

# UNIFIED PATENT COURT

## ORAL HEARING ON THE RULES OF PROCEDURE

26 NOVEMBER 2014

ACADEMY OF EUROPEAN LAW  
TRIER, GERMANY

Trier Hearing	Fees & legal aid	General prov.	Proc. appeal	Prov. Measures	Evidence	Proc. first inst.	ROP intro	Statute UPC	UPC Agreement	Unitary patent
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**JOHANNES KARCHER** (Chairman of the Hearing, Chairman of the Legal Group Preparatory Committee): Welcome. A warm welcome, ladies and gentlemen. Bienvenue. Welcome, here in the home of the Academy of European Law to our consultation on the draft Rules of Procedure of a Unified Patent Court.

We have translations in the three languages: English, German and French. You can see the channels on the flip board -- English is channel 1; German is channel 2; French is channel 3 -- so that we can get set to be able to follow.

Once again a warm welcome. My best wishes extend to those interested parties which are unable to participate in Trier today, but that follow the event through the live stream available. Today's event has been awaited by many participants with great anticipation. This is also true for the people on the podium, who have worked on the draft rules of procedure with great commitment, but also with a lot of joy.

First, let me introduce myself to you. My name is Johannes Karcher of the Federal Ministry of Justice and Consumer Protection in Berlin. I am head of the legal working group within the legal department of the Preparatory Committee for the establishment of the Unified Patent Court and today I have the honour to carry out this consultation on the draft Rules of Procedure in that capacity with you.

I am very pleased that so many you have accepted the invitation to Trier and have made time in their calendars to provide their comments and assessment on the draft Rules of Procedure. This was already the case in 2013, during the written consultation we conducted, and again today for a final oral version. Allow me at this point a brief personal comment.

I have been involved with this work for a number of years and have participated from the beginning in the negotiations for the EU Regulations, inter alia, the Convention on the Unified Patent Court. With some ups and downs as you can imagine. Today's event on the Rules of Procedure deals with a key component of the future Court, namely its Rules of Procedure, and they concern the operation of the Court in a very practical sense. This way, the court hearing becomes tangible for us. In this respect, one can say: after such a long journey this is also an emotional moment for many of us in the room here, but I am sure that your comments today will ensure that we all keep our feet firmly on the ground and that is a good thing.

Before presenting the participants in this "long table" and to explain the program on which we will focus today, I would like to welcome Mr. Paul van Beukering who is the Chairman of the Preparatory Committee for the unified patent jurisdiction, who participates, with the Vice-Chairman, Mr Alexander Ramsay, in our conference.

He would also like to welcome the participants and I give him the floor.

**PAUL VAN BEUKERING** (Chairman of the Preparatory Committee): Ladies and gentlemen, it is a great pleasure for me to welcome you here in Trier on the occasion of the first public hearing of the Preparatory Committee of the Unified Patent Court.

When planning for this meeting we did not know that it would be one week after the Opinion of the Advocate General in what is usually called "the Spanish cases".

If we had known, we could not have planned it better -- in particular, with the knowledge that we have today of the very positive approach the Advocate General is taking towards our project. I think that should bring us in a good mood today, I would say.

This is an important day for the Preparatory Committee, first, because it is the very first occasion where we will have a chance to meet and discuss with the future users of the Court how we want to shape the Court. Shaping the Unified Patent Court means that we must know the needs of the future users, and that can only be achieved if we know what your needs and your concerns are. So, today, we will listen.

Today is also a very important day because of what we will be discussing. The Rules of Procedure is a massive piece of work but should not only be judged by its size, as impressive as that already may be. Establishing the Rules of Procedure means that we are now creating a supranational, autonomous civil procedure of the law that will be used in most European countries: both common law countries and civil law countries; both countries where there is much patent litigation experience and countries where there is less experience; countries with their own divergent legal traditions, using different languages. That is without precedent and that is what makes this project so unique and so challenging.

It also means that on many issues we have no examples that we can use or, which may be even more difficult, that we do not have one perfect model that we can copy, but we have many best practices, each having its own confirmed supporters. I think we will see some of that today.

It is this complexity that brings an extra dimension to the achievement of the Drafting Committee and the Contracting States Expert Group, an achievement that cannot be overestimated, and I think both groups need to be applauded for their work.

However, their work is not finished yet. As I said, we are here today to listen to what you make of it and you will find both groups in front of you to do exactly that.

Today's hearing marks the start of the final stage of preparing the Rules of Procedure. The Drafting Committee and the Expert Group will take back the results of today's discussions and prepare the final draft of the Rules. This will then be brought to the Preparatory Committee for final adoption. Both the future judges, lawyers and patent attorneys will then know exactly what the future procedural law will be and will have time to prepare themselves. We can start making internal procedures for the Court's

Registry and design the IT systems to suit all users' needs. So there are many reasons to conclude the debate on the Rules of Procedure way in advance of the entry into operation of the Court.

I know that in preparing for today's hearing Johannes Karcher, the coordinator of the Legal Group, had to think about the seating order, and he has decided to have both the Drafting Committee and the Expert Group from the Contracting States sitting next to each other on the podium. That, I think, is a very good idea, because it not only reflects that this is a joint effort of the experienced practitioners and the representatives from the Contracting States, but it also symbolises how the Preparatory Committee wants to work together with the future users of the system.

Ladies and gentlemen, today will be a very long day, but there will be very much to discuss and, in order to allow as many as possible of you to be heard, you will be asked to be brief. Let me therefore set the example and conclude.

I want to thank you all again for travelling here to participate in this hearing. I am sincerely looking forward to hearing your views on the Rules of Procedure, and with your input this will undoubtedly be a very successful day. I thank you for your attention.

**JOHANNES KARCHER:** Thanks Paul, thank you very much.

Before I begin, I would like to say two things: firstly I would like to introduce the podium, so that you know with whom you are dealing and secondly, to give you an overview of today's program and the structure of the interventions.

The podium: on my left, as Paul just said, you can see the members of the Legal Working Group of the Preparatory Committee; they are the Member States' experts for the rules of procedure.

They are 15 in total from different Member States, many of whom are here today.

On my left, you can see Samuel Granata (Belgium), Mark van der Burg (Netherlands), Louise Petrelius (Sweden), Laura Starrs (UK), Julie Saint-Paul (France), Jussi Karttunen (Finland) and Bernadette Makoski (Germany.)

To my right is the panel: right next to me, Mr. Kevin Mooney who is the Chairman of the expert group, and then the lawyers and judges who compose it, Professor Tilmann, lawyer, Mr Grabinski, Judge at the German Supreme Court, Mr Colin Birss, UK High Court, and then Pierre Véron, lawyer, and Alice Pézard, former adviser to the French Supreme Court.

This is the podium panel today that will listen to you all day.

So, thanking this panel, I give the floor to the Chairman of the group Mr. Mooney to say a few words about the work of his group.

**KEVIN MOONEY** (Chairman, Expert Group): Thank you, Johannes. On behalf of the Committee we were very grateful for your invitation to participate.

I would first like, very publicly, at this relatively late stage to record my tremendous thanks to the members of my Committee for the work they have put in over a period of almost three years. We were appointed initially in February 2011. When I was asked to chair this group, I was going to say I insisted - I was not in a position to insist on anything -- but I strongly recommended that we met two conditions: first, that the group should be very small, because it was obvious that we were not going to be able to draft some quite complex rules in a large Committee; and, secondly, I strongly suggested that whoever was on the Committee should command real respect across Europe from practitioners. I am very happy to say that both conditions were satisfied.

The group was seven, actually a little larger than I wanted -- but seven. As far as representation was concerned, as Johannes has said, we had initially three very eminent judges: Alice, Klaus and Sir Christopher Floyd. At this point I must thank Sir Colin Birss for stepping in on occasions when Christopher Floyd could not help, very often at short notice. They are all extremely eminent judges and certainly matched by the lawyer representation Pierre Véron and Winfried, who are here today, and Willem Hoyng, who unfortunately is not.

When we were first appointed, the climate was very different in February 2011. You probably don't remember this, but we were threatened with the Agreement coming into force in the summer of that year. We were given a job of satisfying users' demands for a credible set of Rules of Procedure before the summer. You will recollect we met intensively, always over weekends. Actually, by May, we produced, I think, a workable or a credible draft of Rules of Procedure for a technical consultation, and that was very intensive work. These people on the Panel gave up a great deal of their time to achieve that.

Then, of course, the political climate changed. Things became more relaxed, which we do not need to go into, and ultimately we had the written consultation in 2013. If you have your documents in front of you, you will see the amount of red ink that is in that draft. That reflects the tremendous input that we got from users. That public consultation was, I think as far as our Committee is concerned, extremely useful. Since then we have handed this over to Johannes and his group. I am quite pleased about that in many ways. We have since met and made some further revisions, and I am looking forward to hearing your views today on those further revisions. I know that my Committee will continue to work with Johannes's group to see if we can finalise the project.

Thank you very much.

**JOHANNES KARCHER:** Thank you very much, Kevin. All right; then we should start in through the day. I still have some introductory remarks before we come to the substance. I would like to give you, first,

an overview of the day as we will be approaching our subjects.

We will have two major blocks. The first block will be dealing with the four subjects that were already announced in the invitation which you received. We will cover the opt-out (Rule 5); languages (Rule 14); then injunctions and discretion (Rule 118); and, finally, the procedural decisions (Rule 220).

Then we will have another block, block 2, where we will cover additional points. We have some suggestions about what we want to see and also whether you have additional areas that you would pinpoint for further comments which are not among those that we have discussed in the morning.

As to the timing, we will have a lunch break from one o'clock to two o'clock. Then in the morning we will try to have a coffee break at 11.30, and in the afternoon at four o'clock. So that is a little bit sketching the day. It is a lot of work but that is what we are here for.

I just want to remind you before I start on the additional subject of the photographer, who is in the room taking pictures which might also be published. I take it that, since this is a webcast anyway, you will be fine with it. Thank you very much.

As to the meeting documents, just to remind you briefly, you should have on the table the 17th draft of the Rules of Procedure. That draft contains amendments in two colours. There is the red colour, which are the amendments by the Expert Group following the written consultation. Then you have also amendments in blue, which were done by the Legal Group, the Member States group, so we can just see the origin. Also, as the Expert Group did when they published a digest as to their amendments, we have made a table explaining the amendments in blue. So that is another document which we sent round.

As announced also in the invitation and also said by Paul van Beukering, I would like to remind you to concentrate your remarks on those new amendments which you see in these colours -- not on other areas, but only those where we have made changes following the written consultation and in the Member States Group. Everything you see in colour is open today for further comments, which we are very happy to receive from you.

As to the structure of the interventions, it is a hearing so we are more in the listening mode. We want to know what your concerns are; we want to take your ideas and suggestions back with us to consider them. We want to give you as much time as possible for your remarks.

The four subjects will be briefly introduced and then it will be your turn for comments. We have about 45 minutes for the comments on each subject, which we intend to divide into three tranches to get a fairly balanced picture. I would ask the European and international organisations to come in first; in the second go, the national organisations; and, in the third round, the judges and other participants, so that

you do not have to have all your hands in the air all the time. That might be a way forward. At the end of each block we will have a round of comments also from the podium, remarks, etcetera, etcetera.

I would like, as I said, to ask you to be brief in your interventions. That is why for each intervention we have a maximum time span of three minutes in order to ensure that we get as many comments as we can possibly get from you today. When you make your intervention I would kindly ask you before you do to give us your name and the organisation that you are here for, so we can take a good note of who made that comment.

Okay; I think that is about all that I intended to say before we start coming to our subjects. The first, as announced, will be Rule 5. This is the opt-out provision, which has become a very long one. So, some colour in it, as Kevin said, but this is also because we have understood the importance of this provision for the users, allowing them to make their decision for the European patents, existing ones and future to come, whether the Unified Patent Court should have the jurisdiction or whether the national courts should remain to be competent.

The aim of the provision is to guarantee that the patent holders who wish to opt out can safely do so from the beginning when the UPC starts taking up its work.

Article 83(3) of the UPCA says that the opt-out takes effect when it is entered into the register. That is the important point in this case. But, on the other hand, upon entry into force of the Agreement actions may be brought to the UPC. So we need to find a safe way to register and opt out prior to the first possible action, and that is what, in particular, the revisions also intend to guarantee.

I would like, by way of introduction, to make three points which I would want to draw to your attention. The first point would be Rule 5.13. That rule provides for the possibility to lodge an opt-out already with the EPO prior to the entry into force of the Agreement, and the EPO then would transfer these opt-out applications to the register of the Court before the entry into force.

There is an amendment to the effect that the EPO would function as an agent of the applicants -- it is not an organ of the Court but an agent of the applicant -- and the Court is ready to receive these. What is important is that the opt-out applications which are forwarded that way by the EPO to the Court, until the entry into the force of the Agreement, are entered on to the register of the UPC under the date of entry into force of the Agreement, which means that from the beginning the opt-out is valid. That is the first one.

The second point concerns Rule 5.7 and Rule 5.9. These two clarify that there is a permanent bar to changing the jurisdiction between the UPC and the national courts by the declaration to either opt out or to withdraw the opt-out; that is the opposite way. If you look at Rule 5.7, that is the opt-out situation. When an action has been brought before the UPC

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prior to the entry of an opt-out application into the register, the opt-out shall be ineffective, it says. Now, what has been added -- and that is a point where we would value your comments in particular also -- is "irrespective of whether the action before the UPC is still pending or has been concluded". So, that is, in short, the "UPC forever clause", if you are in that situation.

The other is Rule 5.9, which is the opposite way. It concerns the withdrawal of the opt-out. Here the situation is as follows. We begin with an opt-out, and where an action is brought before a national court, prior to the entry of the application to withdraw the opt-out in the register of the court, then the withdrawal would be ineffective. Again, here you see the same wording added, that is "irrespective of whether the action before the national court is still pending or has been concluded". That is the situation "forever national". The reasoning behind it is legal certainty -- that is one issue -- and also to ensure that no conflicting judgments of different jurisdictions are possible.

The last point on Rule 5 would be Rule 5.2, according to which the opt-out of a European patent extends also and always to a supplementary protection certificate which is based on that European patent. So, here, in short, for once I might say, the children are following their parents. That is the situation.

So much for the introduction. Is there anything you would like to add, Kevin, or shall we hear the speakers?

**KEVIN MOONEY** (Chairman, Expert Group): No, thank you.

**JOHANNES KARCHER:** Okay, the floor is open. I would like first to call upon the European and international organisations to make their comments. The floor is open. Who would like to make a comment? State your name and organisation and on we go.

**ALOYS HÜTTERMANN** (IPO): Good morning. It is my pleasure to be the first one who makes a comment here. I wish to thank everybody for their hard work, especially the Rules Drafting Committee; thank you very much.

We only have a technical issue in that, in Rule 5.13, the comment or the feature that the EPO may also collect fees has been deleted. We assume that the feature under the terms specified by it may also relate to fees, but we would suggest that maybe it is also in the Rules that the EPO may collect the fees and maybe also under the provisions of Rule 5.5 for applicants. Thank you.

**JOHANNES KARCHER:** Thank you very much. Mr. Macchetta.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): Thank you. On

this point 13 on behalf of Ordini dei Consulenti in Proprietà Industriale -- I just mention it for the record and you will find what it is -- ICP Confindustria and Centro Anticontraffazione, we all believe that the fee should be specified as something that the EPO can collect on our behalf as a service to us. Since the act is completed when both fee and application is done, it is more preferable to be certain where the right tool is. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes please.

**IVAN BURNSIDE** (EFPIA): I echo the comments from the IPO regarding the EPO collecting fees. Rule 5.5 does indeed say that it is only active once the fee has been paid, and I think your comments, Mr. Karcher, were right on the money. We need this to be a clean opt-out with no ambiguities; so we need those fees collected and transferred in at the same time.

We would also point out two other things, if we may. The first one is the use of the word "may" in Rule 5.13. That does suggest that the EPO may not do this and, indeed, we do need a "sunrise" provision. The second one is that there seems to be no clarity written into the Rules, when an action is commenced on the same day as the Agreement comes into force, whether the opt-out or the action has priority. As I think your comments belie, this should not be a footrace to the Registry. It should be a controlled system where the users know where we stand, and I think clarity could be given by saying that the opt-out has priority if they are on the same day. Thank you.

**JOHANNES KARCHER:** Thank you very much.

**AXEL CASALONGA** (EPI): Thank you, my name is Axel Casalonga, I represent the Institute of Professional Representatives. We have two small points on Rule 5. We think that what is important in the opt-out is that third parties know clearly when the opt-out is effective and that it is effective to avoid a third party launching a revocation action by surprise. So, on those two points I think we need to have this, and to obtain that I think there are some changes which should be thought about. First of all, in Rule 5.6 it refers to the effective date of this opt-out.

Of course I realise that the Agreement in Article 83 says that the date of effectiveness is the date when it is entered into the Registry, but since there is some time between the receipt of the application by the Registry and the entry into the Registry, we think that there should be a retroactive effect and that the real effect of the opt-out should be the date of receipt so that it would be clear from the beginning, if somebody files an opt-out application, that he gets his

opt-out right away, even if it takes one week, two weeks, three weeks to be entered into the Registry. This is most important since now there is 30 days to pay the fee. So there could be 30 days to get into the register in any case.

The second point is about unpublished patent applications. Nowadays it is said that opt-out can only be made on a published application, but what about somebody who is an applicant who knows that his application will be published in a few months and wants to have his application opted out right away on the date of the publication? Why not provide that it would be possible to file this application before publication and then it would be effective retroactively on the date of the publication?

Those are the two points we wanted to make. Thank you.

**JOHANNES KARCHER:** Thank you.

**DANIEL ALGE (FICPI):** We would join this opinion that it is extremely important that the opting-out should be legally retro-effective from the date when it was really asked for, so that the in-between period between the entry of the opt-out in the register would not be used or misused by third parties. Then, of course, one issue is the opting-out fee; that is a very important issue. That is a systematic question which is relevant for all users. Another issue is some clarification. The opting-out of Article 83 is limited more or less to actions for infringement and invalidity, whereas, the competence of the Court in Article 32 is broader than that.

If it is referred to actions taken under this, it should not be that any opting-out would be spoilt by a third party filing an action for declaration for non-infringement at the UPC, because that is not included in Article 83, so the whole opting-out would be spoilt. It should be safeguarded, at least in the Rules, that this should hold true for all actions to be filed on the UPC under Article 32 and not only on actions for infringement and invalidity.

**ANTONIO PIZZOLI (FICPI):** Can I just add something on the fees on behalf of FICPI? With regard to the fees, I believe that they should be deleted because they are not in line with Article 70, UPC, which states that parties to proceedings before the Court shall pay court fees, and opt-out fees are actually court fees according to Rule 370. Therefore, we are wondering why applicants or patent proprietors having a patent could be considered parties to proceedings before the Court while they are actually opting out. So they hardly can be considered parties before the Court.

Moreover, they are fees to be paid just to maintain the jurisdiction which they chose at the beginning when they filed the patent application. So it is considered rather unjust to let them pay a fee just to keep the status quo.

Third, the registration in itself does not require substantial work apart from the collection of the fee itself, which is exactly the reason why the EPO does not require a fee to reduce the unitary effect.

**JOHANNES KARCHER:** Thank you very much.

**BOBBY MUKHERJEE (IP Federation):** Thank you. I just wanted to echo Daniel's comments and say that we certainly agree that there needs to be clarity regarding the true legal effect of opting-out, because it is of tremendous concern and consequence to users. We really must have certainty as to what legal system the patent falls under. So I would ask us all to really make sure that we understand that.

On the opt-out fees, I think it is also very important to consider the need for a capped fee when we opt out batches or portfolios of patents.

**JOHANNES KARCHER:** Thank you very much. The gentleman in the back was raising his hand.

**WOUTER PORS (LES International):** I would like to support the demand for more certainty with regard to opt-out, especially since with the online system a revocation action will be pending as soon as it has been lodged online, and under Rule 5.7 that will then block an opt-out. If it takes time to register an opt-out, any third party can start a revocation action before that, thereby blocking the possibility of opting out.

**JOHANNES KARCHER:** Thank you. **BUSINESSEUROPE.**

**ILEAS KONTEAS (BUSINESSEUROPE):** Thank you also from our side for organising this public event today. I will be very brief.

From our perspective we will just comment right now on Rule 5.13. We support the arrangements described in this Rule and we recommend deleting the square brackets. Thank you.

**JOHANNES KARCHER:** Thank you.

**FERENC TÖRÖK (Hungarian Chamber of Patent Attorneys):** To the retroactive effect, I know that it was touched on in the digest issued in connection with the 16th version and it is written that it is in contradiction with Article 83. There is an argument that it is only one mouse click in the practice, that it can happen on the same day when it is filed and it is accepted. I suppose it is not a strong argument in the light of the 30 days' possibility for the payment and there can be some formal objections. As I know, this type of legal fiction is applied very often in the field of civil law. If we speak about a patent, as was mentioned perhaps, we file a patent application. There are some objections. The patent is granted with a retroactive effect to the filing date. I think such a solution would solve a lot of problems with the opt-out. Thank you.

**JOHANNES KARCHER:** Thank you very much. I would then like to move to the second tranche of the national organisations, yes, starting in the first row here.

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**CHRIS MERCER** (CIPA, UK): We welcome the changes that have been made to Rule 5 but we still think that there are problems. You referred to Rules 5.7 and 5.9, but those only relate to where there is actually an action in place. It does not relate to what happens to a patent where there is no action. What we think is necessary, as was said before, is that there should be clarity that an opt-out means that you opt out entirely from the jurisdiction. That is not clear in the Rules, so we think that should be changed.

The other point we have, which is much more practical, is, is it really the job of the Court to register opt-outs? It is a big task. The EPO grants 60,000 to 70,000 patents a year, so that means that every week you are going to have 10,000 possible opt-outs. Why is it in this Court only that the register of the opt-out is done by the Court? It is not done in any national jurisdiction; no national court register has every patent that is not being litigated on its register.

So we would suggest that it would be a much more practical idea to delegate, or whatever you do, this whole thing to the EPO. It would be very easy for the EPO to have a tick box which says, "Do you opt out?", or, "Do you not opt out?" Then the Court can get on with doing Court things and not with doing Registry things.

One question we do have is, who is going to do the opting out? Is it actually a Court function? Do you therefore need to be authorised to act before the Court to opt out? That again would be ridiculous, because the people who are going to deal with the opt-out are going to be the people who prosecute the application through the European Patent Office, which again makes it much more sensible to have the European Patent Office responsible for all this.

The other point about that, of course, is that, if the European Patent Office is responsible for this, then you would need no fee because it would need a tick box or a line in your letter approving the text for grant which says "We opt out", and then the EPO can just tick the appropriate box in their electronic system and you have saved everybody a large of money, including the UPC. Thank you.

**JOHANNES KARCHER:** Thank you, Mr. Mercer. Yes, please.

**KIM FINNILÄ** (The Association of Finnish Patent Attorneys): Good morning everybody. Thanks for organising this hearing and providing us with very elaborate documentation. Regarding the opt-out, we would like to agree with the EPI and some of the other speakers that the opt-out, when the application is filed, should provide the effective date of the opt-out, because, if it is dependent on later payment, then an entry which might be delayed due to some formal problems in the documentation renders the opt-out in a difficult situation in view of Article 83(3). This is also taken up in Rule 16.1.

We have the same problem with the withdrawal of the opt-out. Indeed, it is minor but still the situation is corresponding. We have heard a lot of criticism

against the fee for the opt-out and now also for the withdrawal of the opt-out. At any rate this can be discussed, but the most important thing is that, if you opt out or withdraw an opt-out, the date of application for these two measures should be the effective date of this measure.

The "sunrise" clause poses a similar problem. We see that the registrars shall enter the application as received. So there is some unclarity again about what is the effective date.

As a final point, the suggestion of the Chartered Institute of Patent Attorneys given by Chris Mercer is, from our point of view, something that could be considered. It is a mass of pending applications, patents and new patents registered every day. Is the Court the right instance to handle these matters? Thank you very much.

**JOHANNES KARCHER:** Thank you, Mr. Finnilä. Yes.

**LARS HOLM NIELSEN** (The Confederation of Danish Industries and The Confederation of Danish Patent and Trade Mark Specialists employed by industry): Thank you. My concern is more or less the same as those that have been raised by several colleagues here. It is about the need for clarity and legal certainty concerning the opt-out and withdrawal of opt-out. I do not need to say again what has already been said, but this is a very big concern to industry.

Then, also on the fee issue, now it seems that we have all accepted that there will be some sort of fee, even if we cannot really see the legal basis for it. But we would advocate a modest fee that will only reflect the actual costs that are related to registering opt-outs and withdrawal of opt-outs, and we would also advocate a cap on those, especially for those companies that have a lot of patents and might be considering this. Thank you.

**JOHANNES KARCHER:** Thank you. Yes, please.

**PHILIP WESTMACOTT** (CCBE): I would just like to echo some of the comments that have already been made. If, for whatever reason, there is a failure at the EPO or in the Registry which has the effect that an opt-out is not recorded and is ineffective, it is unclear what steps the patentee can take to rectify the register or obtain redress. Thank you.

**JOHANNES KARCHER:** Thank you.

**RIIKKA TÄHTIVUORI** (Confederation of Finnish Industries): First of all, thank you for organising this public hearing and all the developments that have been made to the newest version of the ROP.

I would just repeat what my Danish colleague said regarding the opt-out. Finnish industry really wants to make sure that the opt-out is a real opt-out. We really need to make sure that there is the clarity of that.

Then when one comes to the opt-out fees, as we have already mentioned in the previous public consultation round, we really think there should not be any opt-out fee. But if, as we have said, in the newest version there will be the fixed fee, we really hope it is just a very cost-based fee covering the administrative costs. Then we also think that there should be a cap for the multiple patents owned by the same proprietor. Thank you.

**JOHANNES KARCHER:** Yes, please.

**ÖRJAN GRUNDÉN** (Swedish Association for the Protection of Intellectual Property): We support what has already been said and I am not going into that. I would just add an aspect of principle to what has been said, namely, what is the basis for having the opt-out possibility? In the Court Agreement this is a very, very fundamental point, because it was very clear that in the Court Agreement it was accepted that no patent owner should be forced into the system. It was a possibility. This is particularly important for all patents that are already granted -- and there are a lot of them.

Looking now to the draft, it seems that there is a very different objective for the provisions. My impression, and not only my own, is that the object here is to reduce the opt-outs as much as possible. That is clear from several aspects of the proposal -- not least the fee, which for large portfolios will make it practically impossible to opt out whole portfolios which would cost hundreds of thousands of Euros for portfolios, including thousands of patents, which is not that unusual for large industry.

If I am right or not with regard to what is the intention with the draft, it is not an appropriate basis for the draft to try to reduce the opt-out. Thank you.

**JOHANNES KARCHER:** Thank you, Mr. Grundén. Yes, please.

**ROWAN FREELAND** (Intellectual Property Lawyers Association, UK): I completely endorse Chris Mercer's suggestion that the EPO is a better organisation than the Court Registry to handle opt-outs; that is a brilliant idea.

Rule 5.1(a) says that the proprietor of a European patent is the person who applies to opt out. My question is, who is the proprietor of the European patent?

The Rules Committee will no doubt refer me to Rules 5.1(b) and 1(c), but I would refer them to Rule 8.4, which says: "For the purposes of proceedings under these Rules in relation to the proprietor(s) of a patent, the person(s) shown in the register of the European Patent Office as the proprietor(s) shall be treated as such."

The European Patent Office register, as far as I am aware, is not kept up to date after the patent is granted. The patent is validated in the Member States and it is the national registers where you need to go to

find the proprietors. That, presumably, is going to be clarified and sorted out. I get a nod. Thank you.

**JOHANNES KARCHER:** Thank you. Do you have any other comments or requests from the floor on Rule 5 in this tranche -- national organisations? Yes, there is one more. Please.

**DIRK SCHULZE** (Shell International representing the Dutch industry organisation VNO-NCW): Much has been said already about legal certainty and fees caps. I am not sure whether it was mentioned that specifically an opt-in fee in addition to an early opt-out fee feels unjust.

In addition to that, I would like to make a technical remark on Rule 5.13. It has been questioned how the EPO can forward to the Registry any applications for opt-out before the UPC is in force. Is the Registry existing at that time? That is a technical comment.

I have another comment in response to the suggestion to let the EPO do the job. The EPO, if I am informed correctly, stops updating the European patent register at the end of the opposition period. If any thinking would go in the direction of letting them do more, probably something would need to be done on the EPO side to have them update the register for a longer period of time. Thank you.

**JOHANNES KARCHER:** Thank you. Mrs. Plöger.

**IRIS PLÖGER** (Bundesverband der Deutschen Industrie): Good morning, Iris Plöger of the Federation of German Industries. I would also like to emphasize once more that we share the concern of all previous speakers, as far as the effective date is concerned, and I once again pose the question, as the Panel will answer shortly, to what extent do we still have a chance to make any changes via the Rules of Procedure, as Art. 83 now stipulates that it comes into effect on the entry in the register? Much obliged.

**JOHANNES KARCHER:** Thank you. Then I would also ask the judges, academia and other participants whether they have comments on Rule 5. It might not be the Rule where there are particular comments by the judges; it is maybe a question that concerns the patent holders, the industry. If that is the case, then I would open it up for comments from all of you. Also, if there are international organisations, European ones, which have maybe in the meantime thought of additional questions or comments, your comments are all very welcome on Rule 5. Are there further comments?

**PETER THOMSEN** (EPI): I think there should be clarification on Rule 5.9 on the addition "irrespective of whether the action is pending or has been concluded". If you think about when the whole Agreement comes into force, there may be European patents which, if not actively opted out, are automatically in the jurisdiction of the new Court, but they may have been subject to concluded national

court actions. The situation for those patents should be clarified -- whether they are automatically opted out without the need to have to request by the proprietor or what happens with those, or whether prior national concluded court actions are irrelevant for that Rule. Thank you.

**JOHANNES KARCHER:** Thank you. Are there any other comments? Yes, Mr. Engels, please.

**RAINER ENGELS** (Bundespatentgericht): The Federal Patent Court. I have a question: Is it absolutely clear what point in time is referred to when the text reads: "In the event that an action has been commenced before the Court". In the German system we differentiate the "Pending". As Germans we have the difference between the "pending of proceedings" [Anhaengigkeit], that is when a claim is received and the "lis pendens" [Rechtshaengigkeit], that is when the claim is served. Personally, I am not sure whether what the reference means in this case is clear enough, because it will depend on the exact day.

**JOHANNES KARCHER:** Thank you.

**ANTONIO PIZZOLI** (FICPI): I have just a brief comment on the proposal of Chris Mercer, which is actually very important in our opinion. If the UPC Registry could share the register of the European patents, then it would be very easy to let the applicants and proprietors just tick the box by themselves through their representative and the opt-out would be immediately effective without any delay and any substantial work, I would say, without any work from the UPC side.

I have a small comment also on Rule 5.1(b): "Where the patent or application is owned by two or more proprietors or applicants, all proprietors or applicants shall lodge the Application." We also have the possibility of having a proprietor of the European patent just in one country which is not a Contracting Member State that shares authority. In this case, we think it is not maybe wise to also force them to opt out since they are out anyway. We propose that all proprietors or applicants owning the patent or application in at least one Contracting Member State shall lodge the application, because if there is only a proprietor in a non-Contracting Member State then he should not have a say on the opt-out anyway. Thank you.

**JOHANNES KARCHER:** Thank you. Yes, Mr. Macchetta.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): Thank you. Let me recall. We definitely support the date of registration through the legal fiction being dated at the actual date of filing of the request. We wonder if it is necessary that the initial opt-out is definite for that patent after an action is concluded at national level so that it is closed. Sure, it is a precedent with

something, but the system is not common law. It is some kind of precedent but it is closed. So why not having a life in the UPC? But it is more of a question. The practical arrangement is acceptable in the end, but if it were possible to make the possibility to enter the UPC after the national case is closed, probably it is better for the future -- the longer future. For the EPO to continue registering changes of ownership after the grant should be encouraged and should be done. It is largely unilateral from the EPO but it should be done making it easier for the exchange.

The EPO in charge of the opt-out registration forever probably makes practical sense. I think it is more a challenge to find the legal framework to have it there. Practically it makes sense but you have to see how it is do able. Thank you.

**JOHANNES KARCHER:** Thank you. Okay, if there are no further comments, then I think it is for us here on the podium to have a quick round of reactions to what we have heard. We will not be able to react on all the points; that is clear. We will take them back with us and consider them very carefully, but I think it would be worthwhile giving you a first reaction to some of the issues that you have raised and also maybe to clarify a couple of points.

I would like to make the following brief comments. We have heard in several interventions the desire that, if possible, the opt-out should not be tied to the entry into the register of the Court but rather the date of filing where the opt-out declaration reaches the Court.

Here I would point you to Article 83(3) of the UPC Agreement, which actually already clarifies this question in the sense that the point in time that is relevant for this question is the entry into the register. That is where that comes from. With regard to the whole exercise of Rule 5, even though this is the legal construction, we will find a way that is safe for the users to place their opt-out declaration in a timely manner so that they would be able, if they so wish, to opt out from the very beginning. That is the reason, I think, why we have Rule 5 to begin with.

The second point I would like to briefly address is the question of why the opt-out is registered by the Court and not someone else -- possibly the EPO. Well, the first indication here again is Article 83. It is registered; it is put on the register by the Court. The reason for it, I think, is also a fair one. It is the jurisdiction of the Court. If the jurisdiction of the Court is at stake, and that depends on the entry into the register, it should be in the register of the Court. I think that is the logic behind it.

Third, I would make a brief comment before I give the floor to my colleagues. Very briefly, the representation for the opt-out was one issue that was also raised. If you look at Rule 5.4, there is no representation necessary for the opt-out. The representation is covered in Rule 8, and Rule 5.4 says this is not a mandatory representation if you just want to register the opt-out.

I think that is it for me. I would like to give the floor to Kevin and his group and also, if there are comments, to the Legal Group. Kevin, would you like to address some points?

**KEVIN MOONEY** (Chairman, Expert Group): Thank you. I have just a couple of points. Slightly controversially, I agree with all of you that we should encourage the EPO to collect fees. If we do not do that, then we may find ourselves in some practical difficulties. The whole point of the "sunrise" procedure is to avoid a mass of applications on day 1. If they do not collect fees, we will have a mass of payments on day 1. Also, the current scheme that you enter on the register but then have 30 days to pay the fees has two adverse consequences. First, it reduces certainty because you do not know whether the fee is going to be paid; and, secondly, you are almost saying it is effective from the date of entry, which is contrary, as Johannes is saying, to Article 83(3) and (4).

I understand the reluctance of the EPO to collect fees -- actually I do not, but I know they are reluctant. I think it is going to cause problems and certainly I would encourage them to think again on that issue.

There are two other points I would like to make a comment on. The first is clarity. What on earth does Article 83(1) mean? We take the view on the Drafting Committee that the opt-out is opting out for all purposes. We know it is not drafted very well. There is nothing we can do about it. We cannot redraft it. That is our view. If it is necessary to have an interpretive note -- I am looking at Paul -- I do not know whether that will solve the problem, but that is the view we take.

The last one, which is the one raised by Rowan Freeland and others, is: who on earth is the proprietor for the purposes of opting out? This is a good point. There is, I understand, from Eskil Waage an exercise within the EPO so that the EPO register is maintained open and kept up to date in respect of all designations.

If that can be achieved, then I think that practically solves the problem. If it cannot be achieved, then my view quite simply is that it is the actual proprietor who must opt out and, therefore, the proprietor opting out must ensure that the correct name is attached to all the designations.

I am sorry; I have talked for a rather long time. Do any of my colleagues want to add points?

**WINFRIED TILMANN** (Expert Group): I have a few remarks and valuable contributions. First, is an unpublished application able to be opted out? The Agreement says "application" without saying "published application", so we have to rethink Rule 5.1.

Then, on the question receipt or registration, Johannes already pointed to Article 83(3). It is the entry in the register, but I think there will not be a lot of time passing between the receipt and the registration because the registration will be done

electronically automatically. There will be no check whether the application for opt-out is formally correct. There is no control any more. It is the risk of the opt-out person whether he has a formally correct opt-out application. Therefore, I think this has to be done immediately. If the fee is not paid in time, well, that is the problem of the opt-outer.

Then, the next one is, who is the proprietor? That has already been answered by Kevin.

Is an action pending at the date of the entry into force stopping me from opting out? That is an interesting question. I tend to say yes, because the same idea is present that we should not have different patent interpretations on the national side and on the UPC side.

The last point is this. What is the date of the "Klage erheben" -- the starting of a national action? I think Brussels I answers this question. Thank you.

**JOHANNES KARCHER:** I look to the other side -- the Legal Group. Do you have any comments to add? (No response) Thank you very much for your comments and also to the colleagues from the podium for their reaction.

I think we can then pass on to our second item on the list in part 1 of today. This is on Rule 14 -- languages. Languages are always an important question.

The Agreement provides in Article 49 for the language regime of the Court. The underlying principle is contained in Article 49(1) of the Court Agreement. The language of proceedings is the official EU language of the Member State hosting the relevant division, local division or regional division where the language is then designated.

In addition to this basic rule, we find in Article 49(2) a provision which allows the opening up of the procedure for additional EPO languages -- so, one of the three languages, English, French or German -- if the Member States hosting the division so wish. That is an option; it is not necessary but it is an option.

What we need to provide for in the Rules of Procedure is a provision which governs the relationship between these two, or even more, different languages that may be possible as languages of proceedings before the Court.

If we look into the Rules in more detail, you will see in the redrafted Rule 14.1 the underlying principle: the language of proceedings pursuant to Article 49(1). That is the principle. You have additional languages; that is Article 49(2). No prejudice as to special arrangements, which are also included in Article 49 of the Agreement where the parties agree on a language, for example. That still remains possible.

In Rule 14.2 we have a point (a) which says that the claimant may choose one of several languages of proceedings designated by a Member State under either of these provisions -- Article 49(1) (that is the general principle) or Article 49(2) (the additional language).

Unitary patent
UPC Agreement
Statute UPC
ROP intro
Proc. first inst.
Evidence
Prov. Measures
Proc. appeal
General prov.
Fees & legal aid
Trier Hearing

If we then look at point (b), it says that the claimant can choose the language, subject to point (b) and possibly (c). Point (b) is the local language case scenario, I would say. It says that the claimant can use any of the languages unless that case could not have been brought before any other division. So, if you have a local defendant who is having his domicile in a Member State where you have a local division, or if the infringement took place in that same Member State, only in that case the claimant may not choose any of the languages, but it is the language of the Member State where the local division is located. That is point (b).

Point (c), which you will still find in brackets, is a provision where Member States, when they are designating the additional language, may indicate the conditions under which this additional language may be used, and that is from a closed list which you find in that provision. It says that the Member State could designate the additional language for the preliminary objection, for the written pleadings and for the oral hearing. These are the possibilities that the Member State could designate for the use of that additional language.

The logic behind this point 3 is that this should be a way forward for Member States who wish to open up to a specific additional language, let's say the English language as probably the one that is most prominent in this regard, but where the situation allows you also still to have regard to the protection of the defendant, who would then be defending himself or herself in a different language, and also with regard to the ability of the judges to speak and work in that additional language. So much for the introduction of the language provision.

We will then start again with the three tranches. We will call upon the European and the international organisations first to give their comments on what they think about this draft provision. Who wants to go first and make a comment?

**WOUTER PORS** (LES International): We are very unhappy with the English limited clause in Rule 14.2 under (c). We understand that this basically enables proceedings to be conducted in English but then the judgment to be written in a different language. We think that English, German and French are the EPO languages and the patent languages which basically any judge who wants to become a UPC judge should be able to handle. If not, there will be sufficient judges on the UPC who can assist on that. So, making a change to the system which opens up a whole new political ballpark creates uncertainty, especially because in the explanatory note it is said that this may be indicated or even withdrawn by the Member State that decides on having one of the EPO languages as an additional language. That would mean that, even if initially, for instance, a division would indicate that French is a language that can be used, the country can come back on that. The government of the Member State can come back on that for whatever reason and decide to withdraw that, and put in and install further limitations on the use of languages. We think this is

the wrong approach. Of course we should be aiming at using the EPO languages as often as possible, and that should be done for all parts of the proceedings and not just for a limited part. Thank you.

**JOHANNES KARCHER:** Thank you, Mr. Pors.

**ALOYS HÜTTERMANN** (IPO): I had a question beforehand. We have also comments on Rules 7, 30 and 39. Should we do that now or later?

**JOHANNES KARCHER:** No, that would be for later, when you come to the second part this afternoon.

**ALOYS HÜTTERMANN** (IPO): Yes, it was just a question because that also has to deal with languages.

We actually do have big problems with Rule 14. First of all, we do not find in the Agreement any differentiation between the languages of Article 49(1) and Article 49(2). It is only in the Rules that the first ones are being, let's say, original languages and the others are additional languages. But this difference does not exist; they are all languages. We should note, from a practical point of view, that everything that keeps users of the system from using English of course makes the UPC system much less attractive. But, apart from that, we appreciate that Rule 14.2 has been changed in a way that previously was much more restrictive, so we appreciate that, but, still, if we look at the EU Service Regulation 1393/2007, here it says a document that may be served in a language understood by the recipient. Even local entrepreneurs who are only active in one country and also sell in this one country may still understand English or maybe even German or French.

So, in our opinion, Rule 14.2 should include a passage that, if they understand one of these languages, this language may be used. Our biggest difference or our biggest problem with Rule 14.4 is this. As far as we understand the Rule, this also counts for filing of an injunction case as such. If this is then returned to the applicant because it is in the wrong language, in our opinion this comes close to restricting the right to access to the Court. So we do not think that Rule 14.4 is okay. It should be amended. There should be another way of putting this. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes, please, on the other side here.

**JÓZSEF TÁLAS** (EPLAW): In our view, the entire Rules of Procedure should be based on the basic principle of the one-language procedure. We think that the possibility to change in the language of the procedure or to make a possibility to add one more language in the procedure will raise the costs of that particular procedure and will raise unacceptable delays of the given procedure. Therefore, we think that neither Rule 14.2(c) nor Rule 19.3(b) is acceptable. So we suggest deleting it.

We also would like to suggest amending in connection with the languages Rule 39.1 in such a way that, in the event of bifurcation, the judge-rapporteur of the central division may only under exceptional circumstances order translation of every written document in the language in which the patent was granted, otherwise it will also cause delays and a lot of costs for the parties. Thank you.

**JOHANNES KARCHER:** Thank you. Business-Europe, please.

**ILIAS KONTEAS (BUSINESSEUROPE):** Thank you. We welcome the new version of Rule 14.1 but I would still like to echo what the IPO said a bit earlier. We would suggest deleting the word "additional" in paragraph (b), since we agree that we do not necessarily see the differentiation between languages in Articles 49(1) and 49(2). In some cases the languages of Article 49(2) could be the only languages of proceedings allowed before a national or regional division, and I think some regional divisions have already indicated this. That would be my comment. Thank you.

**JOHANNES KARCHER:** Thank you. Yes, Mr. Casalonga, please.

**AXEL CASALONGA (EPI):** Thank you. We are concerned by anything which would render the proceedings complicated. We feel that having two languages in the same proceeding is extremely complicated. If you apply this present Rule 14.2(c), certain steps would be in the so-called additional language, which, in fact, is one official language -- one procedural language; other steps would be in the other so-called official language. Not only the decision but also orders to preserve evidence, provisional measures, defence to counterclaim -- all those things -- would be in this other language. It would be a complete mess, in our opinion, and also dangerous because parties could be wrong and suddenly use a language because they thought it was the right one, etcetera, etcetera. So we are, again, against this paragraph 2(c).

This is the last point. I do not understand how the language before the Court of Appeal would be chosen in that case, because it is said that the language of the Court of Appeal is the language of the proceedings. But what is the language of the proceedings in that case? It seems to be a little complicated -- not only a little but very complicated. So our position would be that this paragraph 2(c) should be cancelled.

**JOHANNES KARCHER:** Thank you. Yes, please.

**STEPHAN DORN (Deutscher Anwaltverein):** For, for the German Bar Association. We welcome, overall, the new version of Rule 14. We believe this is a balanced implementation of the provisions of the Agreements and it will, I believe, be even more

balanced if Rule 14 c introduces further flexibility regarding the question of languages.

We, as lawyers, frequently represent, either the plaintiff or the defendant and we have to consider both users of the system. It can't be right, I believe, that - in particular when you think of small and medium-sized companies - companies are being ambushed with a claim and legal proceedings in a language, that they do not fully master. These small and medium-sized companies have often no, or usually do not have any, access to legal aid. They can't bear the high costs for legal proceedings run entirely in a foreign language. So we believe that in this case additional consideration must be given to the interests of the defendants. From the perspective of the German proceedings, which - despite their administration in the German language - apparently have a very strong appeal, this is clearly demonstrated by the number cases distributed amongst the European jurisdictions, I believe that Rule 14 c can also contribute further to ensuring the high quality of the judgments. I think that, in particular during the transition period, the high quality judgments also of German patent judges, who will then be active at UPC, are in the interest of the users. Someone has indeed just mentioned the question of an additional language of the proceedings, which can subsequently be changed again and we do not see this as a rule, which must survive the entire system during its whole lifetime. But I think in particular, during the initial period, this will increase the attractiveness for the uses of the system. Thank you.

**JOHANNES KARCHER:** Thank you very much, Mr. Dorn. Yes, Mr. Osterrieth.

**CHRISTIAN OSTERRIETH (Bundesrechtsanwaltskammer, Deutschland):** Thanks. Christian Osterrieth, Federal Bar Association, Germany. I think we just have to accept the fact that the language skills of both party representatives and judges are not the same in all Member States. That's a fact. And I think we should not underestimate the work that it takes a judge to provide thorough and good reasoning for the judgments. One can't deny that the language plays a crucial role in this case. We are facing the great challenge of creating new European case law. In order to do so, we need the best lawyers, not the best linguists. The best lawyers are called upon to solve this task. If they are - in addition - also linguistically competent so that they can write judgments in English, then all the better. In my view, this can not be a precondition. In order to open however a path towards a bilingual proceedings, the Federal Bar Association welcomes the now proposed § 14 c as an interim solution. If we do not have such an interim solution, the Member States are facing a "single language regulation" which would also not be welcomed. Against this background, we consider the compromise that has been found in subsection c to be an acceptable compromise. It is not the best of all worlds. It has disadvantages - that is correct. However, it is a reasonable compromise that that

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should probably apply for a period "X". In this context, let me mention another brief point: we are creating new European case law. What is the most important thing in my view: sooner or later all decisions of local divisions and regional divisions will be available in one language – mainly English. The accessibility of the decisions will be very important. All users of the system, who are the judges and the parties, will want to know in which direction the case law develops. If we have German, if we have French judgments, they should be translated into English. The question is, who pays for this? Should the system pay for it and not necessarily the parties? This is a broader question that will have to be clarified. But the availability of case law in one common language is a very important goal. Thank you.

**JOHANNES KARCHER:** Thank you, Mr. Osterrieth. Mr. Macchetta, please.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): Thank you. Let me concentrate on this Rule 14(c) and in the role of the association I mentioned before on the side of those that ask me to complete the step from bracket to deletion. The reasons for deleting it are several that I have already mentioned. Let me add that it is indeed a provision limiting the country in their decision about this other official language of the EPO because it limits to those acts, while, if you delete it, the national authority deciding on the second and third and so on language can say which is the language and probably also some conditions, if they feel that they should; but it is indeed a limitation. On the help to the defendant, I am very sorry. We know it is the plaintiff that chose the forum of the division. So forget it; it is a non-argument. I do not go further, but I could explain that if I am an Italian defendant brought in a German court don't tell me that your judgment in German helps me. That is to be clear.

So, on the translation side, we already have the solutions. With regard to the Court of Justice, I am not particularly fond, but they do work in a plethora of languages and they come up with decisions in one language, two translations, and the translations are borne by the system and not by those who have to understand the decision and take note of it. Thank you.

**JOHANNES KARCHER:** Thank you, Mr. Macchetta.

We have already had a smooth transition to the national organisations that are giving their comments. I would like to invite also the national organisations to add their comments if they have some. Thank you. Yes, please.

**UDO MEYER** (BDI): Udo Meyer for the Federation of German Industries. We welcome the use of languages in accordance with Rule 14 2 c for a transitional period to the new court system. We think it is a good compromise, if a Member State does not want to automatically introduce a second language of

the proceedings in addition to the home language. This way English may, for example, be used as second language during the proceedings without automatically having to conduct the entire proceedings in English. This would also have cost advantages, if not all the submissions would have to be translated. In order to boost confidence in the new court system, in particular the local and regional chambers must be fully operational from the start and must ensure timely proceedings. In the past, most patent disputes have been brought before German courts. The expertise of the German patent judge should always be well introduced in this transition phase to the new system. In the first expression-of-interest procedure for future European patent judges approximately one third of the candidates were German speakers. And with this flexible solution, where the language does not become an obstacle in individual cases, the existing know-how can be used to the best effect in our opinion.

**JOHANNES KARCHER:** Thank you very much. Please.

**ALAIN MICHELET** (The French Institute of Patent Attorneys): I believe that the arguments on this important language issue have long been expressed and we can see the advantage of this provision 14c.

However, we can also see the disadvantages and the fact that the procedure will be extremely complicated to follow and understand, and will ultimately be extremely costly.

I would like to express here that to our organisation these disadvantages are such that this provision 14c should be abandoned.

**JOHANNES KARCHER:** Thank you.

**NANNO LENZ** (Patentanwaltskammer and CNIPA): We basically agree with the proposal of Rule 14, but we would like to propose clarification in the Rules of the possibility of the Court dispensing with translation requirements, as set forth in Article 51 -- in particular, with regard to translations of the prior art that were submitted to the Court in any of the official EPO languages. Presently, in the written proceedings before the EPO, it is possible to file written evidence in any language, and translation into any official EPO language must be provided upon request of the EPO. This translation, however, need not necessarily be into the language of proceedings but can be into any of the EPO languages. All parties who are present at the EPO but also at the UPC should be able to read and understand documents that are in any of the EPC languages. Also in the German patent novelty actions and appeal proceedings before the Federal Patent Court, usually it is not required to file a translation of an English or French prior art document, even though of course the language of proceedings is German.

So we think it is adequate that there is a dispensing of translation requirements for prior art in any of the

EPC languages, in particular if the prior art is in the language of the patent and the language of proceedings is different from the language of the patent. Obviously all the parties and the court must understand the patent in its original language and, accordingly, also the prior art written in that language. I think it is appropriate that such a clarification be included into the Rules. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes, your neighbour; it is easier.

**STEFAN FREISCHEM (GRUR):** Many Thanks. Stefan Freischem of the German Association for Industrial Property and Copyright . Since we are streamed here , I'd rather make my contribution in English.

**JOHANNES KARCHER:** Yes, you are very welcome to. Go ahead.

**STEFAN FREISCHEM (GRUR):** The German Association for the Protection of IP has a very strong patent committee, and the leading judges of our system are members of that committee and very actively participate, as do the representatives who to a large extent work for the local small and medium enterprises that trigger a large number of infringement cases. In the discussions of that committee we have heard much of what we have heard here already. For the judges, linguistic flexibility will be very helpful to work in a multilingual environment. For the local industry, it is mandatory to maintain at least their local language for parts of the proceedings. So I think the proposal that we have on the table strikes a very good compromise. After some of the comments that I have heard here, I do not think -- no, actually, I do think that this proposal is pushing for an increased use of an additional language. If you do not have that proposal, the natural reaction of the legislations or the administrations governing different countries and regions would be to limit their proceedings to their own language. I think this balanced and flexible proposal will make it easier to accept the use of an additional language. From a personal experience, I have witnessed many multilingual opposition cases in the European Patent Office and they never created any significant problems. Thank you very much.

**JOHANNES KARCHER:** Thank you very much, Mr. Freischem.

**RIIKKA TÄHTIVUORI (On behalf of the Finnish industry):** The Finnish industry do not welcome these two exceptions for Rule 14.2(b) and (c) because we think they are against the basic principle where the claimant or plaintiff may choose the languages decided by the Court of First Instance. We think that they create uncertainties for the basic principle, and that is why in our opinion at least Rule 14.2(c) should be deleted. Thank you.

**JOHANNES KARCHER:** Thank you. Mr. Finnilä.

**KIM FINNILÄ (The Association of Finnish Patent Attorneys):** Thank you very much. Actually, I would like to join the Finnish Industry, if I understood them correctly, and make some clerical points. In Rule 14.1 we speak about the designated language according to Article 49(1). It is not clear; there are two parts of the sentence. Which is really the designated language? In Rule 14.1(b) we speak about an additional language, and this also may cause some confusion. For instance, we have understood that there is a regional court that has or will use one of these EPO official languages as the language of the Court. What is the choice, or what does Rule 14.1(a) and (b) mean?

In Rule 14.2(b) there is a discussion on using a language of the defendant based on the region, if there is more than one official languages. In some countries it is not a regional question, although they may have two or more official languages. For instance, in Finland it is not a question of regions -- it is a question of origin, heritage or a company statute. So in this instance I concur with the Finnish industry.

On Rule 14.1(c) I shortly just refer to what the EPI said and support their position. Thank you very much.

**JOHANNES KARCHER:** Thank you. Bobby.

**BOBBY MUKHERJEE (IP Federation):** Thank you. At the IP Federation we look at things from both the claimant's perspective and the defendant's perspective. I just wanted to look at it from the standpoint of service of proceedings, when it comes to that, that the provisions of the regulation must be followed. Service must be effected in a local language or another language which the defendant understands. What concerns me is what provision there is for a defendant to challenge the choice of language, if the language chosen by the claimant is regarded by the defendant as inappropriate. There seems to be limited provision for that. There may be possibly some scope to address that in Rule 19, but I would be very interested to know what your views are. Thank you.

**JOHANNES KARCHER:** Yes, please. We start over here with the gentleman.

**FERENC TÖRÖK (Hungarian Chamber of Patent Attorneys):** What is the legal basis that the Rule can restrict the possibility of use of the additional language, which is stated in Article 19(2)? I do not see clearly how the Rules can be restrictive; in this respect it was asked by the first colleague who spoke today. If the response is yes, I would add simply that (unclear) should be counsel in (unclear) because it would complicate the system. Thank you.

**JOHANNES KARCHER:** Thank you.

**AMANDINE METIER** (French group of the APPI): We would suggest amending Rule 14.4 in order to be consistent with Rules 16 and 27 and to avoid the possibility of amending -- correcting -- the deficiencies of the Act which have been drafted in a non-good language.

**JOHANNES KARCHER:** Thank you.

**DIRK SCHULZE** (Shell International representing the Dutch industry organisation VNO-NCW): Generally Dutch industry will seek to use English as much as possible in these proceedings. It is looking for simplicity and cost-effectiveness and for a minimisation of translations, in particular when a document is presented in English.

With these general introductory comments, I would echo the comments that were made as to the use of the words "additional language", which is confusing and we think not in line with the UPC Agreement for Rule 9.1 and 2.

In Rule 14.2(b) the comment has also been made before, but we strongly agree that if this cannot be deleted then it should be minimised in its effect. For example, with reference to the EU Service Regulation, where the language is understood by the recipient, then that should be another way of avoiding using the local language.

Rule 14.2(c) is being debated frankly also in our organisation. But I think we see that as a compromise better than nothing. It is a glass half full -- nothing that we look forward to, but it opens up the opportunity to use English instead of a local language. But it does create complexity, and one of the things which has not been raised before is Rule 14.4, which is very harsh in its effects. Rule 14.4 would be unclear in referring to the language of the proceedings. So, in combination with Rule 14.2(c), would that then be one of the two languages or only one that is designated the primary language of proceedings? I think that concludes my comments.

**JOHANNES KARCHER:** Thank you very much. Do we still have organisations that would like to comment -- international, European, national? Yes, please.

**HARALD SPRINGORUM** (Université de Strasbourg, CEIPI): Our position is that the language regime should be as flexible as possible. So we are strongly in favour of the proposed Rule 14.2(c) because that opens the possibility of undertaking the oral proceedings in more than one language. That is in our experience no problem, especially from our experience with students from all over Europe in mock trials to use more than one language in oral proceedings. In oral proceedings, you have to take into account that the judges and the parties have the chance to ask back, "What does it mean? What is the interpretation of the construction of that which you are explaining?" But drafting a judgment is very different. In such a situation you have no chance to

ask what is meant, but it is possible to translate it afterwards without any problems. So we are strongly in favour of Rule 14(c).

**JOHANNES KARCHER:** Thank you. I am looking round the room. Do we have another comment from the organisations? (*No response*) Then I would also ask the judges for comments on Rule 14.

Yes, please, Mr. Voss.

**ANDREAS VOSS** (Landgericht Mannheim): Andreas Voss, Regional Court Mannheim. I want to take the opportunity to recommend the deletion of the square brackets in subsection c. I would like to emphasize only two arguments, both of which have already been made in today's hearing. One is a legal argument. The situation is that the German legislature allows English as a further procedural language for the local divisions and now there is a case pending before the local division in Duesseldorf; the rules say, if we leave out subsection c, the claimant decides the language of the proceedings. This appears to me to be a breach of fundamental principles. And in my opinion this has nothing to do with the question about the plaintiff deciding which court he brings his claim in. That may be. But the plaintiff decides in what language the defendant is to defend itself. That the plaintiff shall decide in what language the judge must listen to him, the language in which the judge has to answer him, the language in which the judge is to write his judgment. In my opinion, this does not follow from any of the legal principles on the choice of jurisdiction.

The other argument is a purely practical argument, that the Professors Osterrieth and Springorum have rightly emphasized here already. That is the flexibility that subsection c would allow the judge and the parties, in particular, to make the proceedings manageable and to introduce English documents easily and simply into the proceedings, in order to allow the party representatives that want to take a position in the English language to do so without having to take any further action. Thank you

**JOHANNES KARCHER:** Thank you.

**RAINER ENGELS** (Bundesgerichtshof): Engels, the Federal Patent Court. Yes, I would like to stress once more from the point of view of a practitioner, that it is a fact that the participants, and of course the judges, in the vast majority of the countries will not be in a position to issue multilingual judgments as of today and to conduct oral hearings. We have to ask ourselves, whether the opening of Rule 14, which has partly been discussed as a restriction, is not really an extension, an opportunity, as it allows flexibility. Independent from the issue raised by the previous contributor, whether the claimant should receive such privileges, I want to emphasize, that if a system seeks an international operation, the long-term goal should be multilingualism and such opportunity is more likely to be provided where there are interim

solutions that allow partial flexibility, no matter how they are regulated, than if one does not do so and only allows a monolingual judgment or full bilingual proceedings therefore putting on a break for most countries, that will then of course focus on monolingualism. So in the end I consider the flexibility to be a chance to moderately open the language system, and therefore I would plead in favour of this system. Obviously, as practitioners, we have to say that one should not make any excessive demands on what is to be done. Of course, the number of cases and the execution rate will be significantly lower at the beginning, in comparison to what one is used to in a system of native speakers. The processing time increases of course if you have to deal with multiple languages. I also want to emphasize that the system of multilingualism is not that alien to us after all, as we – at least at the Federal Patent Court – do not translate patent literature and instead work with patents and publications in their original language, in English, but also in French. That said, we are not coming up with something completely new. The use of foreign-language documents is indeed largely a fact. This also applies to other prior publications, which are not, at least not at our court, regularly translated.

**JOHANNES KARCHER:** Thank you very much, Mr. Engels.

**THOMAS KÜHNEN** (Oberlandesgericht Düsseldorf): Thomas Kühnen, Higher Regional Court of Düsseldorf. I would like to point to one aspect. The European patent with unitary effect and jurisdiction is a collaborative project, so I understand, of many European countries. As part of such a project, I think it should go without saying that you take each other's position into consideration. And that means that the German patent jurisdiction should not from the outset of this system be marginalised over the language issue. And it makes a big difference whether you can read English-language texts – this is more likely to work and it would be a starting point, where you can learn the language, with this flexible language solution that subsection c provides for – or whether you are conducting proceedings and write judgments in that foreign language. We are concerned with precision in this case. I am of the opinion that we should be given the opportunity for an orderly catch up with the question of languages, and I believe no one is arguing about the fact that at some point we will also have to accept English as a language of proceedings. The second aspect: in my view it is not about the local divisions and the people who are there. It is also not about the lawyers. But it is about those who are dependent on this system because they are patent holders or defendants. They have to be offered a patent system that is fast, predictable and precise. I dare to question, what was said at the beginning, that there are any number of patent judges who can solve the task and are able to conduct a whole procedure in English. My impression is very

different and, I think, a reflection on the number of cases in Europe. Thank you.

**JOHANNES KARCHER:** Thank you. Mme. Courboulay.

**MARIE COURBOULAY** (Tribunal de Grande Instance de Paris): I am a little worried about the language skills that will be required from the UPC judges. I would remind you that the Agreement provides that the judges must have jurisdiction in relation to patents but that language training in three European patent languages will also be provided. So, the linguistic capability that will be required from the judges is a capability in those three languages. But it seems very complicated to me to conduct proceedings in different languages, to have important documents – the submissions for example, the parties' written documents, the pleadings – in different languages and to juggle with these various documents. I think there has to be a language of the proceedings, including for what is said afterwards, for what will happen before the appellate court.

It seems to me that, even if the choice of a language is complicated or can be a constraint for one of the parties, the choice clarifies the situation and above all, ensures that everyone, including the judges, the lawyers and even the parties, is able to work clearly on the same documents.

**JOHANNES KARCHER:** Thank you. Are there further comments on Rule 14 from the floor? Yes, there is one more.

**AXEL CASALONGA** (EPI): I just wanted to add something. We already have an experience of a body operating with several languages, and this is the EPO. In the EPO we have three languages, as you know, but there is always one language of the proceedings and only one language of the proceedings, and this works. Why does it work? Because everybody knows what the language of the proceedings is and there is no risk of mistake -- no complexity.

Now, our experience is clearly that during oral proceedings it is very easy to switch to another language; it is possible; so there is a flexibility during the oral proceedings. There is also flexibility when you discuss with an examiner; you can always switch to another language of the EPO. So I think we should aim at something like this in the UPC: a strict definition of what is the language of the proceedings, not a mixture of complex situations and a possible flexibility during oral proceedings, for example.

The last point is this. Looking from Japan, from China, from the United States, what will we look at? What will our system look like if we have such a mixture of several languages? Nobody will understand that from the other parts of the world. So, please, do something simple, something clear and have only one language of the proceedings. Thank you.

**JOHANNES KARCHER:** Thank you very much. Is there still an additional comment or should we wrap up this discussion on Rule 14? (*No response*) I think that is the case. Thank you very much for your contributions to Rule 14.

As a first reaction from my side, before I give the microphone to my colleagues, I would want to pick up one of the comments that has been made. What is the legal basis for this additional Rule 14.2(c)? I think the difficulty that we are in, and that is why we have the debate on this rule, is that the Agreement contains Article 49(1); that is the language of proceedings, the basic rule, saying it is the language of the Member State where the division is located.

So that is the basic rule. Now, the Agreement on top of this says there can be another language; that is Article 49(2). What the Agreement does not say is what the relation is between the two. This is where the legal basis also comes in. The Rules of Procedure need to specify the conditions, if the Agreement does not cover them; it is the Rules of Procedure under Article 41 of the Agreement.

A second point that has been addressed in some of the statements is that Rule 14.2(c) is rather seen as a restriction of the languages of proceedings and that might not be possible under the Agreement. If that is true, we would also run into a difficulty with Rule 14.2(b), which is the local case scenario which also contains the restriction, if you like. It is a small one, but it is a restriction that, if the case could not have been brought to any other division, then you cannot choose the language under Article 49(2) but you have to stay with the language of the Member State where the division is located. That would be the same problem, let's say, at least if you say there is a restriction.

It has been said in the interventions, and I think that was at least also the idea that this might not have to be seen as a way to restrict the languages, but rather at least that was the intention to open up the possibility also for the use of further EPO languages. If we do not have a rule which is by and large saying what the "let's see" is saying, well, then in many Member States there will just be one language and everyone is stuck with that one language. This is, at least, an attempt to open this up for the other EPO languages. As also in the EPO, we have the use of several languages. It is clear what the language of procedure is, but if you read this as it stands you can also interpret this as meaning that, if the judgment is in one language, that is the language of procedure.

So much for the explanations. I thank you for the interventions. We have seen pros and cons from both sides of Rule 14.2(c). I find that very valuable, but I also have to say it does not make the decision easier.

Kevin, I would like to give you the floor.

**KEVIN MOONEY** (Chairman, Expert Group): I am not going to talk on this issue beyond saying that the reason Rule 14.2(c) is in square brackets is that a significant majority of those who met in Berlin to consider this wanted it out. But the reason it is still

there and in square brackets is that there was a strong vocal minority who wanted it in. It is interesting; I am not going to say there is a regional difference here but it is clearly pronounced. So I am going to give it to the minority because they are hoping to persuade me.

**WINFRIED TILMANN** (Expert Group): I want to confine myself to three legal remarks. The first is because it was asked: what is the relation between the home language (may we call it Article 49(1)) and the so-called additional language (Article 49(2))? What is the relation between those? In Article 49(2) it starts like this, "Notwithstanding paragraph 1, Contracting Member States may designate" and so on. So what does "notwithstanding paragraph 1" mean? It means you have two languages: one is the home language and the other is the additional language. So, as one participant said, "We can offer only English". This is not possible. You still have to offer the home language and the additional language.

Now comes the second question: who decides that? Under Rule 14.2 at the beginning it is the claimant who decides. Well, the claimant is one of three in the procedure. There is the claimant, there is the defendant and there is the Court.

What does the Agreement say for us in the Rules of Procedure? "These Rules shall ensure a fair balance between the legitimate interests of all parties." This is something written into our Constitution for the Rules of Procedure. There must be a fair balance of interests for all parties: for the claimant and for the defendant.

My third legal remark is the following. This Rule 14 will also apply for the unitary patent, which is Union law. Under Union law the Court of Justice is very sensitive to discrimination on language issues. If you have the situation that somebody can choose between two languages and you give this choice only to one of the parties, this smells of discrimination. Therefore, I think we should be prudent and have a compromise, which on the face of it looks fine under discrimination aspects. In practice, it will be a large tendency towards one language. I know it is English; that is the future, but the future is nothing which comes in a second. If the sun rises, it will be starting slowly. Therefore, I think still that this compromise which we have found in the brackets would be, for the first years, the right thing to do.

**KLAUS GRABINSKI** (Expert Group): I would like to take up the notion of majority and minority, and with regard to both it is certainly right when you look at the members of the Expert Committee or the members of the Legal Group. But I would like to invite you to support minority rights and to make the point that a Member State from the so-called majority is always free, for the local or the regional division that this state is hosting, to choose either to have the official language of that Member State or to have English without any restriction as a second language of proceeding optional to the claimant. This is possible.

Just take the example since it is already there. We have the regional division of the three Baltic states and Sweden, and they choose to have English only as the language of proceedings. So this is perfectly all right.

What we are talking about is to add another option to a Member State, which in this case is from the minority people.

This state should have the opportunity, in addition to the official language of this state, also to have a second language -- one of the EPO official languages - but with certain restrictions. That is what Rule 14.2(c) is all about-- just adding another option.

Then we get to the parties. The claimant most of the time will be free to choose. He or she can go to a local division where English is the language of proceedings without any restrictions. Most of the time this will be an option for all claimants. Then, of course, the defendant will have to accept English as the language of proceedings. The claimant, if you follow Rule 14.2(c), may also have an option to have English but with restrictions. So this is the only thing we are talking about -- just another option for Member States that are interested in this matter. So it is a question of tolerance to some extent, or a question of minority right to some extent. This is my first point.

The second point is about practicability. I had the privilege to attend, a couple of years ago, a hearing in Switzerland before the Federal Court of Switzerland at Lucerne. As you know, Switzerland has three official languages.

There was a panel of five judges there. Two were French-speaking and three were German-speaking judges, and they had an open, public deliberation. The French judges were speaking French and the German judges who had come from German-speaking cantons were speaking German. The parties, of course, can also choose between the official languages of Switzerland, and the judges are supposed to deal with both languages. That is a perfect example that this is possible. I think it is not a mess; it is an option that is already in the world.

Mr. Casalonga also mentioned, and I am very grateful for this, the EPO practice before the Board of Appeal. There, as you rightly mentioned, of course there is one official language of proceedings, but in the hearings, as far as I was told, they use different languages. So it is possible. If you have a look at Rule 14.2(c)(ii), it says "and/or for oral hearings". So it would be an option to have only for the oral hearings two languages. So, again, we are here at this point and I think the example is feasible and it is an option that has already been proved to be practical, for example, in the Swiss Federal Court.

**JOHANNES KARCHER:** Yes. Colin, please.

**COLIN BIRSS** (Expert Group): May I just make a few remarks? First of all, I agree with the speaker -- I cannot remember who it was -- who said it would be a very good thing to have all the decisions of the local

and regional divisions available in languages that everyone can understand. I think that is a really good idea. Of course I speak English and it would be nice if it was English, but that is a principle which I think is an important principle which I very much support.

The second point is, if I thought Rule 14.2(c) was a limitation on the rights of the states or the powers of the states under this system, I would be opposed to it, but I do not believe that is a correct reading of the Rule. I think the Rule is a permissive Rule which permits states to do something; it does not limit the ability of states to do anything. I think that is also significant.

I will say from my own experience that it is certainly true, when I was an attorney, that you could go to the EPO for a case in one language and discover that the whole thing is a polyglot hearing, and that works. I support what has been said and confirm what Klaus was just saying there.

There is a small drafting point on the relationship between Rule 14.4 and Rule 14.2(c). I agree we need to be clear what Rule 14.4 means, if it is staying in the context of Rule 14.2(c), but that is easy to fix.

I have a final point about the EPO. Although I agree that the EPO is a model for polyglot hearings to some extent, you need to be a little bit careful transposing what happens in the EPO to a national court. The EPO system is a system where everyone gets many months to prepare before you go to a hearing, which is not the same thing as a court. Courts deal with urgent preliminary injunction applications, for example, with defendants who are SMEs, and you cannot assume that just because a case which is prepared for months can be done in one way it necessarily translates into a case in a court which has to hear those other kinds of things.

My final observation is this. You really must not assume that the judges who at least would like to help in the future in the UPC are comfortable in all European languages. I will tell you a secret. I am very comfortable making an order ordering someone to stop infringing a patent in English. But if it is in German, I am only comfortable making an order for a new beer. Thank you.

**PIERRE VÉRON** (Expert Group): I have just a technical remark.

Before that I want to say that I side with the majority that Kevin described. My technical remark is about Rule 14.4, which currently states that the Registrar shall return any pleading lodged in a language other than the language of the proceedings. Frankly speaking, I cannot admit that the Registrar has a right of death and life on my pleading, and I would very much prefer that it is the decision of a judge. This is in Rule 16, which is about examination as to the formal requirement of the statement of claim. It describes a process. If the Registrar believes that you are not in accordance with a technical requirement, first of all, he must notify this to you and invite you to correct the deficiency, and if you do not comply with this position he has to refer the case to the judge-

Unitary patent
UPC Agreement
Statute UPC
ROP intro
Proc. first inst.
Evidence
Prov. Measures
Proc. appeal
General prov.
Fees & legal aid
Trier Hearing

rapporteur, who, at the very end of the day, may reject the action as inadmissible by a decision by default. There is a legal process, and currently Rule 14.4, in my view, could bring all of us before the Court for European Human Rights because it denies the very right of access to the judge. I do not think that Paul van Beukering and Alexander Ramsay would like to be sued before the Court for Human Rights.

**ALICE PÉZARD** (Expert Group): Just a few words to say - I do not know if I belong to the minority or the majority - that I am in favour of flexibility and it seems to be that the rule which is in front of us today is a rule of good compromise.

The only point from which I will depart is that this rule would be temporary.

I think that if we are getting closer to the proper functioning of the EPO at the UPC, the flexibility between the choice of the official language coupled with an additional language would not become a temporary system but would be a well-established system as we have seen in Munich for 40 years. Thank you.

**JOHANNES KARCHER:** Thank you, Alice. I look to the other side of the Panel. Is there any colleague who would like to add something to it or should we rather have a little longer coffee break? These are the two options. That is decided. I think we have exchanged a lot of arguments. There were very helpful comments from your side and also from the Panel. I think the reaction was comprehensive, so we have deserved a coffee break. If I could ask you to be back at 10 to 12, that would be nice. Thank you.

(A short break)

**JOHANNES KARCHER:** Now that we are back from the coffee break on time, we can start right away with our next subject, which is on injunctions. It concerns Rule 118 and, to some extent, Rule 211.

The subject of injunctions has excited minds twofold. On the one hand, there is the question of the discretion of the Court -- to what extent does the Court have discretion in injunctions -- and, on the other hand, there is the order to pay compensation instead of measures which include injunctions. That is Rule 118.2, which, as you see, has been deleted in the draft.

In order to set the scene a little bit for the comments, I would just like to sketch the agreement a little bit -- what it tells us -- to be able to see where we start with the Rules.

It is clear that the UPC -- the new Court -- has discretion when ordering an injunction. That is the starting point. If you look at Article 63(1) of the UPC Agreement, it says the Court may grant an injunction. So that is very clear. The question as to where it starts, rather, is what is the extent of the discretion? That is where the debate starts. Is it large? Does the Court even weigh the interests of the parties? Is there room for criteria to label typical grounds of such cases, or is

it rather narrow, in the sense that injunctions are only granted by the Court in very exceptional circumstances?

We have debated this question, of course, back and forth in both the Legal Group and Expert Group, and that is what you will find in the draft, but in the end we unanimously reached the conclusion that it is the latter. So there is discretion -- that is clear -- but the discretion is only exercised by the Court under exceptional circumstances. Only under exceptional circumstances the Court would not grant an injunction.

Article 25 of the UPC Agreement sets out the contents of the patent right, just to explain the background of the decision a little bit that we made in the Rules. It follows from Article 25 that stopping infringement is the core element of the patent. So it says a patent shall confer the right to prevent any third party not having the proprietor's consent from making, offering, using, etcetera, etcetera. So that is the core element of the patent right and this has to be taken into consideration when interpreting the discretion that the Court has.

The second point that comes into play at this stage is the comparison with the provisional measures. If you look at the provisional measures, you find in Article 62(2) of the Agreement that the Court would weigh the interests of the parties when making the injunction. Now, provisional measures, by their very nature, come in in the course of proceedings at an early stage where the Court does not yet know whether there is infringement in the end or whether there is not an infringement. So in that kind of situation one has to be more careful considering the consequences of an injunction given by the Court. That very same wording you only find for the provisional measures, but it is not in the agreement concerning the final injunction.

Lastly, just to underline this point a little bit, from a very current case -- the ECJ case C-170/13, *Huawei v. ZTE* -- we have just very recently seen the Advocate General's Opinion, and I quote from it. He says: "... the right to bring an action for a prohibitory injunction in the event of infringement -- cannot in itself constitute an abuse of a dominant position. After all, for a patent holder, that right represents the essential means of asserting his intellectual property, the protection of which is specifically recognised by Article 17(2) of the Charter."

I know that this is a quote from a different context. It is on standard-essential patents and FRAND licences, but I think it underlines the approach that the two groups have taken with regard to the discretion. I just want to repeat that point and then I will stop with the introduction. All in all, there is a discretion -- there is no doubt about that -- but it is one for exceptional circumstances; so it is a rather narrow one.

With these brief remarks, I would like to open the floor for your comments on this further issue. Again, could we have the international European ones first? Please go ahead.

**CATHERINE LACAVERA** (Industry Coalition, Google): Thank you, and thank you to the Preparatory Committee for all the hard work that has been done to date and all the hard work that has gone on to be here.

My name is Catherine Lacavera, and I represent an industry coalition on the UPC Rules, which is a broad group of 21 associations and companies from around the world representing telcos, software, hi-tech, semiconductors and consumer products. It is a broad-based group owning tens of thousands of European patents and engaged in active litigation in Europe, including amongst ourselves -- and I say that because I think it highlights the point that we really are seeking a balanced patent system.

I find myself in the unenviable place of respectfully disagreeing with the unanimous opinion of the Panel on what the standard ought to be for discretion under Article 63. The reason why we have concerns as a coalition and why we support the need for broad discretion under Article 63 is a number of different circumstances that we have all faced, and I will give you a few examples. One in particular is the scenario of a tiny aspect of a larger composite product being patented and the injunction potentially impacting and going beyond what Article 25 entitles you to, which is a right to block for what you have actually patented, but rather impacting the broader product.

In our industry we have many products that have tens of thousands of patents; I have even heard of 250,000 patents on a cellphone, for example. If you are in a scenario where any one of them can potentially create a blocking event and you are constantly engaged in design-around and you are unable to clear all of the potential patent threats, you have a scenario where you might not have a product on the market. By the way, this is not a rare instance. This is very common, as illustrated by the mere number of patents we are talking about which would cover such a product.

The second example is a patent holder that is engaged in non-exclusive licensing. My own experience in litigation is that when they are engaged in licensing they are not seeking an injunction; they are seeking monetary remedies and there is a measure of their monetary remedies, and if you grant them an injunction all they are going to do is ask for more money. You may say that that is what they are entitled to -- to get that exclusive right. They have the entitlement to seek an additional remedy in order to clear the injunction. The problem with that is that, when you have many of these and you add them up and you are granting greater than the monetary value for each and every one of them, you have a royalty stacking situation where the end product ends up having more patent demands on it than the value of the product.

So, for these reasons, our industry coalition has gathered to present our concerns, our view, that there is a need for broad discretion under Article 63, and our concern is that the removal of Rule 118.2 takes away some indication of how that discretion will be exercised. Our ask is that the commentary setting out

the standard of "only in very exceptional circumstances" be stricken and that, in the alternative, a more balanced, proportional, flexible, fairness and equity standard be proposed for the exercise of discretion under Article 63. Thank you.

**JOHANNES KARCHER:** Thank you very much, Catherine. Aloys Hüttermann.

**ALOYS HÜTTERMANN** (IPO): Of course everybody has noticed that Rule

118.2 has been deleted, which, notwithstanding whether you are in favour of it or against it, may come as a surprise because, as far as we know, it had already been included in the 13th draft, or maybe even earlier drafts. It has not been replaced by anything, so all that is left are, in our opinion, the explanatory remarks.

We do have a question -- or a suggestion. Since there are these explanatory remarks, we would really like to know if they are intended to give guidance to the Court when they make their ruling, or are they just like information for the general public but not intended to mean anything? We should note, for instance, that, if you have decisions of the Enlarged Board of Appeals at the EPO, they always look into the *travaux préparatoires* -- at least many of these decisions -- and see what discussions have been made there, and then they say, "Oh yes, back in 1972 the reason for doing this was because it was in the *travaux préparatoires*". Are these explanatory remarks intended to be something like these *travaux préparatoires*?

We would like to ask that there is, maybe from the Preparatory Committee or from another body that may write something about it, some statement about the nature or the intention of how these explanatory remarks might serve as a guidance for courts, and they should do so if not. Thank you.

**JOHANNES KARCHER:** Thank you. Yes, please.

**IRIS MOK** (AIPLA): Thank you. I represent the American Intellectual Property Lawyers Association, which consists of many users in the United States. I understand from the commentary remarks that Article 63 provided that the Court may grant the injunction upon a finding of infringement, and the 17th draft had deleted paragraph 2 of Rule 118, basically about awarding damages in lieu of injunctions. But the commentary remarks, as others have pointed out, provided that only under certain very exceptional circumstances the injunctions would be denied. So there is a concern, as you can understand, that this remark may be taken out of context in cases especially when the infringement decision has been made but a validity decision has not been given.

So this commentary remark follows Article 63 in implying that a Court can exercise, or may exercise, its discretion, and the phrase quoted "under only very exceptional circumstances" may serve to reduce that

Unitary patent
UPC Agreement
Statute UPC
ROP intro
Proc. first inst.
Evidence
Prov. Measures
Proc. appeal
General prov.
Fees & legal aid
Trier Hearing

discretion that the judges are feeling entitled to exercise under Article 63. So if the Court does not feel empowered to exercise this discretion, or to suspend injunctions, for example, or to deny it, while especially the validity proceeding is still pending, it can create a situation where a defendant is unfairly deprived of its business if the patent is eventually determined to be invalid.

So I would recommend removing this commentary remark, which does not make any changes to the Rules but can remove such discouragement of the Court's right to exercise its discretion within Article 63 and rule based on the particular circumstances of the case on a case-by-case basis, especially in situations where the validity proceeding is still pending. Thank you.

**JOHANNES KARCHER:** Thank you. Yes, please, the gentleman over *here*.

**IVAN BURNSIDE (EFPIA):** EFPIA would like to thank the Drafting Committee for their helpful comments in the digest, which we think do clarify the situation for us in respect of our written comments. We do believe that the Court does have the discretion to make the ruling not to grant an injunction under those exceptional circumstances and that they should exercise it judiciously. So we are therefore not objecting to the removal of Rule 118.2.

However, I would like to sort of take us on a bit to Rule 118.3(b) where the Court's discretion seems to be removed by the use of the word "shall", and this is referring to "shall stay the infringement proceedings" pending the validity case at the central division. We think that there should not be a mandatory requirement to stay. Again it should be at the Court's discretion on these terms.

The Rule was amended so as to include the EPO validity proceedings. Clearly we have a concern with that. Some EPO Boards of Appeal in our sector run at a time of 54 months from appeal to delivery of a decision, whilst there is a section in there indicating that a stay should only occur when the decision is relatively close. That is rather cold comfort to us given these sorts of delays.

In terms of the invalidity action at the central court, the other changes in the Rules -- in particular to Rule 37 and Rule 40 -- act to ensure that the UPC decide the validity case before the infringement case is heard; so that does not require the mandatory stay. We think that it has been dealt with. We think the Court should have full discretion on that point and there should not be a requirement of a stay. Thank you.

**JOHANNES KARCHER:** Thank you. Yes, please, over *there*, the gentleman in the back.

**SIMON HARRIES (GSMA):** Representing the mobile operators, I would like to go back to the concerns we have about the availability of injunctions and our efforts ourselves to be more prescriptive on how that

discretion would be applied by the new Courts. We appreciate that the removal of Rule 118.2 removes any sort of guidelines or indication to the Courts about how they would apply that discretion across the different jurisdictions, but we would like to ensure that the commentary itself is not used for the interpretation of the removal to imply that injunctions shall be granted.

Referring to Article 63, it does specify that the injunctions may be granted. The explanatory remarks now specify that they will be granted, and we are concerned that this could be some form of precedent for interpretation of the removal of Rule 118.2, which we would like to see rescinded.

**JOHANNES KARCHER:** Thank you. Yes, you have the microphone.

**WOUTER PORS (LES International):** I do not have a specific position on the deletion of section 2, but I am worried about the explanatory note, specifically because this may not be in conformity with Article 20 of the Agreement, which says that Union law shall apply in its entirety and shall have primacy.

If I look at the explanatory note, it seems to me that, if a claim is brought that includes a request for an injunction, for instance, because the patent owner thinks that the defendant is a counterfeiter, then such a claim either has to be awarded or there has to be a finding that the patent is invalid or not infringed. There is not a lot of discretion to not award the claim if the patent is found valid and infringed. That, in the Opinion of the Advocate General in the case of *Huawei v. ZTE*, may, in special cases, lead to the conclusion that there is an abuse of right by simply starting the action because you have included a claim for injunction in the action, which may have been justified when you started it, but when later on you find out, during the litigation, that actually this defendant is not a simple counterfeiter you may not be entitled to that. However, the solution under Union law for that would be to declare the whole case inadmissible because you have claimed it. That might be the result of the explanatory note saying that, if a patent is found valid and infringed, basically the injunction has to be granted, without further specification of the cases to which this applies. So the explanatory note does include the situation where the litigation is about a standard-essential patent.

This may lead to an intervention by, for instance, the Court of Justice, which we all want to prevent. We really do not want the Court of Justice to decide on validity and infringement of patents, but through Article 5 of the regulation and Article 20 of the Agreement, the interpretation of Rule 118 may become an issue that has to be referred to the Court of Justice. So I think the explanatory note should show more flexibility than it currently does.

**JOHANNES KARCHER:** Thank you very much. Before we continue, I would just like to clarify one point, because we have heard in two or three

interventions a reference to the explanatory notes and I just want to ascertain that we understand these interventions correctly. Is the following sentence the one that you referred to: "Where the Court finds an infringement of a patent it will under Article 63 of the Agreement give order of injunctive relief"? Is that the one that is triggering some uneasiness?

I would just want to point out that it is difficult to take this sentence out of context. There is a following sentence that says: "Only under very exceptional circumstances it will use its discretion ...". So it says there is a discretion. It is just trying to explain the situation as we have seen it and as we have formed the Rule.

But I understand now what the issue is.

**WOUTER PORS** (LES International): Let me clarify. That raises the question whether litigation on a standard-essential patent is seen as a very exceptional circumstance. I do not think it is.

**JOHANNES KARCHER**: Yes, but the Advocate General may have a different view on that.

We will continue and I will also invite the national organisations to come in. Yes, Dr. Osterrieth.

**SPEAKER FROM THE FLOOR**: Excuse me. May I, Mr. President? I heard all about this explanatory note. I also find this explanatory note maybe not absolutely at the right place, but I would have a completely different opinion about this. I think, as you pointed out by reading Article 25, that the possibility for a patentee to stop an infringer from selling, manufacturing and using a product, which is the object of this patent, is a fundamental basis of the patent system. If that does not remain, then the patent system has absolutely no meaning any more.

So I would recommend, on the contrary, to explain in Rule 118.1 that this discretion can only be exerted in exceptional circumstances. That means putting what you have written in the explanatory note, I would recommend, in the Rule so that it is clear that the Court has discretion, but only in exceptional circumstances, and I think the judges will be intelligent enough to appreciate what the specific exceptional circumstances mean. But I think it should not be in an explanatory note; it should be in the rule. Thank you.

**JOHANNES KARCHER**: Thank you. Mr. Osterrieth now.

**CHRISTIAN OSTERRIETH** (Bundesrechtsanwaltskammer): Thank you. Christian Osterrieth, Federal Bar Association, Berlin. I think we must start from the following. Art. 63 in the UPC Agreement codified flexibility. And it will be the judges' task to use this flexibility in a sensible way in the context of Art. 25. That is clear, but they have a discretionary power and should exercise it. I would not therefore not be in favour of to reduce this genuine, currently unlimited

discretion of the court, as Art. 63 does not provide for it and the Rules can not per se limit the discretion that the UPC-Agreement provides to the Courts. If we ever need rules, then perhaps an indication to the Courts on how to deal with injunction claims in an intelligent and differentiated way. For example, the fact that one can grant injunctive relief with a "grace period" [Aufbrauchfrist] or a "change-over period" [Umstellungsfrist]. Something that - to date - we unfortunately do not know in Germany. I think this would be an important stimulus for the court, to explicitly provide for such options, that would be a sensible use of the Rules. It would not constitute a restriction of the Court's judicial discretion, but a note, in which form the discretion can be exercised. Thank you.

**JOHANNES KARCHER**: Yes. Thank you.

**MICHAEL O'HARA** (GSMA): Thank you very much. I would just like to say that the deletion of Rule 118.2 removes a lot of the clarity that was previously in the Rules of Procedure. As pointed out by various other people, we are a very volatile industry, with an array of patents, and there are a lot of implementers and users of patented technology that are exposed to injunctions even though they are only indirectly involved in the licensing process.

As stated by my predecessor, if the Drafting Committee is not prepared to give guidance to the new judges of the European Court, then at least there should be guidelines as to how to interpret possible ways of granting an injunction. We have been asking for that for a very long time and we were happy that the original Rule 118.2 would actually allow for that.

However, I also have to agree that the interpretations given in Rule 118.2 are not necessarily the way it is uniformly interpreted within all the different jurisdictions in Europe, and therefore we would like to ask for the removal. Notably, with regard to the clauses where the Court finds an infringement of a patent, it will, under Article 63, give an order for injunctions, or only under very exceptional circumstances.

I only remind the Panel that, for example, in the UK, the rules of granting an injunction as an equitable relief do necessarily predetermine if it is exceptional or not exceptional. There are certain rules and you grant injunctions, and it could well be that in 50% of the cases no injunctions are granted. Thank you very much.

**JOHANNES KARCHER**: Thank you. I think over here we have an intervention.

**RODOLPHE PANTANACCE**: My name is Rudolph Pantanacce, I represent AFDEL, the French association of software publishers and Internet solutions, consisting of 350 members, of which almost 80% are SMEs, with about a 8.5 billion euros turnover.

Firstly, we wanted to thank the Preparatory Committee for its work, for the hearing and also for having taken into account, as far as possible, some of the observations in our written comments last year.

However, today AFDEL wanted to express its concern about the deletion of Article 118-2, notably on the availability of certain alternative measures, because a number of its members particularly in the United States have been victims of so-called Non Practicing Entities and do not want, as users of the system, to become victims thereof tomorrow as well.

In the time that is still allotted to us, I give the floor to my colleague Jean-Sébastien Mariez.

**JEAN-SÉBASTIEN MARIEZ** (AFDEL): Thank you. As I am representing a French association, I will speak in French, if I may. I have lost ten seconds but it gives you the opportunity to put on your headphones. Thank you.

To extend the reflections and concerns that have been raised by many organisations, I would like to come back, on behalf of AFDEL, on this reflection, which was caused more by the “explanatory remark” commentary than by deleting 118-2 as such.

This remark relates to the judge's assessment power as to the imposition or not of the ban and as to the imposition of possible alternative measures.

I would like to join a view that was very well expressed: the Agreement provides a discretionary power, the Agreement provides an assessment power for the Court, in particular Article 41-3 which must be preserved, in our view, to allow the judge to impose alternative measures in certain circumstances.

Why? Because, obviously, this is not about questioning the right to injunct - that would be absurd because it is essential. However, for AFDEL, the outright injunction measure is not always the most appropriate solution.

There are examples of situations that have been mentioned, including the assumption that the involved technology only represents a very insubstantial part of a product in respect of which an injunction from commercialisation has been imposed.

In such cases, this can mean a real endangerment of the economic activity of a company and especially for small and medium-sized businesses.

It is what really led AFDEL's reflection on this point.

AFDEL's proposition is therefore to reveal, at 118, the principles already contained in the Agreement, namely the principles of proportionality, equity, the principles of balance of interests or, at least, to amend accordingly the “*explanatory remark*”.

**JOHANNES KARCHER**: Thank you very much. Can I remind you of the time? Thank you. Over *here* we have another intervention.

**PATRICE VIDON** (EPLIT): Thank you, Mr. Chairman. I have a suggestion to be considered

for maybe reintroducing a sort of Article 2. I believe that Article 2 was not properly written as concerns the reasons why damages and compensation should be, in certain cases, decided by judges if they decide so. Referring to disproportionate harm or things like that is not so legal, maybe more economical, and not clearly defined. In fact, referring to the cases of standard-essential patents, which were referred to by the Google representative, for example, and others, the key issue which makes a judge decide not to enforce the right by forbidding a continuation is antitrust law or pro-competition law.

This is the very reason why IP law at certain stages is to be covered, or to be mastered, or to be over -- I don't know how to say it in English -- to have to leave the past to another right, another type of law, which is antitrust law and pro-competition law.

Thinking of a new Rule 118.2, referring specifically to antitrust law and supremacy of antitrust law and pro-competition law might be a way to reintroduce this and help control the issue, while sticking within the strict range of legal issues. This is my suggestion. Thank you.

**JOHANNES KARCHER**: Thank you. We are still on the national organisations. Mr. Springorum.

**HARALD SPRINGORUM** (Université de Strasbourg, CEIPI): I think, or our organisation thinks, that the biggest problem in permanent injunctions, according to Article 63, is, of course, in bifurcated cases, with no stay order. But now Rule 40, I think, will give a good solution to that problem, and that will lead to a situation where Article 63(1) and, of course, Rule 118 will not be such a big problem as before. That is our position.

**JOHANNES KARCHER**: Thank you. Are there still comments from the national organisations? Yes, here we go.

**DIRK SCHULZE** (Shell International representing the Dutch industry organisation VNO-NCW): We have debated this clause also, and we find that the views are very much split also in our organisation on this. It makes us think that this is not so much a matter, unlike the languages, for example, where you have a preference by country, but this is more dependent on where you are in the process and which industry you are in.

So there is the one extreme view that there should be near automatic injunctions unless there would be strict reasons to grant a compulsory licence with reference to TRIPS, on the one hand, and the other much more liberal view, of which I am personally a member, is that, similar to what Dr. Osterrieth previously explained, the Court should just wisely use its discretion.

I would add that we have heard on the language regime that there is a notion of revising or reviewing the rules, and changing them perhaps in a number of

years when the system has settled. Personally, I would also have that view in this regard. There are a couple of worries about, for example, non-practising entities or how the bifurcation will play out, and personally I would think we can see how this develops and perhaps address this in a future rule change on this point.

**JOHANNES KARCHER:** Thank you. Mr. Mercer. One more and then we will move on to the judges.

**CHRIS MERCER (CIPA):** Thank you. I find this debate very interesting because it is all about discretion and putting rules on discretion. I find it very difficult to see where there should be any rules on discretion because discretion is what people think at the time, and I think it is up to the representatives to persuade the judges to exercise their discretion. So I do not think, personally, there should be rules about discretion, but I am then worried about this explanatory note. I think I wish it had never been written, but I would also like to refer again to that point on Rule 118.3(b), where, in the second line, it says "shall stay infringement proceedings". I think that should be removed because that is clearly removing discretion. Thank you.

**JOHANNES KARCHER:** Then I would open up the floor for the judges, academia and other participants. Who would like to go first, Mme. Courboulay?

**MARIE COURBOULAY:** Thank you. I think that the text should not limit the power of the judges.

The first reason is that the IP enforcement Directive which was implemented in European countries made it clear that the judge can take certain measures if the infringement is likely.

Therefore, a number of criteria have already emerged, which are, firstly, the likelihood of infringement, which is already an assessment to be made by the judge, and secondly, once this assessment has been made, the judge must assess which measures must be taken, whilst appreciating the interests of each party.

Therefore, the balance of interests must be taken into account and also – what the CJEU always acknowledges – the proportionality issue that must always be in each judge's mind.

So I think that this limitation to the power of the judges is contrary to the Directive and its implementation, and it seems to me that it limits the power of the judges unnecessarily.

It belongs to the judge in each case to assess whether it is necessary or not, and when looking at case law and cases like *Apple v Samsung*, we see that practically no ban has been imposed in this type of infringement in any of the European countries or in any country in the world.

Therefore it is a matter of being confident in how the judges will work and in their reasonableness.

**ARI LAAKKONEN (AIPPI):** I apologise for not putting in my comment a bit earlier on when you were asking for comments from international organisations.

I would like to draw your attention to paragraph 4 of AIPPI resolution 219 in Hyderabad and remind you that this is about permanent injunctive relief, and I would commend this to you as a possible view for the correct approach. What it says is that, as a general rule, permanent injunctions should be granted if there is infringement of a valid patent, but in exceptional circumstances the judge may decide not to do so, such as, if there are issues of public health or safety or issues arising under the doctrine of abuse of rights, or in cases of conflict with other laws.

This may be a general enough formulation or perhaps there could be another formulation which is even more general. Thank you.

**JOHANNES KARCHER:** Thank you. How about the judges in the room?

Are there any further comments or are you all happy? Paul, you want to say something. Go ahead, please.

**PAUL VAN BEUKERING (Chairman of the Preparatory Committee):** I am definitely not a judge but still I would like to add some words on an issue that was raised by several interventions about the status of the explanatory remarks. Sometimes they were referred to as explanatory notes, which is another instrument that the Preparatory Committee once used, and I think it might be good to point out where we are in the process.

We are in the process of the Drafting Committee, which has made several drafts, which has been the subject of a written phase of the procedures. To that a digest has been made, to which also remarks have been made explaining what the Drafting Committee has been doing with it. Now we are in the phase that the Drafting Committee and the Expert Group from the Contracting States have joined in making a new draft, and I would regard the explanatory remarks which are in the digest that we have in front of us now as explaining what this group has meant with the changes that have been made to the previous draft, which is the opinion of that group as it has been composed

The group, as far as composed of representing the Contracting States, is a limited representation of all the Contracting States. There are a few experts from the Contracting States that are participating in the group and we have given them the task to do the preparation, but we have not discussed this within the Preparatory Committee itself. So a lot of Contracting States have not been in the position that we would be able to discuss the previous drafts. That is a process to be followed and that is the step in the process that we would like to take after the hearing and after the Expert Group, and the Drafting Committee will have another look at the text.

When it comes to discussions about the meaning of the explanatory remarks, I think we should take into account in which phase of the process we are and so further steps in the work of the Preparatory Committee and ultimately the UPC itself would have to be taken.

I hope this explains a bit how the status of the remarks should be seen.

**JOHANNES KARCHER:** Thank you very much, Paul, for these explanations, which I can fully agree with. Are there more comments on the issue of injunctions? Looking around the room, no. (*No response*)

Then we will wrap up and it will be for us again on the podium to give a brief reaction to what we have heard. Thank you very much for all your comments, which we will reflect upon; they are also very detailed ones. They will be interesting for the discussion.

My point actually would be that I would just want to add, as Paul has already explained, that these notes that we have put out for you are only really intended to make it easier for you to understand the reasoning. That is it, and Paul has explained more the legal reasoning behind how these could be used; and I think that is perfectly true for the current situation.

As to comments that we have received, I look to the Expert Group. Would you want to react to certain points, Kevin?

**KEVIN MOONEY** (Chairman, Expert Group): Just very, very briefly. Basically, I agree with the comments of Christian Osterrieth and the first comment of Chris Mercer that the agreement gives the judges a discretion, and I do not think it is for a rules committee to dictate how that discretion should be exercised. I think we have to have trust in the judges. They will hear the case; they will hear all the circumstances. They will then decide whether they should exercise their discretion in favour or not, and we fully expect the Court of Appeal ultimately to provide guidance. That is the first point.

Why was Rule 118.2 removed? Well, Rule 118.2 was put in under a misapprehension from Article 12 of the Enforcement Directive. We thought it did provide some guidance, but in fact Rule 118.2 is ambiguous; it is construed differently in different languages; and in fact it restricts -- or the risk was that it restricts -- the flexibility of the judges when exercising their discretion. That is why it was removed.

I have just one small point before I hand over to the judges. I do not know whether Colin and Klaus want to talk about this because it is very difficult to talk about how they are going to exercise their discretion in the future. I would expect them to be reluctant.

I have just one last point, Chris, on Rule 118.3(b). There is a general discretion to stay proceedings, and the "shall" only applies where the Courts come to the conclusion there is a high likelihood of invalidity and in those circumstances it should -- "*shall*". So it is a very limited issue. I am sorry; I have said enough.

**WINFRIED TILMANN** (Expert Group): Normally a judge does not need guidance. The judge applies the law. So, if he looks for guidance, he looks into the law, and there he has two helpful pieces of law. The first is that he must apply this Rule for unitary patents and for normal European patents. For unitary patents, you have an injunction claim within the legal text for the unitary patent, and, therefore, Union law must be applied in constructing the meaning of Rule 118.1 and Article 63(1). You cannot differentiate between EPs and unitary patents. You have to construct them in the same way.

Now, what does Union law tell us about the injunction claim? If we take the Advocate General, already cited here, literally, he says the injunction claim is the basic right of an exclusion right -- that is, the patent is an exclusion right. Therefore, the injunction is the main part of it, and there may be only specific reasons to restrict that. That would be the first guidance via the unitary patent.

But, on the other hand, we have the Enforcement Directive and Article 3(2). Article 3 says you have to enforce the intellectual property right strictly but, on the other hand, look at exceptions. What are the two exceptions mentioned there? They are competition law, FRAND cases, and abuse/misuse of the intellectual property right. This would be the second text the judges would consider. There, you are between Scylla and Charybdis, and you must sail through, as Mr. Grabinski will tell us now.

**KLAUS GRABINSKI** (Expert Group): My first point is that somebody mentioned there is going to be a new Court and new judges. Well, a new Court: I agree. New judges: I only agree on the formal point of view. The judges (as laid down in Article 15) "shall ensure the highest standards of competence and shall have proven experience in the field of patent litigation". So they shall be the experienced judges from Europe who are already on the job and exercising discretion or at least applying the doctrine of good faith.

Another thing is also clear. Whatever the ECJ is going to decide in the pending *Huawei* case, all judges will be bound on this within the Member States of the European Union. This includes the national judges and this will also include the judges of the new Court. With regard to the rest, I think it is clear that there is no different approach with regard to Union law when you compare the national judges or the Union judges. We are going to have experienced judges -- that is the aim of the whole process -- and these judges of course will apply these general principles.

Just to pick up this example of an embodiment or, let's say, a mobile phone where hundreds and thousands of patents/inventions are concerned, the case is just about a very tiny little bit of it. Then somebody is asking for an injunction. Of course one possible way to deal with this could be that the Court is issuing an injunction but stays the injunction for a certain time -- this is perfectly within the discretion of the Court -- so that the infringer can adopt the mobile phone in the next series to the situation.

I think experienced judges are perfectly aware that they can do so, and when they think it is appropriate to do so they will do so.

**COLIN BIRSS** (Expert Group): I will make just a few remarks. First of all, as I am sure Klaus intended to say, we are judges and, whatever opinion we are expressing, there is no guarantee that when it comes to court we will do the same thing or what you think is the same thing in a particular case. That is quite an important qualification, and I think it probably goes without saying, but I thought I would say it anyway.

I completely agree with what has been said by Kevin about some detailed points. I do not need to go back over that.

The example of a stay of the injunction for a period is an important example, because certainly my own personal opinion -- personal opinion -- is that I would be sad if the UPC Court operated, essentially, in this area any differently from the way, as far as I know, all European patents courts deal with it, and certainly the UK and (as far as I can tell) Germany. Although our laws look quite different when you write them on bits of paper, the practicalities are very similar. By and large, a patentee -- in fact, more than by and large -- who proves his patent has been found infringed and has established it is valid, at least in the UK system, will get an injunction. But it is always subject to the Court's discretion. That discretion is rarely refused. In fact, in the UK, I am not aware it has ever been refused altogether, but what has often happened is the example that Klaus gave of a stay for a period to allow a defendant to sort themselves out for various different reasons. Sometimes it is to do with the difficulty of complying with injunctions; there are all kinds of possible reasons. You can do justice by saying the injunction is a permanent one but it will not start for two days, six months, whatever. That is the kind of example of the exercise of a discretion which I think, speaking frankly, I would be very sad if the Court did not have and I believe it will have.

On the other hand, to try and institutionalise the answer, if there is to be a single answer, to the problem, if it is a problem of non-practising entities or patent trolls -- let's not pretend what we are talking about, whatever they are -- I think it would be impossible to write in a paragraph or two paragraphs, or even, frankly, a single judgment, to deal with that question. It is a complicated question and it will require, no doubt, a lot of judgments from different Courts in Europe before we have that settled.

**ALICE PÉZARD** (Expert Group): On the discretionary power of the judges, I believe, I go along with my colleagues of the Experts Committee: the discretionary power of the judge cannot be defined in the rules of procedure.

The judge has his judicial function exclusively with regard to the law and the different principles that have been raised by many speakers are legal principles

that have a legal basis, whether community or national-based.

Here we only refer to community grounds, and as reminded by my colleague Mme Courboulay, the principle of proportionality for example, which are to be followed by all judges, nationally or internationally, are principles that are recalled in legal rules.

Therefore, I do not see how the rules of procedure, which we are responsible for, you may recall, whilst limiting this power of the judge that he is required to exercise, in any event, according to the primacy of the Community law which is by the way recalled in the Agreement.

So it is very difficult to amend the text on this point, I reiterate, a procedural text.

And if by any chance, which rarely happens, a judge goes astray, the court of appeal would obviously have this harmonising role with regard to the law. Thank you.

**JOHANNES KARCHER:** Thank you very much for your contributions. Thank you very much to the Expert Group. I think we have landed the jumbo just in time for lunch. We are almost at one o'clock. You are invited for lunch outside in the lobby and I would kindly ask you to be back in the room at two o'clock. Thank you.

*(Adjourned for lunch)*

**JOHANNES KARCHER:** Thanks for coming back from the lunch break. Now we are back to our work. The next item is the fourth of the big subjects which we have on the agenda today. It is on the procedural decisions -- Rule 220. Also, for this Rule, I would like to give you a brief introduction before we hear your comments.

On the appeal we have provisions in the Agreement. If you look at Article 73 of the UPC Agreement, it says that an appeal is possible, of course, against a final decision. So that is the basic principle. That is Article 73(1).

In Article 73(2) you find further possibilities for an appeal against, if you like, privileged orders. They are specified in that provision, and they are those orders of the Court which have a particular impact on the parties, such as provisional measures, injunctions, etcetera. In this case you can also appeal against the orders separately.

Now we are coming to the point. This is leaving so-called procedural orders, so given by the Court in the course of proceedings. These unprivileged, if you like, orders are, in principle, only appealed together with a final decision -- that is the principle contained in the Article -- unless, and here we go, leave to appeal is given by the Court. The question is what does that mean: leave to appeal is given by the Court? Is that the Court of First Instance; is it the Court of Second Instance; or is it both? There is a lot of discussion on the interpretation.

If you look at it from a theological kind of view point, the question could be: is this a guidance to the Court of First Instance by the Court of Appeal, because it is a proper first instance which is independent of the Court of Appeal? We have two Presidents, for example, as a sign of it. Or is it, on the other hand, a mechanism of control of the First Instance by the Court of Appeal even in procedural steps? If we look at, also, the background that we have and Member States, there are different systems today in place. So both approaches, let's say, are known today under the national regime.

The Agreement seems to be open on that point, to the extent that we need to clarify what the procedure is and, in this case, in the Rules of Procedure. The solution which we would propose you find in Rule 222. It is that both instances are involved in this procedure. You have the Court of First Instance, where you would file the application for leave. The Court of First Instance could, of course, grant or may reject the application for leave. For the Court of Appeal, in case the First Instance rejects the application, there would be a discretion to step in where the Court of Appeal finds it necessary.

The procedure then that would be resulting from it would be what is called a discretionary review procedure. You would address the Court of First Instance. Either you get your leave granted, or, if you do not, it is a discretionary review to the Court of Appeal within 15 days. The party has to state the reasons and submit the facts and evidence, as usual in these cases. Then, at the Court of Appeal, this question would be assigned to a standing judge, who decides whether or not to admit the review. If it is admitted by the Court of Appeal, then it will be decided by the panel of the Court of Appeal.

To sum up, as a result of that mechanism, the Court of Appeal would have the final word in matters relating to procedural appeals. The Court of Appeal can limit its intervention because it has discretion in important issues, and that would also lead to a situation where we could ensure that the leave to appeal is not systematically operated and would be possibly abused by certain parties which would try to challenge the order.

Maybe to add, just to be comprehensive, in this case, if the Court of Appeal is involved in the discretionary procedure, there would not be a stay of the procedure before the Court. That is also still a part to be recognised.

Maybe so much for the introduction. I would then, again, as usual, start with the European and international organisations to hear their comments. Yes, there is already a comment over here. Thank you.

**ALOYS HÜTTERMANN (IPO):** When I came here this morning I was asked by somebody who sits on the Panel if I could say something nice instead of criticising everything. I should also say so. So, on behalf of the IPO, we think this Rule is very well drafted.

**JOHANNES KARCHER:** It was not me who was asking for that!

**ALOYS HÜTTERMANN (IPO):** No. If I repeat, on behalf of the IPO we think this Rule is very well drafted and we thank you a lot.

**JOHANNES KARCHER:** Yes, please. Over here.

**IVAN BURNSIDE (EFPIA):** This is just a question. If an order is requested from the Court and the order is refused, would that fall within this provision? Thank you very much.

**JOHANNES KARCHER:** There are more comments from the international European ones.

**VICKI SALMON (CIPA):** Thank you. We think that we are getting a new Court with new procedures, and it is very important that we get a harmonisation of the system early on. So we welcome the ability to have appeals, particularly on procedural issues where there may traditionally have been different national attitudes to dealing with procedural issues. It is quite important that, if a procedure has not quite gone right, you can put it right before you get all the way through the trial and then have to run the trial again. So we very much welcome the Rule.

We had a couple of questions on the drafting of Rule 222. One was the fact that the standing judge might deny the request without giving any reasons. We think it would be helpful if some reasons were given, even if they were quite short. The other question we had was on the last sentence, about the Court of Appeal consulting the presiding judge, or judge-rapporteur, of the panel which had refused the leave order. We thought that any such communication should also be shared with the parties as to what had happened in that conversation. Thank you.

**JOHANNES KARCHER:** Thank you. Are there more comments from the floor? Yes, please.

**ROWAN FREELAND (IPLA, UK):** I am assuming we have moved to national organisations. Again, we welcome this provision. It helps to avoid the development of local rules and the encouragement of forum shopping.

One of the main concerns of people who did not like the idea of procedural appeals was that they would bring in delay. Although I think procedural appeals are a good idea, delay needs to be avoided. The Agreement sets a 15-day period for the leave, so we are stuck with that, but I was going to suggest that the other time limits could be reduced significantly. For most procedural issues, five days would be ample time to prepare written submissions.

The second thing is that the Rule does not actually say what the Rules are with regard to submissions by the parties, either in writing or at an oral hearing. I think it would be helpful if the Rules actually specified that

there is going to be an oral hearing of the parties as part of the discretionary review.

The third thing is this question of the Court of Appeal consulting the judges who made the First Instance decision. I find this a very strange proposition. It is not the law that I grew up with, certainly. I would submit that the only private discussion about the decision should be within the panel of judges who make the decision -- that is within the Court of Appeal. I would say that they should not need to consult the judges who made the decision which is being reviewed at all, but, with Vicki Salmon, I would say that, if they are going to consult outside the panel which is going to make the decision, that consultation should be in public because we have open justice in this system. Thank you.

**JOHANNES KARCHER:** Thank you. Are there still European international organisations?

**BOBBY MUKHERJEE** (IP Federation): I will just make this short and sweet. On behalf of the IP Federation, we would say that we welcome this latest change and that we would ask you to keep this one. It is really important to ensure there is uniform interpretation of the procedural rules on the local and regional divisions, so I would support all the comments that have preceded me on that.

**JOHANNES KARCHER:** Thank you very much. That is very clear. Yes, please.

**PHILIP WESTMACOTT** (CCBE): We noticed that Article 58 is the one which enables the Court to protect the confidential information of the parties, and that is not referred to in paragraph 1. So there seems to be a risk that the First Instance Court will not protect the confidential information sufficiently, and you will then have to wait 15 days or longer to get the Court of Appeal to consider it, by when it may be too late because the confidential information has lost its confidentiality.

**JOHANNES KARCHER:** Thank you. Yes, Mr. Macchetta.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): I will be brief on Rule 222. We just add to the long list of those who applaud this choice. It is probably vital, especially at the beginning of the system, to have clarified some procedural rules which then will be applied all across the board from any divisions. So, so far so good.

Then I have to speak on behalf of one of the associations I am representing here, which is Centro Anticontraffazione, an anti-counterfeiting league, which would like to encourage a step further in Rule 220.3 in kind of foreseeing as a rule that the Court of Appeal will join the two separated appeals on revocation and infringement any time that it is meaningful, so any time that there is not an unreasonable delay foreseen, but, say, the Rule is that

they join because they will be the same panel looking at two cases, while waiting in two different times, unless it is procedurally a significant difference in time among the two.

The other point that they would like to voice that is along the same vein is far-reaching on this one and touches Rule 223.3, to broaden the stop of any infringement injunction and provisional measure -- to stop it and have the case solved in terms of revocation each time it is likely that revocation is successful. It is more on the non or anti-bifurcation side to make it concise, staying the time with two associations. Thank you.

**JOHANNES KARCHER:** Thank you. Are there more European international organisations?

**FERENC TÖRÖK** (Hungarian Chamber of Patent Attorneys): I read through carefully the digest and I can understand the basic idea of this possibility, which may slow down the procedure but could be important for the equal treatment of the decisions.

However, earlier we made a remark on the 15th version that the order and the decision should be applied correctly. I have the feeling that in point 2, at the end of the first sentence: "... 15 days of service of the Court's decision to that effect", it was an order. I think it is only a technical note: not "decision" but an "order". I would ask, if I have problems with Rule 221, which is in close connection with it, can it be discussed now or later?

**JOHANNES KARCHER:** Rule 221?

**FERENC TÖRÖK** (Hungarian Chamber of Patent Attorneys): Yes, which is ----

**JOHANNES KARCHER:** That is on the cost decisions.

**FERENC TÖRÖK** (Hungarian Chamber of Patent Attorneys): Yes, because the leave of the Court is mentioned there too.

**JOHANNES KARCHER:** Yes, but maybe we will take that later on when we come to the separate additional provisions because that is restricted to cost decisions.

**FERENC TÖRÖK** (Hungarian Chamber of Patent Attorneys): Thank you.

**JOHANNES KARCHER:** Are there more comments, maybe also from national organisations? Yes, Mr. Grundén.

**ÖRJAN GRUNDÉN** (Swedish Association for the Protection of Intellectual Property): First, we support all that has been said here before, including the applause for this change and including also the remark about the need for having the infringement

issue and the validity issue decided jointly at the appeal stage.

That said, I will address our only concern, namely the -- in our view -- unfortunate introduction of the term "discretionary review".

We have two ways of coming to the Court of Appeal. One is that the First Instance grants leave to appeal, and I understand that that should be more exceptional. Then there is the situation in which the First Instance refuses leave to appeal but the Court of Appeal finds that that is appropriate to be tried by the Court of Appeal. In either case, the review by the Court of Appeal, in our view, must be exactly the same. Calling the latter review discretionary is just creating confusion. Thank you.

**JOHANNES KARCHER:** Thank you. Are there any more interventions? I would ask the judges also to come in on this subject. Yes, please, Mr. Voss.

**ANDREAS VOSS** (Landgericht Mannheim): Andreas Voss, District Court Mannheim. I am not entirely clear on the benefit of the review options of the Court of Appeal. The fact that you must be able to review all decisions related to the proceedings. So, if the hearing may commence on a Friday before Carnival; if it may already start at 10:00hrs; as one has to travel far from Hamburg; whether the Claimant sits right or left in the court room; whether the hearing date must be postponed if the patent attorney received an invitation to moose hunt in the Baltics -- all, all are not made up cases but cases that I have decided on. I have my doubts whether all of this should be made available for review through the Court of Appeal. If this is what one wants to do, then it is well designed and should be done the way it is provided for herein.

**JOHANNES KARCHER:** Thank you, Mr. Voss. Do we have more comments from the participants, or have we sufficiently covered this item? I am looking around. (*No response*) I think then, with all these comments, that the rest of the participants find themselves in agreement with what has been said. That is good. I thank you very much for your comments on Rule 220.

Just a brief comment from my side would be that the discretionary review procedure, as has been said, which is a special procedure in that sense, has a certain reason that is exactly as we have heard from the cases as Mr. Voss has given us -- that we do not have this kind of procedural appeal in any case. There might be cases where the Court of Appeal would not be willing to step in to decide the procedural decision. That is why we have thought we would put this into a discretionary procedure, in order to avoid exactly that we have a prolonging of proceedings when even parties may abuse the system and systematically try to attack procedural decisions, as in the examples given by Mr. Voss.

With these comments, I would ask the Expert Group to maybe add something to the comments.

**KEVIN MOONEY** (Chairman, Expert Group): Very briefly. I would just like to report that, when we did the written consultation, I think in excess of 95% of the responses favoured the possibility of procedural appeals. So I think this has, more or less, across-the-board consent.

Like some of you, I am not quite sure what the word is -- amused -- about discretionary review. We have an expression in English, which is "a rose by any other name". My personal view, which I have expressed, is that it is effectively an appeal. I know the gentleman to my right possibly disagrees with that, but this does touch on a point that Rowan Freeland made. At the moment, Rule 220 is silent as to what happens to this discretionary review when it goes to a panel. My view is that the ordinary rules on appeal should apply, otherwise what is happening?

I would point out, in particular, that under the later Rules there is the opportunity for the panel to expedite. The ordinary Rules should apply but most likely with expedition. This has not been agreed. I would like to see written in that, if the standing judge does give leave to appeal, then the ordinary appeal Rules apply. That must make sense to me.

**WINFRIED TILMANN** (Expert Group): We normally agree, Kevin and I. This is one of the few exceptions. This discretionary review is a compromise between having an appeal or not having an appeal. It is structured after Rule 333. What is in this Rule? "Any procedural order by the judge-rapporteur may be under the discretionary review of the panel". Most procedural orders will be given by the judge-rapporteur anyway. If he gives an order of that kind, he must, first, go to the panel of the First Instance and ask the panel to review that decision. Now we have a decision by the panel, the same sort of informal look upon and review is now introduced by this new Rule 222. Therefore, this is not an appeal; it does not have to follow the full procedure of an appeal; it can be dealt with quickly, but it gives control to the First Instance Court.

My friend Grundén correctly said if the First Instance Court admits an appeal then it is an appeal; if it does not admit it, then it is only a discretionary review. This is sensible because, if the Court of First Instance grants leave to appeal, he feels insecure and wants to have the help of the Court of Appeal, and then it should be a real appeal, whereas when he does not give leave to appeal it should be only a review.

What is the reason why you have no reasons for the standing judge when saying so? This is exactly the discretion of this review. It should be a discretion and not under the obligation of a reasoning.

Thirdly and lastly, why do we have this conference call between the Court of Appeal and the First Instance? The reason is that Rule 351.2 says that, if the Court of First Instance does not give the right to appeal, it does not have to give reasons for the procedural order. Now we have an order of the First Instance before the Court of Appeal, but he does not know why this order has been given. Therefore, they should contact the

First Instance, get the reasons they have for this procedural order, and then decide upon the review.

I think I am rather proud. This is an elegant solution between having an appeal and not having an appeal. It serves the same purpose of having a sort of control for the First Instance, without having the burden of a fully-fledged appeal procedure. Thank you.

**KLAUS GRABINSKI** (Expert Group): I do not want to further elaborate whether the rose is a rose, or if it is a tulip! I do not know. I will leave it there.

I would just make two practical remarks. The first one is that this time limit of 15 days is a time limit. If it is an urgent case, of course the standing judge can decide an earlier point of view, and he will do so. That is why he is called the standing judge.

The second point is, does the standing judge have to give reasons why he is not giving leave? I do not think so. Thank you very much; I am very grateful to Mr. Voss for giving us some examples from his practice. I do not want to have the standing judge arguing whether this change should take place instead of the Baltic states and other parts of Europe. I think, if the standing judge considers the issue to be not of general importance, then he does not have to give reasons. If he wants to give reasons, of course he is free to give reasons, but there is no obligation for this.

**COLIN BIRSS** (Expert Group): I agree entirely with what Klaus Grabinski has just said. The only point I wanted to add relates to the question about whether the communication between the Court of Appeal and the lower court should be made public. I must say that my own opinion is that that would be a good idea. I do not think it is necessarily a very healthy thing to have different Instances communicating about a case like that without that being on the public record.

**PIERRE VÉRON** (Expert Group): I agree with what Colin Birss said.

**JOHANNES KARCHER**: Thank you very much for your comments and also for the explanations by the Expert Group. I think then we have managed well. We are ahead of our schedule. Thank you for the very concise and constructive approach you are taking in the hearing. This concludes our exchange on the four principal topics on the agenda in part 1 of this hearing.

We can now move on to the second part, where the hearing is a little more open in the sense that we are not entirely restricted to certain issues. We have clarified those where we also are very interested in guidance from you. We have picked out, as you will see on the screen, four areas which we would suggest to you for further comments. So every one of you could maybe take a minute to review those and possibly find one of these, or more, points under which you would want to make further comments. They are sometimes a little broader, like evidence. It is

a longer part of the draft Rules of Procedure. We have the appeal.

Other than Rule 220, which we have just discussed, we have had, in some written comments, comments on Rule 242. That might be the point here to share these views with us and with the participants. Representation before the Court is also another possible item that might be of particular interest to you.

We also do not need to restrict our hearing to these four points; they are suggestions. We might want to go through them one by one and see what comments you have. In your mind you should add points 5, 6 and 7. If you have other areas of concern, this is also the opportunity to come forward with them.

I would like to remind you that we want to concentrate on those parts where there are changes made to the draft Rules -- that is everything that is not red and blue -- so we are not starting from the beginning in that sense because this is a process where we are trying to move forward. Your comments should be directed to those parts where something has changed as a consequence to the written part of the hearing and the additional amendments by the Legal Group.

Maybe you would want to reflect for a minute or two and then we will go ahead and try to go through it point by point. If you are ready for the next part, we will go one by one. We start with the actions against the decision of the EPO, if you have comments on that sort of section.

**SPEAKER FROM THE FLOOR**: Actually, I was going to skip to the fifth item.

**JOHANNES KARCHER**: Okay. Maybe we will go through them and then, I think, as the discussion is going we will have time for further comments on other issues that are not on that list.

Are there comments on the actions against the EPO decisions, Rule 85 and following? Yes, Mr. Mercer, please.

**CHRIS MERCER** (CIPA): Thank you. I do not really have any comments on the Rules as such, except that the problem may be, as far as people requesting unitary effect is concerned, that we would need a very, very, very expedited procedure, because we have one month after grant to request unitary effect and then, if we do not get unitary effect, we only have another two months to carry out national validation. So either we need an extremely expedited proceedings such that we get a final decision from the UPC within those three months from grant, so that if necessary we can carry out national validation, or, alternatively, (which I know is beyond your competence) we need to get every national government to allow late validation if unitary effect is not allowed by the EPO and that is upheld by the UPC. It is either, "Please let us have a very, very, very expedited proceedings", or, "Please

can someone do something about national validation". Thank you.

**JOHANNES KARCHER:** Thank you. Are there more observations? Yes, please, over here.

**RICHARD PRICE** (IPLA, UK): Thank you. I have a question rather than a comment relating to Rule 85(a). This is perhaps a question to which I should know the answer, so I apologise in advance. What is meant, please, by "include a possibility for interlocutory review by the EPO"? What is envisaged there, please?

**JOHANNES KARCHER:** Thank you. We will address the answers, again, at the end. We will keep that for the reaction, I think. Mr. Macchetta, please.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): Thank you. I will be very quick on elaborating on the proposal of Chris Mercer by asking that it is both: so an "and" instead of an "or" on his proposal. If you want, I can say it is belt and braces, but I would much prefer that there is an "and", not in the sense of a final, but "and" as a conjunction of course.

**JOHANNES KARCHER:** Thank you, Mr. Macchetta. Mr. Casalunga?

**AXEL CASALONGA** (EPI): Yes, thank you. For the EPI, we note of course that in Rule 88.4 there is no compulsory representation, but since we feel that there should be a minimum standard in cases where a patentee chooses not to be represented or chooses to be represented by we do not know whom, we would like or we would suggest to add at the end of this Rule 88.4 something like "nevertheless, parties may be represented by persons defined in Article 134 EPC" -- European Patent Attorneys, if you like, so that at least this possibility would be mentioned. Of course I understand that this possibility exists by definition, but I think it would be a good idea to have this addition. Thank you.

**JOHANNES KARCHER:** Thank you. Are there any more comments on this part of the Rules of Procedure? Yes, please go ahead.

**RAINER BEETZ**(EPLIT): It is just a drafting issue. Rule 8 refers to the procedures where no representation is required and this refers to Rule 88.5, which does not exist any more. It should refer to Rule 88.4.

**JOHANNES KARCHER:** Thank you. Are there any more comments? (*No response*) I think then we have covered this part of the Rules of Procedure. Thank you very much for your comments.

It is for us to reply briefly on your observations. We had a first intervention, by Mr. Mercer I think it was,

where he stressed a couple of points: that we do need an expedited procedure in cases of the decision or the entry into the register to create the unitary effect, just to be timely if that is refused, also to be able to still validate nationally.

I think what we can say to that remark, which is a very good one, is that we have also discussed this issue and what we have come up with you find in Rule 97, which already has short time limits for the procedure where the European Patent Office refuses the entry into the register. You have the procedure before the Court to annul that decision and you see that it is relatively short time limits in which that proceeding takes place.

The second point is also under discussion, I might say, amongst the Member States. The second possibility to redress the situation is that you have ample time to still validate nationally in case the unitary effect is finally refused. I think Member States are well aware that there is this kind of problem and that needs to be addressed on the national level in the implementation of the package. I think that is what we are working on.

A second point I have on the representation is that I think here we need to note that representation is always possible. The question is, of course, whether that should be explicitly repeated, but I think it is clear from the Rules of Procedure as they are that that is always an option for right holders.

I think we also had a question on the interlocutory review. Kevin was nodding when that was coming up. Maybe the Expert Group and you, Kevin, could say a little bit on that question.

**KEVIN MOONEY** (Expert Group): It is simply a reference to Rule 91, Richard. If the European Patent Office looks at the application for review and decides that it should not have refused it, then it can change its mind quickly and that saves time. It is Rule 91.

**JOHANNES KARCHER:** Is there any further comment? No? (*No response*) Okay; then we have covered that point. Thank you very much, all of you.

We move on to the rules on evidence -- Rule 170 and following. Are there remarks as to the amendments that we see in the draft? Yes, please. Go ahead.

**ANTONIO PIZZOLI** (FICPI): I do not know, actually, if it relates to the evidence, but it is something which relates to the minutes of the hearing, because in our group we were looking for provisions on the minutes of the hearing and also the statements of the witnesses, but we have not found them. We have not found the word "minutes" at all in the Rules of Procedure. So we were wondering whether there are provisions on taking minutes of interim conferences or oral hearings and, if not, we believe that some Rules on taking minutes should be in the Rules of Procedure. That is all.

**JOHANNES KARCHER:** Thank you. Are there further comments on the evidence rules? Yes, Mr. Casalunga first, and then it is Mr. Grundén.

**AXEL CASALONGA (EPI):** Yes, thank you. I have two points here. First of all, in Rule 197.2, it is said that, in the case of an order to preserve evidence without hearing the defendant, there should be immediately notice to the defendant. We feel that in practice it could be extremely difficult, or even impossible, to give notice to the defendant immediately. What does "immediately" mean? At the time somebody is doing such a preservation of evidence on inspection of premises, for example, it may be that the person applying for this order is not absolutely sure of the future defendant. In fact, he is looking for evidence. Maybe he is looking for evidence at a third party premises and then, from the evidence he will obtain, he will discover who really is the defendant. First of all, at that stage, somebody may not know who the defendant is.

If the defendant is the person where you make this inspection, then it is not a real defendant; it is the person who is submitting or has submitted to this operation. So it is different from the defendant.

In both situations we think that the best would be to come back to the previous wording where it was said "immediately after execution of the measures". This seems more practical and feasible. That is the first point which I wanted to make.

The second point is again on this Rule 197 -- the application for preserving evidence and order to preserve evidence without hearing the defendant. At the present time it is said that the Court should only allow an ex parte order if there is a risk of irreparable harm or a risk of destruction of evidence. We feel this is too limiting; this is too hard.

There are a lot of situations in practice where it is very difficult to prove that there is an irreparable harm if you do not do something, if you do not look for this evidence. It may be, also, that there is no real risk of destruction of evidence. If you think about a big machine you are going to inspect, it will not disappear; it will not be destroyed. That is clear. If you are looking for evidence of a chemical manufacturing process, the process will not disappear; the process will not be destroyed, and there is no irreparable harm by not taking this evidence. The only harm is that you do not get this evidence. That is all.

We would recommend having something less hard, something in the case where it is possible to show to the Court that there is a real probability that, at a certain place, at a certain premise, there is certainly evidence of infringement and that it is necessary to get this evidence in order to file the case before the Court. That should be sufficient for the Court.

**JOHANNES KARCHER:** Thank you very much, Mr. Casalunga. We still want to respect our time limit. It has gotten us well through the hearing so far, but thank you for your intervention. Yes, please.

**WOUTER PORS (LES International):** This is not a comment but a question. I have heard rumours that the changes to the Rules of Procedure would enable the hearing of experts and witnesses by way of video conference. I was wondering if that was correct because I think it is not a good approach. People respond differently when they are actually in a room with other people than when they are just talking to a video camera. There is quite a lot of scientific evidence about that.

**JOHANNES KARCHER:** Thank you. Are there any more comments on this part? If that is not the case, then thank you. Yes, there is one more.

**BOBBY MUKHERJEE (IP Federation):** There are a number of things. On admissibility of evidence, we noted that in Rule 112.4 it refers to admissible evidence, but there is no definition for that. So we are thinking whether hearsay is to be admitted or is it to be a question of weight? Likewise, in Rule 172, I wanted to clarify the meaning of "evidence" there. In Rule 172.2 the power of the Court is limited, requiring a statement of fact. That is all.

**JOHANNES KARCHER:** Thank you very much. Mr. Grundén, I forgot about your intervention. I am sorry. Here you go; you have the floor.

**ÖRJAN GRUNDÉN (Swedish Association for the Protection of Intellectual Property):** Thank you, Mr. Chairman. I am addressing Rule 185, about court-appointed experts. We see that it would be a rather unusual situation where the Court appoints an expert rather than the parties, but we understand that that may happen. In paragraph 3, after amendment, it is said: "The parties shall be entitled to be heard on the expertise ...", etcetera. We find that very appropriate and I am happy with this addition but, going back to paragraph 1, they are addressing the more basic question of whether there should be a court-appointed expert or not. It is only within parenthesis it is said "(and after hearing the parties)". We think it is just as necessary that the parties be heard about whether to appoint an expert by the Court or not. I think it should be similar wording as in paragraph 3, that "the parties shall be entitled to" etcetera. Thank you.

**JOHANNES KARCHER:** Thank you. Are there any more comments from the participants? Yes, there is one more. Please, go ahead.

**PETER THOMSEN (EPI):** Regarding Rule 186 and the duties of a court expert, I have a quick point there. We feel that, in order to avoid any potential manipulation by the parties, it should be made really clear that the questions to be addressed to the experts should be under the supervision of the presiding judge so that the parties do not, by manipulative questions, try to influence the Court expert.

**JOHANNES KARCHER:** Thank you very much. I think this concludes our round on the rules on evidence. You have addressed quite a number of points: for example, the question of in what form you can consult the minutes. That would be Rule 106. We will have to address the question of video conferencing for witnesses -- that is Rule 105 -- where that is practicable. I think I would like to pass the floor to the Expert Group maybe to address these points that have been made, as far as you have a comment on them. Thank you.

**KEVIN MOONEY** (Chairman, Expert Group): Just on the detailed points, with regard to Mr. Casalonga's point, Rule 197 is not restricted to damage. It says "in particular". That allows you to persuade the Court that measures should be granted without hearing the defendant for other reasons as well. So it is quite general.

On the last point as to whether questions to the experts should be under the supervision of the judge, Winfried Tilmann points out that that is already covered by Rule 178.5: "All questions to experts at the oral hearing are under the supervision of the presiding judge." I am not sure, but was there any other point?

**WINFRIED TILMANN** (Expert Group): Minutes.

**KEVIN MOONEY** (Chairman, Expert Group): I did not hear the comment on minutes. So, Winfried, would you like to deal with that?

**WINFRIED TILMANN** (Expert Group): The question was, as I understand it, whether there will be minutes taken by somebody writing down what the witness or the judge said. This is not provided for because we are modern people who do not write things. We have a tape recorder -- a modern version. The parties and their representatives have the right to listen to what has been said at the hearing so that they can refresh their memory and take the necessary steps. There are no written minutes, but, under Rule 105, I think it is, you get the recording of the interim conference. Rule 106: "The recording shall be made available at the premises of the Court to the parties or their representatives ...". This is the same Rule as with the ECJ. We have written that from the Rules of Procedure of the ECJ.

**PIERRE VÉRON** (Expert Group): Maybe I could say just a word about the use of video conference. We have experienced that in mock trials with Mr. Grabinski, and we realise that, in fact, it requires a lot of effort to be successful when you have to interconnect several sites. It is already difficult between two sides, but when you have three or more sides it becomes extremely difficult and it requires a willingness of all the parties for success. That is probably possible in mock trials, but in real life very often one of the parties has nothing but the desire to have a successful operation and there are plenty of

tricks to ruin the video conference. You can just take your mobile phone close to the microphone to provoke interference and so on. So we would not recommend generalising the use of video conference immediately, as has been suggested by some people to avoid the cost of travelling. It requires that you make the effort to come and to be face-to-face.

**JOHANNES KARCHER:** Thank you very much. Do you have an additional question or remark?

**STEFAN FREISCHEM** (GRUR): I was not quick enough to check whether the recording Rule 106 is also extended to regular oral hearings. If it is not, I think it would be a good idea to do that.

**JOHANNES KARCHER:** It is.

**STEFAN FREISCHEM** (GRUR): It is? Brilliant.

**JOHANNES KARCHER:** Then we will move on to the next point which we offer you for comments. This is the appeal procedure as such, I would say, with the exception of what we have already covered in Rule 220. If you would like to make comments on this part, feel free and we are very happy to receive them. Yes, please.

**SPEAKER FROM THE FLOOR:** Thank you. Perhaps Rule 221 is in connection with this problem. It is a special Rule when the leave of the First Instance Court should be in connection with the decision made on the basis of Rule 157. But if you read Rule 157, which relates to the costs of the procedure (which is an important issue, again), it is a decision and it is declared in Rule 157 that it may be appealed to the Court of Appeal. I do not see presently the reason for Rule 221, which discusses the leave of the First Instance Court, when it is declared in Rule 157 that it is right.

A further remark is that in the digest I could read that the decision made by the Court, according to Rule 157, is drawn by the judge-rapporteur, by one person. It is written there that the party adversely affected must first seek an early review by the panel of the Court of First Instance, but it is given only in the digest; it is not mentioned in Rule 121. I think Rule 121 should be reworded somehow. On the one side, it is meaningless to speak about the leave of the first court, and, secondly, what was written in the digest should be given in Rule 121, that after the decision of the judge-rapporteur a review should be asked from the Court of First Instance before an appeal is filed to the Court of Appeal.

If I am right, perhaps it is the situation in this case that something should be done with the details of the application for leave of the Court, which is given in Rule 221. Rule 220 refers to Rule 221 in this respect, so it should be moved to Rule 220. This is why I told you these two rules are in close connection. Thank you.

**JOHANNES KARCHER:** Thank you very much. Over here first and then Mr. Casalonga.

**JÓZSEF TÁLAS (EPLAW):** Thank you. I would like to comment on Rule 242.2(b) and the second sentence. I am concerned whether this Rule does more harm than good. I understand what the sentence is trying to achieve. Certainly the Court's ping-pong behaviour should limit it, but at the same time it cannot be considered acceptable for the Second Instance to be able to revoke a patent on such grounds which were not identified as an issue in the First Instance. There is no rule in the First instance that they have to decide on everything which comes up, so it could happen that this Rule would just make more problems than it would like to solve. Thanks.

**JOHANNES KARCHER:** Thank you for your comment. Yes, Mr. Casalonga had another comment.

**AXEL CASALONGA (EPI):** Thank you. I have a point concerning re-establishment of rights. It is Rule 320. It is said in paragraph 7: "There shall be no right to appeal from an order rejecting an Application for Re-establishment of rights or from an order granting Re-establishment of rights." We think this is wrong. There should be a possibility of appeal and we would recommend introducing this in the orders provided in Rule 220 for the possibility of leave to appeal, as we discussed before. If you think about what happens before the EPO in the case of the re-establishment of rights, if there is a rejection of that request, then it can be appealed before a Board of Appeal and we think it should be the case here. Thank you.

**JOHANNES KARCHER:** Thank you. Yes, please.

**IVAN BURNSIDE (EFPIA):** Thank you. EFPIA echo the concerns of the penultimate speaker and would highlight numerous practical difficulties if the First Instance decision does not decide on a point that is then decided upon by the Second Instance.

Take, for example, novelty and inventive step at issue. The First Instance decides on novelty, gives no opinion on inventive step, and then we have an appeal. The whole focus is then on inventive step. There are practical difficulties in terms of who would speak first -- who has to make their case first. You have the appellant having to make a defensive case up front on a ground that they did not lose on, which is all very problematic in practice. There could also potentially be a TRIPS issue with loss of instance, if you were to go down this road.

EFPIA's preference would be that the Court of First Instance should decide all issues that were argued before it and presented to it. Thank you very much.

**JOHANNES KARCHER:** Thank you. Are there more comments on the EPO procedure? *(No response)* You seem to be happy. That is good. Thank you very much for your comments on that part then.

I think, maybe, one of the points that has been mentioned by several speakers, carrying on with Rule 242, is the question of how far the First Instance should decide all the points that are thinkable, let's say, before it goes to the appeals stage. This has various aspects, one aspect being, if you need to decide on all the points in any case in the First Instance, that does take some time, possibly even hearing witnesses, etcetera, etcetera.

The gain would be that the Second Instance would already see what the First Instance considered for specific points which the Court of Appeal finds to be the decisive ones. On the other hand, that might also prolong the proceedings. We have had a debate on that issue -- a quite extensive and long one -- the result of which you see in Rule 242.2(b). That was our suggestion. I thought that was a point to highlight, but maybe the Expert Panel would want to make some comments on this round. Thanks.

**KEVIN MOONEY (Expert Group):** I will just say a few words and then I am going to pass over to Colin Birss, who was actually the author of Rule 242.2(b). This was a lively debate. It is the inevitable difference between the common law approach and the civil law approach. The attitude of the civil lawyers is why do we have to decide something which it is not necessary to decide. Frankly, that is very sensible. I think a lot of our English judges would have a lot of sympathy with that because they do not have to deal with every single point and they do not have to read very long judgments.

On the other hand, there is a very real risk, as was pointed out, that the Court of Appeal might find itself in a position of having to decide something which the Court of First Instance did not come to a formal conclusion on. That was the debate.

All I will say, before handing over to Colin, is that the Court of Appeal, when reviewing a decision of the Court of First Instance, is required to look at the file. The evidence before the Court of First Instance is available. Colin, why did we draft this?

**COLIN BIRSS (Expert Group):** Next time you are in my court, Mooney! It is, actually, I think obvious. I think everyone knows what the problem is and Kevin has explained it perfectly well. The problem is very simple. Nobody wants to have a system which means you institutionalise a First Instance procedure which requires an incredibly long, expensive, time-consuming exercise. On the one hand, that might be said to be an unfair caricature of an English court system.

On the other hand, nobody wants to institutionalise a system of ping-pong courts where you lose on first auxiliary request added subject matter, go to the Court of Appeal, go back on third auxiliary request added subject matter, go to the Court of Appeal, go back on obviousness and go back to the Court of Appeal; ten years have passed and you finally do not get a patent just after it expired. Nobody wants that either, and that might be said to be an unfair

Unitary patent
UPC Agreement
Statute UPC
ROP intro
Proc. first inst.
Evidence
Prov. Measures
Proc. appeal
General prov.
Fees & legal aid
Trier Hearing

caricature of the European Patent Office's approach to oppositions.

We need to find somewhere in the middle. Since we now seem to be breaching who came up with what, I will not go any further, but you could have a rule which says the First Instance Court has to decide all issues in front of it. You could have a rule like that, but it was very clear that some members of the Expert Group dealing with this took the view that that was not a sensible rule, for the reasons that you will appreciate. If you are not going to have that rule, you have to accept that sometimes the First Instance Court will not decide everything, but if you have a system where the First Instance Court does not decide everything you then run the risk of having the unfair caricature of the EPO.

The point of Rule 242.2(b) is to make it clear that this system is not supposed to be a system which involves ping pong. It is meant to be a system where a patent will be decided at two instances on two occasions -- once at the First Instance and once on appeal. That is what this system is intended to be, and that rule is there to make it clear that, just because the First Instance did not decide something, that is not meant to be a sufficient reason to remit it, which means it will not be ping pong, but it means that you will inevitably run the risk of the Appeal Court deciding something which was not decided at First Instance. I will tell you that that was essentially the unanimous compromise which the Expert Group reached. It is a compromise, but that is the answer to the question.

**KLAUS GRABINSKI** (Expert Group): This is constant case law before the German courts in, I think, about 100 to 150 cases a year, in an appeal -- let us take a revocation case before the Federal Patent Court -- where the grounds for revocations are added matter and patentability, meaning novelty and an inventive step. The Federal Patent Court decides on added matter and squashes the patent. On appeal, the Federal Court of Justice says, "No, it is not added matter. It is covered by what has been disclosed in the original application". Now we are trying to find out: is it novel; was it obvious? Yes or no?

Then it would be perfectly all right to confirm the decision of the Federal Patent Court, not because a ground of added matter was well-founded but because a revocation ground with regard to novelty or inventive step was well-founded. I do not think it is against TRIPS, but you can make the case if you want to.

We had two systems, two approaches, and we tried to find a way out of it. Frankly, I was very happy that Colin put forward this suggestion and it seemed to me to be quite all right. I am sure it is not going to be a ping-pong situation. Just have a look at Article 75. It is clearly saying: "The Court of Appeal may in exceptional cases and in accordance with the Rules of Procedure refer the case back" -- so in exceptional cases. Most of the time this would be my expectation. The Court of Appeal, if they cannot support a decision of the First Instance that was based on one ground of

revocation, will try to find out about a second ground of revocation that has been brought forward in this case. I think it will work. The Courts are equally equipped with technical judges and legal judges, so why should they not decide the Second Instance on this issue?

**JOHANNES KARCHER:** Thank you very much, Colin and Klaus, for clarifying this very important point. I think we have clarity here. Then, if there are no further comments, or do you still have ----

**WINFRIED TILLMAN** (Expert Group): Our Hungarian friend has addressed Rules 157 and 221. May I refer your attention in Rule 220 to the word "panel"? Your argument was that we should clarify that only panel decisions will be subject to this procedural appeal. This is taken care of by the word "panel" in the new Rule 220.2. I hope I covered this part of your question. I can read it to you, but you can read it on your own. Only panel decisions may be subject to this discretionary review, not the decisions or orders of the judge-rapporteur.

**JOHANNES KARCHER:** Thank you, Mr. Tilmann. Then I would suggest that we pass on to the next subject. We have covered the appeal. I would put up, for comments, rules on representation. Here you go. Would you want to start?

**CARLO LUIGI IANNONE** (Ordine dei Consulenti in Proprietà Industriale): We notice that the definition of lawyers authorised to practise before a court of an EU Member State has been introduced, but in our opinion it is in contrast with the definition in Article 48(1) of the Agreement, where it is clearly said of a Contracting Member State. This definition is wider. An EU Member State is wider than a Contracting Member State. We are not discussing the merits of the modification, but we are not sure that it can be introduced by the Rules of Procedure and modification or something in contrast with the Agreement.

Another short clarification, also in Rule 286.1, is that in our opinion the term "permitted to practise" should be clarified. We are not sure that it refers to a power to representation of a party in court or it is meant to include also assisting a lawyer when "lawyer" is as defined in the mentioned EU Directive, which has a different definition of the term lawyer. Thank you.

**JOHANNES KARCHER:** Thank you very much.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): May I continue just by affinity to Rule 287?

**JOHANNES KARCHER:** Okay, Mr. Macchetta.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): Very quickly,

on behalf of every professional, I would like to thank the Drafting Committee and the Legal Committee for having clarified that patent attorneys have the privilege for what they do in court. I would like to suggest closing a possible door still to conflict in a jurisdiction where discovery is ongoing and the privilege issue is raised, by adding at the end of Rule 287.7 where it is specified that patent attorney includes a European patent attorney. There we would encourage it to be completed by including also the other animal that is created by the UPC -- that he is a representative under Article 48(2) because he is a patent attorney; he is a European patent attorney, but when he works as a representative, under Article 48(2), before the Court he is still another animal because he is closer to a lawyer without having legal grounds. Just for clarity, add this in addition to the current sentence of Rule 207.7 "and their representative according to Article 48(2) of the UPC". We know that the point is simply to clarify when you are in a battle in a district court. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes, Mr. Springorum, and then we move over.

**JÓZSEF TÁLAS (EPLAW):** I would like to comment, first of all, on the representatives. We firmly believe that the definition of "lawyers" allowed to be representative at the Court should be entirely in line with the directive on lawyers in Article 1(2) and, as such, lawyers should mean a person who is a national of a Member State of the European Union and who is authorised to pursue professional activities under the title referred to in this article, and not a reference only to the title.

I would also like to comment on Rule 284, which is now not in line with the Agreement because the Agreement does not use the word "negligently". It uses another phrase, so I think it should just be amended. It should be in line with the Agreement.

Let me be allowed to comment on one more thing. Under Rule 291, as it presently stands, representatives are threatened with exclusion from the procedure if they breach the Court's code of conduct in any way. In our view, such unlimited power of the judges over representatives is unacceptable and should be limited to exceptional cases -- for example, direct contempt of court or any member of the court -- or it should at least be stated explicitly in the Rules that exclusion may only be enforced in exceptional circumstances.

**JOHANNES KARCHER:** Thank you.

**SPEAKER FROM THE FLOOR:** I would like to address the problem arising from Rule 286.1 again. I remember one year ago we had a proposal to Rule 286, and that led to a lot of confusion with the lawyer in view of the Agreement. We are not talking about what a lawyer in general meaning is. I think the Agreement defines not (unclear) interpretation of lawyer on the one hand and on the other hand what is a patent attorney.

Our opinion is that that definition in Rule 286.1 will lead to a lot of confusion again and a lot of discussion on the second alternative. We have a clear and concise definition that refers to Article 1 of the Directive 1985, and it is not necessary to include the nationality because Article 1 of the Directive also tells us, under number 2, that lawyer means any person who is a national of a Member State.

Due to the situation in Finland and Sweden, maybe it is necessary that there is a special situation in Finland and Sweden, but I think we should do that in a clear and concise manner, addressing that special problem. I think there are 20 or 22 persons in Finland and Sweden who are addressed by that provision.

There is another problem appearing from that. We have no reference to a national of the Contracting Member States and the second alternative now included. That will open the door for our American learned friends where there is a conversion course similar to apply for solicitors' admission in England - - to qualify but not to apply for it. They have no title but they are qualified, as the wording sounds: "... owing to national rules in the US, is permitted to practise in patent infringement and invalidity litigation". That will refer to our learned friends from America, and maybe they will use that back door reopened again now.

**JOHANNES KARCHER:** Thank you for your comments. Are there more observations? Yes, we have a gentleman here in the second row.

**RAINER BEETZ (EPLIT):** First of all, I consider it very unfortunate to discuss Rule 286 without conjunction to the European Patent Litigation Certificate. From my point of view, it only makes sense to discuss representation if we have the whole picture and not to discuss half of the picture. So, once we see the next draft of the EPLC, I would propose discussing Rule 286 and the EPLC as a whole. This would make sense. Second, in my personal view I think the reference to the Service Directive of lawyers does not make lots of sense. For example, this lawyers' directive covers Maltese lawyers, which are called "*procuratore legale*". They have no law degree; they are only allowed to represent in inferior courts in Malta. These lawyers would be allowed to represent in the Unified Patent Court, whereas, if my understanding is right of the definition of, for example, German patent attorneys or Hungarian patent attorneys, national qualified patent attorneys who have rights to litigate before national courts would not be covered.

When we set up a Unified Patent Court I think it would make a lot of sense to let these people represent who are qualified in patent law and at least those national patent attorneys who have national qualification. I never understood why national patent attorneys were treated so badly. They are not mentioned in the Agreement; they are not mentioned in the EPLC draft; they are not mentioned in the Rules of Procedure. But there are many patent attorneys at national level who have law degrees, who have court

representation rights, and this should be reflected, I think, in Rule 286.

**JOHANNES KARCHER:** Thank you. Mr. Mercer?

**CHRIS MERCER (CIPA):** Thank you, sir. On Rule 286.1, I think the "permitted to practise" wording which is used in the exception should be "authorised to practise", in the same way that you have for the lawyers.

The other point I have is about the attorney/client privilege. I am very pleased with the way this has been amended, so in general I think it is a very good move. I do have a concern about employed attorneys/lawyers because at the moment, for instance, it refers in Rule 287.3 to a patent attorney being employed by the same client. I wonder whether that covers the situation where you have a patent department or a law department for a parent company which serves a number of daughter companies. It is an interesting question. There are a lot of fairly big companies who do have a central legal department or a central patent department who serve a number of different organisations but all within the same big entity. I think it would be bad if that privilege did not cover those sorts of people. I think that is something which I hope is covered by that, but I am not quite sure.

The other thing I worry about is whether we suddenly have people who are professional consultants. In your Rule 287.6(b) you refer to someone being "professionally consulted". Is that a professional consultant? I would have thought that should have been "and is consulted in a professional capacity", rather than starting a new category of professional consultants. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes, Wouter Pors.

**WOUTER PORS (LES International):** I first have to put on a different hat because, as co-chair of the AIPPI Special Committee on Attorney Client Privilege, I would like to thank the Legal Group and the Expert Group for the excellent work on Rule 287 on privilege. This is quite a milestone and it also enables AIPPI, AIPLA and FICPI to work further within WIPO with the Standing Committee on patents and the Group B+ countries on a multilateral solution for client/attorney privilege. This is a fine example of how that could look. Thanks for that.

With regard to Rule 286, I would urge you not to be too restrictive. I think most parties who are involved in UPC litigation will be perfectly capable of selecting proper representation, which is not only limited to the formal requirements in the Rules but is also based on other qualifications and achievements of that representation. There is no need to limit those companies too much in their selection.

**JOHANNES KARCHER:** Thank you. Yes, please.

**DANIEL ALGE (FICPI):** Thank you very much. I would also like to join congratulations on the attorney/client privilege changes that have been made in this recent response. It shows that representation is not dependent on different privileges for different representatives. We will create here, with this procedure, a completely new animal -- completely new EU civil law proceedings -- which will probably be something which has happened before in court, but there is a precedent. This is the Rules of the European Patent Office, where it is also a conglomerate of a lot of different exclusive thinking, "Oh well, patents can only be this; patents can only be that". It was wise men and women who take their views and their experience together at the European Patent Office to make also the Rules. If you can remember, the Rules of 1977 were really harsh rules. They were then adopted in the next 30 years to adopt to a successful system that worked practically, so it was a success because all of the participants were interested in practically solving these issues.

The people at the European Patent Office, who came from Germany, UK, Austria, the Netherlands, had had to put their minds together and not forget about their home practice but introduce their home practice, the best mode they learned at home, in order to come to an even better system established from scratch. This will also be done here.

One issue will also be the representatives. The representatives started with the European Patent Office. They were all grandfathers. They were not educated in this very tricky EQE examination that we have nowadays, but they were all experienced in their national patent law. It was also them who created these Rules that were a success, together with the European Patent Office. I think that is something we will also have to face in this example -- that we will all work together, and the experienced people will all have to work together, to make it as open as possible. I agree that clients are aware and are able to represent those clients which they are used to working with. Excluding them by any restrictive option in Rule 286, or whatever, is not to the help of the system.

**JOHANNES KARCHER:** Thank you very much for that comment. Yes, Mr. Casalunga.

**AXEL CASALONGA (EPI):** Thank you, Mr. President. While the EPI is still slightly confused with this Rule 286.1 definition of lawyers, we tend to concur with what was said before. Just drawing specific exception for about 20 persons in Finland is maybe not the right solution here, specifically now that it seems to result in a very open exception which could be used by many other people. So we are slightly confused.

We wonder whether it would not be better to look at some kind of a transitory period. It was just mentioned about the grandfather clause by the EPC. Maybe it should be something like a grandfather clause because this is an exception which will

disappear in the future, of course. That was my first point.

My second point is about the right of audience in Rule 292. We notice that in this Article it is mentioned that it is limited to "persons practising in a Contracting Member State". We wonder whether it would not be better to say "practising in an EPC country". We do not see why there should be a difference here corresponding to Article 48(4) of the Agreement in contrast to the other paragraphs of this same Article. Thank you.

**JOHANNES KARCHER:** Thank you. Mr. Finnilä, please.

**KIM FINNILÄ** (The Association of Finnish Patent Attorneys): Thank you very much. My first two comments are on Rule 286.1 and 286.2. Rule 286.1, strictly, does not correspond to Article 48(1) since it has been changed from "Contracting Member States" to "EU Member States". In the digest you speak about "future Contracting Member States", but that as such is not any problem for us.

Then, when we look at Rule 286.2, here we define that representation can be done by a European patent attorney with an appropriate qualification. The qualification is then intended to ensure that she or he is suitable to practise before the UPC. That is fine. I am referring to Mr. Beetz's commentary that we should see the EPLC before discussing whether this could be taken into consideration.

Then I would like to go back to Rule 292, which limits the right of audience to contracting patent attorneys and European patent attorneys not qualified, without the appropriate qualification, only to the Contracting Member States. This refers then to Rule 286, to Rule 287.6(b) and Rule 287. Here it leaves room for interpretation that it is the European patent attorney who has the right of audience and representation limited to the Contracting Member States.

I think the basic idea behind this whole paragraph (2) of Article 48 was that, okay, we have those who are experienced in European patents or future unitary patents. If they acquire a certain degree of qualification, they are allowed to represent. Rule 287.6 and Rule 287.7, seen together, through to Rule 292, are a bit difficult to interpret. Who actually has the right to do what and is it limited only to the Contracting Member States?

Then, with regard to a national aspect, the lawyers ----

**JOHANNES KARCHER:** Finish your intervention, but I would like you to wind up.

**KIM FINNILÄ** (The Association of Finnish Patent Attorneys): It is understandable that it feels difficult to accept our limitation only for a handful of lawyers, but the fact is that, if you are a lawyer, you can even be a member of the Bar Association, but if you are not practising formally as an attorney at law you need a licence -- not to kill but to represent before the Court.

It seems difficult to understand that, although they are small in numbers, these should be kept out. Thank you.

**JOHANNES KARCHER:** That was actually a very valuable addition, so thank you for making that point. Are there further comments on the representation? No? (*No response*)

Then I think it is our turn to react briefly on what we have heard. Thank you very much for your comments. I would like to comment very briefly on Rule 286.1. The question has been asked as to why there is a change from "Contracting Member State" to "EU Member State". This is actually caused by the EU legislation. Let us say we have to respect the EU acquis. The reason behind that is that any representative before an EU Member State Court, any attorney, is also, by way of that Directive, eligible to represent before any other EU Member State Court. That is why we have made this change.

The second observation would be on the blueprint, if you like, in the same paragraph: the extension to a small group, as we have discussed, of, let's say, practitioners who are, under their national law, not attorneys in the sense of the Directive. We have looked at this issue very much in detail and it turned out that there is a group fairly small in number, but where we cannot discern any differences to attorneys at law that would, in our view, justify putting them on the same level. The wording, as you will see, is chosen in a way, to take an expression which we have heard today earlier on, so that we all know which "rose" is meant in this paragraph.

Yes, there were those comments on Rule 286.1. I have just a very brief comment from my side on Rule 287.7. There is a reference only to the representatives before the EPO, in the sense of Article 134, indeed. The question was whether there should be an addition as to those patent attorneys which are representing under the certificate. The certificate, as such, has, as one of the requirements, that you are a European patent attorney. In that sense that is already covered; so at least it is not necessary, I think, to have that addition made.

I have maybe a final comment. There is a reference to Rule 287.6(a) and (b), which defines the notion of a patent attorney for the sake of client privilege. The reason is that for the privilege I think we wanted to create a large definition of who is not falling under the privilege system.

With these brief comments from my side, I would give the floor to the Expert Group to add on.

**KEVIN MOONEY** (Chairman, Expert Group): I have just a few points. I welcome the welcome for the privilege rules. I do not want to be too much of a damp blanket, but I do remind you that I am afraid we will not be creating a new rule for EU civil law. This will apply to the UPC Court. It will not apply so far as the Commission is concerned. We all know the *Akzo Nobel* case and it will not apply to national courts unless national courts change their rules on privilege.

Unitary patent
UPC Agreement
Statute UPC
ROP Intro
Proc. first inst.
Evidence
Prov. Measures
Proc. appeal
General prov.
Fees & legal aid
Trier Hearing

It is definitely a step, I think, in the right direction, but it is only a step.

The second point is on the suggestion of a nationality requirement for Rule 286. It is in the Directive, but personally I see no problem in inserting an express nationality requirement which is in the Directive. To meet your point, we could also insert an express nationality requirement for the second part for our Swedish friends and there would be parity there.

The next point is that, if we do accept a nationality requirement, where does that leave us with patent attorneys, because Rule 134 relates to the EPC at its widest? How are we going to deal with Turkish patent attorneys? Can they be authorised representatives giving assistance before this Court? Rule 292 at the moment talks about practising in a Contracting Member State. Is that a correct limitation or should it be an EU national?

These are open questions which have come up recently. Perhaps we could throw it back for your views now, but it seems to me that if we are going to restrict representation for attorneys, under whichever limb of Rule 286, to nationals of the EU, then there is a strong case for restricting rights of representation for patent attorneys to EU nationals as well.

The last point is that it was pointed out that the definition of patent attorney in Rule 287 is wider than the representation rights. That is entirely deliberate because we want to include anybody and everybody who is relied upon by a client as a patent attorney wherever. I am sorry if that sounds all a bit complicated, but these provisions have given us a lot of trouble.

**JOHANNES KARCHER:** Do you want to add on this?

**WINFRIED TILLMAN** (Expert Group): I agree, as usual, with Kevin!

**JOHANNES KARCHER:** With these words, thank you very much to all of you. We made it through our four points which we put out in addition for you to comment on. Thank you very much for your comprehensive additional comments on these points.

I think we deserve a coffee break. My suggestion would be that we come back after the coffee break to see whether you have additional points that are not on this list so that we can also hear those points.

Before we go into the coffee break, I have an announcement to make. In the lobby --- you have already seen that, maybe -- there are some books on the table, right out in front of the room, which contain the 16th draft of the Rules of Procedure which are being put together by Pierre Véron. Thank you very much for that exercise. It is a very helpful booklet because it contains not only the Agreement in the three languages but also the Rules of Procedure, with the translation. They are free for you to take. We just want to remind you that they are the 16th draft, so everything you see in red in the documents for

today is included already in that three-language version. Feel free to help yourself and take those with you as a reference. Thank you.

*(A short break)*

**JOHANNES KARCHER:** We have covered our four big subjects; we have covered an additional four subjects in the second round; and now, in the last part, we still have some time left to ask for comments which you may have which relate to areas of the draft Rules of Procedure which have not been covered so far. I think we will just see what kind of comments you have and take those up in order to take these comments home with us for further deliberation. I see the first comment over there. Thank you, Mr. Hüttermann.

**ALOYS HÜTTERMANN** (IPO): We do have two issues. One relates to languages. We have noticed that Rule 7 has not been amended in the 15th and 16th draft. Nevertheless, if you look at the Advocate General's Opinion of the Spanish cases, to put it that way, he says: "The language arrangements chosen do certainly entail a curtailment of the use of languages, but they pursue a legitimate objective of reducing translation costs." In our opinion, there is no reason why this should not be reflected in the Rules of the UPC as well.

So we would suggest that Rule 7 is changed so that any documents which are in any of the EPO languages do not need to be translated.

We would furthermore ask that in Rule 39, which means if a bifurcation occurs and the revocation action is taken to the central chamber, then also any written pleadings or anything does not have to be translated if the original litigation was in one of the three EPO languages. As has been said, all of the judges will probably be perfectly all right in at least reading things in EPO languages.

We have another point on languages concerning Rule 30.

This is when a patent is amended. In our opinion, it is clear that the binding version of the patent is the patent in the languages that are granted. In the EPO, even if the language of proceedings is different, then changes in the patents need only to be in this language. We would ask that a translation into the language of proceedings is not required.

Then we do have another issue, and this is, let's say, a mismatch. I do not know if it is a mismatch between Rule 32 and Rule 29. If (and this is going to be, I think, the most likely event) a counteraction for revocation is filed and then the patentee amends the claims, then -- and this is very good -- the then defendant has two months to react to this, but in the parallel patent litigation case, according to Rule 29(d), he has only one month.

In our opinion, this should also be two months because then it is streamlined and these two cases do not run out of each other. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes, Mr. Wouter Pors.

**WOUTER PORS** (LES International): I have three points. I will start with the smallest one. I think that section 7 of Rule 271 in the 17th draft is not good. The 16th draft was better. The reason is that a statement of claim for UPC litigation is not transmitted from one Member State to another within the meaning of Article 1 of the Service Regulation because it is filed online. So I think the words, indeed, should be "would be" -- and not "is" - "entitled", because then there is no entitlement to a translation. The second point is in Rule 262. I am not sure that there is a guarantee that, if confidentiality is requested, that is observed until a procedural appeal has been decided. Of course it would not be good if something was disclosed and then later on the decision was taken by the Court of Appeal that it should be kept confidential; so that should be improved.

Then my final point is a more fundamental point. LES is of the opinion that the system of Rule 25, whereby the case of an action for infringement is started by a licensee, and then the defendant files a counterclaim for revocation and that counterclaim is served on the patent proprietor, who thereby is deemed to be party to the action, is really in conformity with the more restrictive wording of Article 47(5) of the UPC Agreement, which basically says that in such a case an actual action has to be brought against a patent proprietor. Thank you.

**JOHANNES KARCHER:** Thank you very much. I would like to move over to Mr. Plesner, who had a comment on the provisional measures, I think.

**PETER-ULRIK PLESNER** (AIPPI Denmark): Thank you, Mr. Chairman. I would like to comment on Rule 211 concerning orders on the application for provisional measures. For patentees, provisional measures are often a very important -- if not the most important -- remedy.

Today the practice is different in different Member States, but a proprietor has knowledge about the conditions for obtaining injunctions in the different Member States. The patent proprietor knows what kind of evidence is needed in the different countries.

Of course I am aware that Rule 211 reflects the wording of Article 62 of the Agreement. However, I believe that it should be possible in the Rules of Procedure to clarify the conditions for grant of a preliminary injunction.

It is not clear what is meant by reasonable evidence and sufficient degree of certainty. How high a degree of certainty is required? Is it a high degree of certainty or some lower threshold?

Also, there are no indications whether it is possible to get a preliminary injunction based on a patent on the opposition. Information about the markets is the most important evidence which one must provide. It

is quite possible that the Court of First Instance in different jurisdictions will apply the conditions differently in similar situations. It will probably take several years before the Court of Appeal has established a firm practice which then can be used by all Courts of First Instance. In the meantime it will be difficult for business to adapt to the new system.

This is the case both for patentees and defendants. The system is simply not foreseeable. The predictability that business needs more than anything else is not achieved. The result might well be that patentees simply are out of the system because it is not clear under which condition a preliminary injunction can be obtained.

I propose that Rule 211 is amended with a description of the main conditions for a preliminary injunction. One possibility is to state that the patentee must demonstrate at least that he has a prima facie case. Thank you.

**JOHANNES KARCHER:** Thank you very much, Mr. Plesner. Yes, please, Mr. Nielsen.

**LARS HOLM NIELSEN** (The Confederation of Danish Industries and The Confederation of Danish Patent and Trade Mark Specialists employed by industry): Thank you. I mentioned this morning that the opt-out rule was one of the main concerns of Danish industry. Actually, the second main concern of Danish industry relates to this issue that was just explained here: exactly how do you provide reasonable evidence to satisfy the court with a sufficient degree of certainty that the patent is valid?

My understanding is that this actually was tested at a recent Life Sciences Summit where a group of judges or a panel of judges was considering how this rule could work in practice. My understanding is that the conclusion was that here you could ask the defendant to argue specific reasons why the patent should be invalid and then ask again the applicant to prove with a certain degree of certainty that this patent is not invalid for the alleged reasons.

This would provide a sufficient degree of certainty to be understood here that the patent is more likely to be held valid in a case. So that was a practical input on how this could be solved. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes, please.

**SPEAKER FROM THE FLOOR:** Thank you. I would add something to Rule 105 relating to holding interim conferences. It is an important rule because it should be applied in the normal oral hearings, too, according to Rule 264. The original wording read like this: "1. The interim conference may be held by telephone conference or by video conference." There was a change that the "may" would change to "should where practicable". It is a very important step in a good direction. In my view, I am really thankful that the Preparatory Committee listened to our

Unitary patent
UPC Agreement
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Proc. appeal
General prov.
Fees & legal aid
Trier Hearing

petition -- I mean for a petition which was elaborated by some national chambers which would like to widen this possibility.

To the wording of this rule, I would suggest only one - not amendment but a completing of it. It should be made clear that the possibility is open that only one of the parties takes part by video conferencing; the other party can be there. This was the original aim of our petition.

Reverting to the contra arguments -- the criticism of this possibility -- I know clearly that it is better to be there. I know clearly that, by video conferencing, let's suppose a 70% representation can be achieved. That is much more than the nothing per cent. So, please, be sensitive to this approach.

As Mr. Véron said, for example, it can be disturbed by a phone, as a joke. A good advantage came to my mind immediately. If somebody is taking part by video conference, that person cannot throw anything at the judges. Of course such misuse can happen. But you mentioned that the same measures should be applied as against the person who does something against the trial. The success of this idea is hidden in the level of the technical background.

I do not mean for video conferencing in the usual way for screens before the participants. We have to think that the walls are covered with screens. You have to have a good fantasy when you think about it. I ask the working group on facilities to do their best to help to install such premises where the body language can be lost at as minimum a level as it is possible, and we have to see that this is the future. Look on the internet at the rules and the guidance for video conferencing before the US Federal Court. Thank you very much -- just in time.

**JOHANNES KARCHER:** Thank you very much. That was a perfect landing here. David Laliberte, please.

**DAVID LALIBERTE** (Industry Coalition): Thank you. I just wanted to quickly mention one of our favourite topics that was mentioned earlier today in the context of injunction. The topic is bifurcation and specifically Rule 40.

First of all, on behalf of the coalition we want to say that we absolutely appreciate the changes that were made to Rule 40 in the latest version of the rules. We think that it is a very helpful improvement, specifically the fact that there is now an obligation on the judge-rapporteur to endeavour to co-ordinate the scheduling of the hearings. We feel that this is a helpful amendment.

We do have a few additional tweaks that we would suggest and we have actually highlighted that in the paper that we will be distributing. One of the things that we think might be helpful would be to ensure, for example, that, where there is a decision to bifurcate, the invalidity or validity proceeding is expedited to ensure that the decision comes out as much as possible in a synchronised manner compared with the infringement decision.

Another option as well that we feel would improve the Rule that we would suggest would be to add some wording to Rule 37 -- and we will provide some proposed suggested wording to the Committee -- that would essentially stay the enforcement of the injunction or the decision on infringement until a decision has been made on validity. So, again, the idea here is not to eliminate bifurcation -- we understand that it is part of the agreement -- but to ensure that there is no injunction gap as much as possible.

The third aspect of this that we would recommend is some changes to Rule 352, which deals with security and bonds. We would again just ensure that, where there is a decision to bifurcate proceedings, such security be required. Again I will provide some wording to that effect.

We feel that those changes would really close the possibility of having that injunction gap problem without eliminating the concept of bifurcation, which we know will be in the new system, but it would eliminate that specific problem of the injunction gap. So I would be happy to answer any question on that later. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes, **BUSINESSEUROPE**, please.

**ILEAS KONTEAS** (**BUSINESSEUROPE**): Yes, thank you, Mr. Chairman. I have just a quick remark on Rule 19(3)(b), which is in square brackets. Our recommendation is to delete the square brackets and to keep paragraph (b) in the rule. The way we read this rule is that it introduces a limited possibility to file the preliminary objection in one of the three official EPO languages.

For us, this remains consistent with Articles 49(1) and (2) and with Rule 14, as it does not change the language of proceedings, nor does it make the three mentioned languages as an additional language of proceedings. We consider of practical importance that it is kept in the rules. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes, please, in the middle over here, the lady. Thanks.

**IRIS MOK** (**AIPLA**): Thank you. I echo the coalition's concern about Rule 40 regarding bifurcation. Just as we discussed previously for Rule 118, we understand that we respect co-ordination between the two Courts. In the bifurcation action that difficulty would still arise when there is an infringement action being completed but yet a validity action still pending that would undermine some of the defendant's business, for example.

While this can be alleviated by allocating, for example, more resources for the central division to achieve the expected judicial efficiency in order to hold the hearings for revocation prior to an infringement proceeding, we wonder as AIPLA whether there will be other measures this particular

Panel can put in place that will allow both hearings to be completed prior to the enforcement.

Just as a reference, under the America Invents Act in the United States, particularly 35 USC, sections 315 and 325, the Court has a discretion to stay the infringement action if there is a pending validity action at the USPTO.

This discretion can prevent the unfavourable result that the Court now has to face on this decision whether to grant an injunction after termination of infringement while a different competent authority -- in this case the USPTO -- is still considering validity of the patent. That was just a thought that I have. Thanks.

**JOHANNES KARCHER:** Thank you very much. Yes, the gentleman way back there, please.

**JEAN-SÉBASTIEN MARIEZ** for the AFDEL: Therefore, two very quick words about the gap injunction gap, to join the previous comments.

For, first, to highlight the significant and substantial progress is that constitute the amendment to Rule 40 that was mentioned - in France, many stakeholders have expressed concerns about the risk associated with the possibility of gap an injunction gap; AFDEL wanted to highlight the progress that results from the new wording of Article 40.

A second word: to keep away this risk of further gap injunction gap, AFDEL endorses and supports the proposals put forward by the coalition and which were mentioned just before. Thank you.

**JOHANNES KARCHER:** Thank you. Mr. Macchetta, please.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): Thank you, Mr. Chairman. I would like to intervene on behalf mainly of Confindustria, the Association of Italian Industry, on Rule 31: "Value-based fee for the dispute including the Counterclaim for revocation."

In short, we tend to characterise it as a tax on the defence. That should not be there. It is fine to have the base fee, but the value-based portion of it really imposes on the defendant an extra tax that is to be devolved to the Court, which in the few instances where you have a big patentee against a small defendant hinders his right of defence.

We know that, under the agreement, Article 32(1)(c) obliges a counterclaim for infringement. It does not allow what we in, say, the southern part of Europe have as a defence that is incidental to it. I can claim that I am not an infringer of the valid portion of the claim so that I do not ask for revocation but I use it as a defence.

Here, in the system, for good reason, the UPC Agreement does not allow this kind of defence. So I am obliged to have a counterclaim for revocation if I want to defend, also including the partial invalidity of

the claim. So my additional fee to the Court should not be based on the value that the plaintiff attributes to his patent. That is the point. Thank you.

**JOHANNES KARCHER:** Thank you. Over here to the right-hand side, any comment? Klaus, do you want to react?

**KLAUS GRABINSKI** (Expert Group): May I intervene in my capacity as a judge ----

**JOHANNES KARCHER:** Certainly.

**KLAUS GRABINSKI** (Expert Group): ---- and not as a member of the Expert Group? I would like to raise an issue that has not been mentioned today but I think it is worth mentioning. I am thinking of a situation in which someone or a Court finds, yes, there is a patent infringement; yes, the patent is valid; and therefore the Court orders the defendant to pay damages. The defendant is a very obedient company so they pay damages to the claimant.

Later, in a second case, it turns out that the patent is invalid.

Now, the question comes up: what about the injunction, if the injunction has been ordered? This has been dealt with in Rule 354, enforcement, so I am not dealing with this issue, but I want to come back to the payment of damages, and is there a basis, or should there be a basis, that in this kind of situation, when the patent has finally been revoked and damages have already been paid because of a final decision, there should be a way to come back to the issue or to the payment of damages so that the defendant can require the plaintiff and patent owner to pay back the damages he already received?

There is current caselaw in this regard on a national level. The Supreme Courts of France, Germany and the UK decided on this issue, and with different results. In the German Supreme Court, as in the recent decision of the UK Supreme Court, it was decided, yes, damages have to be paid back in this kind of situation, while the French Supreme Court, Cour de Cassation, decided the other way round.

What I would like to suggest is a re-thinking of whether we should have a rule which could be a part, for example, of the rules dealing with the rehearing in this kind of situation so that the claimant that at the end of the day was sentenced to pay damages, even though the patent turns out to be not valid, should have a right to get his money back.

**JOHANNES KARCHER:** Thank you for that additional aspect, Klaus, which we might also cover in the intervention. It is a question that we have been dealing with and it has been decided so far in the draft that there is no legal basis to recover those damages. We will follow the French model so far.

Are there some more comments from the participants? I move back to maybe the far left. Would you like to make the comment and then we

will move over and see -- otherwise you will be double.

**SPEAKER FROM THE FLOOR:** This will be very brief just on behalf of the Dutch industry to say that we support the position that was presented by the IPO on the language regime, Rules 7, 39 and Rule 30, and by BUSINESSEUROPE on Rule 37.

**JOHANNES KARCHER:** Thank you. In the middle, yes; we have a front row request for the floor.

**ALAN JOHNSON (IP-FEDERATION (UK)):** Thank you. The Federation would like to make a plea for a little more flexibility in the rules in a couple of aspects.

The first one of these is in relation to the one-size-fits-all nature of the proceedings. The Federation feels that it is inappropriate, for example, in Rule 101 that the judge-rapporteur shall complete the interim procedure within three months. There may be some cases where a longer period may be more appropriate. Some flexibility here would be appreciated.

Likewise, in Rule 113, whilst we see the reference to proportionality, we believe it is wrong to have a presumption that the oral hearing really must be completed within one day, because there should be more flexibility for the more complex or important cases.

The other point is again about flexibility. It mainly arises with what one might call dispute management. There are a lot of cases at the moment where multiple patents are in dispute. One sees in Rule 340 a proposal where the same patent is in dispute in different divisions, but we are concerned that, for example, a well organised patentee may bring multiple actions on multiple patents against essentially the same defendant in different divisions, and some form of overarching dispute management would seem therefore to be appropriate so that either there could be consolidation or transfer or potentially at least some timetabling, which is what tends to happen in the UK, so that not everything is decided all at once in different places; there can instead be some staggering of this. I think that will help the UPC in its reputation for being well organised. It may have to be a presidential power; it could possibly be a Rule 19 power.

Finally, in relation to Rule 19, again without prejudice to the provisions of Article 33, I think a power could be introduced in some limited circumstances to prevent what one might term "naked" forum shopping -- a case where an SME in one country is, for example, dragged to somewhere which is objectively wholly inappropriate even though it complies strictly with the provisions, for example, because he has made one internet sale in the United Kingdom when he is in fact based in Greece. This would seem to be very unfair.

I think that, without prejudice to Article 33, one can see in a situation where there is a clearly more

appropriate connection some fairly strict test so that we do not have multiple arguments at early stages, but a strict test which gives the Court some discretion to make an application to transfer in some limited circumstances. Thank you.

**JOHANNES KARCHER:** Thank you very much. Over to the right-hand side here. Yes, you want to go first and then open the next round.

**ROWAN FREELAND (IPLA, UK):** I have a couple of comments on Rule 209 on provisional measures. First of all, in Rule 209(1)(a), when the Court invites the defendant to lodge written submissions, he has to put reasons why the application will fail, the facts and evidence in support of those reasons, and, in addition, "where main proceedings on the merits of the case have not yet been started before the Court, the reasons why the action which will be started before the Court shall fail and the facts and evidence relied on in support".

When a defendant is working absolutely flat out on a very fast schedule for a preliminary injunction, identifying how he is going to defend main proceedings which have not yet started is a waste of his time.

The second observation I have is in relation to sub-rule (2). The Court has a discretion whether to have the defendant make submissions, summon both parties to a hearing or just have a hearing with one party excluding the defendant. I understand urgency and whether the applicant has given well-founded reasons for not hearing the defendant, but I do not understand why the question whether the patent has been upheld in an opposition procedure before the European Patent Office is a relevant consideration in deciding whether to call upon the defendant or not.

I also think it is surprising that, if a defendant has filed a protective letter, the Court shall, in particular, consider summoning parties to an oral hearing. Why the fact that a company has spotted a risky patent and filed a protective letter means that he has a better chance of avoiding an ex parte injunction seems a very strange consideration, bearing in mind again that Rule 212 specifies that the Court orders provisional measures without the defendant having been heard, particularly where any delay is going to cause irreparable harm or where there is demonstrable risk of evidence being destroyed.

Those are the things that are important in deciding on ex parte relief. Thank you.

**JOHANNES KARCHER:** Thank you very much. We start back over to the far left. Are there any comments from that block? (*No response*) Then we will take the middle. There were some comments, I think, still. Mr. Casalonga, you had a comment. Yes, please, go ahead.

**AXEL CASALONGA** (EPI): Thank you, Mr. President. The EPI has a few further questions or problems with some of the rules.

The first question relates to the role and duties of the President of the First Instance Court. It appears that in this new draft, number 17, the duties of the President of the First Instance Court seem to have vanished a little and he has been replaced by a lot of new presiding judges and new situations. For example, in Rule 17(3), which relates to the distribution of actions between the sections of the central division, and in Rule 345, which relates to the assignment of actions, this was the duty of the President of the First Instance and now it is not any more.

We would like to say that in the agreement we can only find, apparently, one President of the Court of Appeal, one President of the Court of First Instance and several presiding judges of each of the panels, but there is no presiding judge of any local or regional division; there is no presiding judge of the central division, and there is no presiding judge of sections of the central division.

But now this has been introduced in the new draft of Rules of Procedure and we think this is wrong. Why is it wrong? Because we need to have harmonisation in the way the whole system will work. We feel that the only way to obtain this result, especially at the beginning, is to have a strong President of the First Instance Court, which will have the duty of distributing the actions like this. So that is what we would like to end up with.

Another point -- and a smaller point probably -- is about the service of the statement of claim in the case of a revocation action. It is now proposed in Rule 271(3) that this is made to the representative of the patentee who is registered at the EPO. But we would like to mention that sometimes the representative is no longer in contact with his former clients. So we would suggest adding that this is in order except where the representative has informed the EPO that he no longer represents the patentee, and in that case it should not be served on him. Thank you.

**JOHANNES KARCHER:** Thank you. Yes, now it is your turn. Please go ahead.

**IVAN BURNSIDE** (EFPIA): I would like to follow on from my Danish colleagues in the row in front that it is not at all clear what evidence a patentee seeking a preliminary injunction under Rule 211 must meet to satisfy the court with a sufficient degree of certainty that the patent is valid. Whilst it is clear there can be no infringement of an invalid patent, it is pointed out that validity is not mentioned as a criterion within Article 63(4) of the Agreement, nor of Article 9(3) in the Enforcement Directive.

EFPIA feel it should not have to produce an expert opinion that the patent is valid in order to get a preliminary injunction before the new Court. The patent grant should be sufficient.

I also want to support the IP Federation in their plea for flexibility in terms of the procedure. The pharmaceutical industry has relatively few patents covering its high value products, and each patent has a very high value in and of itself. EFPIA, therefore, are concerned that the procedure will be tailored to fit the one-day target for the hearing rather than the merits of the case, and in particular the rules -- especially this version -- are clearly envisaging the hearing of experts and witnesses in order to drive the evidence.

Finally, in Rule 211(4) -- now Rule 211(5) -- the final sentence provides that provisional measures are only enforceable once the security is given to the defendant.

I wish to point out on that one that the security of the magnitude potentially involved in a pharmaceutical preliminary injunction case is potentially quite large for a pan-European injunction. We are talking many millions, presumably. It is not unusual for a pharmaceutical product to be selling at over €1 million a day within a single country in Europe at the moment, let alone the entire region. So any delay on enforcement of the preliminary injunction decided for by the judge is material to our business.

The digest, after the 16th, pointed out that Rule 209(3) allowed the judge to grant an urgent measure. However, that, we say, does not help, given the last sentence of Rule 211(5), which seems to be in a tension. Thank you.

**JOHANNES KARCHER:** Thank you very much. Okay. Yes, if you would continue and then we move on over here. Thanks.

**SPEAKER FROM THE FLOOR:** Thanks. I have a few small points regarding fees. First, Rule 22 provides for the possibility that, if the parties agree, there can be a single judge. We think also there should then be linked to that the reduced fee, basically, which is at the moment not foreseen. So Rule 70 should also provide for that.

Also, on fees there is the possibility for intervention. We think the intervenor should also pay a fee because he obviously has an interest in the case. If a defendant who starts a revocation action also has to pay a fee, why not the intervenor?

Then I have a final point on Rule 238(a). That is for the hopefully very rare cases where the full Court reviews a decision of the Court of Appeal and there it is a little unclear what happens if the three-quarter majority is not reached by the judges. So they hear the case, they proceed the whole case but there is no three-quarter majority, and what happens then is a little open.

Those are my small comments. Thanks.

**JOHANNES KARCHER:** Thank you very much. Bobby, could you just continue, then? We have two from the middle block and we move over to the left.

Unitary patent
UPC Agreement
UPC
Statute UPC
ROP intro
Proc. first inst.
Evidence
Prov. Measures
Proc. appeal
General prov.
Fees & legal aid
Trier Hearing

**BOBBY MUKHERJEE** (IP Federation): Thank you very much. I have two points. On behalf of the IP Federation, we would just like to say that we agree with David Laliberte's points about welcoming the reintroduction of Rule 40(b) which mitigates the possibility of an injunction gap in bifurcated actions. We think that is a very positive step indeed.

The other thing I wanted to touch on with you today was the issue of parties' confidential information and particularly how it is handled in the UPC. As we all know, this is a critically important issue and arises throughout litigation, whether it is at the point of filing a claim or during proceedings, at hearings or post-judgment.

The issue of confidentiality is one on which very little is said in the UPC Rules of Procedure. In addition, where it is mentioned, the Rules are fairly vague and non-prescriptive.

I am thinking of Rule 190 and Rule 262. We believe this lack of clarity could have a serious impact on the effective operation of the system. For example, we do believe that litigants will be deterred from using the system if they do not believe that the confidentiality of their materials -- for example, their technical documents -- will be preserved.

Coming from England, I can say a bit about the approach taken there. The approach taken by the English Court is multifaceted and it involves a mixture of procedural rules, caselaw and established practice. The end result is that litigants can have confidence that, within reason, their confidential materials will be protected during the course of patent litigation proceedings. So, for example, parties are not required to file all their documents with the Court prior to trial. You can have court hearings which can be heard in private. The Court can issue redacted judgments.

In contrast, we are aware of other countries, such as France, where parties may have confidential material seized. It is part of a *saisie* procedure where the confidential materials then potentially can be published as part of a public judgment. So there is considerable diversity of practice across Member States, and others in the room will know a lot more about practices elsewhere.

To address this uncertainty which could result in forum shopping and to discourage litigants from using the system, I think we need to have a more robust framework by which confidential information should be handled in the UPC, and ideally this should be resolved in advance of the Court going live through additional provisions in the Rules of Procedure. Thank you.

**JOHANNES KARCHER:** Thank you very much. Yes, please, EPLAW.

**JÓZSEF TÁLAS** (EPLAW -- The European Patent Lawyers Association): It is a small point in connection with the forced intervention that somebody can, or in the case of forced intervention

should, be bound by the decision in an action even if that person refuses to intervene so that person refuses to be a party.

However, if you see the rules of appeal, Rule 220, the right to appeal has only somebody who is a party at the First Instance procedure. Only a party can file an appeal, as far as I understand the rules. An appeal by a party adversely affected may be both, so it seems to be that the first intervenor cannot file an appeal, which I think is not correct. Thank you.

**JOHANNES KARCHER:** Yes, thank you. I think we agree. It is in the rule already, I think. Yes, are there any more interventions? It seems like we have covered a lot of ground. There is one. Mr. Macchetta, yes, please.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): Another on my side.

**JOHANNES KARCHER:** All right. Here we go.

**FRANCESCO MACCHETTA** (Ordini dei Consulenti in Proprietà Industriale): Yes, it is Rule 18, the judge-rapporteur. The language there says that one legal judge of the panel is named as judge-rapporteur. We suggest that the better language should be the one that is there in Rule 231 -- that is one judge of the panel. First of all, it does not seem difficult to explain why there are two different rules -- Rule 18 and Rule 231 per se.

But if we look quickly at the Agreement itself, we were only able to spot instances where the two kinds of judges are not differentiated, for instance, in Article 8(1)(6), Article 9(1), (2) and (4), Articles 15 and 18 and so on. When a difference is to be there, it is expressed. In fact, Article 8(7) and (8) and Article 9(3) specify that the presiding judge is a legal judge. There is no other specification or definition in the agreement. Unless it is specified as any exception, it is supposed to be on an equal footing.

On the other hand, I see the definition -- the language of the statute at Article 19(5) -- to be exactly in line with Rule 231 of the Rules of Procedure: that is one judge of the panel. Also, on that label, there is no compelling reason to differentiate among the two. This I say on the side of a matter of principle.

On the practical matter, then, it is definitely in the hands of the presiding judge, who, according to the agreement, is a legal judge, to decide who is the best person fit for the role. So I do not see any harm in following what is in Rule 231; that is for the appeal; that is the highest instance. Why not follow the same wording for the First Instance? Thank you.

**JOHANNES KARCHER:** Thank you very much for that comment. Now, I am looking round the room to see whether we have exhausted your comments. That seems to be the case. I would say thank you very much for this additional round of comments on the

remaining areas that we have not touched upon in our other parts. The question at this stage is whether there should be another round of reactions. I would suggest that we leave it at this. We have had comments in this last round from many, many different areas, so a reaction, I think, at this stage might considerably prolong our meeting. We have had a very full day, so I would suggest that we take these comments with us and reflect upon those. I thank you for this sort of rounding-up the discussion of the day.

With this, after a long day and a very interesting day where we have received many, many comments on a lot of subjects, we have arrived at the end of our hearing. I thank you very, very much for all those comments which we have received. I have seen that the Legal Group has taken a lot of notes and I have discussed with them already in the coffee break, so we will have a lot of work following our hearing. But that is exactly what we were all here for today -- that we take in your comments and consider them very carefully in order to yet improve what we have on the table. We will of course again, together with the Expert Group, study the comments and see what way forward we will take.

I have seen another demand for the floor. It seems to be a pressing one. Mr. Wouter Pors, please.

**WOUTER PORS** (LES International): My question is whether there will be a report on this meeting, because there were a lot of comments, some very detailed, and I think many of them are very useful, but I have not been able to keep track of all of them. I hope there will be a report and it will be distributed to the participants to this meeting.

**JOHANNES KARCHER:** Thank you for the suggestion that you are making. I think I will leave that as a reaction as it stands. Nice try!

With this, we come to the closing remarks. As I said, thank you very much all of you for coming here today. We know, as I said in the beginning, that it is an important exercise and you mirror this by coming here to Trier, taking time off from your busy schedules, and we have received many comments that we are very happy for and so we will have to go back into chambers and reflect upon it carefully. Then, when the time comes, we will be back with our suggestions as to how and where the draft Rules of Procedure will need to be amended.

I thank the interpreters for the splendid job they have been doing all day long. I know it is a very tough one, so thank you very much for rendering the communication possible. With these words, I wish all of you a good evening and a safe trip back home. Thank you very much.