

Basics of the Unitary Patent system. Part 7: Forum shopping and bifurcation fear

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Europe is preparing for the launch of the new Unitary Patent and the Unified Patent Court (UPC). A provisional phase for the UPC is expected to start later this year, with a view to a full start of the system in the spring of 2017. In a series of articles, Kluwer IP Law explains the upcoming changes and the consequences they have for patent practitioners. The seventh blogpost: Forum shopping and bifurcation fear

Unitary Patent
and
Unified Patent Court
and what they mean for professionals

1. Does the UPC allow "forum shopping"?

Before the Court of First Instance, the patent proprietor can decide to a certain extent at which local or regional division he starts his infringement claim. The only condition that needs to be fulfilled is that (i) an infringement has taken place in the contracting member state(s) of that local or regional division, or (ii) the defendant has its domicile or its principal place of business in the contracting member state(s) of that local or regional division. A potential infringer who wants to start an independent revocation action or an action for a declaration of non-infringement does not have a choice and needs to go to the central division (in Munich, Paris or London depending on the field of technology of the patent). For this reason, certain critics classify the UPC as being very patent proprietor friendly and allowing "forum shopping".

2. Is the forum shopping possibility for the claimant detrimental to the UPC system?

The effect of the so-called forum shopping within the UPC, shall be very limited and does not outweigh the disadvantages of the current patent litigation in Europe. There are two important reasons for this.

First of a local or regional division of the UPC shall not be composed of solely national judges. On the contrary, local divisions with less than 50 patent cases per year, will only have one national judge and two judges from another contracting member state. This mechanism of multinational panels by itself shall contribute to a large extent to a consistent and qualitative case-law at all local or regional divisions.

Secondly, the UPC system only has one Court of Appeal in Luxembourg. This means that all cases that were initiated at the Court of First Instance and are subject to appeal, all end up at the same Court of Appeal. Therefore, the role of the Court of Appeal will be very important to "correct" any risks of local or regional divisions having too much national flavor...

3. Can there be a difference in terms of speed of a local or regional division?

The preamble of the Rules of Procedure of the UPC provides that proceedings at the UPC shall be conducted in a way which will "normally allow the final oral hearing on the issues of infringement and validity at first instance to take place within one year". The deadlines for briefs in the Rules of Procedure also reflect this ambition of the UPC to handle a normal case on average within one year. The deadlines for briefs in the written procedure are quite short: 3-2-1 months in an infringement case and 3-2-2-1-1 months in an infringement case with a counterclaim for revocation. Therefore, it can be expected that local and regional divisions shall not substantially differ in speed.

4. What is bifurcation?

Bifurcation is the situation in which the infringement action and the counterclaim for revocation of the patent are treated in two different proceedings.

5. Will the UPC be able to apply the bifurcation principle?

Yes, but the UPC will not be obliged to apply bifurcation. If during infringement proceedings at a local or regional division of the UPC, the defendant launches a counterclaim for revocation, the local or regional division shall have the choice either to (i) proceed with both the action for infringement and with the counterclaim for revocation after adding a technical judge, (ii) with the agreement of the parties, refer the whole case (infringement and revocation action) for decision to the central division, or (iii) refer the counterclaim for revocation for decision to the central division and suspend or proceed with the action for infringement. The last situation qualifies as bifurcation.

Initially, certain interested parties had fear that bifurcation would lead to the situation for defendants that the infringement action would be decided without investigating the validity of the patent. This could be potentially interesting for e.g. non practicing entities.

It is very important to note that the local or regional division are never obliged to bifurcate. It is only one of the three options the division has in case of a counterclaim for revocation.

6. Do defendants have to be afraid for bifurcation?

Although bifurcation remains an option for the local or regional division, the Preparatory Committee has tried to mitigate possible negative effects of bifurcation in the Rules of Procedure.

Rule 37.4 provides that the panel of the local or regional division *shall* stay the infringement proceedings where there is a high likelihood that the relevant claims of the patent will be held to be invalid on any ground by the final decision in the revocation procedure.

Rule 118.2 a) provides that if a revocation action is pending before the central division, a local or regional division may render its decision on the merits of the infringement claim, including its orders, *under the condition subsequent* that the patent is not held to be wholly or partially invalid by the final decision in the revocation procedure or a final decision of the European Patent Office or under any other term or condition.

Pieter Callens (Eubelius, Belgium) is co-author of the book 'Introduction to the Unitary Patent and the Unified Patent Court'. An updated version of this book shall become available in 2016.

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