

## Patent litigation in the Unified Patent Court: overview

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Fundamental changes to the patent system in Europe have been agreed which will dramatically affect the way in which patents are filed and enforced. The project is close to implementation although, as has been encountered on many occasions since the project's inception nearly 40 years ago, certain obstacles must be overcome for it to come into force. Additionally, the impact of the UK's proposed departure from the EU is unclear.

In December 2012 a patent package was agreed comprising two interrelated elements:

- A new unitary patent right that will provide protection in up to 25 countries (unitary patent).
- A litigation system for the centralised enforcement of this new unitary patent right together with "traditional" European patents (Unified Patent Court) (UPC).

The current position, for those seeking patent protection in Europe, is to file a series of national patents or to file a European patent. A European patent provides applicants with a centralised prosecution process in the European Patent Office (EPO) (one set of claims, one examiner) but this ultimately leads to a bundle of national patents, which must be enforced on a national basis. The expense and burden associated with a European patent (such as translation requirements and the payment of validation fees in each country in which protection was sought) is thought to put companies doing business in Europe at a competitive disadvantage. This is in addition to the fragmented enforcement process and in particular the lack of availability of a permanent pan-European injunction for those seeking to enforce their rights. European legislators hope that this patent package will address some of these perceived disadvantages.

As a whole, the regime will offer patent owners a unitary patent with effect throughout most of Europe that can be enforced (and attacked) centrally through proceedings that will offer pan-European remedies.

The new patent right is a truly unitary right. It will have unitary effect in up to 25 EU member states, but not (at least for now) Spain (see *Question 2*). It is indivisible in territorial coverage and can only be limited, transferred, revoked or lapse as a whole. A unitary patent is in fact termed a "European patent with unitary effect" in the legislation. As with a European patent, it will be applied for (in English, French or German) centrally at the EPO. However, the applicant has a one-month period following grant of the patent to request unitary effect across the contracting states and it is only at this stage that it becomes a single legal right or unitary patent. As with the traditional European patent, there is a nine-month opposition period for oppositions at the EPO.

Other challenges to the validity of a unitary patent will only be available through the UPC. Similarly, enforcement of a unitary patent must also be done through the UPC. Significantly, the UPC will deal with litigation in relation to traditional European patents unless they are opted out of the system (see *Question 3, Transitional provisions*). This means that the owner of a unitary patent or traditional European patent will soon be able to sue for infringement by bringing action in just one jurisdiction (although the owner may

have more than one jurisdiction to choose from) and obtain a pan-European injunction. However, the very significant disadvantage is that one central attack (either as a counterclaim in infringement proceedings or stand-alone invalidity proceedings) can lead to loss of the patent in all jurisdictions.

The new unitary patent will sit alongside existing national and European patents. There will be a substantial transitional period (of between seven and 14 years) in which parties will be able to opt their existing and future European patents in and out of the system and have some flexibility as to where they litigate those patents. After that time, European patents will have to be enforced through the UPC in the same way as unitary patents. National patents will be litigated in the national courts, as is the current position.

The patent package offers patent owners both opportunities and risks and it is vital for patent owners/applicants to be aware of the features of the new system both in terms of their filing and litigation strategies. This chapter focuses on the new patent litigation system by focusing in particular on its sources of law, its structure and its procedure.

### SOURCES OF LAW

#### 1. What are the principal sources of law and regulation relating to the unitary patent and the Unified Patent Court (UPC)?

##### Unitary patent

The principal legislation and rules relating to the unitary patent are:

- Regulation (EU) 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection (UP Regulation).
- Regulation (EU) 1260/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements (Language Regime Regulation).

##### Unified Patent Court (UPC)

The principal legislation and rules relating to the UPC are the:

- Agreement on a Unified Patent Court dated 19 February 2013 (document 16351/12 of 11 January 2013) (UPC Agreement). Annexed to the UPC Agreement is the Statute of the Unified Patent Court, which sets out the institutional and financial arrangements for the Court.
- Preliminary set of provisions for the Rules of Procedure of the Unified Patent Court (18th draft of 19 October 2015).
- Protocol to the Agreement on a Unified Patent Court on provisional application (1 October 2015).
- Rules on Court fees and recoverable costs (final version subject to legal checking) (25 February 2016).

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- Protocol on Privileges and Immunities (29 June 2016).

Other rules and procedures that are currently in draft form include the:

- Rules on Mediation and Arbitration (see *Question 24*).
- Rules on the European Patent Litigation Certificate (see *Question 8*) and other appropriate qualifications.

The UPC Agreement requires the UPC to apply EU law in its entirety and to respect its primacy over national law (*Article 20, UPC Agreement*). If a case is brought before it, the UPC will base its decision on (*Article 24, UPC Agreement*):

- EU law (including the UP Regulation and the Language Regime Regulation).
- The UPC Agreement.
- The European Patent Convention 1973.
- Other international agreements applicable to patents and binding on all contracting member states.
- National law.

The UPC Agreement states that the UPC will be a court common to the contracting states and subject to the same obligations under EU law as any national court of contracting states (*Article 1, UPC Agreement*). Therefore, it must refer questions on the application of EU law to the European Court of Justice (ECJ) for a preliminary ruling. In practice, questions of EU law rarely arise in patent litigation (substantive patent law on infringement and validity does not derive from EU law). However, the ECJ will continue to be involved in interpreting existing EU directives and regulations, such as Directive 98/44/EC on the legal protection of biotechnological inventions, Directive 2004/48/EC on the enforcement of intellectual property rights and Regulation (EC) 469/2009 concerning the supplementary protection certificate for medicinal products.

## TERRITORIAL COVERAGE

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### 2. Which countries are participating in the UP and UPC?

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#### Unified Patent Court (UPC)

The Agreement on a Unified Patent Court (UPC Agreement) is an international treaty that is formally outside the EU system. It was signed on 19 February 2013 by 25 countries (contracting states) made up of all EU member states except Spain and Poland.

Croatia joined the EU in 2013. If it wishes to join the unitary patent system, it will be required to accede to, and ratify the UPC Agreement. The contracting states are:

- Austria.
- Belgium.
- Bulgaria.
- Cyprus.
- Czech Republic.
- Denmark.
- Estonia.
- Finland.
- France.
- Germany.
- Greece.
- Hungary.

- Ireland.
- Italy.
- Latvia.
- Lithuania.
- Luxembourg.
- Malta.
- The Netherlands.
- Portugal.
- Romania.
- Slovakia.
- Slovenia.
- Sweden.
- United Kingdom.

#### Unitary patent

All the contracting states are participating in the unitary patent, with the addition of Poland (see above, *Unified Patent Court (UPC)*). Although Poland is participating in the unitary patent, it decided to refrain from signing the UPC Agreement. The unitary patent has effect only in countries where the UPC has exclusive jurisdiction in respect of unitary patents. Therefore, a unitary patent would not have effect in Poland.

Spain is currently not taking part in either the unitary patent or the UPC due to concerns over language issues. Spain (along with Italy) challenged the enhanced co-operation used by all the other member states to adopt the unitary patent and associated translation regime. This legal challenge was dismissed by the European Court of Justice in 2013. Spain commenced two further challenges and following the dismissal of those cases in May 2015, Italy agreed to participate in the UPC.

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### 3. What is the timetable for implementation and what are the transitional arrangements?

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#### Timetable

The Agreement on a Unified Patent Court (UPC Agreement) will apply three months after the ratification of the UPC Agreement by 13 of the 25 contracting states, provided that the UK, France and Germany are among them (*Article 89, UPC Agreement*).

The UP Regulation will apply from the same date. Until then it will not be possible to obtain a unitary patent. The territorial scope of the unitary patent will initially be limited to countries that have ratified the UPC Agreement. (*Article 18, Regulation (EU) 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection (UP Regulation)*).

As at May 2018, 16 contracting states have ratified the UPC Agreement, including France and the UK.

In 2017, Germany suspended its ratification process. The German Federal Constitutional Court (BVerfG) is examining a constitutional complaint against ratification of the UPC Agreement in Germany, which claims that entering the UPC is contrary to Germany's constitutional laws. If the challenge is successful or requires determination by the ECJ (which would take at least two years), it could effectively halt the whole project. The German Bar Association and other interested parties have submitted that the complaint is not admissible or unfounded. The case is listed for hearing in 2018 in the BVerfG's calendar, but as yet, no date has been set. Given these events, the Preparatory Committee for the UPC has abandoned its provisional start date of mid-2018 and has said it cannot at present predict a timeline.

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The other obstacle to the future of the UPC is the impact of Brexit. The key question is whether and how the UK can join and remain in the system post-Brexit. There is enthusiasm for the UK joining before it leaves the EU to facilitate the UK remaining part of the system and at least influencing its early development. However, it raises difficult political issues as the UPC system is established between EU member states and decisions of the UPC will be appealed to the European Court of Justice (ECJ), which the UK will not be subject to post-Brexit. However, the UPC Agreement is an international agreement rather than an EU legal instrument and because the UPC is an international court system, decisions of the ECJ in respect of unitary patents will be actions of the ECJ acting under an international agreement and be binding on the UPC courts (including any London court) as international courts, and not as local courts.

Long-term participation by the UK in the UPC will require amendment of the UPC Agreement. This will require negotiation and is on the Brexit negotiation agenda. For the UK to remain part of the unitary patent system, all the participants will need to agree special arrangements to include the UK once it is no longer an EU member and EU regulations will need to be amended. The unitary patent is clearly an EU instrument and arguably presents more difficulties for the Government to overcome.

If the BVerfG case is not heard soon, it is unlikely that the UPC could come into operation before the UK's departure from the EU in March 2019. Some agreement would be required to prevent the project from stalling completely.

If the German challenge is dismissed and ratification proceeds, the first stage towards the Court's opening would be the commencement of a Provisional Application Phase during which various institutional, financial and practical arrangements are established before the UPC itself opens. This is legislated for in the Protocol to the Agreement on Unified Patent Court on provisional application (Protocol), which was signed by representatives of seven member states (including France, Germany and the UK) on 1 October 2015. This provisional phase may also be used to allow for early registration of opt-out applications (see *Question 3, Transitional provisions*). The Protocol will only come into effect when 13 signatory states to the UPC Agreement, including Germany, France and the UK, have either ratified the UPC Agreement or are close to ratifying it (that is, have received parliamentary approval) and have approved the Protocol in accordance with the provisions of the Protocol. The constitutional challenge to the UPC in Germany is preventing implementation of the Protocol.

### Transitional provisions

A transitional regime will operate for seven years (transitional period), which will only affect the owners/applicants of European patents. It can be extended by up to a further seven years by the Administrative Committee, on the basis of a broad consultation with the users of the patent system and an opinion of the UPC.

The drafting of the transitional provisions in the UPC Agreement and the Preliminary set of provisions for the Rules of Procedure of the Unified Patent Court (18th draft of 19 October 2015) (Rules of Procedure) has been the subject of much uncertainty and debate, but the position during the transitional period that has been broadly accepted is as follows:

- Actions for infringement or for revocation of a European patent can still be brought before national courts. Therefore, the national courts and the UPC share competence and the owner of a European patent has a choice of where to bring these proceedings during this time.
- The owner of, or an applicant for, a European patent that has been granted or applied for before the end of the transitional period, can opt out of the UPC's exclusive competence, unless an action has already been brought before the UPC. It is thought that this opt-out (unless withdrawn) removes that patent/application for the whole life of the patent. To achieve

this, the owner/applicant (or all owners/applicants, if jointly owned) must notify the opt-out to the Registry (that is, the administrative function of the UPC, which will be established at the seat of the Court of Appeal in Luxembourg). Where the owner of a patent is not registered as the owner of the patent in the relevant national patent register, the owner must file a declaration that it is entitled to be registered in that register. No fee is payable. The opt-out will take effect on its entry into the register. It will be possible to withdraw an opt-out at any time, provided no proceedings have been brought before a national court.

The transitional provisions do not apply to unitary patents. Unitary patents will automatically be under the competence of the UPC.

Owners of European patents should carefully consider whether they wish to opt out their existing European patents or applications. If they are not opted out, these patents/applications will automatically be subject to the UPC and therefore open to the risk that a third party will attack the validity of European patent centrally (central attack), which, if successful, would lead to the loss of the whole European patent across Europe. Opting out will also provide opportunities to monitor how the system is performing and the impact of Brexit before deciding whether to opt back in (assuming there have been no national proceedings meanwhile).

If the owner of a European patent wishes to remain outside the UPC system, it is important for it to register its opt-out promptly. Failure to do so may allow a third party to lodge proceedings and, if this occurs, it will be too late for the owner of a European patent to opt out.

To facilitate the processing of opt-outs so that they are effective on the first day that the UPC is operational, there will be an advance period in which opt-outs can be notified.

### Competence of the Unified Patent Court

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#### 4. What actions are under the exclusive competence of the UPC?

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Broadly, the UPC will have exclusive competence for infringement and validity actions concerning unitary patents, and, on expiry of the transitional period, traditional European patents and applications.

The key actions in respect of which the UPC has exclusive competence are (*Article 32, Agreement on a Unified Patent Court*):

- Actions for actual or threatened infringements of patents and supplementary protection certificates (SPCs) and related defences, including counterclaims concerning licences.
- Declaration of non-infringement actions of patents and SPCs.
- Actions for injunctions and provisional and protective measures.
- Actions for revocation of patents and for declaration of invalidity of SPCs.
- Counterclaims for revocation of patents and for declaration of invalidity of SPCs.

In addition, the following actions fall within the UPC's exclusive competence:

- 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 grant of the patent or to the right based on prior use of the invention.
- Actions for compensation for licences under Article 8 of Regulation (EU) 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection (UP Regulation).

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- Actions concerning decisions of the European Patent Office in carrying out its administrative tasks referred to in Article 9 of the UP Regulation.

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## 5. What type of actions will still be dealt with by national courts?

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The Unified Patent Court (UPC) has exclusive competence only for the actions referred to in *Question 4 (Article 32, Agreement on a Unified Patent Court (UPC Agreement))*.

National courts remain competent for all actions not covered by the UPC (*Article 32, UPC Agreement*). National courts will also remain competent for all disputes relating to national patents and, during a transitional period, will share competence with the UPC for disputes relating to traditional European patents/applications. In addition, the national courts will have competence for all actions relating to European patents/applications that have opted out of the UPC system (*Article 83, UPC Agreement*) (see *Question 3, Transitional provisions*).

### Court system

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## 6. What will be the structure of the UPC system?

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The Unified Patent Court (UPC) will be made up of the (*Article 6, Agreement on a Unified Patent Court (UPC Agreement)*):

- Court of First Instance (comprising a central division and local and regional divisions based in various contracting states).
- Court of Appeal.
- Registry.

The UPC system features legally qualified and technically qualified judges who must possess a university degree, proven experience in a field of technology and proven knowledge of the civil laws and procedures relevant to patent litigation. The allocation and nationality of the judges in each of the relevant divisions is dependent on the location of the division and the type of case. A pool of qualified judges from various contracting states who will sit in the various different divisions of the first instance courts will also be established (*Articles 15 and 18, UPC Agreement*).

### Court of First Instance – central division

The central division comprises a main branch in Paris and two sub-branches in London and Munich. Each branch is allocated responsibility to deal with different technical subject matter (cases being allocated by reference to the subject matter of the patent in suit), divided according to the International Patent Classification (*Article 7, UPC Agreement*):

- London: chemistry, human necessities and metallurgy.
- Munich: mechanical engineering, lighting, heating, weapons and blasting.
- Paris: all other areas.

Proceedings in the central division will be heard by two legally qualified judges who are nationals of different contracting states, and one technically qualified judge. For cases concerning the decisions of the European Patent Office in carrying out its administrative functions, the panel will comprise three legally qualified judges who are nationals from different contracting states (*Article 8, UPC Agreement*).

### Court of First Instance – local and regional divisions

Under Article 7 of the UPC Agreement, contracting member states (see *Question 2, Unified Patent Court (UPC)*) can host one local division. Additional local divisions are possible where caseloads are

higher, but only a maximum of four local divisions are permitted for each contracting state (*Article 7, UPC Agreement*).

Regional divisions are also available to groups of two or more contracting states on their request (for example, where there are insufficient patent cases to make a local division economical) (*Article 7, UPC Agreement*).

The judicial panel of each regional division will be made up of three legally qualified judges (with scope for an additional technically qualified judge). Regional divisions will have two judges from the regional list, comprising nationals of the relevant contracting states and one judge from the pool who will not be a national of the relevant states.

Local divisions will also be made up of three legally qualified judges (again with the scope for an additional technically qualified judge). Each local division will have one or two judges of local nationality. The nationality of the judges is related to the number of patent cases heard in the respective division per year over three successive years. Where there are fewer than 50 cases heard per year on average, only one judge will be a national of the contracting state with the two other judges being drawn from the pool of non-nationals of the contracting state. If there are more than 50 cases heard per year on average, two judges will be nationals of the contracting state and one will be drawn from the pool. If a counterclaim for revocation is raised, or alternatively at the request of the panel or one of the parties, one additional technically qualified judge may also be appointed.

### Court of Appeal

A Court of Appeal will be located in Luxembourg and will hear appeals based on both questions of law and fact. It will seek to harmonise UPC case law, there being no further right of appeal.

There will be a panel of five judges in the Court of Appeal, of whom three will be legally qualified and nationals of different contracting states, and two will be technically qualified (*Article 9, UPC Agreement*).

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## 7. Does the UPC deal with infringement and invalidity simultaneously or must invalidity actions be brought in separate proceedings?

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The central division will mostly hear revocation actions and declarations of non-infringement in the absence of an infringement action. Local and regional divisions will generally hear infringement actions and counterclaims for revocation. There is scope for the parties to agree which division should hear an action, but in the absence of any agreement, the Agreement on a Unified Patent Court (UPC Agreement) and the Rules of Procedure of the Unified Patent Court (18th draft of 19 October 2015) set out rules that prescribe where an action must be brought. Whether or not infringement and invalidity are dealt with together depends largely on whether there are existing proceedings.

Under Article 33 of the UPC Agreement, where there are no existing proceedings in a local or regional division, an action for revocation or a declaration of non-infringement must be brought before the central division. The technology of the patent will determine the choice of Paris, London or Munich (see *Question 6, Court of First Instance - central division*). Where an infringement action is brought within three months of the start of a declaration of non-infringement action, the declaration action will be stayed in the central division pending the hearing of the infringement claim.

There is a choice of venue for hearing infringement claims. This is either where the:

- Infringement occurs.
- Defendant is resident or has its principal place of business, or in the absence of which, its place of business.

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Where the defendant does not have a presence in any of the contracting states, the claimant can choose to bring proceedings either in the relevant branch of the central division (according to the technology of the patent in suit) or the place where infringement occurred.

Bifurcation can occur where a defendant in infringement proceedings lodges a counterclaim for revocation of the patent. This may be lodged in the same forum as the infringement proceedings. In this case, the local or regional division, having heard the parties, has the discretion to:

- Hear the infringement and revocation actions together.
- Refer the counterclaim to the central division, resulting in bifurcation of the two proceedings, in which case:
  - the infringement action is stayed by the local/regional division pending the outcome of the revocation action;
  - the infringement action proceeds with the two cases being heard concurrently; or
  - with the agreement of the parties, all matters (infringement and revocation) may be referred to the central division.

Bifurcation can also occur where a revocation action is pending in the central division and infringement proceedings are subsequently brought. The infringement proceedings can be brought before any relevant division. However, the relevant local or regional division concerned has the discretion to bifurcate in the same way as set out above.

The possibility of bifurcated proceedings has been controversial. In Germany, different courts hear infringement and validity actions. However, this is not the practice in other jurisdictions such as England, where it is considered advantageous to hear both types of claim in one set of proceedings, to avoid a situation where an injunction is granted on potentially invalid patents.

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## 8. Who can represent parties before the UPC?

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Parties must be represented by lawyers authorised to practise before a national court of a contracting state. Alternatively, parties may be represented by European patent attorneys who can act as professional representatives before the European Patent Office under Article 134 of the European Patent Convention 1973 and who have appropriate qualifications such as a European Patent Litigation Certificate (EPLC) (*Article 48, Agreement on a Unified Patent Court (UPC Agreement)*).

A draft proposal for the rules on the EPLC and other appropriate qualifications has been agreed. This must be formally adopted by the Administrative Committee after the UPC Agreement has come into force.

Patent attorneys may also assist a party's representative (likely to be a lawyer). They are allowed to speak during court hearings, but (*Article 48, UPC Agreement; Rule 292, Rules of Procedure of the Unified Patent Court*):

- This is subject to the court's discretion.
- The party's representative must have responsibility for co-ordinating the presentation of the party's case.

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## 9. What is the language of the proceedings? Is there a choice of language?

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The languages of the proceedings will vary according to two factors:

- The division in which the proceedings take place.

- The language in which the patent was granted.

### Central division

In the central division, the language of the proceedings will be the language in which the relevant patent was granted. The majority of patent applications are in English or German. Therefore, even though the main seat of the central division is in Paris, the central division proceedings commenced there are more likely to be conducted in English or German (*Article 49, Agreement on a Unified Patent Court (UPC Agreement)*).

### Local and regional divisions

In the local and regional divisions, the general rule is that proceedings will be in an official EU language that is the official language of the contracting state or the official language designated by contracting states sharing a regional division. However, the following exceptions apply (*Article 49, UPC Agreement; Rule 14, Rules of Procedure of the Unified Patent Court (Rules of Procedure)*):

- The local and regional divisions can alternatively designate a European Patent Office official language or decide that the language of the patent should apply.
- The parties can agree that the language of the patent should be used. If the court does not agree to this, the parties can request that the case is referred to the central division.
- If one of the parties requests that the language of the patent is used, the court can agree, provided that the other party's interests are taken into account.

The Rules of Procedure provide more detailed provisions on the use of languages in particular circumstances, for example where a counterclaim for revocation is transferred to the central division (*Rules 14, 45, 321 to 324, Rules of Procedure*).

### Court of Appeal

In the Court of Appeal, the language of proceedings will be the language adopted before the relevant division of the first instance court for that case. Where the language of the patent is different, the parties can agree that the language of the patent will apply instead. In exceptional circumstances, the Court of Appeal can apply another official language of a contracting state, if this is deemed appropriate by the court and subject to the agreement of the parties (*Article 50, UPC Agreement; Rule 232, Rules of Procedure*).

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## 10. To what extent will the UPC consider, or be bound by, the opinions of other national or foreign courts, or other national or international bodies, that have handed down decisions in similar cases?

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A key goal of the unitary patent is to provide uniform protection in all participating member states. To ensure proper functioning of this new right, one of the aims of the Unified Patent Court (UPC) is to provide consistency of case law and legal certainty.

Although the Agreement on a Unified Patent Court sets out a number of sources of law on which the UPC should base its decisions (see *Question 1, Unified Patent Court (UPC)*), the intention of the UPC is to build up its own body of harmonised case law. In addition, the European Court of Justice will not shape substantive patent law (see *Question 1, Unified Patent Court (UPC)*).

It is inevitable that the local and regional divisions will have a strong influence on shaping case law. Local divisions will normally have the highest composition of local judges and regional divisions will have two out of four judges from the region (although this could be from different countries). Judges for the central division will be drawn from across the contracting states. Therefore, the make-up of the UPC and its approach to particular cases is likely to vary

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significantly, which will have an impact on interpretation adopted as well as in relation to the procedure followed.

## SUBSTANTIVE LAW

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### 11. How is patent infringement assessed?

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The way in which the Unified Patent Court (UPC) will approach the scope of protection of a unitary patent in practice is unclear at this stage. The relevant sources are:

- Regulation (EU) 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection (UP Regulation).
- The Agreement on a Unified Patent Court (UPC Agreement).

#### UP Regulation

The UP Regulation provides that the scope of a unitary patent will be uniform in all participating member states. It is uncertain how this will be achieved given the legislative provisions on the scope of protection, which the UPC must apply.

During the drafting stage of the UP Regulation, the provisions on infringement were removed. This was in response to objections to the European Court of Justice having a role in interpreting matters of substantive patent law (see *Question 1, Unified Patent Court (UPC)*). Instead, the UP Regulation provides that the acts against which protection is provided are those defined by "the law applied to European patents with unitary effect in the participating Member State, whose national law is applicable to the European patent with unitary effect as an object of property in accordance with Article 7 [of the UP Regulation]" (*Article 5(3), UP Regulation*). Article 7(1) states that the unitary patent as an object of property is treated as a national patent of participating member states determined by reference to the residence of the applicant.

#### UPC Agreement

The provisions on acts of infringement are set out in Articles 25 to 28 of the UPC Agreement. Once it has been implemented by member states, these provisions will become part of their national law. The approach taken to implementation is likely to vary between member states. For example, the UK has passed secondary legislation (which will come into force on entry into force of the UPC Agreement) that amends its existing patent legislation to implement the UPC infringement provisions. Its approach has been to make only minimal changes and to amend the existing legislation only where there are material differences between the legislation and the UPC Agreement (see *The Patents (European Patent with Unitary Effect and Unified Patent Court) Order 2016*).

To the extent the UPC must apply national law (see *Question 1, Unified Patent Court (UPC)*), the UPC Agreement sets out which national law applies by providing that it must be determined by EU law containing private international law rules (that is, Regulation (EC) 864/2007 on the law applicable to non-contractual obligations (Rome II) and the UPC Agreement), or, in its absence or where these do not apply by (*Article 24, UPC Agreement*):

- International instruments containing private international law rules.
- National provisions on international law, in the absence of international instruments.

Rome II provides the framework for applicable law in relation to non-contractual relations. For unitary Community IP rights, the law applied is that of the country of the infringing act. For European patents (which are not unitary Community IP rights), the applicable law is the country in which protection is claimed.

It is unclear at this stage how this will work in practice when dealing with infringing acts across a number of jurisdictions, given the differences national courts take in their approach to assessing

infringement. Patents must be construed in accordance with Article 69 of the European Patent Convention 1973 and the Protocol on that article, which specifically requires that due account be taken of any equivalents.

However, this is interpreted differently across European jurisdictions. Until recently, the English courts did not have a specific doctrine of equivalents. However, a decision of the Supreme Court in 2017 (acknowledging the benefits of consistent decisions across Europe) introduced a doctrine of equivalents into English law, marking a significant change in approach to assessing infringement in the UK. It remains to be seen which approach will prevail in the UPC; it is expected that much will depend on the make-up of the panel of judges (see *Question 10*).

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### 12. What defences are available to an alleged infringer?

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The defences available to an alleged infringer include:

- Acts done privately and for non-commercial purposes (*Article 27, Agreement on a Unified Patent Court (UPC Agreement)*).
- Acts done for experimental purposes relating to the subject matter of the patented invention (*Article 27, UPC Agreement*).
- Use of biological material for the purpose of breeding or discovering and developing other plant varieties (*Article 27, UPC Agreement*).
- Acts permitted under Article 13(6) of Directive 2001/82/EC on the Community code relating to veterinary medicinal products and Article 10(6) of Directive 2001/83/EC on the Community code relating to medicinal products for human use (including any subsequent amendments to each) (*Article 27, UPC Agreement*).
- Acts of preparing a medicine medically prescribed for an individual in a pharmacy (*Article 27, UPC Agreement*).
- Acts carried out in relation to ships, aircraft and other vehicles that are temporarily or accidentally in the territory of a contracting state (*Article 27, UPC Agreement*).
- Use of the product of a harvest for propagation where there has been a sale of plant propagating material to the farmer by a patent owner (or with the patent owner's consent) for agricultural use (*Article 27, UPC Agreement*).
- Use of an animal or animal reproductive material for an agricultural purpose following a sale to the farmer by a patent owner (or with the patent owner's consent) of breeding stock or similar material that constitutes or contains the patented invention (*Article 27, UPC Agreement*).
- Acts allowed under Articles 5 and 6 of Directive 2009/24/EC on the legal protection of computer programs and under Directive 98/44/EC on the legal protection of biotechnological inventions (*Article 27, UPC Agreement*).
- Rights based on prior use of the invention (*Article 28, UPC Agreement*).
- Exhaustion of rights. The resale of goods that have been placed in the EU by or with the consent of the patent owner may not be prevented unless there are legitimate grounds to oppose further commercialisation of the product (*Article 29, UPC Agreement*).

The defendant may also challenge validity (see *Question 13*) or make other challenges (such as anti-trust claims) that can be brought in other fora.

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### 13. On what grounds can a patent be invalidated?

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A patent may only be revoked on the grounds referred to in Articles 138(1) and 139(2) of the European Patent Convention 1973 (EPC). These include (*Article 65, Agreement on a Unified Patent Court*):

- The subject matter of the patent is not patentable (for example, not a patentable invention, it has been anticipated or lacks inventive step) under Articles 52 to 57 of the EPC.
- The patent is insufficient.
- The subject matter of the patent extends beyond the content of the application as filed.
- The protection conferred by the patent has been extended.
- Lack of entitlement under Article 60(1) of the EPC.

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### 14. Can the UPC only partially invalidate a patent or transform it into a utility model?

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The Unified Patent Court may partially revoke a patent only on the grounds set out in Articles 138(1) and 139(2) of the European Patent Convention 1973 (*Article 65, Agreement on a Unified Patent Court*) (UPC Agreement) (see *Question 13*).

There are no provisions in the UPC Agreement allowing for transformation into a utility model.

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### 15. Is it possible to amend patent claims during proceedings?

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The Preliminary set of provisions for the Rules of Procedure of the Unified Patent Court (18th draft of 19 October 2015) (Rules of Procedure) allow for applications to amend patents to be made in the defence to a counterclaim (*Rules 30 and 49, Rules of Procedure*). The application outlining the proposed amendments must provide an explanation as to why the (*Rules 30 and 50, Rules of Procedure*):

- Amendments satisfy the relevant requirements of the European Patent Convention 1973.
- Proposed claims are valid.
- Claims are infringed (if applicable).

The application must also provide an indication as to whether the proposals are conditional or unconditional. It is not possible to amend the patent after service of the defence to the counterclaim without the permission of the court (*Rule 30, Rules of Procedure*).

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### 16. Are there any grounds on which an otherwise valid patent can be deemed unenforceable?

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Relief is likely to be refused where enforcement of a patent amounts to a breach of anti-trust rules. A patent owner may also be unable to enforce rights where there is a dispute over entitlement.

## PARTIES TO LITIGATION

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### 17. Who can sue for patent infringement?

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#### Patent holder

The patent owner can bring an action for patent infringement (*Article 47, Agreement on a Unified Patent Court* (UPC Agreement)).

The owner of a unitary patent is the person shown in the Register for unitary patent protection (the part of the European Patent Office's Patent Register in which unitary patents are registered). If a new owner is recorded in the Register during proceedings, the former registered owner may apply to the court for substitution of the new owner (*Rule 8, Rules of Procedure of the Unified Patent Court* (Rules of Procedure)).

The owner of a traditional European patent is the person entitled to be registered as owner under the law of each contracting state in which the patent has been validated, whether or not that person is in fact recorded in the national patent register. However, there is a rebuttable presumption that the person shown in the national register and the European Patent Register administered by the European Patent Office is the person entitled to be registered as owner/applicant (*Rule 8, Rules of Procedure*).

#### Exclusive licensee

Under Article 47 of the UPC Agreement, unless the licence agreement provides otherwise, an exclusive licensee can bring actions before the Unified Patent Court (UPC) under the same circumstances as the patent owner. However, the exclusive licensee must provide prior notice to the patent owner before commencing proceedings. The patent owner can also join the action.

If a licence holder brings an action for infringement, the validity of the patent cannot be challenged unless the patent owner is party to the proceedings. If this is not the case, the party wanting to challenge validity must bring a separate action against the patent owner.

#### Non-exclusive licensee

A non-exclusive licensee cannot bring an action before the UPC, unless this is expressly permitted under the licence agreement and the patent owner is given prior notice. The patent owner can also join the action (*Article 47, UPC Agreement*).

#### Distributor

A distributor has no right to bring an action under the UPC Agreement.

#### Other

Any other natural or legal person or body who is entitled to bring an action in accordance with its national law who is concerned by a patent may also bring an action (*Article 47, UPC Agreement*).

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### 18. Under what conditions, if any, can an alleged infringer bring proceedings to obtain a declaratory judgment on non-infringement?

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Actions for declarations of non-infringement can be sought in the Unified Patent Court (*Article 32, Agreement on a Unified Patent Court*) (see *Question 4*) if the patent owner (or licensee entitled to commence infringement proceedings) has asserted that the specific act is an infringement or, if no assertion is made, provided that both (*Rule 61, Rules of Procedure of the Unified Patent Court*):

- Written confirmation has been sought from the patent owner/licensee and full particulars in writing of the act in question have been provided.
- The patent owner/licensee has failed to give this confirmation within one month.

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### 19. Who can be sued for patent infringement?

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Any person who has committed an infringing act can be sued for patent infringement. The Agreement on a Unified Patent Court (UPC Agreement) states that any natural or legal person or any body

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equivalent to a legal person entitled to initiate proceedings in accordance with its national law may be a party to proceedings before the Unified Patent Court (UPC) (*Article 46, UPC Agreement*).

The Preliminary set of provisions for the Rules of Procedure of the Unified Patent Court (18th draft of 19 October 2015) (Rules of Procedure) allows for proceedings against a plurality of defendants if the UPC has competence in respect of all of them. However, where appropriate, it may order the separation of proceedings (*Rule 303, Rules of Procedure*).

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## 20. Is it possible to add or remove parties during litigation?

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Parties can be added, removed or substituted on application to the Unified Patent Court (UPC). The UPC will give the other parties the opportunity to comment on the application. It may also make appropriate orders as to payment of court fees and costs, where a party is added or is removed (*Rule 305, Rules of Procedure of the Unified Patent Court*).

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## ENFORCEMENT OPTIONS

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### 21. Is it compulsory to send a cease and desist letter to an alleged infringer before commencing patent proceedings?

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There is no requirement in the Preliminary set of provisions for the Rules of Procedure of the Unified Patent Court (18th draft of 19 October 2015) (Rules of Procedure) to send a cease and desist letter to an alleged infringer in advance of proceedings. There are also no provisions in the Agreement on a Unified Patent Court (UPC Agreement) or Rules of Procedure concerning the making of unjustified threats in such a letter.

Once proceedings are commenced, the judge-rapporteur is responsible for active case management, which includes encouraging the parties to identify issues at an early stage (*Article 43, UPC Agreement; Rules 331 and 332, Rules of Procedure*).

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### 22. To what extent is the UPC competent to grant cross-border or extra-territorial injunctions (preliminary or permanent)?

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The Unified Patent Court (UPC) can grant preliminary and permanent injunctions (*Articles 62 and 63, Agreement on a Unified Patent Court (UPC Agreement)*) (see *Questions 32, Injunctions and 36*). The ethos underpinning the UPC system is that, given the unitary nature of the unitary patent, cross-border relief will be ordered.

In respect of traditional European patents, the UPC Agreement states that decisions of the UPC must cover the territory of those contracting states in which the European patent has effect (*Article 34, UPC Agreement*).

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### 23. To what extent does the UPC recognise the blocking effect of "torpedo" actions abroad?

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Given the unitary nature of the Unified Patent Court (UPC), "torpedo" actions should strictly no longer be relevant. Within the UPC system itself, a defendant has fewer options than the patent owner to influence the choice of forum but it can apply for revocation to be dealt with at the same time as infringement within the UPC system (see *Question 7*).

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### 24. To what extent are arbitration, and alternative dispute resolution (ADR) methods (such as mediation), available to resolve patent disputes?

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#### Arbitration

Article 35 of the Agreement on a Unified Patent Court (UPC Agreement) establishes a patent mediation and arbitration centre with its seats in Ljubljana and Lisbon. This centre will provide facilities to allow for arbitration and mediation of patent disputes. Any settlement reached through the centre will be enforced in the same way as a decision or order of the Unified Patent Court (UPC). However, a patent cannot be revoked or limited in mediation or arbitration proceedings.

Mediation and Arbitration Rules, which have been agreed by the Preparatory Committee for the UPC, will apply to the centre.

However, the parties can attempt to resolve the dispute independently of the UPC system through separate mediation, arbitration or ADR.

During the interim procedure (see *Question 27*), the judge-rapporteur will explore the possibility of settlement with the parties, including through mediation and/or arbitration by using the facilities of the centre (*Article 52 UPC Agreement*).

#### ADR

See above, *Arbitration*.

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## COMPETITION AND ANTI-TRUST

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### 25. Can a patent holder bring proceedings claiming both patent infringement and unfair competition for the same set of facts?

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Claims for unfair competition and anti-trust law are not expressly dealt with in the Agreement on a Unified Patent Court (UPC Agreement). The actions over which the Unified Patent Court (UPC) has exclusive competence include "actions for actual or threatened infringements of patent and ...related defences, including counterclaims concerning licences" (*Article 32, UPC Agreement*). At this stage, it is not clear how far the competence of the UPC will extend and whether this provision would encompass anti-trust issues.

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### 26. To what extent can enforcement of a patent expose the patent holder to liability for an anti-trust violation?

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See *Question 25*.

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## PROCEDURE IN CIVIL COURTS

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### 27. What is the format of patent infringement proceedings?

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The format of proceedings is governed by the Preliminary set of provisions for the Rules of Procedure of the Unified Patent Court (18th draft of 19 October 2015) (Rules of Procedure) adopted by the Unified Patent Court (UPC) Preparatory Committee. The Rules of Procedure place significant emphasis on written submissions by the parties. Oral proceedings are expected to last no more than a day (*Rule 113, Rules of Procedure*).

There are three main stages in a UPC patent infringement action (*Article 52, Agreement on a Unified Patent Court; Rule 10, Rules of Procedure*):



- The written procedure, which is the stage when issues are identified.
- The interim procedure, which involves preparation for the oral hearing.
- The oral procedure.

The Rules of Procedure envisage that first instance proceedings will be concluded within around 12 months. However, complex actions may require more procedural steps and therefore more time (*Preamble to the Rules of Procedure*).

### Written procedure

This involves the following exchange of written pleadings between the parties:

- Statement of claim (claimant).
- Defence, which may also include a counterclaim for revocation (defendant).
- Reply to the defence (claimant).
- Rejoinder to the reply (defendant).

If a counterclaim for revocation is lodged, the claimant can also lodge a defence to the counterclaim for revocation, which may include an application to amend the patent (see *Question 15*). The defendant may lodge a reply to this and the claimant may in turn serve a rejoinder (*Rule 12, Rules of Procedure*).

The pleadings are formal statements of each party's case and are intended to be very detailed. The Rules of Procedure set out the information that must be provided, including (*Rules 13, 24 and 29A, Rules of Procedure*):

- An indication of facts relied on.
- The available evidence, including any indication of any further evidence that will be offered in support of the claim.

At this stage, the action will be assigned to a panel of a division. The presiding judge of this panel will designate a legally qualified judge of the panel as judge-rapporteur (*Rules 17 and 18, Rules of Procedure*).

### Interim procedure

During the interim procedure, the judge-rapporteur will make all necessary preparations for the oral hearing. This may include holding an interim conference (which should, where practicable, be held by telephone or video conference). This is designed to:

- Identify the main issues.
- Clarify each party's position.
- Establish a schedule for the rest of the proceedings.
- Issue case management orders regarding issues such as service of further pleadings or evidence, appointment of experts and the matters to be the subject of oral evidence.

This stage should usually be completed within three months of the conclusion of the written procedure (*Rules 101 to 106, Rules of Procedure*).

### Oral procedure

The oral procedure provides for the hearing of the parties' oral submissions and, if ordered during the interim procedure, the hearing of witnesses and experts' testimonies (see *Question 28*). The oral hearing is limited to specific issues identified by the presiding judge or the judge-rapporteur, and testimony can also be limited if the presiding judge decides that the panel is sufficiently informed. The oral hearing should last no more than one day. However, there may be an earlier hearing to deal with witness evidence (*Rules 111 to 113, Rules of Procedure*) (see *Question 28*).

Patent infringement proceedings are heard in front of a panel of judges of the court of first instance under the control of the presiding judge (see *Question 6*). Unless otherwise agreed by the panel or determined by the Presidium, the most senior judge of the panel becomes the presiding judge (*Rules 112 and 341, Rules of Procedure*).

### Determination of damages and costs

The determination of the amount of damages to be awarded to the successful party and the costs decision can be decided in separate proceedings. The successful party must lodge an application for the determination of costs within one month of the service of the decision on the merits, and for determination of damages within one year of the same (*Rules 125, 126, 150 and 151, Rules of Procedure*).

## 28. What are the rules and practice concerning evidence in patent infringement proceedings?

There is a general duty to produce evidence that relates to contested facts and the Unified Patent Court (UPC) can, at any time during the proceedings, order a party making a statement of fact to produce evidence that it has in its control (*Rules 171 and 172, Rules of Procedure of the Unified Patent Court (Rules of Procedure)*).

During the interim procedure (see *Question 27, Interim procedure*), the judge-rapporteur may order the parties to produce evidence within specified time limits (*Rule 103, Rules of Procedure*). The Agreement on a Unified Patent Court (UPC Agreement) and the Rules of Procedure contain a non-exhaustive list of the ways that evidence may be obtained. These include (*Article 53, UPC Agreement; Rule 170, Rules of Procedure*):

- Hearing the parties.
- Summoning, hearing and questioning of witnesses.
- Requests for information.
- Production of documents.
- Expert opinions and questioning of experts.
- Inspections, tests and experiments.
- Sworn written witness statements.

### Documents

The UPC Agreement and Rules of Procedure specifically refer to the production of documents as a means of providing evidence. Their use will be managed carefully by the judge-rapporteur. Written evidence can be printed, hand-written or drawn and can include documents such as plans, drawings and photographs (*Article 53, UPC Agreement; Rules 103, 104 and 170, Rules of Procedure*).

### Witness evidence

Witness evidence is generally produced in the form of a written witness statement. The calling of witnesses will normally be dealt with by the judge-rapporteur during the interim procedure (*Article 53, UPC Agreement; Rules 175 and 104, Rules of Procedure*).

Subject to any such orders made by the judge-rapporteur, the UPC can order that a witness is heard in person if the written witness statement is challenged by the other party or on the application of a party to the UPC to hear a witness in person. The Court also has the power to call a witness independent of any application from the parties (*Article 53, UPC Agreement; Rule 177, Rules of Procedure*).

Witnesses may be heard either during the oral hearing or during a separate hearing before the panel which, like the oral hearing, will generally be open to the public. The panel of judges and the parties (under the control of the presiding judge) may put questions to the witness (*Article 53, UPC Agreement; Rules 104, 112, 115 and 178, Rules of Procedure*).

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## Expert evidence

In certain circumstances, the relevant division of the UPC may conclude that it requires the technical knowledge of an expert. The parties can make suggestions on the identity and qualifications of this court expert and can comment on the expert report either in writing or during the oral hearing (*Article 53, UPC Agreement; Rule 185, Rules of Procedure*).

Parties can put forward their own expert evidence. This should be raised with the judge-rapporteur during the interim procedure (*Article 53, UPC Agreement; Rule 181, Rules of Procedure*).

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## 29. To what extent is pre-trial disclosure permitted and what other mechanisms are available for obtaining evidence from an adverse party or third parties?

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### Pre-trial discovery

The Unified Patent Court (UPC) has various powers to make orders to preserve evidence before an action on the merits has been commenced. Where a party has concerns that evidence may be destroyed, it may apply to the division where the applicant intends to start proceedings for an order to preserve it. The UPC may make an order to preserve evidence (a *saisie*-type procedure) and also has the power to order the inspection of products, devices or premises. The same procedure applies once infringement proceedings have been commenced (see *Question 32*) (*Article 60, Agreement on a Unified Patent Court* (UPC Agreement); *Rules 192 and 199, Rules of Procedure of the Unified Patent Court* (Rules of Procedure)).

### Other mechanisms

During the written and interim procedures (see *Question 27*) a party can ask the court to order another party or a third party to produce evidence. The party seeking this order must have presented "reasonably available and plausible evidence" in support of its claims and specified the evidence in the control of the other party/third party for which the order is sought (*Article 59 UPC Agreement; Rule 190, Rules of Procedure*).

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## 30. What level of proof is required for establishing infringement or invalidity?

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The burden of proof of facts rests on the party relying on those facts. This is reversed where the subject matter of the patent is a process for obtaining a new product. In such a case, the identical product produced without the consent of the patent owner will be deemed to be produced by the patented process in the absence of proof to the contrary. The same position applies if there is a substantial likelihood that the identical product was produced by the patented process and the patent owner is unable, despite reasonable efforts, to determine the actual process used for the production of the identical product (*Articles 54 and 55, Agreement on a Unified Patent Court*).

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## 31. How long do patent infringement proceedings typically last?

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The Rules of Procedure of the Unified Patent Court (18th draft of 19 October 2015) (Rules of Procedure) envisages that the procedure from the start of proceedings until the end of the oral procedure should be approximately 12 months (*Preamble to the Rules of Procedure*).

## Fast-track procedures

The court can manage the case as appropriate, including shortening the periods for compliance with any rule, practice direction or order (*Article 43, UPC Agreement; Rule 9, Rules of Procedure*).

There is scope for the judge-rapporteur to accelerate proceedings before the central division. This will occur where an application for provisional measures has been lodged or where a regional or local division hearing an infringement claim has referred the counterclaim for revocation to the central division and has not stayed the infringement action (see *Question 7*). In this case, the judge-rapporteur of the central division will seek to set a date for the oral hearing of the revocation action before the date of the oral hearing of the infringement action (*Rule 40, UPC Agreement*).

## Timetable

At the interim conference, the judge rapporteur will establish a schedule for the further progress of the proceedings. At this point, the date for the oral hearing and if applicable, the date for any separate hearings of witnesses and experts, is confirmed (*Rule 104, UPC Agreement*).

## Delay

A stay of proceedings is possible in certain circumstances, for example, where the Unified Patent Court hears an action relating to a patent that is also the subject of opposition proceedings before the European Patent Office and a decision in those proceedings is expected shortly. Infringement proceedings may also be stayed by a local or regional court while it refers a counterclaim for revocation to the central division (see *Question 7*) (*Article 33, UPC Agreement*).

Apart from seeking a formal stay of proceedings, a party may request a review by the panel of a case management order or a decision made by the judge-rapporteur or the presiding judge. The application for review must set out the grounds for review and evidence and must be lodged within 15 days of service of the order. The other party will have the opportunity to be heard (*Rule 333, Rules of Procedure*).

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## PRELIMINARY RELIEF

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## 32. Is preliminary relief available, and if so what measures are available and under what conditions?

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### Search and preservation orders

The Agreement on a Unified Patent Court (UPC Agreement) contains wide-ranging powers for the Unified Patent Court (UPC) to order "prompt and effective" measures to preserve evidence and inspect premises. These may be made either during proceedings or before proceedings have been started, provided the applicant has evidence to show that the patent has been or is about to be infringed. The measures include (*Article 60, UPC Agreement*):

- The seizure of the infringing product.
- The detailed description of goods, with or without the taking of samples. In appropriate cases, the seizure of materials and objects used in the manufacture and distribution of those products and any related documents.

There are safeguards surrounding the inspection of premises, such as provisions requiring this process to be carried out by a person appointed by the court. The applicant cannot himself be present but may be represented by an independent professional practitioner (*Article 60, UPC Agreement; Rule 196, Rules of Procedure of the Unified Patent Court* (Rules of Procedure)).

The UPC may make this order without hearing the defendant, if the delay in doing so would cause irreparable damage to the patent owner or if there was a demonstrable risk of evidence being destroyed. However, the defendant must be notified without delay and there are other protections for the defendant, including the

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payment by the applicant of adequate security to compensate the defendant for any prejudice suffered (for example, if it were subsequently found that there had been no infringement or threat of infringement of the patent). There is also a mechanism for affected parties to require a review of the measures ordered by the Court. The applicant must bring an action on the merits before the Court within 20 working days of the order being granted. If no action is brought in that timescale, the Court will revoke the measures to preserve evidence and compensation may be payable to the defendant for any damage suffered (*Article 60, UPC Agreement; Rule 197, Rules of Procedure*).

### Injunctions

Preliminary injunctions will be available and may be ordered against an alleged infringer (or an intermediary whose services are used by the alleged infringer) to (*Article 62, UPC Agreement*):

- Prevent any imminent infringement.
- Stop on a provisional basis (and subject to, where appropriate, the payment of a recurring penalty payment) the continuation of alleged infringement.
- Make the continuation of the alleged infringement subject to the lodging of guarantees, which are intended to ensure that the rights owner is compensated.

Without notice relief is available where any delay is likely to cause irreparable harm to the applicant or where there is a real risk of evidence being destroyed. Where provisional measures are ordered without the defendant being present, the same principles and safeguards apply as for evidence preservation and inspection orders (see above, *Search and preservation orders*) (*Article 60, UPC Agreement; Rule 212, Rules of Procedure*).

A preliminary injunction is a discretionary remedy. The Court will weigh up the interests of the parties and in particular the potential harm to either of the parties resulting from the grant or refusal of the injunction. The court may require the applicant to provide sufficient evidence:

- Proving that it is the rights owner and is entitled to bring proceedings.
- That the right is being infringed.
- That infringement is imminent.

The Court will also take into account any unreasonable delay in the applicant seeking provisional relief (*Rule 211, Rules of Procedure*).

The applicant must bring an action on the merits within a short period after the injunction is granted. If this is not done, the Court will revoke the order for preliminary relief (*Rule 213, Rules of Procedure*).

Crucially, the territorial scope of the Court's decisions cover, in the case of a European patent, the territory of those member states signed up to the UPC Agreement for which the European patent has effect. For a unitary patent, the preliminary injunction will apply across all contracting member states (*Article 34, UPC Agreement*).

### Other

Other measures (which are subject to the same safeguards and protections discussed above) include (*Article 62, UPC Agreement; Rule 211, Rules of Procedure*):

- The seizure or delivery up of products suspected to be infringing a patent.
- The precautionary seizure of an alleged infringer's property, including the blocking of bank accounts and other assets, where the applicant can show circumstances likely to endanger the recovery of damages.

In addition, the Court can order an interim award of costs (*Rule 211, Rules of Procedure*).

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### 33. Can a protective writ be filed by the defendant?

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A person concerned that proceedings for provisional measures may be brought against him may file a protective letter with the Registry indicating the relevant facts, including any disputed facts and why the application should be rejected. Provided this contains all the required information, the Registry will notify the judge(s) dealing with the preliminary relief application (if this has already been lodged) that a protective letter has been lodged. Where an application for preliminary relief is subsequently lodged, the Registrar will forward the letter to the appointed judge(s) together with the application and will also send a copy to the applicant (*Rule 207, Rules of Procedure of the Unified Patent Court* (Rules of Procedure)).

If a protective letter is filed, the Unified Patent Court will consider summoning the other party to an oral hearing when examining the application for preliminary relief (*Rule 209, Rules of Procedure*).

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### 34. What is the format/procedure of preliminary injunction proceedings?

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#### General

Under Rule 209 of the Rules of Procedure of the Unified Patent Court (Rules of Procedure), the Unified Patent Court (UPC) will have discretion on how an application for a preliminary injunction proceeds and may:

- Inform the defendant of the application and invite him to lodge an objection within a specific period.
- Summon the parties to an oral hearing.
- Summon the applicant to an oral hearing without the defendant being present.

In exercising its discretion, the UPC will take into account the following:

- Whether the patent has been upheld in an opposition procedure before the European Patent Office or has been subject to proceedings in any other court.
- The urgency of the action.
- Whether the applicant has requested action without hearing the defendant and whether reasons for doing so are well-founded.
- Any protective letter filed by the defendant (see *Question 33*).

An oral hearing, if called, will be held as soon as possible after the application has been received, will take place before a panel of judges and will be under the control of the presiding judge. The same rules regarding oral procedure apply. However, normal rules on evidence will not (*Rule 210, Rules of Procedure*).

If the defendant was not informed of the application and the relief was not granted, the applicant can withdraw the application and request for it to remain confidential (*Rule 209, Rules of Procedure*).

#### Level of proof

The Agreement on a Unified Patent Court (UPC Agreement) and the Rules of Procedure state that in addition to proving entitlement to bring a claim, an applicant may be required to provide reasonable evidence to satisfy the Court "with a sufficient degree of certainty" that (*Article 62, UPC Agreement; Rule 211, Rules of Procedure*):

- Its patent is valid.
- Its right is being infringed.
- Infringement is imminent.

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## Evidence

The Court may order the parties to provide further information, documents and other evidence before or during the hearing (*Rule 210, Rules of Procedure*).

## Patent validity

The Rules of Procedure provide that the defendant can lodge an objection to the application stating the reasons why it and (if the proceedings on the merits of the case have not yet been started) the subsequent action before the court should fail, together with the facts and the evidence relied on. There is nothing in the UPC Agreement or Rules of Procedure preventing a defendant from putting the validity of the patent in issue in the proceedings (*Rule 209, Rules of Procedure*).

## Length of proceedings

If the Court decides to summon parties to an oral hearing, it will be held as soon as possible after the date of receipt of the application and should complete within one day, unless the principle of proportionality dictates otherwise. The decision will be given as soon as possible after the conclusion of the oral hearing and may, if considered appropriate, be given orally to the parties at the end of the hearing before it is handed down in writing (*Rule 210, Rules of Procedure*).

In cases of extreme urgency, a single judge can decide immediately on the application and the procedure to be followed (*Rule 209, Rules of Procedure*).

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### 35. If a preliminary injunction is granted and the main infringement action is finally lost, can the defendant claim damages for the unjustified preliminary injunction?

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The Unified Patent Court (UPC) can require the applicant to provide adequate security (given by way of deposit or bank guarantee) to compensate the defendant for any injury likely to be caused to it in the event that the Court revokes the order for preliminary measures. In the absence of special circumstances, the UPC will order security if the preliminary relief was ordered without hearing the defendant (*Rule 211, Rules of Procedure of the Unified Patent Court*).

## FINAL REMEDIES

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### 36. What remedies are available against a patent infringer?

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#### Permanent injunction

Where the Unified Patent Court (UPC) makes a finding of infringement, it may grant a permanent injunction against the infringer and/or the intermediary whose services are used by a third party to infringe a patent. If the injunction is not complied with, the defendant will be required to pay a recurring penalty to the Court (*Article 63, Agreement on a Unified Patent Court (UPC Agreement)*).

An injunction in relation to a unitary patent applies across all contracting states. An injunction in relation to a European patent will apply in all countries where that European patent has effect, provided they are also a party to UPC Agreement (*Article 34, UPC Agreement*).

#### Monetary remedies

Damages will also be available. The UPC may order the infringer (who knowingly infringed a patent or had reasonable grounds to know it was doing so) to pay damages to the injured party appropriate to the harm suffered. Damages are non-punitive and should put the injured party in the position it would have been if no infringement had taken place.

The damages will be set by reference to either (*Article 68, UPC Agreement*):

- All appropriate aspects (including lost profits, unfair profits and moral prejudice caused).
- In appropriate cases, a lump sum based on elements such as at least the amount of royalties the infringer would have had to pay for authorisation.

If the infringement occurred unknowingly and the infringer had no reasonable grounds to know, the court may order recovery of profits or payment of compensation.

The determination of damages may be subject to separate proceedings and the successful party has one year to lodge an application for the determination of damages, which may include a request for an order to lay open books (*Rules 125 and 126, Rules of Procedure of the Unified Patent Court*).

#### Delivery up or destruction of infringing goods

The applicant may request that the Court orders the destruction of the infringing products and/or the materials and implements used in the creation and manufacture of them.

When considering such corrective measures (including those listed below), the Court will take into account the:

- Seriousness of the infringement and the remedies.
- Interests of third parties.
- Willingness of the infringer to convert materials into a non-infringing state.

The Court will order the infringer to carry out the order at its own expense unless there are particular reasons against doing so (*Article 64, UPC Agreement*).

#### Publication of the decision

The Court may order (at the request of the applicant and at the expense of the infringer) appropriate measures for the dissemination of the decision, including publishing it in public media (*Article 80, UPC Agreement*).

#### Recall order

The Court can order the recall and removal of the infringing products (*Article 64, UPC Agreement*).

#### Declaration of infringement and validity

The Court may make a declaration of infringement. The list of corrective measures does not include a declaration of validity. However, this list is not expressed to be exhaustive (*Article 64, UPC Agreement*).

#### Other

In addition, at the request of the applicant the Court may order that the product is deprived of its infringing property (*Article 64, UPC Agreement*).

## APPEAL PROCEDURE

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### 37. What avenues of appeal are available for a defeated party and under what conditions?

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If a party has been unsuccessful (in whole or in part), it may appeal to the Court of Appeal against the decision of the court of first instance within two months from the date of notification of the decision. A party can also appeal certain orders within 15 days of notification of the order to the applicant (*Article 73, Agreement on a Unified Patent Court (UPC Agreement)*).

The appeal will not have a suspensive effect unless the Court of Appeal decides otherwise. However, appeals against decisions on actions or counterclaims for revocation and actions of the European Patent Office in carrying its administrative functions will always have suspensive effect. An appeal against an order for preliminary relief

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will not stay the main proceedings, but the court will not give the decision in the main proceedings until the Court of Appeal has made its decision (*Article 74, UPC Agreement*).

## LITIGATION COSTS

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### 38. What level of cost should a party expect to incur to take a case through to a first instance decision, preliminary injunction proceedings and appeal proceedings?

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Attorneys' fees will vary according to the nature of the case, but agreement has been reached on the fees of the Unitary Patent Court (UPC) as well as the levels of recoverable costs.

Before the Court of First Instance, there is a fixed fee of EUR11,000 each for an infringement action, a counterclaim for infringement, and an action for declaration of infringement. This is combined with an additional value-based fee for actions with a value of over EUR500,000. These fees range from EUR2,500 for an action valued at over EUR750,000 to an additional fee of EUR325,000 for an action valued at more than EUR50 million. For a revocation action, a fixed fee of EUR20,000 is payable with no additional fee. The Rules on court fees and recoverable costs also lists fees for other types of applications (for example, an action for provisional measures) and fees for appeals and applications in the Court of Appeal.

Reductions in these fees will apply in certain circumstances. For example, small and micro-entities will benefit from a 40% reduction in court fees and further reimbursements will be available for using

a single judge or early withdrawal or settlement of a case. Legal aid will also be available for natural persons most in need.

The reasonable and proportionate costs and expenses incurred by the successful party, which would include the fees of the UPC and attorney costs, are generally recoverable from the other party, unless equity demands otherwise (*Article 69, UPC Agreement*). Under Rule 150 of the Rules of Procedure of the Unified Patent Court (18th draft of 19 October 2015), the costs incurred in the proceedings by the UPC and the costs of the successful party are recoverable costs (for example, costs for simultaneous interpretation, witnesses, court experts, experiments and UPC fees).

The Preparatory Committee has agreed a sliding scale of recoverable costs for legal representation based on the value of the dispute. There is a ceiling on recoverable costs of EUR38,000 for actions valued up to EUR250,000, rising to EUR2 million for actions valued at more than EUR50 million. In limited situations, such as where a case is particularly complex or involves the use of multiple languages which has an impact on the representation costs, the ceiling on recoverable costs may be raised, having taken into account the financial capability of all the parties. The Court also has the discretion to lower the ceiling for a paying party whose economic existence would be threatened (particularly if it is an SME, non-profit organisation, university or natural person).

The UPC has the power to order a party to bear any unnecessary costs it has caused the Court or another party. The Court also has the power to order an interim award of costs. A decision on costs may be the subject of separate proceedings (*Article 69, UPC Agreement*).

## ONLINE RESOURCES

### Website of the Unified Patent Court (UPC)

W [www.unified-patent-court.org](http://www.unified-patent-court.org)

**Description.** Official website maintained by the UPC.

### Status of Ratification of the UPC Agreement

W [www.consilium.europa.eu/en/documents-publications/agreements-conventions/agreement/?aid=2013001](http://www.consilium.europa.eu/en/documents-publications/agreements-conventions/agreement/?aid=2013001)

**Description.** Official web page maintained by the European Council that tracks the status of ratification of the UPC Agreement.

### European Patent Office page on the Unified Patent Court

W [www.epo.org/law-practice/unitary.html](http://www.epo.org/law-practice/unitary.html)

**Description.** Web page on the unitary patent and the Unified Patent Court maintained by the European Patent Office.

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## Practical Law Contributor profiles

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**Professional qualifications.** England and Wales, Solicitor; Bachelor of Law

**Areas of practice.** IP; patents; dispute resolution; licensing; IP in commercial agreements and transactions.

**Non-professional qualifications.** Bachelor of Science (Genetics and Biological Sciences), University of Sydney

#### Recent transactions

- Court and Court of Appeal litigation involving Smith & Nephew and ConvaTec concerning multiple patents and a range of other IP rights.
- Acting for a major international health care company in High Court proceedings and multi-jurisdictional patent litigation.

#### Professional associations/memberships

- Member of the IPAC Committee of the BioIndustry Association.
- Member of the Editorial Board of the Bio-Science Law Review.
- City of London Law Society – IP Committee.
- European Patent Reform Consultation Group.

#### Publications

- *The UPC: an important step closer* (PLC Magazine, June 2018).
- *The UPC: uncertainty ahead* (Slaughter and May, November 2017).
- *The EU Competition Rules on Intellectual Property Licensing* (Slaughter and May).
- *Intellectual Property Act 2014: Changes to Design and Patent Law* (PLC Magazine, July 2014).
- *The Unitary Patent: Central enforcement of patents in Europe* (PLC Magazine, 2013).
- *The Unitary Patent: A new patent and court system for Europe* (PLC Magazine, 2013).

**Professional qualifications.** England and Wales, Solicitor; IP Diploma, University of Bristol

**Areas of practice.** IP; monitoring and writing on new developments in intellectual property law including cross-border litigation; consulting and advising on the Unitary Patent and Unified Court System throughout its development.

**Non-professional qualifications.** BA (Hons) Music, Worcester College, Oxford University.

#### Publications

- *The UPC: an important step closer* (PLC Magazine, June 2018).
- *The UPC: uncertainty ahead* (Slaughter and May, November 2017).
- *The EU Competition Rules on Intellectual Property Licensing* (Slaughter and May).
- *Intellectual Property Act 2014: Changes to Design and Patent Law* (PLC Magazine, July 2014).
- *The Unitary Patent: Central enforcement of patents in Europe* (PLC Magazine, 2013).
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