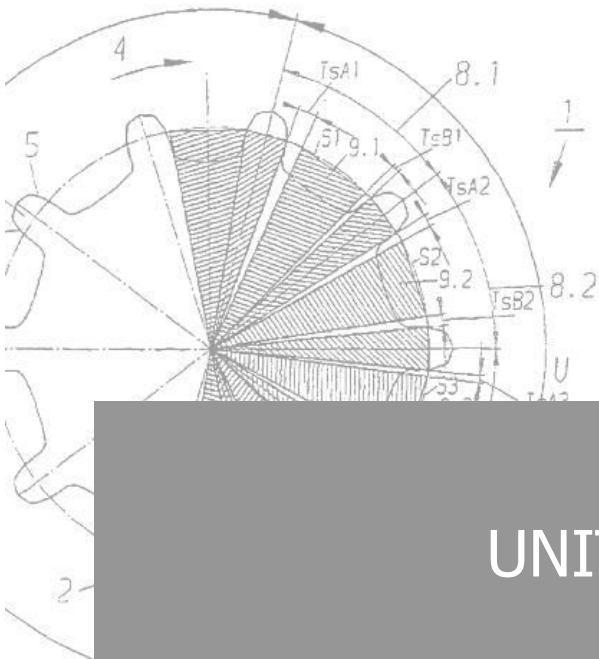


MEISSNER BOLTE

IP Protection for
Next Season's Growth



UNITARY PATENT SYSTEM

From a German perspective

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1. Unitary Patent System

The „ Unitary Patent Package“ has three components:

1. EU regulation creating a unitary patent for 25 cooperating EU countries
2. EU regulation on the language to be used for the unitary patent
3. Separate treaty establishing a new European patent court system (Unified Patent Court = UPC)





1. Unitary Patent System – Key points from a German perspective

1st instance

1. Decentralised system with Local/Regional Divisions = principle of subsidiarity

- ⇒ close to users
- ⇒ close to any evidence to be taken
- ⇒ use of already available resources, such as
 - local court infrastructure (Presently 13 Patent District Courts in Germany)
 - local judges with corresponding experience
 - local patent attorneys and lawyers, who are familiar with local infrastructure
- ⇒ familiar language regime (use of common and well known languages)
- ⇒ Technical judges





1. Unitary Patent System – Key points from a German perspective

1st instance

2. Central Division

⇒ **Originally** (according to the previous Draft UPC Agreement)

less important, since competence substantially restricted to

- actions for declaration of non-infringement
- separate nullity actions and
- actions concerning decisions of the EPO with respect to the administration of Unitary Patents
- infringement proceedings only if both parties agree



Now (according to approved UPC Agreement Art.33)

more important, since made attractive for infringement actions in case Defendant is located outside of the participating UPC member states, or in case infringement can be proven in a state without the competence of a Local/Regional Division, e.g. Luxembourg, or in case of an infringement within the territory of at least three Regional Divisions (acc. to Art. 33(2) on request of Defendant)





1. Unitary Patent System – Key points from a German perspective

- 3. The Defendant has no choice where to be sued;** only the **Plaintiff** may decide (This is established principle in all EU-member states – see Brussels regulations)-Correspondingly, German profession is not very happy with Art. 33 (2) UPC Agreement (in case of infringement in the territories of three Regional Divisions on request of Defendant transfer of case from Regional Division to Central Division)

4. Possibility of bifurcation

4.1 Germany is well familiar with both

- **bifurcated system** in patent infringement matters, and
- **combined system** in patent preliminary injunction proceedings, as well as utility infringement proceedings

4.2 Bifurcated system – speedy and no devilry





1. Unitary Patent System – Key points from a German perspective

What are the facts in Germany?

- Both infringement and validity are decided separately in the 1st instance by two independent Courts, namely competent District Court and Federal Patent Court, each within about 1 year!
- In only about 20% to 30% of all infringement cases (about 1000 to 1200 cases/year) will a nullity action (about 250 to 300 cases/year) be started

WHY:

- ➔ Separate proceedings initiate additional costs; worth to spend only if likely to succeed, and/or if only possibility to escape.
- ➔ Further, searches of Patent Offices, e.g. EPO better and better with less chances of uncovering more pertinent prior art





1. Unitary Patent System – Key points from a German perspective

Confirmed by statistics:

Activities of the Federal Patent Court 2012 (2011)



	Cases in hand Jan. 1, 2013	New Cases 2012	Cases dealt with 2012	Cases in hand Dec. 31, 2012
Nullity Boards	426 (423)	261 (297)	258 (264) – as follows: 126 (129) – Withdrawals of Action (=49%) 91 (92)–(Partial) Nullity decided (=35%) 21 (22) – Rejection of Action (= 8%) 5 (10) – Settlement (= 2%) 1 – Compulsory Licence (= 0,3 %) 14 – otherwise settled (= 5,7 %)	426 (435)



1. Unitary Patent System – Key points from a German perspective

The only aspect to be considered when bifurcating is the risk of a different interpretation of the scope of a patent in the infringement proceedings on the one side and in the nullity proceedings on the other side.

nullity proceedings

infringement proceedings



narrowest scope

broadest scope



but

Same scope guaranteed by the Federal Court of Justice (GRUR 2010, 214 – Kettenanordnung II; GRUR 2010, 950 – Walzenformgebungsmaschine) as will be by the UPC-Appeal Court (= single second instance competent both for infringement and for validity)





1. Unitary Patent System – Key points from a German perspective

Corresponding Activities of the Federal Court of Justice 2012

- 78 Appeals filed!
- Pending cases dealt with as follows:
 - 58% settled without a decision
 - 25% 1st instance decisions confirmed
 - 17% decisions differ from 1st instance decision
- **Local Divisions in Germany** may decide in favour of bifurcation if technical issues with respect to validity too complex, otherwise not.
- German users wanted the corresponding flexibility, as was finally agreed





1. Unitary Patent System – Key points from a German perspective

2nd instance

All German interested parties were and are in favor of one single second instance, and against a 3rd instance in form of the ECJ.

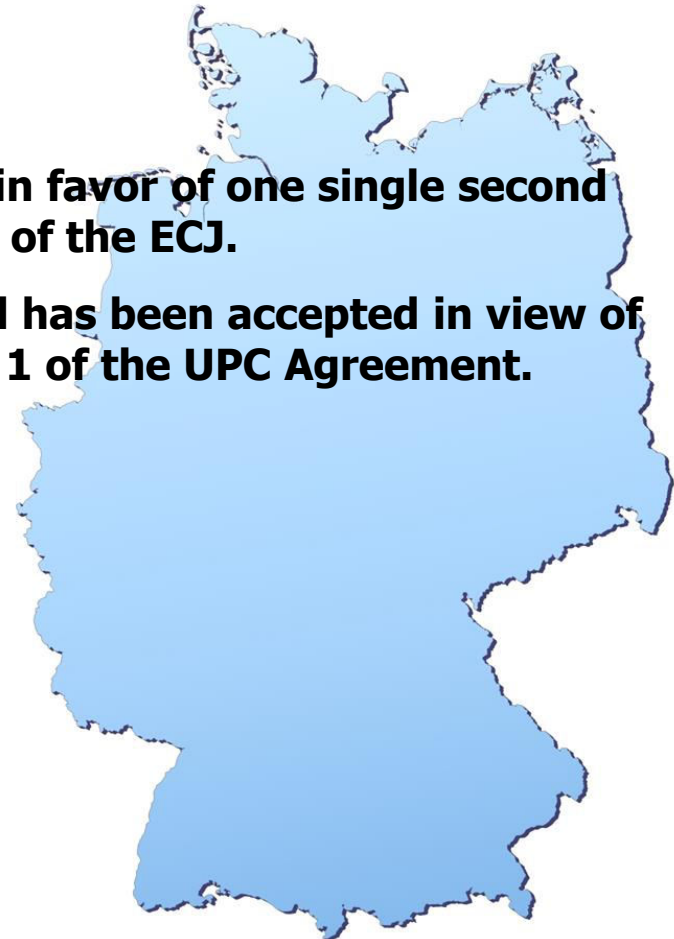
However, the ECJ was never a big issue, and has been accepted in view of the acknowledgement of EU law acc. to Art. 1 of the UPC Agreement.

WHY ?

Germany is in favor of

- Europe
- European Union
- European Patent System

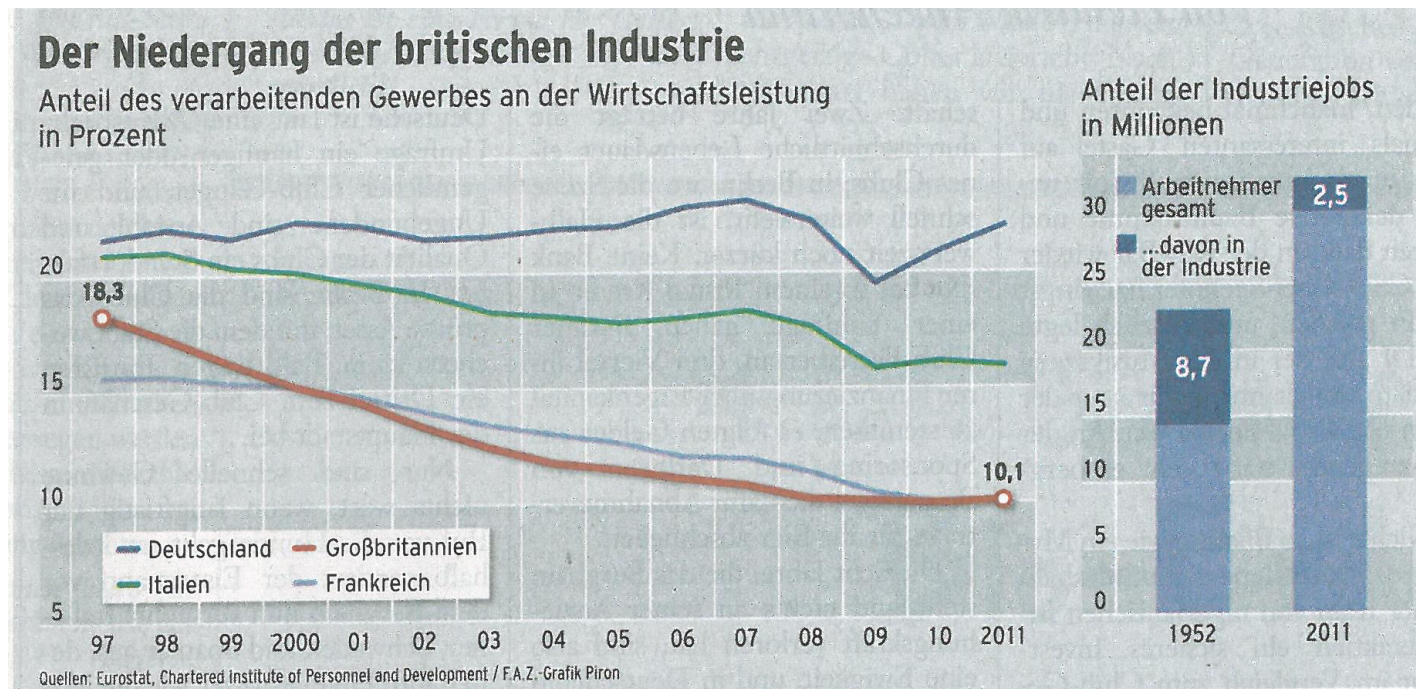
in order to further its industry.





1. Unitary Patent System – Key points from a German perspective

In this respect, I would like to highlight the following aspects:



Source: *Frankfurter Allgemeine Sonntagszeitung*, N° 22, p. 35.





1. Unitary Patent System – Key points from a German perspective

Germany does not have natural resources.

There is a need to further engineering.

Engineering is Germany's resource.

This engineering is to be protected

- **speedy,**
- **efficiently,**
- **at low costs, and**
- **globally**

The same applies to Poland !

But so far Poland decided, not to sign !

Poland will not sign the new legislation on the Unified Patent Court



Polish officials have declared that Poland will not sign the new regulation on the Unified Patent Court, after having declared some months ago their support of this new tool.

The main concerns of Polish authorities relate to the use of foreign languages in the filing procedure, as well as to the fact that trials would take place outside Poland, more precisely in Paris, London or Munich.

What is the difference to the present situation when sued for infringement outside of Poland? -Present situation appears even worse, because Polish infringer will be less informed of foreign proceedings beside the necessity of using a foreign language

Therefore Germany will ratify !



Therefore Poland should sign !



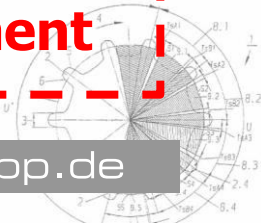
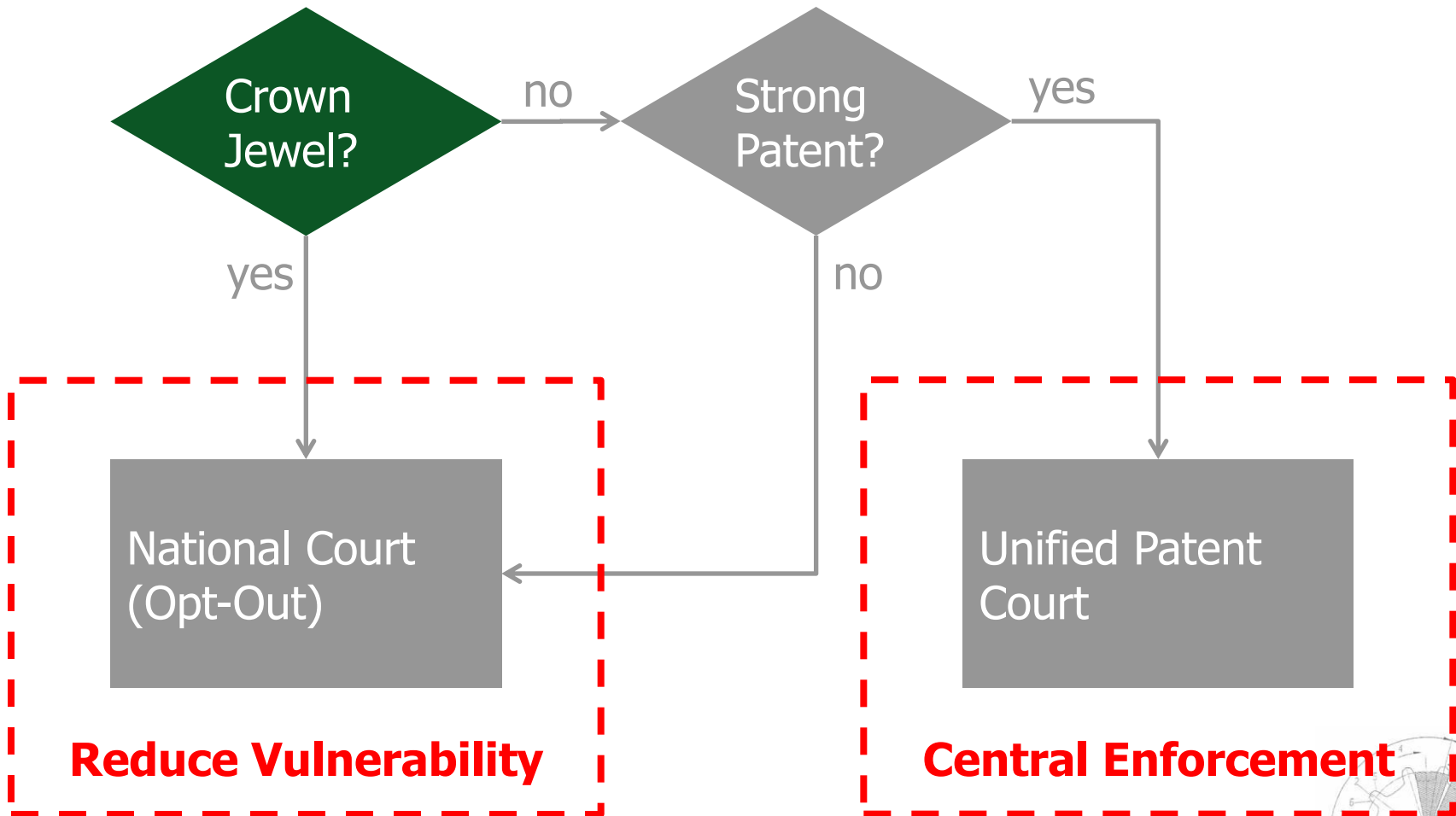


2. Unitary Patent System-Economic Effects

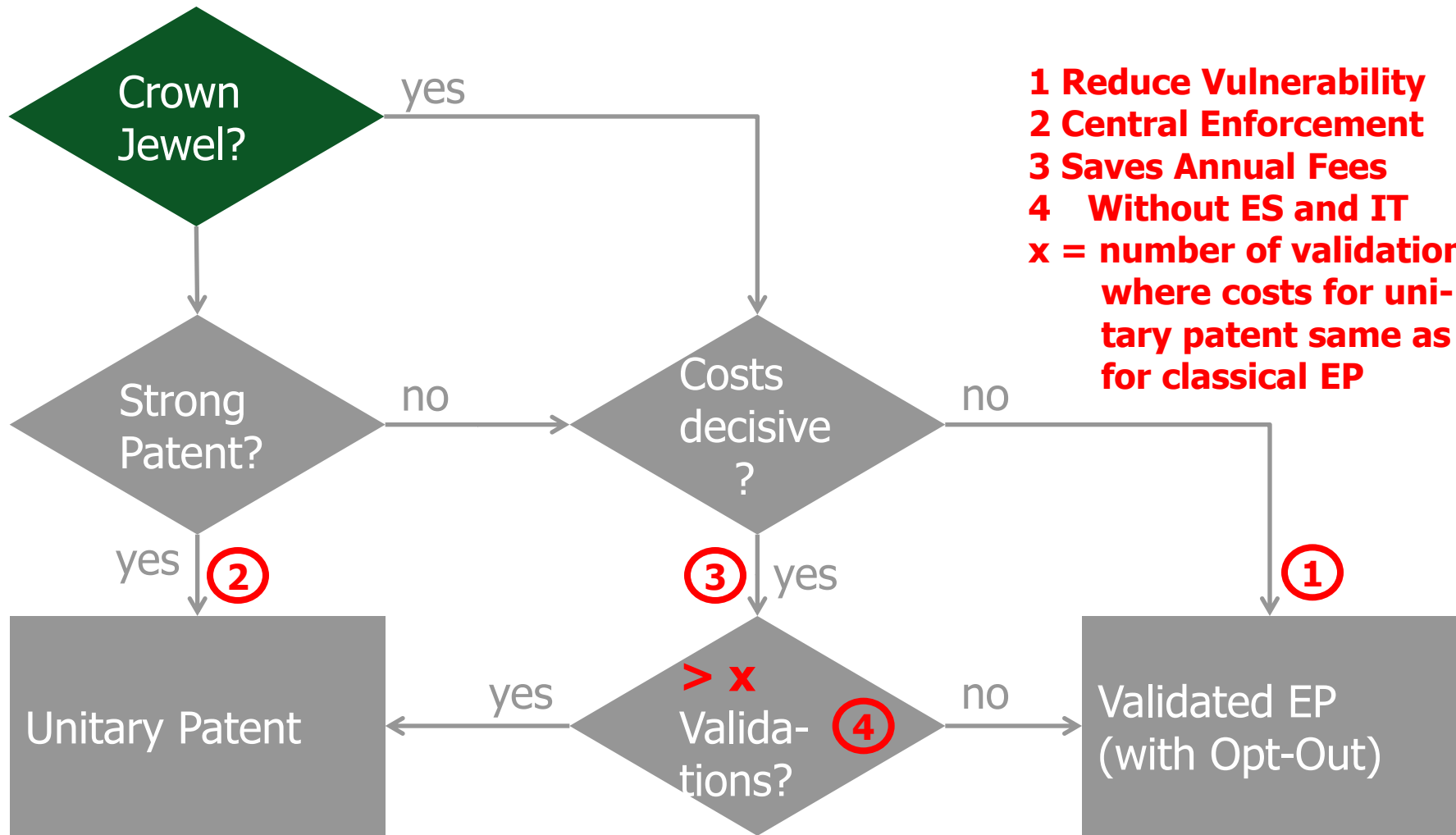
- The question is what have we got, and what has to be considered ?
- **The UPC will definitely have the following benefits:**
- Harmonized jurisprudence as regards the interpretation of substantive patent law in respect to scope of protection and validity (guaranteed by single Court of Appeal)
- Cost savings due to single proceedings for the territory of the participating Member States
- Cost savings and high efficiency due to only one advocate or one team of advocates on each side
- Cost reduction through increased competition among Patent Attorneys and Lawyers
- Fast decisions due to strict regime of timelimits, and in particular short timelimits



3.Strategic Considerations: European Patents granted before enforcement of UPCA



3.Strategic Considerations: European patents granted after enforcement of UPCA



- 1 Reduce Vulnerability**
 - 2 Central Enforcement**
 - 3 Saves Annual Fees**
 - 4 Without ES and IT**
- x = number of validations, where costs for unitary patent same as for classical EP**





4. Unitary Patent system-Impact on Patent Attorneys

No Pain

No Gain !





4. Unitary Patent system-Impact on Patent Attorneys

PAIN

- Less validation work, incl. administrative and translation work
- Less cross border litigation work within Europe
- Less cross border legal advisory work, since unitary should be unitary!
- More European-wide competition with respect to litigation

GAIN

- Additional litigation competence all over Europe, and correspondingly expanded business
- Nullity actions beside or instead of oppositions (two options for central attack)
- More sophisticated legal and strategic advisory work (national vs. unitary)
- National patents/utility models vs. classic European patents vs. unitary patents
- Field of competence increased, which cannot easily be grazed down by service providers
- European-wide awareness of patents, and corresponding business





4. Unitary Patent system-Impact on Patent Attorneys and their clients

- **Result of a survey made by Europe Economics end of 2013:**
- Respondents were asked about the potential benefits and costs of the UPP in relation to the following roles they could potentially play in patent litigation case:
- Litigation activity to **defend patents**, i.e.:
 - cases in which respondents had to defend their national patent originating from a European patent against the infringement of a third party
 - cases in which respondents had to defend their national patent originating from a European patent against the invalidity claims of a third party
- Litigation activity **against the patent of a third party**, i.e.:
 - cases in which a third party alleged that the respondent has infringed their national patent originating from a European patent
 - cases in which respondents argued that a national patent originating from a European patent of a third party was not valid





4. Unitary Patent system-Impact on Patent Attorneys and their clients

- **Result of a survey made by Europe Economics end of 2013:**
- About 2/3 of the respondents have not pursued legal actions to defend a patent, and about 2/3 have not themselves been subject of legal actions by others
- Approximately twice as many respondents (41% vs 21%) would prefer to file oppositions before the EPO versus litigating via the UPC
- An even larger margin (44% vs 14%) would prefer to litigate at the UPC versus national courts





4. Unitary Patent system-Impact on Patent Attorneys and their clients

- Summary of pro's and con's of switch to UPC

Gains for Claimants:

Smallest gains were expected to arise from cost-saving and effectiveness

Largest gains expected to arise from simplicity and speed of decision-making

Gains for Defendants:

Smallest gains expected to arise from cost savings

Largest gains expected to arise from simplicity

Losses for Claimants:

Smallest expected losses from risk of injunction gap due to bifurcation

Largest expected losses were those associated with lack of familiarity with the procedures of the new system and about costs

Losses for the Defendants:

Smallest losses from inconvenience and complexity

Largest losses from uncertainty and from risk of third-party obtaining an injunction before rulings on validity





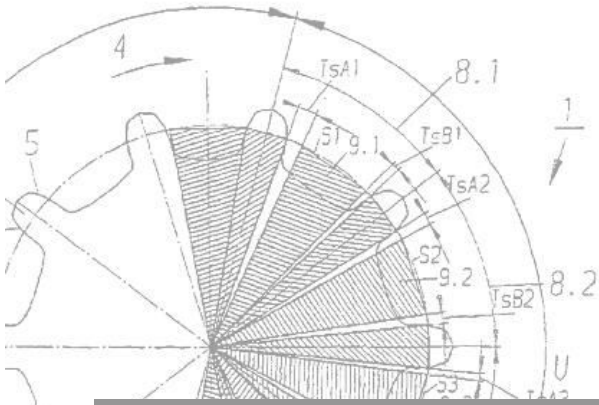
4. Unitary Patent system-Impact on Patent Attorneys

- Role of European Patent Attorneys qualified to represent before the UPC
- **It is a big challenge !**
- **Grasp the opportunity!**



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Thank you for your Attention!

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