

Agreement on a European Patent Court

Consultation on Rules of Procedure

Comments and Recommendations of AIPPI on

Preliminary set of provisions for the Rules of Procedure (“Rules”) of the Unified Patent Court – 15th draft of 31 May 2013

Rule 2 - Supplementary protection certificate

It is unclear whether Article 83(3) of the UPC Agreement also covers the applicant for an SPC. With regard to patents the Agreement refers to “proprietor or applicant”, but with regard to SPC only to “holder”. Since it is important to have the ability to opt out of an SPC application in order to obtain legal certainty, this issue should be resolved in Rule 2 by adding:

3. A holder of an SPC as meant in article 83(3) of the UPC Agreement shall be understood as to mean both a proprietor of a granted SPC and an applicant for such SPC.

It is also unclear whether if a proprietor opts out its European patent this will automatically include the subsequent SPC of that patent. This will be important for two reasons. First, it avoids a second fee being payable, and also means that where patents are at an early stage of their life, and no application for an SPC has been made before the expiry of the transitional period, the SPC does not become subject to the UPC when the predecessor patent has been opted out. This may be clarified by the following:

4. Applications to opt out European patents shall automatically extend to SPCs of such patents upon the expiry of the European patent.

The same regime as for patents should equally apply to SPCs. In SPC litigation, the discussion concerns the validity of the SPC and of the patent as well as the scope of the latter. It would not be acceptable that the SPC be subject to the UPC but not the basic patent because in such case the UPC could not decide on the validity of the patent.

This could be solved by adding in Rule 2 language along the following lines:

“5. Applications to opt out SPC and applications to withdraw the opt-out of the SPC shall automatically extend to the European patent, upon expiry of the European patent. Applications to opt out or opt-in the SPC shall not enable to submit the SPC to a different regime than the patent.”

Rule 5 – Opt out

(1) Paragraph 1 of Rule 5 should be completed as follows: "*the Application shall be **deemed to** be made in respect of each of the contracting member states, **absent language to the opposite ...***"

The Rules should also make clear that the Proprietor may act through its representatives:

"The Application may be lodged by a representative appointed by the proprietor pursuant to Articles 48(1) or (2) of the Agreement or Article 134(1) of the European Patent Convention".

Paragraph 1 of Rule 5 allows the opt-out to be made for only some national designations: "The Application shall be made in respect of each of the contracting member states in which the European patent is owned by the proprietor or proprietors in question".

This Rule should be deleted as the opt-out should be possible only for all the designated countries. The last sentence of Paragraph 2(b) of Rule 5-2-b) would consequently have to be deleted as well.

(2) Consequential to the above amendment it should be added at the end of paragraph 2(a):

"*where the Application is lodged by a representative, the postal and electronic address of the representative*".

(5) Paragraph 5 of Rule 5 should be completed as follows: "*In the event that an action has been commenced **before the Court** in respect of a patent ...*"

(6) AIPPI opposes the charging of an opt-out fee as well as a fee to withdraw an opt-out. Applicants and patent owners could not foresee any additional fees when filing and prosecuting their applications, and by the grant of the EPO they had obtained the right to enforce their patents before the national courts. The retroactive effect of such a fee therefore constitutes a violation of their property rights, and there is no basis for such fees in Article 83(3) and Article 70(1) only provides for fees for parties to proceedings before the Court).

The Rule should also clarify that the proprietor does not have to withdraw the opt out in respect of **all** its patents as the rule may presently be read (especially if the proprietor has filed one opt-out application in respect of numerous patents for administrative ease). Therefore the Rule should refer to "one or more" (not "the") patent(s) or application(s) as the subject of the opt-out.

(9) AIPPI welcomes that filing applications to opt out will already be possible before the agreement comes into force.

AIPPI supports the Drafting Committee's Note to Rule 5.

Rule 7 - Language of written pleadings and written evidence

AIPPI recalls that proceedings before the UPC shall be affordable also for SMEs. The rule of Rule 7 (1) that documents, including written evidence, shall be lodged in the language of the proceedings should be restricted to situations where either the judges of the division or one of the parties depend on such translations. Reimbursement of cost should be proportionate

in the sense that a division should dispense with translation requirements under Article 51.1 of the UPC Agreement whenever possible and that only translations which have become relevant for the decision or which have been ordered by the Court must be reimbursed.

The same should apply to the Appeal Procedure and Rule 232. In this context Rule 232 (1) seems to be too harsh for a situation where the adverse party and the judges agree on the use of the language of first instance.

Rules 9 and 300 - Time periods

Calculation

Article 73(2) provides that certain orders may be appealed “within 15 calendar days” and specifies that this period shall be calculated from “the notification” of the order.

The Rules of Procedure provide a number of time periods in “days” (e.g. Rules 16.2, 27.2, 39.1 and 323.2), “calendar days” (Rules 331.1) or “working days” (Rule 321.3 and 5). Rule 300 specifies in (e) that “day shall mean a calendar day unless expressed as a working day”. Rule 300 further provides in (f) and (g) general directions for the calculation of calendar days and working days, respectively.

Some Rules specify from when a time period shall be calculated, as e.g. Rules 19.1 and 23 “of service of the Statement of claim”, Rule 19.5 “of service of notification” and Rules 221.1 and 371.4 “of service of the decision or order”. In general, however, the Rules (e.g. Rules 16.3, 27.2 and 4, 32.3 and 39.1) do not specify from when a time period shall be calculated. There is also no general direction in this respect except the general provisions in Rules 271 and 276 with regard to service of Statements of claim and orders and decisions, respectively.

Time periods are in practice crucial elements for the parties and clarity and consistency in this respect have a high practical value. There is no apparent reason why not all time periods shorter than a month should be stated in “days”, meaning “calendar days” according to Rule 300(e), which would avoid the risk of confusion. Anyhow, it must be specified in a clear and consistent way from when time periods shall be calculated, preferably in a general provision.

Extensions

Rule 9.3 provides that the Court may, subject to paragraph 4, on a reasoned request by a party:

- (a) extend, even retrospectively, a time period referred to in these Rules or imposed by the Court;

Nevertheless, Rules 23, 39.1, 56, 65 and 321.3 and 5 provide that the time period stated there “may be extended by the judge-rapporteur on a reasoned request”, which may be justified as a reminder in situations where the possibility of an extension is particularly relevant. It is, however, unfortunate that confusion is caused by other time periods which could be interpreted e contrario to mean that they are not extendable. In order to avoid such misunderstandings, said Rules should be amended to refer explicitly to Rule 9.3(a).

Rule 9.2 – Powers of the Court

It should be further determined, how the court should interpret the term “in due time”. Given the short timelines in Rules 23, 29 and 32 it seems advisable to further define under which circumstances a party must fear severe consequences. The following sentences might be added:

“A step, fact, evidence or argument is not filed in due time, if it delays the procedure, in particular, requesting a further oral hearing or a further submission of the other side to

comment on such a new measure, unless the filing party was not able to execute the step, present the fact, evidence or argument before.”

Rule 14.2 - Language regime

Rule 14.2 provides that the statement of claim in proceedings before a local or a regional division which has designated two or more languages shall be drawn up in the language in which the defendant normally conducts its business. This rule is in contradiction to the language regime which applies when the plaintiff elects the local court of the place of infringement under Article 33(1)(a) UPC. This rule creates another uncertainty even if the plaintiff chooses the division of the seat or domicile of the defendant, since it often will be difficult for the plaintiff finding out in which language “the defendant normally conducts its business”. Many internationally active companies today choose English as the company’s working language, even if they have their seat or establishment in a country other than the UK. Uncertainty about which language to choose when filing suit would be a severe deterrent for plaintiffs to use the UPC. This language rule is also not foreseen in the UPC Agreement and should therefore be deleted.

Rule 20 – Decision or order on a Preliminary objection

The reference in (1) to rule 19.4 should be to 19.5

Rule 25.3 - Action by licensee

If an exclusive licensee starts an infringement action and the defendant brings a counterclaim for invalidity, such counterclaim is served on the patent owner. Rule 25.3 now provides that the patent owner thereby becomes a party to the proceedings, regardless of whether he appears in court. This rule does not sufficiently protect the position of defaulting defendants as protected under the Brussels Regulation and must therefore be modified. The rule should prescribe that before a patentee becomes a party, there must be an application to join the patentee which must be served upon the patentee.

Rule 31 – Value-based fee for the dispute including the Counterclaim for revocation

A counterclaim for revocation is a defensive action and the value basis for Court fees should in principle be the value from the point of view of the defendant and as a part of the infringement dispute. Thus, the fact that the patent may have importance beyond the dispute with the defendant and that the importance of the validity issue may be very different from the point of view of the patentee should not influence the value on which the fee is based, i.e. the value of the actual dispute. Otherwise, fair access to justice for an SME that the patentee has elected to direct the action against may be seriously hampered by the fact that a fee based on the value of the patent outside the dispute may be prohibitively large. On the contrary, the value limited to the validity issue in the actual dispute will normally at least not exceed the value of the infringement issue.

Rule 37 (4) – Application of Article 33(3) of the Agreement

Rule 37 (4) deals with the case where the local division decides to send the counterclaim for invalidity to the central division and stays proceedings. The rule does not mention whether

the local division must give reasons - or not - why it sees „a high likelihood that the relevant claims of the patent (or patents) will be held to be invalid”.

AIPPI is of the opinion that the local division should at least give a short reasoning to that effect which will of course not be binding on the central division.

Rule 37 - Application of Article 33(3) of the Agreement

AIPPI suggests some amendments that would prevent Patent Assertion Entities from misusing bifurcated proceedings to obtain exorbitant settlements based on low quality patents that often are subsequently found invalid. The proposed text would allow the Local or Regional Division to stay infringements proceedings if there is a **reasonable** likelihood that the patent in question will be declared invalid by the Central Division.

Rule 37 would then read as follows (additions to the wording of Rule 37 bold, deletions in brackets):

4. *Where the panel decides to proceed in accordance with Article 33(3)(b) of the Agreement, “[...] the panel may stay the infringement proceedings pending a final decision in the revocation procedure and shall stay the infringement proceedings where there is a **reasonable** likelihood that the relevant claims of the patent (or patents) will be held to be invalid on any ground by the final decision in the revocation procedure. **In this context, reasonable likelihood means that the legal challenge against the validity of the patent must be more likely than not to succeed; a predominant likelihood that the patent will be revoked is not required.**”*

In the seventh draft Rules of Procedure dated 27 January 2012, the corresponding Rule directed the panel “to aim at ensuring consistent practice across all regional and local divisions with respect to the application of [Article 33(3)] of the Agreement”. This Rule was consistent with the Agreement and ensured uniform application under the Agreement. However, this provision has later been deleted.

Where the panel of the local division decides to proceed in accordance with Article 33(3)(b) of the Agreement, the panel should have to give an opinion on the reasons for separating the action for infringement and the counterclaim for revocation (“bifurcation”).

In deciding on the bifurcation, the panel of the local division should consider whether in a particular case scope of protection and validity must be jointly considered.

Rules 38 – Written procedure when the central division deals with a Counterclaim for revocation under Article 33(3) (b) of the Agreement, 39 – Language of the proceedings before the central division and 40 – Accelerated proceedings before the central division (Rules 101 and 113) – “Timings”

Defendants are concerned at the possibility of an “injunction gap” in bifurcated actions. We note the deletion of Rule 40(b) of the 14th draft. This required the central division to accelerate bifurcated revocation claims. This rule should be reinstated to reduce the possibility of an “injunction gap”. We further suggest that Rule 38(d) is modified by additional words at the end of the rule: “...which shall be as nearly at the same time as the oral hearing of the infringement action as is practically possible (ideally no longer than three months)”.

We are concerned that Rule 113 includes a presumption of a one day oral hearing. There is no need to fetter judicial flexibility, and clearly the length of an oral hearing may depend on numerous factors including whether only infringement is in issue, or both infringement and validity; the number of patents in suit; the number of parties (especially defendants); and the complexity of the technology.

Rule 43 – Action to be directed against the patent proprietor

Typing error: “defendant” in Rule 44.3 should be “claimant

Rule 46 – Language of the Statement for revocation

Typing error: None of the references to Rule 14 exists

Rule 60 – Declarations of non-infringement

The references to licensees in sub-rule 1 should be deleted as they imply that a licensee can give an acknowledgement of non-infringement on behalf of a patentee.

Rules 70.3 – Revocation actions and subsequent infringement actions in a local or regional ,division (Article 33(5) of the Agreement (118 and 295) – “Stays”

We note the intention to bring UPC actions to trial within one year (see preamble to Rules). Stays are therefore contrary to this basic principle and should be ordered only exceptionally. Further, mandatory stays should be avoided: a stay should always be discretionary unless explicitly required by the UPC agreement (e.g. Article 33(6)).

We think that there should be no mandatory stays at all pending EPO decisions, and no discretionary stays other than when a rapid decision is expected. This is, of course, due to the long duration of many EPO proceedings.

Rule 295(a) should make a specific reference to the expectation of a rapid decision of the EPO. We believe that with this general provision in place, there is no need for any other rules to say anything about stays pending EPO proceedings. Hence, reference to EPO decisions should be deleted from Rule 118.3(b). If this is not done, then there may be a mandatory stay under Rule 118.3(b) pending the EPO decision, even though the EPO decision may not be expected for many years. This would be unacceptable and contrary to Article 33(10).

Also in relation to Rule 118.3(b), we do not agree that actions “shall” be stayed where there is only a reasonable likelihood of claims being held invalid. We would prefer the previous wording. However, a better option still would be to delete Rule 118.3(b) – the Court could still make use of its general power to stay under Rule 295. We would point out that Rule 118 relates to the oral proceedings, and we believe that a decision to stay the proceedings at that stage should only be exceptional. A version of Rule 118.3(b) might be included in Rule 37 (minus the reference to the EPO) to guide decisions to stay infringement cases at that stage.

In relation to Rule 70.3, we see no reason why a stay should be mandatory when a revocation action is followed by a claim for infringement started in a different division. We note that Article 33(5) does not require this in contrast to Article 33(6), and hence making any stay mandatory is contrary to the clear intentions of those drafting the UPC Agreement. A mandatory stay is therefore arguable ultra vires, and is certainly not needed. Further, new Rule 70.4 is only a partial answer to this issue. If Rule 70.3 is maintained, then

notwithstanding Rule 70.4, the “judicious” timing of commencement of an infringement action may cause postponement of a trial of a revocation action without any flexibility. It is important to allow potential defendants to “clear the way” efficiently, and hence this rule is contrary to that objective.

Rule 101 – Role of the judge-rapporteur (Case management)

See comments under Rules 38-40.

Rule 113 – Duration of the oral hearing

See comments under Rules 38-40.

Rule 118 – Decision on the merits

AIPPI is of the opinion that the wording in paragraph 2 needs improvement. It is not clear whether the three conditions „acted unintentionally [...]“, „if execution [...] disproportionate **harm**“ and „**damages and/or compensation [...] reasonably satisfactory**“ should be understood cumulatively or alternatively. Currently, we assume that the inserted "and" between the second and the third condition, is meant as an AND conjunction for all three conditions.

AIPPI believes that this is not sufficient. An adjudicating court should have more freedom in its judgment and hence have the possibility not to grant injunctive relief

- (i) if execution of the orders and measures in question would cause such party (defendant) disproportionate harm (condition 2); or
- (ii) if damages and/or compensation to the injured party appear to be reasonably satisfactory to the Court (condition 3).

The replacement of the „and“ by an „or“ would lead to a symmetric and fair consideration of the interests of both the defendant as well as the plaintiff. It would also give the court the possibility to make its decision based on the specific circumstances of each case.

Regarding Condition 1, we suggest to also connect it with an “or”, alternatively it could be deleted as it seems disproportionate to have this condition standing alone.

In consequence of the suggested amendment to Rule 37.4, Rule 118.3 should also be amended as follows:

3. If a revocation action is pending before the central division, the local or regional division: (b) may stay the infringement proceedings pending a decision in the revocation procedure or a decision of the European Patent Office and shall suspend the infringement proceedings if it is of the view that there is a reasonable likelihood that the relevant claims of the patent (or patents) will be held to be invalid on any ground by the final decision in the revocation procedure or of the European Patent Office”.

It is proposed that wording along the lines of “*The Court, where possible, will rule on all the grounds of revocation pleaded*” be added to avoid cases having to come back from the Court of Appeal if the one ground of revocation that has been ruled on has been overturned.

See comments under Rule 70.3.

Rules 150-155 Cost Orders

Article 69 (1) provides that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party up to a ceiling set in accordance with the Rules of Procedure. Thus, up to said ceiling, in addition to costs for legal representation all of the party's reasonable and proportionate expenses are recoverable.

According to Rule 150.1, a cost order may be the subject of separate proceedings following a decision on the merits and, if applicable, a decision for the determination of damages. However, according to Rule 151, a successful party wishing to seek a cost order shall within one month of service of the decision lodge an Application for a cost order. Thus, the Rules of Procedure make separate proceedings for a cost order obligatory.

However, the assessment of costs and distribution between the parties is best conducted by the court in immediate connection with the trial, when the case is tried on the merits, and may often conveniently be decided without being postponed to later separate proceedings. It is also an advantage that both parties submit their substantiated claims for legal costs and other expenses at the trial, which will contribute to a fair assessment of the reasonable and proportionate costs, irrespective of whether they are dealt with in the main case or in separate proceedings. Separate proceedings for a cost order should therefore be avoided when possible rather than be obligatory.

Rule 172 (2) – Duty to produce evidence

AIPPI recommends to amend this rule – for clarification purposes – that a party or its representative must not contest a fact from which the party knows it is true. So the following sentence should be added:

“The parties are to make their declarations as to the facts and circumstances fully and completely and are obligated to tell the truth.”

Rule 194 Examination of the Application for preserving Evidence

It should be specified that the Court may apply Rule 194 (1) (c) and (d), namely summon the claimant to an oral hearing which defines the duty of disclosure of the applicant, only if the claimant asked that the measures to preserve evidence be ordered ex parte. The Court must not be able to order measures to preserve evidence ex parte if the claimant did not ask so.

Rule - 206.4 Ex parte provisional measures

AIPPI approves Rule 206.4 which defines the duty of disclosure of the applicant more precisely in ex parte proceedings. It provides that the applicant shall be under a duty to disclose any material fact known to it which might influence the Court in deciding whether to make an order without hearing the defendant. This also includes pending proceedings and/or unsuccessful attempt in the past to obtain provisional measures in respect of the patent or patents.

See also Rule 172

Rule 207 (2) – Protective letter

We believe that the system need not include an elaborate system of protective letters and this rule should be deleted.

Rule 209 Examination of the Application for provisional measure

Ex parte relief should only be granted in the most exceptional cases. The rules should make it clear that unless the circumstances of the case are that there is a risk that upon notice of an application for a preliminary injunction the defendant may, for example, take steps to hide or destroy evidence of infringement, even where the matter is very urgent, some form of notice should be given by the applicant party to the other side by electronic means or by telephone, or in default of that by the Court so that representations can be given (if necessary by telephone).

It should be specified that the Court may apply Rule 194 (1) (c), namely summon the claimant to an oral hearing without the presence of the defendant, only if the applicant asked that the preliminary injunction be ordered ex parte. The Court must not be able to order preliminary injunction ex parte, if the applicant did not ask it to do so.

Rule 211.2 - Decision on the Application for provisional measures

While the general possibility of preliminary measures is welcomed, Rule 212 (b) providing for a seizure or delivery up of goods suspected of infringing to prevent their entry into or movement within the channels of commerce, raises concerns.

AIPPI believes that provisional measures are by definition of a preliminary nature and cannot take into account all evidence. A defendant who is under the obligation to institute a recall (“delivery up of goods suspected of infringing”) for goods which are no longer in his possession would suffer an enormous loss of prestige and money if afterwards the infringement would be denied. Therefore a recall goes too far and is disproportionate under the circumstances. An injunction to prevent future sales should be regarded as sufficient and past sales should be dealt with by damage claims in main proceedings.

AIPPI also believes that there should be a specific requirement for urgency and that there should be no undue delay in applying for interim relief. Also, the panel “should” rather than “may” take the interests of the parties into account. (Note: the provision in r.209.2 appears to relate only to the exercise of the discretion under r.209.1.) The following amendments are suggested to rule 211 as follows:

- “1. *The Court may in particular order the following provisional measures:*
 - (a) *injunctions against a defendant,*
[...]
2. *In taking its decision the Court shall be satisfied with a high degree of certainty that the applicant is entitled to commence proceedings pursuant to Article 47, that the patent in question is not obviously invalid and that his right is being infringed, or that such infringement is imminent.*
3. *In taking its decision on the Application for provisional measures, the Court shall weigh up the interests of the parties and in particular take into*

account the potential harm for either of the parties resulting from the granting or the refusal of the injunction as well as the public interest.”

Rule 220 (2) – Appealable decisions

It has been suggested by some delegations that Rule 220 (2) should clarify the uncertainty which allegedly exists according to the RoP drafting group of experts due to the language of Article 73(2)(b)(ii) of the Agreement (meaning of “court”).

AIPPI is of the opinion that the language of Article 73(2)(b)(ii) of the Agreement (meaning of “court”) is sufficiently defined by Art 6(1) as comprising the Court of First Instance and the Court of Appeal is clear, so either may grant leave for an appeal against procedural decisions or orders according to Rule 220 (2). Therefore a clarification in Rule 220 (2) as proposed by some stakeholders seems unnecessary, but the view of AIPPI on this point should become part of the record.

On the other hand, AIPPI believes that the rule may further spell out a presumption that the filing of an appeal in this specific case without leave of the first instance is presumed as a request for the grant of appeal by the Court of Appeal in order to resolve uncertainties, already because of the short deadline of 15 calendar days of Rule 221.

Rule 221 – Application for leave to appeal

While the deadline for filing an appeal against procedural measures may be justified, there should be an additional period of 15 days for submitting reasons why the appeal should be heard. Since most proceedings before the UPC will be international multilingual proceedings, attorneys should have enough time to properly inform and advise their client and parties should have enough time to instruct their attorneys. Art. 73 (3) of the Agreement does not require that the formal appeal should already contain a reasoning.

The procedure under Rule 221.1 should be made applicable to procedural decisions or orders in general (by way of referencing Rule 220(2) - instead of Rule 157 - in Rule 221(1)). Further, a decision by the division to refuse leave should be motivated, giving the party and the Court of Appeal a basis for considering the need for a review on appeal.

Rule 225(b) Contents of the Statement of appeal

At the end of (b) add:

“and any other party to proceedings before the Court of First Instance” to provide such party with sufficient notice to lodge a Statement of Response under Rule 235.1.

A new paragraph should also be added as Rule 230(d) for the same reason:

“Inform the respondent and any other party to proceedings before the Court of First Instance”

Rule 232 – Translation of file

See Rule 7 above.

Rule 266 – Preliminary references to the CJEU

Rule 266.5 –_Delete “Unless otherwise decided by the Court”. Proceedings must be stayed upon making reference to the CJEU to be consistent with Union law.

Rule 271 - Service of the Statement of claim

Rule 271.2(c) introduces a new obligation for representatives before the EPO. An action for revocation of a patent or for a declaration of non-infringement may be served electronically or physically on the representative who filed the application for unitary effect. The language of Rule 271.2 c) could lead to the conclusion that it will be the representative who appears on the patent specification at the time of grant of the unitary patent. This would create a duty of care for representatives for years and perhaps decades, although the relations with the client might no longer exist. Since the representative cannot refuse service and must inform his (former) client of the action with all consequences if such an information gets lost because of a new address of the patentee or for other reasons, such eternal liability is not acceptable.

AIPPI therefore suggests that the representative must have the right to have his withdrawal from his representation recorded by the EPO in order to prevent a default decision for which he would bear the consequences, including the liability for a further service for execution purposes of such a decision under Rule 276.2. It is therefore recommended to add to this provision

“Except where on the date of service the representative had informed the EPO that he no longer represents the patentee or applicant before the EPO”.

Rule 271.4(c) - Reference to Rule 41 should presumably be to Rule 45 and reference to Rule 60 should presumably be to Rule 66. In addition, reference to “European patent with unitary effect” should be to “Patent”.

Rules 287 and 288 - Legal privilege

AIPPI welcomes the new Rules 287 and 288 which extend the attorney-client privilege and legal privilege to in-house lawyers and patent attorneys.

For clarification, it is recommended to add the following sentence: *“These rules shall apply to advice no matter where it was given and regardless of the jurisdiction or the qualification of the lawyer or patent attorney.”*

Rule 295– Stay of proceedings

See comments under Rule 70.3.

There is a typing error in par (j): The text must read "Lugano" instead of "Lugarno".

Rule 301 – Automatic extension of periods

Due to the different public holidays in the EU of which some are moving from year to year AIPPI suggests publishing a list of public holidays in the different member countries of the UPC on the website of the UPC and refer to this list in Rule 301 in a footnote (“For a complete list of holidays for the different years see...”)

CHAPTER 6 – PARTIES TO PROCEEDINGS

In order for there to be efficiency of proceedings in terms of court time and resources and in relation to the costs incurred by the parties, proceedings should be heard together wherever possible if they relate to the same patent(s). This should perhaps be stated at the beginning of this chapter before going into the mechanisms for splitting proceedings (for example Rule 302.1 could theoretically be used to split proceedings started by a patentee and his licensee into separate proceedings).

Rule 310 – Death or demise of a party

AIPPI suggests the following amendment after par. 1:

“If a party had already died on the filing date of the action, the Court shall dismiss the proceedings as inadmissible”

Such an action should not be subject to the correction of an obvious error, since it is the duty of a party and/or its representative to file the action in the name and on behalf of an existing party.

Rule 312 (3) – Transfer of the patent or patent application during proceedings

It should be clarified that the result of a procedure before the court shall be binding upon a new proprietor of a patent (assignee), if the proceedings have led to a final decision before the transfer of the patent (the new proprietor cannot have a „second shot“). Par. 3 could be amended as follows:

“A court decision against the same infringer prior to the assignment of the patent in issue is binding upon the new proprietor.”

New Rule 318 Amicus Curiae

Stake holders have started discussing a new Rule 318 providing for the introduction of a new rule on *Amicus Briefs*. AIPPI would be in favour of such a rule in cases involving legal questions of general importance. It should however be taken care that this possibility cannot be misused with the result that the UPC will be burdened with lengthy papers during all proceedings. Parties authorized to submit Amicus Briefs can objectively be restricted to competent associations of academic standing and generally acknowledged practical patent experience.

Rule 334 (h) – Case management powers

AIPPI is of the opinion that Rule 334 (h)

(h) dismiss a pleading summarily if it has no prospect of succeeding,

should be deleted. It cannot be foreseen whether all judges in all member states will have already sufficient experience in particular at the start to recognize whether *“a pleading has no prospect of succeeding”*. Such a case is in practice so rare taking into account that experienced attorneys and in addition patent attorneys will prepare the cases that an immediate dismissal without sufficient attention to the case is a great risk.

As a measure of the case management it is, moreover, not clear whether such a decision on the merits is appealable at all. According to Rule 220.2 it is disputed whether the Court of Appeal has the competence to allow the appeal on such a measure. In any case, rejecting a pleading on the merits does not seem to be a case management measure.

Rule 340 – Connection — Joinder

Dispute management in general

In many cases there are numerous concurrent actions between the same or related (subsidiary etc) parties. It is possible to envisage, for example, multiple infringement claims being brought by one patentee against a number of related defendants in different divisions of the UPC in respect of different patents so as to inundate the defendant party and force it to fight cases in many different locations. Under the present rules, individual panels (usually the Judge Rapporteur) will have the sole power to manage cases, and Rule 340 only gives a power to have actions heard together, as opposed to manage them in a coordinated manner, which may include scheduling the cases in a particular way. (Similar considerations may apply when a party launches a series of revocation actions against a party in the central division).

AIPPI suggests, therefore, that the powers given to presiding judges, the President of the Court of First Instance and the Court of Appeal under rule 340 should extend to all aspects of case management if the circumstances require this.

Reference to disjoined has been deleted. Sometimes, in proceedings it may be critical to obtain that cases are disjoined and it should appear clearly in the Rules of procedure.

Rule 370 - Court fees

The level of the fees is of fundamental importance both for the financing of the Court and for access to justice i.e. for SMEs. Some stakeholders request in view of the fact that the level of the fees according to Article 36(3) of the Agreement shall be reviewed periodically by the Administrative Committee, the amount of fees should not be stated in the Rules of Procedure.

AIPPI is however of the opinion to leave them in the Rules, so that amendments would also be subject to a consultation procedure.

Rules 376 and 377 - Legal aid

Some stakeholders have discussed whether the group of beneficiaries of legal aid should be enlarged to nonprofit entities and midsize companies and criticize the wording of "*reasonable prospect of success*" as imprecise.

AIPPI warns against such amendments since one should prevent making UPC litigation attractive for non-practicing entities. One should also not reduce the threshold, i.e. if chances of success would not play a role. It should not be overlooked that if the opposite side prevails it will be reimbursed only to cover the costs awarded by the court which means that the party will have to finance additional attorneys' fees without reimbursement. Frivolous litigation would therefore harm in particular small and midsize companies as defendants.

* * *