



FÉDÉRATION INTERNATIONALE DES CONSEILS
EN PROPRIÉTÉ INTELLECTUELLE

INTERNATIONAL FEDERATION OF
INTELLECTUAL PROPERTY ATTORNEYS

INTERNATIONALE FÖDERATION
VON PATENTANWÄLTEN



The Unified Patent Court

Two Case Studies



Session 5.1 – Unified Patent Court presented by:

- Simon Dack (NL) – Hoyng Monegier
- Daniel Alge (AT) – Sonn & Partner
- Dr Martin Chakraborty (DE) – Hogan Lovells
- Judge Dr Klaus Grabinski (DE) – Bundesgerichtshof
- Kevin Mooney (GB) – Simmons & Simmons



Court set-up

- **Court of First Instance (CFI):**
 - Central Division (Paris (seat) + London + Munich (sections)); Registry in Luxembourg! 2 legal members, 1 technical member
 - - Local Divisions (1 per country, if > 100 cases 1 extra, max 4)
 - - Regional Divisions (2 or more countries):
3 legal members, 1 technical optional, always multinational
- **Court of Appeal (CoA) (Luxembourg)**
 - 3 legal + 2 technical, always multinational
- **Pool of judges** (training facilities in Budapest):
 - 'highest standards of competence' / 'proven experience in the field of patent litigation'
 - Local Div < 50 cases → 1 national, 2 poolers
 - Local Div > 50 cases → 2 nationals, 1 pooler, sometimes permanent pooler
 - Regional Div → 1 pooler, 2 regional



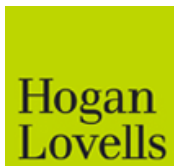
JURISDICTION INFRINGEMENT – ARTICLE 33 UPC

1. Place of infringement
2. Residence – or (principal) place of business defendant
3. As co-defendant (if co-defendants have commercial relationship) in any Division if it concerns the same alleged infringement
4. Defendant from outside the Union: place of infringement or Central Division (or elsewhere as co-defendant, v. 3))
5. Division of choice both parties (including Central)
6. No Local/Regional Division → Central Division
 - Art. 33(2), 2nd par: infringement > 3 Regional Div → defendant may ask referral to Central → discouraging Reg Div's?



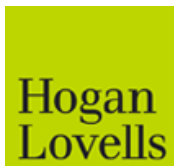
CLAIMS FOR INVALIDITY (OPTIONAL BIFURCATION – ARTICLE 33(3) UPC)

- Counterclaim for invalidity in infringement proceedings:
 - a) FR/UK/NL-type: Division *deals with entire case* (no bifurcation)
 - b) DE/AU-type: Division *sends invalidity to Central* and suspends ('high likelihood claims will be invalidated') or continues with infringement (bifurcation)
 - c) with agreement of parties → Division *sends integral case to Central*
- Invalidity as main action: Central Division
 - May subsequently be combined with counterclaim for infringement in Central or Local/Regional Division → discretion to bifurcate etc a), b), c)
- Declaration for non-infringement: Central Division
 - Suspended if met by counterclaim for infringement by Local/Regional Division within 3 months



Relevant Questions:

1. Injunctive relief – how will discretion be exercised?
Art. 62(1) and Art. 63(1): “Court may ... grant injunctions”.
2. Penalties for non-compliance “where appropriate”:
Art. 62(2) and Art. 63(2).
3. To bifurcate or not to bifurcate?
4. Should national Courts apply UPCA rules to opted-out patents?



Case study 1 - Pharmaceuticals

- **PharmCo** is active in the area of blood pressure management.
- The compound protection on its antihypertensive blockbuster product will expire on **25 March 2016**.
- It has a formulation patent directed to a controlled release formulation of the drug. This unitary patent, a recently granted divisional, runs until 2021. The patent is in the early stages of a heavy opposition at the EPO.
- PharmCo is concerned that is likely to be an imminent generic at risk launch of the drug by **GenCo**, one of Europe's biggest generic companies.
- GenCo has its operating headquarters in Hungary. Its MA suggests that the generic drug will fall within the scope of protection of the formulation patent.
- **1 March 2016**: GenCo's enters price list in The Netherlands.
- Market intelligence suggests it intends to launch formally on **1 April 2016**, and that it is already supplying wholesalers in both The Netherlands and Germany, two important markets for the drug.
- On the same date (**1 March 2016**), GenCo commenced a revocation action before the London section of the Central Division of the Unified Patent Court.



Case study 1 - summary

- PharmCo's basic patent expires on 25 March 2016
- A unitary formulation patent runs to 2021. It is under opposition at the EPO.
- GenCo published its price-listing in NL on 1 March 2016
- Its MA suggests it will infringe the formulation patent.
- Competitive intelligence points to a formal launch in DE and NL as of 1 April 2016.
- On 1 March 2016, GenCo commenced a central revocation action before the London section of Central Division.



Case study 1 – variations on a theme

- What if the patent is an opted out European patent?
- What if the patent is a non-opted out European patent?



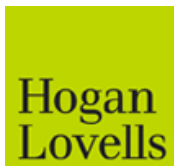
Case study 2 - Electronics

- **NPE-Co** holds a number of patents it says are essential for a standard used to encrypt data used for effecting on-line purchases.
- It has approached the Japanese firm **TechCo**, the operator of *PayNow*, and accused it of infringing three of the unitary patents in its portfolio. TechCo's software is used on computers throughout the world.
- NPE-Co has offered TechCo a license for its worldwide portfolio of patents in this area and related areas, including a large number of US and Japanese rights. Some – but not all – are said to relate to the standard. There are over 100 patents in total. The license fee for a license to all the patent rights is 1.5% of all *PayNow* payments.
- **TechCo** denies the patents are essential to the standard, or that the asserted patents are valid. It is not interested in taking a license out for the vast bulk of NPE-Co's patent portfolio, which are not relevant to its business. To avoid the risk of disruption to its business, it would be willing to pay a small license fee in respect of (just) the three asserted unitary patents.
- **NPE-Co** says that this is in principle acceptable – but the licensing fee remains the same, whether TechCo takes a license for all of its patent portfolio, or just the three unitary patents discussed in detail in correspondence.
- After six months' of talks, parties are now at an impasse, and **TechCo** has walked away from the negotiating table.



Case study 2 - summary

- **NPE-Co** - portfolio of more than 100 patents.
- In negotiations with **TechCo** about taking a license for the portfolio. NPE-Co says Tech-Co infringes at least three unitary patents in the portfolio. NPE-Co says these patents are essential for an encryption standard used in TechCo's *PayNow* software.
- TechCo: the 3 patents are not essential. They are invalid.
- TechCo: nevertheless prepared to pay a small license-fee for the 3 unitary patents (but not for the rest of the portfolio).
- NPE-Co: fine, but price remains same : 1.5% of *PayNow* sales.
- After six months, talks have stalled and TechCo has walked away from the negotiating table.



Case study 2 – variations on a theme

- What if the patent is an opted-out European patent, rather than a unitary patent?
- What if the patent is a non-opted out European patent?

