



Best Patent Filing/ Prosecution/Litigation Practices in View of EU Patent Package (Unitary Patent (UP), Unified Patent Court (UPC))

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Present Ways (i.e. without „EU Unitary Patent System“) to Obtain Patents in Europe

- There is no „European Patent“ yet, which would be centrally enforceable, rather the so-called „European Patent“, obtained via European Patent Convention (EPC) from European Patent Office (EPO), „explodes“ after grant into national patents in the designated countries
- Through EPC, accordingly only national patents can be obtained
- Alternative way to obtain national patents in European countries: National patent applications at national patent offices
- EPC patents and „direct“ national patents obtainable either by direct filing (with/without Paris Convention (PC) priority claiming) at EPO and national patent offices or via PCT
- EPC patents as well as national patents only enforceable countrywise



Future Ways to Obtain European Patents by EU Unitary Patent System

- EU Unitary Patent System will give possibility to obtain a central „EU Unitary Patent“ which will be centrally enforceable
- The Unitary EU Patent („EU Patent“) will be a regional patent under EPC, covering all EU Countries except Italy, Croatia, Poland, and Spain
- The EU Patent will be centrally enforceable in the EU Unified Patent Court (EUPC) System
- The option to choose EU Patent instead of EPC bundle patent „exploding“ into national patents in designated countries can be exercised after grant of EPC Patent
- Option to obtain EU Patent under EU Unitary Patent System will not be available in case of national patent applications, which still will remain possible

Status of EU Unitary Patent System

- Unitary EU Patent System based on „EU Patent Package“
 - EU Patent Package consists of rules for a Unitary Patent, a language regime, and a European Unified Patent Court (UPC)
- On December 31, 2012, EU Council Regulation No. 1257/2012 of December 17, 2012, „Implementing enhanced cooperation in the area of the creation of unitary patent protection“ and EU Council Regulation No. 1260/2012 „Implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation agreements“ have been published
- On February 19, 2013, Agreement concerning a „Unified Patent Court“ (Document 16351/2/12 has been signed)
- Regulations 1257/2012, 1260/2012 and EUPC Agreement can only come into force together
- Ratification of EU Patent Package by at least 13 EU member states, which must include France, Germany and U.K., necessary before package can come into force
 - U.K. and Germany did not start/finalize ratification yet. Germany has passed the „package“ through Parliament, but the Constitutional Court has stopped the ratification procedure in early June temporarily because of constitutional concerns. Ratification procedure in Germany and U.K. may not be finalized until somewhere in 2018.
- EU Patent Package will, after ratification by U.K. and Germany, come into force only somewhere in 2018, possibly even only in 2019/2020, with further details to be discussed between EU and U.K. in BREXIT negotiations, like „supremacy“ of European Union Court of Justice (EUCJ)

Structure of European Patent Court (EUPC)

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- A specialized patent court common to the participating EU Member States for EPC (bundle) patents and European patents with unitary effect („EU Patents“)
- Court of First Instance and Court of Appeal
- Court of First Instance consists of a Central Division as well as local divisions and/or regional divisions in e.g. Germany
- Centralized Court of Appeal

Structure of forthcoming EPUPC – II -

- Main seat of central division in Paris
- Further seat in Munich, with responsibility for mechanical cases (excluding automotive)
- Further seat in London with responsibility for pharma/biotech
- All other subject matters to be handled by central division in Paris
- First President must be French
- Centralized Court of Appeal (in Luxemburg)

Suggestions/Recommendations for Patent Filing/Prosecution in Europe based on current EP Patent Situation - I

- Presently, it is unclear whether and when UPS will come into force – probably not earlier than 2018 – 2020/21
- Recommendations for patent filings based on current EP Patent Situation:
 - National routes „alone“ no longer recommendable, because no option for EU Patent
 - Rather, at least if two countries or more should be covered by a patent in EP, EPC route should be used, because of opt-out possibility relating to UP
 - National additional patent application in DE recommendable, in case of particularly important patents, in order to keep possibility of (cheap, fast ...) patent litigation in Germany open

Suggestions/Recommendations for Patent Filing/Prosecution in Europe based on current EP Patent Situation - II

- In case of additional DE patent application: Filing in English, German translation only necessary within one year from filing, delaying request for examination for seven years after effective filing date
 - „Unsolicited“ invalidation actions against forthcoming UPs might be recommendable to avoid unwished venues of patent invalidation procedures
 - Before patent grant, at least one divisional should be filed, undecided of whether to lateron opt out or in
 - Opting out „parent“, keeping option whether to opt out or not open for divisional
 - Possibly, further divisional before grant of first divisional, out of first divisional, again with open possibility to opt out or in after grant of that first divisional
 - Before grant, possibly branching-off at least one DE utility model (UM)



How to Use Patent Litigation/Invalidation in Germany as Supplement for NPE Patent Disputes in U.S.A.

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NPEs in various roles

- In relation to patents obtained from/held by Producing Entities (PEs), NPEs sometimes (often?) are used as „intermediates“ between Patent Owners (PEs) and alleged infringer(s) for assertion purposes
 - Problem: No defensive counterattack by attacked PE out of own portfolio against NPE possible, because NPE does not have any attackable products
- In relation to patents obtained from/held by universities and other Research Institutions (RIs): Often used for conducting powerful licensing programs
 - Sometimes for universities etc. only possibility to conduct licensing program with credible litigation threat, since otherwise no financial means to RIs available for credible „threat“
- Beneficial effects of NPEs sometimes highly welcomed in the RI World
- Universities and RIs „as such“ already to be considered as NPEs?
- „Automatic“ injunction still reasonable?
- Different Treatment of NPEs compared with PEs justified?

Features of U.S. Patent Litigation System attracting Attack Activities (Complaints) of NPEs

- Low court fees (if any)
- Lawyers prepared/allowed to act on contingency fee basis
 - i.e. very low cost at least initially for attacking NPE
- Invalidation of attacking patents of NPEs expensive and difficult
- High overall litigation cost for defending Practicing Entity (PE)
 - Lawyers usually not prepared to work on success-dependent honorarium; high discovery and deposition cost; high cost eventually at trial later; etc.
- No compulsory refund of defendant's (PE) cost (lawyers etc.) by losing plaintiff (NPE)
- Consequence: High cost risk for PE, low cost risk for NPE (even if defence well-based)

Features of German Patent Litigation/ Invalidation System attracting Defence Activities by PE attacked in U.S.A.

- Invalidation actions possible without specific legal interest
 - Even strawman actions fully permitted
 - Invalidation procedure rather quick and cheap (compared with U.S.A.)
- No contingency fee based lawyer/patent attorney available for e.g. patent-defending NPE (otherwise unlawful!)
- Full refund of court fees and statutory attorney fees, plus necessary expenses, by loser (e.g. NPE) to winner (e.g. PE)
- Consequence: High (cost) risk for NPE, low (cost) risk for PE (if invalidation action well-based)

Recommendation for PEs attacked by NPEs in U.S.A.

- Think globally, i.e. open parallel „war theatre“ by e.g. invalidation action in Germany (DE)
- First, identify 5 – 10 value patents (not necessarily related to „attacking“ U.S. patent of NPE) held/controlled by U.S. attacking NPE in force in DE (national DE patents as well as DE parts of EPC patents)
- Attack those patents of NPE by invalidation action in Germany
 - Necessary consequence: NPE must appoint non-contingency lawyer/patent attorney for defending attacked patents in DE within one month after notification of invalidation action
 - Will cause NPE to spend 10.000,00 – 20.000,00 EUR per attacked patent at an early stage, i.e. easily, in total, 300.000,00 – 500.000,00 EUR
- NPE at risk in case of losing invalidation procedures not only to lose patent, but also to bear refundable statutory fees of PE as well as court fees
- Consequence: High risk for NPE, low (cost) risk (if invalidation action well based) for PE
- Overall result of combined U.S./DE procedures: NPE probably brought to negotiation table on equal level rather early