

# A Run Through EU Patent Law

## The EU Patent and the Patent Courts Agreement

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The introduction of the unitary EU patent and the creation of the Unified Patent Court make up the biggest forthcoming change in the patent world. The idea is to simplify the process of obtaining and enforcing patents within the EU and to remove the possibility of inconsistent decisions of different national courts (as exemplified in the Improver litigation, in which the English and German courts came to different conclusions on infringement). These developments are described in an official publication, [An Enhanced European Patent System](#). Domestically, the [Intellectual Property Bill](#) will pave the way for the introduction of these changes.

Referring to these as EU developments is, however, not completely accurate. Because of problems relating to the languages in which the EU patent system will operate, Spain and Italy are not taking part, and Croatia joined the EU too late to participate at this stage. The two regulations mentioned below which form the foundation of the EU patent have been adopted under a so-called 'enhanced co-operation' procedure, which is a form of Doublespeak concealing the fact that the co-operation is in fact incomplete. As for the UPC agreement, Spain, Poland and Croatia have not yet signed the agreement.

### **The European Patent Having Unitary Effect**

The proposed EU patent is based on two instruments:

- Regulation (EU) No [1257/2012](#) of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection, and
- Council Regulation (EU) No [1260/2012](#) implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements.

It will remain possible to obtain national patents in Member States and to validate a European Patent in one or several Member States, but the EU patent will be an option for patent owners who need protection throughout all 25 countries.

The pre-grant phase will be exactly the same as in what is now being referred to as the classical European patent system. After that, the proprietor of a European patent will be able to file a request for unitary effect. If the formal requirements are met the European patent shall then benefit from unitary effect – uniform protection and equal effect – in all the participating Member States. At present, the holder of a European patent has to have it validated in each state where protection is required, and validation requirements vary – but often include a translation into the official language of the state where protection is requested, payment of a publication fee to the national patent office and compliance with various formal requirements relating in particular to the number of copies to be filed and the use of specific forms. Once the patent is validated the patent holder must pay renewal fees in every Member State where the patent is valid. There will be one renewal fee for a EU patent.

The European patent must have been granted with the same set of claims for all the participating

Member States, all 25 of which must be designated. The applicant will not be able to withdraw designations or limit claims for certain participating Member States, as to do so would prevent unitary effect. The request for unitary effect must be filed at the EPO in the language of proceedings within one month from the publication of the mention of the grant in the European Patent Bulletin.

There will be a transitional period of six to a maximum of twelve years during which the patent holder will have to file a translation of the patent specification into one additional language. If the patent is granted in German or French the translation shall be into English; if in English, the translation shall be into any other official language of the EU at the choice of the patent holder. These translations are for information purposes only and do not have any legal effect. After the transitional period no translations will be required.

## **The geographical extent of the UPP**

Unitary patent protection will eventually embrace all the EU Member States that are contracting parties to the EPC and have joined the enhanced cooperation in the area of the creation of unitary patent protection. It will cover the territories of those Contracting Member States that have ratified the UPC Agreement at the date of the registration of the unitary effect of the individual patent. This geographical extension will remain fixed for the individual patent, and will not be extended to those Contracting Member States that ratify the Agreement after the registration. European patents registered after all the Contracting Member States have ratified the UPC Agreement will enjoy unitary effect in all participating Member States (which does not include Spain, Italy and Croatia: Poland is participating in the UPP but has not signed the UPC Agreement).

The proprietor of an EU patent can choose to validate the patent as a classical European patent in Spain, Italy and Croatia and in those Contracting Member States that have not yet acceded to the UPC Agreement, so patent protection throughout the EU will be available with one request and a maximum of three additional national validations. It will remain possible to validate the same patent in the ten non-EU Contracting States of the European Patent Organisation. In the current European system the patent would have to go through individual validation processes in 38 Member States to gain the same level of protection, with the need to provide translations, pay publication fees and comply with various formal requirements.

## **Compensation for translation costs**

Regulation (EU) No 1260/2012 provides for a compensation scheme to reimburse translation costs up to a ceiling for patent applications filed at the EPO in one of the official languages of the Union that is not an official language of the EPO. Compensation will be available only for SMEs, natural persons, non-profit organisations, universities and public research organisations which have their residence or principal place of business within a Member State.

## **Renewal fees**

Only one annual renewal fee will have to be paid for a EU patent, to the European Patent Office. The level of the renewal fees will be decided according to the principles contained in the regulation (EU) 1257/2012 by the Select Committee established under the European Patent Convention by the participating Member States.

The renewal fees will be sufficient to cover all costs associated with the grant of the European patent and the administration of the unitary patent protection and ensure a balanced budget of the EPO. The level of the renewal fees will be set with the aim of facilitating innovation and fostering the competitiveness of European businesses. It will take into account the situation of specific entities such as small and medium-sized enterprises. The level of the renewal fees must also reflect the size of the market covered by the patent, the renewal rate of current European patents and the

number of requests for unitary effect. The fee level shall be similar to the level of the national renewal fees for an average European patent taking effect in the participating Member States at the time the level of the renewal fees is first set.

## ***The Unified Patent Court Agreement***

The [Unified Patent Court Agreement](#) was made in February 2013, shortly after the regulations relating to the EU patent were adopted. It commits the Contracting Member States to establishing a common Court with exclusive jurisdiction over future EU patents as well as for European patents validated in one or several of the EPC contracting states.

The Agreement will establish a unified patent jurisdiction covering all the Contracting Member States that have ratified the Agreement. The court will be common to the Contracting Member States and thus be part of their judicial system. The UPC will consist of a Court of First Instance, a Court of Appeal and a Registry.

The Agreement is open to any Member State of the European Union. So far, all European Union Member States except Spain, Poland and Croatia have signed it.

The UPC will, as a general rule, have exclusive competence over matters relating to ‘classical’ European patents, EU patents, SPCs relating to either of those flavours of European patent, and European patent applications (but not national patents and SPCs). It will also have competence over decisions of the EPO relating to the EU patent. Its rulings will have effect in all the Member States that have ratified the Agreement.

The Agreement envisages a court of first instance with several divisions, and a court of appeal. The EU’s Court of Justice will give preliminary rulings under Article 267 as it would for a national court.

## **The UPC Court of First Instance (UPC-CFI)**

The UPC-CFI will be a single court but will have several divisions. The Rules of Procedure will be common to all divisions. The panels will comprise judges from a variety of Member States. Appeals will lie from decisions of the UPC-CFI to the UPC Court of Appeal.

### ***The divisions***

The UPC-CFI will have a central division as well as local and regional divisions. The central division will be in Paris, with sections in London and Munich dealing with cases concerning specific classifications of patent: London will deal with human necessities, chemistry and metallurgy, and Munich with mechanical engineering, lighting, heating, weapons and blasting. This arrangement respects the need to spread EU institutions among the Member States, but does entrench the existing EPC language régime which has already proved contentious enough.

In a further concession to the need to keep all Member States happy, the Agreement provides that every Contracting Member State may request the UPC to establish up to four local divisions or (together with one or more other Contracting Member States) a regional division. Local divisions will therefore be likely to appear in what are referred to in the context of the UPC as ‘Big Countries’, while ‘Small Countries’ will have to get together to request regional divisions.

The proposed rules say that actions must be brought before the local or regional division where the infringement has occurred; or where the defendant has residence or place of business. The claimant may choose between the division of the place of infringement and the division of the residence or place of business of the infringer. If the alleged infringement has occurred in more than one, the choice is even wider, but if infringement proceedings are pending in a regional division and infringements have occurred in three or more regional divisions’ territories the defendant can insist

that the case be referred to the central division. (The drafting of the rules seems to mean that this does not apply in the case of local divisions, and because it omits any qualifying adjective like ‘alleged’ that it requires the defendant to admit the infringements., which makes it pointless to take the matter to any court!)

If the defendant has no residence or place of business in a Contracting Member State, the action may be brought in the division where the infringement took place or in the central division, which is also the place to go if the Contracting Member State in question has no division (local or regional) of its own.

The central division is also the forum for actions for revocation and declarations of non-infringement, and for actions concerning decisions of the EPO.

If an infringement action is started in a local or regional division, and there is a counterclaim for revocation, the division concerned may decide to hear it too, or it may hand the revocation action to the central division (bifurcation), or it may hand the whole case to the central division.

In the central division, the language of the proceedings will be that of the patent, while in local divisions it will be the official language of the host country and in regional divisions, the language chosen by the host countries. Contracting Member States may also permit one or more of the EPO languages instead of or as well as their own language in local or regional divisions, and there will also be circumstances in which the language of the patent can be used.

### ***The Court of Appeal***

The Court of Appeal will be situated in Luxembourg, as will the Registry. Its panels will be multinational, and it will conduct its cases in the language of the first instance proceedings.

Parties to litigation before the UPC ‘shall’ be represented by lawyers authorised to practice before a court of a Contracting Member State. Alternatively they may be represented by a European Patent Attorney who is entitled to practice before the EPO and who has appropriate qualifications such as a European Patent Litigation Certificate. The Agreement says that representation is not required in proceedings under Article 32(1)(i) (actions concerning decisions of the EPO), which indicates that litigants in person will not be at all welcome in the UPC.

### **Transitional provisions**

For classical but not unitary European Patents, there will be a transition period period of seven years – which may be increased, by as much as another seven years. Unless an action has already been brought before the UPC, during this period:

- Actions for infringement or revocation of classical EPs or SPCs may be brought in national courts; and
- New classical EPs may be ‘opted-out’ of the UPC by notice to the Registry. The owner may opt back in again at any time.

### **Judges**

There will be legally qualified judges and technically qualified judges, who will be nationals of a Contracting Member State. They must have the highest standards of competence, proven experience in the field of patent litigation and good command of at least one official language of the EPO.

Legally qualified judges must be qualified for appointment to judicial office in their respective Contracting Member State. Technically qualified judges must have a university degree and proven expertise in a field of technology, and must also know civil law and procedure relevant to patent litigation.

## **Mediation, arbitration and training**

A patent mediation and arbitration centre is to be set up with seats in Ljubljana and Lisbon. There will also be a training framework for judges, with facilities in Budapest.

## **Court fees**

There will be a fixed fee, plus a value-based fee above a predetermined ceiling. The amounts will be set by the Contracting Member States in the Administrative Committee of the UPC.

## **Choices**

Holders of EU patents will have no choice about whether to use the UPC, although they will still have plenty of choice between divisions. Holders of classical EPs will be able to make choices during the transitional period: so why should they go for the UPC, and why might they go to their national courts?

In many countries, the possibility of taking the case to a specialist patent court will be a novelty which they might well accept readily. In England, and other countries with well-established patent litigation systems, more thought will be necessary. Going to the UPC will reduce if not eliminate the possibility of parallel litigation, and will secure remedies that carry weight in 25 countries. Whether it will be cheaper and faster remains to be seen.

All the divisions will operate under the same rules of procedure, so the choice should be based on convenience and language. The [Preparatory Committee](#) and the Select Committee say in their booklet: 'In terms of efficiency, speed, quality of judgements and interpretation of law, no major differences are expected.' They would say that, wouldn't they?

## **Timescale**

The system will not start operating until four months after the 13th Member State (which must include France, Germany and the UK) has ratified: at the time of writing only two countries have ratified. The Preparatory Committee for the Unified Patent Court expects that the new system will go live in early 2015.