



September 30, 2013

Mr. Paul van Beukering
Chairman
Preparatory Committee of the Unified Patent Court

Via email: secretariat@unified-patent-court.org

Re: Notice of Public Consultation on Rules of Procedure for Unified Patent Court

Dear Mr. van Beukering:

IPO welcomes the advent of the Unified Patent Court (UPC), which constitutes a major breakthrough for the European Union. We congratulate the European Commission and the European Patent Office (EPO) for this achievement and commend the drafters of the Unified Patent Court Agreement (UPCA or Agreement) and the draft Rules of Procedure for the UPC (Rules).

IPO¹ is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights. IPO's membership includes more than 200 companies and more than 12,500 individuals involved in the association either through their companies or as inventors, authors, executives, or law firm members. IPO members file a very large number of European patent applications. Our European Practice Committee, who assisted with these comments, is comprised of Intellectual Property attorneys from Europe and the United States, both from private and corporate practice, all of whom have extensive experience and a strong interest in European patent matters.

Pursuant to the notice of first public consultation published on June 25, 2013, IPO has reviewed the 15th version of the Rules and has prepared the following comments for your consideration.

Registrar & the Registry (Rule 3 and others)

In the UPCA, the Registrar is a person, and the Registry is the part of the UPC managed by that person. (*See, e.g.*, Articles 10(1), 22 & 23). The Agreement sometimes refers to Registrar where it might have better referred to the Registry. (*See, e.g.*, Articles 48(3), 57(2)).

¹ Transparency Register Identification Number 75569863714-64

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To avoid confusion and unnecessary limitations on the ability of the Registry staff to perform their expected functions, we suggest that the draft rules be reviewed and the term “Registry” be used where action by the person appointed as Registrar is not required. In this regard, we note that Rule 3 provides, “Where these Rules refer to the Registry and provide for the Registry to perform any act that reference shall include the relevant sub-registry and that act may be performed by a member of staff of the Registry or relevant sub-registry.” That rule does not provide for staff to act where the rules specify an act by the Registrar.

Opt-out (Rule 5)

1. IPO supports Rule 5.9, which would permit an opt-out Application to be lodged with the EPO before the UPCA comes into effect.
2. Articles 83(3) & (4) of the UPCA provide that an opt-out and withdrawal of an opt-out “shall take effect upon its entry into the register.”

IPO believes the possibility to opt-out during the transitional period is a fundamentally important feature of the system and was strongly lobbied for by industry. It is therefore of great importance that, if desired, patentees can opt out with effect from the entry into force of the Agreement. This requires some enabling mechanism. The literal language of the UPCA does not provide such a mechanism, but we believe this problem can be solved through the Rules.

We suggest that the Rules provide that Applications to opt-out or withdraw an opt-out shall be deemed entered on the Register upon filing. For Applications filed with the EPO prior to the opening of the UPC, they shall be deemed entered upon opening of the court. This would avoid problems that might arise in the event of processing delays at the Registry.

It is important to ensure Applications filed at the EPO are effective when the court opens. In the unlikely event of a delay in transfer of Application details from the EPO to the UPC Registrar, the last sentence of Rule 5.9 should be rearranged to make clear that Applications filed in the EPO will be immediately effective when the UPCA comes into force. The word “promptly” should be added to Rule 5.9 to read as follows:

At the date of entry into force of the Agreement in accordance with Article 59 of the Agreement the Applications shall be treated as entered on the register and effective from the said date of entry into force of the Agreement, and the European Patent Office will promptly transfer details of all such Applications and all such fees to the Registry.

3. UPCA Article 23, concerning duties of the Registrar states, “(2) The Registrar shall in particular be responsible for: ... (c) keeping and publishing a list of notifications and withdrawals of opt-outs in accordance with Article 83 of the Agreement;” and “(f) ensuring that the information on opt-outs in accordance with Article 83 of the Agreement is notified to the European Patent Office.” Article 24(2) states, “The rules on access to documents of the Registry shall be provided

for in the Rules of Procedure.” There does not appear to be any rule regarding publication of or access to Applications to opt-out or any action on such Applications, or when such publication should occur.

We suggest that the Rules provide that Applications to opt-out and any action on them be immediately made public, both when filed with the EPO (or another agent for the UPC) before the UPCA comes into force and when filed with the Registry thereafter.

4. Any proposed opt-out fees and explanations should be published for public comment.

Language & Translation (Rules 7, 39.1, 39.3 & 41(d))

Rule 7 regarding Language of written pleadings and written evidence provides in part 1, “Written pleadings and other documents, including written evidence, shall be lodged in the language of the proceedings, unless the Court or these Rules otherwise provide.” IPO generally suggests that, to the extent the UPCA permits, the rules permit use of documents in any one of the EPO languages without the requirement of translation, except as specifically directed by the UPC.

Interim Procedure (Rules 10, 95, 103-106, 110, 239)

In the UPCA, parties first learn from the judge-rapporteur about the court’s opinion on the case only in the interim procedure. There is no standard opportunity for the parties to file more arguments during or after the interim procedure, which means that the parties must “fire from all guns” in the written procedure. This may lead to costly, unnecessary arguments and a waste of judicial resources. IPO suggests adding subsection (j) to Rule 104 as follows:

(j) where appropriate but on a regular basis, allow after the interim conference one further submission from each party containing arguments on issues which in the judge-rapporteur’s preliminary view at the time of the interim conference might be of particular importance to the court. The judge-rapporteur may set a deadline for the submissions after that they will not be regarded by the court. Rule 104 (h) may apply *mutatis mutandis* or the deadline may end after closing of the interim procedure.

This added Rule would allow both sides to first concentrate on their most important arguments, which should decrease the workload of the courts. We suggest that these additional submissions may also be filed after the interim procedure is closed, and the length of the interim procedure will stay the same. The submissions would then be read by the panel in the course of the preparation of the Oral hearing.

Decisions by Default (Rules 16.5, 27.4, 89.4, 229.2, 233.2, 252.2)

A number of the Rules provide for a decision by default, including a provision that a judge or panel “may” give the defaulting party an opportunity to be heard. IPO suggests that a decision by default is too dire a consequence to be imposed upon a party without an opportunity to be heard and cure the

default. We recognize that Rule 356 provides a procedure for setting aside a decision by default, but we consider that inefficient and inadequate if there has been no opportunity to be heard on the default issue earlier, especially because Rule 355.2 provides that a decision by default shall be immediately enforceable, with certain exceptions. Therefore, we suggest that the decision by default rules be amended to provide that the judge or panel “shall” provide an opportunity to be heard before the decision is made. To avoid undue delay, the opportunity to be heard should be in the form of a response to an order to promptly show good cause (supported by evidence) why the default judgment should not be immediately entered.

We doubt that this provision will be misused, because the attorney will have to obtain approval from the judge, probably in a prompt telephone conference. (*See* Rule 264, defining how a party may be heard, including an oral hearing, or video or telephone conference).

Costs (Rules 150 et seq.)

We suggest adding a rule limiting cost recovery comparable to § 93 of the German Code of Civil Procedural Law (ZPO). We believe this procedure would protect the defendant from something that is called “lawsuit attack” (Klageüberfall) and has proven to be quite effective in Germany for preventing parties from going to court too early rather than (at least formally) first seeking a solution with the other party.

Preliminary Measures (Rules 192-198 and 206-213)

We generally support the provisions in the Rules 192-198 for orders for preserving evidence and for inspection, and the provisions in the Rules 206-213 concerning provisional measures, including preliminary injunctions. Our support includes the provisions that the court “may” make the measure dependent on “adequate security,” as present now in Rules 196.3, 196.6 and 211.4. We would oppose removing from the rules the power of the court to require adequate security. We also suggest language to guide the court in determining “adequate security.”

Procedural Appeals (Rule 221)

UPCA Article 73(2)(b)(ii) might be considered unclear regarding which “court” may grant leave to appeal of a procedural order: the Court of First Instance or the Court of Appeal, or both. We suggest that this be clarified in the rules. IPO believes it is important that the Court of Appeal should have the power to grant leave to appeal procedural decisions in order to achieve harmonisation of procedures in the Court of First Instance. Assuming that the possibility of leave by the Court of Appeal is intended, that could be accomplished by amending Rule 221.1 (Application for leave to appeal, which is in part 4, Procedures Before the Court of Appeals) by adding the underlined words, as follows:

“1. A party adversely affected by a decision or order referred to in Rule 157 or an order referred to in Article 73(2)(b) of the Agreement may lodge an Application for leave to appeal to the Court of Appeal....”

A concern has been expressed in some quarters that procedural appeals will lead to delays. This does not outweigh the need to ensure consistency, but we nevertheless advocate that a procedure for procedural appeals is established which will enable them to be decided as a matter of urgency, such as within 6 weeks.

Stays of Revocation Proceedings (Rules 70, 71, 118, & 295-298))

The UPCA says that an action to obtain a declaratory judgment of non-infringement pending before the central division shall be stayed if an infringement action is started before a local / regional division. There is no provision in the Agreement that a revocation action pending before the central division should likewise be stayed if an infringement action is started before a local / regional division. Rule 70, however, will always cause staying of revocation actions filed before the central division until the central division is informed that no Counterclaim for revocation has been lodged in the infringement action.

This will cause delays and is inefficient, as a speedy outcome of the revocation procedure may show that there is no case to be discussed anymore in the infringement procedure before the local/regional division. There is reason to stay the revocation action in the central division only if all claimants in the revocation action before the central division file a Counterclaim for revocation in the local / regional division hearing the infringement action. Rules 70(3-5) should thus be reworded, as follows:

If, in the infringement action, a counterclaim for revocation is lodged by all claimants in the revocation action, and unless otherwise agreed by the parties, the President of the Court of First Instance shall require the panel appointed in the central division to hear the revocation action pursuant to Rule 48.2 to stay all further proceedings in the revocation action pending a decision of the panel hearing the action for infringement pursuant to Article 33(3) of the Agreement and Rule 37.

~~Where the claimant who has lodged a Statement for revocation does not lodge a Counterclaim for revocation in the infringement action referred in Rule 70.1 the judge rapporteur in the infringement action shall as soon as practicable notify the President of the Court of the First Instance and the stay referred to in Rule 70.3 shall be lifted.~~

The panel hearing the action for infringement shall when exercising its discretion under Article 33(3) of the Agreement take into consideration how far the revocation action in the central division was advanced prior to the stay referred to in Rule 70.3. If the panel decides in accordance with Article 33(3)(b or c) of the Agreement, the stay referred to in Rule 70.3 shall be lifted.

Friend of the Court (Amicus Curiae) Briefs

The UPCA does not presently contain any Rules or procedures permitting interested stakeholders to submit arguments concerning significant legal principles that may have broader implications beyond the specific case at issue before the court. IPO suggests that the Rules provide for the filing of friend of the court or “amicus curiae” briefs.

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We thank you for considering these comments and would welcome any further dialogue or opportunity to provide additional information to assist your efforts on finalizing the Rules.

Sincerely,

A handwritten signature in black ink, appearing to read "R.F. Phillips". The signature is stylized and somewhat cursive.

Richard F. Phillips
President