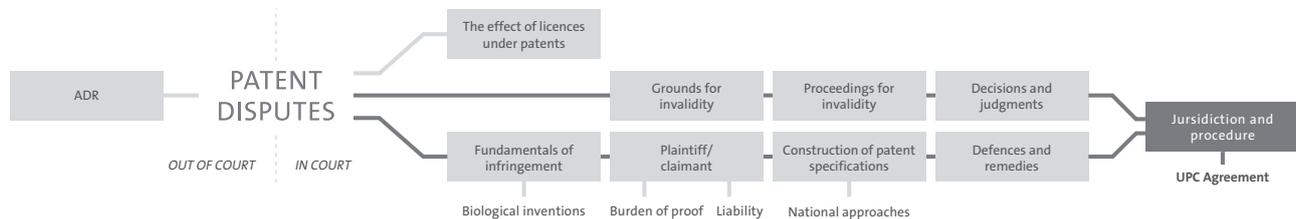


## Unified Patent Court Agreement (UPCA) (Supplementary reading)



### General and institutional provisions

The Unified Patent Court (UPC), a specialised patent court common to the European Union’s member states, will decide on disputes relating to European patents and unitary patents (European patents with unitary effect). The Court is based on an international agreement – the Agreement on a Unified Patent Court of 19 February 2013 (UPCA) – which was signed by 25 member states of the European Union, and will enter into force once ratified by at least 13 member states, including the three states in which the highest number of European patents had effect in 2012.

With respect to the traditional European patent, the Court will be able to decide in one decision for all those countries where the EP is registered, unless the patent has been “opted out” of the system by the patentee. With respect to the unitary patent, the Court has exclusive jurisdiction for all 25 participating member states.

### General provisions

#### Unified Patent Court

Currently, the national courts and the judicial authorities of the contracting states to the European Patent Convention (EPC) are competent to decide on the infringement and validity of the respective national tiers of a European patent.

Article 1 UPCA  
Unified Patent Court

The UPCA creates a specialised patent court (Unified Patent Court, or UPC) with exclusive jurisdiction for litigation relating to (classic) European patents and European patents with unitary effect (unitary patents), and which is bound by EU law.

#### Definitions

Article 2 defines certain terms used in the Agreement. These definitions are self-explanatory.

Article 2 UPCA  
Definitions

It should be borne in mind that the term “patent”, when used in the Agreement, is limited to European patents and unitary patents. It does not cover national patents.

### Scope of application

The Agreement applies to unitary patents, supplementary protection certificates (SPCs) issued for a product protected by a European or unitary patent, European patents in force at or granted after the entry into force of the Agreement, and European patent applications pending at or filed after the entry into force of the Agreement.

Article 3 UPCA  
Scope of application

### Legal status

The Court has legal personality in the member states, in accordance with the national law, and is represented by the President of the Court of Appeal.

Article 4 UPCA  
Legal status

### Liability

The contractual liability of the Court is governed by the law applicable to contractual obligations under the **Rome I Regulation**, where applicable, and otherwise under the *lex fori*.

Article 5 UPCA  
Liability

Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I) (OJEU L 177, 4.7.2008, p. 6) including any subsequent amendments

The non-contractual liability of the Court for damages caused by the Court or its staff is determined under the laws of the member state where the damage occurred, and the courts of that member state have jurisdiction to settle related disputes.

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## Institutional provisions

### The Court

The UPC consists of

(1) A Court of First Instance, comprising:

- A central division (based in Paris, with sections in London and Munich, each with specific fields of technology attributed to them – see Annex II to the Statute).
- If a member state so chooses: local divisions (one for each country + one extra per 100 cases, and a maximum of four).
- If any two or more member states so agree: regional divisions.

The central division is composed of two legal judges and one technical judge, while local and regional divisions consist of three legal judges and optionally one technical judge. All divisions have a multinational composition, as determined under **Article 8**.

Article 6 UPCA  
The Court

Article 7 UPCA  
The Court of First Instance

Article 8 UPCA  
Composition of the panels of the Court of First Instance

(2) A Court of Appeal with its seat in Luxembourg (with a multinational composition of three legal and two technical judges), and;

Article 9 UPCA  
The Court of Appeal

(3) A Registry, set up at the seat of the Court of Appeal and with sub-registries at the divisions of the Court of First Instance.

Article 10 UPCA  
The Registry

The Registry is managed by the Registrar, who assists the Court and the judges in the performance of their functions and is responsible for the organisation and activities of the Registry (Article 23 of the Statute).

Statute of the  
Unified Patent Court

It is the responsibility of the Registry to keep the register, including records of all cases before the Court, and keep lists of the pool of (i) judges, (ii) patent attorneys entitled to represent parties before the Court, and (iii) experts. It must also keep and publish notifications and withdrawals of opt-outs under the transitional provisions (see Article 83), as well as ensure that opt-out information is notified to the EPO. It must also publish Court decisions and annual reports.

### The various committees

Articles 11–14 UPCA  
Committees

To ensure the effective implementation and operation of the Agreement, administrative, budget and advisory committees will be set up, with representatives from each member state. Further details on these committees can be found in **Articles 12, 13 and 14 UPCA** respectively. Specific tasks are described throughout the UPCA and the Statute.

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## Judges of the Court

Eligibility criteria for judges and the appointment procedure are described in Articles 15 and 16 respectively.

Article 15 UPCA  
Eligibility criteria for the appointment of judges

### Judicial independence and impartiality

Article 16 UPCA  
Appointment procedure

The Court, its judges and the Registrar enjoy judicial independence. In the performance of their duties, the judges are not bound by any instructions.

Article 17 UPCA  
Judicial independence and impartiality

Besides other judicial functions at national level, full-time judges may not engage in any other occupation, unless an exception is granted by the Administrative Committee. Part-time technically qualified judges may exercise other functions, provided there is no conflict of interest. In the event of a conflict of interest, the judge concerned may not take part in the proceedings.

Further rules on conflicts are set out in the Statute.

## Pool of judges

Article 18 UPCA  
Pool of Judges

The legally and technically qualified judges from the Court of First Instance form a pool. They are allocated to the relevant divisions based on their legal/technical expertise, linguistic skills and experience.

The technically qualified judges are also available to the Court of Appeal.

## Training framework

Article 19 UPCA  
Training framework

A judges' training framework with facilities located in Budapest will focus on:

- internships in national patent courts or divisions of the Court of First Instance
- linguistic skills
- technical aspects of patent law
- courses on civil procedure for technically qualified judges
- the preparation of candidate-judges

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## The Primacy of Union law, liability and responsibility of the Contracting Member States

### Primacy of and respect for Union law

Article 20 UPCA  
Primacy of and respect for Union law

The UPC must apply Union law and respect its primacy.

### Requests for preliminary rulings

Article 21 UPCA  
Requests for preliminary rulings

The UPC must co-operate with the Court of Justice of the European Union (CJEU). In particular, it can file requests with the CJEU to give preliminary rulings on the interpretation of EU treaties and the validity and interpretation of acts of Union institutions, bodies, offices or agencies.

Decisions of the CJEU are binding on the UPC.

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## Sources of law and substantive law

### Sources of law

Article 24 UPCA  
Sources of law

The UPC must base its decisions on Union law, the UPC Agreement, the EPC, other applicable international agreements binding on all member states, and national law.

**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 (OJEU L 361, 31.12.2012, p. 89) including any subsequent amendments

In cases where national law comes into play, including the law of non-contracting states, the applicable law is determined following private law rules. These may be under directly applicable provisions of Union law or,

in the absence thereof, under relevant international instruments or, in the absence thereof, under national law provisions.

### Substantive law

The Agreement contains some provisions of substantive patent law. Most of them reflect similar provisions under national law (many of which have a common origin), but some changes are introduced as well. These mainly relate to the territorial effect of European and unitary patents.

**Article 25 UPCA** deals with direct infringement, giving the patentee the right to prevent unauthorised third parties from:

Article 25 UPCA  
Right to prevent the direct use of the invention

- (a) making, offering, placing on the market or using a patented product, or importing or storing it for those purposes;
- (b) using a patented process or, where the third party knows or should have known that its use is prohibited without authorisation, offering it for use in any of the designated contracting member states;
- (c) offering, placing on the market, using, or importing or storing for those purposes a product obtained directly by a patented process.

Under **Article 26 UPCA**, which deals with indirect infringement, the patentee is entitled to prevent unauthorised third parties from supplying or offering to supply, in any of the designated contracting member states, any persons other than those entitled to exploit the invention, with means relating to an essential element of the invention, for putting the invention into effect in the territory of the designated contracting member states, when the third party knows or should have known that those means are suitable and intended for putting that invention into effect.

Article 26 UPCA  
Right to prevent the indirect use of the invention

This does not apply to staple commercial products, except where the third party induces the receiver to perform a direct infringement.

**Article 27 UPCA** lists the limits to the effects of a patent, including among others, private or experimental use, breeding plant varieties and a Bolar-type exemption. It should be noted that the experimental use exemption under the Agreement is somewhat stricter than in certain European countries, and is limited to "*acts done for experimental purposes relating to the subject-matter of the patented invention*" (Article 27(b)). Also, the Bolar-type exemption (Article 27(d)) was not transposed in the same way in every EU member state. Consequently, certain companies may find themselves in a different legal position depending on whether they face a national, European or unitary patent, and depending on whether they are before the UPC or a national court.

Article 27 UPCA  
Limitations of the effects of a patent

Somewhat at odds with the basic principle of a “single territory” for European and unitary patents is the regime for prior user rights. These are left to be decided under national law and remain restricted to the local level of the contracting member state only (**Article 28 UPCA**). In other words, a prior user right in one country does not give the right to apply the invention in another contracting member state.

Article 28 UPCA  
Right based on prior use of the invention

On the other hand, the Agreement provides for a Union-wide exhaustion rule in respect of the rights conferred by a European patent, stipulating that the patentee’s rights do not extend to acts concerning a product covered by a patent after it has been placed on the market in the EU by him or with his consent, except in cases where there are legitimate grounds for him to do so (**Article 29 UPCA**).

Article 29 UPCA  
Exhaustion of the rights conferred by a European patent

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## International jurisdiction and competence

### Overview

Deciding whether any court has competence to deal with a case brought before it involves two questions:

- (1) Does this court have the power to deal with the subject-matter of the claim (subject-matter competence)?
- (2) Does this court have power to deal with the named defendant or defendants (personal jurisdiction)?

### Subject-matter competence

The types of action over which the Court has exclusive competence are listed in **Article 32 UPCA**. It should be noted that not all actions relating to patents come within this list. These exceptions include actions relating to licences, inventorship and employee inventions, for which the national courts have competence.

Article 32 UPCA  
Competence of the Court

The national courts retain competence for actions relating to national patents granted by the state where the court is located, and under the transitional regime of **Article 83 UPCA**.

Article 83 UPCA  
Transitional regime

### Personal jurisdiction

The international jurisdiction of the Court is governed by the following legislation:

- (1) **Regulation No. 1215/2012** (Brussels I recast) as amended by **Regulation No. 542/2014** to deal, *inter alia*, with the UPC (Brussels I UPC), which governs issues of jurisdiction and enforcement of judgments within the EU, and;

Article 31 UPCA  
International jurisdiction

Regulation No. 1215/2012  
(Brussels I recast)

Regulation No. 542/2014  
(Brussels I UPC)

(2) the Lugano Convention, which governs issues of jurisdiction and the enforcement of judgments between EU and EFTA countries other than Liechtenstein (namely Iceland, Switzerland and Norway).

### **Basic rules**

- EU nationals can be sued in their EU state of domicile (Article 4(1) Brussels I recast).
- The ability to sue non-EU nationals depends on the national law of the state where the court is located (Article 4(2) Brussels I recast).
- For tort and related actions (including patent infringement), the place where the harm occurred will determine where the court is located (Article 7(2) Brussels I recast).
- For multiple defendants, the courts for the place where any one of the defendants are domiciled may be used, “provided claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments...” (Article 8(1) Brussels I recast).

### **Special patent rules**

- An action relating to patent validity can only be brought in the courts of EU states where the patent is registered (Article 24(4) Brussels I recast).
- The UPC has jurisdiction as provided by the UPCA (Article 71b(1) Brussels I UPC).
- Non-domiciled defendants can be sued in the UPC if there is jurisdiction under Brussels I recast, and the court may award damages for infringements both outside and within the EU (Article 71b(2)(3) Brussels I UPC).
- The UPC can grant provisional measures, including protective measures, even if the courts in another state have jurisdiction over the subject-matter (Article 71b(2) Brussels I UPC).

### **Competence of the divisions of the Court of First Instance**

The central division has the general competence to deal with all Article 32 types of action for any defendant over whom there is personal jurisdiction, and exclusive competence where no local or regional division has competence.

Article 33 UPCA  
Competence of the divisions of the Court of First Instance

The parties may agree to bring any action (other than one concerning actions of the EPO) in any division, including the central division.

Article 33(7) UPCA

The competence of the local and regional divisions depends on the subject-matter of the action.

Article 33(1) UPCA

(1) Infringement, provisional relief, damages or compensation for use of an invention incorporated in a published application: action must be brought in the division where the infringement occurred or where the defendant lives or does business.

Multiple defendants must have a commercial relationship and be involved in the commission of the same alleged infringement.

Non-EU defendants must be sued in the division where infringement occurred or in the central division.

Once such an action is pending, no other division can accept an action between the same parties on the same patent.

If such an action is pending in a regional division and there is infringement in three or more regional divisions, the defendant can request transfer to the central division.

(2) Counterclaims for revocation may be brought in infringement actions in local or regional courts. That court may:

Article 33(3) UPCA

- Proceed with both and request to be allocated a suitable technically qualified judge.
- Refer the counterclaim to the central division and suspend or proceed with the infringement action.
- With the agreement of the parties, refer the whole case to the central division.

(3) Declarations of non-infringement and actions for revocation must be brought:

Article 33(4) UPCA

- in the central division, *unless*
- there is an existing infringement action between the same parties for the same patent in another division.

If there is a pending revocation action in the central division, an action for infringement can be brought in the central division or any other competent division. If brought in a local or regional division, that division can proceed as in section 3 above.

Article 33(5) UPCA

An action in the central division for a declaration of non-infringement will be stayed if an infringement action between the same parties relating to the same patent is brought within three months in a local or regional division.

Article 33(6) UPCA

### **Territorial scope of decisions**

Article 34 UPCA  
Territorial scope of decisions

Decisions of the UPC cover the territory of those contracting member states where the patent is in force.

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## Patent mediation and arbitration

Patent mediation and arbitration centres in Ljubljana and Lisbon will provide facilities in respect of patent disputes under the Agreement.

Article 35 UPCA  
Patent mediation and arbitration centre

Any settlement reached via the facilities of these centres, including through mediation, is enforceable in the member states, and Article 82 UPCA will apply.

Patents may not, however, be revoked or amended in mediation or arbitration proceedings.

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## Financial provisions

The budget of the UPC is financed by its own revenues (court fees and other fees) and – at least during the transitional period – by contributions from the member states.

Articles 36–39 UPCA  
Budget of the Court  
Financing of the Court  
Financing of the training framework for judges  
Financing of the Centre

Court fees consist of a fixed fee combined with a value-based fee, to be reviewed periodically.

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## Organisation and procedural provisions

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### Chapter I – General provisions

#### Statute and rules of procedure

The organisation and functioning of the Court is governed by the UPC Statute, which is annexed to the UPC Agreement.

Article 40 UPCA  
Statute

Details of the Court procedure are contained in the Rules of Procedure (UPC Rules).

Article 41 UPCA  
Rules of Procedure

#### General principles

Litigation must be dealt with fairly, equitably and in a way which is proportionate to the importance and complexity of each case.

Article 42 UPCA  
Proportionality and fairness

Cases must be actively managed in accordance with the Rules, but without impairing the parties' freedom to plead and prove their case. This includes the best use of electronic procedures.

Article 43 UPCA  
Case management

Article 44 UPCA  
Electronic procedures

Proceedings must be open to the public, but the Court can, where necessary, make them confidential in order to protect the interest of any party or other affected person, or in the general public interest.

Article 45 UPCA  
Public proceedings

## Parties

Any entity entitled to initiate proceedings under its national law has the capacity to be a party.

Article 46 UPCA  
Legal capacity

The following persons can bring proceedings:

Article 47 UPCA  
Parties

- the patent proprietor;
- an exclusive licensee (unless not permitted to do so by the licence);
- a non-exclusive licensee, but only if permitted by licence and the proprietor is given notice;
- any person concerned with a patent who can bring an action under the Rules;
- any person who is affected by a decision of the EPO in relation to a unitary patent.

For actions brought by a licensee, the proprietor may join in the action. The validity of the patent can only be challenged if all the proprietors are parties. Where a counterclaim for revocation is brought against a claimant who is not the proprietor or not the sole proprietor, the Registry serves notice on the proprietor(s), who become parties to the revocation proceedings.

Article 47(4)(5) UPCA

Rule 25(2)  
UPC Rules

## Representatives

Parties may be represented by either a lawyer authorised to practice before a court of a member state or a person qualified to act as a professional representative before the EPO (i.e. a European patent attorney) who also has a qualification approved by the UPC Administrative Committee to conduct litigation.

Article 48 UPCA  
Representation

Article 48(1) UPCA

Article 48(2)(3) UPCA

Article 48(4) UPCA

Representatives may be assisted by patent attorneys (not limited to European patent attorneys), usually for the provision of specialist technical expertise, who may be allowed to address the court in oral hearings. Patent attorneys are persons eligible to advise on patent protection in the state in which they practice.

Rule 287 6(b) UPC Rules  
Attorney - client privilege

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## Language of proceedings

### Court of First Instance

### Central division

Proceedings in the central division will be conducted in the language in which the patent was granted (i.e. English, French or German).

Article 49(6) UPCA  
Language of proceedings at the Court of First Instance

## Local and regional divisions

Article 49(1) UPCA

The language used in local division proceedings will be the official language (or one of those languages, if there is more than one) of the state hosting that division. In a regional division, the states forming that division designate which EU official languages may be used. In addition, states may permit one or more of the EPO official languages to be used as a language of proceedings in their local or regional divisions.

Article 49(2) UPCA

## Choosing the language

Rule 14(2) UPC Rules  
Use of languages  
under Article 49(1) and (2) of the  
Agreement

Where there is more than one designated language for the relevant court, the initial choice is made by the party who commences the proceedings. However, where the action is brought in a local or regional division against a defendant who has his domicile or principal place of business in the state concerned and who could not be sued in any other local or regional division, the proceedings must be conducted in the official language of that state. Where there are several regional languages which have been designated for that court, the language of the region where the defendant is located must be used.

Article 49(3) UPCA

The parties can agree to use the language in which the patent was granted, subject to approval by the panel hearing the case. Similarly, for convenience and fairness the panel may decide to use the language in which the patent was granted, provided the parties agree.

Article 49(4) UPCA

Article 49(5) UPCA

If there is disagreement on the language to be used, any of the parties can ask the President of the Court of First Instance to decide, after hearing representations, whether to use the language of the patent. The choice must be fair and take account of all the circumstances. The President must also assess the need for translation and interpreting.

## Court of Appeal

Appeal proceedings will be in the language used in the proceedings before the Court of First Instance.

Article 50(1) UPCA  
Language of proceedings at the Court of  
Appeal

Parties can instead agree to use the language in which the patent was granted. If the appeal proceedings are in a different language from the first instance proceedings, the parties may be ordered to file translations of written pleadings and court orders.

Article 50(2) UPCA

Rule 232 UPC Rules  
Translation of file

In exceptional cases, the Court of Appeal can decide on another official language, provided the parties agree.

Article 50(3) UPCA

## Translation and interpreting

For infringement proceedings in the Central Division, where the language of proceedings is not an official language of the state of the defendant's

Article 51(3) UPCA  
Other language arrangements

residence or place of business and the defendant does not have sufficient knowledge of the language of proceedings, the defendant has the right to request translation of the relevant documents.

Where a revocation action is transferred to the Central Division, the parties may be ordered to supply a translation of the pleadings in the local or regional division.

Rule 39 UPC Rules  
Language of the proceedings before the central division

A party can request simultaneous interpretation of oral hearings by written application made at least a month before the hearing date, giving the information required by the Rules. The judge-rapporteur decides if, and to what extent, simultaneous interpretation is required, and may also independently order interpretation. The costs of interpretation provided by the court are part of the costs of the proceedings. A party may arrange for its own interpreter, in which case the costs are borne solely by that party.

Rule 109 UPC Rules  
Simultaneous interpretation during oral hearings

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## Proceedings before the Court

### Written, interim and oral procedures

The proceedings before the Court of First Instance and the Court of Appeal consist of a written procedure, an interim procedure and an oral procedure. Details are set out in the Rules of Procedure.

Article 52 UPCA  
Written, interim and oral procedures

In the first stage, the parties will exchange written briefs. The exchange of written pleadings and briefs is the basis for the decision of the Court to be taken at the end of the proceedings. In infringement actions there will typically be two rounds of exchange of briefs, starting with a statement of claim and a statement of defence by the defendant. A second round will comprise the reply to the statement and a rejoinder to that reply. As a counterclaim the defendant may also file a petition for revocation of the patent. In this case, the claimant and any proprietor becoming a party to the lawsuit must also lodge a defence to that counterclaim. Optionally, also with regard to the counterclaim, a reply and a rejoinder may be possible.

In the written briefs, the parties must present their arguments, the underlying facts and the evidence in support of the facts as completely as possible. Certain formalities must be observed. One of the main issues is the clarity of the allegations and the counterclaim (if any). The purpose of the written procedure is to prepare for the next steps in the proceedings. The rules for different kinds of action (infringement, revocation, declaration of non-infringement or licencing disputes are very similar and follow the same path.

The aim of the interim procedure which follows the written procedure is to explore the possibility of a settlement, which might also be achieved by way of mediation and/or arbitration. The responsibility for this lies with the Judge Rapporteur. During the interim procedure, an interim conference is held in which the Judge Rapporteur discusses the details of the proceedings with the parties. The aim of the conference is to identify the critical aspects of the case, both with regard to legal and factual aspects and to prepare the oral hearing if no settlement can be reached. In that case, the Court will issue a summons to the oral hearing.

The proceedings end with an oral hearing (oral procedure), which is held before the full panel of judges. The Presiding Judge presides over the hearing. A preliminary introduction may be given by the Court, followed by the parties presenting their arguments. The Court may also hear witnesses or experts where necessary. Also, the parties may put questions to the witnesses or experts. Hearings should normally be completed in a day.

Following the hearing, the Court renders its decision on the merits.

The determination of damages and compensation as well as a decision on costs may be dealt with at a separate hearing.

### **Provision of evidence**

Article 53 UPCA  
Means of evidence

Evidence may be provided in a variety of ways. The UPC contains a non-exhaustive list, including the hearing of parties and witnesses, requests for information, the production of documents, expert opinions and sworn statements in writing (affidavits).

Again, details are set out in the Rules of Procedure. As a matter of principle, evidence should be provided by the parties as early as possible in the proceedings.

### **Burden of proof**

Article 54 UPCA  
Burden of proof

The general rule is that the burden of the proof of facts lies with the party relying on those facts. This is an established principle in many jurisdictions. In other words, the risk of not being able to produce sufficient evidence for a fact which has been legitimately contested by the other party lies with the party which has presented the fact in order to support its position.

As a result, a decision cannot be based on a fact which has been contested and for which there is not sufficient evidence to meet the required standard.

In certain cases, there may be exceptions to this general principle, and the burden of proof may be reversed and shift to the other party. This includes cases where the subject-matter of a patent is a process for obtaining a new product. Here an identical product will be deemed to have been obtained by the patented process, and the defendant will have to prove the contrary.

Article 55 UPCA  
Reversal of burden of proof

The same principle applies where there is a substantial likelihood that the product was made by the patented process and the patent proprietor has made all reasonable efforts to establish the process which was actually used for making such identical product. In this context, the provision of evidence mentioned above must be observed. This includes any inspection orders made by the Court.

In any event, where the burden of proof is reversed, the legitimate interests of the defendant in protecting his own manufacturing and trade secrets must be taken into account. Consequently, the reversal of the burden of proof may not require the defendant to reveal legitimate secrets to the other party. In which case, the lack of proof or evidence may not be held against the defendant to his disadvantage.

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## Powers of the Court

### Introduction

The powers of the Court comprise the measures, procedures and remedies as laid down in the UPCA. They concern the conduct of effective proceedings in compliance with the Rules of Procedure, orders, and interim and final decisions on the merits of a case. In this context, the Enforcement Directive<sup>11</sup> is the minimum standard for the interpretation of the provisions in the UPC Agreement (see Article 20 above and the Preamble to the UPCA).

Article 56 UPCA  
The general powers of the Court

The chapter of the UPCA dealing with the powers of the Court also concerns the remedies available to the parties involved. It should be noted that only a few measures and remedies are compulsory, whereas on the other hand there is a wide discretion for the Court to exercise its powers.

### Procedural powers

The Court will guide the proceedings. It has been given sufficient powers to manage them efficiently. In order to obtain the necessary expertise, it may at any time appoint Court experts with regard to specific aspects of the case. These experts serve as independent experts and provide the Court with additional evidence.

Article 57 UPCA  
Court experts

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<sup>11</sup> Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights; OJ of 2 June 2004 L195/16.

One important aspect is the protection of trade secrets and other confidential information belonging to the parties. As a general rule, the Court may order that the collection and use of evidence in proceedings before it be restricted or prohibited or that access to such evidence be restricted to specific persons. Such an order will ensure that, even if certain evidence is admitted, additional trade secrets of the party producing the evidence may be protected and will be exempt it from file inspection or other access by third parties. In practice, this may come close to the protective orders known from US and UK proceedings.

Article 58 UPCA  
Protection of confidential information

This is particularly important in view of the fact that the Court will also have the power to order the opposing party or a third party to present evidence where a party to the proceedings has presented reasonably available evidence which is sufficient to support the claims and has specified evidence which lies in the control of the opposing party or a third party. This includes banking, financial and commercial documents.

Article 59 UPCA  
Order to produce evidence

The Court will also be able to issue orders to preserve evidence. It will be in a position to take prompt and effective provisional measures, including a detailed description, taking samples and the physical seizure of the infringing products or materials and items used in the production of such products. Such measures may be taken before proceedings on the merits have started. Such an order may also be issued *ex parte*, i.e. without the other party having been heard. As a prerequisite, the applicant must present some evidence to support the claim that the patent has been infringed or is about to be infringed. The level of that evidence is not stated in either the UPCA or the Rules of Procedure and will have to be determined by the case law of the Court in due course.

Article 60 UPCA  
Order to preserve evidence and to inspect premises

The Court may also issue so-called “freezing orders”. These orders prohibit parties from removing any assets from the jurisdiction of the Court or from dealing in such assets. They secure financial assets but are not linked to preserving items or producing evidence.

Article 61 UPCA  
Freezing orders

Where measures to preserve evidence or freezing orders are revoked or set aside or where no infringement or threat of infringement has been proved, the Court may order the applicant to provide the defendant with appropriate compensation for any damage suffered as a result of imposing those measures.

Article 60(9) UPCA  
Order to preserve evidence and to inspect premises

### **Provisional and protective measures**

In patent practice, provisional measures are of great importance. The Court may, by order, grant injunctions against alleged infringing parties to prohibit the continuation of the alleged infringement. Alternatively, it may make the continuation of the alleged infringing acts subject to the lodging of guarantees which would serve to secure the compensation of

Article 62 UPCA  
Provisional and protective measures

the successful patentee at a later stage. These orders are subject to the discretion of the Court and may be made depending on the circumstances of the case concerned.

What is particularly important in this context is that the UPCA contains guidelines on the exercise of discretion by the Court. Accordingly, the Court may weigh up the interests of the parties involved and may in particular take into account the potential harm for either of the parties resulting from the granting or refusal of a provisional injunction (“balance of convenience”).

Also, as a provisional measure, the Court may order the seizure or delivery up of products suspected of infringing and the precautionary seizure of property belonging to the alleged infringer to secure the recovery of potential damages.

With regard to provisional measures, there is also guidance as regards the standard of proof. A provisional injunction will most likely be granted only if there is satisfactory evidence for the Court to find a degree of certainty as regards the alleged infringement.

Also, with regard to provisional injunctions, the Court may order the claimant to provide the defendant with appropriate compensation for damages suffered as a result of those measures if the injunction is subsequently revoked (“cross-undertaking as to damages”).

### **Permanent injunctions**

Article 63 UPCA  
Permanent injunctions

Where the Court holds a patent to be infringed, it may grant an injunction against the infringer prohibiting the continuation of the infringement. The wording of the UPCA leaves it to the Court to decide whether or not to grant an injunction. This is a somewhat new concept in comparison with the traditional view in Europe, where it would be almost automatic for infringement to be prohibited by injunction.

Nevertheless, it should be noted that it is thought that the Court’s discretion should be exercised in such a way that an injunction will as a general rule be granted. The wording of **Article 63 UPCA**, however, opens up the possibility for the Court to take into consideration all the circumstances of the case, so that – as an exception to the general rule – an injunction might be denied even though infringement has been established.

Where appropriate, non-compliance with an injunction will be subject to a recurring penalty, payable to the Court. Under the UPCA, penalties (or fines) cannot be paid to the claimant or patentee.

## **Corrective measures**

The Court will also have the discretion to order corrective measures, such as a declaration of infringement, the recall of products, the removal of products from the channels of commerce, or the destruction of infringing products.

Such measures will be ordered without prejudice to any damages which the injured party may claim. They will reflect the need for proportionality between the seriousness of the infringement and the remedies to be ordered, and the willingness of the infringer to modify the infringing material so that it no longer infringes.

## **Decisions on the validity of patents**

The Court also has the power to decide on the validity of a patent. It will have to take such decisions when an alleged infringer files a counterclaim for revocation or in independent revocation actions.

The Court may revoke a patent only on the grounds laid down in Articles 138(1) and 139(2) EPC. Limitation by way of amendment of the claims in accordance with the provisions of the EPC is possible. This may lead to a revocation of the patent in part only. As a result, and to the extent that the patent has been revoked, it will be deemed to have had no effect from the date of grant.

A copy of the decision will be sent to the EPO and the relevant national patent offices.

## **Award of damages and communication of information**

The Court will order an award of damages where the infringer has knowingly, or with reasonable grounds for knowing, engaged in an infringing activity, in which case damages are compulsory. The injured party should be placed in the position it would have been in if no infringement had taken place. Damages will not be punitive.

The actual amount of the damages is to be calculated taking into account all relevant circumstances, in particular any negative economic consequences, including lost profits suffered by the injured party and unfair profits made by the infringer. As an alternative, damages may also be set as a lump sum on the basis of the amount of royalties or fees which would have been due if the infringer had requested a licence to use the patent.

Even where the infringer did not knowingly, or with reasonable grounds to know, engage in the infringing activity, the Court may order the recovery of profits or the payment of compensation.

Article 64 UPCA  
Corrective measures in infringement proceedings

Article 65 UPCA  
Decision on the validity of a patent

Article 68 UPCA  
Award of damages

Article 67 UPCA  
Power to order the communication of information

The infringer may also be ordered to provide in detail information such as the origin and the distribution channels and quantities of the infringing goods as well as the prices obtained for the products and/or the identity of third persons involved in the infringement. This information will serve as a tool for the right holder to calculate damages or to pursue his rights against further infringing parties other than the defendant.

### Legal costs

As a general rule, the unsuccessful party must bear the reasonable and proportionate legal costs and other expenses incurred by the successful party.

Article 69 UPCA  
Legal costs

### Period of limitation

Any claims for financial compensation must be brought before the Court no later than five years after the applicant becomes aware, or has reasonable grounds to become aware, of the last fact justifying the action.

Article 72 UPCA  
Period of limitation

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## Appeals

Decisions of the Court of First Instance are subject to appeal. An appeal may be brought before the Court of Appeal by a losing party.

Article 73 UPCA  
Appeal

As with the Court of First Instance, the procedures before the Court of Appeal comprise a written procedure, an interim procedure and an oral procedure, followed by the decision of the Court.

The statement of appeal must be filed within two months after service of the Court of First Instance decision. Within four months of the same date, a statement of grounds of appeal must be filed which must contain an indication of which parts of the decision are contested, the reasons therefor and an indication of the facts and evidence on which the appeal is based. These may be points of law and matters of fact. New facts and new evidence may only be introduced into the appeal proceedings where such material could not reasonably have been made available during proceedings before the Court of First Instance.

The Court of Appeal will examine the facts and any points of law and will review the case *de novo*. The proceedings follow the same rules as the proceedings before the Court of First Instance.

In its decision, if the appeal is well-founded, the Court of Appeal must revoke the decision of the Court of First Instance and give a final decision. In exceptional cases, the case may be referred back to the Court of First

Article 75 UPCA  
Decision on appeal and referral back

Instance, which will then be bound by the decision of the Court of Appeal on points of law.

Under certain circumstances the Court of Appeal may also by way of exception grant a request for rehearing after a final decision has been taken by the court. In that case, the proceedings will be reopened for a new hearing and decision.

Article 81 UPCA  
Rehearing

Generally speaking, an appeal will not have suspensive effect, unless the Court decides otherwise at the request of one of the parties. An appeal against a decision regarding invalidity of a patent will always have suspensive effect.

Article 74 UPCA  
Effects of an appeal

A party who has not lodged an appeal in due time may nevertheless file a statement of cross-appeal as part of its statement of response to the appeal of the other party. The rules for appeal apply *mutatis mutandis* to cross-appeals.

Rule 237 UPC Rules  
Statement of cross-appeal

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## Decisions

Decisions must be taken in accordance with the requests of the parties. The Court may not award more than is requested. Decisions may be based only on grounds, facts and evidence which were the subject of the proceedings and to which the parties had an opportunity to respond.

Article 76 UPCA  
Basis for decisions and right to be heard

Further details of the formal requirements can be found in the Rules of Procedure. While decisions must be taken by a majority of the panel, any judge of the panel may, in exceptional circumstances, express a dissenting opinion separately from the decision of the Court.

Article 77 UPCA  
Formal requirements

A decision on the merits of an infringement claim may be rendered on condition that the patent is not held invalid (wholly or partially) by the final decision in the revocation procedure or by a final decision of the EPO or under any other term or condition if a revocation action is pending in parallel between the same parties before the central division or if an opposition is pending before the EPO.

Article 78 UPCA  
Decisions of the Court and dissenting opinions

In addition to the proceedings being public, the Court may order that information about the decision be published at the expense of the infringer, including its publication in full or in part in public media.

Article 80 UPCA  
Publication of decisions

The parties may notify the Court that they will not be represented at the oral hearing. In that case, their written submissions will be taken into consideration. However, the Court may also give a decision by default if a duly summoned party fails to appear at an oral hearing without

notification. Such a decision by default against the defendant may only be given where the facts put forward by the claimant justify the remedy sought.

Decisions of the Court are enforceable in any contracting member state. The enforcement may be subject to the provision of security for potential damages suffered, in particular in the case of injunctions. Non-compliance with the terms of an order of the Court may be sanctioned with penalties payable to the Court.

Article 82 UPCA  
Enforcement of decisions and orders

### Transitional provisions

**Article 83 UPCA** provides for a transitional period of seven years, which can be extended by up to seven more years (Article 83(5)).

Article 83 UPCA  
Transitional regime

There are basically two transitional schemes.

#### (1) Concurrent jurisdiction

During the transitional period, there will be a concurrent jurisdiction of the UPC and the national courts in respect of the classic European bundle of patents. In other words, during that time, patent proceedings in respect of (national tiers of) European patents may be brought before the national courts or the UPC, at the choice of the claimant. This does not apply to unitary patents.

The Agreement states that only infringement or revocation claims can still be brought before the national courts. It is, however, the majority view that this must in fact cover all types of dispute in respect of European patents falling under the exclusive jurisdiction of the UPC after the transitional period (listed in Article 32(a) UPCA).

Also, this concurrent jurisdiction may give rise to issues of *lis pendens* under **Brussels I Recast**, under which the subsequently seized court may – or in some cases must – stay the proceedings until the first seized court has rendered a decision.

Regulation (EU) No 1215/2012,  
as amended; see in particular Articles  
71a–71d and 29–32

#### (2) Opt-out

Proprietors of or applicants for a classic European patent can opt out of the UPC's exclusive jurisdiction. An opt-out can later be withdrawn.

However, once litigation has been initiated in one system or the other, this fixes the European patent/application in said system. In other words, if an action is started before the UPC, an opt-out is no longer available. Likewise, an action before a national court precludes the proprietor/applicant from withdrawing the opt-out at a later stage.

Opt-outs must be notified to the Registry, with the opt-out taking effect upon the date the entry is recorded in the Register. In order to ensure that there is sufficient time to enter the initial opt-outs in the Registry, the Rules of Procedure provide for a sunrise period prior to the entry into force of the UPC.

The majority view is that the opt-out option will apply throughout the entire life of the patent (and not just during the transitional period), and to all designations under the European patent (not country by country).

It is not possible to opt out of a unitary patent.

### Final provisions

The UPCA is open to accession by all EU member states, following the procedure set out in **Articles 84–85**.

It is of unlimited duration (**Article 86**), and can be revised to bring it into line with relevant international treaties or if deemed necessary after the broad consultation with the users of the patent system scheduled to take place after seven years or 2 000 infringement cases, whichever is later (**Article 87**).

The original languages of the UPCA are English, French and German. Approved versions in other official languages of the contracting member states are also official texts. However, in the event of divergences, the three original languages will prevail.

### Entry into force

The UPCA will enter into force on the first day of the fourth month following its ratification by 13 member states, including France, Germany and the UK (the three countries where most European patents have effect).

Article 84 UPCA  
Signature, ratification and accession

Article 85 UPCA  
Functions of the depositary

Article 86 UPCA  
Duration of the Agreement

Article 87 UPCA  
Revision

Article 88  
Languages of the Agreement

Article 89 UPCA  
Entry into force