



Special Newsletter: September 2022 edition UPC and Unitary Patent

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Introduction

Since 2013, Preu Bohlig & Partner has been preparing clients and patent attorneys for the challenges of the new patent system under the UPCA by holding seminars and lectures, and through numerous publications. This special newsletter provides you with an overview of the most important regulations in the usual format of our newsletters.

Entry into force of the UPCA

The Unified Patent Court Agreement (UPCA) is now about to enter into force.

16 EU states have ratified the UPCA; only Germany's ratification is still missing for the UPCA to enter into force. Germany has laid the foundations for this: The Act Approving the UPCA and the Protocol on Provisional Application was passed by the Bundestag and the Bundesrat in autumn 2020, two constitutional complaints were rejected as inadmissible by the Federal Constitutional Court (Bundesverfassungsgericht), and corresponding emergency petitions against the execution of the Act Approving the UPCA (EPGÜ-ZustG) were rejected by decision of 23 June 2021. Accordingly, the German Federal President (Bundespräsident) executed the law in August 2021.

Protocol on provisional application

Before the UPCA enters into force, the court must be established as an institution in the context of its provisional application. The Protocol on Provisional Application of the UPCA creates the legal basis for this and thus initiates a so-called preparatory phase. The Contracting Member States have signed this Protocol which entered into force on 19 January 2022.

The preparatory phase is divided into several sections. First, the institutional bodies of the UPCA are appointed, in particular the Administrative Committee (Art. 12 UPCA), the Budget Committee (Art. 13 UPCA) and

the Advisory Committee (Art. 14 UPCA). The inaugural meeting of the Administrative Committee took place on 22 February 2022.

The Administrative Committee adopts the Rules of Procedure (incl. court fees), the Statute of the Court and the amount of and rules for legal aid. The Administrative Committee also establishes - at the request of the Contracting Member State - the local and regional divisions.

The Advisory Committee has the task of assisting the Administrative Committee in the appointment of judges. To this end, Art. 16 UPCA stipulates that the Advisory Committee shall draw up a list of the most suitable persons and that the Administrative Committee shall appoint the judges by consensus on the basis of this list. Interviews take place at the moment. It is expected that mainly patent judges known from the Member States will be appointed to the UPCA, probably on a part-time basis parallel to their existing judicial functions. The appointed judges will then elect the President of the Court of First Instance and the President of the Court of Appeal.

Furthermore, the IT system will be finalised and presented to the users in the provisional application phase.

Subsequently, in the context of the so-called "sunrise" period, there will be the option to declare an opt-out of an existing European patent at the Court Registry, with effect from the date of entry into force of the UPCA, R. 5.12 Rules of Procedure.

As soon as Germany has deposited its instrument of ratification, the countdown set out in Art. 89 UPCA begins. The start of the UPCA is set for the first day of the fourth month after the deposit of the thirteenth, i.e. the German instrument of ratification.

Start of the new system

As soon as Germany has deposited its ratification document, a so-called “early request” for unitary effect of Unitary Patents or a request for deferment of the decision on the grant of the patent can be filed with the EPO. At that time, the so-called sunrise period also begins, during which opt-out requests can already be filed with the Court Registry.

Abbreviations

UPCA =
Agreement on a Unified Patent Court

UPC =
Unified Patent Court

EP =
European Patent

Unitary Patent =
European Patent with unitary effect

R. =
Rules of Procedure of 8 July 2022, entered into force on
1 September, 2022

Unitary Patent Regulation =
Council Regulation (EU) No. 1257/2012 of the European
Parliament and of the Council of 17 December 2012 on
the implementation of enhanced cooperation in the
area of the creation of unitary patent protection

Patent Translation Regulation (PatÜbersVO) =
Council Regulation (EU) No 1260/2012 of
17 December 2012 on the implementation
of enhanced cooperation in the area of the
creation of unitary patent protection with regard to the
translation arrangements to be applied.

1. Basic structure of the European Patent Package - UPCA and EU Regulations

Legal foundations

The new European patent system is based on several legal foundations, which we would like to set out by way of introduction. The basic structure of the “patent package” is twofold and essentially consists of the Agreement on a Unified Patent Court (UPCA) of 19 February 2013 as an international treaty and EU Regulations 1257/12 and 1260 /12 as legislative acts of the European Union.

UPCA

The UPCA creates both a new court - the Unified Patent Court (UPC, German: EPG, French: JUB) - and substantive provisions of patent law. It is an international treaty between many Member States of the European Union, the so-called “Participating Member States”, which do not include Spain, Croatia and Poland, as they have not signed the treaty. The structure of an international treaty was chosen, among other things, to avoid the ECJ as the highest instance deciding on questions of patent law. The UPC does have to observe EU law in its decisions, and has the duty to submit questions to the ECJ in preliminary proceedings if necessary. However, unlike in trade mark law, where preliminary rulings concerning the interpretation of the EU Trade Mark Regulation and national trade mark law based on the Trade Mark Directive often occur, preliminary rulings will, due to the legal construction chosen, be limited to the interpretation of issues other than substantive patent law, such as EU antitrust law, EU fundamental rights or jurisdictional rules.

With the UPC, a civil court with decision-making competence for all participating member states is being created for the first time at European level. This is a novelty. In the case of other legal titles such as EU trade marks or Community designs, national courts have decided up to now. Now, a court independent of national states will make decisions with effect for the participating member states. The UPC has no

competence for European Patent Convention (EPC) contracting states that do not participate in the UPCA, i.e. non-EU states such as Switzerland, Turkey, Norway, Iceland and the United Kingdom, as well as the already mentioned EU states Spain, Croatia and Poland. For these countries, the conventional bundle patent remains in force.

The territorial decision-making competence of the UPC extends, in the case of Unitary Patents, to all member states participating in the UPCA at the time of registration of the unitary effect and, in the case of conventional European Patents (EP), to all member states in which the EP is in force.

Unitary Patent Regulation 1257/12

The second pillar of the new European patent system is Regulation 1257/2012, which creates a European patent with unitary effect (Unitary Patent). Complementary to this, Regulation 1260/2012 was adopted with translation arrangements for the Unitary Patent. Unlike the EU trade mark or the Community design, the Unitary Patent is not a legal title of the EU, but a special form of a European patent is created. On the basis of 142 et seq. EPC, the regulations establish an EP granted according to the rules of the EPC with uniform protective effect in all participating member states.

As a result, the conventional EP and the Unitary Patent differ only in a few points. They are subject to the same rules on grant procedure and opposition procedure based on the EPC, the same rules on infringement procedure, in particular substantive patent law based on the UPCA and the EPC, and finally the same rules on enforcement under the UPCA. Differences only arise due to the nature of the Unitary Patent. Thus, Unitary Patents can only be requested for patents granted after the UPCA entered into force. Post-grant translation arrangements are specifically treated in Regulation 1260/2012. Annual post-grant renewal fees vary due to the different territories of protection, and the territorial

scope of a UPCA judgement is ultimately determined by the protected territory.

The EU Regulations set the following requirements for the unitary effect of an EP:

- Identical patent claims in all participating member states;
- Written request to the EPO within one month after grant of the patent, with a possibility of re-establishment of rights within two-months (Rule 22 of the Rules relating to Unitary Patent Protection / UPP Rules) and a time limit for correction of an incorrect filing after notification by the EPO (Rule 7(3) UPP Rules);
- For a transitional period of at least 6 years, the request must be filed with a translation, either into English if the language of grant is German or French, or into any official EU language if the language of grant is English.

The legal consequence of the unitary effect is protection in all member states participating in the UPCA. It must be taken into account that it is still an EP that can be validated as a bundle patent outside this IP territory, for example in the non-EU states (United Kingdom, Switzerland, Norway, Turkey, etc.) or in those states that have not signed or not (yet) ratified the UPCA. It should also be emphasised that the uniform legal effect only applies in all member states participating in the UPCA at the time of registration. Thus, if individual participating member states have not yet ratified the UPCA, there is no uniform effect and it is not subsequently extended when they ratify. Therefore, depending on the status of the ratification process, there may be territorial fragmentation with regard to territorial protection. The EPO notes in the register for which participating member states a Unitary Patent has effect in each case.

Since the bundle patent is divided into national parts, there was no need for special regulations for the EP as a right, i.e. as an object of legal transactions (transfer, licensing, or similar). For the Unitary Patent, which has

uniform effect in several participating member states, a provision had to be found in this respect. Art. 7 of Regulation 1257/12 provides that, in principle, the law of the first applicant's seat is decisive if he has his seat in one of the participating member states. Otherwise, German law is applicable. If there is more than one applicant, the law of the first applicant's seat applies, otherwise the law of the second applicant's seat applies, etc., if only the second applicant has a seat in one of the participating Member States. The order of the applicants is therefore of importance for the question of the applicable law. It should be examined and clarified at an early stage. It is envisaged that the order of applicants may still be changed with regard to this provision for European applications. The provision in Art. 7 of Regulation 1257/12 is a static reference. It will not change by the transfer of ownership, but applies as it is determined at the time of the entry into force of the unitary effect.

System includes existing and future EP

The new European patent system is not limited to the creation of the UPC as a unified court and to the Unitary Patent. The UPCA also applies to existing bundle patents which, after grant, break down into national parts, i.e. all EPs with filing dates from the end of 2002 or the beginning of 2003 which are still in force. Bundle patents will be governed by the new, unitary substantive patent law, a unitary legal procedure before the UPC (subject to the transitional period) with unitary procedural law and a broad territorial scope of the UPC's decisions. One can therefore also speak of a "metamorphosis" of the bundle patents into a small Unitary Patent.

The sources of law applicable before the UPC for the bundle patent and the Unitary Patent are exhaustively stipulated in Art. 24 UPCA. EU law takes precedence over the special treaties UPCA and EPC, and other international treaties of the member states or national law are applicable for matters not regulated therein. Thus, as mentioned, the same substantive patent law applies to Unitary Patents and the bundle patents - and, according to the probably correct but

controversial view, also to EPs for which an opt-out has been declared. For the determination of the scope of protection and grounds for invalidity, reference is made in particular to Art. 69, 138 and 139 EPC, and Art. 25 to 28 UPCA apply to the rights deriving from the patent and their limits, which are modelled on Art. 9 et seq. Patent Act. Exhaustion under patent law is regulated for Unitary Patents in Art. 6 of Regulation 1257/12 and for EPs in Art. 29 UPCA; however, there is no difference in substance.



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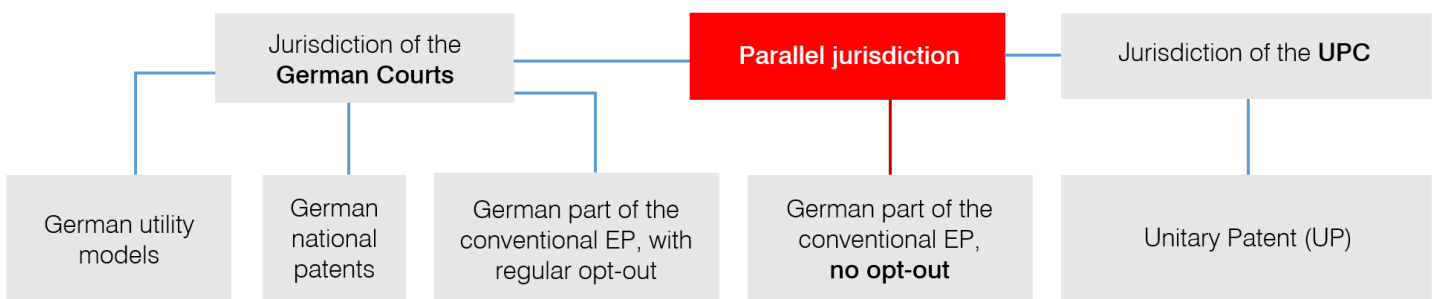
2. The Unified Patent Court - Competence and Jurisdiction

Unified Patent Court (UPC) or national courts

The first question is whether the UPC or a national court has jurisdiction over an infringement action. This depends primarily on the type of patent asserted against an infringer. European patents (EP) with unitary effect (Unitary Patent) always fall under the exclusive jurisdiction of the UPC (Art. (3) (a) UPCA). National courts have no jurisdiction over this type of patent. German (i.e. national) patents or German utility models, on the other hand, fall under the exclusive jurisdiction of the German courts. Thus, the choice of the type of IP right sets the course as to whether an action can be brought nationally or at the European level.

Conventional EPs offer a complex range of enforcement options. This is due to the seven-year transitional provision of Art. 83 EPC. During this transitional period, which can be extended by seven years, it will be possible to bring an action and enforce conventional EPs also before national courts (Art. 83 (1) UPCA). Unlike the Unitary Patent, the jurisdiction of the UPC is therefore not exclusive during the transitional period.

Patent proprietors, who wish to avoid their traditional EPs becoming the subject of an invalidity action or a negative declaratory action before the UPC, can actively opt out of the UPC's jurisdiction. We will explain details of the opt-out in the following chapter.



Jurisdictional issues

The question of how legal matters are allocated is fundamental to jurisdiction

- (a) between the divisions of the UPC (internal allocation of jurisdiction);
- (b) between the UPC and national courts of the member states of the UPCA;
- (c) and between the UPC and courts of the EU that do not fall within the scope of the UPCA, such as Croatia, Poland and Spain; and
- (d) between the UPC and courts in non-EU states.

Division of jurisdiction between the UPC and national courts

The Brussels Ia Regulation and the Lugano Convention provide the general framework that governs international jurisdiction. Both sets of rules apply to the UPC (Art. 31 UPCA).

The UPC is a court with subject-matter jurisdiction limited to certain types of actions listed in Art. 32 (1) UPCA. These are actions based on European patents (EP) and directed, for example, at patent infringements that have already occurred or are merely threatened. They also include actions for a declaration of non-infringement, actions for the invalidation of an EP or Unitary Patents, and actions for injunctive relief and damages. The UPC has exclusive jurisdiction for these actions, subject to special provisions concerning conventional EPs during the seven-year transitional period. In other words, the “subject-matters” listed in Art. 32 (1) UPCA are assigned to the UPC and withdrawn from the national courts. Matters outside this substantive area must be brought before the national courts and can only be decided there (Art. 32 (2) UPCA).

In the Brussels Ia Regulation (also called the European Convention on Jurisdiction and the Enforcement of Judgements (EuGVVO), Regulation 1215/2012, amended by Regulation (EU) No 542/2014), the UPC is treated like any court belonging to the legal system of an EU state. The UPC is thus on the same level as a national court in the EU. According to Art. 71 b (1) EuGVVO, the UPC has jurisdiction if the courts of the EU would otherwise have jurisdiction in a matter subject to the UPCA. The provisions of the EuGVVO lead, inter alia, to the following consequences which are important for patent infringement actions:

- The UPC cannot revoke the national part of a conventional EP that is in force in a non-UPCA State, such as Spain. This follows from Art. 24 (4) EuGVVO, according to which courts of an EU Member State have exclusive jurisdiction over proceedings concerning the registration or validity of an EP granted for that Member State. A revocation action before the UPC directed against a traditional EP can in principle cover all national parts of the EP. However, this does not apply to those national parts that are in force in non-UPCA States. A conventional EP that is in force in Germany, France, Italy, the UK and Spain, for example, can be revoked by the UPC for Germany, France and Italy. However, revocation for the UK and Spain is not possible.

- A person domiciled in the territory of an EU Member State may be sued in another Member State for tort or an act equivalent to tort in the courts for the place where the harmful event occurred or is likely to occur (Art. 7 (2) of the Brussels Ia Regulation). The forum of tort plays a prominent role in patent infringement disputes. Thanks to the transnational scope of the UPC, its international jurisdiction under the EuGVVO already applies if an infringement of the conventional EP already takes place in a UPCA State. Depending on this, the next step is to examine to which division of the UPC the legal matter can be assigned (see below).

- In addition to the forum of the tort, jurisdiction may be established at the defendant's residence or place of business (Art. 4 (1) EuGVVO). According to this, the international jurisdiction of the UPC is established as soon as the defendant maintains a domicile in a UPCA State. According to Art. 8 EuGVVO, several persons may be sued together before the court of the place where one of the defendants is domiciled, provided that the actions are so closely connected that it is expedient to hear and rule them together to avoid the risk of conflicting judgements resulting from separate proceedings. This extension allows for the inclusion of defendants who are not domiciled in a UPCA State.

Competences within the UPC

Art. 33 UPCA stipulates the internal division of jurisdiction, i.e. how legal matters are distributed within the UPC. Although the divisions of the UPC are scattered over many EU states, they nevertheless belong to the same court, namely the UPC. Thus, according to Art. 71 (1) EuGVVO, the UPCA applies to the internal division of jurisdiction, and not the jurisdiction rules of the EuGVVO.

According to Art. 33 (1) (b) UPCA, the central division of the UPC is competent for patent infringement cases against defendants domiciled outside a Contracting Member State. Similarly, the central division of the UPC is competent for a case if the infringement takes place in a state without a local division.

Jurisdiction in tort *("actual or threatened infringement")*

The competence of a local division may arise in tort, provided that the tort is established in the UPCA State in which the local division is located. If several local divisions have been established in the UPCA State where the tort is established, as is the case in Germany, the patent proprietor has the option

of choosing, which is not subject to any further requirements; the only requirement is that a tort must be established somewhere in Germany. The jurisdiction of a local division may arise in tort, provided that the tort is established in the UPCA State in which the local division is located. If several local chambers have been established in the UPCA State of the tort, as is the case in Germany, the patent proprietor has the option of choosing which is not subject to any further requirements; the only requirement is that a tort must be established somewhere in Germany.

The option goes beyond this if the tortious act extends to several UPCA States with local divisions or to the jurisdiction of regional divisions. In such a case, the rights holder can choose between divisions of different UPCA States or regional divisions. This option to choose corresponds to traditional forum shopping, but related to divisions of the same court. There may be differences between the divisions of the UPCA, which is why the choice of a particular division may well represent a strategic advantage. The jurisdiction of a regional division can also be based on tort. This requires that the tortious act was committed in at least one UPCA State belonging to the regional group for which the regional division was established.

According to Art. 33 UPCA, a tort is an "actual or threatened infringement" of the patent in suit. An actual infringement exists if at least one of the acts of infringement defined in Art. 25 and 26 UPCA can be established. This depends on the type of protected teaching. In the case of a product patent (Art. 25a UPCA), the establishment of an infringing offer is sufficient. For example, an offer published on the internet may have been initiated at any location (worldwide), which is intended for potential offerees in the jurisdiction of one or more divisions, and is retrievable there.

Residence or principal place of business of the defendant

According to Art. 33 UPCA, the jurisdiction of a division can also be based on the residence of the defendant or on its principal place of business. The principal place of business is the place of business in the strict sense, i.e. the place where the defendant has its registered office and maintains its central administration. According to Art. 33 UPCA, instead of a principal place of business, a “place of business” in the broader sense is sufficient for establishing jurisdiction. This extends the scope of application of this jurisdiction provision. Ordinary, and probably also temporary, establishments are covered, such as an exhibition stand at a trade fair.

Finally, several defendants can be sued together at the residence or place of business of a defendant if there is a business relationship between them and the action is directed at the same alleged infringement. If the defendants who are to be jointly sued only have a residence or place of business in the EU, but none in a UPCA State (e.g. Spain), Art. 8 EuGVO must also be taken into account (see above).

Defendants without a residence or place of business in a UPCA State.

If the defendant does not have a residence or place of business in a UPCA State, there is first the option of deriving the jurisdiction of a local or regional division from a tort. In addition, the rights holder can directly seise the central division under Art. 33 (1). Insofar as the provision provides for an assignment of jurisdiction to the central division, explicit reference is made to its subparagraph (1) (a), which requires a tort. Accordingly, for the case to be assigned to the central division, there must be at least a threat of a tort. Since the UPC is considered equivalent to a national court under the Brussels Ia Regulation, and as long as an at least imminent tort can be established within its territorial scope, the assignment of jurisdiction to the central division under Art. 33 UPCA is an internal assignment within a court, Art. 71 (1) EuGVO.

UPCA States without divisions

If a UPCA State, in which either a tort is established (Art. 33 (1) (a) UPCA) or a residence or place of business of the defendant exists (Art. 33 (1) (b) UPCA), does not have a division or if that UPCA State does not belong to a region with a regional division, the plaintiff may bring an action before the central division.

Three-region clause

The so-called “three-region clause” is a special provision of the UPCA concerning widespread torts. If acts of infringement occur in the territories of at least three regional divisions, the defendant may request that the regional division hearing the case refer the case to the central division. The purpose of this provision is to ensure that disputes concerning commercially important patents are heard by the central division and not by a less experienced regional division. However, at present it looks like only one regional division will be formed (Sweden, Estonia, Latvia, Lithuania), so this provision will not apply.

Conflicts in relation to traditional EPs without opt-out

The UPCA provides for exclusive jurisdiction of the UPC for the cases listed in Art. 32 (1) UPCA. For conventional EPs (without opt-out), however, a special situation exists during the transitional period. For these patents, concurrent jurisdiction between the UPC and national courts applies according to Art. 83 (1) UPCA. An infringement or revocation action could therefore be brought before a national court as well as before the UPC. This leads to conflicts of jurisdiction. The patent proprietor can only avoid this competing jurisdiction between the UPC on the one hand and the national courts on the other by duly opting out. This removes the patent from the jurisdiction of the UPC altogether. However, there is no option to withdraw an existing EP from the concurrent jurisdiction of the national courts.

To resolve the conflict in relation to traditional EPs without opt-out between the UPC and national courts

during the transitional period, recourse must be had to the Brussels Ia Regulation. To this end, Art. 71 (2) EuGVVO provides as follows:

” Articles 29 to 32 shall apply if, during the transitional period, the Unified Patent Court and a court of a Member State which is a party to the UPC Agreement are seized pursuant to Article 83 of the UPC Agreement.”

The basic rule of the EuGVVO is that the conflict between courts should be resolved in favour of the court first seized. Thus, if another court is seized of the same matter at a later stage, the court first seized will prevail. If a traditional EP without opt-out is brought before the UPC, whereupon another action based on the same patent is filed before a national court of a UPCA State, there is a conflict. If both actions concern “the same claim” and “the same parties”, the court seized later will stay its proceedings ex officio until jurisdiction is finally determined by the court first seized, Art. 29 (1) EuGVVO. A matter concerns the “same claim” if the same patent is invoked against the same product or process.

Jurisdictional gaps between the UPC and national courts in non-UPCA States unfortunately continue to create scope for strategic manoeuvring through “torpedo” actions. The tactic in such a manoeuvre is to file a declaratory action in a slow-moving country in order to prevent fast-moving courts from hearing the infringement dispute. It is possible, for example, to file a declaratory action on the basis of a traditional EP (without opt-out) in a national court of a non-UPCA State (such as Spain). This could block a later UPC action on the same patent. I.e. a negative declaratory action for non-infringement filed in a Spanish court between the same parties in relation to the German, French and UK parts of a conventional EP blocks a corresponding infringement action before the UPC. The UPC would have to stay proceedings in respect of those parts of the EP that are already the subject of proceedings before the Spanish court. The same applies to a court of a Lugano Convention State (such as Switzerland), and an infringement action subsequently filed before

the UPC. However, this option is weakened by the fact that, as a rule, summary measures against the infringer remain possible, Art. 35 EuGVVO.

It will take time for the jurisprudence of the UPC and the ECJ to clarify all questions of the interplay of jurisdictions between the UPC and national courts. Many aspects related to Art. 71 et seq. EuGVVO are still unresolved. These include the scope of the barring effect of a Court of First Instance. It is conceivable that the infringement action brought first does not cover all national parts of the EP. National parts of the EP that are not covered by the infringement action and are not brought before the court first seized obviously do not constitute “the same claim” under Art. 29(1) EuGVVO. These parts could therefore be the subject of a UPC action.

A similar problem may arise when a revocation action against a traditional EP is brought before a national court. According to Art. 24 (4) EuGVVO, this court has jurisdiction only over the national part of the EP that has been validated and is in force in the State of this court. The barring effect of such a revocation action for a subsequent action before the UPC is limited to this part of the EP. The UPC is therefore in principle not prevented from taking a decision with reference to other UPCA States, in particular to rule on the invalidity of those parts of the EP which are not the subject of the national court first seized. In this case, Art. 30 EuGVVO could lead to a different result. The provision allows for the stay of proceedings in cases where “related actions” are pending. Proceedings where there is a risk of conflicting decisions may constitute “related actions” under this provision (ECJ - Case C 144/86, Gubisch Maschinenfabrik v. Palumbo). The question is still unresolved as to whether the EP's reference to the same granting authority is sufficient for this.

Location of assets

For damages claims, Art. 71 (b) (3) EuGVVO provides for a - highly unusual - extension of the UPC's jurisdiction to EPC Member States, which are non-EU States (e.g. the UK or Turkey). Accordingly, a plaintiff

is given a forum for claims for damages arising from acts of infringement committed outside the territory of the EU. Due to the Lugano Convention, this extension of the UPC's jurisdiction does not apply to Switzerland, but it does apply to the UK since Brexit. It requires that the defendant has also infringed the EP in other UPCA States and caused damage there. It therefore requires primary jurisdiction of the UPC against the defendant resulting from the infringement of the EP committed in UPCA States of the Union. Actions for damages from infringement committed in Turkey or the UK further require that the defendant has assets in a UPCA State with which at least part of the damages could be paid, and that there is a sufficient connection between the action and the UPCA State where the assets are located. A sufficient connection could already be established if the plaintiff is resident in the State of location or if the defendant has committed an infringement of the asserted patent there.

Revocation actions

Isolated revocation actions must be filed with the central division of the UPC, Art. 33 (4) UPCA. The central division of the UPC has its seat in Paris, with a branch office in Munich. Originally, a branch of the central division in London was also envisaged. However, after Brexit the United Kingdom is no longer part of the new system.

The revocation action can also be brought before a local or regional division of the Court of First Instance if the parties have reached an agreement on this. For example, a licence agreement may provide that future disputes are to be heard before a specific division of the UPC. This then also applies to the question of validity.

Even stand-alone actions for invalidity of patents are not independent of parallel actions involving the same patent. If an infringement action concerning the same patent and between the same parties is already pending before a local or regional division, the action for invalidity of the patent must be filed before that

division. Hence, the defendant in an infringement action cannot pursue an action for invalidity of the patent in separate proceedings.

The patent proprietor or rights holder has the choice where to bring the infringement action. According to Art. 33(5) UPCA, an action for invalidity of a patent may be brought before any competent division, even after a separate action for invalidity of patents between the same parties and in respect of the same patent has been brought before the central division. It is then at the discretion of the division hearing the infringement action to decide whether to hear both the infringement and the action for invalidity of the patent, whether to separate the proceedings and pursue only the infringement action or whether to refer the infringement action to the central division. This decision is taken after hearing the parties. In exercising its discretion, the division hearing the infringement action takes into account the stage reached in the action for invalidity of the patent.



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3. Transitional law and Opting Out of the jurisdiction of the UPCA

Duration

The transitional law under Art. 83 UPCA governs the relationship between the national patent courts and the UPC for a minimum period of 7 years, maximum 14 years. It only applies to EPs without unitary effect, the Unitary Patent always falls under the jurisdiction of the UPC. In principle, all existing and future EPs as well as EP applications will be subject to this new legal and judicial system when the UPCA comes into force, i.e. also those that were filed a long time ago but are still validated (filing date from around 2003, depending on the start date of the UPCA). During the transitional period, however, it is possible to take EPs out of the system (opt-out).

Parallel jurisdiction of UPC and national courts

Art. 83 (1) UPCA provides that during the transitional period the existing national courts will continue to have jurisdiction over EPs, i.e. they in parallel to the jurisdiction of the UPCA. However, the jurisdiction of the national courts is limited to the extent it exists today. For Germany, the Federal Patent Court (Bundespatentgericht) remains competent for the German part of the EP, but has no jurisdiction for other national parts of the EP. The UPC, on the other hand, is competent for all parts of the bundle patent of the Contracting Member States that have signed and ratified the UPCA.

The concurrent jurisdiction between the UPC and national courts requires a rule in case of a positive conflict of jurisdiction. For this purpose, Articles 71a to 71d were inserted into the current Brussels I recast Regulation (Regulation 1215/2012) as amended by Regulation 542/2014. These state that in the case of the UPC and a national court having jurisdiction, Art. 29 et seq. Brussels I recast Regulation shall apply. Roughly speaking, the court first seized has jurisdiction within the scope of its own competence and the court seized subsequently does not have jurisdiction if the subject matter of the dispute is the same.

The ECJ's definition of the subject matter of the dispute applies: A negative declaratory action (i.e. an action for a declaration of non-infringement of a patent) and a positive action for performance (action for injunction, rendering account, etc.) have the same subject-matter. However, infringement actions on the one hand and revocation actions on the other hand have different matters in dispute. An infringement action before the UPC therefore does not bar the jurisdiction of, for example, the Federal Patent Court. It is questionable whether this is not too German a view, based on the customary bifurcation. For one could of course argue that with an infringement action before the UPC the "validity of the patent" is immanently the subject matter of the dispute, or that due to the possibility of a revocation counterclaim in the context of the same legal dispute, national courts of law are already barred as of the pendency of the infringement actions. Since this is a matter of the assignment of jurisdiction under the Brussels I recast Regulation, these questions will ultimately have to be answered by the ECJ.









Infringement of a bundle patent in the individual Contracting States also constitutes a different subject matter of dispute. Accordingly, an infringement action before a national court based on the national part of an EP bundle patent does not bar the jurisdiction of the UPC on the question of infringement of the other national parts of the bundle patent.

Opt-Out

In addition to concurrent jurisdiction, the transitional law provides for the so-called opt-out (Art. 83 (3) UPCA) and opt-in (Art. 83 (4) UPCA) from the jurisdiction of the UPC. The provisions are difficult to understand on their own and make it difficult for the patent proprietor to make a decision, because every decision - even just waiting - has consequences and may lead to the loss of attractive litigation opportunities.

Opt-out and opt-in do not stand side by side as equivalent decision-making options. Rather, opt-in is merely the withdrawal of a previously registered opt-out. It should therefore better be called “opt-back-in”. The declaration of the opt-out means that the UPC is not responsible for that EP. Thus, the competences that we know today remain, and in particular a distribution of the competences for one and the same bundle patent among courts of many countries. The withdrawal of the Opt-out leads back to the initial situation, i.e. the concurrent jurisdiction between UPC and national courts under Art. 83 (1) UPCA. It is not possible to opt out of the jurisdiction of the national courts during the transitional period, i.e. to declare the UPC to have exclusive jurisdiction:

Systematics of the transitional period

	Unified Patent Court	National courts
Parallel Jurisdiction		
Opt-Out		
Opt-In		
<u>Not available</u>		

Opt-out and opt-in are not available as an unrestricted choice. Rather, bringing an action before the UPC blocks the options of declaring an opt-out later. Once the UPC has dealt with the EP in question, even if only in the context of summary proceedings, proceedings for the preservation of evidence or because of an action for a declaration of non-infringement filed by a potential infringer, an opt-out is no longer possible, not even after the conclusion of such proceedings before the UPC. Both the UPC and national courts then continue to have parallel jurisdiction. Conversely, if an opt-out has been declared and a national action is subsequently filed, the way back to the UPC is blocked. The existing national courts then continue to have sole jurisdiction, even after the conclusion of the national proceedings. It is to be expected that potential defendants will take advantage

of this system and, depending on the decision of the patent proprietor, try to file very favourable actions in smaller Contracting Member States in order to block the option of returning to the UPC.

Application of the UPCA before national courts?

It is unclear which national law - the national patent laws or the UPCA - is to be applied by the national courts once the UPCA has entered into force. As an international treaty, the UPCA becomes applicable national law after entry into force in all countries that have ratified the UPCA, and it thus has effect (inter alia) for all existing and future EPs. On the other hand, since a joint statement was released in January 2014, the Preparatory Committee has taken the position that national courts have to apply the previous national laws and that the UPCA remains excluded. This view is shared by the German legislator in its explanatory memorandum to the amendment of the Law on International Patent Conventions (IntPatÜbkG). However, the separation of the laws applicable to one and the same EP would lead to very unsatisfactory results. For example, there are substantive differences between the UPCA and the current German patent law. For example, such a difference arises from the requirements for indirect patent infringement, since the double domestic nexus under Sec. 10 Patent Act refers to Germany, whereas under Art. 26 (1) UPCA it refers to all participating Member States in which the patent is in force. According to Art. 72 UPCA, claims for monetary compensation become statute-barred within five years, in Germany, as a rule, after ten years. The content of the exclusive right cannot depend on the choice of court. It is true that Art. 83 UPCA continues to open up the option of bringing actions before the currently competent national courts. Art. 83 UPCA deals with jurisdictions. The applicable law is not regulated there, which suggests a separate applicability. The above-mentioned aspects therefore suggest that national courts should apply the UPCA during the transitional period.

Declaration of Opt-out

The opt-out must be declared to the Court Registry online via the electronic court system. It can only be declared for all parts of the bundle patent. It is therefore not possible to exclude individual national parts from the jurisdiction of the UPC. All proprietors of the EP must declare the opt-out jointly. This does not only apply to the classical co-ownership, but also to the case where the ownership of national parts of the EP is divided. The opt-out must be declared by the actual patent holder, the patent holder entered in the register is irrelevant.

The Court Registry does not examine whether the actual conditions for the effectiveness of the opt-out are met. Incorrect or incomplete opt-out declarations can be corrected or supplemented with ex nunc effect, but only if no action has been brought before the UPC in the meantime. Opt-out declarations should therefore be carefully prepared; in particular, care should be taken to ensure that, in the case of patents held by legal entities, the opt-out is declared by persons authorised to represent the entity and that this is documented.

Lawyers and patent attorneys can be authorised by their clients to file the opt-out. Patent attorneys do not need a European Patent Litigation Certificate for this.

Strategy

Strategic considerations for declaring an opt-out should be based on the concrete competitive situation; general solutions are not advisable. The argument in favour of an opt-out is that not all national parts of the EP can be destroyed in a single action. An argument against an opt-out is the loss of the ability to react to infringement acts in a way that is appropriate to the situation. The preparatory work on the UPC, and in particular on the

rules of procedure and the cost structure, allow an optimistic view of the UPC. There is therefore little to be said for declaring an opt-out purely out of caution against the uncertainties of a new legal and court system.



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4. Strategy for patent users

Before the UPCA enters into force, a number of fundamental questions and strategic considerations arise for users of the patent system. This concerns, above all, future filing, the declaration of the Opt-out, European patents and applications involving several parties, as well as patent disputes that are in the offing or already underway. Especially during the period of provisional applicability, which started on 19 January 2022, the necessary decisions should be prepared. The strategic considerations to be made for these decisions are presented in this and the following chapter.

Strategic options

The new European patent system with the Unitary Patent as a new IP right as well as the new court system inevitably leads to the questions as to whether previous filing practices should be adapted. The fundamental basis for strategic considerations continues to be the assessment of the respective markets, i.e. where the customers, manufacturers, competitors, licensees, etc. are located and where patent protection is therefore necessary. However, the territorial coverage necessary on this basis may require a new application strategy in view of the possible extension of the new patent system.

The patent application sets the course for the jurisdiction of either the UPC or the national courts, at least at the end of the priority year. This is because the Unified Patent Court will never have jurisdiction over national patents and utility models. This path can therefore be followed by taking refuge in the national systems by reverting to national IP rights in the future.

For the UPC, users now have the Unitary Patent at their disposal, for which the UPC always has exclusive jurisdiction. Another option could be to keep filing European Patent applications with a decision to Opt-out or without a conscious choice for the UPC or the national courts (because in case of inaction,

concurrent jurisdiction between the UPC and the national courts will apply for a transitional period of at least 7 years).

In view of the still unknown new court system, we believe that it would be appropriate to create fall-back positions for a certain period of time. These can be parallel national rights in the form of utility models filed separately or branched off from EP applications. National German patents, which often serve as priority applications anyway, are also interesting. These could be continued in view of the abolition of the prohibition of double protection for Unitary Patents and European Patents for which no Opt-out has been declared.

The prohibition of double protection is also abandoned in France, and there is no prohibition of double protection in Austria, Denmark, Finland, Portugal and Sweden). This would in any case make IP rights available in both court systems for a transitional period, during which the new system can be tested. Another possibility is to file divisional EP applications, for which the unitary effect would then be requested, for example after grant, and an Opt-out would be declared for the EP of the divisional application, in order to create the possibility of enforcing the IP rights in both court systems in this way.

European Patents

European Patents (EPs) are subject to the UPCA without exception. This also applies to all existing EPs and even to expired patents, provided they can still entail legal consequences, e.g. claims for damages exist.

EPs automatically become subject to the new court system; no action by the patent proprietor is required. This is because Art. 83 (1) creates concurrent jurisdiction between the national patent courts and the UPC for actions arising from European Patents. Only those who wish to exclude the jurisdiction of the UPC

for European Patents under transitional law (Unitary Patents are always subject to the UPC) must take active action by declaring an Opt-out before the Court Registry, Art. 83 (3) UPCA.

Thus, the strategic options for action with regard to existing EPs are limited on the one hand to the Opt-out, with possible withdrawal of the Opt-out (Opt-in, Art. 83 (4) UPCA), and on the other hand to the question of before which court an action should be filed.

What speaks for and what speaks against an Opt-out?

There is no general answer to this question. However, it must be clarified that the Opt-out, and also later the Opt-in, are not completely in the hands of the patent proprietor, but can be thwarted by third parties:

- An Opt-out can only be declared as long as no one - not even a third party - has filed an action before the UPC concerning the specific EP. There is therefore a risk that, if the Opt-out is not filed in time, a revocation action or a negative declaratory action initiated by a third party will create a *lis pendens* at the UPC and no Opt-out can then be declared for the EP. The only remaining option is to bring an action before the national courts under Art. 83 (1) UPCA, which can be disadvantageous if, for example, a patent infringement has to be prosecuted in several states or the national proceedings take a very long time.

Those who make the strategic decision in favour of opting out should therefore already make this declaration in a legally binding manner during the phase of provisional applicability of the UPCA. In particular, it will probably be important for EP proprietors, for whom the German principle of bifurcation is convenient, to prevent a quick and inexpensive revocation action before the UPC from all too quickly destroying the dream of a provisional enforcement of a first-instance infringement judgement

granting relief. An Opt-out is also an option if the EP is “on shaky ground”, in order to prevent a central attack on validity and to keep the costs of destroying all national parts high.

- The situation for the patent proprietor who has declared an Opt-out must be considered in detail. It is true that he can withdraw the Opt-out and then file an action before the UPC. However, this only applies as long as no one - including a third party - has filed an action before a national court. Such actions, including revocation actions or negative declaratory relief, can be very cost-effective because court fees are not incurred in every participating Member State. Even if such an action by a third party ends quickly, for example by withdrawal of the action, the Opt-out cannot be reversed afterwards.

So there is a danger here for the patent holder. For an action before the UPC has undisputed advantages. It concerns all parts of the EP, and it is faster and in most cases cheaper than a multitude of national actions. As a rule, it will not even be more expensive than an action brought in Germany only. An Opt-out can thus deprive the patent proprietor of flexibility and the opportunities offered by the new court system.

Action brought before the UPC or the national courts

For both the patent proprietor and competitors, the question arises during the transitional period whether actions concerning a European Patent should be brought before the UPC or before the national courts.

In our view, national courts must apply the UPCA as substantive patent law (see above). This is controversial. Until it is answered by a higher court, the question as to which law is applicable will lead to uncertainty. Another argument in favour of national proceedings could possibly be lower procedural costs, e.g. if the enforcement of only a national part of an EP is intended. At least in the initial phase of

the UPC, the advantage of trust built up over decades speaks in favour of recourse to national courts.

In contrast, an action before the UPC offers numerous advantages:

- According to the timetable of first and second instance proceedings set out in the Rules of Procedure, a UPC action, including a revocation counterclaim, is generally concluded with legal effect after two, at most two and a half years. There is no revision appeal instance and a referral of the appeal court back to the court of first instance is only provided for in exceptional cases.
- Furthermore, the action concerns all validated parts of the EP, so that all national parts can be covered by a single action.
- Another significant advantage compared to the German system is the capping of court fees for the revocation action or revocation counterclaim to a maximum of 20,000 Euros. Court fees are incurred only once per plaintiff, regardless of the number of plaintiffs. Revocation actions are also possible in parallel with EPO opposition proceedings, this also applies to revocation counterclaims. The UPC does not provide for a provision corresponding to Section 81(2) of the German Patent Act (PatG).
- It should also be emphasised that a revocation or declaration of invalidity of the patent in opposition proceedings or new, subsequent proceedings does not lead to the reversal of proceedings that have already been concluded with final effect. There is no action for restitution as in Germany. One can think of a situation in which prior art that impedes and destroys the patent is only found during an attack against further infringers, or the EPO only decides on an opposition or opposition appeal after the conclusion of the UPC proceedings. In this case, the UPC decision may not be further enforced, but otherwise payments made and reimbursement of costs remain unaffected.

- One advantage is that the infringement and invalidity parts are heard in one and the same action, and the divisions are staffed with a mixture of technical and legal judges.

- The court system is exclusively tailored to patent litigation. Antiquated rules from the national Civil Procedure Codes can thus be overcome. The modern rules of procedure combine the experience of numerous jurisdictions on patent litigation.

- An important aspect is also the determination of the damages to be paid after a patent infringement has been established. German jurisdiction tends to be more restrained than jurisdictions in other European countries, especially France. It is to be expected that a harmonised jurisdiction on the amounts for damages will tend to be more patent owner friendly. This also argues against an Opt-out, as damages for acts of infringement in Germany will then only be determined according to the more restrictive German case law.



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5. Plurality of persons: Right to sue and declarations such as registration of unitary effect and request for opt-out.

If several persons are involved in a Unitary Patent or in an EP as a bundle patent, particularities and requirements resulting from this must be observed. In the case of co-ownership, this applies to the right to sue or to the issuing of declarations, such as the request for unitary effect or the Opt-out. These points are also important for licence agreements.

These constellations therefore require special analysis before the new system enters into force. It is advisable to use the period of provisional applicability (since 19 January 2022) to review co-ownerships, provisions in research and cooperation agreements as well as licence agreements to see whether contracts need to be adapted and provisions need to be included with a view to the new system.

Right to sue

For European Patents without unitary effect, the true proprietor has the right to sue. The person entered in the respective national registers or in the EPO register is only rebuttably presumed to be the patent proprietor. Thus, if there are several proprietors, they only have a right to sue jointly, irrespective of the position in the register. In contrast, for European Patents with unitary effect, the right to sue follows directly from the Unitary Patent Register. The actual ownership is not relevant here. Thus, if several persons are registered as proprietors, they only have the right to sue jointly. However, revocation actions and negative declaratory actions must always be directed against the patent proprietor(s) entered in the register.

The following applies to licence agreements: According to Art. 47 (2) UPCA, the exclusive licensee has a right to sue without the licensor's consent, subject to other provisions between the parties to the licence agreement. In contrast, a non-exclusive licensee may in principle never sue before the UPC without the consent of the patent proprietor, Art. 47 (3) UPCA.

These points should be clarified at an early stage to determine the right to sue in the context of co-ownership or licence agreements before the new system starts.

Request for unitary effect

The unitary effect in the Unitary Patent must be requested jointly by all proprietors. The request must therefore be filed jointly or there must be a corresponding authorisation.

A very short time limit of only one month after publication of the grant applies to the request, Art. 9 (1) (g) Unitary Patent Regulation. It is therefore recommended to make binding arrangements between co-owners in advance as to whether unitary effect should be requested. The same applies to the phase of provisional applicability, in particular with regard to the so-called "early request" for unitary effect or the possible deferral of the date of grant.

Such arrangements should be made primarily if European applications have already been made in the context of cooperation or in similar constellations, and a decision has to be taken on this. The parties involved should create binding arrangements which, if necessary, also have a "character in rem", so that the request for unitary effect is deemed to be filed with binding effect. Even in the case of group companies whose relationship is not in conflict, arrangements should be made at an early stage so that the necessary declarations are available in good time.

Similarly, an arrangement should be made at an early stage between the parties involved, be they group companies or cooperation partners, as to who is to be named first in the patent application, if they wish to reserve the option of filing a request for unitary effect. This is because, as already explained, the residence of the first-named applicant is decisive for which law is applicable to the Unitary Patent as an asset, i.e.

for the question of transfer, licencing, pledging, etc. Here, the application of German law, which allows for such dispositions of the Unitary Patent without form requirements, is advisable. In this context, the EPO has created structures to change the order of the patent applicants whilst still in the application phase, so that the parties can agree on this.

Declaring the Opt-out

The Opt-out must be requested jointly by all proprietors. It should be noted that this does not only apply to several proprietors of a European Patent at the time it is granted. Rather, the declaration must be made by all proprietors of all national parts of a European Patent, because the Opt-out concerns all national parts. This makes it clear that reaching an agreement on such a request can be complicated, especially if the national parts are held by different proprietors.

Binding arrangements between co-owners are therefore strongly recommended before the start of the new system, as long as there is sufficient time to prepare and reaching an agreement does not yet have the potential to cause conflict. This applies not only to the relationship between co-owners, but also to parties to licencing agreements. If European Patents or applications are licensed, the parties should agree at an early stage whether an Opt-out should be declared, i.e. the licensed patents should be withdrawn from the jurisdiction of the UPC. If no Opt-out shall be declared, the parties should agree on who (licensee or licensor) should bring an action before which court. A lack of clarification may bear a considerable potential for conflict in licencing agreements. For example, it cannot be ruled out that a lack of agreement on these points could constitute an important reason for terminating a licence agreement because the refusal to Opt-out would deprive the licence agreement of its basis if, when concluding the licence agreement, the licensee assumed that the European Patent would be litigated before the national courts. Or, conversely, it could be argued that the licensee has a right to have the European Patent enforced also before the UPC

with its benefits, so that a non-consensual Opt-out declaration by the licensor could constitute good cause for termination. In order to avoid such problems, existing licence agreements should therefore be supplemented accordingly and clear rule structures should be created in future licence agreements.

Jurisdiction clauses

Finally, for licence agreements or in disputes with competitors, consideration should be given to making provisions on jurisdiction that explicitly mention the UPC. This applies both to cases in which an agreement on jurisdiction has already been concluded in the past which does not take the UPC into account, and to contracts with jurisdiction clauses that are yet to be concluded.

Thus, due to existing jurisdiction clauses, which, for example, refer to the jurisdiction of the courts in Munich, the path to the UPC may be closed under certain circumstances, because jurisdiction clauses are exclusive in case of doubt, cf. Art. 25 (1) Brussels I Regulation. In pending or ongoing disputes that are not yet pending before the courts, competitors should carefully consider whether it is in the interest of both parties to agree on the jurisdiction of the UPC for infringement and revocation, or to expressly exclude its jurisdiction.



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6. The infringement proceedings at first instance

Overview

The Rules of Procedure before the UPC set out a course of proceedings which, by way of compromise, must take sufficient account of the different legal traditions in the various Member States. For this reason, they represent a course of proceedings that is characterised by different influences from continental European law to Anglo-Saxon common law. German civil procedure in particular has helped to shape the Rules of Procedure. For this reason, from a German legal perspective, a lot of familiarity can be found in the course of proceedings before the UPC.

The court proceedings at first instance are divided into three procedural stages:

1. Written procedure
2. Interim procedure including a possible interim conference
3. Oral procedure

According to the Rules of Procedure, the oral procedure, i.e. the oral (main) hearing, should take place within one year of filing the action. As a rule, the oral hearing should be completed within one day, R. 113.1.

On request, the oral procedure can be followed by a procedure for the award of damages if the court has found infringement. This is a procedure similar to the German “Höheprozess” [proceedings for determining the amount of damages], in which the actual payment of damages is claimed. The proceedings for determining the amount of damages may also be separate proceedings, Art. 68 UPCA, R. 125 et seq., but they must be initiated within one year after the final decision on patent infringement and validity.

Finally, the court decides on the costs of the proceedings – with or without proceedings for the determination of damages – which is similar to the assessment of costs under German civil procedure and is structured as a separate procedure (Art. 69 UPCA, R. 150).

Art. 52 (1), 56 (2) UPCA and the preamble of the Rules of Procedure emphasise that the proceedings of the UPC shall be conducted in a flexible, balanced and proportionate manner. The court is to ensure fairness and equity, and at the same time give due consideration to the interests of the parties. To this end, the court is given quite extensive powers in terms of structuring the different stages of the proceedings and possible orders to the parties. Nevertheless, the proceedings before the UPC remain a procedure under the control of the parties, Art. 76 (1) UPCA; there is no own investigation by the court.

Similar to the German civil courts, the UPC is also required to encourage and facilitate a settlement between the parties at all stages of the proceedings. If the parties reach a settlement, the terms of settlement may be recorded by the court if requested by the parties, R. 11.

The written procedure, interim procedure and oral procedure as essential procedural steps are explained in more detail below:

Written procedure

The written procedure (R. 12 ff.) is similar to the preparatory written pleadings in German civil procedure. The written procedure is subject to a strict pleading scheme and deadlines regime. The parties shall present all arguments in writing, whereby each side may, in principle, submit two written pleadings. Depending on the course of the proceedings and the nature of the

defences, in particular a counterclaim for revocation of the patent (R. 25) and, conversely, the limitation of the patent as a defence (“application to amend the patent”, R. 30), the respective opposing party may comment on this in further written pleadings (cf. R. 36). The usual time limits in the written procedure are between one and three months, but may be extended or shortened by the court, R. 9.3, 334. For a better overview, Table 1 of the Rules of Procedure contains a flow chart with the sequence of written pleadings and the respective deadlines.

The written procedure is initiated by lodging the action (“Statement of claim”) with the Registry of the competent division. The action and all other pleadings must be lodged electronically, using the official templates, by a lawyer or a European Patent Attorney qualified for UPC proceedings, R. 8. The action is deemed to have been lodged only after payment of the court fees, R. 15, and is served on the defendant by the Registry, R. 6, 271, 274. The Registry assigns the action to the competent division. From that moment on, the judge-rapporteur of the division takes over the management of the case.

Similar to a procedural objection in German civil proceedings, the defendant may object to the jurisdiction of the UPC, the jurisdiction of the local, regional or central division seized, and the language of the proceedings within one month after service of the action (“Preliminary objection”, R. 19). In particular, the defendant may argue that an opt-out has already been registered for the relevant patent(s).

The “Statement of defence” must be filed within three months of service of the Statement of claim, R. 23. The defendant should be aware that an attack on the validity of the patent in suit by a “Counterclaim for revocation” must already be included in the Statement of defence, R. 25. The Rules of Procedure do not provide for a revocation counterclaim in a later writ. However, it will be possible to file a revocation action against the relevant patent with the UPC independently of the infringement

action. The plaintiff's reply and the defendant's rejoinder in the infringement proceedings must be filed within two months and one month, respectively.

Depending on the course of the proceedings - e.g. whether with or without a revocation counterclaim by the defendant - the written procedure should normally end within a period of six to nine months. The judge-rapporteur notifies the parties of the date of the end of the written procedure and formally closes the written procedure, R. 35.

Where the defendant in infringement proceedings before a local or regional division has challenged the patent with a revocation counterclaim, the division must decide on how to continue the proceedings after the closure of the written procedure, Art. 33 (3) UPCA, R. 37. The division may continue to deal with the infringement action and the revocation counterclaim together or refer the entire case to the central division. Alternatively, the division may deal only with the infringement part and refer the revocation counterclaim to the central division. In this last case, similar to German infringement proceedings, the local or regional division must decide whether to continue the infringement part immediately or to stay it pending a final decision in the revocation proceedings. However, it can be assumed that in future the local divisions will also deal with the revocation counterclaim, especially since in these cases the local division will also be assigned a technically-qualified extra judge.

Interim procedure

The interim procedure conducted by the judge-rapporteur of the division serves to prepare the oral (main) hearing and shall be completed within three months, R. 101.3. In the context of the interim procedure, the judge-rapporteur may hold a so-called “interim conference” with the parties, R. 103, which shall preferably take place as a telephone or video conference, R. 105. The aim of the interim conference is to clarify open questions the court may have, to manage

or streamline the subject matter of the proceedings and to further explore settlement options, R. 104.

In preparation for the interim conference, the judge-rapporteur may order the parties to, inter alia, answer specific questions of the court, produce documents or provide evidence for certain allegations. If the orders are not complied with, the party concerned will be in default and this default may be to its detriment in the court's decision, R. 103, 355. At this stage of the litigation, an intensive exchange takes place between the parties and the judge-rapporteur to ensure the fullest possible preparation and clarification. Due to the short duration of the interim procedure, tight deadlines must be expected.

The interim procedure closes with the scheduling of the oral hearing with a lead time of two months, R. 108, 110. With the consent of the parties, this time limit can also be shortened.

Oral procedure

This stage of the procedure consists of the oral (main) hearing and is usually the final stage of the first instance procedure. The oral procedure is open to the public, unless the public is excluded for particular reasons of confidentiality, R. 115. It is conducted by the presiding judge of the division and should be completed within one day, R. 113.

Similar to German infringement proceedings, the division has the opportunity to give an introduction to the case and a preliminary assessment of the legal questions, R. 112. Thereafter, the facts and the legal questions are discussed with the parties, whereby it is up to the respective presiding judge whether the party representatives should make formal pleadings or whether it becomes more of an open discussion. This also applies to the questioning of witnesses and/or experts by the court and the party representatives during the oral procedure, insofar as this was previously ordered in the interim procedure.

The judgement, including the reasons for the decision, shall be issued as soon as possible, if possible within six weeks after the oral hearing, R. 118.6. A judgement immediately at the end of the oral hearing is also possible with the reasons for the decision being submitted subsequently. The judgement should also contain a decision on the costs.

As mentioned before, the further procedure and decisions of the court on the amount of damages, R. 125, a claim to lay open books, R. 141, as well as the actual reimbursement of the costs of proceedings, R. 150, may be the subject of subsequent procedural steps.



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7. Remedies for Patent Infringement and Enforcement

Legal consequences of patent infringement

According to Art. 64 (1) and (2) UPCA, the UPC may order the following remedies in case of patent infringement:

Declaration of infringement, recalling the products from the channels of commerce, depriving the product of its infringing properties, definite removal of the products from the channels of commerce and destruction of the products and/or the materials and implements concerned. According to Art. 67 UPCA, the UPC can order the infringer and/or third parties to provide information. Likewise, according to Art. 68 (1) UPCA, the UPC may set the amounts of damages. The same applies to the costs of proceedings pursuant Art. 69 (1) UPCA.

Enforcement

System of enforcement of UPC judgements

The legal consequences and sanctions issued by the UPC in judgements or orders require enforcement if and to the extent that a debtor does not comply with them voluntarily. A state judicial system has specific competences and bodies for the enforcement of sanctions issued by the courts, such as specifically competent courts (enforcement courts) or specific enforcement officers (bailiffs). The UPC as a supranational court system refrains from providing for its own enforcement bodies and mechanisms. Art. 82 (3) UPCA refers to the rules and judicial bodies of the Contracting Member States participating in the UPCA for the enforcement of judgements or other decisions issued by the court.

Thus, if the UPC issues orders or decisions, these are to be enforced where the debtor or his assets are located. Art. 63 (2) UPCA (in case of violation of

injunctions) and Art. 82 (4) UPCA (with regard to all kinds of court orders) give the UPC the power to impose periodic penalty payments. This is initiated by submitting a request to the Court of First Instance, R. 354.4. The decision of the Court of First Instance can be challenged before the Court of Appeal under R. 220.2. It appears unclear to what extent this jurisdiction of the UPC is exclusive and to what extent the imposition of penalty payments / fines for violation of court orders can also be imposed by the competent enforcement bodies of the Contracting Member States under Art. 82 (3) UPCA.

If a party convicted of patent infringement by the German civil courts contravenes the injunction imposed or does not comply with its obligations to provide information / lay open its books or to recall its products, enforcement is carried out through the imposition of fines or coercive measures by the enforcement court (Sections 887, 888, 890 of the German Civil Procedure Code (ZPO)). If a party who has been ordered to pay money (damages, reimbursement of costs) does not pay, the payable amount is recovered through attachment measures by the enforcement court or the bailiff (Section 802a et seq. ZPO). If the debtor does not voluntarily pay coercive fines or penalties imposed by the German courts, or court fees and other court costs, these are recovered by the competent courts of the Contracting Member States. In Germany, this is governed by the Judicial Recovery Act (Justizbeitreibungsgesetz).

Enforcement rules of the UPCA

Art. 82 UPCA regulates the enforcement of decisions and orders of the UPC. Art. 82 (1) UPCA provides that the decisions and orders of the court shall be enforceable in all Contracting Member States and that the court shall attach an enforcement order to enforceable decisions. Art. 82 (2) UPCA provides that

the court may make the enforcement of a judgement conditional on the provision of security, the amount of which is at the discretion of the court. Next, Art. 82 (4) UPCA provides in general terms that the court may impose periodic penalty payments on parties who do not comply with an order of the court.

The central provision of the system is found in Art. 82 (3) UPCA, according to which the procedure for the enforcement of decisions and orders of the UPC is governed by the law of the Contracting Member State in which the enforcement takes place. This provision also states that the Contracting Member States must enforce decisions of the UPC under the same conditions as decisions of domestic courts. In particular, the enforcement of UPC decisions may not be made subject to any additional conditions or otherwise unfavourable in relation to their enforcement compared to domestic decisions.

The Rules of Procedure of the UPC contain further provisions concerning enforcement. Pursuant to R. 354 (2), s. 1, damages incurred by the debtor through an enforcement of a decision of the UPC that was subsequently reversed or amended must be compensated (comparable to the provision in Section 717 (2) ZPO). R. 354 (2), s. 2 contains a more patent proprietor-friendly provision compared to German law: If the patent in suit is revoked or amended after the final conclusion of the infringement proceedings, the enforceability of the infringement judgement ends at the time of this decision. The UPCA does not provide for restitution proceedings in which the final infringement judgement could be revoked and the enforcement that has taken place up to that point would be repealed or compensated. This is particularly interesting in two situations:

On the one hand, infringement and validity may have been decided in UPC proceedings before parallel opposition proceedings at the EPO have been decided with final effect. In that case, the destruction of the

patent by the EPO does not affect the case already concluded before the UPC. On the other hand, this applies if new prior art is found in a series of infringement cases, e.g. against different infringers or due to modified embodiments in a subsequent action, which results in the destruction of the patent.

Art. 71d (2) Brussels I (Recast) Regulation clarifies that the enforcement rules of the UPCA take precedence over the Brussels I (Recast) Regulation insofar as UPC decisions are to be enforced in the Contracting Member States. In contrast, the Brussels I (Recast) Regulation remains in force if enforcement has to be carried out in an EU country that is not (yet) part of the UPCA (Croatia, Poland, Spain, but also Slovakia, Czech Republic, Hungary, Greece, Romania and Ireland), or in the case of judgements given by courts in non-contracting Member States that are to be enforced in other EU Member States, Art. 71d (1) lit. a) or lit. b) Brussels I (Recast) Regulation.

Enforcement of UPC judgements in Germany

In order to implement these provisions on the enforcement of UPC judgements contained in the UPCA, the German legislator has enacted implementing provisions in Art. II Sections 19 and 20 of the German Law on International Patent Conventions (IntPatÜbkG) (Federal Law Gazette of 30.08.2021, Part I No. 59, p. 3914). Art. II Section 19 (1) IntPatÜbkG clarifies that decisions and orders of the UPC, the enforcement of which has been ordered by the UPC, are enforceable domestically without the need for a separate enforcement clause or declaration of enforceability. Enforcement is carried out by analogous application of the ZPO.

According to Art. II Section 19 (2) IntPatÜbkG, the creditor must provide a German translation of the title to be enforced by an EU-approved translator if the title is not in German. Art. II Section 19 (3) IntPatÜbkG provides that the court of enforcement is the patent division of the district court with jurisdiction at the debtor's domicile or, if there is no such domicile, the patent division of the district court with jurisdiction at the place of enforcement, irrespective of the amount in dispute. Art. II Section 20 IntPatÜbkG further provides that the JustizbeitrungsG shall apply mutatis mutandis to the recovery of the periodic penalty payments imposed by the court and of the court costs.



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8. UPC and FRAND

The UPC has exclusive competence, which is defined in Art. 32 (1) UPCA. According to Art. 32 (1) (a) UPCA, the UPC also has competence in respect of “counterclaims concerning licences”. The UPC has no competence in respect an active action by the implementer for the determination of a licence fee or for a declaration that a certain offer is FRAND.

However, Art. 20 UPCA provides that the entirety of Union law is to be applied by the court and its precedence is to be respected. The implementer will therefore be able to defend itself against the assertion of a claim for injunctive relief also before the UPC by stating that it is willing to accept a licence on FRAND terms, with reference to the antitrust rules in Art. 101 and especially Art. 102 TFEU, as well as the case law on this. Therefore, the antitrust restrictions and prohibitions of the TFEU at the same time also limit the patent proprietor's claim for an injunction under Art. 25 et seq. UPCA, as is the case with national regulations of patent law.

In any case, the injunction claim in the UPCA is worded differently than in national German patent law. Art. 63 UPCA merely states that in the event of an infringement, the court may issue an order prohibiting the continuation of the infringement. The wording suggests that the decision will be left more to the discretion of the court than under German law. The same applies to interim measures under Art. 62 UPCA. It is expressly stated there that, before issuing an interim injunction, the court shall exercise its discretion to weigh the interests of the parties against each other and, in particular, take into account any possible damages.

Thus, it is clear that the antitrust limits of injunctive relief under the TFEU must also be taken into account in proceedings before the UPC. A defendant's FRAND defence, which has its legal basis in Art. 102 TFEU, must therefore be considered by the UPC in the same way as it has been by national courts up to now. In any case, the interpretation of European law, Art. 102 TFEU, and the correct application of the case law of

the ECJ in this regard are also essentially at stake before the national courts. Therefore, the FRAND objection is unlikely to be treated differently compared to previous German case law.

Any particularities and developments will arise from the general further development of the antitrust law objection through case law. The UPC will have the task of further developing the national case laws on the FRAND objection, which sometimes vary at least in detail, into a UPC-wide overall concept. The disclosure of existing licences to determine an appropriate FRAND licence can be flanked by corresponding confidentiality orders under R. 190. For example, it is possible that existing licence agreements are made available only to certain persons and only under confidentiality obligations, R. 190.1

In view of the very favourable court costs of revocation actions (these are capped at EUR 20,000) compared to costs applicable in Germany, an attack on an SEP before the UPC is an attractive alternative to a revocation action before the Federal Patent Court (Bundespatentgericht). This is especially true in view of the fact that, under the planned schedule, the UPC will reach a decision much faster. The UPC can also be seized in parallel to ongoing opposition proceedings before the EPO.



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9. Actions for revocation before the Unified Patent Court

The UPC has the power to revoke European patents in whole or in part. There are two ways of asserting the revocation of a patent: firstly, by means of a separate revocation action and secondly, as a defence against an infringement action by way of a counterclaim.

Separate action for revocation

Standing to sue

According to Art. 47 (6) UPCA, any natural person or legal person or body entitled to bring an action under national law who is affected by the patent may bring a revocation action. This means that the plaintiff must show a specific legitimate interest in the revocation of the patent they attack. The standard for “being affected by the patent” is unclear. The Agreement and the Rules of Procedure are not clear on this. Some authors are of the opinion that an own legal or economic interest will not be required, i.e. a potential patent infringer could launch a revocation action via an intermediary (so-called “front man”). This would also make it possible to anonymously “clear the path” before launching a new product. A more plausible interpretation would be that the plaintiff must prove a legitimate legal or economic interest of his or her own.

Jurisdiction and language

The separate revocation action must be brought before the central division. The language of the proceedings will be the language in which the patent was granted, Art. 49 (6) UPCA. However, according to Art. 33 (7) UPCA, the parties may also agree to bring the revocation action before a division of their choice. In this case, the revocation action must be filed in one of the official languages of that local division (R. 45.2 in conjunction with R. 14.1 (a) and (b)).

If infringement proceedings between the same parties and concerning the same patent are pending before

a local or regional division, an action for revocation may only be brought before the same local or regional division, Art. 33 (4) UPCA.

The situation is different if an infringement action is brought subsequently to the revocation action. If a revocation action is pending before the central division, an infringement action may be brought either before a local/regional division or before the central division, Art. 33 (5) UPCA. The local/regional division may then, if an (additional) counterclaim for revocation is filed,

a) deal with both the infringement action and the counterclaim for revocation, and request the President of the Court to assign from the pool of judges referred to in Art. 18 (3) UPCA a technically qualified judge with qualifications and experience in the relevant field of technology;

b) refer the counterclaim to the central division for decision and stay or continue the infringement action; or

c) with the consent of the parties, refer the case to the central division for decision.

It may also, in its decision following the oral proceedings, issue the infringement decision subject to the condition that the patent is not held invalid in whole or in part by the final decision in the revocation proceedings, R. 118.2 (a), or stay the infringement proceedings until a decision in the revocation proceedings has been issued; it stays the infringement proceedings if it considers that there is a high probability that the relevant claims of the patent will be held invalid by the final decision in the revocation proceedings for any reason, R. 118.2 (b).

No priority of opposition proceedings

An action for revocation may be brought without prior opposition before the European Patent Office, Art. 33 (8) UPCA. If opposition proceedings before the EPO and revocation proceedings before the Unified Patent Court run in parallel, the court may stay its proceedings when a rapid decision by the EPO is expected, Art. 33 (10) UPCA. The law does not contain any indication as to what “rapid” means in this context.

Procedure for a separate revocation action

The procedural rules for revocation actions are set out in R. 42 et seq.

Opposing party

A revocation action must be brought against the patent proprietor. In revocation proceedings concerning European patents with unitary effect, the registered proprietor is treated as the proprietor of the patent, R. 8.4. In proceedings concerning traditional European patents, the actual proprietor of the patent or the person entitled to be registered as proprietor under the respective national law is treated as the proprietor of the patent, irrespective of his registration, R. 8.5 (a). However, according to R. 8.5 (c), there is a rebuttable presumption that the registered proprietor is the actual proprietor of the patent or the person entitled to be registered as proprietor.

Statement of claim

A revocation action is commenced by filing a statement of claim. The statement of claim contains the usual formalities as well as:

- an indication of the extent to which revocation of the patent is sought;
- one or more grounds for invalidity, to be supported as far as possible by legal arguments, and, where

appropriate, an explanation of the claim interpretation proposed by the plaintiff;

- a statement of the facts relied on;
- the evidence on which he or she relies, if any, and a statement of any further evidence that will be submitted in support [of the claim];
- an indication of any orders the plaintiff will seek during the preliminary proceedings (orders for the submission of further pleadings, documents, experts, tests, inspections, further written evidence, see R. 104 (e));
- if possible, an indication of the value of the revocation action;
- and a list of the documents referred to in the action for declaration of invalidity.

Statement of defence

Within two months after service of the declaration of revocation, the defendant must file a statement of defence. The statement of defence shall contain, inter alia, the factual and legal reasons why the revocation action should be dismissed. It should also address independent patent claims to the extent that they are valid from the defendant's point of view.

The defence may also contain a request for amended maintenance of the patent and an infringement counterclaim. A request for amended maintenance of the patent shall contain the proposed amendments to the claims of the patent concerned and/or the patent specification, including, where appropriate, one or more alternative sets of claims, in the language in which the patent was granted. If the language of the patent is not the language of the proceedings, the defendant shall also file a translation of the proposed amendments in the language of the proceedings. The request for amended maintenance of the patent must also indicate whether and to what extent it is conditional or

unconditional. The number of amendments proposed, if conditionally requested, must be reasonable in the circumstances of the case, R. 30.1 (c). In addition, the patent proprietor must explain why the amendments meet the requirements of Articles 84 and 123 (2), (3) EPC and why the proposed amended claims are valid.

Reply of the plaintiff

Within two months after service of the statement of defence, the plaintiff may file a reply, together with a reply to a request for amended maintenance of the patent and a reply to the infringement counterclaim, if applicable. In the reply to the request for amended maintenance, the plaintiff must explain why the proposed amendments are not admissible and why the patent cannot be maintained as requested.

Further replies

The defendant may then reply within one month of service. The plaintiff may in turn respond to this with a pleading within one month of service of the defendant's pleadings.

Interim procedure and oral procedure

The written procedure is followed by the interim procedure and the oral procedure. There are no special provisions on these stages for revocation actions. Therefore, the rules for ordinary infringement proceedings apply.

Counterclaim for revocation

If the defendant in infringement proceedings wishes to base his or her defence on the invalidity of the patent in suit, he or she must include a counterclaim for revocation in his statement of defence. Otherwise, the infringement court will not assess the question of validity.

The counterclaim must be directed against the proprietor of the patent in suit. R. 25.2 of the Rules of Procedure clarifies that, if the patent proprietor is not

the plaintiff in the infringement proceedings, he or she becomes a party to the revocation proceedings.

Statement of counterclaim

The statement of counterclaim must contain the same information as a separate revocation action. In addition, it must contain a statement by the defendant on how the division should proceed with the infringement action and the counterclaim, i.e. whether it should continue both proceedings, refer the counterclaim to the central division and either stay or continue the infringement action or refer both actions to the central division. If the claimant in the infringement proceedings is not the patent proprietor, the counterclaim shall also state the name of the patent proprietor and his or her address for service.

Reply of the plaintiff

From the service of the statement of defence, including the counterclaim, the plaintiff has two months to file a defence to the counterclaim and a response to the statement of defence. If the defendant has made a statement on how the court should proceed with regard to a possible severance of the proceedings, the counterclaim defence must contain a statement on this. The counterclaim defence may also contain a request for amended maintenance of the patent.

Interim proceedings

In the subsequent interim proceedings, the local or regional division seized decides whether to sever the proceedings. If it refers the counterclaim to the central division, it may stay the infringement proceedings at its discretion. It shall stay the infringement proceedings if there is a high probability that the challenged claims of the patent will be held invalid for any reason by the final decision in the revocation proceedings, R. 37.4. If the division does not stay the infringement proceedings, the judge-rapporteur of the central division shall expedite the revocation proceedings before the central division. If the language of the infringement proceedings is not the language in which the patent was granted, the judge-rapporteur of the central division may order the parties to file a translation of all or part of the pleadings and other documents or extracts thereof filed in the written proceedings into the language in which the patent was granted, R. 39.



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10. The negative declaratory action before the UPC

According to Art. 32 (1) (b) UPCA, the UPC has exclusive jurisdiction over actions for declarations of non-infringement of patents and supplementary protection certificates. With an action for a declaration of non-infringement, plaintiffs can request the UPC to declare that the performance of a certain act does not infringe a certain patent or supplementary protection certificate. In the national legal systems of the Member States, such an action is also referred to as a “negative declaratory action”.

The admissibility requirements and procedural rules for negative declaratory actions before the UPC are governed by R. 61 et seq. of the UPC Rules of Procedure.

Admissibility requirements

A person - that is, a natural person or legal person or a body equivalent to a legal person which is entitled to initiate proceedings under the national law applicable to it, Art. 46 UPCA - who does or intends to do an act may bring a negative declaratory action against the proprietor of a patent or a licensee entitled to initiate infringement proceedings:

- if the patent proprietor or the licensee has asserted that the act in question constitutes an infringement of the patent, for example by sending a warning or cease and desist letter or by initiating infringement proceedings; or
- if (a) the person concerned has requested the patent proprietor or licensee in writing to give a written acknowledgement of non-infringement to the extent of the declaration claimed and has given full particulars in writing of the act in question; and (b) the patent proprietor or licensee has refused to give the requested acknowledgement or has not given it within one month.

The Rules of Procedure are much more generous than German law in this respect. The requirement for admissibility of a negative declaratory action under German law is that the plaintiff has a legitimate interest in the requested declaration, a so-called declaratory interest. Such an interest in a declaratory judgement is only given if the defendant “invokes” claims of patent infringement against the plaintiff. The mere failure to respond to a request or enquiry by the prospective plaintiff of a declaratory action does not establish a declaratory interest. If the patent proprietor or an exclusive licensee has expressly refused a requested acknowledgement or response, the declaratory interest is only to be affirmed if, under the circumstances of the respective individual case, the refusal constitutes an implied “invocation” of claims for patent infringement. Contrary to what is provided for in the Rules of Procedure, a potential infringer cannot actively establish a declaratory interest under German law in order to subsequently achieve a final clarification by means of a negative declaratory action as to whether, for example, a new product infringes a certain patent.

It can be assumed that potential or alleged patent infringers will regularly use the possibility created in R. 61. Therefore, patent proprietors must be prepared to respond quickly and in detail to such requests if they are worded in a way that is specific enough, i.e. in particular show the details of the alleged form of infringement with regard to the allegedly infringed patent claim.

Defendant

The action must be directed against the patent proprietor / licensee who has asserted an infringement or refused or failed to give the acknowledgement sought.

R. 8 determines who is treated as the patent proprietor in proceedings before the UPC. Accordingly, the following applies:

- In proceedings concerning European patents with unitary effect (Unitary Patents), the proprietor entered in the Register for unitary patent protection shall be treated as the patent proprietor, R. 8.4.
- If, in respect of an EP, no proprietor is entered in a national patent register, the person last entered as proprietor in the European Patent Register of the European Patent Office (EPO) shall be treated as the proprietor of the patent, R. 8.6.

Zudem sieht R. 61.3 vor, dass, wenn sich eine negative Feststellungsklage betreffend ein EP gegen den eingetragenen Patentinhaber richtet, der aber nicht der tatsächliche Patentinhaber ist, der eingetragene Patentinhaber beim EPG beantragen soll, dass er durch den tatsächlichen Inhaber ersetzt wird.

In addition, R. 61.3 provides that, if a negative declaratory action concerning an EP is directed against the registered patent proprietor but he is not the actual patent proprietor, the registered patent proprietor shall request the UPC to replace him with the actual proprietor.

These provisions raise the question of whether a negative declaratory action is inadmissible which is directed against a defendant who, although claiming to be the patent proprietor or the licensee entitled to initiate infringement proceedings against the plaintiff of the negative declaratory action and alleging patent infringement, for example by means of a warning letter, is in fact neither the patent proprietor nor the licensee entitled to initiate infringement proceedings.

The wording of Art. 32 (1) (b) UPCA ("actions for declarations of non-infringement of patents") and R. 61.1 ("proceedings between the person doing

or proposing to do the act and the patent proprietor or licensee entitled to commence infringement proceedings") suggests that a negative declaratory action should be inadmissible in such circumstances. This may be appropriate with regard to plaintiffs who approach the wrong patent proprietor or licensee before bringing an action and ask for an acknowledgement of non-infringement, but not in cases where a presumed patent proprietor or licensee entitled to commence infringement proceedings alleges patent infringement against the potential plaintiff of the negative declaratory action.

If a negative declaratory action were deemed inadmissible in the latter case, the potential plaintiff of the negative declaratory action, for example the addressee of a warning notice, would have to ascertain the actual or at least the formal entitlement of the party accusing it of a patent infringement before bringing an action, which would hardly be possible for him, at least in the case of licensees. On the other hand, a person who is accused of patent infringement by a presumed patent proprietor or a licensee who is only presumed entitled to initiate infringement proceedings would have no means of defending himself against these allegations before the UPC, for example by filing a motion for a declaratory judgement that a warning party is not entitled to any claims for patent infringement against him. It remains to be seen how the UPC will deal with such situations.

Local jurisdiction

Negative declaratory actions must, in principle, be brought before the central division, unless the parties have agreed otherwise, Art. 33 (4) and (7) UPCA. This applies both to actions concerning Unitary Patents and to actions concerning EPs. As far as EPs are concerned, the patent proprietor can prevent a declaration of non-infringement with Europe-wide effect by means of an opt-out.

According to Art. 83 UPCA, negative declaratory actions based on EPs will still be able to be brought before the national courts of the Member States during the transitional period. This applies despite the wording of Art. 83 (1) UPCA ("an action for infringement or for revocation of a European patent or an action for infringement or for declaration of invalidity of a supplementary protection certificate issued for a product protected by a European patent"), which does not explicitly mention this type of action. Nevertheless, it can be assumed that Art. 83 (1) UPCA covers all actions for which the UPC is also competent.

If an infringement action between the same parties on the same patent has already been brought before a local or regional division, a negative declaratory action may only be brought before the same local or regional division, Art. 33 (4) UPCA. If a negative declaratory action is pending before the central division, an infringement action concerning the same patent may be brought before the central division or before a competent local or regional division. This is to prevent the patent proprietor from being deprived of the possibility of initiating an infringement action before the competent local or regional division by means of a negative declaratory action. Thus, if several local and/or regional divisions are competent, the patent proprietor should have the choice between them and does not have to be content with bringing the infringement dispute before the central division. However, an infringement action before the national courts of the Member States is then no longer possible, since, according to the case law of the ECJ, a negative declaratory action and an infringement action between the same parties constitute the same subject matter of the dispute.

A negative declaratory action pending before the central division is stayed if an infringement action is brought on the same patent between the same parties or between the holder of an exclusive licence and the plaintiff in the negative declaratory action within three months of the date on which the action was brought before a local or regional division, Art. 33 (6) UPCA. In the event that the infringement action is brought later,

R. 76.3 provides that the presiding judges of the central division and of the local or regional division seized shall agree on the further course of the proceedings and may agree to stay one of the proceedings. R. 77 clarifies that an action for non-infringement may be brought together with an action for revocation of the patent in suit.

Procedure

Declaratory proceedings consist of the same stages as infringement proceedings before the UPC, namely written procedure, interim procedure and oral procedure.

No jurisdiction for active FRAND determination by implementer

The UPC has no jurisdiction over a claim for a declaration that a licence offered by the implementer for a standard-essential patent (SEP) complies with FRAND conditions. There are two potential bases for such a claim: EU antitrust law, i.e. in particular Art. 102 TFEU, or contractual claims based on the patent proprietor's FRAND declaration submitted to ETSI. Neither basis for a claim falls under the jurisdiction of the UPC under Art. 32 (1) UPCA. However, the UPC has jurisdiction over "counterclaims concerning licences", Art. 32 (1) (a) UPCA. The implementer of a SEP can therefore argue before the UPC that its licence offer complies with FRAND conditions.



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11. Provisional measures

Provisional measures are ordered on the basis of summary proceedings, which are governed by Art. 62 UPCA and R. 205 to 213.

According to R. 205, the summary proceedings comprise two stages, namely a written and an oral procedure. An application for provisional measures may be lodged both before and during main proceedings, R. 206.1.

The court fees for an application for provisional measures are a flat fee of EUR 11,000, irrespective of the amount in dispute.

Requirements for the application for provisional measures

In addition to the information required for a statement of claim, R. 13.1, the application for provisional measures must also state all necessary facts and evidence and contain a brief description of the action that will be brought. As in German procedural law (cf. section 926 ZPO), the commencement of main proceedings following summary or injunction proceedings depends on the defendant first applying for an order that the applicant shall bring an action. Pursuant to R. 213.1, if the applicant does not want to risk the revocation or annulment of the provisional measures ordered, he must file an action within 31 calendar days or 20 working days, whichever is longer. The time limit starts to run after the defendant has lodged a corresponding application and the court has set the time limit.

Finally, the application must also specify the concrete measures to be ordered. R. 211.1 contains a non-exhaustive list of possible measures and mentions, inter alia, (i) injunctions against the defendant, (ii) seizure/delivery up of potentially infringing products to prevent them from being placed on the market/remaining in the distribution channels, and (iii) seizure

of the defendant's assets (including blocking the defendant's bank accounts). The latter requires that the claimant credibly demonstrates that otherwise the fulfilment of its claims for damages could be jeopardised.

Protective letter

If a person considers it possible that an application for provisional measures will be directed against him, he may file a protective letter at the Registry in the language of the patent, R. 207.1 and R. 207.2. It is mandatory that the protective letter be specified as such and contain details of the defendant and possible applicant, as well as the patent on which the application could be based. However, it is not necessary to state in the protective letter the grounds on which the applicant might base his application. Nor is it necessary to state the reasons why the request for provisional measures should be rejected. However, this should regularly be useful in order to induce the court to summon the defendant to the oral hearing in any case when an application for provisional measures is filed, R. 209.2 (d). It is true that the court is not obliged to summon the defendant to the oral hearing even if a protective letter has been filed (R. 209.2 lit. d: "[...] the Court shall in particular consider summoning parties to an oral hearing if a relevant Protective letter has been filed by the defendant."). However, it can be assumed that the court will in principle grant the defendant a hearing at the oral procedure stage if the content of the protective letter deals with any allegations of infringement and/or the validity of the underlying patent.

The Registry checks whether all mandatory requirements have been met and the filing fee has been paid, R. 207.4. If this is the case, the Registry enters the protective letter in the register and communicates details of the protective letter to all

local and regional divisions. If, however, the protective letter filed contains deficiencies, these may be remedied within fourteen days, R. 207.5.

If an application for provisional measures is filed, the Registry informs the division dealing with the application about the protective letter and forwards a copy to the applicant. Only then will the protective letter be published in the register. If no application for provisional measures is received, the protective letter is not published, R. 207.7.

If no application for provisional measures is filed within six months of the filing of the protective letter, the protective letter is removed from the register. However, this can be counteracted by filing an application for an extension for a further six months before the expiry of the time limit and paying a fee for this, R. 208.8. Subsequent extensions for six months each are also possible on payment of the extension fee.

Oral Hearing - Hearing of the defendant

The applicant may request that provisional measures be ordered without first hearing the defendant, i.e. ex parte, R. 206.3.

This requires that the application additionally contains a statement of reasons to forego the hearing. Since the court may order the provisional measures without hearing the defendant if the applicant would suffer irreparable harm due to any delay, R. 212.1, the statement of reasons to forego the hearing should in particular set out the risk of such harm.

Furthermore, the applicant must provide the court with (full) information on previous correspondence with the defendant regarding the alleged infringement, as well as any unsuccessful attempts made in the past to obtain provisional measures against the defendant.

According to R. 209.1, the court has the discretion (1) to inform the defendant of the application and invite him to lodge an objection, (2) to summon both parties to an oral hearing, or (3) to summon only the applicant, in which case the date for oral hearing is to be fixed immediately after receipt of the application, R. 210.1. The court first takes into account whether the patent has already been confirmed in adversarial proceedings (opposition proceedings before the EPO or proceedings before another court, e.g. also a national court). Furthermore, the court will consider the urgency of the application and the validity of the reasons in the event that the application requests that the defendant not be heard, as well as whether the defendant has lodged a protective letter. At present, it is not yet foreseeable what weight the court will attach to the individual aspects in each case, for example, whether an order for provisional measures without prior hearing of the defendant can in principle only be considered if the patent was confirmed at first instance. In this context, it is an advantage that orders of the court of first instance can be reviewed by the court of appeal, thus preventing divergent practices from developing within individual local or regional divisions.

If the court, after considering the application, comes to the conclusion that there should be a case of extreme urgency, it may order the requested provisional measure immediately, R. 209.3. If, in the opinion of the court, there are neither indications of extreme urgency nor that, taking into account the aspects mentioned in R. 209. 1, a decision is to be taken without first hearing the defendant, although the applicant has requested this, the applicant is still free to withdraw the application and to request that the contents of the application be declared confidential, R. 209.4. The UPC will have to deal with the question as to what extent procedural equality of arms can be invoked against an ex parte decision that is issued without

hearing the opponent. In any case, the case law of the German Constitutional Court (BVerfG) applies to German courts, according to which - in a departure from previous practice - an ex parte decision fundamentally violates the right to procedural equality of arms enshrined in Article 3 (1) in conjunction with Article 20 (3) of the German Constitution (GG) (BVerfG, decision of 22.12.2020, case no. 1 BvR 2740/20).

Decision on the application

If the court decides on the application, it may in particular order the provisional measures mentioned in Art. 62 (1) and (3) UPCA, R. 211.1 (cf. the comments above in the section "Requirements for the application for provisional measures"). The court must be satisfied with reasonable certainty that (1) the applicant has standing to sue, (2) the patent is valid, and (3) the defendant is infringing or is about to infringe the patent. If there is any doubt in this respect, the court may request the applicant to provide adequate evidence to convince the court, R. 211.2. Furthermore, in reaching its decision, the court shall take into account, in particular, the potential harm to the parties if the provisional measures are granted or refused, R. 211.3.

If the court considers the conditions for ordering provisional measures to be met, it has the discretion to make the order conditional on the applicant providing adequate security to compensate for any damage suffered by the defendant in the event that the provisional measures are subsequently revoked, R. 211.5. On the other hand, if the order of provisional measures is made without first hearing the defendant, it is compulsory for the applicant to provide security ("The court shall do so if the order [...] is made without the defendant having been heard.").

If an oral hearing is held, the decision shall be given in writing as soon as possible after closure of the oral hearing, R. 210.4. If the court considers it appropriate, it may also announce the decision orally in advance. If the court decides without an oral hearing, the defendant shall be informed immediately of the provisional measures ordered, but at the latest upon execution of the measures, R. 212.2.

An appeal against the orders of the court of first instance may be brought before the court of appeal, R. 211.6 in conjunction with R. 220.1. R. 220.1.

Revocation of provisional measures

The defendant may appeal against the order of provisional measures. To do so, he must appeal within 15 days of service of the court's decision, R. 212.3, R. 220.2. However, if the provisional measures were ordered without a prior hearing the defendant has 30 days to request a review, R. 212.3, R. 197.3 and 4.

If the applicant fails to initiate main proceedings before the court within 31 calendar days or 20 working days (longer period applies), the court shall, at the request of the defendant, revoke the provisional measures, R. 213.1. Furthermore, it may, at the request of the defendant, order the applicant to compensate the damages suffered by the defendant as a result of the revoked provisional measures, R. 213.2.



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12. Preservation of evidence

General

Evidence is an essential element not only of national court proceedings, but also of those before the UPC. It bases its decisions on the facts put forward by the parties. According to R 171.2, a statement of fact that is not specifically contested by either party is held to be true as between the parties. All other factual allegations must be proven. Therefore, R. 171.1 requires a party making a statement of fact that is or could be disputed by the other party to indicate the means of evidence to prove it.

Art. 76 (2) UPCA provides that the court may base its decisions on the merits only on grounds, facts and evidence which (i) have been presented by the parties or introduced into the proceedings by order of the court; and (ii) on which the parties have had an opportunity to comment. The court evaluates the evidence freely and independently, Art. 76 (3) UPCA.

Unlike in German procedural law under Art. 138 (1) ZPO, there is no explicit provision in the UPCA or the Rules of Procedure requiring the parties to state their facts in full and/or to be truthful. Art. 48 (6) UPCA provides for an obligation of the parties' representatives not to misrepresent before the court either knowingly or with good reasons to know.

In order to protect business secrets, personal data or other confidential information of a party to the proceedings or of a third party, or to prevent the misuse of evidence, the court may order that the collection and use of evidence in proceedings before the UPC be restricted or declared inadmissible, or that access to such evidence be limited to certain persons, Art. 58 UPCA.

Burden of proof

In principle, the burden of proof for facts is on the party relying on these facts, Art. 54 UPCA. If the patent is based on a manufacturing process, Art. 55 UPCA provides for a reversal of the burden of proof in two situations. Firstly, until the alleged infringer proves otherwise, any identical product is deemed to have been manufactured by the patented process if the subject-matter of the patent concerns a process for the manufacture of a new product, Art. 55 (1) UPCA. Secondly, even if the product manufactured is not new, the patent proprietor does not have to prove that the product was manufactured by the patented process if, in any case, there is a substantial likelihood that this is the case and the patent proprietor has not succeeded, despite reasonable efforts, in identifying the process actually used, Art. 55 (2) UPCA. Since the reversal of the burden of proof in the case of the manufacture of new products is - at least - firmly anchored in German patent law, Section 139 (3) PatG, no major difficulties should arise in applying Art. 55 (1) UPCA. However, the determination of when the materiality threshold of Art. 55 (2) UPCA is reached is likely to be associated with difficulties and initial legal uncertainty.

(Admissible) contesting of statements of facts

To specifically contest a statement of fact pursuant to R. 171.2, it will presumably not be sufficient to merely state in a general manner that a specific statement of fact is not true. In principle, the contesting party will have to show specifically why the contested statement of fact is false. It is not yet foreseeable what standard the UPC will apply here. Neither does the UPCA define the term "specific", nor is it apparent that there is a uniform European understanding of when a statement of fact is deemed to be effectively contested. It is therefore not improbable that the individual divisions within the UPC system will apply different standards at the outset.

Power of the UPC to order presentation of evidence

The Rules of Procedure grant the UPC extensive powers when it comes to clarifying facts. According to R. 9.1, the UPC may, at any stage of the proceedings, of its own motion or upon a reasoned request of a party, order a party to take certain steps, answer questions, clarify ambiguities or present evidence within time limits to be determined (the latter is, according to the wording of Art. 59 (1) UPCA, only possible upon request of a party, see below).

In addition, according to Art. 57 (1) UPCA, the UPC may at any time appoint judicial experts to provide expert opinions on specific aspects of a dispute. In doing so, the UPC will provide the appointed expert with all information necessary for the preparation of the expert opinion.

Evidence and means of obtaining evidence

Art. 53 UPCA and R. 170 list a variety of admissible evidence and means of obtaining evidence.

Means of evidence include written (printed, handwritten or drawn) evidence, in particular documents, written witness statements, plans, drawings, photographs, expert reports and reports of tests conducted for the purposes of the proceedings, physical objects, in particular equipment, products, embodiments, exhibits, models, electronic files and audio/video recordings.

Means of taking evidence include party hearings, requests for information, production of documents, summoning and hearing witnesses, ordering and obtaining expert reports, summoning, hearing experts, ordering the inspection of a place or a physical object, conducting comparative tests and trials. In addition, the court may order a party or a third party to present evidence in their control, Art. 59 UPCA, and order measures to preserve evidence, Art. 59 UPCA.

The list of evidence mentioned in Art. 53 UPCA and R. 170 is not exhaustive ("in particular"). The UPC is

therefore free to consider other means of evidence as well. Neither the UPCA nor the Rules of Procedure provide that certain evidence has a higher probative value or that a certain order has to be observed in the selection of evidence.

Hearing of the parties

The Rules of Procedure expressly recognise the hearing of the parties as equivalent evidence, R. 170.2.a. This is a considerable improvement compared to German procedural law. According to R. 112.2.a, the oral proceedings shall begin with the hearing of the parties.

Witnesses

R. 175 to 180 contain provisions for witness evidence. In contrast to German procedural law with regard to the taking of evidence in the main proceedings, the UPCA Rules of Procedure also allow for written testimony in addition to oral testimony, and even make this the rule.

According to R. 175.1, a party wishing to offer witness evidence must submit a written witness statement or a written summary of the statement the witness will (be expected to) make at the oral hearing. It remains unclear whether the submission of a written summary will be a prerequisite for the subsequent hearing of the witness at the oral proceedings. Although the wording of R. 175.1 suggests this, nothing can be inferred from R. 176 or from R. 177, which contain requirements for the application for the in-person hearing of a witness and the summoning of witnesses to oral proceedings. The lack of a requirement for a prior submission of a written summary may be of particular importance in cases where a witness nominated by a party refuses to cooperate with that party outside the courtroom. It may therefore remain possible in these cases to call the witness despite his or her unwillingness to cooperate and to have him or her heard during the oral proceedings.

According to R. 177, the UPC may order that a witness be heard in person (also electronically, e.g. by video, R. 178.5) (i) ex officio, (ii) if a written witness statement

is contested by the other party, or (iii) upon request by a party. According to R 176, the latter requires that the party justifies why the witness should be heard in person, sets out the facts the party expects the witness to confirm, and indicates the language in which the witness will testify.

Expert evidence

R. 181, 185, 186 and 187 contain provisions on expert evidence. Expert evidence is often of crucial importance in patent disputes. Both expert reports of the experts appointed by the UPC and party expert reports are considered as evidence, R. 181.1. This is a significant difference to German procedural law, which only admits court-appointed expert reports as evidence and only considers private expert reports as party submissions.

According to R. 181.1, a party may provide any expert evidence it considers necessary. The rules for witness evidence apply accordingly. According to R. 181.2 lit. a, the party expert must assist the court in an impartial manner and may not act as an advocate for one of the parties to the proceedings.

After hearing the parties, the UPC may at any time appoint an expert of its own motion to clarify specific technical or other questions relating to the proceedings, Art. 57 UPCA and R. 185.1. The UPC shall draw up an indicative list of experts for this purpose, Art. 57 (2) UPCA.

The parties are free to propose a suitable expert, R. 185.2. They also have the right to be heard and to comment on the expert's expertise, independence and impartiality, R. 185.3. However, neither the UPCA nor the Rules allow the parties to challenge the appointment of a court-appointed expert.

According to R 186.4, the expert must not communicate with a party in the absence of the other party or without the other party's consent; he or she must submit a written expert report in which he or she also documents all communications with the parties. If requested by the UPC, the expert shall attend the hearing and answer

questions from both the UPC and the parties. The hearing of the expert is conducted according to the rules for the hearing of witnesses.

As soon as the written expert report is available to the UPC, the UPC shall make it available to the parties and invite them to comment on it either in writing or at the oral hearing, R. 187.

Orders for obtaining and protecting evidence

General

If the patent proprietor (or an entitled person, in particular an exclusive licensee) does not have access to relevant evidence, but there are circumstances strongly indicating an infringement, they may request the court to order certain measures to present or protect such evidence. The court cannot issue such orders of its own motion, Art. 59 (1) UPCA ("At the request of a party [...] the court may order the opposing party or a third party to present such evidence [...]"). The relevant provisions of the UPCA are essentially identical in wording to the parallel provisions of the Enforcement Directive 2004/48/EC (cf. Art. 6). However, unlike the Enforcement Directive, the UPCA gives the UPC the power to issue orders regarding the presentation of evidence not only to the opposing party, but also to a third party, and also explicitly provides for an "order [...] for the inspection of premises".

It is to be expected that the UPC will take a different approach than the German infringement courts with regard to the necessity of evidence-protection measures, if only because the European legal traditions vary considerably, especially in the area of evidence-protection measures. For example, the French *saisie contrefaçon* is the starting point of proceedings in about 95% of all patent infringement cases [in France]. Accordingly, extreme caution is advisable when dealing with evidence and obtaining it in a court-proof manner - at least until a UPC court practice has been established. Evidence-protection measures are affordable (350 Euro in court costs, according to R. 192.5). As a rule, it is therefore advisable not to rely

on traditional procedures, but to seek court assistance from the outset in order to protect evidence. This also applies to measures which, in the German view, would be sufficient to demonstrate the conclusiveness of a claim, e.g. purchase of the challenged embodiment via generally accessible distribution channels, download and backup of publications on the internet, etc.

Order to present evidence

At the request of a party who has presented all reasonably available evidence in sufficient support of its claims and has specified the evidence in the control of the opposing party or a third party in support of its claims, the UPC may order the opposing party or a third party to present such evidence, Art. 59 (1) UPCA, R. 190.1. Under the same conditions, the UPC may order the presentation of bank, financial or commercial documents in the control of the opposing party, Art. 59 (2) UPCA.

An order to present evidence may only be requested during the written procedure or the interim procedure, R. 190.2. The order shall in particular specify under what conditions, in what form and within what time period the evidence shall be presented, R. 190.4; it shall also specify what sanctions may be imposed if the evidence is not presented in accordance with the order. If the party does not comply with the order, the UPC may impose periodic penalty payments on the party in accordance with Art. 82 (4) UPCA.

Before ordering the presentation of evidence, the judge/judge-rapporteur must give the opposing/third party an opportunity to be heard, R. 190.3. In order to protect confidential information, the UPC may order that the evidence be disclosed only to certain, named persons and be subject to adequate confidentiality obligations.

If a party fails to comply with the order to present evidence, the UPC must take this failure into account when deciding on the disputed matter, R. 190.7. However, Art. 59 (1) UPCA clarifies that the order must not result in an obligation to self-incriminate. A

party is therefore not required to comply with the order to present evidence if doing so would expose it to prosecution.

Order to preserve evidence

The UPC also has the power to order measures to preserve relevant evidence relating to an alleged infringement. This is a particularly effective tool in the preparation of infringement proceedings.

The requirements and procedure for an order to preserve evidence are set out in Art. 60 UPCA and R. 192 to 198.

An order to preserve evidence may be requested before or during infringement proceedings, Art. 60 (1) UPCA. It requires that the applicant has submitted all reasonably available evidence in support of the allegation that the patent has been infringed or is about to be infringed. The application must contain a clear indication of the measures requested, including the exact location of the evidence to be preserved (known or presumed), the reasons why the proposed measures are necessary to preserve the relevant evidence, and the facts and evidence on which the application is based, R. 192.2 (b) to (d). If the application is made before the commencement of proceedings on the merits, it must also contain a brief description of the action to be brought before the UPC and specify the facts and evidence on which the action may be based.

The applicant may request that measures to preserve evidence be ordered without first hearing the defendant. This requires that the applicant informs the UPC of all material facts known to it which could influence the decision to issue an order without prior hearing of the defendant, R. 192.3. This additional requirement could indicate that the prior hearing of the defendant should only be waived in exceptional cases. According to R. 194.1, the UPC has discretion whether to hear the defendant before issuing the evidence preservation order. The UPC may inform the defendant of the application, of which the applicant must be informed in

advance (R. 194.5), and may even invite the defendant to file an objection to it, R. 194.1 lit. a. In addition, the UPC may summon either only the applicant or both parties to the oral proceedings, R. 194.1 lit. b. In exercising its discretion, the UPC takes into account (i) the urgency of the application, (ii) whether the reasons given by the applicant for not hearing the defendant appear convincing, and (iii) the likelihood that evidence will be destroyed or otherwise become unavailable.

If the UPC decides to inform the defendant of the application or if the patent underlying the application is the subject of a protective letter, the applicant may withdraw the application and request that it be treated confidentially, R. 194.5.

The measures ordered may include, in particular, the preservation of evidence by detailed description (with or without retention of samples), the seizure of allegedly infringing products and/or of the materials and equipment used for the manufacture and/or distribution of those products and of the associated documents, and the securing and disclosure of digital media and data, including the disclosure of passwords required to access them, R. 196.1.

Within 30 days of the enforcement of the measures ordered, the defendant may apply for a review of the order to preserve evidence, R. 197.3. The UPC may then modify, revoke or confirm the order, R. 197.4. Also at the request of the defendant, the order shall then be revoked or otherwise cease to have effect if the applicant fails to commence proceedings on the merits before the UPC within a period of 31 calendar days or 20 working days, whichever is longer, R. 198.1 If the order is revoked, or if it lapses due to an act or omission of the applicant, or if it is later found that there was no (threatened) infringement of the patent, the UPC may, at the request of the defendant, order the applicant to pay reasonable compensation for the damages caused by these measures, Art. 60 (9), R. 198.2. In order to secure the defendant's claim for damages, the UPC may make the enforcement of the measures ordered conditional upon the applicant providing adequate security.

Order of inspection/survey

On request, the court may also order the inspection of products, devices, processes, premises or local conditions on the spot, Art. 60 (3) UPCA, Rule 199, similar to the German inspection procedure under Sec. 140c PatG. The provisions applicable to the order for the preservation of evidence apply accordingly here. In practice, the order for inspection will primarily mean for the defendant to tolerate the inspection and to provide assistance, if necessary, e.g. by entering a password.



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13. Appeal Proceedings

The Court of Appeal

The Court of Appeal is the sole appellate instance in the UPC system. It will have its seat in Luxembourg and will initially start its work with two panels. They will be composed of five judges with a multinational background, three of them legally qualified and two technically qualified (Art. 19 of the Statute of the Unified Patent Court).

Pursuant to Art. 21 (2) of the Statute of the Unified Patent Court, a “Full Court of Appeal” will also be established, to which the panels of the Court of Appeal may refer cases of exceptional importance or decisions which affect the consistency of the court’s case law.

The Appeal as a Uniform Legal Remedy

The UPCA provides for a uniform legal remedy against all decisions of the Court of First Instance. Appeals can be lodged against final decisions, but also against orders of the Court of First Instance which, according to the German understanding, would be challenged by means of a complaint (“Beschwerde”). The UPCA lists privileged orders which can be appealed without further requirements because they significantly interfere with the defendant’s rights, such as provisional measures (interim measures) or measures for the preservation of evidence. Other orders of the Court of First Instance can only be appealed together with the final decision, unless the Court of First Instance expressly allows the appeal (“leave to appeal”), for example because certain orders significantly interfere with the defendant’s rights or in order to achieve consistent case law on certain points. A discretionary review has been introduced in the Rules of Procedure (R. 220.3), which allows the Court of Appeal to decide nevertheless on what it considers important orders, for which the Court of First Instance did not allow an appeal.

Time Limits

The time limit for lodging an appeal against final decisions is two months; the time limit for lodging an appeal against orders is 15 days. The appeal must be substantiated within four months in the case of final decisions, and the appeal against an order must be substantiated immediately within the 15-day time limit for filing the appeal.

The defendant of the appeal may file a reply to the appeal within three months in the case of final decisions or within 15 days in the case of orders, as well as a cross-appeal, if applicable, which is not bound by the appeal time limits but becomes ineffective if the main appeal is withdrawn.

As in the proceedings before the Court of First Instance, the written procedure is followed by an interim procedure and then the oral hearing. The appeal proceedings are to be concluded within 12 - 14 months with a final decision.

Suspensive Effect

In principle, an appeal has no suspensive effect (Art. 74 (1) UPCA). For understandable reasons, revocation decisions have suspensive effect in the event of an appeal (Art. 74 (2) UPCA). However, infringement judgements are in principle enforceable, provided the court orders the payment of securities for the benefit of the defendant. The defendant may apply to the Court of Appeal for suspensive effect to be given to the judgement or order in question, although the guidelines are not yet clear on what grounds the Court of Appeal will order suspensive effect. It can be assumed that this will only happen in exceptional cases.

Second Instance

The appeal procedure before the UPC is a genuine re-trial. The appeal can therefore be directed against the facts established by the Court of First Instance as well as against the incorrect application of law. Similar to German appeal law, however, the procedure is to be limited to the subject matter, i.e. the submissions and evidence from the first instance. New facts and new evidence can only be introduced into the appeal proceedings under limited conditions. Whether the Court of Appeal permits new facts or evidence depends largely on whether the party concerned can sufficiently demonstrate that the facts or evidence could not reasonably have been presented at first instance, it further depends on the importance of the new submission and on its impact on the other party if the new submission were permitted. In this context, too, the Court of Appeal will first have to develop the guidelines in its case law as to when a new submission will be permitted.

Decision

The Court of Appeal may render an own decision, if it considers the appeal to be well-founded. Otherwise, it will dismiss the appeal (in whole or in part). It can be assumed that the Court of Appeal will refer the action back to the Court of First Instance only in very exceptional circumstances. R. 242.2 (b) clarifies that it is not a ground for a referral back to the Court of First Instance if it has failed to address an issue which, in the view of the Court of Appeal, is relevant to the decision. For example, a referral back should not take place if the Court of First Instance denied an infringement, but the Court of Appeal considers that the defendant makes use of the patent, and an asserted right of prior use now becomes relevant to the decision for the first time in the appellate instance. The same should apply if the Court of First Instance revokes a patent in an action for revocation, for example, due to inadmissible extension, the Court of Appeal does not see such a defect and then assesses [the patent's] novelty and inventive step for the first time.

Costs

Court costs as well as the parties' maximum recoverable costs correspond to those in the first instance. There is no increase in fees.



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14. Court Registry; Electronic File and Protection of Confidential Information

Court Registry of the Unified Patent Court

Along with the Court of First Instance and the Court of Appeal, the Court Registry is part of the Unified Patent Court (UPC). The Court Registry has the function of managing all proceedings and documents of the UPC.

According to R. 6, the management of proceedings includes the task of communicating orders and decisions of the court to the parties to the proceedings, and exchanging pleadings between them.

Pleadings or other documents can only be submitted to the Court Registry in electronic form via the application forms. The procedure is therefore entirely managed via electronic files, Art. 44 UPCA, R. 4.

The Court Registry maintains an online case register, R. 262. This includes pleadings, documents, decisions and orders filed with or issued by the court. A restriction of disclosure will only be granted upon a reasoned request, R 262 A, and can only relate to confidential information.

This will lead to considerable changes in legal practice because, to date, infringement proceedings in patent cases were generally not open to public inspection and were generally not made public by the parties, so that, to date, lawyers dealt with the issue of trade secrets or business secrets only in exceptional cases. Practitioners will have to be prepared to take greater account of this from the outset when drafting the statement of claim and statement of defence, and when submitting appendices.

The Court Registry is also responsible for checking formal requirements: For example, the legal representatives of the parties must register with the Court Registry, and applications for legal aid must be lodged with it.

In addition, according to R. 5, the Court Registry must be informed by the proprietor or applicant of a European patent by means of a so-called "opt-out declaration", if he or she wishes to exclude that patent from the exclusive competence of the Unified Patent Court (UPC) during the transitional period of seven years starting with the entry into force of the UPCA.

Furthermore, actions against the rejection of the request for unitary effect by the European Patent Office (EPO) must be lodged with the Court Registry. An action to set aside this decision must be lodged with the Court Registry within 3 weeks after service.

Electronic File

Art. 44 of the UPCA requests that files shall in principle be kept electronically. This underlines R. 4.2, according to which documents that cannot be lodged electronically for any reason should be included in the electronic files in court proceedings as soon as possible.

As soon as the Court Registry has checked the statement of claim for its formal requirements and registered its receipt, the Court Registry opens a file in electronic form. At the same time, the file is assigned a case number, which is recorded in the register.

Documents may be served on the party representatives in electronic form pursuant to R. 271, otherwise by registered mail.

Protection of Confidential Information

Art. 58 UPCA provides that, in order to protect a party's or a third party's business secrets, personal data or other confidential information, or to prevent misuse of evidence, the court may order that the collection and use of evidence in proceedings before it be restricted or declared inadmissible, or that access to such evidence be limited to certain persons.

The Rules of Procedure of the UPCA provide more detailed information on how to deal with trade secrets during the court proceedings, R. 262 and R 262 A.

In order to protect information obtained, for example, through inspection or evidence gathering, the court may limit access to certain individuals, as well as put other confidentiality measures in place. The broad term "confidentiality measures" gives the court the power to define these in detail.

In addition to the handling of business secrets during the taking of evidence, the Rules of Procedure also comment in R. 192 to 196 on the preservation of evidence. Since the various methods of preserving evidence, such as taking samples or disclosing documents and passwords, invade the defendant's spheres of confidentiality which belong exclusively to the holder of the information, the court must only grant access to selected individuals when preserving evidence.

Pursuant to R. 197, a review of the evidence preservation order can take place at the request of the defendant after the evidence has been preserved (which was initially carried out without hearing the defendant). If the court modifies the order following a hearing, the person to whom confidential information has been disclosed during the proceedings must be obliged to keep this information confidential.

In order to protect trade secrets, the court may also order that the public be excluded from the oral proceedings and the interim proceedings to the necessary extent, R. 115.

Thus, the UPCA and the Rules of Procedure grant comprehensive protection of trade secrets, which can, however, be lifted in specific cases. The fact that the potential confidentiality measures are not set out in concrete terms gives the court the necessary flexibility to adjust to individual cases.



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15. Court Fees and Recoverable Costs for Legal Counsel and Patent Attorneys

A significant aspect for the acceptance of the UPC by users will be the new system's costs and the litigation cost risk. A distinction must be made between court fees and recoverable party costs.

Court Fees

Legal Framework

According to Art. 36 UPCA, the budget of the Unified Patent Court is to be financed by its own revenues, which consist mainly of the court fees collected. The court fees are set by the Administrative Committee. They consist of a fixed fee, combined with a value-based fee above a pre-defined ceiling, Art. 36 (3) UPCA. More detailed provisions on the court fees to be fixed are primarily set out in Part 6 of the Rules of Procedure of the Unified Patent Court.

On 25 February 2016, the Preparatory Committee submitted a proposal for a table of court fees which, if adopted by the Administrative Committee, will be used as a basis for determining court fees under Rule 370.1. Finally, the Preparatory Committee has published guidelines for the assessment of the amount in dispute. The amount in dispute is relevant in the context of determining value-based court fees and for capping the recoverable costs of the winning party.

It is expected that these proposals will be adopted by the Administrative Committee, which was constituted on 22 February 2022.

Fixed Fees and value-based Fees

For each action before the Unified Patent Court, a fixed fee in the amount set out in the Table of Court Fees is initially due. For infringement actions, infringement counter claims and negative declaratory actions, this fixed fee amounts to Euro 11,000. A fixed fee of Euro 3,000 is charged for actions for damages.

In addition, pursuant to R. 370.3, a value-based fee is charged for infringement actions, infringement counter claims and negative declaratory actions, if the amount in dispute exceeds EUR 500,000. In accordance with Section II of the Table of Court Fees shown below, this value-based fee increases successively in degressive proportionality to the amount in dispute.

Value in dispute		Additional value-based fee
Up to and including	500,000 €	0 €
Up to and including	750,000 €	2,500 €
Up to and including	1,000,000 €	4,000 €
Up to and including	1,500,000 €	8,000 €
Up to and including	2,000,000 €	13,000 €
Up to and including	3,000,000 €	20,000 €
Up to and including	4,000,000 €	26,000 €
Up to and including	5,000,000 €	32,000 €
Up to and including	6,000,000 €	39,000 €
Up to and including	7,000,000 €	46,000 €
Up to and including	8,000,000 €	52,000 €
Up to and including	9,000,000 €	58,000 €
Up to and including	10,000,000 €	65,000 €
Up to and including	15,000,000 €	75,000 €
Up to and including	20,000,000 €	100,000 €
Up to and including	25,000,000 €	125,000 €
Up to and including	30,000,000 €	150,000 €
Up to and including	50,000,000 €	250,000 €
Above	50,000,000 €	325,000 €

According to Section III of the Table of Court Fees, only a fixed fee is payable in each case for all other actions before the Court of First Instance. These include, in particular, revocation actions and counterclaims for revocation of the patent. An isolated revocation action costs EUR 20,000. The costs for a counterclaim for revocation of the patent shall correspond to the costs of the respective infringement proceedings, but shall not exceed EUR 20,000.

The same court fees as for the first instance are payable for appeal proceedings. The fixed fees under the Table of Court Fees must be paid when an action or application is being lodged. Otherwise, the action/application shall be deemed not to have been lodged. The value-based fee shall only be paid after it has been determined by the judge-rapporteur. On filing a corresponding application, the fixed and value-based

fees under the Table of Court Fees (regular fees) can be reduced to 60 % for small and medium-sized enterprises.

Determination of the Amount in Dispute

The guidelines of the Administrative Committee dated 26 February 2016 for determining the amount in dispute in respect of determining the fees are based on the following principles:

If the parties are in agreement, the court shall follow the plaintiff's estimate of the amount in dispute, which the plaintiff must indicate in the statement of claim or application. If the parties are not in agreement, the amount in dispute in infringement proceedings shall be based on the infringer's turnover achieved with the product in dispute. This is used both for the past and for the future up to the expiry of the patent, and an appropriate licence is determined on this basis. If the turnover is not known or not yet in existence, the defendant's market share can also be taken as a basis.

In actions for the determination of damages, the amount in dispute determined in this way is reduced by 50 %. The amount in dispute in interim injunction proceedings is only two thirds of the amount in dispute in the main action.

For revocation proceedings, no determination of the amount in dispute is required to determine the court fees, as only a fixed fee is due. However, a determination of the value in dispute cannot be dispensed with here either, as the recoverable party costs must be determined (see below). For this purpose, the value of the patent is determined by calculating either an appropriate licence based on the turnover of the parties for the remaining term of the patent or the amount in dispute of the infringement proceedings plus 50 %.

If a case involves several patents or if more than one party is involved both on the plaintiff's and the defendant's side, this does not change the amount of the court fees. Only one fixed fee and, if applicable,

only one value-based fee depending on the value of the dispute is due, R. 370.7. However, it is relevant for the determination of the recoverable party costs whether infringement proceedings are conducted against several defendants or from several patents. In that case, the amount in dispute increases in the form of a combined licence for all patents and all defendants. The same applies to revocation actions against more than one patent.

Refund of Fees

Parts of the already paid fixed and value-based fees will be refunded if the case is heard by a single judge only, the action is withdrawn or terminated by settlement. In the case of withdrawal or termination by settlement, the amount to be refunded is reduced in accordance with how far the action has progressed. In the case of proceedings heard by a single judge, the refund shall be a flat rate of 25 %.

If more than one ground for reimbursement is applicable, only one reduction applies per party and action, namely the highest amount. If, for example, infringement proceedings are terminated before the end of the interim proceedings before a single judge (1st ground for reduction) by withdrawal of the action (2nd ground for reduction) after conclusion of a settlement (3rd ground for reduction), the refund will only amount to 40% of the fees once.

However, if special reasons apply, a reduction may be denied or reduced by the Court. Such special reasons may in particular be the conduct of a party.

Recoverable Legal Costs

Restricted Principle of Defeat

The principle that the unsuccessful party must bear the legal costs incurred by the successful party also applies to proceedings before the Unified Patent Court, Art. 69 (1) UPCA. In the event of partial victory, or in exceptional cases, the court may award only part of the costs, Art. 69 (2) UPCA.

However, there are two important limitations to this principle: Firstly, costs are only recoverable if they are reasonable and appropriate. Secondly, for reasons of equity, the UPC may also impose the burden of costs or part thereof on the successful party. This could be the case, for example, if an infringement defendant, knowing of prior art that impedes the patent, does not react to a warning by the patent proprietor, i.e. “feeds the latter to the sharks”.

Recoverable Costs

Recoverable legal costs include court fees as well as costs of experts, witnesses, translators and interpreters. Costs of a private expert are also reimbursed to a reasonable extent.

Furthermore, the successful party is entitled to recover its legal and patent attorney fees. The Rules of Procedure do not distinguish between lawyers and patent attorneys when compensating costs for representation. Representation costs are recoverable only to the extent that they are reasonable and proportionate.

Upper Limits of Costs for Representation

In order to ensure that no excessive costs for representation are claimed, the Administrative Committee has set the following ceilings for recoverable costs for representation based on the value of the claim in accordance with R. 152.2.

Value of the claim		Upper cost limit	
Up to and including	250,000 €	Up to	38,000 €
Up to and including	500,000 €	Up to	56,000 €
Up to and including	1,000,000 €	Up to	112,000 €
Up to and including	2,000,000 €	Up to	200,000 €
Up to and including	4,000,000 €	Up to	400,000 €
Up to and including	8,000,000 €	Up to	600,000 €
Up to and including	16,000,000 €	Up to	800,000 €
Up to and including	30,000,000 €	Up to	1,200,000 €
Up to and including	50,000,000 €	Up to	1,500,000 €
Above	50,000,000 €	Up to	2,000,000 €

These upper limits shall apply per action and instance, irrespective of the number of parties, representatives,

claims or asserted patents. If a party is only partially successful, the upper limits apply proportionately.

However, the upper limits mentioned cannot automatically be demanded in full when the respective amount in dispute is reached. Rather, in the context of the cost determination procedure, the court determines which legal fees in the individual case are recoverable up to the upper limits stated. In doing so, the court takes into account all circumstances of the individual case, including the procedural conduct of the parties, the proportion of the upper limit to the annual turnover of both parties, the economic activities of both parties, as well as the economic effects that a determination below the upper limit would have for the respective party.

Deviations from the Upper Limits

If the case is particularly complex, the court may exceptionally increase the upper limits set by the Administrative Committee, namely:

- up to 50 % for an amount in dispute of up to EUR 1 million;
- up to 25 % for an amount in dispute of more than EUR 1 million up to and including EUR 50 million;
- up to EUR 5 million in cases where the amount in dispute exceeds EUR 50 million.

At the request of a party, the upper limits may be reduced in individual cases if the amount of recoverable costs threatens the economic existence of the unsuccessful party, in particular in the case of micro-enterprises, small and medium-sized enterprises, non-profit organisations, universities, public research institutions or individual persons.

It is to be expected that, in practice, following the proceedings before the Unified Patent Court for the determination of costs, there will be intensive discussions on the amount of the applicable upper limit or its exhaustion for the determination of recoverable

legal fees, at least until more detailed case law on this has emerged.

Is the Unified Patent Court expensive?

If one compares the fees and cost regime of the Unified Patent Court with the court fees and recoverable litigation costs under the German Court Fees Act (GKG) and the Lawyers Remuneration Act (RVG), it is apparent that the court fees are essentially the same for amounts in dispute below EUR 1 million in infringement proceedings. For higher amounts in dispute, the court fees before the Unified Patent Court become increasingly “favourable”. The court fees for revocation actions are capped at a maximum of EUR 20,000, which is a considerable reduction compared to German revocation actions. In addition, the UPC does not have an instance for repealing a decision of the Court of Appeal, and the fees for the first and second instance are the same. Here, too, there are considerable advantages in terms of cost compared to the German system.

The comparison of recoverable legal fees shows that proceedings before the Unified Patent Court can be “expensive” in individual cases. However, in view of the expected complexity, the territorial scope and the extremely ambitious time frame for litigation before the new court, this can hardly come as a surprise. It remains to be seen what basic principles the Court of Appeal will establish for the recovery of legal fees.



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16. Translation Arrangements for the Unitary Patent and the Language Arrangements before the UPC

Translation Arrangements for the Unitary Patent

Patent Translation Regulation (Council Regulation (EU) 1260/2012)

Rules for the translation of a Unitary Patent, and in case of litigation concerning the infringement of a Unitary Patent, are set out in Council Regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements ("Patent Translation Regulation").

The purpose of the Patent Translation Regulation is to create simple and cost-efficient translation arrangements which at the same time ensure legal certainty, promote innovation and benefit small and medium-sized enterprises in particular. Since the EPO is responsible for granting European patents, the translation arrangements for the Unitary Patent refer to the established procedures of the EPO, and the Patent Translation Regulation essentially refers to the translation arrangements of the EPC, cf. Art. 3 (1) Patent Translation Regulation.

Transition Period

During the transition period of at least 6 years but at most 12 years, the patent proprietor must file a complete translation of the patent specification together with the request for unitary effect. Pursuant to Art. 14 (3) EPC, cf. Art. 9 (1) (g) Unitary Patent Regulation, the request for unitary effect itself must be filed in the language of the proceedings. If the language of the proceedings before the EPO was German or French, a translation of the patent specification into English must be filed pursuant to Art. 6 (1) (a) Patent Translation Regulation. If the language of the proceedings before

the EPO was English, a translation into another one of the 24 official languages of the European Union must be filed pursuant to Article 6 (1) (b) Patent Translation Regulation. However, the wording of the filed translation has no legal effect and serves information purposes only, cf. Art. 6 (2), s. 2, Patent Translation Regulation. In this respect, a machine translation will presumably suffice. Pursuant to Art. 3 (1) Patent Translation Regulation, no further translation will be required after the transition period, and the patent specification will be published in the language of the proceedings pursuant to Art. 14 (6) EPC, with the patent claims additionally published in the other two official languages of the EPO.

Translation Deficiencies

According to R. 7 (3) in conjunction with R. 6 (2) of the Rules relating to Unitary Patent Protection published by the EPO (SC/D 1/15 of 15 December 2015), the EPO sets a time limit of one month to file a missing translation or to correct an incorrect translation. Thus, attaching a machine translation does not lead to a loss of rights, but at most to the EPO requesting a corrected translation.

Translation for Litigation

In litigation concerning the infringement of a Unitary Patent, the patent proprietor has the obligation under Art. 4 (1) Patent Translation Regulation to provide, upon request and at the option of the alleged infringer, a complete translation of the patent specification into the official language of the country of the act of infringement or of the country where the defendant is domiciled. In addition, the patent proprietor must provide a full translation of the patent specification into the language of the proceedings at the latest upon request by the court.

Therefore, three translations of the patent specification of a Unitary Patent may be required:

- A translation into English or a second official EU language during the grant procedure;
- A translation into the national language spoken at the domicile of the defendant or the place of the infringing act;
- A translation into the language of proceedings of the local or regional division seized.

The Language Arrangements before the Unified Patent Court

In proceedings at first instance before the central division of the Unified Patent Court, the language of proceedings is in principle the language in which the patent in question was granted, i.e. English, German or French, according to Art. 49 (6) UPCA. However, Art. 51 (2) and (3) UPCA provides that, at the request of a party, interpretation facilities may be provided by the central division during oral proceedings. Also, in infringement proceedings, the defendant may request before the central division that relevant documents be translated into the official language of the EU Member State in which the defendant is domiciled, provided that (i) the competence of the central division arises from Art. 33 (1) sub-para (3) or (4) UPCA; (ii) the language of proceedings is not an official language of that EU Member State; and (iii) the defendant does not have sufficient knowledge of the language of the proceedings.

According to Art. 49 (1) UPCA, the language of proceedings before a local or regional division is in principle the official language where the division is located or, in the case of a regional division, the language of proceedings determined by the respective Contracting Member States. In any case, at the request of a party, interpretation facilities may be provided by the division during oral proceedings under Art. 51 (2) UPCA.

Also, under Art. 49 (3) UPCA, the parties may request by common consent that the proceedings be conducted in the language in which the patent was granted. If the division does not agree to this request, the case is referred to the central division upon request.

Conversely, pursuant to Art. 49 (4) EPC, the division may also decide with the agreement of both parties that, for reasons of convenience and fairness, the language of grant of the patent shall be used as the language of proceedings. Finally, at the request of a party and after hearing the other party and the division, the President of the Court of First Instance may decide on the use of the language in which the patent was granted as language of proceedings under Art. 49 (5) UPCA, if this appears to be necessary on grounds of fairness.

In addition, according to Art. 49 (2) UPCA, the Contracting Member States may designate one or more of the official languages of the EPO as an additional language of proceedings for their local or regional division, i.e. English, German and French. For Germany, it is not yet certain whether this option will be used. It is being discussed that the local divisions in Munich and Hamburg will also offer English as language of proceedings.

In that case, the plaintiff can determine the language of the proceedings in the statement of claim, R. 14.2 (a) Rules of Procedure, unless it is a local infringer who can only be sued at that local or regional division, R. 14.2 (b). Pursuant to R. 14.2 (c), it is furthermore possible that, although an EPO official language is chosen as an additional language of proceedings, the court conducts oral proceedings in the national language and/or drafts judgements and orders in that language.

Before the Court of Appeal, the language of proceedings of the first instance is generally used in accordance with Art. 50 (1) UPCA or, in accordance with Art. 50 (2) UPCA, the language in which the patent was granted, if this is agreed by the parties. In exceptional cases and to the extent the Court of Appeal

considers it appropriate, another official language of a Contracting Member State may be chosen as language of proceedings with the consent of the parties, pursuant to Art. 50 (3) UPCA.

In appeal proceedings, too, interpretation facilities may be provided at the request of a party during oral hearings, according to Art. 51 (2) UPCA.

As a general rule, however, both the Court of First Instance and the Court of Appeal may dispense with translation requirements to the extent they deem appropriate, cf. Art. 51 (1) UPCA.



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17. Representation before the Unified Patent Court

Prerequisite for Adequate Representation

According to Art. 48 (1) and (2) UPCA, in addition to lawyers authorised to practice before a court of a Contracting Member State, European patent attorneys are entitled to represent [clients] before the UPC. However, patent attorneys who are authorised to act as professional representatives before the EPO under Art. 134 EPC, and who wish to represent the party before the UPC without a lawyer, must prove that they have a special qualification to do so, for example the European Patent Litigation Certificate (EPLC). To that end, the Preparatory Committee submitted a draft on 23 September 2016, which was adopted by the Administrative Committee at its constitutive meeting on 22 February 2022. The acquisition of the EPLC requires the participation in a training course of at least 120 hours, which, according to R. 3 and 4 of the draft, provides the necessary basic knowledge in the following areas:

- General introduction to the relevant areas of law, in particular European law, private law and private international law;
- Role of the European Court of Justice and relevant decisions in patent law;
- Enforcement of patents, the EU Patent Regulations 1257/2012 and 1260/2012, and knowledge of international patent infringement and revocation proceedings; and
- UPCA as such together with the conduct of proceedings before the Unified Patent Court.

A written and an oral exam must be taken on the course content. The course may be offered by universities and other non-commercial training organisations such as the Training Centre for the Unified Patent Court in Budapest (subject to Hungary's ratification of the UPCA, which has been stopped for the time being by

the Hungarian Constitutional Court).

European patent attorneys holding a Bachelor's or Master's degree in law or a comparable degree do not need such an additional qualification (R. 11 EPLC draft).

Patent attorneys who have already completed additional training will also be allowed to register as professional representatives at the Unified Patent Court during a one-year transitional period from the entry into force of the UPCA. Recognised additional training courses include the courses "Diploma on Patent Litigation in Europe" or "Diploma of International Studies in Industrial Property (specialising in patents)" of the Centre d'Études Internationales de la Propriété Intellectuelle (CEIPI), the courses "Recht für Patentanwälte" of the FernUniversität Hagen and the "Kandidatenkurs Fischbachau" of the FernUniversität Hagen, as well as "Zusatzstudium Gewerblicher Rechtsschutz" of the Humboldt-Universität Berlin (R. 12 EPLC draft). Applications for recognition of other adequate qualifications must be filed in one of the official languages of the European Patent Office, i.e. in German, English or French.

Finally, the necessary qualification can also be acquired by sole representation in at least three patent infringement proceedings in the last 5 years. However, this rule is not relevant for German patent attorneys.

The registrar of the Unified Patent Court maintains a list of European patent attorneys who are authorised to appear before the court.

Usually, joint representation by a lawyer and a patent attorney will be useful and necessary. In this respect, Art. 48 (4) UPCA clarifies that the latter may also speak at hearings before the court.

An EPLC is not required for the representation of a patent proprietor when lodging opt-out declarations, R. 5.4.

Authorised Representatives' Rights and Duties

In accordance with the Rules of Procedure, the parties' representatives shall enjoy the rights and privileges necessary for the independent performance of their duties, in particular, the right not to be required to disclose communications between a representative and a party or any other person in the proceedings, unless the party concerned expressly waives that right, R. 287 and 288.

Requirements for the conduct of representatives can be found in the "Proposal for a Code of Conduct for the UPC", the 4th draft of which is dated 22 June 2016. For German lawyers and patent attorneys, the instructions given therein are self-evident: They concern fair conduct of the proceedings, including the requirement to promptly correct incorrect information provided by the court, Art. 48 (6) UPC, R. 284, as well as the prohibition to contact judges unnecessarily and without the opponent's prior consent, and a polite and impartial conduct before the court.



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18. Supplementary Protection Certificates before the Unified Patent Court

Not only European patents are subject to the scope of application of the UPCA and the jurisdiction of the UPC. According to Art. 3 (b), the UPCA also applies to all supplementary protection certificates granted in respect of a product protected by a European patent.

Classification

Supplementary protection certificates (SPC) are industrial property rights which extend the protection granted by a patent beyond its term. They can be granted for patented products in the field of pharmaceuticals and plant protection, for example, for a specific active pharmaceutical ingredient. The individual requirements for granting them are set out in Regulations (EC) No 469/2009 and (EC) No 1610/96 (SPC Regulations). The basic requirement for granting an SPC is the existence of a so-called basic patent which protects the product in question. The basic patent can be a national or a European patent.

SPC are granted by the national patent offices. They are therefore national IP rights. This applies regardless of whether the basic patent is a national patent or a European patent validated in the Member State concerned. An SPC granted on the basis of a European patent only has effect in the Member State in which it was granted and can, or could up to now, only be enforced and attacked there. Unlike a European patent, an SPC requires an individual application in each Member State in which SPC-protection is sought. It is not possible to obtain “a bundle” of several SPC in various Member States with a single application to the European Patent Office (EPO). However, the European Commission is striving to change this in the future.

European Patents with Unitary Effect as Basic Patents

There is some uncertainty among experts as to whether the current SPC Regulations allow for national SPC to

be granted on the basis of Unitary Patents, or whether only national and classic European (bundle) patents will continue to be considered as basic patents. The reason for this uncertainty is that the SPC Regulations pre-date the EU patent package, and their wording does not seem to be in line with the latter in part. However, it is primarily assumed that the patent offices of the Member States can and will grant national SPC on the basis of Unitary Patents.

(No) SPC with Unitary Effect

For the time being, there will be no SPC with unitary effect. However, the European Commission has announced its intention to work towards the introduction of an SPC with unitary effect.

Exclusive Competence of the UPC

By its very nature, the UPC will only have competence in respect of SPC granted on the basis of European patents. SPC granted on the basis of national patents will continue to be enforced and attacked before national courts and authorities.

Pursuant to Art. 32 (1) UPCA, the UPC has exclusive competence in respect of SPC for:

- Actions for actual or threatened infringements and related defences, including counterclaims concerning licences;
- Actions for declarations of non-infringement (negative declaratory actions);
- Actions for provisional and protective measures and injunctions; and
- Actions for declaration of invalidity and counterclaims for declaration of invalidity.

Since SPC are national IP rights and will remain so for the time being, the decisions of the UPC taken in respect of SPC will not have a Europe-wide effect, unlike classic European patents, but will only have an effect on the respective national SPC that is the subject matter of the proceedings, or with respect to its granting Member State.

Transitional Period and Opt-Out

During the transitional period under Art. 83 (1) UPCA, actions concerning SPC, for which the UPC actually has exclusive competence under Art. 32 UPCA, may continue to be brought before the national courts of the Member States. Plaintiffs can therefore bring actions either before the national courts of the Member States or before the UPC, unless the SPC in question has been removed from the jurisdiction of the UPC by means of an opt-out under Art. 83 (3) UPCA.

Opt-Out

An opt-out blocks the way to the UPC for declaratory and invalidity actions. If the SPC at issue is subject to an opt-out, the national courts of the Member States have exclusive competence, not only during the transitional period, but, in our view, for the entire (remaining) term of the SPC. The possibility of an opt-out only exists for SPC whose basic patent is a classic EP. SPC granted on the basis of a Unitary Patent cannot be withdrawn from the competence of the UPC, R. 5.2 (d).

According to R. 5.2, the opt-out of an EP as well as the withdrawal of such an opt-out extends to any SPC based on the EP concerned. The principle underlying this provision is that SPC should not be subject to a different jurisdiction than their basic patent. Thus, an opt-out for an EP always means an opt-out for all SPC based on that EP. Therefore, although the wording of Art. 83 (3) and (4) UPCA might initially suggest this, it is not possible to remove an EP from the UPC's competence but leave SPC granted on its basis under the UPC's competence. Similarly, an SPC cannot be withdrawn from the UPC's competence while its basic

patent and/or related SPC, i.e. based on the same basic patent, remains there.

A prerequisite for an opt-out for an SPC is always an opt-out for its basic patent. In other words, an SPC always follows its basic patent as far as the question of the UPC's competence is concerned:

- An SPC granted after an opt-out of its basic patent is automatically excluded from the competence of the UPC, R. 5.2 (b). This also applies if the patent proprietor and the SPC proprietor are different persons;
- If an SPC has already been granted at the time of declaration or withdrawal of an opt-out for its basic patent, and the patent proprietor and the SPC proprietor are different persons, R. 5.2 (a) provides that both have to declare the opt-out or withdrawal of the opt-out jointly. Accordingly, an opt-out should not be possible if the SPC proprietor, who is different from the patent proprietor, does not join the opt-out. The fact that a patent proprietor who is also the proprietor of the SPC based on the patent does not have to expressly extend his opt-out declaration to any SPC already results from R. 5.2;
- An SPC whose basic patent has already lapsed requires the opt-out of the lapsed basic patent, see R. 5.1.

As soon as proceedings concerning an SPC are pending before the UPC, an opt-out for the basic patent is ruled out, R. 5.6 and R. 5.2 (c) (i). Conversely, it will also not be possible to withdraw an opt-out for an EP once proceedings concerning an SPC based on that EP are pending before the national court of a Member State, R. 5.8 and R. 5.2 (c) (i).

Parallel Competence

Despite the principle set out in R. 5.2 that competence for actions in respect of SPC and for actions in respect of related basic patents should not diverge, it may happen during the transitional period that an action in

respect of an SPC is permitted to be brought before a national court of a Member State and an action relating to its basic patent or a related SPC is brought before the UPC, or vice versa, and the court seized may also decide on it. If no opt-out has been declared, this situation is a possible consequence of parallel competence under Art. 83 (1) UPCA.

Art. 29 et seq. of Regulation (EU) No 1215/2012 (Brussels Ia Regulation) governs how a national court has to deal with an action concerning an SPC if proceedings concerning the basic patent or a related SPC are already pending before the UPC, or vice versa. Depending on the circumstances of the case, the court seized last must or may initially stay the proceedings. However, this does not apply if decisions of a national court in a Member State or of the UPC already exist concerning the basic patent or a related SPC. Concluded proceedings or existing decisions do not preclude proceedings before the court subsequently seized.



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