

The Unified Patent Court ("UPC") and Unitary Patents



As the date of the launch of the UPC draws ever closer, patent proprietors have a huge number of questions on the new unitary litigation system. When the UPC will start, patent proprietors will rather quickly have to decide whether they would like to keep their already existing European patents and applications in the UPC system or whether they prefer to opt out and go for the "classic" national litigation route. We answer your questions in the following Q&A that will help you to assess whether the UPC system is advantageous or rather risky for your company and your IP assets.

For more specific questions, please ask our **UPC experts**.

The first version of the Q&A (**not yet updated**) has been published in **GTDT Lexology**.



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THE UPC – What is it all about?

For the very first time after almost 50 years of negotiations and lots of back and forth, Europe will get **one single patent** with the Unitary Patent ("UP") and **one single litigation system** for the major part of the European market – (the **"Unified Patent Court" = UPC**). The decisions of the court have effect in the whole territory of participating EU Member States, be it injunctions and damages due to infringement of patents or revocations of patents. By that, the UPC **covers a market of ca. 350 million people that is comparable to the US**.

The legal basis of the UPC is essentially formed by three legal acts: the European Regulations 1257/2012 on the unitary patent, the Regulation 1260/2012 on the translation regime, and the International Agreement on the UPC („UPCA“).

The Unitary Patent and the Unified Patent Court will complement the existing European patent system and provide its users with a new and cost-effective option for patent protection and dispute resolution across Europe.

Where are we now?

Entry into force of the UPCA (autumn 2022/ beginning of 2023)

The **UPCA** was signed by 25 EU member states on 19 February 2013 (**EU Contracting States**). Only the EU member states Spain, Poland and Croatia have not yet signed the UPCA.

¹The territory of the UPC does not correspond to the European Union because e.g. Poland and Spain do not (yet) participate. In the course of the Brexit, the UK decided not to participate.

For the UPC to start its work, the UPCA must be ratified by 13 EU Contracting States, including the three EU Contracting States with the most European patents in force before the agreement was signed.

So far, 16 ratifications have been made. As the UK deposited the formal withdrawal of its ratification on 20 July 2020, **Germany, France and Italy are now the three relevant states** with the most European patents in force.

France and **Italy** have already ratified the UPCA. In **Germany**, the initial Consent Act for the ratification of the UPCA as passed in 2017 was declared null and void on formal grounds by the Federal Constitutional Court in February 2020 due to a violation of the requirement for a parliamentary majority. The Consent Act was passed again in December 2020, this time, with the required parliamentary majority. Shortly thereafter, two constitutional complaints applying for a temporary injunction were lodged against it and the ratification of the agreement again became subject to the decision of the Federal Constitutional Court.

With its Order of 23 June 2021 published on 9 July 2021, the German Federal Constitutional Court rejected both applications for preliminary injunction directed against the Consent Act for the ratification of the UPC on the grounds that the two complaints were not admissible. Following thereafter, the Consent Act was published in the *Bundesgesetzblatt Teil II* (Federal Law Gazette Part II) and came into force on 13 August 2021. However, the UPCA as such has not yet been ratified by Germany, although all the requirements for this have been met.

For the **UPCA to enter fully into force**, only ratification by Germany, which acts as 'gatekeeper', is required. The German ratification of the UPCA will take place when it is foreseeable that the UPC will be operational at the time of the UPCA's entry into force (3 months after the German ratification; Art 89 Sec. 1 UPCA).

While the exact timeline cannot be exactly predicted, this could be the case in the summer/**autumn of 2022 so that the UPCA is expected to enter into force at the beginning of 2023 at the latest**.

Provisional Phase of the UPCA (19 January 2022)

In order to ensure the immediate functioning of the UPC after the entry into force of the UPCA, **certain parts of the UPCA are to be provisionally applied in advance**, regulated in the Protocol on the Provisional Application of the UPCA (**PAP Protocol**).

On 27 September 2021, Germany ratified the PAP Protocol. **Slovenia** was the next country to ratify the PAP and **Austria's** ratification, the last of thirteen required, was on 18 January 2022. The PAP entered into force on 19 January 2022.

After the entry into force of the PAP Protocol, certain relevant parts of the UPCA apply provisionally for about six to eight months. During this phase, the UPC should become fully operational (e.g. set-up of the IP system and the local divisions of the courts, set-up of the opt-out system (sunrise period), selection of the judges etc.).

What is a Unitary Patent?

The unitary patent is an independent IP right, which exists in addition to the national and European patents and has uniform effect in all participating member states, validation in each country as for European patent is not required. The procedure for grant is identical to that for the European patents, the European Patent Office (EPO) is responsible for grant.

Unitary patents will extend to patents filed and granted as European patents, for which no opt-out is declared and which have the same claims in all participating member states. Otherwise, the European patent can be opted out as applications or granted patent, the effect of opt-out is to give the national courts exclusive jurisdiction for each respective national validation of a European patent until expiry, just as it would have had without the UPC. Unitary patents must be litigated in the UPC from the beginning of the new system and cannot be opted-out. The opt-out of a patent also has the effect of opting-out any SPCs based upon it. For an opt-out to be effective the application must be lodged by the proprietors of all designations of the patent (assuming that these are different or that there are co-owners) and likewise all holders of the SPCs based on the patent. All European patents granted after the entry into force of the UPCA may be granted as unitary patents if the patent proprietor requests this at the EPO within one month after publication of the grant of the patent, and the formal

requirements are met.

If the patent proprietor chooses the unitary patent, the European patent validation in participating member states is no longer possible.

The unitary patent has its effect only in those member states that have ratified the UPCA at the time of its registration. If further member states will join later, this does not lead to a subsequent or automatic extension of the territorial scope of protection of unitary patents already registered. The new extended territory also applies only to those unitary patents registered in the Unitary Patent Register after the accession of the respective member state.

In which language are unitary patents granted?

The translation requirements are tied to the EPO language regime and provide that unitary patents do not require translation and that machine translations suffice. A unitary patent can be filed in all official languages admissible at the EPO.

However, since the translation software is not yet sufficiently good at present, there is a transitional arrangement. According to this, all EPs registered as unitary patents which were granted in German or French must be accompanied by an English translation, and all those granted in English must be accompanied by a German or French translation. This transitional regime will be in force for six years, after which it will be reviewed every two years to determine whether it is necessary, up to a maximum total duration of twelve years. SMEs, natural individuals and non-profit companies as well as universities and public research institutions can, under certain circumstances, receive compensation of a lump sum of EUR 500 for the translation costs incurred as a result.

However, unitary patents must always be translated if they become the subject of legal disputes.

Which law applies to ownership issues?

Unitary patent is considered to be a property under the law of the member state in which the applicant has either his or her seat or a place of business at the time of filing the application, provided that this member state already participates in the unitary patent system.

Otherwise, the property right is governed by the law of the state in which the EPO has its seat, which is in Germany (Munich). Hence, for the very large part of potential applicants who have neither their seat nor an office in one of the participating member states according to the previously mentioned criteria, German law is applicable for all questions in property law contexts.

What is the effect of the UP?

Unitary patents can only be transferred or revoked for all member states for which they have effect. Licensing, on the other hand, is possible for part of the territories of the participating member states.

The unitary patent allows the patentee to obtain an injunction relief with unitary effect, i.e. within the territories of the member states participating in the UPCA including damages and compensation, recall, destruction and information claims.

Correspondingly, the UPC also has the power to decide on the validity of unitary patents, so the action for revocation is available to the patentee. Furthermore, the revocation claimant does not have to wait for any opposition proceedings before the EPO, but can appeal to the UPC in parallel.

Are there SPCs available based on unitary patents?

The UPCA applies to any SPC issued for a product protected by a patent (Art 3 lit b UPCA). The SPC confers the same rights as the patent and is subject to the same limitations and obligations (Art 30 UPCA).

The transitional provisions (Art 83 UPCA) apply. An application to opt out extends to all SPCs based on the European patent, Rule 5 (2) Rules of Procedure ("RoP", currently in its 18th draft as of March 15, 2017). For SPCs that have been granted at the date of the opt out application, the patentee and the SPC holder (if different

from each other) have to lodge the application to opt out together (Rule 5 (2) lit a RoP). For SPCs granted after lodging the opt out application, the opt out takes effect automatically when the SPCs are granted (Rule 5 (2) lit b RoP). SPCs based on unitary patents cannot be opted out (Rule 5 (2) lit d RoP).

The UPCA does not provide an SPC with unitary effect. The European Commission however is aware of this gap and is working on linking unitary patent protection and SPC legislation (**European Commission: Supplementary protection certificates for pharmaceutical and plant protection products; European Commission: Evaluation of EU Regulations 469/2009 and 1610/96 on supplementary protection certificates for medicinal and plant protection products**).

How is the Unitary Patent Court ("UPC") structured?

According to Art. 6 UPCA, the UPC is comprised of three institutions,

- a Court of First Instance (Art. 7 UPCA),
- a Court of Appeal (Art. 9 UPCA) and
- a Registry (Art. 10 UPCA).

The Court of First Instance is competent, inter alia, for first instance patent infringement proceedings. It has its central division in Paris and two further divisions, one in Munich and another one where the seat still needs to be determined after it can no longer be London since the UK's leaving of the UPC. Competency between the divisions depends on the World Intellectual Property Organisation (WIPO) patent classifications (Annex II to the UPCA), i.e.:

- **Paris** for (B) performing operations and transporting, (D) textiles and paper, (E) fixed constructions, (G) physics and (H) electricity; and
- **Munich** for (F) mechanical engineering, lighting, heating, weapons, blasting.
- Still to be determined third division for (A) human necessities and (C) chemistry and metallurgy.

Furthermore, local divisions can be set up in and for each Contracting Member State upon request, and regional divisions for two or more Contracting Member States upon request (Art. 7 UPCA).

Currently, local divisions and their seats are confirmed for Germany (Munich, Mannheim, Dusseldorf and Hamburg) and Italy (Milan). A regional division is confirmed for the Nordic-Baltic region, seated in Sweden (Stockholm).

The Court of Appeal, competent for appeals against decisions of the Court of First Instance, has its seat in Luxembourg (Art. 9 (5) UPCA).

The Registry is set up at the seat of the Court of Appeal, i.e. in Luxembourg (Art. 10 (1) UPCA).

Who are the judges of the UPC?

Any panel of the Court of First Instance and the Court of Appeal has a multinational composition (Art. 8 (1) and 9 (1) UPCA). To this end, a Pool of Judges is established in accordance with Art. 18 UPCA, from which legally and technically qualified judges from the Contracting Member States can be allocated.

Any panel of a local or regional division of the Court of First Instance is comprised of three legally qualified judges, whilst a an additional technically qualified judge with qualifications and experience in the relevant field of technology may be allocated from the Pool of Judges upon request by one of the parties (Art. 8 (1) and (5) UPCA).

Any panel of the central division of the Court of First Instance sits in a composition of two legally qualified judges and one technically qualified judge with qualifications and experience in the field of technology concerned (Art. 8 (6) UPCA, with an exception for actions under Article 32 (1) (i) UPCA).

Any panel of the Court of Appeal is comprised of five judges, three of them legally qualified and two of them technically qualified with qualifications and experience in the field of technology concerned (Art. 9 (1) UPCA,

with an exception for actions under Article 32 (1) (i) UPCA). The technically qualified judges are allocated from the Pool of Judges.

Whilst the three legally qualified judges of any panel of the Court of Appeal are simply judges from different Contracting Member States (Art. 9 (1) UPCA), the multinational composition of the local and regional divisions is more nuanced:

In local divisions, the composition depends on how many patent cases per calendar year on average have been commenced in the Contracting Member State during a period of three successive years.

- For less than 50, the panels are comprised of one legally qualified judge who is a national of the Contracting Member State hosting the local division concerned and two legally qualified judges who are not nationals of the Contracting Member State concerned and are allocated from the Pool of Judges (Art. 8 (2) UPCA).
- For 50 or more, the panels are comprised of two legally qualified judges who are nationals of the Contracting Member State hosting the local division concerned and one legally qualified judge who is not a national of the Contracting Member State concerned, also allocated from the Pool of Judges (Art. 9 (3) UPCA).

The certainty of what constitutes a patent case within the meaning of these clauses is, continues to be topic of discussions.

In regional divisions, any panel is composed of three legally qualified judges chosen from a regional list of judges; two are nationals of the Contracting Member States concerned, one is not, and is allocated from the Pool of Judges (Art. 9 (4) UPCA).

More information on the judges in the UPC can be found in the article by Chris Thornham and Roland Küppers in the Intellectual Property Magazine of February 2014 [here](#).

In which language are proceedings held?

The language of proceedings is governed by Art. 49 UPCA.

The language of proceedings at the central division is the language in which the patent concerned was granted (Art. 49 (6) UPCA).

At a local or regional division, the language of proceedings is governed by Art. 49 (1) and (2) UPCA, whilst deviations from this language are permitted under Art. 49 (3)–(5) UPCA.

As a rule, the language of proceedings at a local or regional division is an official language of the Contracting Member State hosting the division or an official European Union language designated by the Contracting Member States sharing a division (Art. 49 (1) UPCA).

Contracting Member States may also designate one or more of the languages of the European Patent Office as the language of proceedings in their local or regional division (Art. 49 (1) UPCA). The designation of other languages than English and German pursuant to this paragraph is expected to be an exception.

Also at the local and regional division, the language in which the patent was granted may be the language of proceedings, if

- the parties agree and the competent panel approves the choice (Art. 49 (3) UPCA, if the panel disapproves, the parties may request a referral to the central division);
- the panel decides so on grounds of convenience and fairness and with the parties' agreement (Art. 49 (4) UPCA); and
- the President of the Court of First Instance decides so based on grounds of fairness and at the request of one party.

For which cases is the UPC competent?

According to Art. 32 (1) UPCA, the UPC is exclusively competent in respect of all actions and counterclaims listed in the exhaustive catalogue, i.e.:

- actions for actual or threatened infringements of patents and supplementary protection certificates and related defences, including counterclaims concerning licences;
- actions for declarations of non-infringement of patents and supplementary protection certificates; actions for provisional and protective measures and injunctions;
- actions for revocation of patents and for declaration of invalidity of supplementary protection certificates;
- counterclaims for revocation of patents and for declaration of invalidity of supplementary protection certificates;
- actions for damages or compensation derived from the provisional protection conferred by a published European patent application;
- actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention;
- actions for compensation for licences on the basis of Article 8 of Regulation (EU) No 1257/2012; and
- actions concerning decisions of the European Patent Office in carrying out the tasks referred to in Article 9 of Regulation (EU) No 1257/2012.

According to Art. 32 (2) UPCA, the courts of the Contracting Member States remain competent for all remaining actions. It is unclear, however, whether and to what extent the UPC has parallel, non-exclusive competence in these cases, in particular regarding entitlement claims, employee inventions and licence agreements.

Art. 83 UPCA establishes a transitional regime and a right to opt-out. According to Art. 83 (1) UPCA, actions relating to a European patent may still (also) be brought before national courts for a transitional period of a minimum of seven years. The exclusive competence of the UPC takes effect after this transitional period. According to Art. 83 (3) UPCA, however, a proprietor of or an applicant for a European patent granted or applied for prior to the end of the transitional period, may opt out of the exclusive competence of the UPC. According to Art. 83 (4) UPCA, the opt-out may be withdrawn at any time (opt-in).

Which local court can decide? Is there a possibility of forum shopping?

The local jurisdiction of the various divisions of the Court of First Instance is regulated in Art. 33 UPCA. A right to choose between alternative local jurisdictions allows for forum shopping to a certain extent.

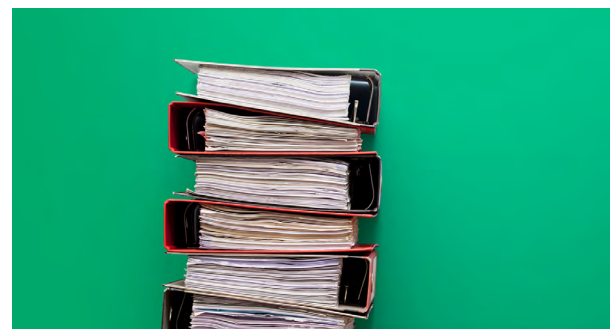
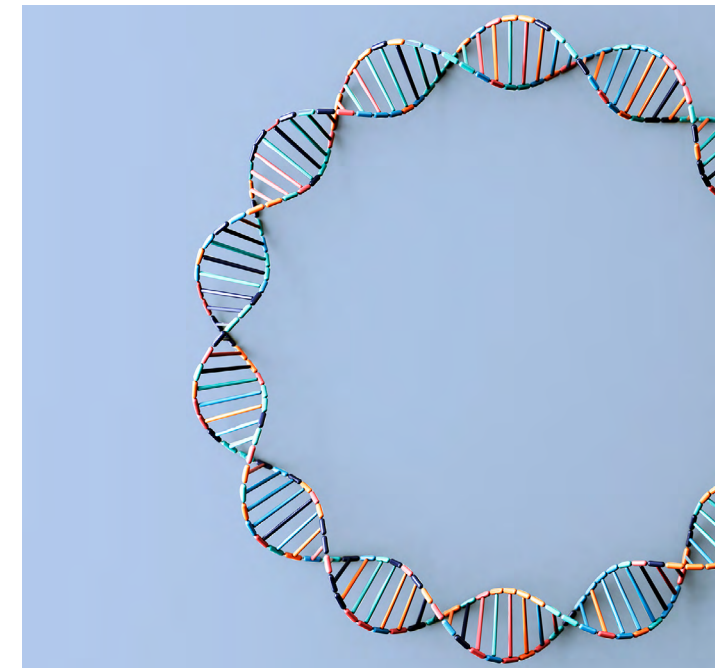
According to Art. 33 (1) (a) UPCA, the place of actual or threatened infringement creates local jurisdiction at the local division hosted by the relevant Contracting Member State or the regional division joined by the relevant Contracting Member State.

Following Art. 33 (1) (b) UPCA, the place of residence or place of business creates local jurisdiction at the local division hosted by the relevant Contracting Member State or the regional division joined by the relevant Contracting Member State.

If the Contracting Member State concerned does not host a local division and does not participate in a regional division, the central division is competent (Art. 33 (1) UPCA).

How are actions for revocation dealt with?

The UPC may decide on the validity of unitary patents (Art 65 UPCA). An action for revocation can be brought



without the claimant having to file notice of opposition before the EPO (Art 33 (8) UPCA), however, the UPC may stay the proceedings when a rapid decision may be expected from the EPO (Art 33 (10) UPCA).

Possible grounds for revocation are only those set out in Art 138 (1) and 139 (2) EPC (Art 65 (2) UPCA). Revocation of the patent has ex tunc effect (Art 65 (4) UPCA); in part revocation is possible (Art 65 (3) UPCA).

The central division has basically local jurisdiction for actions for revocation (Art 33 (4) UPCA).

In general, the central division hears actions for revocation (Art. 33 (4) UPCA). If, however, an infringement action between the same parties relating to the same patent has been brought before a local or a regional division, only the same local or regional division is competent (Art. 33 (4) UPCA).

A counterclaim for revocation may be brought before the local or regional division dealing with an infringement action. Hearing such actions fall under the discretion of the respective local or regional division where:

- It may request the allocation of a technically qualified judge and proceed with the infringement action and the counterclaim for revocation (Art. 33 (3) (a)) UPCA);
- It may refer the counterclaim for revocation to the central division and suspend or proceed with the action for infringement (Art. 33 (3) (b)) UPCA); or
- It may, with the agreement of the parties, refer the entire case for decision to the central division (Art. 33 (3) (c)) UPCA).

Hence, bifurcation of the proceedings only occurs if the local or regional division decides to split the proceedings by referring only the counterclaim for revocation to the central division in accordance with Art. 33 (3) (b)) UPCA. More information on the bifurcation scenario and its implications can be found in the article of Anja Lunze and Paul England "Mind the injunction gap" in the Intellectual Property Magazine of April 2014 [here](#).

Proceedings in accordance with Art. 33 (3) (a)) UPCA are expected to become the rule whilst those in accordance with Art. 33 (3) (c)) UPCA are expected to become a rare exception.

Who has standing to sue?

Natural persons and legal entities are entitled to bring an action in all proceedings before the UPC.

The patent proprietor of a unitary patent as well as the exclusive licensee have the standing to bring infringement actions, in case of the licensee provided that he informs the proprietor accordingly, Art. 47(2) UPCA. The non-exclusive licensee is only entitled to bring an action if the licence agreement expressly permits it, Art. 47(2) UPCA. The question of the extent to which a licensee who only has a territorially limited licence under Art. 7 RoP can nevertheless obtain a decision for all member states seems to be unresolved so far. Who is considered to be the patent proprietor in this context is regulated in Rule 8 of the Rules.

Actions for revocation may in principle be filed by anyone. It is not necessary to be affected or disturbed in any way by the patent. The defendant in these cases is always the registered patent owner.

Who has power of representation in the UPC?

The party cannot represent itself before the UPC but must retain attorney. Attorneys admitted to a court of a member state and European patent attorneys who are authorised to act as professional representatives before the EPO under Art. 134 UPCA and who can prove that they are qualified to conduct patent litigation proceedings, Art. 48(1) and (2) UPCA are authorized to represent parties.

Patent attorneys who do not have the required qualification and/or are not entered in the Registrar's list may nevertheless participate in the proceedings and make oral submissions in accordance with the RoP, Art. 48(4) UPCA as contributing patent attorneys.

How are briefs served?

The service of all types of procedural documents in the UPC system will be handled entirely by the Registry, and it is planned that all service will be effected electronically. For this purpose, the UPC has set up its own Online Case Management System (UPC CMS). This is intended to provide all lawyers and judges involved with a fast

and paperless common electronic file for each procedure.

Although non-electronic service via the common "analogous" service mechanisms shall only be an exception, particularly infringement defendants are likely to not yet have the required electronic address. Service will then be effected via the classical routes.

As soon as a representative has been appointed for the defendant, the proceedings shall generally be continued in electronic form via the UPC CMS. It is thus envisaged that each representative will register with the UPC CMS. Service of court orders and judgments and further pleadings will then generally be effected electronically, Rules 276, 277 and 278 of the RoP.

How are infringement proceedings handled?

The infringement proceedings on the merits before the Court of First Instance consist of the written, the interim, and the oral procedure (Art. 52(1) UPCA).

I. The written procedure

The written procedure is the stage for the pleadings and starts by lodging of a Statement of claim, followed by a Statement of defence, a Reply and a Rejoinder; further written pleadings can be allowed. If the Statement of defence includes a Counterclaim for revocation against the patent in suit, the Reply includes



a Defence to the Counterclaim and can also include an Application to amend the patent. A Reply and Rejoinder regarding the Counterclaim for revocation can follow.

The **Statement of claim** is a typical front-loaded brief that shall, inter alia, contain the grounds, including an indication of the facts and evidence relied on as well as the name and address of the parties, details of the patent concerned, competence and jurisdiction of the division, the nature of the claim, and an indication of the value of the infringement action (Rule 13.1 RoP).

As soon as the court fees have been paid, the Statement of claim is deemed to have been filed (Rule 15 RoP). The Registry then examines the formal requirements of the Statement of claim (Rule 16 RoP). The claimant can cure formal defects, but if the defects persist, default judgment will be rendered (Rule 16.5 RoP).

If the Statement of claim is formally in order, it is registered, assigned to a chamber and served on the defendant (Rule 17 RoP). Then, the judge-rapporteur is appointed and his/her name is communicated to the parties (Rule 18 RoP).

If the defendant is of the opinion that – despite examination by the Registry – the action is subject to formal deficiencies, they can object to these within one month after service by means of a so-called **"Preliminary objection"** (Rule 19 RoP). In this case, the claimant is given 14 days to comment, after which the judge-rapporteur decides on the objected-to points (Rule 20 RoP). The decision of the judge-rapporteur can be appealed and in this case the first instance may be stayed until the appeal decision (Rule 21 RoP).

The defendant must lodge a **Statement of defence** within three months of service of the Statement of claim (Rule 23 RoP). The Statement of defence must contain, inter alia, information on the grounds for dismissal of the action, together with the relevant evidence, and a statement regarding the value of the infringement action (Rule 24 RoP).

The defendant can lodge a **Counterclaim for revocation** against the patent in suit together with the Statement of defence (Rule 25 RoP). In this case, the counterclaim must be accompanied by the grounds for revocation supported by arguments of law and explanation of the proposed claim construction, indication of facts, evidence, witness statements, and (prior art) documents (Rule 25 RoP). Furthermore, the court fees for the Counterclaim for revocation must be paid (Rule 26 RoP).

After service of the Statement of defence and after consulting the parties, the judge-rapporteur will **set a date and time for an interim conference as well as a date for the oral hearing** and (if necessary) one alternative date (Rule 28 RoP).

Within two months of service of the Statement of defence the claimant must lodge a **Reply** to the Statement of defence together with (if applicable) a Defence to the Counterclaim for revocation (Rule 29, 29A RoP). This Defence can include an **Application** by the proprietor of the patent **to amend the patent** (Rule 30.1 RoP). Any subsequent request to amend the patent may only be admitted into the proceedings with the permission of the Court (Rule 30.2 RoP). This might be the case for amendments requested as a mere reaction to other party's arguments made at a later stage.

Within one month of service of a Reply to the Statement of defence which does not include a Counterclaim for revocation, or within two months of service if it does, the defendant must lodge a **Rejoinder** to the Reply to the Statement of defence together with (if applicable) a **Reply to the Defence to the Counterclaim**. Within one month of the service of the Reply to the Defence to the Counterclaim, the claimant must lodge a **Rejoinder** (Rule 29 RoP).

Any party and the judge-rapporteur can request to **allocate a technically qualified judge** to the panel (Rules 33, 34 RoP).

Following the exchange of written pleadings the judge-rapporteur will inform the parties of the date on which he/she intends to close the written procedure (Rule 35(a) RoP), or, on a reasoned request by a party, can allow the exchange of **further written pleadings** within a period to be specified. The written procedure will be deemed closed upon expiry of the specified period (Rule 36 RoP).

II. The interim procedure

The interim procedure serves for managing the case. The judge-rapporteur gives directions to the parties in preparation for the oral hearing and has the discretion to hold one or more interim conferences. The interim procedure should be completed within three months of the closure of the written procedure (Rule 101 RoP).

In the interim proceedings, the panel decides:

- whether to proceed with both the action for infringement and with the counterclaim for revocation and to call in a technically qualified judge (Art. 33(3)(a) UPCA, Rule 37.3 RoP);
 - whether to separate the counterclaim and refers it to the Central Division (Art. 33(3)(b) UPCA, Rule 37.4 RoP; which may be accompanied by a stay of the infringement proceedings); or
 - whether – with the consent of the parties – to refer the entire proceedings to the Central Division (Art. 33(3)(c) UPCA, Rule 41 RoP).

If the division has referred the Counterclaim for revocation to the Central Division only and has not stayed the infringement proceedings, the proceedings before the Central Division should be accelerated in order to enable the date for the oral hearing on the revocation action to be prior to the date of the oral hearing of the infringement action (Rule 40 RoP).

In the interim proceedings, the judge-rapporteur can also give certain further procedural orders, for example on questions of evidence, the hearing of experts and witnesses, and on the amount in dispute (Rule 103 RoP et seqq.).

The interim conference should be held by telephone or video conference and only on request by a party be held in Court. The interim conference can be held in any language agreed by the parties' representatives. Following the interim conference, an order setting out the decisions taken will be issued (Rule 105 RoP).

The interim conference will be audio recorded and the recording will be made available at the premises of the Court to the parties or their representatives after the hearing (Rule 106 RoP).

III. Oral proceedings

The oral procedure will start immediately after the interim procedure is closed. The presiding judge shall, in consultation with the judge-rapporteur, take over the management of the action (Rule 110 RoP).

The oral proceedings are usually scheduled for one day (Rule 113.1 RoP) and begin with a preliminary introduction to the action by the presiding judge (Rule 112.3 RoP), followed by the hearing of the parties and, if necessary, of witnesses and experts (Rule 112.2 RoP). The right of the presiding judge to limit a party's oral submission (Rule 113.3 RoP) could be considered critically in light of the parties' right to be heard (Art. 76(2) UPCA).

The Court will give its decision immediately after the closure of the oral hearing and provide its reasons on a subsequent date (Rule 118.7 RoP), although in exceptional cases deviations from this rule can be made (Rule 114 RoP).

Upon reasoned request of one party, simultaneous interpretation can be ordered for the oral proceedings or parts thereof (e.g. examination of witnesses or experts) (Rule 109 RoP). The judge-rapporteur may also order simultaneous interpretation ex officio (Rule 109.3 RoP).

If one party is not represented at the oral hearing, judgment by default can be rendered (Rule 116.5 RoP). However, this is not mandatory: Instead, the defaulting party that can be treated as if it were relying only on its written case (Rule 116.3 RoP). If no party is represented, the Court can take a decision on the merits on the basis of the case file, if applicable (Rule 117 RoP).

How is evidence taken?

I. Means of evidence and means of obtaining evidence

Means of evidence admissible in proceedings before the Court are not listed exhaustively ("in particular") in Art. 53 UPCA and Rule 170 RoP. Both rules differ in their wording and Rule 170 RoP further differentiates between **means of evidence** on the one side (e.g. written evidence (in particular witness statements, drawings, reports, physical objects, electronic files; Rule 170.1 RoP) and **means of obtaining evidence** on the other side (e.g. hearing of the parties, requests for information, production of documents, hearing and



questioning of witnesses and/or experts, ordering inspection, conducting tests, sworn statements: Rule 170.2 RoP).

II. Offer and duty to produce evidence

As basic principle, the burden of the proof of facts is on the party relying on those facts (Art. 54 UPCA, Rule 171 RoP). Thus, evidence must be indicated or produced by the parties in their respective written submissions (Rule 172.1 RoP). However, if a contested product is identical to products derived by the process in suit for obtaining a new product, there is a reversal of burden of proof (Art. 55 UPCA). A statement of fact that is not specifically contested by any party shall be held to be true as between the parties (Rule 171.2 RoP).

If evidence is available to a party, the party has the obligation to cooperate (Rules 172, 190, 191 RoP). During the written and interim procedures, a party can request an order to produce evidence (Rule 190.2 RoP) and the judge-rapporteur can make such order having given the other/third party an opportunity to be heard (Rule 190.3 RoP). If the Court orders a third party to produce evidence, the interests of that third party must be duly taken into account (Rule 190.5 RoP). Such order shall not result in an obligation of self-incrimination (Art. 59(1) UPCA). For this, the Court can order that the collection and use of evidence in proceedings before it be restricted or prohibited or that access to such evidence be restricted to specific persons in order to protect the trade secrets, personal data or other confidential information of a (third) party, or to prevent an abuse of evidence (Art. 55(3), 58 UPCA). In case of failure to indicate or produce the means of evidence regarding a contested fact, the Court shall take such failure into account when deciding on the issue in question (Rules 171.1, 172.2, 190.7 RoP).

Questioning of witnesses and experts is under the control of the Court and shall be limited to what is necessary (Art. 53(2) UPCA). If a party is seeking to offer witness evidence, the party must (i) lodge a written witness statement or summary of the evidence to be given by the provision of a signed affidavit of the witness (Rule 175 RoP), and must (ii) set out the reasons why the witness should be heard in person (Rule 176 RoP).

If a specific technical or other question in relation to the action is to be reasoned, the Court can of its own motion, and after hearing the parties, appoint a court expert (Art. 57(1) UPCA, 185 RoP). The parties can make suggestions regarding the identity of the court expert, his/her technical or other relevant background and the questions to be put to him (Rule 185.2 RoP). Then, the Court shall appoint a court expert by way of order specifying, inter alia, the facts of the action, evidence submitted by the parties, and the questions put to the expert (Rule 185.4). The court expert must not communicate with one party without the other party being present or without the consent of the other party and must not communicate the contents of his/her report to third parties (Rule 186.4 and .5). The court expert must present an expert report in writing, attend the oral hearing if requested to do so by the Court, and must answer questions from the Court and the parties (Rule 186.1 and .6 RoP).

Can infringement proceedings be stayed?

The Court may stay the proceedings in the cases listed in Rule 295 RoP. In practice, however, the stay is likely to be limited at most to cases in which the validity of the patent is the subject of parallel proceedings before a parallel court or another court (not belonging to the EPC). To counterbalance this, it is expressly provided, at least for parallel proceedings before the EPO, that as a rule a request is made for acceleration of the opposition (appeal) proceedings before the EPO by the EPC panel (Rule 298 RoP).

Insofar as the stay is not limited in time or regardless of the reason for the stay, the resumption of the proceedings can be ordered at the request of one of the parties by the judge-rapporteur after hearing the parties (Rules 296.2, 297 RoP).

Can the claimant withdraw the complaint?

A claimant can apply to withdraw his action as long as there is no final decision in an action. The Court will decide on the request after hearing the other party, whereas the application to withdraw must not be permitted

if the other party has a legitimate interest in the action being decided by the Court (Rule 265.1 RoP). In general, the costs of the withdrawal are likely to be imposed on the claimant. The withdrawal of an action by the claimant has no effect on any counterclaim in the action, but the Court can refer any counterclaim for revocation to the Central Division (Rule 265.2 RoP).

What is the effect of an appeal?

An appeal against any decision or order of the Court of First Instance may be brought before the Court of Appeal by any party which has been unsuccessful, in whole or in part, in its submissions (Art. 73(1), (2) UPCA). Orders which are not mentioned in Art. 73(2)(a) UPCA require prior leave to appeal by the Court of Appeal (Art. 73(2)(b)(ii) UPCA).

In general, an appeal does not have suspensive effect (Art. 74(1) UPCA) unless it concerns a decision on actions or counterclaims for revocation (Art. 74(2) UPCA). For all other proceedings, the Court of Appeal must decide without delay at the motivated request of one of the parties about a suspension (Art. 74(1) UPCA, Rule 223 RoP). Appeals requiring admission must not have suspensive effect (Rules 223.5, 220.2 RoP).

How is the appeal procedure organised?

The appeal procedure is organized in the same way as the first instance procedure, i.e. the written procedure (Rule 224 RoP et seqq.) followed by the interim procedure (Rule 239 RoP) and the oral hearing (Rule 240 RoP et seqq.).

The Court of Appeal can disregard requests, facts and evidence that have not been submitted by a party during proceedings before the Court of First Instance. When exercising discretion, the Court must in particular take into account (a) whether a party seeking to lodge new submissions is able to justify that the new submissions could not reasonably have been made during proceedings before the Court of First Instance, (b) the relevance of the new submissions for the decision on the appeal, and (c) the position of the other party regarding the lodging of the new submissions (Rule 222.2 RoP).

The language of the appeal proceedings is the language of the proceedings before the Court of First Instance unless the parties agreed otherwise (Art. 50(1), (2) UPCA, Rule 228.1 RoP).

The appeal must be lodged by the appellant within two months of the date of service of the decision (Art. 73(1) UPCA, Rule 224.1(a) RoP) or 15 calendar days of service of an order (Art. 73(2) UPCA, Rule 224.1(b) RoP). The Statement of grounds of appeal must be lodged by the appellant within four months of service of the decision (Rule 224.2(a) RoP) or 15 days of service of the order (Rule 224.2(b) RoP). This means that the Statement of grounds of appeal against an order is due at the same time as the appeal.

The further time limits in the written procedure are three months from service of the Statement of grounds for appeal in proceedings against decisions (Rule 235 RoP) and 15 days in proceedings against orders (Rule 224.2 RoP).

It is also possible to file a cross-appeal, which may be filed together with the notice of appeal, irrespective of the general time limit for appeal (Rule 237 RoP). In case of a cross-appeal, the cross-appeal defendant is given the opportunity to respond to the cross-appeal with a deadline of two months or 15 days (Rule 237, 235 RoP).

The parties are summoned at least two months before the oral hearing unless the parties agree to a shorter period (Rule 239.2 RoP). The decision of the Court of Appeal will either reject the appeal or set the decision or order aside totally or in part substituting its own decision or order (Art. 75(1) UPCA, Rule 242.1 RoP). The Court of Appeal only in exceptional circumstances will refer the action back to the Court of First Instance for decision or for retrial. The Court of First Instance failing to decide an issue that is necessary for the Court of Appeal to decide on appeal does normally not be such an exceptional circumstance (Art. 75(1) UPCA, Rules 242.2(b), 243 RoP).

How does rendering of information and account and determination of damages take place?

Infringement of a unitary patent may lead to claims for information, which are subject to proportionality, Art 67 (1) UPCA. In addition to the infringer, third parties may be obliged to provide information according to Art 67 (2)

UPCA. The question of rendering account is decided in the proceedings on damages (Rule 131 (1) lit (c) RoP, for the course of the proceedings on rendering account see Rules 141 to 144 RoP, regarding proceedings on damages see Rules 125 to 140 RoP). Having decided on the request for rendering account, the UPC continues the proceedings for damages based on the result of the accounting (Rule 144 RoP). All appropriate aspects have to be taken into account for the calculation of damages, especially lost profits, infringer's profit as well as non-economic factors as moral prejudice (Art 68 (3) lit a UPCA). By contrast, the UPCA provides for damages as a lump sum based on a licence analogy only 'in appropriate cases' (Art 68 (3) lit b UPCA). The infringer that did not knowingly, or with reasonable grounds to know, commit the infringement can be ordered the recovery of profits or to pay compensation at the discretion of the UPC (Art 68 (4) UPCA). The UPCA does not provide for punitive damages (Art 68 (2) UPCA).

Can negative declaratory actions be filed and what are the requirements?

The UPCA refers to negative declaratory actions in Art 32 (1) lit. b. The procedure is codified in Rules 61 to 74 RoP. The negative declaratory action before the UPC requires as a condition of admissibility that either the patentee/licensee has already asserted the (alleged) patent infringement, or the plaintiff has requested the patent proprietor/licensee in writing to provide a written acknowledgement of non-infringement and has provided him with full particulars in writing of the act in question and this acknowledgement has been refused or not provided within one month (Rule 61 (1) RoP). Apart from that, the procedure following the filing of a negative declaratory action corresponds to that of infringement and revocation proceedings, but with significantly shortened deadlines for briefs. Negative declaratory actions may be lodged together with revocation actions (Rule 77 RoP).

How are decisions enforced?

The central provision for the enforcement of judgments is Art. 82 UPCA, which provides that judgments and orders of the court are enforceable in all contracting member states. Decisions of the UPC shall be enforced in the Contracting Member States under the same conditions as decisions given in the respective Contracting Member State. It may be subject to the provision of security or an equivalent guarantee. The UPC has also the power to impose periodic penalty payments in the event of breach of an enforced order. In this regard, also the Brussels Ia Regulation was amended by Regulation (EU) 542/2014, so that the decisions of the UPC are equated with national decisions.

Are provisional measures, in particular preliminary injunctions ("PI") possible?

According to Art. 62 UPCA, the following provisional orders may be issued by the UPC:

- Injunction against the alleged infringer or an intermediary under threat of periodic penalty payments or order that the continuation of the infringement may only take place against the provision of a security intended to ensure compensation to the right holder.
- Precautionary seizure of movable or immovable property of the alleged infringer, including the freezing of bank accounts, if the applicant shows credibly that the fulfilment of his claim for damages is doubtful.
- Seizure or surrender of products suspected of infringing a patent.

How are preliminary injunction proceedings organised?

If main proceedings are already pending, the same chamber dealing with the main action shall have exclusive jurisdiction to hear the application for interim measures. If no main action is pending, the applicant may choose a competent court in accordance with the general rules, Rule 206 (2) RoP. If the applicant requests the issuance of the interim injunction ex parte, i.e. without hearing the defendant, he must additionally explain in the PI application why the defendant should not be heard.

In addition, any pre-litigation correspondence between the parties concerning the alleged patent infringement must be produced.

The applicant is obliged to communicate to the court all relevant facts known to him which are likely to influence the court's decision whether or not to hear the defendant. The RoP explicitly mention in this respect the circumstance that proceedings are already pending or/and the applicant has already tried unsuccessfully in the past to get an interim injunction out of the patent.

In any case it is under the courts discretion to decide whether to inform the defendant of the PI application and give him the opportunity to submit written observations or to directly summon both parties to the oral hearing or even to summon only the applicant to the oral hearing. In exercising its discretion, the court has to take into account, in particular whether the patent has been maintained in opposition proceedings before the EPO or has been the subject of other court proceedings, the urgency of the matter and whether the applicant has requested the grant of the interlocutory injunction ex parte and the reasons given for this appear well-founded and whether a protective letter has been filed by the defendant.

What are the requirements for the grant of a preliminary injunction?

With regard to the substantive requirements for the issuance of an interim injunction, Art. 62 UPCA merely requires that "a threatened violation must be prevented". The court must exercise its discretion to weigh the interests of the parties, taking into account in particular the possible damage that could result to one of the parties from the issuance of the injunction or the rejection of the application.

Rule 211(2) RoP provides that the court may require the applicant to establish that he is entitled to commence proceedings, that the patent is legally valid and that the patent is infringed or threatened with infringement.

The urgency of the matter is not defined as such as a positive condition for the grant of an interim injunction in the Regulation. Rule 211 (4) of the Regulation merely states, as a negative delimitation, that the court must take into account any unreasonable delay in applying for an interim injunction. However, the absence of undue delay does not automatically mean that there is urgency. It could be argued that the mandatory balancing of interests suggests that an interim injunction can only be granted if it is urgent in order to prevent irreparable harm to the applicant because of the significant consequences for the defendant's business. Nevertheless, this is a question on which the court practice of the Unified Patent Court remains to be seen.

In order to substantiate the allegation of infringement, the applicant must already set out all facts and evidence in the PI application.

Although the court has to take into account the validity of the patent, in particular whether it was maintained in opposition proceedings before the EPO or whether other national proceedings were pending, the RoP leave open to what extent the requirement of "reasonable proof that the patent is legally valid" shall be satisfied.

In weighing the interests, the court has to weigh the legal and economic disadvantages and damages threatening the right holder if the preliminary injunction is refused but it subsequently turns out that it should have been granted, against the legal and economic disadvantages and damages threatening the defendant if the preliminary injunction is granted but it subsequently turns out that it was wrongly granted, e.g. because the patent turns out not to have been infringed or is declared invalid.

Under which circumstances can a preliminary injunction be lifted? Is there a claim for damages?

The preliminary injunction is subject to appeal according Rule 220(1)(c) RoP. The time limit to appeal is 15 days after the service of the interim measure on the defendant.

An appeal against the interim injunction does not prevent the continuation of parallel proceedings on the merits as such, but the court of first instance shall not give a decision on the merits of the case until the court of appeal



has decided on the preliminary injunction appeal.

If no proceedings on the merits are pending, the defendant of a preliminary injunction may request that the preliminary injunction be revoked if the applicant does not file an action on the merits within 31 calendar days or 20 working days, whichever is longer.

The RoP do not explicitly regulate the case that an interim injunction is revoked due to a later revocation of the patent. However, this should also fall under the case that the patent was not infringed, because a retroactively invalidated patent cannot have been infringed.

How can a patentee safe evidence or undertake inspections?

Art 60 UPCA regulates the evidence and inspection procedure. Filing of the application (which is possible before starting proceedings on the merits) and the course of the procedure (Rules 192 – 199 RoP) largely correspond to the handling of preliminary injunctions (Art 60 (1) UPCA). Protection of confidential information must be ensured (Art 60 (1) UPCA) and the group of people having access to the information is restricted (Art 60 (4) UPCA, Rule 196 (1), (4), (5), Rule 199 RoP). An order to preserve evidence may be directed in particular to: detailed description with/without taking samples, physical seizure of allegedly infringing products and/or materials and implements used in the production and/or distribution of these products, as well as the preservation and disclosure of digital media and data and the disclosure of passwords necessary to access them (Rule 196 (1) RoP). An order for inspection is directed to the inspection of products, devices, methods, premises and local situation in situ (Rule 199 (1) RoP).



Are compulsory licenses possible in the UPC?

There is no provision on compulsory licenses in the UPCA. Recital 10 of the unitary patent Regulation 1257/2012 states that compulsory licences for unitary patents should be governed by the laws of the participating Member States as regards their respective territories.

How much does a unitary patent cost?

The fees for a unitary patent are regulated Art. 2 (1) No. 1 of the Rules relating to Fees for Unitary Patent Protection (**RFeesUPP**) and shall be reviewed and, if necessary, revised on a regular basis, Art. 7 RFeesUPP. The fees are structured as exponentially increasing yearly fees, starting with 35 EUR for the second year up to 4,855 EUR for the 20th year. Late payments are increased by 50%, Art. 2 (1) No. 2 RFeesUPP.

What does litigation under the UPC cost?

I. The court fees:

The calculation of court fees for infringement proceedings is similar to the German principle. It is calculated by a fixed portion (EUR 11,000.00) plus a variable portion depending on the value in dispute (VID) of the proceedings, which lies between 0 EUR (VID up to 500k EUR) and 325,000 EUR (VID about 50mio EUR).

In particular for revocation proceedings (11k EUR for an action for revocation and max. 20k EUR for a counterclaim for revocation) and interim injunctions (11k EUR), only maximum fees or fixed flat fees have to be paid without the VID based portion.

II. The attorney's fees:

There are also tables for VID based maximum amounts of recoverable attorney's fees, which also shall take into account reasonability criteria (Rule 152 of the RoP). However, it can be assumed that these amounts will often be exhausted. The maximum limits for recoverable lawyers' fees lie between up to 38k EUR (VID up to 250k EUR) and up to 2mio EUR (VID about 50mio EUR).

These maximum limits may be increased "to a certain extent" if the complexity to a maximum amount of up to 5mio EUR for VID of about 50mio EUR.

A reduction of the costs to be reimbursed to the prevailing party, on the other hand, should be possible without a general limitation of the amount if it concerns microenterprises, small or medium-sized enterprises, non-profit organisations, universities, public research institutions or natural persons, Art. 2(2) of the Regulation on lawyers' fees.

III. Determination of the value in a legal dispute:

The Administrative Committee will issue a guideline setting out general principles for the determination of the VID. According to the **draft Guideline**, the method for determining the amount in dispute in infringement proceedings should be kept as simple as possible and depend in particular on the damages to be expected. A calculation on the basis of a fictitious license fee is explicitly considered to be simpler than one based on the lost profit or the infringer's profit. In terms of time, both the sales or market shares in the past (on the basis of the actual infringing acts) and those (fictitiously) for the future (on the basis of a hypothetical continued infringement) are to be included. If there are several patents in suit and/or several defendants, a combined license for all parties and all patents shall be taken as a basis.

If damages are claimed only via declaratory motion, the value determined according to the above calculation shall (initially) be set at 50%. Information and accounting claims shall be taken into account with an appropriate additional amount.

The values determined in this way shall apply in the same way to the court fees and the recoverable costs of infringement proceedings.

IV. Security for the litigation to be paid:

At any time during proceedings, following a reasoned request by one party, the Court may order the other party to provide an adequate security for the legal costs and other expenses to be incurred by the requesting party. The court decides whether it is appropriate to order the security by deposit or bank guarantee, Rule 158 RoP.

If the court issues an interim injunction, the court may order the applicant to provide security for the damage suffered by the defendant in the event that the interim injunction is subsequently revoked. In the case of an ex parte interim injunction, the provision of security is mandatory (Rule 211 (5) RoP).

For a more detailed analysis of the litigation costs under the UPC, read the article "Can you afford to litigate in the UPC" by Anja Lunze and Phillip Rektorschek in Managing IP of September 2015 [here](#).

How can we help you?

- Client trainings considering the particularities of the market where your company is doing business in your market
- Outline litigation strategies and opting out/staying on strategies
- UPC Moot courts
- Webinars on all aspects of the UPC and Unitary Patent

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