

UPC litigation strategies and national interpretations

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Topics

- Evidence gathering measures
- The standard for the grant of PIs
- Deference given to foreign decisions
- The role of Technical Judges and experts / witnesses
- Equivalence
- Proportionality of injunctions
- The assessment and award of damages



Evidence gathering measures

Colin Devinant (JONES DAY®, France)



Evidence gathering Measures

The UPC rules

- Articles of the Agreement on a Unified Patent
 - Preamble §7 “Parties shall cooperate with the Court and set out their **full case as early as possible** in the proceedings.”
 - Rule 9(2) (“The Court **may disregard** any step, fact, **evidence** or argument which a party has not taken or submitted in accordance with a **time limit** set by the Court or these Rules.”)
 - 53 (Means of evidence), 54 (Burden of proof) and 55 (Reversal of burden of proof)
 - 57 (Court experts), 58 (Protection of confidential information), 59 (Order to produce evidence) and 60 (Order to preserve evidence and to inspect premises)
 - 67 (Power to order the communication of information)
- Rules of Procedure of the Unified Patent Court
 - 13 (Contents of the Statement of claim)
 - (l)(i) (“an indication of the facts relied on, in particular: (i) one or more instances of alleged infringements or threatened infringements specifying the date and place of each;”) and 13 (m) (“the evidence relied on [Rule 170.1], where available, and an indication **of any further evidence** which will be offered in support;”)
 - 88(i) and (j) (Application to annul or alter a decision of the Office) and 206(d) and (e) (Application for provisional measures)
 - 131(c) (Contents of the Application for the determination of damages) and 141 (Contents of the Request to lay open books)
 - 170 to 201 (Part 2 – Evidence)
 - 262A (Protection of Confidential Information)



Evidence gathering Measures

France

- Publicly available evidence and bailiff's reports +
 - *Saisie-contrefaçon* (in +/- 90% of cases; right of patentee; no *prima facie* evidence or urgency (as long as patent is in force) requirement; always ordered *ex-parte*; carried out in public places (trade fair) or any private premises (help of locksmith and law enforcement if need be); by bailiff and patent attorney who can inspect, describe, operate and run tests, dismantle and seize any document or device; may last from a few hours up to 2-3 days; proceedings on the merits must be initiated within 31 days otherwise bailiff report is null and void).
- Front-loaded
- Reliance on adversarial principle re. chain of custody of evidence
- Forced-production by other party in some cases (high threshold)
- For exclusive use in foreign litigation ✕
- Separate disclosure for damages assessment



Evidence gathering Measures

Belgium

- Publicly available evidence and bailiff's reports +
 - Infringement seizure (*saisie-contrefaçon*) (BE patent not required; EP patent sufficient; can be used to establish infringement in other EU states)
 - Court-ordered production of evidence during proceedings
- Equally front- and post- loaded
- Undisputed facts always held to be true between the parties
- Forced-production rarely used
- For exclusive use in foreign litigation ✓
- Separate disclosure for damages assessment (frequent settlements at this stage)



Evidence gathering Measures

Germany

- Publicly available evidence and bailiff's reports +
 - Inspection order (*Besichtigungsanordnung*) (Section 485 Civil Procedure Code) to order the alleged infringer to let a court-appointed expert inspect the embodiment and prepare an expert report (communication to plaintiff under redacted form in case of trade secret disclosure) ; can be ordered *ex-parte* ; device must be publicly available (trade show) and expert can only inspect and may not take the device apart
 - Section 809 Civil Code and 935 Civil Procedure Code also used to inspect allegedly infringing devices in case of urgency
- Front-loaded
- Undisputed facts always held to be true between the parties (to the extent plausible)
- Forced-production rarely used
- For exclusive use in foreign litigation ✕
- Separate disclosure for damages assessment



Evidence gathering Measures

Italy

- Publicly available evidence and bailiff's reports +
 - Ex-parte search proceedings (*descrizione*) (high threshold to justify *ex-parte* order)
- Equally front- and post- loaded
- Reliance on adversarial principle re. chain of custody of evidence
- Forced-production often used
- For exclusive use in foreign litigation ✕
- Separate disclosure for damages assessment



Evidence gathering Measures

The Netherlands

- Publicly available evidence and bailiff's reports +
 - Seizure measures (quick and efficient, but does not give access to evidence yet)
 - Claim for inspection of documents (Article 843a DCCP) (less efficient, but necessary to get access to evidence)
- Mostly front-loaded (especially in accelerated proceedings)
- Heavy reliance on expert and test reports
- Reliance on adversarial principle re. chain of custody of evidence
- Forced-production rarely used (except in FRAND cases)
- For exclusive use in foreign litigation ✓
- Separate disclosure for damages assessment (frequent settlements at this stage)



Evidence gathering Measures

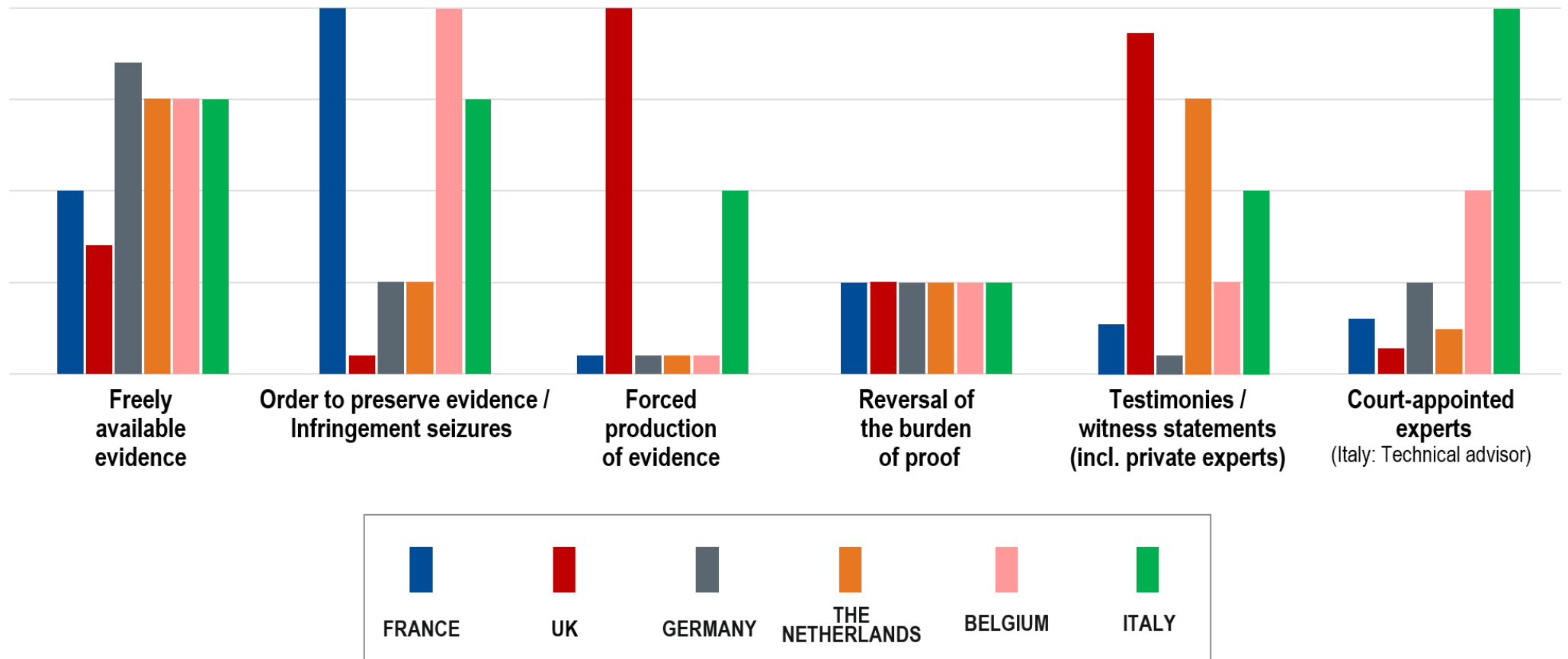
United Kingdom

- Publicly available evidence and bailiff's reports +
 - "Process and/or Product Description" (PPD) ordered by Court (most efficient and encouraged by courts)
 - Disclosure/Discovery order remains possible (wide vs narrow)
 - Anton Piller orders (strong *prima facie* evidence and justification of *ex-parte* required)
- Evidence gathered after proceedings have been initiated (+ technical primer"/"agreed statement of CGK to be prepared by both parties)
- Reliance on adversarial principle re. chain of custody of evidence
- Use of foreign evidence subject to Civil Evidence Act Notice
- Forced-production by third-party in some cases (high threshold)
- Theoretically possible to obtain for exclusive use in foreign litigation, but rarely used in patent cases
- Separate disclosure for damages assessment

Evidence gathering Measures

	Front- / Back-loaded		Adversarial principle re. chain of custody of evidence	Forced-production	For exclusive use in foreign litigation	Separate disclosure for damages assessment
FR	X		X	(rare)		X
BE	X		Undisputed facts always held to be true between the parties	(rare)	X	X
DE	X			(rare)		X
IT	X		X	X		X
NL	X		X	(rare)	X	X
UK		X	X	X		X

Evidence gathering Measures





Evidence gathering Measures

UPC Predictions and Strategic considerations

- Key role of Judge-Rapporteur in respect of evidence
- Heavy emphasis on front-loading (Preamble):
 - order to produce evidence (ROP 192) will be strictly interpreted and will probably not turn into UK-style discovery/disclosure - PPD (due to costs and time required)
 - will judges set strict deadlines also in relation to evidence and apply Rule 9(2)? Will it really be possible to request an infringement seizure during proceedings?
- Evidence will be a key aspect and killer tool before the UPC and may even become a big incentive to litigate before the UPC vs nationally:
 - virtually all known civil-law and common-law means of evidence are admissible before the UPC (entire EU toolbox)
 - parties will quickly take advantage of the fact that (i) evidence gathered in one country can now widely and easily be used (ii) evidence gathering tools that were until now specific to one or some countries, now have the potential to be used in every UPC jurisdiction (*saisie-contrefaçon* in German premises; hearing of key expert witness before Paris division, grant of order to freeze an asset in any jurisdiction even before proceedings have been initiated (ROP 200), etc.) (Although the enforcement of order “*in accordance with the national law of the place where the measures are executed*” still raises some questions; however UPC Member States' national laws include the UPCA; ROP 196(4))
- Judges will behave like UPC judges and not like national judges. They will endeavor to avoid differences in their approach compared to their colleagues. They will stick to the UPC provisions and will try to apply them fully and avoid thinking about what they used to do in their own country.
- UPC order to preserve evidence will take the best from French/Belgian style *saisie-contrefaçon*, German Inspection order (*Besichtigungsanordnung*) and Italian *descrizione*, and trade secret considerations are going to be systematically raised by seized parties
 - ex-parte orders are not granted automatically before UPC, and specific reasons must be provided: interpretation of “*irreparable harm/risk that evidence may be destroyed*” threshold to be met will be key and major aspect of UPC caselaw



Evidence gathering Measures

UPC Predictions and Strategic considerations

- Interpretation of threshold of Rule 171 (2) “A *statement of fact that is not specifically contested by any party shall be held to be true as between the parties*” will be key; blanket provisions will not suffice, everything must be *specifically* challenged
- Trade secret protection (UPCA 58): one aspect that could be key is the interpretation of whether access can even be restricted to attorneys-eyes-only (i.e., no one from the client)(contrary to what ROP 262A(6) clearly provides)
- Parties’ private experts: UPC may summon them (Rules 177 and 181), in which case the expert “*has a duty to assist the Court impartially on matters relevant to his area of expertise which overrides any duty to the party retaining him*” > UP Court may “steal” your expert! Can the other party challenge this and raise a conflict of interest?
- Litigating before the UPC but in need of a UK-style discovery?
 - Request a PPD in the UK, request special permission to the UK Court to use this PPD outside of UK, and then use it in the UPC as autonomous piece of evidence
- Need to reduce the risk of undergoing a UPC seizure?
 - File a protective letter in which you will indicate the reasons why an *ex-parte* seizure is not warranted, and argue that precisely because of the mere existence of this protective letter, the element of surprise is already missing:
 - Although protective letters of ROP 207 are intended solely against provisional measures (PIs), ROP 194(6) states that if the patent on the basis of which a seizure request is made is also the object of a protective letter, the applicant (and the Court) will be informed of this and provided with the contents of the letter, and have the opportunity to withdraw its request. This forms a legal basis to consider that arguments in relation to seizures may also be included in a protective letter.



The standard for the grant of PIs

Sven Krause (CMS, Germany)

UPC Agreement & Rules of Procedure

Art. 62 UPCA

Provisional and protective measures

1. The Court **may**, by way of order, grant injunctions against an alleged infringer [...], intended to prevent any imminent infringement, to prohibit, on a provisional basis and subject, where appropriate, to a recurring penalty payment, the continuation of the alleged infringement [...].

2. The Court shall have the **discretion to weigh up the interests of the parties and in particular to take into account the potential harm for either of the parties** resulting from the granting or the refusal of the injunction.

3. [...]

4. The Court may, in respect of the measures referred to in paragraphs 1 and 3, require the applicant to provide any reasonable evidence in order to satisfy itself with a **sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed**, or that such infringement is imminent.

5. [...]

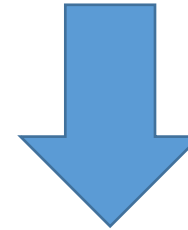
RoP 211

Order on the Application for provisional measures

1. -3. [...]

4. The Court shall have regard to any unreasonable delay in seeking provisional measures.

5.-6. [...]



No detailed test prescribed for the weighing of interest in the UPCA and RoP so national interpretations may come into play.

Example: Consideration of "Urgency"



Urgency as a requirement for the grant of PIs

Germany

- The applicant must pursue its PI request without undue delay
- There are no fixed time limits. The decision practice of the regional courts differs
- Regularly, the courts assume that a case is not urgent if the applicant files the PI request later than **4-6 weeks** from acquiring sufficient knowledge of infringement and infringer



Urgency as a requirement for the grant of PIs

Belgium

- The applicant must pursue PI proceedings without undue delay
- There are no fixed time limits
- Regularly, the courts assume that a case is not urgent if the applicant acquired sufficient knowledge of the infringement more than **3 months** before filing the PI proceedings



Urgency as a requirement for the grant of PIs

Italy

- A delay in seeking relief may be relevant to reduce the chances of a PI being granted
- The relevant degree of delay depends on the circumstances of the case (kind of product/market, need for in-depth evaluation of infringement before taking action, correspondence/negotiations between the parties, etc.)
- There is no set timeframe but in general the patentee should act promptly (**a few months** as of becoming aware of the infringement)



Urgency as a requirement for the grant of PIs

France

As long as the infringement is imminent, there is **no requirement to file a PI request within a certain timeframe** after obtaining knowledge of the infringement/infringer



Urgency as a requirement for the grant of PIs

The Netherlands

- Urgency is required
- No fixed time-limits, as long as the claimant has acted **sufficiently expeditiously**, which is to be considered in light of all relevant circumstances of the case



Urgency as a requirement for the grant of PIs

United Kingdom

- PI proceedings very rare in UK (as compared to e.g. Germany)
- It is established that an interim injunction will not be granted in cases where the claimant is guilty of delay after becoming aware of infringing activities
- The period within which proceedings should be commenced is very fact specific, but PI is generally not available if the 'urgency' has been created by the patentee



Urgency as a requirement for the grant of PIs

Predictions for the UPC

- Will the UPC adopt urgency as a strict (positive) requirement for obtaining a PI? Who bears the burden of proof?
- Will there be strict deadlines or will the court adopt a case-by-case approach?
- How quickly am I expected to file my PI request before the UPC?
- Will the establishment of the UPC 'restart the clock'?



Urgency as a requirement for the grant of PIs

Strategic considerations

- Should applicants who are running a risk of being late with their PI requests seek venues in jurisdictions which have typically had a more lenient approach (e.g. Italy, France)?
- Does the UPC provide a second chance for applicants who missed their German national urgency deadlines?



Deference to foreign decisions

Bryce Matthewson (Powell Gilbert LLP, United Kingdom)

The UPC's anticipated approach and national Courts' approach



Deference to foreign decisions

- UPC Agreement / Rules of Procedure do not address this
- In practice expect that UPC judges will want to align with national and EPO decisions unless good reasons to deviate
- Within the UPC also expect that judges will seek to have consistency between different divisions to avoid inconsistent decisions within the UPC
- Hon. Dr Klaus Grabinski (President of the UPC Court of Appeal) has explained that the UPC aims to consider the case law already developed by member states and the EPO (interview with IAM)
- National courts may also wish to stay consistent with UPC decision (many UPC judges are part time)



Deference to foreign decisions

UK

- UK courts are not bound by, but do consider, decisions of foreign courts (see e.g. *Interdigital v Lenovo*)
- Typically UK courts will give more regard to decisions on infringement than validity
- In general German, Dutch, and French decisions tend to receive greater attention in UK judgments. Australian and South African judgments also receive some attention
- UK Courts will generally not stay proceedings pending opposition proceedings
- Where established legal principle consistently applied by TBA, UK courts will generally follow this
 - “free but not bound to depart from the ratio decidendi of its own earlier decision if it is satisfied that the European Patent Office (EPO) Boards of Appeal have formed a settled view of European Patent law which is inconsistent with that earlier decision. Generally this court will follow such a settled view” (CoA, *Actavis v Merck*)
- Indications from UK judiciary that it will consider UPC decisions in same way as foreign decisions, particularly decisions of appellate division
- Unclear whether it will develop an *Actavis v Merck* type rule for UPC decisions



Deference to foreign decisions

Italy

- Generally will consider foreign decisions, but not bound by them
- Decisions on validity more influential than infringement
- German and Dutch decisions given highest weight; UK less so
- Court Technical Advisors generally follow EPO approach, therefore EPO validity decisions generally influential

Netherlands

- Generally will consider foreign decisions, but not bound by them. Explanation sometimes given when diverging from foreign decisions
- German and UK decisions given highest weight
- EPO decisions also considered

Belgium

- Generally will consider foreign decisions, but not bound by them. Explanation sometimes given when diverging from foreign decisions
- All foreign decisions given same weight
- EPO decisions also considered



Deference to foreign decisions

Germany

- Generally will consider foreign decisions, but not bound by them
- *“The German courts are required to consider decisions rendered by organs of the European Patent Office and courts in other EPC contracting states and pertaining to a largely similar issue and, where appropriate, address the reasons leading to a diverging result in the earlier decision. Insofar as points of law are concerned, this also applies, for instance, to the question of whether the subject-matter of a property right was obvious in the light of prior art.” (FCJ, Roll Forming Machine)*
- Decisions on validity more influential

France

- Foreign decisions typically mentioned in decisions, but no indication that they are considered in coming to conclusion
- German and UK decisions most frequently mentioned
- EPO decisions also mentioned



Deference to foreign decisions

Strategic considerations

- Expect that experience of individual UPC judges likely to have significant impact on approach which they take
- More experienced judges may be more comfortable deviating from foreign decisions than less experienced judges
- Certain jurisdictions (e.g. Italy and Netherlands) tend to give greater attention to foreign decisions
- German judges tend to consider EPO / foreign decisions when considering validity, but not infringement
- UK decisions considered by many EPC courts
- Where multiple UPC divisions have jurisdiction, status of foreign decisions could influence choice of division. E.g.
 - if prior negative decision, may wish to use a German or French division
 - if prior positive decision, may wish to use an Italian, Belgian or Dutch division
 - parties may commence national proceedings in parallel to obtain favourable decision from national court



The role of Technical Judges and of experts / witnesses

Lorenzo Battarino (Trevisan & Cuonzo, Italy)



The role of Technical Judges and experts / witnesses

The UPC rules

- LQJs and TQJs (Art. 15 UPCA)
- TQJ always appointed in appeal and before Central Division; appointed before local divisions upon request by either party or by court's own motion (Art. 8, 9 UPCA, Rules 33,34)
- Court can appoint its own expert "to resolve a specific technical or other question" (Art. 57 UPCA, Rule 185 ff.)
- Parties can appoint their own experts and witnesses (Rule 175 ff.)



The role of Technical Judges and experts / witnesses

Italy

- Judges only have legal background
- Court Technical Advisor (CTA) appointed in almost all patent cases
- CTA is a senior patent attorney, not an expert in the field
- Receives written submissions from the parties and produces a technical opinion on validity/infringement
- Opinion is non-binding, although typically judges use it as basis for judgement



The role of Technical Judges and experts / witnesses

Italy

- Experts used less frequently, but increasingly so
 - Appointed by each party, not by the court
 - Written affidavits/declarations on specific technical points
 - Must be available to confirm statements in court, if needed, but no cross-examination
-
- Witnesses heard orally by the judge, on specific questions suggested by parties (no cross-examination)



The role of Technical Judges and experts / witnesses

Germany

- Typically, Judges have only a legal background (technical judges only at Federal Patent Court)
- Court will typically assess technical arguments on its own
- Court may appoint its own expert to answer specific question, but this is rather rarely used; if so, the expert provides a written report and can be cross-examined
- Parties often engage experts to support their arguments, although only given limited weight by Court as considered 'party submissions'
- No written statements, witnesses are heard in court if needed



The role of Technical Judges and experts / witnesses

France

- Judges only have legal background
- Court will typically assess technical arguments on its own; it may appoint its own expert to answer a specific technical question, but this is not common
- Parties' teams often include patent attorneys; only in complex cases experts appointed to support their arguments
- Witnesses / experts provide written statements, and are almost never heard in court



The role of Technical Judges and experts / witnesses

Belgium

- Only legal or business background, no judge with technical background
- Court will typically assess technical arguments on its own
- Parties appoint their own experts – if Court is not convinced of either positions it may appoint its own expert to provide a written report - no cross-examination
- Witnesses can provide written statements – no cross-examination



The role of Technical Judges and experts / witnesses

The Netherlands

- Judges have a mixed legal and technical background
- Court will typically assess technical arguments on its own (court experts not common)
- Expert evidence is submitted in writing and Court can ask questions orally at the hearing, but no cross-examination
- Witnesses submit written statements and may be questioned by the Court at the hearing



The role of Technical Judges and experts / witnesses

United Kingdom

- Some judges have technical and legal qualifications; technical cases appointed to judges with technical qualifications
- Court will typically assess technical arguments on its own
- Extensive use of party experts:
 - Overriding duty to assist the court rather than the parties
 - Written statements + cross examination
- Witnesses called to confirm disputed factual circumstances, cross-examination possible if challenged



The role of Technical Judges and experts / witnesses

Strategic considerations

- Requesting the appointment of TQJ at local division may be a strategic option:
 - In cases where assessing validity and/or infringement may be particularly complex
 - To attempt to balance the prevailing tendency of LQJs on the panel on a specific issue
 - To increase chances that the local division does not bifurcate and hears both validity and infringement cases (Art. 33(3)a UPCA)



The role of Technical Judges and experts / witnesses

Strategic considerations

- Judges used to appointing experts/ technical advisors to provide opinions may
 - give TQJs a similar role and request that they provide technical inputs to be of assistance for drafting decision;
 - more easily uphold the position of TQJs on technical issues.



The role of Technical Judges and experts / witnesses

Strategic considerations

- TQJs that adopt an EPO-like approach in their national practice will be likely to be more predictable (e.g. Italian patent attorneys usually appointed as Court Technical Advisors, see the recent *fingolimod* case where the Court of Milan was initially the only one in Europe to find the patent in suit valid in line with EPO, and granted a PI as requested by Novartis)
- Internal dynamics within panel will depend on experience and authority of both LQJs and TQJs involved > composition is of key importance (Rule 345)



Scope of protection – equivalence

Christopher Dumont (Crowell & Moring LLP, Brussels)



Scope of protection - equivalence

The UPC rules

- Article 25 and 26 UPCA deal with direct and indirect infringement only
- No explicit rule on infringement by equivalence, nor on scope of protection under the UPCA
- Article 24 (1) (c) and (d) UPCA allows provisions of the EPC to complement the UPCA, a.o. for the claim construction
 - Article 69 (1) EPC
 - Protocol on the Interpretation of Article 69 of the EPC



Scope of protection - equivalence

Belgium

- Developed in case law: “Function-way-result” test
 - This test examines whether the allegedly equivalent feature performs (i) essentially the same function in (ii) substantially the same way and (iii) with substantially the same the same result (Orb. Brussel (NL.) 23 juni 2020, *RCS Rabotage / Top-off*, ("Kalkmelk"))
 - There is no legal basis for excluding certain technical domains (i.e. chemistry) from infringement by equivalence (Orb. Brussel (Fr.) 26 November) 2020, A/18/04258, *Realco / Itram* ("Tensiocip"))
- Some reluctance in case law to apply infringement by equivalence in PI proceedings (Vz. Kh. Brussel (NL.) 20 mei 2015, C/16/2015, *Orion e.a. / Eurogenerics* ("Levodopa"))
- Prosecution history taken into consideration
- Gillette and/or Formstein defence available



Scope of protection - equivalence

Italy

- Developed in case law: two alternative/mutually reinforcing tests
 - Function-way-result test: see *supra*
 - Obviousness-test: Infringement by equivalence is affirmed if the substitution of the claimed element with the allegedly infringing one was obvious to the skilled person at the priority date
- Prosecution file not taken into consideration
 - Scope of protection based only on objective meaning of the claims, as interpreted in light of the specification and drawings
- Gillette and/or Formstein defence available



Scope of protection - equivalence

The Netherlands

- Developed in case law: Four-question-test
 - Is the element that is not literally infringing the claim feature technically equivalent to the claimed feature?
 - Is it reasonable to take into account equivalents in respect of reasonable protection for the patentee?
 - Is it reasonable to take into account equivalents in respect of the legal certainty for third parties?
 - Is the equivalent in itself new and inventive in light of the prior art?
- Prosecution file taken into consideration
- Gillette and/or Formstein defence available



Scope of protection - equivalence

France

- Developed in case law: Function-way-result (*bis*) test
 - In step 1, the function that is achieved through different means must be novel
 - Case law is divided on the issue of whether for step 1, the function must simply be (i) novel, or (ii) must be "protected" by the patent
- Some reluctance in case law to apply infringement by equivalence in PI proceedings
- Prosecution file is taken into consideration (as out-of-court confession)
- Gillette and/or Formstein defence available



Scope of protection - equivalence

Germany

- Developed in case law: Three step test
 - The embodiment deviating from the strict literal meaning of the patent claim must solve the same problem underlying the invention by means that are modified towards a specific element but objectively have substantially the same technical effect
 - The skilled person must be able based on his or her expert knowledge to identify the modified means as equally effective
 - The considerations made by the skilled person to identify the modified means must be based on and in line with the technical teaching protected by the patent claim and oriented towards the claim wording in such a way that the skilled person understands the modified means to be an equivalent solution to the solution literally covered under the patent claim
- Prosecution file history not taken into consideration
- Gillette and/or Formstein defence available



Scope of protection - equivalence

United Kingdom

- Developed in case law: Neuberger three stage test:
 - the variant achieves substantially the same result in substantially the same way as the invention – i.e. the inventive concept revealed by the patent;
 - it would be obvious to the person skilled in the art, reading the patent at the priority date, but knowing that the variant achieves substantially the same result as the invention, that it does so in substantially the same way as the invention, and;
 - such a reader of the patent would not have concluded that the patentee nonetheless intended that strict compliance with the literal meaning of the relevant claim(s) of the patent was an essential requirement of the invention.
- Prosecution file history only taken into consideration in exceptional circumstances
- Gillette and/or Formstein defence available



Scope of protection - equivalence

Strategic considerations

- Choice of UPC division for scope of protection reasons can depend on
 - Need for a preliminary injunction (avoid French or Belgian division)
 - Unfavorable prosecution history (consider German or Italian division)
 - Lack of information on the equivalent feature in the patent (consider a Belgian or French division)
- Gillette and/or Formstein defence is widely recognized among the Contracting Member States and is thus of no influence for the choice
- Scope of protection is applied in the same way across all technical domains in the Contracting Member States



Proportionality of Injunctions

Catherine Howell (EIP Europe LLP, United Kingdom)

UPC Rules & Final Injunctions

- [Article 63 UPCA](#): Right to grant an injunction – note “may”:
Where a decision is taken finding an infringement of a patent, the Court may grant an injunction against the infringer aimed at prohibiting the continuation of the infringement.
- Other relevant provisions:
 - [Article 82 UPCA](#): Enforceability of decisions and orders, including injunctions. Allows for enforcement to be subject to security.
 - [Rules 350 and 351](#) of the Rules of Procedure state the form in which an injunction order shall be given.
- Interpretation for proportionality test:
 - [Article 20 and 24 UPCA](#): UPC applies Union law, the UPC Agreement, the EPC, other applicable international agreements binding on all member states, and national law. As the UPC bound by EU law this includes IP Enforcement Directive and interpretation in light of the TRIPS Agreement.
 - [Article 3\(2\) IPRED](#): Remedies need to be effective proportionate and dissuasive

Final Injunctions - UK

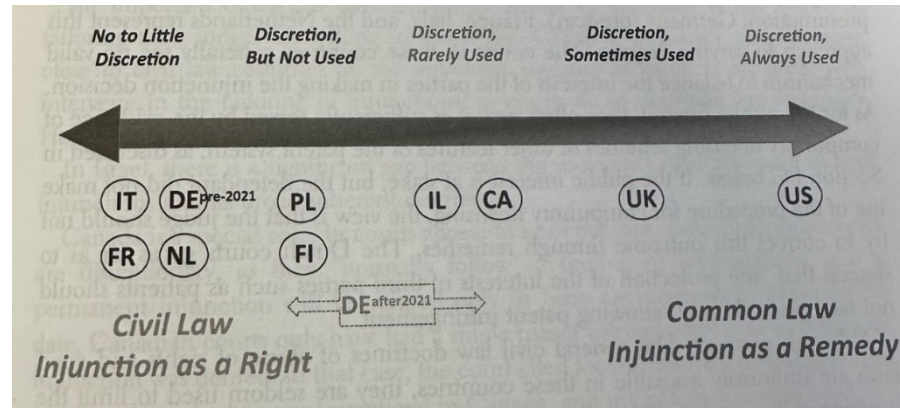
- UK court has a well established practice of considering the proportionality of injunctions before awarding them, exemplified by the following:
 - The grant of a final injunction is discretionary, albeit that the discretion falls to be exercised judicially and in accordance with principles laid down in decided cases
 - There is specific statutory provision for the award of damages in substitution for an injunction ([*section 50, SCA 1981*](#)). The test for this is also considered in [*Shelfer v City of London Lighting Co. Ltd \[1895\]*](#)
- Patent Injunctions:
 - [*Section 61\(1\) of Patents Act*](#) gives right to claim for an injunction
 - A finding of a valid and infringed patent will not automatically result in grant of an injunction although this will generally be granted ([*Coflexip SA v Stolt Comex \[2000\]*](#))

UK contd.

- Disproportionality and injunctions:
 - Final injunctions could be withheld on a permanent basis if its enforcement would be "grossly disproportionate" ([*Virgin Atlantic v Premium Aircraft Interiors* \[2009\]](#)).
 - Article 3(2) IP Enforcement directive **requires** that injunctions are refused in the instances where they are disproportionate ([*HTC v Nokia* \[2013\]](#)) (Edwards v Boston Scientific [2018])
- When might an injunction not be granted?
 - FRAND injunction remedies as an alternative to a “normal” injunction in SEP cases, injunction is discharged when a defendant agrees to a FRAND license ([*Unwired Planet v Huawei* \[2017\]](#))
 - Competition abuse
 - Public interest (and run off periods).

Final Injunctions – Civil law

Summary of the discretion of the Courts in various jurisdictions [Source: Injunctions in Patent Law: Contreras & Husovec]:



- In civil law jurisdictions, the general position is that there is an automatic right to an injunction once infringement is established, see e.g.:
 - Belgium: [Article XVII.14 Code of Economic Law](#)
 - France: [L. 613-3 French IP Code](#)
 - Italy: [Article 124 IP code](#)

Final Injunctions – Civil law Contd.

However, in many EU member states there have been indications that proportionality of the injunction should be considered. Each jurisdiction has had varying levels of commitment to the idea...

- **1. Academic discussion:**

- In Belgium academic discussions on instances where it might not be appropriate to impose an injunction are taking place. For example, in the instance of non-compliance with [Huawei v ZTE](#) CJEU factors (not been subject of judgment).

- **2. Proposed proportionality tests but no judgment applying it to deny injunction:**

- In Italy a proportionality test suggested in [Article 124 IP code](#), but no case law where the court has questioned the automatic nature of final injunctions
- In Netherlands it is established that grant of an injunction is subject to a proportionality test [as required by EC Directive 2004/48/EG (Enforcement Directive), implemented through national principles such as abuse of rights (3:13 Dutch Civil Code), reasonableness and fairness (6:2 DCC) or compelling public interest (6:168 DCC)].

Final Injunctions - Civil law Contd.

Contd.

- **3. Formal introduction of proportionality test :**

Most notably in Germany a proportionality test has been introduced by [*German Patent Act in 2021:*](#)

- Injunctions may be excluded if disproportionate hardship for infringer or third parties not justified by exclusive right. Theoretically could include e.g. public interest arguments in pharma cases, but strong history of these being addressed through compulsory license applications

Final Injunctions – Civil law Contd.

The following exceptions to grant of injunctions may well apply:

- Court ordered “grace periods” to allow infringements to end before grant of an injunction e.g. in Belgium, Italy and the Netherlands. Particularly in life science cases.
- When grant of an injunction would amount to an abuse of competition law.
- In Germany it is established that a FRAND defence available in SEP cases if holder didn't comply with [*Huawei v ZTE*](#) CJEU-established licensing requirements

Predictions for UPC & Strategy

- Automatic right to injunction vs a test of proportionality apply?
 - Patent holders and downsides of proportionality test
- Factors in proportionality test / defences to injunctions?
 - FRAND Defences and Injunctions- SEP holders / Implementers pros and cons
 - Public interest e.g. life saving medicines
 - Abuse
 - How will this be assessed in context of multi-jurisdictional injunctions?



The assessment and award of damages

Daisy Termeulen (Simmons & Simmons LLP, The Netherlands)



UPC Rules

- Article 68 UPCA legal basis; based on Article 13 Enforcement Directive (i.e. minimum harmonization)
 - Appropriate to harm suffered
 - Paid by infringer who knowingly engaged in infringement
 - To put injured party in position without infringement
 - Not punitive, but no benefit from infringement either (Article 68(2) UPCA)
- Court of Appeal UPC to harmonise and ensure uniform application of 68 UPCA.



UPC Rules

Calculation of damages

- Article 68(3) UPCA: all appropriate aspects
 - Negative economic consequences incl. lost profits, unfair profits, moral prejudice (in appropriate cases?), lump sum in appropriate cases (e.g. amount of royalties/fees in FRAND disputes)
- Article 68(4) UPCA: lack of intent or negligent behaviour
 - Article 4 of Regulation 1260/2012: SME's, natural persons, non-profits, university or public research



UPC Rules

Procedure

RoP 118.1:

- Claiming damages directly in the context of infringement proceedings; or
- Claiming damages in separate damages proceedings

RoP 119:

- Interim award of damages: covering at least the expected costs of the procedure for the award of damages and compensation on part of successful party
- Indicative rates published(?)



UPC Rules

Procedure

- Quick route when infringement and damages are dealt with in same judgment
- Inbetween: when damages are dealt with in separate proceedings on the basis of parties' submissions only
 - More or less 10 months from application to decision on damages (RoP 126, 138, 139, 111 and 118)
- Long route when damages are dealt with in separate proceedings with infringer being ordered to lay open books
 - More or less 16 months from application to decision on damages



UPC Rules

Separate proceedings expected to be most common approach:

- To be lodged within one year from service of a final decision on the merits (including any final decision on appeal) on both infringement and validity (RoP 126);
- In case of award of compensation "under other RoPs", the application is to be lodged within one year from date of order for such award:
 - e.g. order for compensation due to unjustified provisional or preservation measures, or unjustified enforcement of a decision or order
- Limitation period of 5 years (Article 72 UPCA)



National practices

Netherlands

- Similar approach as UPC: possibility of damages in infringement decision, but separate proceedings are more "common"
- Similar rules for calculating damages
- Account of unfair profits and lost profits cannot be combined; remains to be seen at UPC?
- Order to lay open books is possible
- Same limitation period as UPC: five years after becoming aware of the last fact justifying the action

National practices

- Belgium: damages proceedings are also quite rare

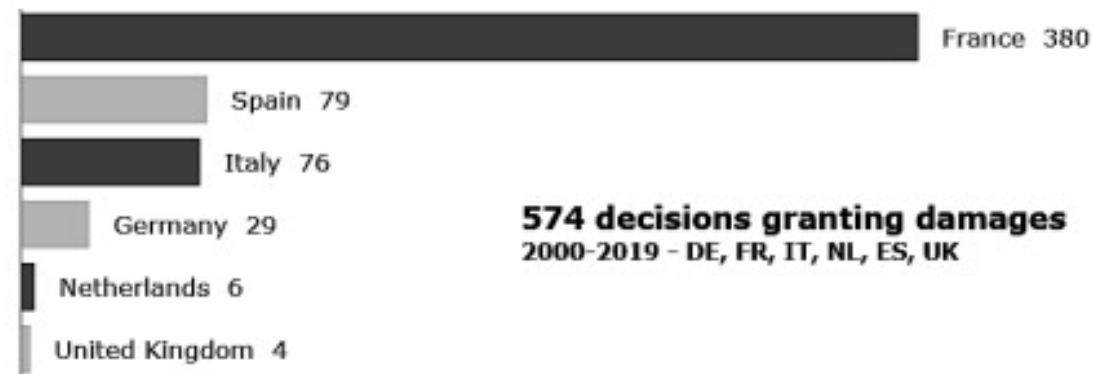


Chart 1: Number of decisions of European courts granting patent infringement damages in 2000–2019 per country



Chart 2: Total amount of damages for patent infringement granted in 2000–2019 by European courts per country

- [2021-02 GRUR Pierre Veron Damages patent infringement Festschrift MeierBeck.pdf](#)



National practices

UK

- Damages only in separate "damages inquiry" (approx. 1 year)
- Amount of damages based on actual infringement of patent , or, at injured party's option, account of profits (not both)
- Rather rare (4 cases 2000-2019), parties usually settle after finding of infringement
- Limitation period of six years (+1 compared to UPC)



National practices

Belgium

- Parties usually settle so it is rare to see judgments ruling on damages
- After a judgment on infringement, the infringer is usually ordered to disclose information, including its bookkeeping unless the information needed is already available either voluntarily provided by the infringer during the proceedings or captured during evidence gathering proceedings
- If damages are awarded: based on loss of profits and incurred costs and losses (cumulative) or, in case of bad faith infringement, account of profits
- Same limitation period of five years



National practices

Germany

- Usually in separate damages proceedings (29 cases 2000-2019)
- Parties often tend to settle
- Actual loss of the plaintiff / profit of the infringer / hypothetical license fee (latter is most frequently applied as easiest to set)
- Unfair profits and lost profits cannot be combined, but in some cases, methods may apply cumulatively (e.g. if the plaintiff incurred further losses than the amount which it could have rendered from receiving a license fee)
- Limitation period of 3 years (!) (second chance UPC?)



National practices

Italy

- In infringement action (e.g. after interim finding of infringement) or in separate proceedings
- Parties tend to settle
- Actual loss of the plaintiff / profit of the infringer / hypothetical license fee
- While the limitation period for damages is five years (in line with other jurisdictions), the case law generally considers that the limitation period to request the account of profits is ten years



National practices

France

- Damages proceedings rather common (380 cases between 2000-2019)
- Highest amounts of damages awarded
- In 50% of cases sufficient information (from saisie) to claim damages in context of infringement proceedings
- In other / too complex cases, the judge reserves the issue (potentially with provisional award of damages)



National practices

France

- Assessment of damages:
 - the negative economic consequences of infringement, which includes lost profits and loss incurred;
 - moral prejudice;
 - account of the infringer's profits;
 - or, as an alternative to all the above, the payment of a lump sum that cannot be lower than the royalty that the infringer should have paid, had a license been granted



Predictions & considerations UPC

- Increased relevance of damages proceedings at UPC compared to most current national practices (?):
 - Single case for up to 27 countries (i.e. 500.000.000 customers)
 - Including countries which would generally not have been part of patent litigation in the past
 - Single law for assessment of damages
- Choice of forum (UPC or national proceedings) in view of limitation period:
 - Germany (3 years v. 5 years UPC)
 - Other way around: Italy and UK
- Learning from France?
- UPC to affect interpretation of national courts?

Questions?



Bryce Matthewson

Powell 
Gilbert

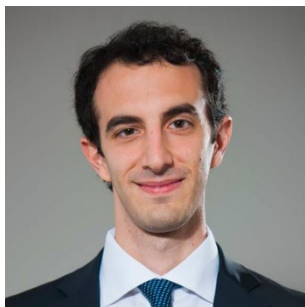


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