

Toward a new European Patent System: the European Patent with Unitary effect and the Unified Patent Court

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A V O C A T S
Paris ■ Lyon

The new European Patent System

Summary

- Two major events in the European patent system
- Why a new system in Europe?
- What reform for the patent system in Europe?
- Patents: the new system will not replace the current one, it will come in addition
- Litigation: the new system will replace gradually the current one

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Two major events in Europe



- 17 December 2012
Creation of **unitary patent protection**
EC Regulation 1257/2012
http://www.upc.documents.eu.com/PDFs/2012-12-17_Regul_1257-2012_Enhanced_coop_creation_Unitary_patent.pdf
Regulation 1260/2012 (translation arrangements)
http://www.upc.documents.eu.com/PDFs/2012-12-17_Regul_1260-2012_Enhanced_coop_Unitary_patent_translation.pdf
- 19 February 2013
Agreement on **Unified Patent Court**
http://www.upc.documents.eu.com/PDFs/2013-02-19_Agreement_Unified_Patent_Court_JOUE_2013-06-20.pdf

What reform for the patent system in Europe?

The reform includes

- The creation of a unitary patent protection in Europe through a “European Patent with Unitary effect”
- The creation of a “Unified Patent Court”

Why a new patent system in Europe?

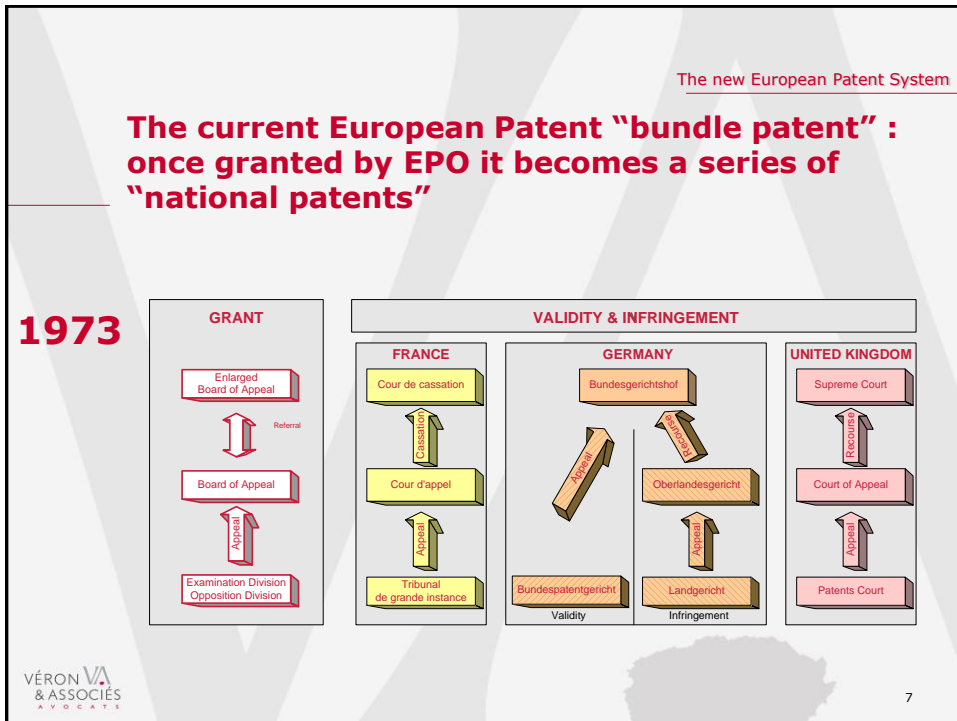
A new system was needed to cure the defects of the current patent system in Europe

- Lack of real unitary patent protection
- Jurisdiction given to national courts in parallel proceedings

Lack of real unitary patent protection: the current European Patent is a "bundle" patent, not a unitary patent

- The European Patent Office provides a single patent grant procedure, but does not grant a single patent as far as enforcement is concerned
- The so-called European Patents are not European Union patents or even Europe-wide patents: instead they are a "bundle" of national patents.





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Jurisdiction for validity and infringement

Jurisdiction for validity and infringement given to national courts in parallel proceedings causes:

- *Forum shopping* strategies
(choose the best court where to bring your case)
- Conflicting decisions
(courts of various countries issue opposite rulings on the "same" patent)

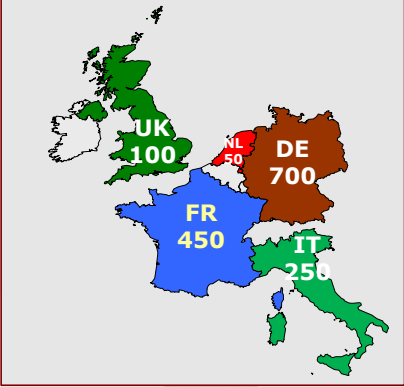
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Patent litigation in Europe: figures

Number of new patent cases per year (rough estimate) in countries with ≥ 50 cases/year



Source: Harhoff
http://ec.europa.eu/internal_market/indprop/docs/patent/studies/litigation_system_en.pdf

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Forum shopping in the current system: points to consider

- Patentee or potential defendant?
- Place of business of the other party?
- Place of manufacture or marketing?
- Main markets for the products?
- Size of companies?

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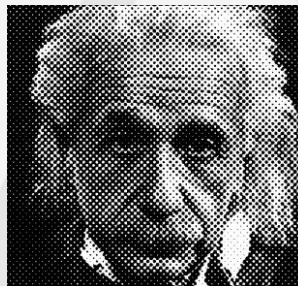
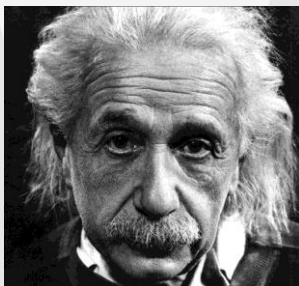
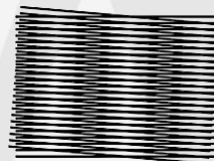
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Conflicting judgments: an example patent case

Document Security Systems Inc.
v
European Central Bank



The moiré effect



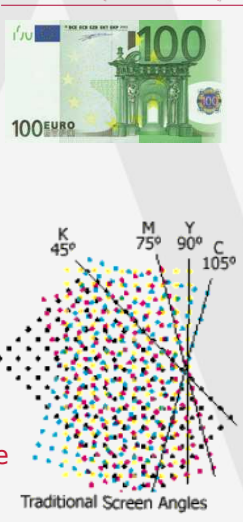
[European Central Bank v Document Security Systems Incorporated \[2008\] EWCA Civ 192 \(19 March 2008\)](#)

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Conflicting judgments

Document Security Systems / Banque centrale européenne (security)

- **United Kingdom : patent invalid**
High Court 26 March 2007 EWCA 19 March 2008
- **Germany : patent valid 1st instance**
Bundespapentgericht 27 mars 2007
patent invalid appeal
Bundesgerichtshof 8 July 2010
- **France : patent invalid**
Tribunal de grande instance de Paris, 9 janvier 2008
- **The Netherlands: patent valid 1st instance**
Rechtbank La Haye 12 mars 2008
patent invalid appeal
Bundesgerichtshof 21 December 2010
- **Spain : patent valid**



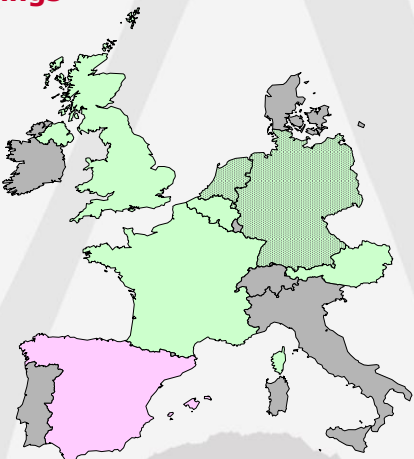
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Document Security System v European Central Bank

Outcome of the proceedings

- Patent held invalid (1st instance & appeal)
- Patent held invalid (appeal)
- Patent held valid




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Conflicting judgments

Novartis / Johnson & Johnson (contact lenses)



- **The Netherlands : patent valid and infringed**
11 February 2009 Rechtbank The Hague
- **France : patent valid and infringed**
25 March 2009 Tribunal de grande instance Paris affirmed by court of appeal
- **United Kingdom : patent invalid for insufficient description (but meeting novelty and inventive step requirements)**
High Court 10 July 2009
- **Germany : patent invalid for lack of novelty (but meeting description requirement)**
Bundespategericht 10 décembre 2009


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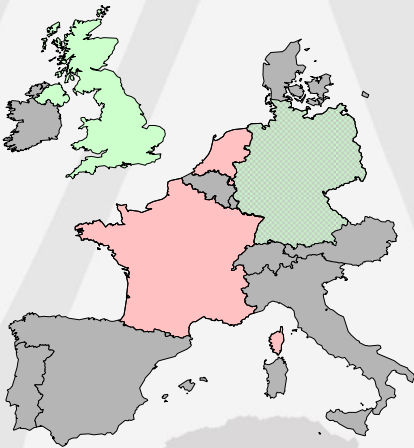
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Conflicting judgments


Novartis / Johnson & Johnson (contact lenses)

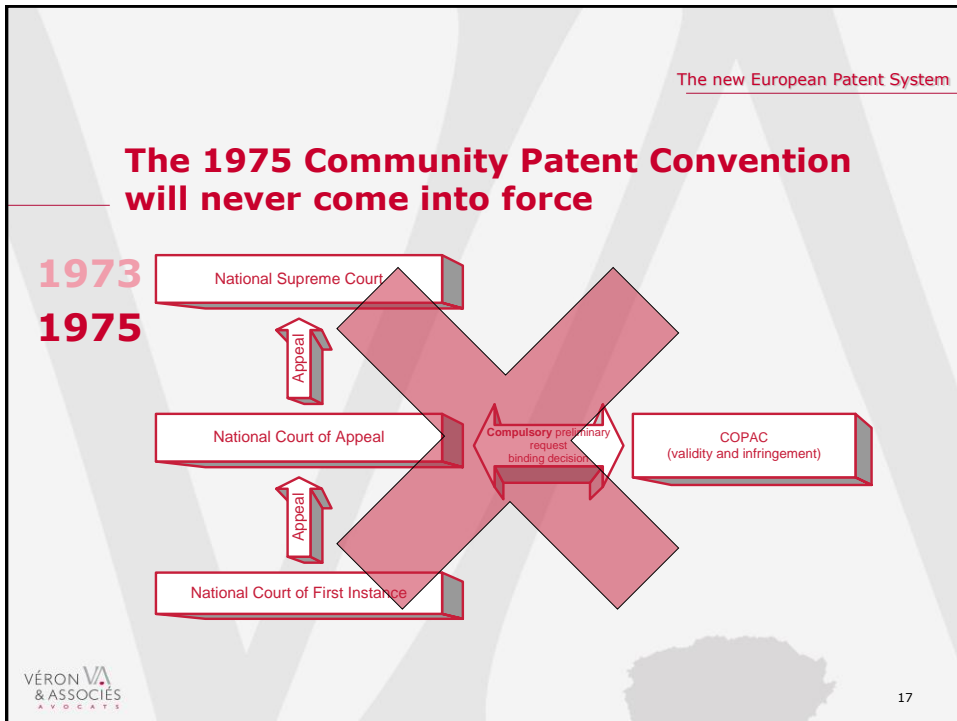


- Patent held invalid
novel but insufficient description
- Patent held invalid
sufficient description but not novel
- Patent held valid
and infringed



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When will the reform of the patent system in Europe will enter in force

It is now expected that the two pillars of the reform will enter in force in 2015:

- The “European Patent with Unitary effect”
- The “Unified Patent Court”

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The new system will not replace the current system

- **Protection:** national patents, classical European Patents (bundle) and the new European Patents with Unitary Effect will coexist
- **Litigation:**
 - ▶ National patents will remain litigated before national courts
 - ▶ Classical European Patents (bundle) will be litigated before national courts or before the Unified Patent Court during a transitional period of 7 years
 - ▶ European Patents with Unitary effects will be litigated solely during the Unified Patent Court

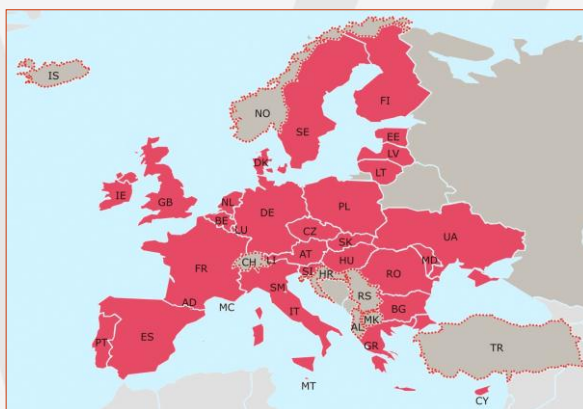
Patents: the new system will come in addition to the current one

- National patents (DE, UK, FR, etc.) are here to stay
- Classical European Patents (bundle) are here to stay
- European Patent with Unitary Effect is an additional option

Litigation: the new system will replace gradually the current one

- National patents will remain litigated before national courts
- Classical European Patents (bundle patents) will be litigated either before national courts or before the Unified Patent Court during a transitional period (7 years minimum)
- European Patents with Unitary effects will be litigated solely before the Unified Patent Court

Territorial scope: difference between EU and EPO



EPO
and EU

EPO
NON EU

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Territorial scope: differences inside EU

25 UP
(EPO + EU + UP)

NON UP
(EPO + EU)

EPO
(NON EU)

PL
UP NON UPC

IT
UPC NON UP

(Five different Europes: EU, EPO, UP, UPC)

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The European Patent with Unitary Effect

- What is it?
- How to get it?
- Will it give a better protection?
- How much will it cost?
- Pros and cons?

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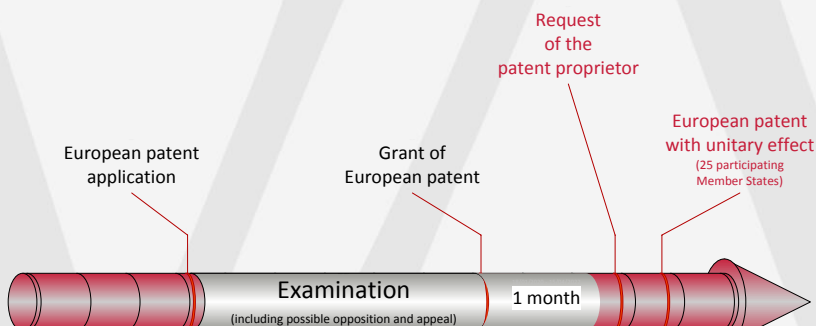
What is a European Patent with unitary effect?

A European Patent granted by the European Patent Office under the European Patent Convention's rules and procedures (no change during the pre-grant procedure)

to which,

- on request of the patent proprietor
- after grant,
- unitary effect is given
- for the territory of the 25 participating MS (all EU MS except Italy and Spain and except Croatia)

Unitary effect results from post-grant transformation of a European Patent



Unitary effect is obtained after grant by a request of the patent proprietor

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Conditions for requesting unitary effect

- Unitary effect may be requested for **any European patent** granted on or after the date of application of the Regulations
- Unitary effect may be registered only if the EP was granted
 - ▶ with the **same set of claims**
 - ▶ in respect of **all 25** participating MS

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Territorial scope of EU with unitary effect: 25 participating Member States

25 UP (EPO + EU + UP)
NON UP (EPO + EU)
EPO (NON EU)
PL UP NON UPC
IT UPC NON UP

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Renewal fees: how much?

- **Single renewal fee**
(for the Unitary Patent to be paid to the European Patent Office: 50% EPO, 50% to participating Member States)
- **Level of renewal fee yet to be set**
(low enough to be attractive to users but high enough to ensure the EPO's and the national offices of the Members States' financial sustainability)

European Patent with Unitary Effect Pros and cons

- **Pros**
 - ▶ one-single patent: one judgment for the whole EU (except ES and IT)
 - ▶ cost (?)
- **Cons**
 - ▶ one-single patent: if revoked...




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The Unified Patent Court

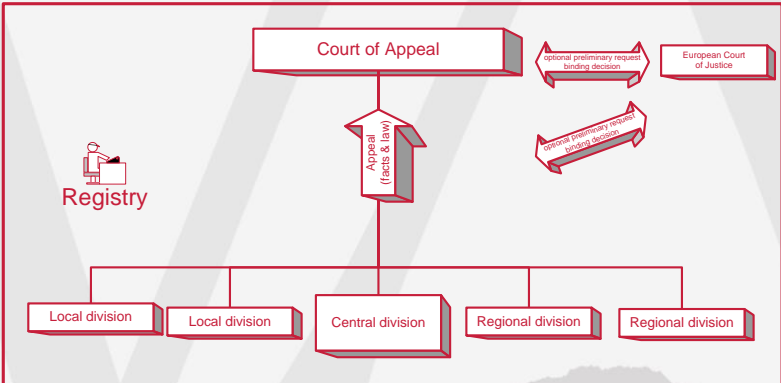
- Structure and location of the divisions
- Territorial effect of the decisions
- Jurisdiction and forum shopping
- Language
- Transitional period

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6 The Court



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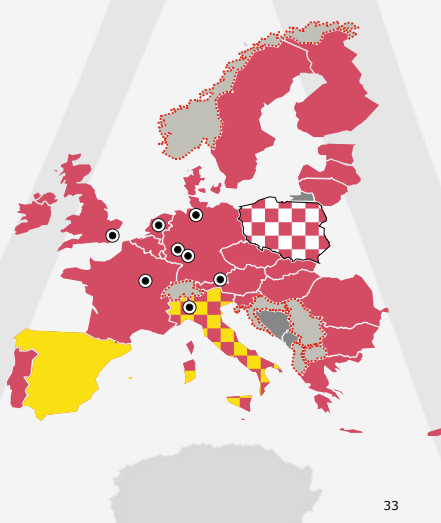
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7 The Court of first instance: local divisions

(3) A local division shall be set up in a Contracting Member State upon its request.

(4) An additional local division shall be set up in a Contracting Member State upon its request for every 100 patent cases per year.

The number of local divisions in one Contracting Member State shall not exceed 4.



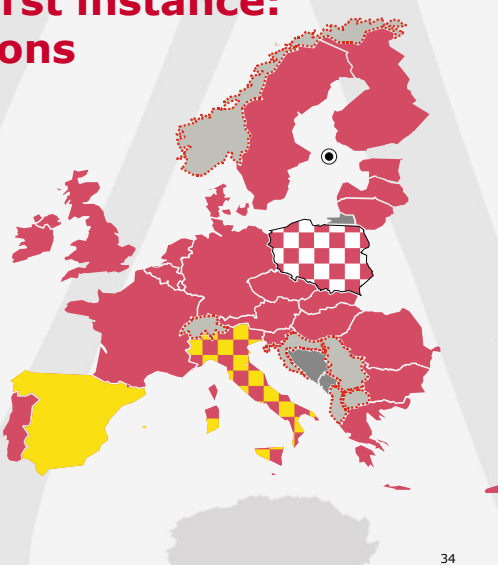
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7 The Court of first instance: regional divisions

"(5) A regional division shall be set up for two or more Contracting Member States, upon their request in accordance with the Statute. Such Contracting Member States shall designate the seat of the division concerned and shall provide the necessary facilities for that purpose. The regional division may hear cases in multiple locations."



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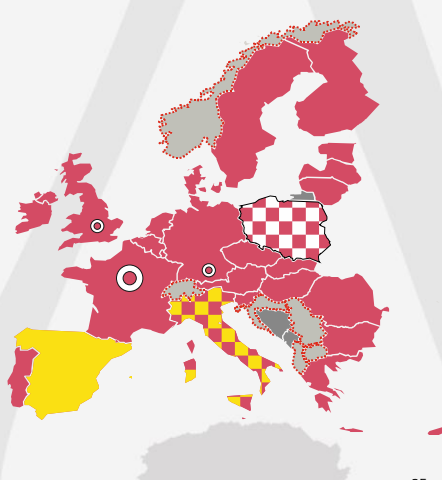
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7 The Court of first instance: central division

"(2) The central division shall have its seat in Paris, with sections in London and Munich. The cases before the central division shall be distributed in accordance with Annex II..."

Contracting Member States hosting the central division, its sections or the Court of Appeal shall provide the facilities necessary for that purpose."



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Article 7 and Annex II The Court of first instance: central division and sections



London

SECTION A — HUMAN NECESSITIES

SECTION C — CHEMISTRY; METALLURGY



Paris

PRESIDENT'S OFFICE

SECTION B — PERFORMING OPERATIONS; TRANSPORTING

SECTION D — TEXTILES; PAPER

SECTION E — FIXED CONSTRUCTIONS

SECTION G — PHYSICS

SECTION H — ELECTRICITY



Munich

SECTION F — MECHANICAL ENGINEERING; LIGHTING; HEATING; WEAPONS; BLASTING

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The Court of appeal (Luxembourg)

Court of Appeal

Appeal (facts & law)



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34 Territorial effects of the decision

European Patent
All the countries where the patent is in force

Unitary Patent
All UP countries



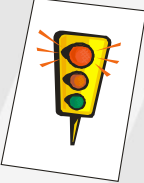
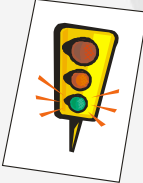
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32 Jurisdiction

- Infringement
- Declaration of non-infringement
- Revocation
- Miscellaneous







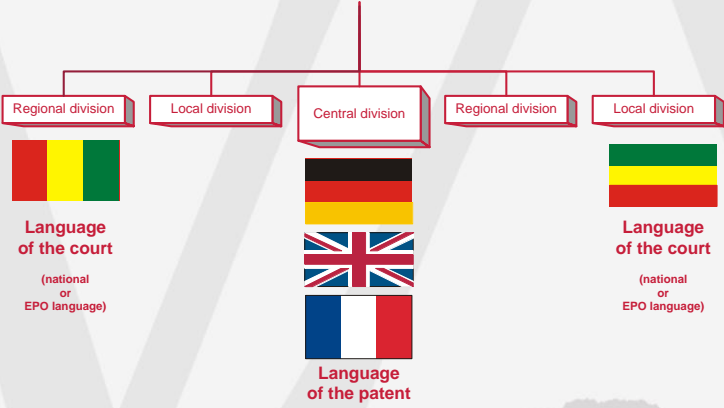
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49 Language of proceedings: 1st instance



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graph TD
    Root[ ] --- R1[Regional division]
    Root --- R2[Local division]
    Root --- R3[Central division]
    Root --- R4[Regional division]
    Root --- R5[Local division]
    
    R1 --- I[Italian flag]
    R2 --- I
    R3 --- G[German flag]
    R4 --- G
    R5 --- S[Spanish flag]
    
    R3 --- UK[UK flag]
    R3 --- F[French flag]
    
    I --- L1[Language of the court  
(national or EPO language)]
    G --- L2[Language of the court  
(national or EPO language)]
    UK --- L3[Language of the patent]
    F --- L3
    
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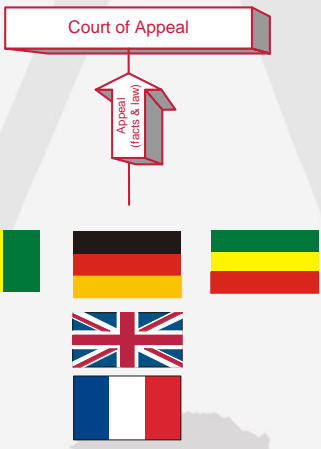
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50 Language of proceedings: appeal



- Language of 1st instance
- Language of the patent (upon the parties' agreement)
- Language chosen by the court and approved by the parties



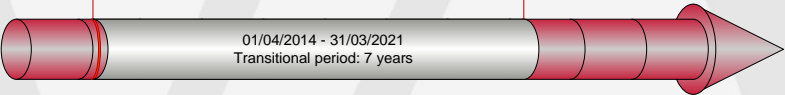

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83 Transitional period: 7 years


01/04/2014
Entry into operation
Unified Patent Court
Agreement

31/03/2021
End of
Transitional Period



01/04/2014 - 31/03/2021
Transitional period: 7 years

- National courts still competent for EP
- European Patent holders may opt out from Unified Patent Court (withdrawal possible)


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83 Transitional period

*"(3) Unless an action has already been brought before the Court, a proprietor of or an applicant for a European patent granted or applied for prior to the end of the transitional period under paragraph 1 and, where applicable, paragraph 5, shall have the possibility to **opt out** from the exclusive competence of the Court. To this end they shall notify their opt-out to the Registry by the latest one month before expiry of the transitional period. The opt-out shall take effect upon its entry into the Registry.*

*(4) Unless an action has already been brought before a national court, proprietors of or applicants for European patents who made use of the opt-out in accordance with paragraph 3 shall be entitled to **withdraw their opt-out** at any moment. In this event they shall notify the Registry accordingly. The withdrawal of the opt-out shall take effect upon its entry into the Registry."*

Rules of procedure (382 rules)

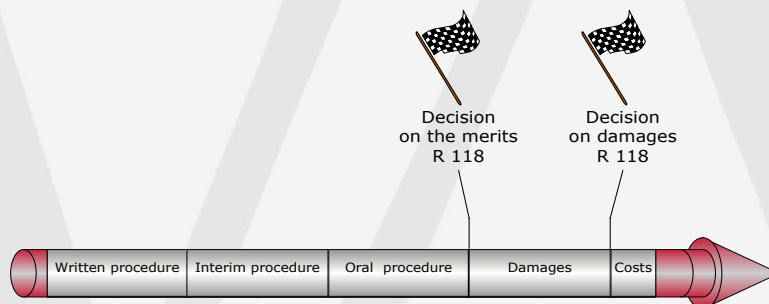
- Draft **Rules of procedure** of the Unified Patent Court 31 May 2013 (V14)
www.upc.documents.eu.com/PDFs/2013-05-31_Draft_15_Rules_of_Procedure_UPC.pdf
- *"proceedings shall be conducted in a way which will normally allow the final oral hearing on the issues of infringement and validity at first instance to take place within **one year**" (preamble)*

Rule 8 ROP

Stages of the proceedings

- "(a) the written procedure;
 (b) the interim procedure, which may include an interim conference with the parties;
 (c) the oral procedure, which shall include an oral hearing of the parties where necessary;
 (d) the procedure for the award of damages;
 (e) the procedure for a cost order."

Rule 8 ROP

Stages of the proceedings

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