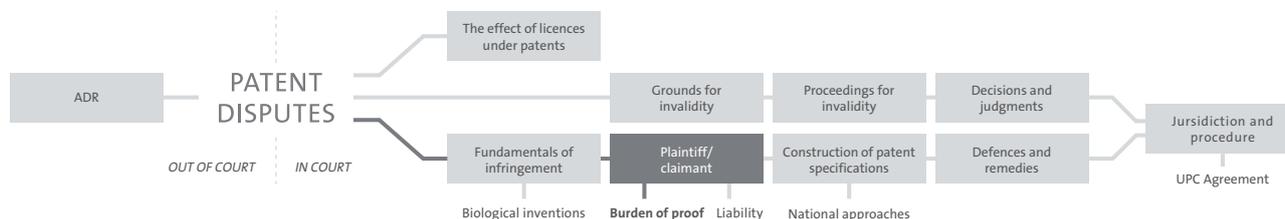


Burden of proof (Supplementary reading)



Burden of proof

National laws – General

In most legal systems, the burden of proving a fact is generally on the party relying on that fact. Accordingly, in infringement proceedings, the claimant has to prove the infringing act(s), and that a given product or process falls within the scope of protection afforded by the patent. In contrast, the alleged infringer must prove the facts on which possible exceptions or defences are based.

Generally speaking, only contested facts have to be proven by evidence (see, for example, Section 138(3) *Zivilprozessordnung* (German Civil Procedure Code) (ZPO) or Article 115(2) *Codice civile* (Italian Civil Code)). However, in France this is not yet established case law.

The standard of proof is usually that of a preponderance of the evidence. This means that a given fact must be more probable than not. It is not necessary to exclude “all reasonable doubt” (e.g. Italy: Cass. Civ. Oct. 222013, No. 23933; Cass. Civ. Jul. 8 2010 No. 16123; Germany: Section 286 ZPO). In the UK, the relevant standard of proof for a fact is the balance of probabilities, i.e. the judge must be convinced that it is more probable than not that a given fact is true.

There are certain circumstances in which the burden of proof may be reversed, in particular when it comes to process claims. This is discussed further below.

UPCA – General

The general rule on the burden of proof is set out in Articles 54 and 55 UPCA. **Article 54** states that the burden of proving facts is on the party relying on those facts. However, this rule applies without prejudice to Article 24(2) and (3) UPCA, when the Court applies national law. Article 54 may not therefore apply in circumstances where the Court applies national law, in particular that of a non-contracting state. By way of example, this may be the case in infringement proceedings concerning a

General rule

The burden of proving a fact is on the party relying on those facts.

Facts to be proven

Only contested facts in some jurisdictions

Standard of proof

Reasonable level of certainty

Cass. Soc. 16 November 1972, case No. 72-40.080 Bull. Civ. V. n.626 (p. 571), and Cass. Civ. 1, 3 January 1980, case No. 78-12.753 Bull. Civ. I, n. 7 (p.6)

Article 54 UPCA sets out the general rule on the burden of proof

The burden of proving facts shall be on the party relying on those facts.

European patent under Article 64(3) EPC, in particular where a state is an EPC contracting state but not a UPCA contracting state.

Despite Article 54 UPCA not applying in these circumstances, the impact of national law is likely to be low, as the basic principle set out in Article 54 is widely accepted and applied (for example, it is suggested in the Principles of Transnational Civil Procedures, 21.1).

Article 55 UPCA sets out two situations where the burden of proof is reversed, both of which apply to scenarios where a product has been derived from a process. These are discussed in more detail below.

Article 55 UPCA sets out when the burden of proof is reversed in process claims.

Reversed burden of proof for process claims

Under national law

Pursuant to Article 34 of the TRIPS Agreement, where a patent claim concerns a process for obtaining a product and an identical product is then produced without the proprietor's consent, the contracting states are required to legislate to reverse the burden of proof (i.e. the identical product will be deemed to have been obtained by the patented process) in at least one of the following circumstances:

TRIPS Agreement

The burden of proof is reversed in at least one of two scenarios involving the derivation of a product from a process.

- If the product obtained by the patented process is new; or
- If there is a substantial likelihood that the identical product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used.

By way of example, in Germany and the UK, the burden of proof is reversed in case (a) above. In contrast, in Italy and France the burden of proof is reversed in both cases (a) and (b).

Under the UPCA

Pursuant to **Article 55 UPCA**, a reversal of the burden of proof applies to process claims in infringement proceedings. Products are deemed to be obtained by a patented process, i.e. the burden of proof is reversed, in two specific scenarios:

Article 55 UPCA

A reversal of the burden of proof applies in both of the two possible scenarios envisaged by Article 34 of the TRIPS Agreement.

- The product allegedly manufactured using the patented process is new; and
- There is a substantial likelihood that an identical product has been manufactured using the patented process, but the proprietor has been unable, despite reasonable efforts, to establish what process has in fact been used.

It can be seen that Article 55 UPCA therefore reflects Article 34(1) of the TRIPS Agreement (as discussed above in the context of national laws).

However, unlike the TRIPS Agreement, the contracting states cannot choose to reverse the burden of proof in only one of the two scenarios.

As an aside, it is evident that Article 55 UPCA therefore strengthens the position of proprietors of process claims vis-à-vis the TRIPS Agreement in those contracting states that chose to reverse the burden of proof in only one of the two scenarios (for example, Germany and the UK). The position will not be affected in those contracting states that reversed the burden of proof in both scenarios under the TRIPS Agreement (for example, France and Italy).

Article 55(1) UPCA

Pursuant to Article 55(1) UPCA, if the subject-matter of a patent is a process for obtaining a new product, then an identical product produced without the consent of the proprietor will, in the absence of proof to the contrary, be deemed to have been obtained by the patented process.

Therefore, the proprietor will only have to prove that the product is new and that there is “identity” between the product obtained with the patented process and the one obtained by using the alleged infringing process. While the debate as to the correct interpretation of the expression “new product” is ongoing, it appears to have been widely accepted that the expression “identical product” does not exclude products with minor and/or insignificant differences.

Article 55(2) UPCA

Pursuant to Article 55(2) UPCA, in the case of known products, where there is a substantial likelihood that an identical product was manufactured using the patented process, but the proprietor has been unable, despite reasonable efforts, to establish what process has, in fact, been used, it will be presumed that the identical product was manufactured using the patented process.

The rule extends the reversal of the burden of proof in cases involving process claims to include known products.

Exception to applicability of Articles 54 and 55 UPCA

As set out above, Articles 54 and 55 UPCA may not apply when the Court applies national law, in particular the national law of a non-contracting state.

Article 55(1) UPCA

Claims directed at obtaining new products: the identical product can be deemed to have been obtained by the patented process.

Article 55(2) UPCA

Claims directed at obtaining known products – reversal of the burden of proof if

- a substantial likelihood exists that the identical product was made by the patented process and
- the proprietor has been unable, despite reasonable efforts, to determine the process actually used.

Exception to the applicability of Articles 54 and 55 UPCA

National law may provide for different rules governing when the burden of proof is reversed.

Typical facts in an infringement claim

Typical facts relied upon by claimants

In a typical case, the claimant (i.e. proprietor or exclusive licensee) may be claiming an injunction and damages for the alleged direct infringement of a product claim. Pursuant to the general rule set out in Article 54 UPCA, the claimant will offer evidence for the following facts:

- The product falls within the protection of one or more of the product claims of the patent.
- The defendant is engaged in one or more of the actions indicated, for instance, in Article 25 UPCA:
 - making
 - offering
 - placing on the market
 - using
 - importing or
 - storing the product for the above purposes.

Pursuant to Article 68 UPCA (which concerns the award of damages), the claimant must prove that the infringer either:

- knew, or
- had reasonable grounds to know,

that they were engaging in an infringing act.

Article 68 may be interpreted in such a way as to require the court to establish whether the claimant has provided a translation of the patent to the infringer in accordance with Article 4 of Regulation 1260/2012. As Article 68 UPCA reflects Article 13(1) of Regulation 48/2004 (and thus is derived from EU law), it may require an autonomous interpretation.

Typical facts relied upon by the defendant

In a typical case, the defendant (i.e. potential infringer) may raise a number of issues in addition to denying infringement (due to the claims of the patent not covering the alleged infringing product/process) or asserting that the patent is invalid. For example:

- The defendant may claim that it has the proprietor's consent (i.e. a licence). The burden of proof is on the defendant to prove that consent has been given and that such consent covers the infringement in issue.
- Subject to national law, the defendant may raise one or more of the exceptions in Articles 27 to 29 UPCA. For example, it might claim, and therefore need to prove, that (a) the allegedly infringing acts were done privately and for non-commercial purposes (Article 27), (b) he

Typical facts relied upon by claimants

A given product falls within one or more of the product claims of the patent.

The defendant is engaged (or is about to be engaged) in one or more of the acts indicated in Articles 25 to 26.

Further facts relied upon by the claimant

Facts that show that the engagement in an infringing activity occurred knowingly or with reasonable grounds to know.

The existence and scope of any consent or licence

The exceptions in Articles 27 to 29 UPCA

would have had, in a contracting state, a right based on prior use of that invention (Article 28), or (c) the product was placed on the market in the EU by, or with the consent of, the proprietor (Article 29).

As regards specific exceptions, such as exhaustion (Article 29 UPCA), the Court of Justice of the European Union (CJEU) case law has seen a shift in the burden of proof.

Actions for threats in common law countries

Introduction to threats legislation

The UK and the Republic of Ireland have “threats” provisions. The position is broadly comparable, so the following summary refers to the UK position only.

Threats to potential infringers may be unlawful, depending on the nature of the infringer.

This aspect of intellectual property (IP) jurisprudence first arose in UK legislation in 1883 and in due course found its way into the relevant legislation in all countries forming part of the British Empire, as it then was. It came about because of the concern felt in industry at the time that unjustified threats of litigation could have disproportionately negative effects on the recipients of such threats. The expense of IP litigation, for example, could be used to stifle competition, particularly in the hands of the unscrupulous. Therefore a new tort was created making it illegal to unjustifiably threaten a party with infringement proceedings, regardless of whether or not the threat was made *bona fide*. Since then, the law on this topic has swung back and forth, but is still present in many jurisdictions.

Section 70 of the UK Patents Act 1977 outlaws certain “threats” of patent infringement proceedings. The philosophy behind this section is that proprietors should raise issues of infringement with primary infringers (manufacturers and importers) rather than secondary infringers (such as distributors and ultimate customers). In particular, there is a concern that customers may be dissuaded (without assessing the merits of the allegations) from purchasing products if they are threatened with potentially complex and expensive legal proceedings.

The UK has recently reconsidered whether threats should continue to be outlawed, bearing in mind in particular the fact that the provisions are not the same for all IP rights. The outcome of this consultation was that the threats provisions should continue, and that they should be harmonised across all IP rights and extended to unitary patents. It has therefore been proposed that the existing legislation be revised; at the same time, it is understood that the changes, whilst important, will not significantly affect the way in which the legislation works in practice.

What is a threat?

There is no statutory definition of what constitutes a threat. The only guidance is that a “mere notification” of a patent right is not a threat. Case law suggests, however, that going beyond a mere notification is likely to be regarded as a threat. For this reason, it has become common practice simply to send a copy of the relevant patent, drawing its existence to the attention of the recipient. Sometimes the patent is accompanied by a letter written “without prejudice”, offering a settlement.

What constitutes a “threat” is very widely interpreted, although a “mere notification” is not a threat.

It is also permissible to ask secondary infringers for information as to who the primary infringer is, if this is not known.

Mere requests for information are not threats.

Lawful threats

As mentioned above, it is perfectly lawful to issue threats against primary infringers, namely manufacturers and importers. One difficulty that proprietors often have, however, is that they do not necessarily know whether a person who is marketing the product is a primary infringer. That person may merely be a distributor. In these circumstances (that is, if the proprietor is not 100% sure as to the position), it is necessary to exercise caution. However, if the proprietor believes that the person is a primary infringer, he can write to him, and can also ask him, if he is not the primary infringer, for information about the primary infringer.

It is lawful to “threaten” primary infringers.

However, where the proprietor believes, on balance, that the infringer is a secondary infringer, then any letter should be written purely as a request for information as to the identity of the primary infringer, or merely notifying the person of the existence of the patent rights.

Actions against threats

Potential claimants

Any person “aggrieved” by a threat can bring proceedings. This includes not only the person who receives the threat, but also the person or persons supplying the threatened person with the allegedly infringing goods (who will usually be the primary infringer, i.e. the manufacturer or importer).

Anyone aggrieved by a threat may be able to bring an action.

Potential defendants

An action may be brought by the person aggrieved against anyone issuing a threat, as well as against the person on whose behalf the threat is made. In the UK, the usual situation is that a solicitor will write on behalf of his client to an alleged infringer, and that that person may then bring proceedings against the solicitor’s client. However, he may also bring

Both the party making the threat, and the party on whose behalf the threat is made, are potentially liable.

an action against the firm of solicitors that wrote the letter. For that reason, UK solicitors are very careful about writing letters which may be considered as threats, and will often require indemnification from their client before doing so.

The law may, however, change in the near future to allow regulated professionals immunity from threats actions where they act upon instructions received from a client that has been identified.

Defences to threats actions

There are two basic defences which are normally pleaded. The first is that the alleged threat is, in fact, not a threat. For the reasons explained above, this defence usually fails. The second, and more important, defence is that the threat was justified, i.e. that the patent is, in fact, valid and infringed.

Common defences

- It was not a threat and/or
- The patent is valid and infringed (i.e. the threat was justified)

Generally speaking, the defendant will not only plead that the threat was justified, but will also file a counterclaim for infringement, which in most cases will be met by a further counterclaim that the patent is invalid. The overall effect is that the threats action turns into a patent infringement action with the usual defence of invalidity.

Remedies in threats actions

As is usual in UK litigation, the remedies that can be applied are injunctions (to prevent further threats), damages and costs. Interim injunctive relief may also be available.

Remedies include injunctions, damages and costs.

UK threats and the UPC/unitary patents

For obvious reasons, the UK courts at present only deal with threats which are made in the UK relating to EP(UK)s or national UK patents. The advent of the UPC, therefore, causes a very significant complication.

The interplay between unitary patents and UK threats legislation remains open to interpretation.

For example:

- Lawyers for German company A write to French company B alleging infringement of a unitary patent owned by A, and threatening UPC proceedings which would seek an injunction, damages etc. This would (inevitably) have pan-European effect. The UK court would arguably have jurisdiction to entertain a threats action by the French company and/or the person supplying the French company with the goods because the injunction threatened by the German company would apply in the UK by reason of the unitary patent covering the UK. If in defence it is alleged that the threat was justified because the unitary patent was valid and infringed, the UK court would have to determine the issues of infringement and validity, even though no relief could be granted other than in respect of the alleged “threat” itself.

– A similar problem arises with conventional bundle patents. If instead of being the proprietor of a unitary patent, Company A is the owner of a bundle containing an EP(UK) and makes a more general threat than the specific EP(FR), then this might be construed as a threat by the UK court, even though the action which had been threatened was in the UPC. In this scenario, the UK court would have jurisdiction to hear not only the defence of infringement of a valid claim, but also a counterclaim for infringement and a subsequent further counterclaim for revocation, at least during the transitional period (Article 83(1) UPCA).

The UK legislature is aware of these issues and is currently reviewing how it might limit the effects as described above potentially by bringing in national limitations.

Similar concepts in other jurisdictions

Other jurisdictions which do not have codified legislation to restrain unwarranted threats of infringement may nevertheless offer the possibility of seeking redress by way of unfair competition law.

Unfair competition laws are similar to threats laws.

For example, under German law, an unjustified warning letter could be considered an act of unfair competition. A warning letter can be unjustified if the patent is invalid or if the warning letter is misleading or incomplete (e.g. because it does not disclose a negative validity decision). If the letter is sent to the customer of a primary infringer (German: *Abnehmerwarnung*), the requirements for a complete and truthful approach are even higher, as such customers are more likely to simply accept the allegation of infringement without their own legal analysis and just stop purchasing the allegedly infringing products from the manufacturer. In such cases, the manufacturer could even claim damages for such an unjustified approach.