



The Unified Patent Court

Each of the Central Division locations will deal with a different subject matter

The framework for a European patent with unitary effect, along with the corresponding translation provisions, has been enacted by respective EU regulations. The implementation of a court system in which the resulting European patents with unitary effect can be litigated has required a different route, outside the EU constitutional framework, in the form of an international treaty between participating EU member states. The result is the Unified Patent Court (the UPC).

Court Structure

The UPC will include a Court of First Instance and a Court of Appeal. The Court of First Instance will comprise a central division along with local and regional divisions scattered throughout the participating member states, whereas the Court of Appeal will be located solely in Luxembourg.

A substantial amount of political wrestling was required to reach a consensus on the location of the various bodies of the UPC, and particularly the central division of the Court of First Instance, which is likely to deal with the bulk of cases. A compromise was reached, embodied in Article 7 of the Agreement, to situate the central division in Paris, but to create branches in London and Munich. Each of the locations will deal with different subject matter: London will deal with cases relating to chemistry (as well as metallurgy and “human necessities”), Munich will deal with mechanical engineering (as well as lighting, heating, weapons and blasting), and Paris will deal with the physics and electrical cases (as well as transport, textiles/paper and fixed constructions).



The substantive areas of patent law will lie outside the CJEU's jurisdiction

Infringement, Revocation and Bifurcation

Articles 25 and 26 of the Agreement set out the acts of infringement which a patentee can prevent using a European patent. These apply whether or not the patent has unitary effect, or is validated separately in the member states. The acts defined essentially mirror current national law, which is broadly harmonised across the various member states. They include provisions to prevent direct infringement, such as selling and importing, as well as indirect infringement. Articles 27 to 29 provide certain defences against patent infringement which, again, reflect the broadly harmonised position across the various member states.

The competence of the Court to decide upon validity and revocation of unitary patents, and non-unitary European patents, is also explicitly provided in Article 65 of the Court Agreement. The Court is able to revoke invalid patents based upon the same well-established grounds provided in the European Patent Convention (see Articles 138 and 139 EPC).

The provisions dealing with infringement and revocation were included in the Court Agreement, rather than in the EU regulations, in an attempt to prevent the Court of Justice of the European Union (CJEU) from deciding matters of substantive patent law. The intention is that the CJEU will only be able to rule on relevant matters of European Union law, and since the Court Agreement is an international agreement (and not a European Directive or Regulation) the substantive areas of patent law will lie outside the CJEU's jurisdiction. There are many viewpoints on whether this will be successful or not, but ultimately it seems entirely possible, if not probable, that the CJEU will, at some point, be given the final say on matters of substantive patent law.

As far as the Court is concerned, in general, the local and regional divisions of the Court of First Instance will decide on infringement related issues of European patents with unitary effect and "non-unitary" European patents, whereas the central division will decide on revocation related issues (see Articles 32 and 33 of the Agreement). However, the courts have discretion to hear both infringement and revocation issues as discussed below.

Matters of infringement can be heard by a local or regional division of the participating member state in which the infringement occurred, or in which at least one of the defendants has its residence or place of business. If the infringer does not have a place of business in a participating member state then infringement matters are heard where the infringement occurred, or, alternatively, they may be heard before the central division.



Local and regional divisions may choose whether to bifurcate the infringement and revocation actions

For cases in which an action for infringement is accompanied by a counterclaim for revocation by the alleged infringer, the responsibilities of the divisions of the Courts of First Instance become further complicated. The local or regional division can decide to:

- hear both the actions for infringement and for revocation;
- refer the counterclaim for revocation to the central division and suspend or continue with the action for infringement; or
- refer the entire case to the central division, with the agreement of both parties.

In other words, this gives local and regional divisions the choice of bifurcating the infringement and revocation actions (as happens in Germany), or hear both actions together (as happens in the UK and the majority of other EU states). This is intended to placate proponents of both systems, but it may well lead to lengthy arguments as the plaintiff and defendant are likely to prefer different approaches to bifurcation. However, whilst local and regional divisions have the option to bifurcate infringement and revocation actions, the latest version of the Court Agreement does not appear to give the central division the option to bifurcate (although it is possible this could be handled in the rules of procedure of the Court, which are yet to be finalised).

In all likelihood it will be very common that an allegation of infringement will be met with a counterclaim for revocation, and so we are likely to see a great deal of discussion on the factors affecting when referrals can be made to the central division once the UPC is up and running. In addition, the tendencies of local/regional divisions to bifurcate the proceedings is likely to be of great interest to litigants; it may well play a key role in determining the local/regional division in which litigants commence proceedings (assuming there is a choice, which will often be the case given the high likelihood of infringement in multiple EU states).



The language in which the proceedings will be heard is a complex issue

Language of Proceedings

With so many different divisions, in many different member states, the issue of which language will be used for court proceedings becomes somewhat cumbersome.

Articles 49 and 50 of the Court Agreement state that cases before the central division will be heard in the language in which the patent was granted, whereas the language of proceedings before the local or regional divisions will be the official European Union language of the participating member state. Cases heard in the local division of the UK will be litigated in English, cases in Germany in German and cases in Greece in Greek, for example.

However, the local and regional divisions can specify one of the official languages of the EPO (English, French or German) as their language of proceedings. Alternatively, the language in which the patent was granted can be used, provided that the parties agree, or one of the parties requests it and the local and regional division agrees that it would be fair to do so in the circumstances. This could lead to somewhat strained situations in which the infringement aspect of a case is being heard in a local division in one language, whereas the corresponding revocation action is being heard at the central division in another language.

Appeals will generally be heard in the same language as that used in the proceedings before the Court of First Instance, although there is scope to deviate from this if the parties agree. Quite how this will work when different languages are used for infringement and revocation actions in the first instance is not yet clear, although this may involve the appeals for infringement and revocation being heard separately at the appeal stage.

Date of Entry into Force

The Agreement on the UPC will need to be ratified by at least thirteen EU states, which must include the UK, France and Germany, before it can come into force. If all goes smoothly, the two regulations and the Court Agreement will come into force at the same time. The date will be the first day of the fourth month after completion of the ratification of the Court Agreement.

The rules of procedure of the UPC will also need to be agreed upon before the new system comes into effect.



In a transitional period, actions in relation to “non-unitary” European patents may be heard before national courts

The Transitional Period

Holders of unitary patents will have no choice but to use the UPC system. However, for “non-unitary” European patents a transitional period of seven years after the date of entry into force of the agreement is provided according to Article 83, with the option of a further seven year extension. The transitional period allows actions for infringement or revocation in relation to “non-unitary” European patents to be heard before the various national courts, as is currently the case.

Proprietors of “non-unitary” European patents or applications will need to register their desire to opt-out of the UPC system during the transitional period. The opt-out must be applied for at least one month before the expiry of the transitional period, but it can be revoked at any time, provided that no actions have been commenced before a national court.

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London Office

16 Theobalds Road
London
WC1X 8PL

T + 44 (0)20 7242 0901
F + 44 (0)20 7242 3290

Cambridge Office

Clarendon House
Clarendon Road
Cambridge CB2 8FH

T + 44 (0) 1223 360 350
F + 44 (0) 1223 360 280

Reddie & Grose LLP
www.reddie.co.uk

For general enquiries, please email:
enquiries@reddie.co.uk

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