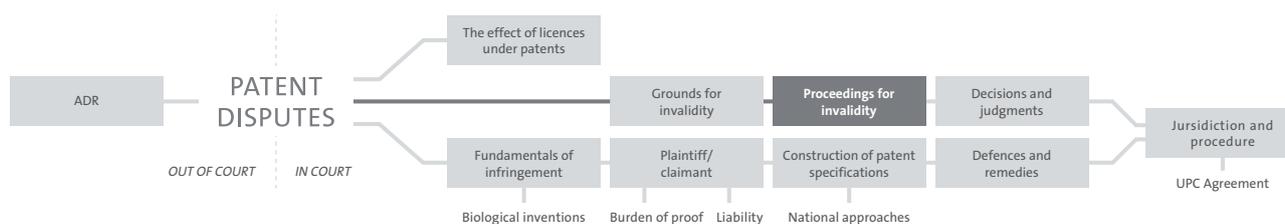


Proceedings for invalidity

Essentials



Introduction

The grant of a patent, a supplementary protection certificate (SPC) or a utility model is subject to review as to whether or not the requirements for patentability have been met. Patents are granted by national patent offices or the European Patent Office (EPO) after an examination as to the patentability of the invention. However, not all the relevant prior art or other relevant issues for the assessment of patentability may have been identified by the patent office, or their significance may not have been correctly recognised during examination. Given the potential impact on the public at large of the monopoly which patents and SPCs provide, there are public policy reasons for facilitating the removal of invalid patents from patent registers.

Relationship between infringement and invalidity

Differences between bifurcated and non-bifurcated systems

Accordingly, a number of judicial means exist across Europe for challenging the validity of patents. Invalidity can be raised in separate invalidity (revocation or cancellation) proceedings (before the EPO, see Article 99 of the European Patent Convention (EPC) for European patents, and/or national decision-making bodies such as courts or patent offices). It can also be raised in most European jurisdictions as a counter-claim or defence in infringement proceedings (“no invalid patent can be infringed”), so that the respective court can revoke the patent (with *erga omnes* effect) or dismiss the action on invalidity grounds. Such counter-claim and use as a complete defence does not exist in, for example, Germany, Austria and Hungary, which operate a “bifurcated” system. Under this system, *erga omnes* revocation decisions are given by specialised decision-making bodies rather than the trial courts hearing the infringement case. In German and Austrian infringement proceedings, the infringement courts will only suspend an injunction to await the revocation decision if they believe the likelihood of revocation

to be high (i.e. there is a presumption of validity). In the bifurcated system, if a patent is subsequently revoked, the relief granted in the interim falls away and damages are due for any loss suffered as a result of the enforcement of the patent before its invalidation.

Opposition proceedings before the EPO

Post-grant, the validity of a European patent (including all its national parts) can be challenged in opposition proceedings before the EPO. Any third party may file an opposition within a period of nine months after the date of the publication of the grant of the European patent. The competent authority for dealing with the opposition in the first instance is the opposition division, and in the second instance, the technical boards of appeal. The opposition may be based on any of the following grounds: lack of patentability, insufficiency of disclosure and inadmissible extension.

Opposition term: nine months after publication of grant

National invalidity proceedings

UK

Parties: Any party may initiate proceedings for the revocation of a patent/SPC. The English³ courts have even accepted revocation proceedings by a straw man, who does not disclose the identity of his ultimate controlling party. Further, parties may subsequently challenge the validity of a patent which has previously been found valid by the courts but may not challenge validity on evidence previously relied upon.

In the UK, any party may bring revocation proceedings

Deadline: Proceedings may be brought at any time after the grant of a patent/SPC.

Expired patents: Revocation proceedings may even be commenced after a patent/SPC has expired.

Competent jurisdiction: In the UK, proceedings for the revocation of a patent/SPC may be brought either in the courts or before the UK Intellectual Property Office (UK IPO). In England and Wales, the Patents Court and the Intellectual Property Enterprise Court (IPEC) are the first instance courts with exclusive jurisdiction for patent matters. They are specialised patent courts. Appeals are heard by the Court of Appeal and the highest court is the Supreme Court. Proceedings are also possible in the courts of Scotland and Northern Ireland.

The UK Patents Court, IPEC and UK IPO have concurrent jurisdiction for revocation proceedings

³ The EPC and the UK Patents Act 1977 (as amended) apply equally to all parts of the United Kingdom. Jurisdictionally, however, the United Kingdom is divided into three parts: England and Wales, Scotland, and Northern Ireland. Proceedings in the Scottish courts differ markedly from those in the other jurisdictions.

Important features of the proceedings: UK law does not provide for opposition to the grant of a national patent.

The UK courts hear validity and infringement in the same proceedings at the same time

A defendant to a revocation action (i.e. the patentee) may counterclaim for infringement of the patent in issue. As the UK courts believe that infringement should not be considered independently of the analysis of validity, they will not bifurcate the two issues, except in very exceptional circumstances. The reason for this is that the courts take the view that an invalid patent cannot be infringed. They also seek to ensure that a consistent approach is taken by all parties and the court to the issue of the construction of the claims of the patent in issue. The patentee is thus prevented from putting forward a broad construction for infringement purposes but a narrow construction for validity – an approach commonly known as a “squeeze”. While claim construction is considered to be a matter for the judge, typically the parties will rely on the evidence of independent (party-appointed) experts to inform the court as to the state of the art at the priority date and the skilled person’s understanding of it. An expert may also give evidence as to the meaning of any technical words or expressions, but not that of ordinary English words. Although party-appointed, the experts owe an overriding duty to the court, and the accuracy and truth of their evidence may be challenged by cross-examination.

Relation to EPO opposition proceedings: The existence of pending EPO opposition proceedings does not prevent the commencement of UK revocation proceedings. Where such EPO proceedings are pending, the basic position is that a stay of the national proceedings should be granted in order to avoid inconsistent decisions (see *Virgin v Zodiac*). However, in practice such stays are very rare. The UK courts take the view that it is preferable to achieve commercial certainty for the parties by proceeding to trial, rather than awaiting the outcome of a lengthy EPO procedure (which may involve an appeal).

The UK courts allow revocation proceedings while EPO opposition proceedings are pending and will typically not grant a stay of national proceedings pending the outcome of the EPO proceedings

Virgin Atlantic v Zodiac [2013] RPC 29

IPCom v HTC Europe [2014] RPC 12

France

Parties: Revocation proceedings against French national patents or the French part of a European patent may be filed by any third party having a legal interest (“*intérêt à agir*”). Current competitors of the patent owner are presumed to have an interest. Other parties have to show that the commercialisation or manufacturing of relevant products or services is imminent.

Filing of invalidity proceedings requires legal interest

The public prosecutor may *ex officio* apply for the revocation of a patent.

Deadline: A claim for invalidity can be subject to limitation, as there is a general civil law provision for a five-year statute of limitation. These provisions are, however, applied on a case-by-case basis. The five-year term for limitation starts when the claimant has knowledge of the

Invalidity claims can be time-barred

patent. If infringement proceedings are initiated, the limitation term for a counterclaim for invalidity starts at this point.

Expired patents: Due to the retroactive effect of revocation, a party may have a legal interest in invalidating an expired patent. Therefore, initiating revocation proceedings against an expired patent may be possible. However, this has not yet been confirmed by a decision.

Competent jurisdiction: The competent court for all patent matters (including revocation proceedings) is the *Tribunal de Grande Instance de Paris*, the Paris District Court. The competent appellate court is the *Cour d'Appel de Paris*. The competent court in the third instance, hearing appeals concerning questions of law, is the *Cour de Cassation* (French Supreme Court) in Paris.

Important features of the proceedings: French law does not provide for opposition to the grant of a national patent.

Relation to EPO opposition proceedings: EPO opposition proceedings and national invalidity proceedings can proceed in parallel. That is, the party claiming invalidity has another opportunity to secure invalidation. However, in the absence of new invalidity grounds or new prior art, the court will most often follow the findings of the EPO.

If opposition proceedings are pending at the EPO, the court has the discretion to stay the proceedings. In cases where national invalidity proceedings relate to the French part of a European patent that is subject to pending opposition proceedings, the courts will only stay the national revocation proceedings if they find that the likelihood of success of the opposition is high. If the revocation proceedings relate to a French patent and the subject of the opposition is the French part of a European patent which is deemed to replace the French patent, the courts tend not to stay the invalidity proceedings.

The Netherlands

Parties: Any third party may bring revocation proceedings against a Dutch patent or the Dutch part of a European patent.

Deadline: The validity of a Dutch patent or the Dutch part of a European patent can always be challenged.

Expired patents: Revocation proceedings can also be brought with respect to expired patents.

Competent jurisdiction: The competent court for all patent matters, including revocation proceedings, is the *Rechtbank's-Gravenhage* (District

Court of The Hague). The competent appellate court is the *Gerechtshof's-Gravenhage* (The Hague Court of Appeal). Appealed decisions may be subject to a final judgment at the *Hoge Raad* (Dutch Supreme Court) in The Hague.

Important features of the proceedings: Dutch law does not provide for opposition to the grant of a national patent.

Invalidity can either be alleged in separate revocation proceedings or in connection with infringement proceedings as a counterclaim.

When revocation proceedings are brought against a national patent, the plaintiff must provide the results of an advisory report of the patent office concerning the applicability of the grounds of nullity. If he fails to do so, the invalidity proceedings will be dismissed. The advisory report may be requested by any person, on providing reasons for objection to the patent.

For a European patent, it is not necessary to obtain an advisory report to start an action for nullification.

The owner of the patent may reduce the scope of the patent by way of limitation of the claims.

Implications of EPO opposition proceedings: If national revocation proceedings regarding the Dutch part of a European patent are brought while opposition proceedings are pending, the invalidity proceedings may be stayed. This is, however, unusual. Typically, the court only stays infringement proceedings if the opposition hearing will take place shortly (within a few months) or if the court has serious doubts as to the validity of the patent.

Typically no stay of invalidity proceedings pending opposition

Germany

Parties: In national opposition proceedings (applicable to German patents) the opponent and the patentee are not parties within the meaning of court proceedings, but are “involved parties” (for the consequences see “Important features of the proceedings” below).

In national revocation actions (applicable to European patents, SPCs and German patents), the plaintiff and the patentee/SPC holder (as defendant) are parties to the proceedings. Intervention by third parties is possible.

Deadline: In national opposition proceedings against German national patents an opposition may be filed within nine months after grant. Appeals against such a decision may be filed within one month after delivery of the decision. Under certain circumstances, a further appeal, limited to issues of law, is possible against the appealed decision. This appeal needs to be filed within one month after adjudication by the Court of Appeal. It is not possible to oppose SPCs.

Deadline
Nine months for opposition, no deadline for nullity action

In national revocation actions, a revocation action cannot be filed when opposition is still possible or pending; otherwise there is no deadline. An appeal can be filed against the revocation judgment within one month after delivery or, at the latest, five months after an oral announcement of the judgment.

No nullity action while opposition is still possible or pending

Expired patents: While the patent/SPC is pending, the plaintiff does not need to establish a particular legal interest, as there is thought to be a public interest in revoking invalid IP rights. After expiry, he needs to establish a legal interest, for example the fact that he risks being sued by the IP holder.

Upon expiry a particular legal interest of plaintiff needs to be established to continue

Competent jurisdiction: In national opposition proceedings the following forums are competent:

Appeals in nullity actions
Heard by Federal Supreme Court, which otherwise only hears appeals on law

- First instance: *Deutsches Patent- und Markenamt* (German Patent and Trade Mark Office) (DPMA) or (if requested) *Bundespategericht* (Federal Patent Court) (BPatG)
- Appeal: Federal Patent Court (if first instance is the German Office)
- Appeal on points of law: *Bundesgerichtshof* (Federal Supreme Court) (BGH)
- In national nullity actions the first instance court is the Federal Patent Court; appeals are heard before the Federal Supreme Court.

Important features of the proceedings: In national opposition proceedings the opposition is an *ex officio* proceeding and continues even if the opponent withdraws the opposition (Section 61(1) German Patent Act (PatG)). A hearing must be scheduled, if one of the involved parties so requests. The hearing is public (Sections 59(3) and 78 PatG). The hearing is not as strictly structured as an EPO opposition and there are only very limited possibilities to disregard documents due to late filing. The general rule is that the parties involved bear their own costs. In the normal case, where the German Office hears the opposition, the decision-making body at the German Office can be made up exclusively of members who have technical training but not a full legal training.

Opposition v nullity action
Ex officio proceedings v court proceedings

Opposition
Continues if withdrawn, no cost reimbursement

In a national revocation action, the proceedings are conducted between the parties with only a limited applicability of *ex officio* principles. The parties can end the proceedings, for example by withdrawing the action or by reaching a settlement. The reimbursable costs of the other side and the court costs are borne by the losing party. At the Federal Patent Court, judges with technical training and members with full legal training decide jointly.

Nullity action
Terminates when withdrawn; reimbursement of costs

Nullity action appeal
Court technical expert often involved

Implications for EPO opposition proceedings: A revocation action can only be filed once the EPO opposition is no longer pending. The Federal Patent Court and the Federal Supreme Court are not bound by the prior assessment of the EPO, and a prior opponent can file his arguments from the opposition in the revocation action.

No parallel EPO opposition and nullity action

Austria and Hungary

Austria and Hungary both have bifurcated patent litigation systems, meaning that patent infringement and patent invalidity are adjudicated in separate legal proceedings and the infringement court does not have jurisdiction to rule on the validity of the litigious patent.

Bifurcation system
Patent infringement and invalidity proceedings are separate

Parties to the proceedings: The revocation (and in Austria, opposition) of a patent is subject to a request for revocation being filed against the patentee. Generally speaking, anyone may file such a request.

Parties
Anyone may request revocation of patent; opposing party is patentee

In revocation proceedings, the patents acts of both countries permit the intervention of interested third parties (e.g. a licensee) on the side of either party.

Intervention by third parties permitted

It is important to note that both countries' patents acts allow the patent office to continue the revocation proceedings *ex officio* if the applicant withdraws their request.

Ex officio continuation
Permitted if applicant withdraws revocation request

Deadline: Neither the Austrian Patents Act nor the Hungarian Patents Act stipulate a deadline for filing requests for revocation. The Austrian Act, however, stipulates a deadline of four months from the grant of the patent for filing an opposition.

No deadline for filing request for revocation
Deadline for filing opposition (Austria): four months after grant

Expired patents: Neither the Austrian Act nor the Hungarian Act deals explicitly with the question of whether an expired patent may be revoked. In the absence of any provision suggesting otherwise, in Hungary the revocation of an expired patent may be requested, and the expiry of the subject patent during the proceedings does not affect the same.

No explicit provision regarding revocation of expired patents

In Hungary, expiry does not affect revocation

The Austrian Act, however, states that nullity proceedings must be discontinued if the patent expires during the proceedings before the Austrian Patent Office, unless the applicant can demonstrate a legal interest in their continuation. According to judicial practice in Austria, the requirement for demonstration of legal interest also applies if the patent expired before the initiation of revocation proceedings.

In Austria, discontinuance of proceedings if patent expires
Revocation proceedings are discontinued if patent expires in the meantime, unless legal interest demonstrated

Competent jurisdictions: In both Austria and Hungary, the patent offices and the administrative authorities, as opposed to the courts, are competent for the first instance adjudication of invalidity proceedings. A common feature of both countries is that, while patent offices that

First instance – patent office
Higher instances – courts

proceed at first instance count as administrative authorities, the appeal forums are courts.

In Hungary, revocation proceedings are handled by the Hungarian Intellectual Property Office. The Metropolitan Court (Budapest) acts as the second and the Metropolitan Appeal Court (Budapest) as the third appellate court. Decisions of the Appeal Court are final and binding. Regarding questions of law, either party may file a request for judicial review to the *Curia*, the Supreme Court, which acts as a final, extraordinary court of appeal.

Hungary
Hungarian intellectual Property Office + three judicial instances

In Austria, revocation proceedings are handled by the Austrian Patent Office. Decisions may be appealed to the *Oberlandesgericht* (Higher Regional Court), and then to the *Oberster Gerichtshof* (Supreme Court), both of which are located in Vienna.

Austria
Austrian Patent Office plus two judicial instances

Important features of the proceedings: In both Austria and Hungary, revocation proceedings generally consist of a preparatory written part and a subsequent oral hearing.

Preparatory phase followed by oral hearing in revocation proceedings

In Hungary, the validity of a granted patent can only be challenged by revocation proceedings, while in Austria granted national patents can also be contested by post-grant opposition proceedings.

Opposition and revocation
In Hungary, no post-grant opposition against national patents. In Austria, opposition and revocation both available

Implications for EPO opposition proceedings: The laws of both countries clearly provide for the subsidiarity of national revocation actions to parallel EPO opposition proceedings, i.e. national revocation proceedings are suspended for the duration of the EPO opposition proceedings and discontinued if the patent is revoked in opposition.

Subsidiarity
National revocation proceedings suspended if opposition proceedings pending before EPO

In Austria, pending national opposition proceedings also cause the *ex officio* suspension of any parallel revocation proceedings.

Invalidity as counterclaim/defence in infringement proceedings

UK

Can invalidity be claimed as a counterclaim in infringement proceedings?

Invalidity is usually pleaded as both a defence and a counterclaim to an infringement action. The defendant will typically put forward invalidity arguments in addition to non-infringement arguments as part of his overall defence. He will also then seek a declaration from the court that the patent is invalid.

Invalidity is usually relied upon as a defence to an infringement claim

Can invalidity be raised as a defence if there are separate national invalidity proceedings or if an EPO opposition is pending?

The existence of other invalidity proceedings either in the courts or before the EPO will not prevent a defendant from raising an invalidity defence if sued for infringement. For case management purposes, the court will order that two separate court proceedings concerning the same patent be heard together.

France

Can invalidity be used as a counterclaim in an infringement proceeding?

If infringement proceedings are pending, invalidity can be used as a counterclaim or as a defence. The counterclaim, if admitted, results in the invalidation of the patent with general effect.

A successful invalidity defence results in the dismissal of the claim for infringement (inter partes effect), but the patent remains in force.

Can invalidity be raised as a defence if there are separate national invalidity proceedings or if an EPO opposition is pending?

Both a counterclaim for invalidity and an invalidity defence can be raised even if separate national revocation proceedings are pending.

The Netherlands

Can invalidity be used as a counterclaim in infringement proceedings?

If infringement proceedings are pending, invalidity of the patent can be used as a counterclaim for revocation or as an invalidity defence.

Can invalidity be raised as a defence if there are separate national invalidity proceedings or if an EPO opposition is pending?

Both a counterclaim for revocation and an invalidity defence can be raised even if separate national revocation proceedings are pending.

Germany

Can invalidity be used as a counterclaim in infringement proceedings?

The infringement court is not competent to adjudicate on revocation because of the bifurcated system in Germany.

No invalidity counterclaim
Infringement court cannot revoke

Can invalidity be raised as a defence if there are separate national invalidity proceedings or if an EPO opposition is pending (stay of proceedings)?

In cases on the merits, invalidity can be raised as a defence only insofar as a stay can be requested to await the decision on the revocation. In patent/SPC infringement litigation, suspension of proceedings requires a high likelihood of invalidation as, in the absence of convincing invalidity arguments raised in the separate invalidity proceedings, the patent/SPC (which has been granted after substantive examination) is presumed to be valid.

Infringement court will only consider invalidity issues regarding patent/SPC if separate invalidity proceedings filed
Invalidity arguments can be put forward to achieve suspension of main proceedings and dismissal of preliminary injunction proceedings

In utility model infringement litigation, the threshold for suspension is generally considered lower because these models are granted without substantive examination. In preliminary injunction proceedings, invalidity can be raised as a defence insofar as dismissal of the preliminary injunction can be requested. The burden of proof in preliminary injunction proceedings is on the right holder, who must show that the IP right will, in all likelihood, be upheld. However, this requires separate invalidity proceedings (see below).

Can invalidity be argued as a defence without pending invalidity proceedings?

It is not admissible for cases concerning patents and SPCs. Without separate invalidity proceedings there can be no revocation of a patent/SPC under Germany's bifurcated system. Even using the fast preliminary injunction proceedings, the courts expect the defendant to file invalidity proceedings when sued; otherwise they will possibly disregard the invalidity arguments.

Regarding utility models, invalidity can be raised as an objection without a separate cancellation action. As utility models are granted without substantive examination, the infringement court may issue its own finding of invalidity. This has effect between the parties to the infringement proceedings (but *not erga omnes*).

An invalidity defence without separate invalidity proceedings is possible only in the case of utility models
But no *erga omnes* revocation

Austria and Hungary

Can invalidity be used as a counterclaim in infringement proceedings?

Courts acting in proceedings for infringement in either Austria or Hungary, which both have a bifurcated system, may not adjudicate on the invalidity of the patent. Invalidity cannot be used as a counterclaim in infringement proceedings.

No invalidity counterclaim

Invalidity cannot be asserted as a counterclaim in infringement proceedings

Can invalidity be raised as a defence if there are separate national invalidity proceedings or if an EPO opposition is pending?

In both Austria and Hungary, defendants in patent infringement lawsuits can assert invalidity as a defence by referring to a revocation or opposition action.

Invalidity may be raised as defence relying on separate revocation action

The question of subsequent suspension or stay, however, is treated differently in the two countries.

Suspension of infringement lawsuit

In Hungary, the stay of the proceedings is within the discretionary competence of the court acting in the infringement proceedings. Judicial practice is very clear insofar as the court will suspend the lawsuit without in any way taking the potential outcome of the revocation action into consideration. Essentially, if the defendant can prove that there is a pending revocation action against the patent in suit, the court stays the infringement action virtually automatically.

Hungary

Virtually automatic suspension

In Austria, a stay is not automatic. According to the Austrian Patents Act, the court assesses the invalidity arguments and only stays proceedings if it considers invalidity likely. To reach such a conclusion, the court may seek the opinion of the Austrian Patent Office.

Austria

Suspension only if court finds invalidity likely

Can invalidity be argued as a defence without pending invalidity proceedings?

Mere argumentation for invalidity of the patent cannot lead to the rejection of the infringement claim in either country. Both Austrian and Hungarian law require actual, separate invalidity proceedings in order to decide on the validity of a patent.

Arguing for invalidity without invalidity proceedings in place not admissible

In Austria, if the court stays the infringement action, the defendant is given one month to prove that revocation action or opposition has been started between the parties, or that he has joined such an action.

Austria

Infringement court assesses invalidity and calls defendant to initiate or join invalidity proceedings if it finds invalidity likely

In Hungary, a stay will not be granted unless a revocation action has been started. The judge sets a reasonable deadline for the party to initiate revocation proceedings and suspension of the infringement lawsuit.

Hungary

Infringement court does not assess invalidity arguments

Unlike in Austria, the law does not require the defendant to be party to the revocation proceedings in order to achieve a stay of the infringement action.

Defendant not necessarily party to revocation proceedings