

PRINCIPLES RELATING TO THE RULES OF PROCEDURE OF THE EUROPEAN COURT pursuant to Article 17 of the Draft European Patent Litigation Agreement (EPLA) and Article 17 of the Draft Statute of the European Patent Court (“The Rules of Procedure”)

I AIM

It will be the task of the Executive Committee of the European Patent Court to formulate the Rules of Procedure for adoption by the Administrative Committee in accordance with the provisions of the EPLA. We hope to provide guidance which will assist the Executive Committee in their task.

II GENERAL PRINCIPLES

We believe that in formulating and applying the Rules of Procedure the following general principles should be followed. The European Patent Court shall:

- (i) Confine the procedural steps to those which are strictly necessary to reach a fair decision in accordance with the principles of the European Convention on Human Rights;
- (ii) Deal with litigation in ways which are proportionate to its importance and complexity;
- (iii) Ensure that the parties put their best case forward as soon as possible, and amendments and extensions of time shall not be granted without good cause;
- (iv) Ensure that proceedings are open to the public unless it is necessary to maintain all or part of the proceedings confidential in the interest of the parties or otherwise in the interests of justice or public order;
- (v) Ensure that where possible a first instance decision on the merits will be reached within one year of the commencement of proceedings and an appeal within one further year.

III SERVICE OF PROCEEDINGS

It is clear that the procedures to be followed when commencing proceedings and serving other documents (even taking account of existing rules such as Regulation 1348/2000 and Regulation 44/2001) are very different in European states which are likely to be contracting states to the EPLA. We recommend a thorough study of this subject with a view to a procedure being devised which, whether the responsibility of the litigants or the court, will be quick, cheap and will provide reasonable assurance that a defendant has notice of the proceedings.

This includes in particular service on parties outside Europe.

This study could usefully include consideration of the use of the address for service which is required to be lodged by a patentee with national patent offices in certain European countries.

IV GENERAL STRUCTURE OF PROCEEDINGS AND CASE MANAGEMENT

The proceedings should consist of three phases: the written phase, the interim phase and the oral hearing phase

(i) The Written Phase:

Infringement Proceedings

In an infringement action the written phase shall consist of the following:

(a) The patentee/plaintiff will serve a Statement of Claim with a writ to commence proceedings. This document will explain the technology, identify the attributes of the person skilled in the art and the matters said to form part of his common general knowledge. It will also set out the patentees' claims for infringement in full identifying the claims alleged to be infringed and the arguments and evidence relied upon in support of such contentions. This evidence should include all expert evidence and the results of any experiments which the plaintiff considers to be necessary. Fact evidence to be proved by a witness shall be by affidavit wherever possible. Expert evidence shall also be by affidavit and in the case of expert evidence the expert shall provide full reasons for each of his opinions.

Copies of all documents referred to in the Statement of Claim and evidentiary affidavits shall be filed at the same time.

(b) The defendant shall within a fixed time (we recommend 3 months) file a full Defence to the infringement action setting out his view of the technology and his arguments, and evidence in support of his arguments, as to why the claim of infringement should fail. The defendant may also file a Counterclaim alleging the invalidity of one or more of the patents alleged to be infringed. The defendant must set out all evidence relied upon in support of such allegations of invalidity including expert evidence and (as described above) if necessary the results of experiments.

(c) If the defendant has filed a Counterclaim the plaintiff must file within a reasonable time (we recommend 3 months) a Reply to Counterclaim setting out in full the arguments and evidence (as described above) why the allegations should fail.

(d) If the patentee having received a Counterclaim alleging invalidity wishes to formulate an amendment to one or more of the patent claims he should file a Proposal to Amend at the same time as his Reply. The patentee shall state whether his amendments are definite or conditional. The amendments proposed, if conditional, must be reasonable in number in the circumstances of the case. Any subsequent amendment may only be proposed with the leave of the court.

(e) If the patentee has filed a Proposal to Amend with his Reply the Defendant shall be entitled to file a Reply to the Proposal to Amend setting out the grounds on which he believes all or some of the amendments proposed are not permissible in law or the grounds upon which the claims as amended remain invalid. This should be filed within a relatively short time.

Revocation Proceedings

Where revocation proceedings are commenced against a patent the proceedings must set out the parties' respective view of technology, claims, arguments and evidence in support of those contentions as fully as set out above. The documents filed will comprise:

- (a) The plaintiff seeking revocation will serve Grounds of Invalidity with his writ.
- (b) The defendant/patentee will file a Defence to Invalidity and possibly a Counterclaim for Infringement within a reasonable time (we recommend 3 months).
- (c) The plaintiff will file a Reply, where relevant, to a Defence to Infringement within a reasonable time (we recommend 3 months).

Declaration of Non-Infringement

Where proceedings for a declaration of non-infringement are commenced the same principles shall be followed.

All documents filed during the written phase shall be available to the public unless a party requests that certain information be kept confidential and the court makes such an order.

(ii) **The Interim Phase:** One of the judges of the European Patent Court (the Judge Rapporteur) if requested by one or both parties (or in the event of a failure to request upon his own motion) will be responsible for convening an interim hearing when the time limits for the written phase have expired.

We recommend that there should be some mechanism for ensuring that the interim hearing can be convened in a timely fashion even if not requested by either party.

It is our view that the Judge Rapporteur should have the widest powers in accordance with Articles 53 to 55 of the EPLA in the exercise of active case management pursuant to Article 48 of the EPLA. The Judge Rapporteur shall also explore the possibility of settlement with the parties.

When an interim hearing is convened, the Judge Rapporteur should hold a conference of the parties at this stage to establish a schedule for the progress of the proceedings and to make such orders as he feels are essential. The parties should assist this process by seeking to reach agreement in advance of the interim hearing. The conference shall be recorded and the recording shall be accessible to the parties and the public save that confidential material shall not be available to the public.

The Judge Rapporteur shall, *inter alia*, decide whether the state of preparation of the proceedings is adequate and, if not, what action must be taken.

The Judge Rapporteur shall also determine which relevant facts are in dispute and how such disputes shall be resolved. He may order oral testimony to be heard before or at the oral hearing bearing in mind that factual testimony should not overburden the oral hearing.

Facilities should be available to hold the conference by telephone or by video link to avoid unnecessary expense. The general objective of the interim hearing will be to ensure so far as possible that a first instance decision on the merits will be reached within one year of the commencement of proceedings.

The Judge Rapporteur may refer any matter to the full panel of judges for an early decision.

Any party may request that any decision of the Judge Rapporteur be referred to the full panel of judges for an early review. Pending review the decision of the Judge Rapporteur shall be effective.

The Judge Rapporteur may refer the proceedings to an early oral hearing if he believes this is an appropriate course to follow.

(iii) The Oral Hearing:

The oral hearing must be held before the full panel of judges who are to give judgment.

Fact evidence on affidavit will normally have been filed in advance during the written phase. Oral testimony at or before the oral hearing should be limited to disputes identified by the Judge Rapporteur or the panel of judges as having to be decided by oral evidence. The court may also decide after hearing the oral argument of the parties to call for further oral evidence.

Expert evidence will normally have been filed by affidavit in the written phase. Experts however should be present at all hearings and be available for questioning by the court or the parties. Questioning shall be under the control of the court and shall be limited to what is strictly necessary.

The court may order the parties' representatives to submit a written outline of their arguments in advance of the oral hearing.

As a general rule the oral hearing should not last longer than one day and the court may set time limits for argument in advance of the oral hearing.

Oral hearings should be open to the public and shall be recorded. The recording shall be available to the parties and the public unless the court following consultation with the parties orders that hearings or portions thereof should be kept confidential in the interest of the parties or in the interest of justice or public order.

The judgment of the court will be given in writing as soon as practicable and in any event within three months of the oral hearing. The court should endeavour to give a judgment without dissenting opinion.

The judgment will set out in a distinct section all orders of the court consequential upon its decision (other than costs) including any order giving immediate effect to an injunction (see Article 81 EPLA).

Unless the parties otherwise agree the order as to costs, the parties may file with the court in writing their submissions on costs (in accordance with Article 58 EPLA) within two weeks following judgment together with full evidence of their actual costs incurred by the parties. Within a further week each party may file a further submission on the other party's costs. The court shall as soon as practicable thereafter issue a written decision on costs in accordance with Article 14 of Directive 2004/48.

The Rules of Procedure should state when a judgment is deemed to be communicated to representatives of the parties for the purposes of any appeal periods.

V PROTECTIVE MEASURES – SAISIES

The Rules of Procedure should ensure that a Saisie is granted by the court in accordance with the provisions of Article 7 of Directive 2004/48.

It is important that the court in granting a Saisie should insist upon appropriate safeguards for the defendant in accordance with the European Convention on Human Rights and should ensure that confidential information of the defendant remains confidential. Further, an order for a Saisie should be proportionate and the court should be alert to avoid "fishing expeditions".

We anticipate that Saisies will continue to be ordered by national courts in accordance with Article 45 EPLA.

Where a plaintiff wishes to obtain a Saisie from the European Patent Court the application should be made in writing, with full details of the order sought and the justification for the order, to a single judge of the European Patent Court. The single judge may order an ex parte hearing in the presence of the plaintiff before granting the Saisie.

A Saisie ordered for the purpose of proceedings before the European Patent Court should only be used for this purpose unless otherwise ordered by the European Patent Court.

The questions of which individuals may attend at the execution of the Saisie and subject to what conditions is for the judge of the European Patent Court to decide in each case. The attorneys for a plaintiff may be allowed to attend subject to such confidentiality requirements as will protect the interests of the defendant. Representatives of the plaintiff should be allowed to attend at the execution of the Saisie only in exceptional circumstances and subject to such strict conditions which will protect the interests of the defendant.

The party seeking a Saisie should always be required to give an undertaking to compensate the defendant for any damage he may suffer as a result of the grant of the Saisie. In appropriate circumstances the court may require the party seeking the Saisie to provide security for the undertaking.

VI PROVISIONAL MEASURES

Preliminary Injunctions

Although this is not a matter for the Rules of Procedure we recognise the possibility of a conflict between the powers of the national courts to grant preliminary injunctions under Article 45 EPLA and Article 9 of Directive 2004/84 and the powers of the European Patent Court to order or deny similar relief under Articles 70 to 75 EPLA. We recommend that the potential for such conflict should be reconsidered to avoid forum shopping and conflict between the European Patent Court and national courts. In particular we feel that if a national court grants such relief to a party contemplating proceedings before the European Patent Court then such relief should only apply until such time as the European Patent Court has reviewed the relief. Thereafter it shall be for the European Patent Court to grant or deny further provisional relief.

As a general matter, and having regard to Article 71 of EPLA, the Rules of Procedure should provide that preliminary relief should not normally be granted by the European Patent Court if a plaintiff has not made an application for such relief before the expiry of two months from the time when he has first notice of the infringement in question.

A single judge who has heard an application for preliminary relief should preferably not sit as part of the full panel of judges who hear the case on the merits.

Ex Parte Injunctions

It is anticipated that ex parte injunctions in cases of extreme urgency are more likely to be granted by national courts pursuant to Article 45 EPLA. Where such injunctions are granted as a preliminary to proceedings before the European Patent Court it is desirable that such relief should be limited in time until such relief is reviewed by the European Patent Court.

Where a party wishes to obtain an ex parte injunction from the European Patent Court prior to the commencement of proceedings this should only be granted in cases of extreme urgency or other exceptional circumstances such as where it is not possible for the defendant to be located or to be represented before court.

An application for an ex parte injunction must be made in writing, with sufficient detail of the claim and the reasons why such relief is justified, to a single judge of the court. In every case the injunction shall be limited until such time as the defendant is able to appear before the court.

We believe that the European Patent Court should have a procedure whereby a Protective Letter may be lodged at the Central Registry as a precaution against the grant of ex parte preliminary injunctions. The Rules of Procedure should provide that the judge receiving an application for such injunction must search for and consider the terms of such Protective Letter before granting any ex parte measure.

Inter-Partes Injunctions

A party can seek a preliminary injunction before commencing proceedings before the European Patent Court on the merits. He should apply to a single judge of the European Patent Court in writing with full reasons and supporting evidence on affidavit. The application is for a date on which the judge will hear the parties and for a timetable for affidavit evidence and arguments to be filed by the parties prior to the date of the hearing. The applicant should then notify the other party ("defendant") as soon as

possible of the terms of the order and provide the defendant with a copy of the application, the order and the evidence relied upon. The date of the hearing should be within six weeks from the date of the application for interim relief and it is the responsibility of the defendant to apply to set aside this date if for any reason it is impracticable.

If for any reason the defendant does not attend on the date set for the hearing then the court may grant an ex parte injunction limited until a date when the defendant can appear.

The hearing to decide whether or not preliminary relief should be granted shall be an oral hearing conducted by a single judge of the European Patent Court unless either party requests a full panel of judges in which case an injunction may be granted in the intervening period.

In every case the party seeking a preliminary injunction must give an undertaking to compensate the defendant in the event that the defendant suffers damage as a result of an injunction which should not have been granted. In appropriate cases the court may order that the undertaking be secured by deposit or bank guarantee.

VII DAMAGES

The Rules of Procedure should provide that, save in exceptional cases, an enquiry as to what damages a successful plaintiff is entitled to recover should be the subject of a separate proceeding following judgment on the merits. However, there should be provision in appropriate cases for the court in its judgment on the merits to make an interim award of damages to the plaintiff subject to any conditions that the court may decide.

We believe that the Rules of Procedure should provide for a similar procedure to be followed in a contested enquiry for damages as for a case on the merits, i.e. a three phase procedure comprising a written phase, an interim phase and an oral hearing but with a reduced timetable.

Before a successful plaintiff is required to commence the written phase of the damages procedure the court may require the defendant to make full disclosure of all accounts and related documents, including bank documents, relating to the infringement, to the plaintiff and his representatives pursuant to Article 65(2) EPLA.

VIII APPEALS

In accordance with Article 78 EPLA any party who is dissatisfied with a judgment should file his Notice of Appeal within three months of the effective date of the judgment. The appellant must state in detail in the Notice of Appeal why the judgment was wrong in each instance and provide full reasons therefor. The appellant will only be entitled to rely upon the grounds as set out in the Notice of Appeal.

Any party not submitting a Notice of Appeal shall be entitled to file a Respondent's Notice, including a counter-appeal, within two months of the date of the Notice of Appeal setting out a detailed response to the Notice of Appeal. If a Notice of Appeal is

withdrawn any counter-appeal is deemed to be withdrawn. The respondent may also support the decision on grounds other than those given in the judgment.

An appellant shall have a further two months to respond to any Respondent's Notice that may have been filed.

The Rules of Procedure should provide that extensions to the above time limits shall only be granted in exceptional circumstances. Any Notice of Appeal that is filed out of time or otherwise in breach of the formalities shall be referred to a single judge of the Court of Appeal for dismissal subject to any successful application in writing in the interim to the Court of Appeal.

Interlocutory Appeals

Any appeal from a decision ordering provisional or protective measures or any other decision referred to in Article 76(2) EPLA shall be made within four weeks of the relevant decision.

Where a decision is only appealable with leave of the court and such leave has been refused, the application to the Court of Appeal for leave to appeal shall be made in writing within four weeks and the decision of the Court of Appeal shall be in writing unless the Court of Appeal decides to order an oral hearing. If leave is granted the Court of Appeal shall at the same time decide whether any proceedings on the merits should be stayed pending the hearing of the appeal.

Procedure on Appeal

In accordance with Article 80 EPLA fresh evidence may only be introduced on appeal in exceptional circumstances. A party wishing to introduce fresh evidence must give notice of such evidence and the justification for it with the Notice of Appeal or as soon as possible hereafter.

If the Court of Appeal decides that it requires assistance of a court-appointed expert the Court of Appeal may appoint such expert subject to hearing the parties. The Court of Appeal will address to the expert those specific questions on which it requires assistance. The expert shall respond to such questions in writing and the parties and the Court of Appeal may address further questions to the expert. The questions to the expert and his answers shall all be subject to the provisions of Article 80 EPLA.

The Court of Appeal may refer any matter back to the Court of First Instance for determination or may, in exceptional circumstances, order a retrial.

On appeal the patentee may not seek to further amend the patent by way of auxiliary request without leave of the Court of Appeal.

The Court of Appeal should endeavour to deliver its decision on appeal within one year from the date of the Notice of Appeal.

IX ENFORCEMENT

We believe there may be some uncertainty as to the scope of Article 43 EPLA and in particular whether that Article allows a party to enforce a judgment of the European Patent Court by means of all national enforcement measures or whether the means of enforcement are restricted to the power of the European Patent Court pursuant to Article 61. We prefer the view that all national enforcement measures remain in addition to the power of the European Patent Court pursuant to Article 61.

We further believe that pursuant to Article 43 it is for the national courts to decide whether an order of the European Patent Court has been breached. If in any national proceedings for violation of an order of the European Patent Court it is alleged by the defendant that what he is now doing is different from that found to infringe by the European Patent Court then the national court should refer the matter back to the European Patent Court for determination whether the order of the European Patent Court covers such differences unless the alleged differences relied upon by the defendant are in the opinion of the national court trivial.

X COMPETENCE OF THE EUROPEAN PATENT COURT

We believe that the European Patent Court should have the power to decide any matter relevant to an infringement action. However, the European Patent Court may stay proceedings pending a decision on a collateral matter by a national court or other body.

The European Patent Court should also have a general power to stay proceedings when it considers such a stay is appropriate.

XI SUBSIDIARY PRINCIPLES

1. Nationality of Judges

Article 26(1) of the draft statute of the European Patent Court requires that of the three judges two shall be legally qualified and that the legally qualified judges shall be of at least two different nationalities. We consider that this requirement is important for a European court.

2. Limitation Period for Damages

We note that Article 67 EPLA provides for a limitation period of 5 years. This is not a period which is universally applied throughout Europe. For example, the limitation period in infringement actions in the United Kingdom is 6 years. We believe the period should be harmonised as we do not believe it is desirable for different rules to apply as between national proceedings and proceedings before EPLA during the transitional period.

3. Joinder of Third Parties

Article 51(3) of EPLA provides for the participation of third parties in proceedings. We consider it to be particularly important that there should be joinder of third parties who are necessary to proceedings such as manufacturers who may have supplied alleged infringing goods to a defendant in an infringement action.

Any request for the joinder of a third party shall be made at the earliest opportunity. Third parties who have an interest in the proceedings should also apply to be joined at the earliest possible occasion.

4. Security for Costs

We believe that the Rules of Procedure should provide for a system for obtaining security for costs in appropriate cases.

5. European Patent Counsel

Article 34 of the draft Statute of the European Court provides that the Registrar of the European Patent Court should maintain a register of European Patent Counsel. We believe that persons qualified to be registered should be attorneys at law who are fully entitled to represent parties in ordinary civil proceedings in the courts of first instance of the convention states.

6. Court Fees

We regard the method of estimating and charging court fees to be a political question and not a matter for the Rules of Procedure at this stage. However, we should record our view that the level of fees should not be such as to restrict access to the European Patent Court to small and medium size companies.

7. Location of Central Chambers

In order to avoid delay and expense it is important not only to lawyers and judges but also to parties, witnesses and experts that the location of the Central Chamber of the European Patent Court should be readily accessible to all parts of Europe.

Sir Robin Jacob – Chairman – Court of Appeal, England
Peter Meier-Beck – Judge of the Bundesgerichtshof, Germany
Robert van Peursem – Vice-President, District Court of The Hague, The Netherlands
Alice Pézard – President de Chambre Court D'Appel, Paris, France
Massimo Scuffi – Judge of the Corte di Cassazione, Italy
Jan Willems – Former Vice-President, District Court of The Hague, The Netherlands