries)	Not infringing (breeder's privilege)
Exploitation of new variety	Infringing	Infringing if EDV / Not infringing (if not EDV)
Transformed product	Not infringing	Not infringing

Conclusion on scope of protection: Patent v. PBR

- The scope of protection conferred by patents on biological material or genetic information is broader than that conferred by PBR
- The breeder's exemption does not exist in patent law except in few countries
- Other provisions (experimental use or exhaustion of rights) do not equate the breeder's exemption and are thus insufficient
- This results in a risk of infringement that breeders need to handle

2. How to avoid patent litigation?

- 2.1 Avoid infringement
- 2.2 Avoid litigation
- 2.3 Terminate the litigation

2.1 How to avoid infringement?

2.1.1 Monitoring existing IP rights

2.1.2 Staying out of the patent scope

2.1.3 Taking licence

2.1.1 Monitoring existing IP rights

■ Ask trained patent attorneys

▶ In house

▶ external

■ Available databases

▶ Epoline: <http://www.epo.org/applying/online-services.html>

▶ Espacenet: http://ep.espacenet.com/numberSearch?locale=en_EP

2.1.2 Staying out of patent scope

- Design around
 - ▶ Sometime possible in patent field
- Act out of the protected territory
 - ▶ Perform breeding steps in countries where patent does not exist or in countries providing for the breeder's exemption
 - ▶ But import and sale of new variety in other countries remains infringement
 - ▶ Make the transformed product in countries where the patent is not in force and import the transformed product (Monsanto / Cefetra)
- Legal opinion on freedom to operate should be considered country by country
- Be very careful of possible post grant amendments of the patent (limitation)

2.1.3 Taking a licence

2.1.3.1 Negotiate a contractual licence

2.1.3.2 Request a compulsory licence

2.1.3.3 Conclusion on compulsory licences

2.1.3.1 Negotiate a contractual licence

- Negotiate a contractual licence, cross licence or a joint research agreement with the patent holder
- Improve bargaining advantage with:
 - ▶ Joint advantage (cross licence or joint research agreement)
 - ▶ Evidence of patent invalidity
 - ▶ Threaten to request a compulsory licence
- Royalties could be too expensive for traditional breeders who need to have access to large number of initial varieties
 - ▶ but creative royalty setting is possible: pay only if and when new variety is obtained (considering time necessary to create new variety, payment could be limited in time)
- Consider taking a licence even if the breeder's exemption is applicable
 - ▶ Licence rate may be lower if negotiated ahead, than after a promising variety is identified

2.1.3.2 Request a compulsory licence

- 2.1.3.2.1 PBR specific compulsory licence
- 2.1.3.2.2 Ordinary compulsory licence
- 2.1.3.2.3 Improvement compulsory licence

2.1.3.2.1 PBR specific compulsory licence

- Directive 98/44/EC, Article 12:

"When a breeder cannot acquire or exploit a plant variety right without infringing a prior patent, he may apply for a compulsory licence for non-exclusive use of the invention protected by the patent inasmuch as the licence is necessary for the exploitation of the plant variety to be protected, subject to payment of an appropriate royalty (...)"

Identical rule when the holder of a patent relating to a biotechnological invention cannot exploit it without infringing a prior plant variety right

Where such a licence is granted, the holder of the patent / PBR is entitled to a cross-licence

PBR specific compulsory licence

- Applicants for the licences must demonstrate that:
 - ▶ They have applied unsuccessfully to the holder of the patent / PBR to obtain a contractual licence
 - ▶ The plant variety (respectively the invention) constitutes **significant technical progress of considerable economic interest** compared with the invention claimed in the patent (resp. with the variety)

PBR specific compulsory licence

- Does not seem appropriate for several reasons:
 - ▶ not applicable until the variety is obtained, thus cannot cover the breeding of a possible variety
 - ▶ the threshold seems rather high ("*considerable economic interest*")
 - ▶ compulsory licence generally rarely granted

PBR specific compulsory licence

- Implementation in national laws:
 - ▶ France: Articles L. 613-15-1 and L. 623-22-1 IPC (approximately the same wording as Article 12 of the Directive)
 - ▶ United Kingdom: Article 12 has been implemented by the *Patents and plant variety rights (compulsory licensing) regulations 2002* in approximately the same wording
 - ▶ Germany: Article 24 (3) of the German Patentgesetz and Article 12a of the German Plant Variety Act
 - ▶ Netherlands: Article 57 (5 and 6) of the Dutch Patents Act

2.1.3.2.2 Ordinary compulsory licence

- Some national laws provide for compulsory licence for **non exploited patent**
 - ▶ France: Article L. 613-11 IPC:
"On expiry of a period of three years from the grant of a patent or four years from the filing date of the application, any person may be granted a compulsory licence under the patent provided that, at the time of the application for such license and failing legitimate reasons, neither the owner of the patent nor his successor in title:
 - ▶ *has begun to work or has made real and effective preparations for working the invention that is the subject matter of the patent*
 - ▶ *has marketed the product that is the subject matter of the patent in a quantity sufficient to satisfy the needs of the French market"*
 - ▶ Section 48B of the UK Patents act 1977 provides for similar compulsory licence

Ordinary compulsory licence

- Other national laws provide for compulsory licence **if the public interest requires it**
 - ▶ Article 24 (1) of the German Patentgesetz:
"The Federal Patent Court will grant a non-exclusive right to commercially use an invention in particular cases in accordance with the measures of the following provisions (compulsory licence) if:
 1. *the requestor of a licence has endeavoured for a reasonable period of time to obtain from the patentee the consent to use the invention under reasonable and non-discriminatory conditions and*
 2. *the public interest demands for the grant of a compulsory licence"*

2.1.3.2.3 Improvement compulsory licence

- Some national laws provide for compulsory licence **when a patent is an improvement of a previous one** and cannot be exploited without infringing the first patent
 - ▶ Article 24 (2) of the German Patentgesetz:
"Where the requestor of a licence cannot exploit an invention which is protected for him by a patent with a younger priority without infringing a patent with an older priority, he has a claim against the holder of the patent with an older priority for granting a compulsory licence if:
 1. *the precondition of Art. 24 (1) No. 1 is met (the requestor has endeavoured for a reasonable period of time to negotiate a contractual licence) and*
 2. *his own invention constitutes a significant technical progress of considerable economic interest compared with the invention of the patent with an older priority*

The patent older can request that the requestor of a licence grants to him a counter licence under reasonable conditions for the use of the patented invention with the younger priority"
 - ▶ Article L. 613-15 of the French Intellectual Property Code provides for similar compulsory licence

2.1.3.3 Conclusion on compulsory licences

- Compulsory licence rarely granted
- Threshold is usually high
- Difficult to use as a defence in infringement action
- Often available after the product is identified, not during research (danger when breeder exemption not available)

2.2 How to avoid litigation?

2.2.1 Negotiate

2.2.2 Initiating defensive action

2.2.3 Alternative Dispute Resolution

2.2.4 Send warning letters (patentee's position)

2.2.1 Negotiate

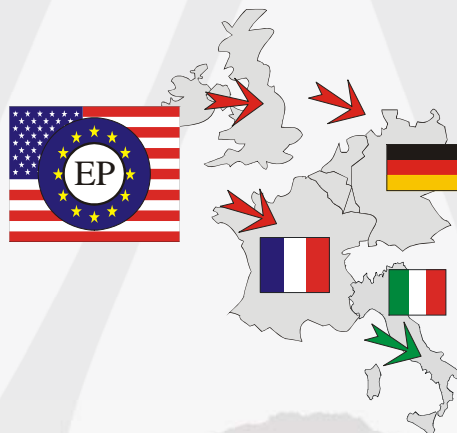
- Find a win-win deal (see negotiate a contractual licence)
- Have a large patent / PBR portfolio to invoke against the patentee (or against the infringer)
- Have good arguments to dispute validity of the patent (conversely the patentee will show that the patent is strong *i.e.* survived opposition or litigation)
- Have money to spend on litigation

2.2.2 Initiate defensive actions

- Start opposition and / or nullity proceedings
 - ▶ Be careful not to trigger a counterclaim (use straw man)
 - ▶ Consider torpedoes
- Declaratory judgement
 - ▶ of non-infringement: sometime pre-litigation phase necessary but dangerous
 - ▶ of experimental use exemption: try to convince the court that breeding benefits the experimental use exemption
 - ▶ Be careful not to trigger a counterclaim (no straw man possible)
- Purpose of these actions could be to force into a settlement
 - ▶ Think of forum shopping
 - ▶ Consider escalating the dispute (add jurisdiction)

Example of an Italian torpedo

*General Hospital et Epix
v. Bracco et Byk Gulden*



Example of an Italian torpedo

- *Landgericht* of Düsseldorf, 8 July 1999 (stay of the action until the outcome of the Italian action)
- *Tribunal de Grande Instance* of Paris, 28 April 2000 (no stay until the Italian decision which constitutes an abuse of law)

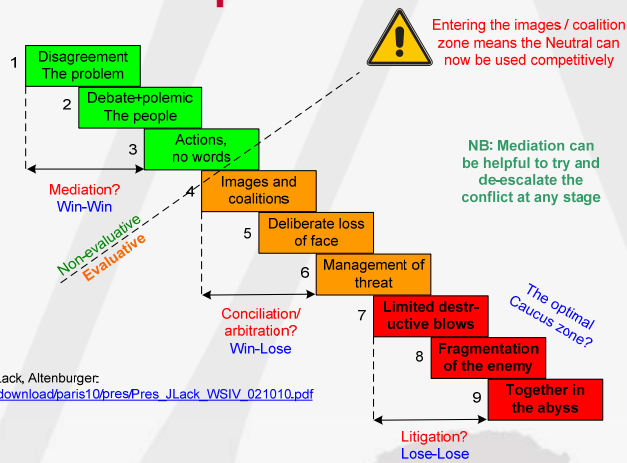
Latest developments regarding torpedoes

- ECJ, 9 December 2003, *Gasser v. Misat*
 - ▶ The court seized with the infringement action cannot refuse to stay its proceedings for the mere reason that a previous action for declaration of non-infringement has been brought to a court established in a State in which the proceedings are usually very long.
- ECJ, 27 April 2004, *Gregory Paul Turner v. Felix Fareed Ismail Grovit et al.*
 - ▶ A National jurisdiction cannot prohibit a party from starting actions in another jurisdiction, even if such actions are initiated to slow down proceedings

2.2.3 Alternative Dispute Resolution

- Mediation
- Conciliation
- Arbitration

Alternative Dispute Resolution



2.2.4 Sent warning letters

- Comments made above work equally for patentee trying to avoid litigation an force into an agreement
- Consider sending warning letters
 - ▶ Be careful of threats
 - ▶ Choose the appropriate addressee
 - ▶ Obtain legal advise at this stage

2.3 How to terminate litigation?

- Win or lose
- Settle the case
 - ▶ Possible at any stage of the proceedings
 - ▶ Choose the best moment to negotiate:
 - ▶ after serving summons or filing pleading
 - ▶ shortly before cost intensive steps (for the other party)
 - ▶ in the UK, before the trial; in the US, after a Markman hearing

3. Patent litigation and strategies

3.1 Jurisdictions

3.2 Statistics

3.3 Procedure in the four major European countries

3.1 Jurisdictions

- Jurisdictions to discuss validity
- Jurisdictions to discuss patent infringement
- Comparison jurisdictions to discuss plant breeders rights infringement

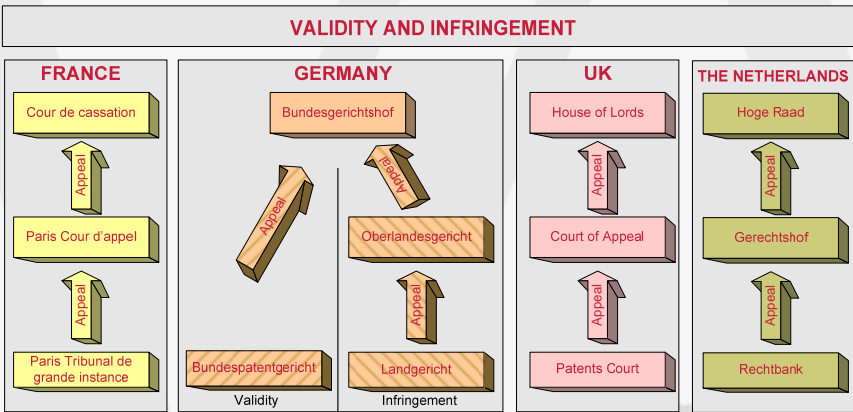
Jurisdictions to discuss validity and limitation

	Patents		Plant breeders rights	
	National patent	European patent	National PBR	Community PBR
Before grant				
Observations	Depends on country	EPO	Depends on country	CPVO
After grant				
Opposition	Depends on country	EPO	Depends on country	EPO
Nullity	National court	National court	National court	CPVO*
Limitation	National Patent Office	EPO and National Patent Office	No	No

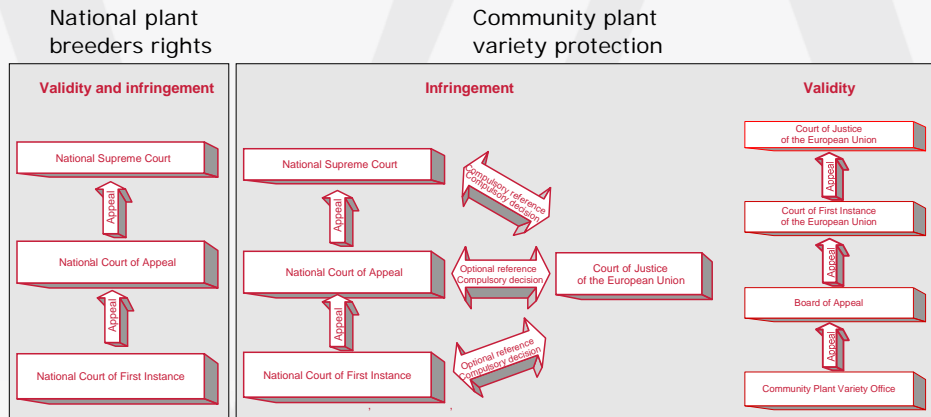


*: A legal action for the nullity of a EU PBR does not exist but a third party may appeal the decision granting the title or, if the deadline has expired, it may request that the CPVO holds the nullity of the title and lodge an appeal against a possible refusal by the office

Jurisdictions to discuss patent validity and infringement



Comparison: jurisdictions to discuss plant breeders rights validity and infringement

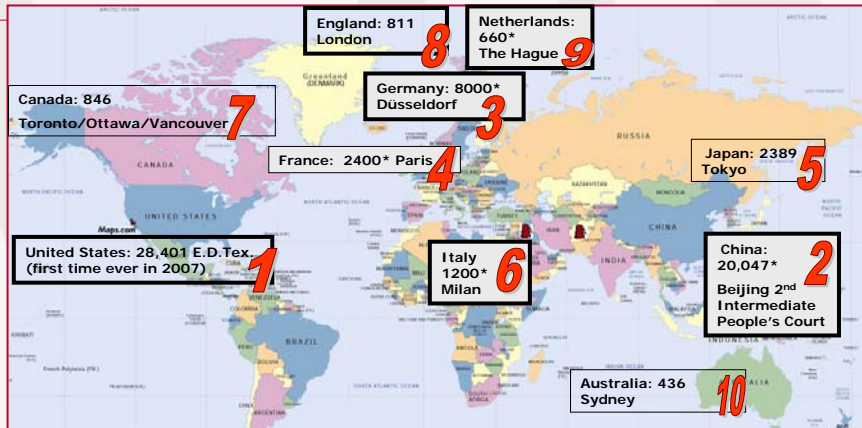


3.2 Patent litigation in the world

Statistics regarding international patent litigation and litigation in Europe:

- ▶ Global IP Project – GIP (Mike Elmer, Finnegan Anderson)
- ▶ Darts IP (<http://www.darts-ip.com/darts-web/>)

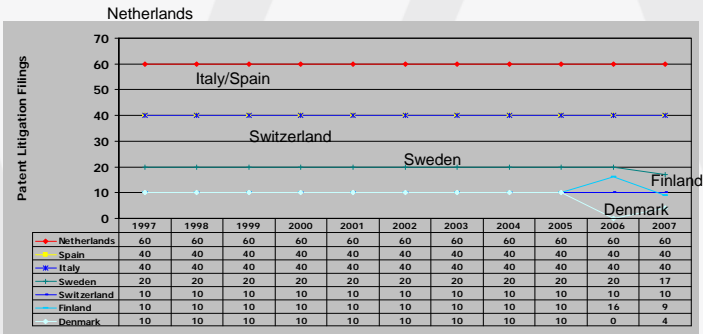
GIP: 10 most litigious countries with number of patent litigation filings (1997-2007) and most active court in each country



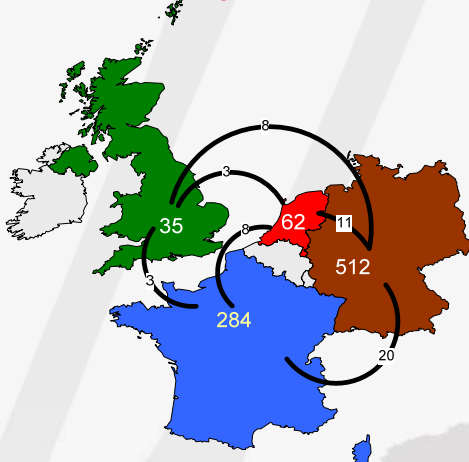
GIP: Global patent litigation filing trends Top 3 european countries



GIP: Global patent litigation filing trends (estimated)



Darts IP: Estimation of the number of patents leading to parallel proceedings: 6 % of the patents disputed in court in one State lead to a litigation in another State



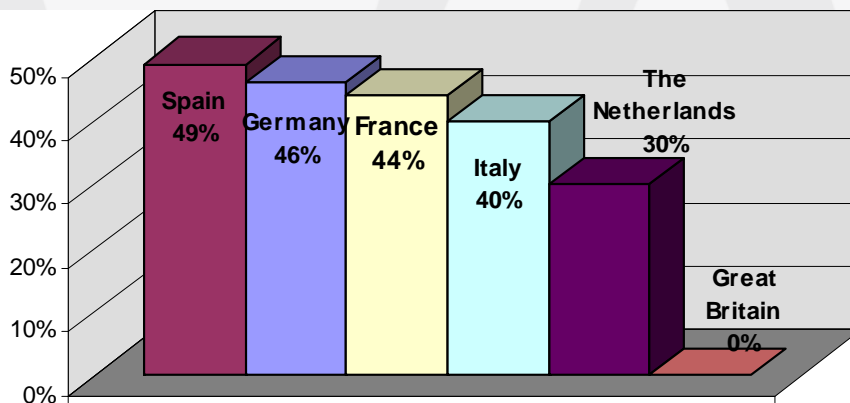
GIP: Win rates in Europe (1997 – 2007)

The basics of patent litigation

	TIER I (U/B) (CI/CO)	1997-2007 Nb of patent litigations filed	Approx. nb of courts/number sampled/% cases sampled	Number and % of cases going to trial (decision on the merits)	1997-2007 Win Rate
3	Germany (B)(CI)	8000 (≈ 600-700 invention inv. patent inf. actions/year) (≈ 300 nullity actions/year in FPC)	11/estimate based on 1 court (Dusseldorf)/	Inf. Cases 60% Validity challenges at FPC 90%	42% overall (70% x 60%); Patentee win rate in validity challenges (70% FPC) 60% infringement (estimated)
4	France (U)(CI)	2400	6/2 (Paris)/75%	1345 (40%)	39% (49/126) (2006-07)
	England (U)(CO)	81	1/1/95%	104 (13%)	22% overall (22/104) (1/22 for 2006-07)
8	Netherlands (U)(CI)	60/year	1/1/100%	<50%	39% overall (14/36), 36% preliminary injunction win rate (10/28)(2006-07 only)
11	Spain (U)(CI)	40/year	70/2/50%	80% for inf., 60% for val. chall.	49% overall (estimated)
12	Italy (U)(CI)	—	12/___/___	33%	40% overall (estimated)
15	Sweden (U)(CI)	20/year (1997-2001 data)	1/1/100%	<49% (1997- 2001, 41/84)	50% overall (12/24, 2006-07)
16	Switzerland (U)(CI)	≈10/year	1/1/100%	3-5/year (50- 60%)	72% (1997-2007); 60% (3/5)(2006-2007)

GIP: comparative win rates (2006)

The basics of patent litigation



3.3 Procedure in the four major European countries

- France
- United Kingdom
- Germany
- The Netherlands

Procedure in the four major European countries

- 3.3.1 Gathering of evidence
- 3.3.2 Preliminary injunctions
- 3.3.3 Main action
- 3.3.4 Costs and remedies

3.3.1 Gathering of evidence

- 3.3.1.1 Directive of 29 April 2004
- 3.3.1.2 Gathering of evidence in France
- 3.3.1.3 Gathering of evidence in the UK
- 3.3.1.4 Gathering of evidence in Germany
- 3.3.1.5 Gathering of evidence in the Netherlands
- 3.3.1.6 Use of pieces of evidence coming from parallel actions

3.3.1.1 Directive of 29 April 2004 regarding the enforcement of intellectual property rights

- Deadline for implementation of EC Directive No. 2004/48: 29 April 2006
 - ▶ If not implemented, the Directive is not directly applicable between private persons. However, national laws must be interpreted in the light of the Directive
- Three provisions regarding evidence of infringement:
 - ▶ Article 6: Evidence
 - ▶ Article 7: Measures for preserving evidence
 - ▶ Article 8: Right of information

Evidentiary tools available in every European country

- Publicly available evidence
- Search orders, notably *saisie-contrefaçon*
- Disclosure and compulsory production of evidence
- Right of information
- Witness statement of facts
- Expert reports
- Reversal of the burden of proof for process patent
- Court appointed experts



3.3.1.2 Gathering of evidence in France

- No disclosure or discovery (compulsory production of evidence rarely ordered)
- Prevailing value of written evidence:
 - ▶ interrogatories of parties and witnesses are legally possible but never used
 - ▶ affidavits are not very frequent
- Very powerful tool of *saisie-contrefaçon* (search and seizure orders):
 - ▶ Even against third parties (e.g. regulatory authorities)
 - ▶ Performed by a bailiff and the patent attorney for the claimant
 - ▶ Report handed directly to patentee
 - ▶ No *prima facie* evidence necessary
- compulsory production of documents is not frequent
- Court expert rarely appointed (except for damages)
- **Evidence gathered can be used for foreign litigation**



Evidence diagram



The *saisie-contrefaçon*: a daily practice

- The most efficient way to gather evidence of infringement
- used in 80% of infringement actions
- more than 650 *saisies* are authorized each year by the Court of Paris (in all IP matters)
- inexpensive: the budget ranges between €10,000 and €50,000





The *saisie-contrefaçon* in short

- Upon authorization granted *ex-parte*, a bailiff assisted by experts chosen by the claimant may enter any premises where proof of infringement might be found:
 - ▶ to perform the authorized investigations and,
 - ▶ to draft a report handed over to the right holder and later exhibited to the Court
- New: the court can order the effective seizure of equipment and tools used to manufacture or distribute the counterfeit goods



3.3.1.3 Gathering of evidence in the UK

- Proving infringement
 - ▶ Disclosure is the most important tool
 - ▶ Inspection of processes
 - ▶ Reversal of burden of proof with process claims
- Other procedural tools
 - ▶ Cross-examination of witnesses
 - ▶ Observed experiments
- Evidence gathered in the UK is difficult to use in foreign litigation



Evidence diagram



Main way of gathering of evidence

- Essential role of the *witnesses* and *expert witnesses*
 - ▶ *Witness statements* and *expert witness statements* are exhibited to the adverse party
 - ▶ “*Examination*” and “*cross examination*” of the witnesses during the hearing
- Use of the experts
 - ▶ Chosen and paid by the parties
 - ▶ Intended to clarify the technical points of the case
- Disclosure of documents
 - ▶ The parties must exchange exhibits, even those which are detrimental



“Search and seizure Orders”

- Former “Anton Piller Orders”
- With a judge’s permission, a *supervising solicitor* can enter the defendant’s premises in order to get copies of the documents and take samples (accompanied with the claimant’s solicitors)
Aim: avoid the disappearance of evidence
- Can be ordered before the initiation of the proceedings and on an *ex parte* basis
- The claimant should undertake to:
 - ▶ indemnify any damage made to the defendant
 - ▶ initiate proceedings on the merits just after the execution of the order

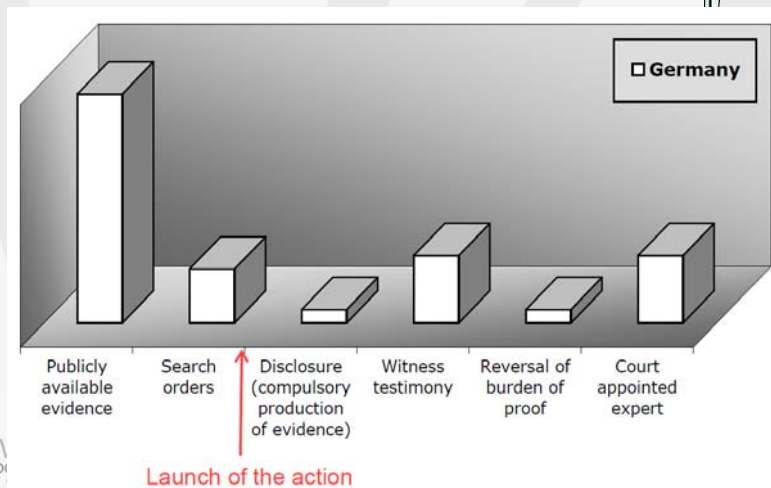


3.3.1.4 Gathering of evidence in Germany

- No disclosure
- Possibility of inspection by court-appointed expert (previously *Faxkarte*, easier since the implementation of the Enforcement Directive) but not always possible:
 - ▶ *prima facie* evidence of infringement is necessary
 - ▶ only if evidence cannot be obtained through another procedure
- No cross-examination of experts
- **Evidence can be used for foreign parallel proceedings**



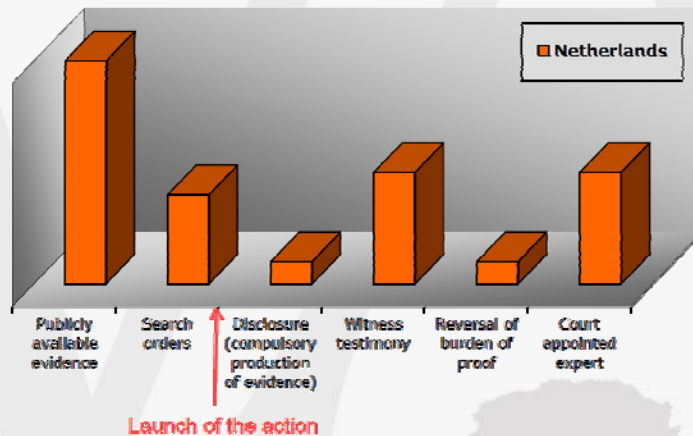
Evidence diagram



3.3.1.5 Gathering of evidence in the Netherlands

- No "*discovery*" procedure: the parties have no obligation to file all the documents in their possession
- Compulsory production of documents available
- Essential role of the experts
- Search orders close to German practice

Evidence diagram



3.3.1.6 Use of pieces of evidence coming from parallel actions

- Evidence gathered in France, Germany and the Netherlands can be used in parallel litigation. But evidence gathered in the UK cannot
- Council Regulation No. 1206/2001 of 28 May 2001 on cooperation between the courts of the Member States in the taking of evidence in civil or commercial matters
 - ▶ Tedesco Case regarding the enforcement, in UK, of a *saisie-contrefaçon* according to the Italian law
 - ▶ The prejudicial issue submitted to the ECJ has been stricken off, but the Advocate General considered in his pleadings that protective measures and search for evidence, as a *saisie-contrefaçon*, fall within the scope of application defined by Article 1 of Regulation No. 1206/2001
- Rogatory commissions addressed to a foreign State
- Convention of The Hague dated 18 March 1970

Strategies based on gathering of evidence

France		UK
Witness statements and testimonies		
Bailliff reports of website or bailliff purchase		
<i>Saisie-contrefaçon</i>	→	(use information gathered in France)
Inseption of the action on the merits		
Request for compulsory production of documents if necessary	→	(use information gathered in France)
		Disclosure
(Use documents obtained from UK disclosure)	←	Request for a leave of the protective order to use documents abroad
Request cooperation of foreign court Regulation EC No. 1206/2001 or Vienna Convention		
(Use information made public during oral hearing)	←	UK trial
French trial		

3.2.2 Opposition before the national patent office, judicial system and duration

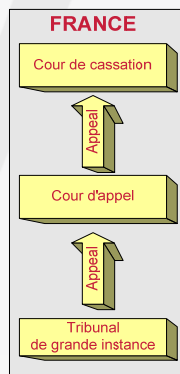


3.2.2.1 Procedure in France Opposition before the national patent office

- No pre- or post-grant opposition procedure is available
- Third parties may only submit written observations
- Action for annulment of any decisions regarding the grant, refusal or maintenance of patents should be filed with the Court of appeal of Paris
- Limitation of French patent or French designation of European patent is possible before the patent office (by the patentee): no appeal possible by third party (Paris, 30 March 2011, Teisseire / Routin)



Judicial system





Judicial system

- Only one court having jurisdiction over patent cases: *tribunal de grande instance* of Paris (4 sections of 3 judges)
- 10 *tribunaux de grande instance* have jurisdiction over PBR cases
- 10 *tribunaux de grande instance* have jurisdiction over trademark, model and copy right cases



Judicial system

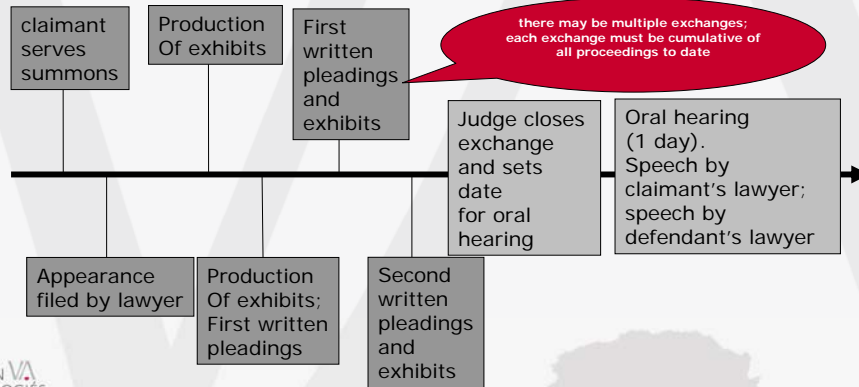
- No technical judges (lawyers)
- Infringement and validity considered in the same proceedings
- Patent infringement gives rise to both civil liability and criminal liability



Judicial system

Average time from filing to decision in 2009 = 24 months

About 40% of cases filed go to a decision on the merits



Appeal and supreme court

- The court of appeal hears the case on the facts and on the points of law (appeal *de novo*)
- The *Cour de Cassation* (supreme court) only studies points of law
- Appeal has not to be permitted



Timing of proceedings

- First instance: 18 to 24 months
- Appeal: 18 to 24 months
- Cassation: 24 months



3.2.2.2 Procedure in the United Kingdom Opposition before the national patent office

- No pre-grant opposition procedure available
- A third party may only file pre-grant observations
- A general appeal against all decisions of the patent office should be filed with the Patents Court
- Limitation of British patent or British designation of European patent is possible by the patentee



Judicial system

- Two specialised patent courts
 - ▶ Patents Court High Court
 - ▶ Patents County Court
- Specialist technically qualified judges
- Infringement and validity considered in the same proceedings
- Patent infringement is not a criminal offence



Judicial system

- The patent office also operates as a tribunal dealing with ownership issues, technical issues or compulsory licence
- A claimant can choose to launch proceedings before either the patent office or the courts concerning employee compensation, declaration of non-infringement, validity of the patent or infringement
- A general appeal against all decisions of the patent office should be filed with the Patents Court

Court of Appeal (limited access)



- « *Permission to appeal* »
i.e. the appeal is permitted if:
 - ▶ real prospect of success of the appeal
(*e.g.* due to a different interpretation of the law) or
 - ▶ particular circumstances of the case
(public interest)
- In patent litigation, the permission to appeal is rarely refused, due to the discussion on its validity

Court of Appeal



- Composition : 3 judges
- New study of the case but limited to the points of law, as the facts are sealed in first instance
- Impossibility to exhibit new evidence, except if the piece of evidence was reasonably inaccessible during the first instance proceedings

House of Lords (Supreme court)



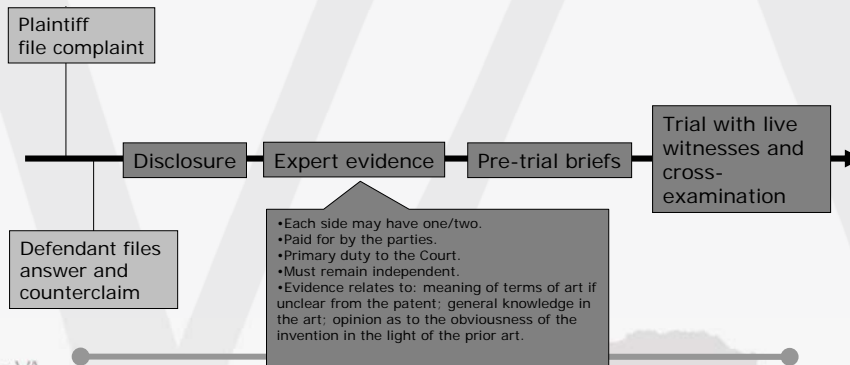
- Access to this court subject to an authorisation: « *leave to appeal* » granted in very few cases (public interest, important points of law)
- Composition: 5 judges
- 1 patent case per year

Main features of the proceedings



Average time from filing to decision in 2007 = 18 months

About 13% of cases filed go to a decision on the merits





Conduct of the hearing

- The hearing lasts several days (5 to 20 days)
- Hearing of the witnesses during the hearing: « *examination* » and « *cross-examination* », *i.e.* the witness is first examined by the party on behalf of which he acts and then cross-examined by the other party: active role of the judges
- Pleadings



Judgement

- Binding precedent
- The decisions are enforceable in principle
- The court always decides on the validity and infringement



Timing of proceedings

- Quick proceedings:
 - ▶ First instance: 9 months to 1 year
 - ▶ Appeal : 6 to 9 months
 - ▶ House of Lords : 18 to 24 months



3.2.2.3 Procedure in Germany Opposition before the national patent office

- Any person may file an opposition
- Anyone against whom an action for infringement of a patent has been brought may intervene in opposition proceedings which are already pending
- Appeal against the decision on the application is filed with the patent office; if the appeal is not found to be justified, it will be transferred to the Federal patent Court

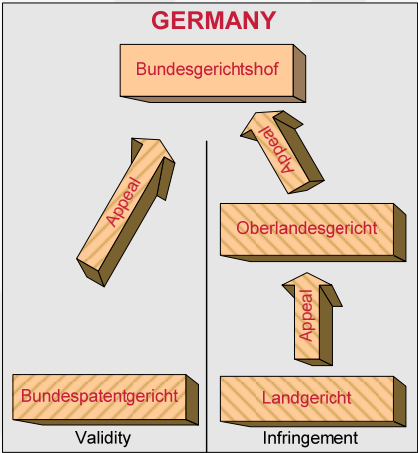


Judicial system

- **Infringement proceedings:**
 - ▶ 12 specialized courts (*Landgericht*), most important are Dusseldorf, Mannheim and Munich
- **Nullity proceedings:**
 - ▶ Federal Court (*Bundespategericht*)
 - ▶ No connection between infringement and validity proceedings
- Criminal action on complaint of the aggrieved party is possible



Judicial system





Judicial system

- More than 1000 patent infringement suits (including utility model and employee inventions actions in Germany) filed annually. If the action is based on several patents, some courts will divide the proceedings and assign separate case numbers.
 - ▶ Düsseldorf over 500
 - ▶ Mannheim nearly 300
 - ▶ Munich over 100
- Nullity Actions
 - ▶ Estimated 225 annually filed at Germany Patent Office
 - ▶ Estimated 300 annually filed at Federal Patent Court



Judicial system

- A technical expert is appointed before the *Bundesgerichtshof*, but not before the *Bundespategericht*
- Stay of the proceedings pending the decision of the *Bundespategericht* on the validity of the patent, only if there are serious grounds for invalidating the patent (which is not the case, if the prior art raised against the validity of the patent is the same as the one raised during examination of the patent or during opposition proceedings)
- Stay of the proceedings in approximately 10% of the cases
- Nullity proceedings are examined only once the EPO proceedings are complete

Nullity proceedings in appeal: the *Bundesgerichtshof*



- Appeal before the *Bundesgerichtshof*, which hear the case on the facts and on the points of law (appeal *de novo*)
- No technical judges in the *Bundesgerichtshof*:
 - ▶ in most of the cases where technical points are challenged by the parties, the Court appoints a technical expert, (generally a University Professor) to whom the Court asks detailed questions
 - ▶ the technical expert draft a written report for the hearing
 - ▶ the parties can file observations into written pleadings in relation to this report

Technical experts



- The *Bundesgerichtshof* generally appoints a technical expert when deciding on the validity of the patent and when technical points are challenged
- The *Landgericht* do not generally appoint technical experts in order to decide on infringement
- Technical experts help the judges but not the parties
- The parties are free to exhibit opinions from independent experts



Timing of proceedings

- Infringement proceedings :
 - ▶ First instance: 9-12 months
 - ▶ Appeal: 12-18 months
 - ▶ Federal supreme Court : 18-24 months
 - ▶ Timing extended if the stay of proceedings pending the decision on the validity of the patent is ordered
- Nullity proceedings:
 - ▶ First instance: 1 to 2 years
 - ▶ Appeal: 18 to 24 months, but 3 to 4 years if a technical expertise is ordered



Some data

- 124 judges
 - ▶ 59 technical judges
 - ▶ 65 judges with legal background
 - ▶ 29 specialised chambers
 - ▶ 150 to 180 new cases requesting the nullity of patents per year

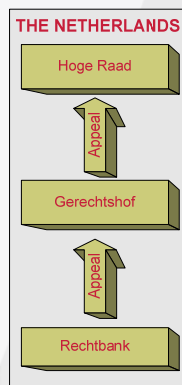


3.2.2.4 Procedure in The Netherlands Opposition before the national patent office

- No formal opposition procedure is available
- “Advice procedure”:
 - ▶ any person may request the patent office in a written statement to provide reasons why the claims of a national patent are invalid
 - ▶ the patent owner may file a response
 - ▶ the case is orally presented before a committee of the patent office which issues a written advisory report
 - ▶ when the invalidity case is continued in court, in general the judges follow this advisory report (it is not legally binding on the court)



Judicial system



Court of first instance: *Rechtbank*



- 19 courts of first instance
- Only The Hague *Rechtbank* has a chamber specialized in patent litigation

Appeal and supreme court: *Gerechtshof and Hoge Raad*



- The *Gerechtshof* (court of appeal) hears the case on the facts and on the points of law (appeal *de novo*)
- The *Hoge Raad* (supreme court) only studies points of law

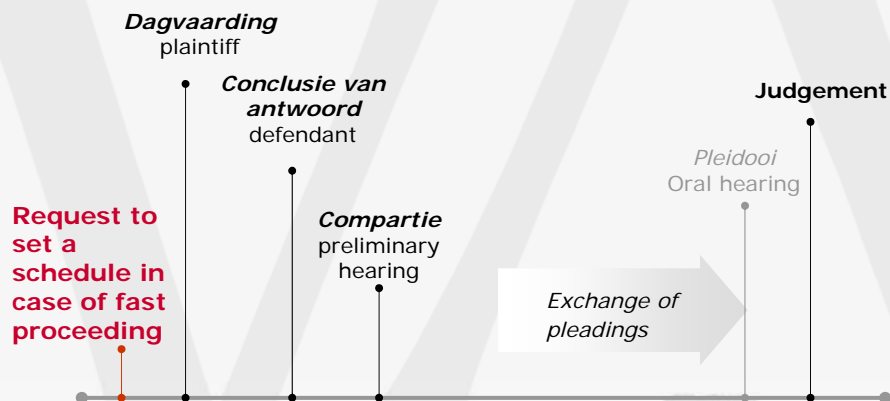


Instruction of the case

- active role of the judge:
 - ▶ interviews the witnesses
 - ▶ appoints an independent expert
- It exists a fast proceedings: often used in patent litigation



Instruction of the case





Timing of the proceedings

- First instance: 12 to 18 months and 9 to 11 months in case of fast proceeding
- Appeal: 12 to 24 months
- Supreme court: 18 to 24 months

3.2.3 Preliminary injunctions

3.3.2.1 Article 9 of the directive of 29 April 2004

- The purpose is pending a decision on the merits :
 - ▶ to prevent imminent infringement
 - ▶ to forbid the continuation of infringement
- Conditions:
 - ▶ reasonably available evidence must prove with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed, or that such infringement is imminent
- Security can be ordered
- An action on the merits has to be launched quickly, failing that, the interim injunction might be revoked
- If the interim injunction is revoked, or in absence of infringement, the defendant can be granted compensation

3.3.2.2 Preliminary injunctions in France



- Preliminary injunctions possible:
 - ▶ Requirement for clearly valid patent and clear infringement
 - ▶ Rarely granted although theoretically easier since the implementation of the Enforcement Directive
 - ▶ Extremely rarely granted *ex parte*
 - ▶ No express requirement to act swiftly (but implicit)
- No UK "clear the way doctrine", but it could soon be imported
- Defendant cannot file a protective brief (German *Schutzschrift* not imported so far)
- Security can be ordered
- An action on the merits has to be launched within 31 days of the injunction, failing that, the interim injunction is revoked
- If the interim injunction is revoked, or in absence of infringement, the defendant can be granted compensation

3.3.2.3 Preliminary injunctions in the United Kingdom



- Preliminary injunctions are available
- Clear the way doctrine in the pharmaceutical field
- Cross-undertaking in Damages can be significant (*Servier v Apotex*, £17 Million, reversed on 30 March 2011)

Preliminary injunction proceedings



- Conditions of grant:
 - ▶ *Did the claimant act rapidly?*
 - ▶ *Serious question to be tried*
 - ▶ *Irreparable damage*
- Determining elements
 - ▶ *Balance of convenience* : regarding to the interests of the parties
 - ▶ Commercial situation of the parties
- Practically: very rare in patent litigation (due to the uncertainties on the validity thereof), except in pharma matters (clear the way doctrine); often used in trademark and model litigation

3.3.2.4 Preliminary injunction in Germany



- Possible preliminary injunctions
 - ▶ Requirement for clearly valid patent and clear infringement
 - ▶ Plaintiff must act swiftly
 - ▶ Rarely granted in complex cases
 - ▶ Regularly requested *ex parte*
- Defendant can file a protective brief (*Schutzschrift*)

Preliminary injunction proceedings (*einstweilige Verfügung*)



- Conditions of grant:
 - ▶ the proceedings should be initiated within a short timing (1 to 3 months) from the knowledge of the acts of infringement
 - ▶ evidence of the *prima facie* validity of the title: the patentee must prove that his patent has been held valid in other proceedings (e.g. after the opposition proceedings before the European patent office)
 - ▶ evidence of the obvious infringement
- Timing for obtaining the decision: about 3 to 6 months from the writ of summons
 - ▶ The court can grant a preliminary injunction order, in few days, without hearing the defendant

Schutzschrift procedure



- Possibility for the defendant who fears that an *ex parte* preliminary injunction is granted against him, to provoke *inter partes* proceedings in order to file counter-arguments
- Reasoned submissions should be filed in each of the 12 *Landgerichte* which have jurisdiction over infringement proceedings

3.3.2.5 Preliminary injunction in the Netherlands



Kort Geding

- Literal: "short proceedings"
- True characteristics: "mini full proceedings"
- Widespread and frequently used by parties internationally
- Rulings of strict preliminary nature: no bearing on main proceedings whatsoever, no final ruling on infringement and validity
- Limited to "urgent" cases: ongoing infringement basically is enough
- Not limited to "simple cases": both infringement and validity
- Provisional evaluation of the likely outcome in the full proceedings
- All defences possible



Kort Geding

- Fast and informal procedure
- Written evidence available (filed at reasonable notice before hearing)
- No formal written phase but the defendant can file a reply
- Hearing set a few weeks after petition
- Rarely to obtain provisional damages, non declaratory

3.2.4 Costs and remedies

3.2.4.1 Costs of litigation

3.2.4.2 Remedies

3.2.4.1 Costs of litigation

3.2.4.1.1 Costs of litigation in France



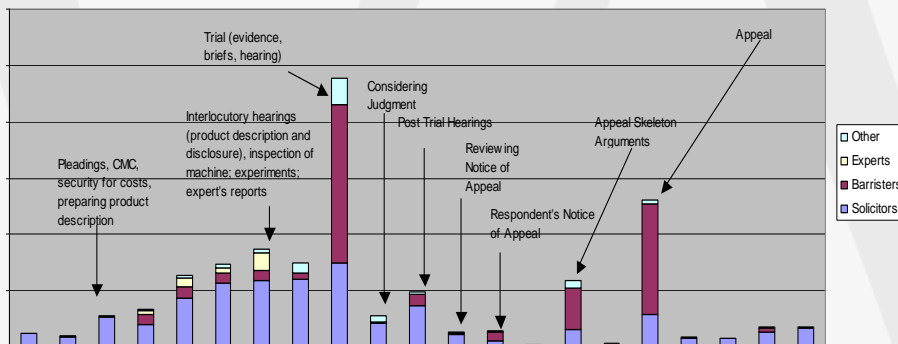
- Average costs of the proceedings (first instance)
€100,000 to €300,000
- Up to €600,000 for the most complex and disputed matters
- The unsuccessful party pays part of the costs incurred by the successful party
 - ▶ Higher amounts have been granted since the last years
 - ▶ Approximately ½ of actual costs

3.2.4.1.2 Costs of litigation in the United Kingdom



- Average costs of the proceedings: 1.5 million Euros (3 millions Euros in more complex cases)
- The unsuccessful party bears 60% to 75% of the opposing party's costs

Cost diagram



3.2.4.1.3 Costs of litigation in Germany



- Attorneys' fees generally calculated with hourly rates
- The unsuccessful party should pay the attorneys' fees of the successful party as well as the court costs, the latter being set according to a table proportional to the case at stake
- Costs of the proceedings are reasonable as in France (far less than in the United Kingdom or the United States)

Costs of infringement lawsuit



	Value of the matter in Euros	Court costs	Attorney Fees of opponent	Own Attorney Fees	Cost risk in case of losing (total)
1 st Instance	0.89M€	13.3K€	20K€	20K€	53.2K€
	4.43M€	44.3K€	73.1K€	73.1K€	190.6K€
	8.87M€	84.2K€	139.6K€	139.6K€	363.5K€



Costs of nullity action

	Value of the matter in Euros	Court costs	Attorney Fees of Opponent	Own Attorney Fees	Cost risk in case of losing (total)
BPatG	0.89M€	17.7K€	20K€	20K€	57.6K€
	4.43M€	65.6K€	73.1K€	73.1K€	211.9K€
	8.87M€	125K€	139.6K€	139.6K€	404.3K€



Cost risk summary of infringement and nullity procedures

Value of the matter in Euros	Total Cost Risk in Euros
0.89M€	110.4K€
4.43M€	402.5K€
8.87M€	0.77M€

3.2.4.1.4 Costs of litigation in the Netherlands



- The costs of the proceedings are approximately the same as in France
- Attorneys' fees are freely set with the client (generally calculated with hourly rates)
- IP judges in close consultation with the Bar Association established, in 2008, Guidelines fixing the maximum costs that the unsuccessful party has to reimburse to the successful party
 - ▶ e.g. not complicated summary court case: maximum €6,000; not complicated action on the merits with reply: maximum €10,000
 - ▶ these guidelines do not apply in patent cases, it is thus possible to claim for the reimbursement of the full costs

3.2.4.2 Remedies

Directive of 29 April 2004 regarding the enforcement of intellectual property rights

- Article 10: corrective measures
- Article 11: injunctions
- Article 13: damages



3.2.4.2.1 Remedies in France

- Statutes of limitation of 3 years
- Remedies available:
 - ▶ Injunction is a right
 - ▶ Delivery up, destruction of infringing goods
 - ▶ Court appointed expert (or inquiry) to assess damages:
 - ▶ Lost profits (frequent) or reasonable royalty or a combination of both
 - ▶ No account of profit, but infringer's profits taken into consideration to increase damages
 - ▶ Price erosion, springboard effect
- Publication of the decision in newspapers
- The unsuccessful party pays approximately ½ of the other party's costs



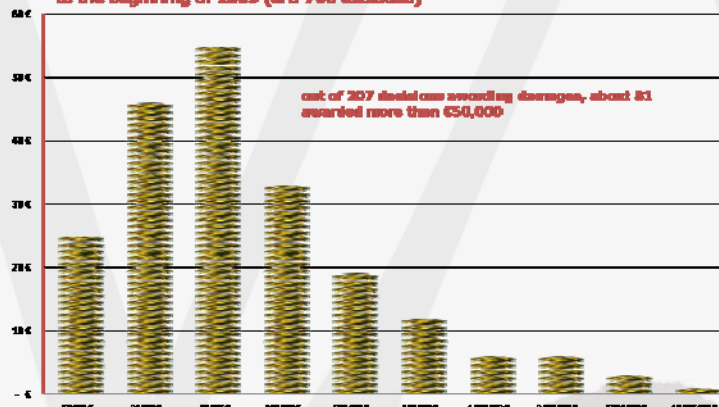
Compensation for the damage

- When the patentee or the licensee works the invention and was able to make the infringer's sales, his damage is assessed in terms of a loss of profit on the lost sales
- When the patentee does not work the invention or when he was not able to make the infringer's sales, his damage is assessed in terms of lost royalties
- Combination of the two methods when the patentee was not able to make all the infringer's sales
- Taking into account of the infringer's profits to increase damages (no option to request infringer's profits)

Damages



Compensation awarded by the Tribunal de grande instance of Paris from 2000 to the beginning of 2009 (art. 700 excluded)



3.2.4.2 Remedies in the United Kingdom



■ Remedies:

- ▶ Injunctions including preliminary injunctions
- ▶ Delivery up, destruction on oath of infringing goods
- ▶ Enquiry as to damages (reasonable royalty, lost profits or account of profits)

■ Loser pays majority of opponent's legal costs

Compensation for the damage



- Statute of limitation: 6 years
 - ▶ Much longer than in France or in Germany

At the patentee's choice, two methods of calculation:

- Account of the infringer's profits
- Loss suffered by the patentee:
 - ▶ Lost profit
 - ▶ Reasonable royalty

3.2.4.2.3 Remedies in Germany



- Statutes of limitation:
 - ▶ 3 years (like in France)
 - ▶ Possibility to request damages for unjust enrichment: 10 years
- Remedies available:
 - ▶ Injunction
 - ▶ Delivery up, destruction of infringing goods
 - ▶ Enquiry as to damages (reasonable royalty, lost profits (rare) or account of profits)
- The unsuccessful party pays winner's costs and court fees based on statutory fees

Compensation for the damage



The patentee can choose a method of assessment of the damages among the three following ones:

- ▶ patentee's lost profit (very rare)
- ▶ profits made by the infringer (direct costs margin)
- ▶ reasonable royalty (most frequent)

3.2.4.2.4 Remedies in the Netherlands



- Injunctions including preliminary injunctions
- Recall from the distribution channels
- Definitive removal from the distribution channels
- Destruction



Compensation for the damage

The patentee can choose a method of assessment of the damages among the three following ones:

- ▶ patentee's lost profit (very rare)
- ▶ profits made by the infringer (direct costs margin)
- ▶ reasonable royalty (most frequent)

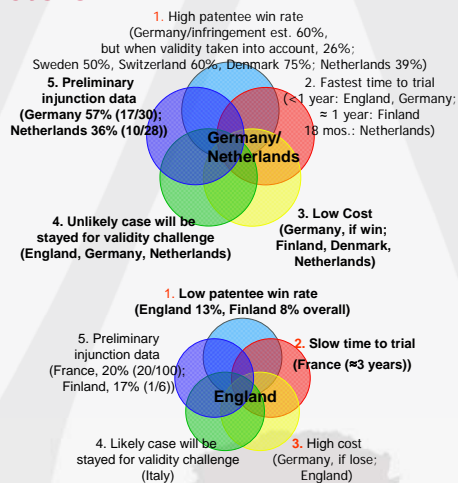
Inter-country forum-shopping in Europe based upon 5 objective factors

- Best European court of first instance in which to initiate patent litigation as **patentee**:

Germany (pretty good chance of winning infringement (prelim and perm), and costs paid by other side²); France; Switzerland

- Best European court of first instance in which to initiate patent litigation as **alleged infringer**:

England (expensive, but very good chance of winning.)



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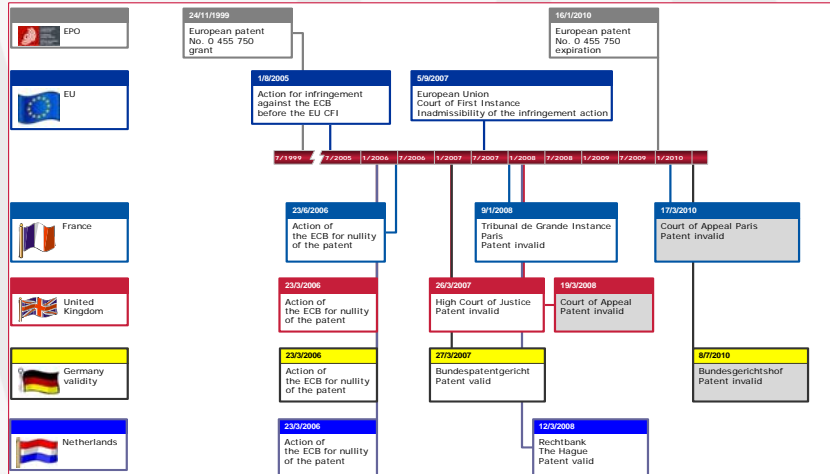
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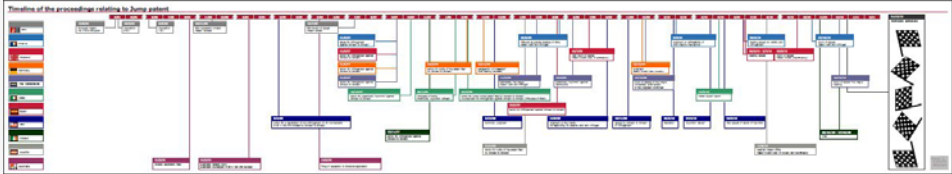


The basics of patent litigation

ECB v. Document Security Systems banknotes



Striking a powerful blow



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