

ES – Corning v. Huawei / Court of Appeals of Barcelona, 16 October 2020, Docket No. 1686/2018 / Effects of a patent limitation at the EPO in appeal Court proceedings.

On 16 October 2020, the Court of Appeals of Barcelona issued a ruling exhaustively addressing the effects on national appeal Court proceedings of a patent limitation agreed by the EPO Board of Appeals, hence dealing again with another aspect of the difficulties inherent in the coexistence and parallel processing of legal actions for patent infringement / invalidity and opposition / appeal procedures before the EPO.

In the past we commented [in this blog](#) a pioneering ruling from the Court of Appeals of Barcelona, dated 29 May 2019, which, for the very first time in Spanish patent court practice, and interpreting Article 42 of the Spanish Code of Civil Procedure on Contentious-Administrative pre-judicial matters, admitted the Judge's discretion to put on stay infringement and invalidity patent proceedings, depending on circumstances, where the grant of the disputed patent is still subject to final decision by the EPO. Now, following that suspension of legal proceedings, we witness the continuation of the saga in the patent dispute between CORNING and HUAWEI with the Decision of 16 October 2020 of the Court Appeals of Barcelona, once the EPO Boards of Appeal determined that the patent at stake shall be maintained in amended, limited form, that is, in a different form than that of the version enforced by the patentee in national Court proceedings.

Briefly referring to the background of the case, the patent holder, CORNING, had prompted patent infringement proceedings in April 2016 based on its patent as it had been originally granted, and, in turn, the defendant HUAWEI challenged the validity of the latter on several grounds via a counterclaim. The first instance Decision had admitted the plaintiff's lawsuit, upholding the patent infringement, and dismissed the defendant's invalidity counterclaim. In parallel, and while the subsequent appeal before the Court of Appeals of Barcelona was pending, the EPO Opposition Division agreed to maintain the patent in amended form, a decision that was appealed by the patentee before the EPO Boards of Appeal. The above led to the defendant's request for a suspension of the national proceedings, which was accepted by the Court of Appeals of Barcelona, as previously commented.

After oral proceedings held on 12 February 2020, the EPO Boards of Appeal informed the parties - also CORNING and HUAWEI, as in the national proceedings - of its decision to definitely maintain the

disputed patent in amended form, even with a narrower scope than that of the claims as upheld by the Opposition Division.

Following such communication, HUAWEI then asked the Court of Appeals of Barcelona to consequently **i)** declare the supervening lack of the object of the invalidity counterclaim (addressed against the patent as initially granted) and **ii)** uphold HUAWEI's appeal with regard to the absence of infringement of the plaintiff's patent (since the enforced claims should be considered as never having existed), thus dismissing the infringement complaint.

The patentee, however, opposed to such petition for termination of the procedure in the terms raised by the defendant, and alleged before the Court of Appeals that the appeal proceedings should continue on the basis of the patent as definitely amended by the EPO Boards of Appeal, considering, *inter alia*, what the Spanish Patent Act currently in force (Law 24/2015) stipulates in Article 120(4):

"Article 120. Nullity of the plaintiff's patent.

(...)

4. Notwithstanding the provisions in the previous paragraph, where circumstances have led to the patent being modified outside the proceedings, the proprietor of the patent may request that the modified patent serve as a basis for the proceedings. In such cases, the judge or court must grant the other parties to the proceedings an opportunity for allegations."

Behind the opposing positions maintained by the parties there was, in fact, a procedural issue: when legal proceedings were brought, the current Patents Act, including the aforementioned Article 120(4), had not entered into force, as it is effective only since 1 April 2017. The former Patent Act (Law 11/1986), applicable at the time the proceedings were initiated, contained no provision similar to current Article 120(4) relating to the effects in ongoing Court litigation of a patent limitation agreed outside the proceedings (e.g., by the EPO), there being a gap in this respect in former legislation. On the other hand, the Sixth Transitory Provision of the current Patent Act established that *"Legal proceedings initiated before the entry into force of this Act shall be followed by the same procedure under which they were initiated"*; in other words, the new Act would not retroactively apply to legal proceedings already in progress before its entry into force.

In addition to the above, there was another circumstance for which the solution was not clear even under Article 120(4) of the current Patent Act: the patent had been amended by the EPO when the Court proceedings were already on appeal stage. The Patent Act does not make clear whether requesting the continuation of the proceedings on the basis of the patent as amended is possible in second instance. In fact, leaving the door open for the appellate Court to continue the appeal procedure on the basis of the patent as amended would therefore result in the appellate Court ruling at first instance on the infringement and validity of the patent as amended. This would mean that the only

possible appeal against its decision would be the extraordinary cassation appeal before the Supreme Court, and only provided the conditions required to access such limited, extraordinary appeal are met.

In this context, the Decision of the Court of Appeals of Barcelona of 16 October 2020, resolving the incident, had to deal with a scenario that had never been considered before with regard to the effects of the modification of a patent in ongoing appeal Court proceedings.

Whilst the impact of the patent amendment on the invalidity action being discussed appeared to be less problematic (in the sense that it simply lost its object), it was the effects of the patent amendment on the infringement action that raised the most doubts for the Court and therefore a more thorough analysis in the Decision. Indeed, there were three possible solutions for the infringement action brought on the basis of the patent as originally granted: dismiss the action and terminate the proceedings (without prejudice to the plaintiff's right, if appropriate, to bring a new action for infringement of the amended patent), refer the proceedings back to the lower Court to try the infringement of the amended patent at first instance, or, as the plaintiff CORNING had argued, continue with the proceedings before the appellate Court to assess the infringement of the patent as amended.

In the end, it was this third possibility that the Court of Appeals of Barcelona chose, applying the provisions of Article 120(4) of the current Patent Act, despite the fact that, as previously mentioned, this should not retroactively apply to legal proceedings initiated before its entry into force, as it was the case.

In stating the reasons for its decision, the Court started from the premise that the amendment of the patent in opposition proceedings before the EPO must be regarded as having retroactive effect, being effective as from the date when the patent was granted, a matter which is the subject of a detailed analysis in the commented Decision.

Then, considering such retroactive effect of the patent amendment (meaning in practice that, if the embodiment in question still falls within the amended claims, the infringement goes back to the date of grant), the Court affirmed that the patent amendment can thus deploy its effectiveness during the appeal stage of the Court proceedings. Despite the absence of any provision in this respect in Article 120(4) of the Patent Act applied by the Court, the Court of Appeals defended this interpretation on the basis of comparative law and, in particular, in accordance with what the UK Courts have ruled in this respect: that the modification takes effect during the appeal and retroactively to the date of grant (quoting Aldous J in [Boston Scientific Ltd & Anor v Palmaz & Anor \[2000\] EWCA Civ 83](#) at [9]).

The Court of Appeals further noted, in support of this thesis, that, to the extent that the litigating parties were the same company groups as in the opposition proceedings before the EPO, considering the amended patent in appeal proceedings thereafter would not cause any harm or surprise to the

defendant HUAWEI, as this had access to all the details of the administrative process leading to the limitation of the patent by the EPO Boards of Appeal.

Once the Court determined that the patent limitation can be effective on appeal stage as described, it addressed the question from which point in time may therefore the limited claims be relied on against the defendant in the proceedings, taking into account, in particular, that in Spain the effectiveness of European Patents (granted patents and also their modifications and limitations) is made dependent on the filing and publication of a Spanish translation of the patent leaflet by the Spanish PTO, according to Article 65 of the EPC.

Again, considering that in the case at stake the litigating parties were the same parties as in the EPO opposition proceedings, the Court suggested that the claim amendment made by the EPO could become effective simply as from the moment of submission, in the Court proceedings, of the EPO definite decision, oral or written, approving the claim amendment, along with its Spanish translation, without having to wait for the publication of the translated amended patent.

The Court observed that the solution might be more complex, for the sake of legal certainty, where the defendant it is a third party not involved in the EPO opposition proceedings. But where the parties are the same, in the Court's view, the proposed solution allows a balance between giving the patentee the greatest possible protection and respecting the legal certainty of the alleged infringer, who should be cognizant of the scope of the patent which definitely results from the opposition proceedings, and therefore be in a position to defend itself from the alleged infringement of the patent as amended. The above, the Court noted, should not undermine the chances of defence of the alleged infringer, being important that both parties are given an opportunity to submit their positions with regard to the amended patent and to provide appropriate evidence.

As a consequence of all the above, in the case in dispute, the Court of Appeals of Barcelona in its Decision of 16 October 2020, while agreeing to HUAWEI's petition for the termination of the appeal proceedings with regard to the invalidity counterclaim, due to the supervening loss of its object - also revoking the related order on costs in the first instance -, it agreed likewise its continuation in respect of the infringement action, based on the patent as definitely amended by the EPO Boards of Appeals, as CORNING had requested.

For the appeal proceedings to continue as agreed, in order to give the parties the opportunity to state as appropriate with regard to both the validity and infringement of the patent as amended, the Court set out the following steps for the organization of the proceedings thereafter:

- The plaintiff patentee was given a 20 working-day deadline to submit allegations regarding validity and infringement of the patent as amended, and to propose appropriate related evidence.
- The defendant would then be given another 20 working-day deadline to reply thereto and, if appropriate, challenge the patent validity, as well as to propose appropriate related evidence.
- If the patent validity was challenged, the plaintiff patentee would then be given a 10 working-day deadline to reply to such challenge and propose related evidence.
- A hearing would then take place before the Court of Appeals within the next 10 days.

Curiously enough, whilst the Court of Appeals found the solution to the conflict in Article 120(4) of the current Patent Act, although not retroactively applicable to the legal proceedings at stake, it did not consider, however, the deadlines for allegations that said Act sets forth (2 months), but those that were applicable under the former Patent Act. On the other hand, the Decision of 16 October 2020 opens the door to dealing with the fact that it is the appellate Court that will decide at first instance on the validity and infringement of the amended patent.

