

# Kluwer Patent Blog

## The UPC Takes Shape and Color

Thorsten Bausch (Hoffmann Eitle) · Saturday, May 20th, 2023

With less than 2 weeks to go before 1 June 2023, it was about time for the UPC to tie several loose ends and to clarify various questions before becoming (more or less) fully operative. Here is an overview of what I found to be the most interesting news.

### 1.) Seat of the 3rd Subdivision of the Central Division

As has been reported [on this blog](#) and [elsewhere](#), France, Germany and Italy now seem to have agreed that Milano will be entrusted with the 3rd subdivision of what was originally designed as the UPC's "Central Division". However, this informal agreement will need to be officially confirmed in a Decision by the UPC's Administrative Council, and so the first question is when this issue will actually be brought before this Council. The [press release](#) by Italy's Ministero degli Affari Esteri e della Cooperazione Internazionale is pretty vague in this regard but, if anything, suggests that the Milano subdivision of the Central Division will not be opened immediately, but "later", i.e. possibly within one year's time or by a review scheduled for 2026:

In recent weeks, the Government, in agreement with the local authorities, has been completing the legal and operational procedures required for the seat to be established and operational within a year. The member states of the UPC have recognised the merits and objective reasons in support of Milan's candidacy. The launch of the Unified Patent Court (UPC) on 1 June 2023 is a milestone for the industrial property sector at the European level. It is a successful culmination of decades of negotiations in Europe, introducing a new supranational dispute resolution instrument for European patents. As the UPC is a completely new system, the Government has ensured that the decision is in any case subject to an early review clause in 2026, much earlier than already foreseen in the Agreement (2030), which will allow for an early assessment of whether it is functioning properly, and to correct any imbalances.

The second open question remains which cases will actually be allocated to this subdivision, which was originally thought to take over the competencies originally assigned to the London subdivision of the Central Division. The press release reveals no information on this question. The only "information" on this aspect is, probably deliberately, super-cloudy: *"The Milan branch will rule on important unitary patent disputes from all European countries that have joined the UPC, in sectors relevant to the Italian entrepreneurial system."* If anything, this suggests to me that this

issue has not yet been finally decided. The reports by ANSA (Italy's national press agency) likewise do not disclose any details. My colleague Mattia della Costa wrote on Linked-In that

Unfortunately, it would seem that a reduction of competences remains compared to those originally foreseen for the London seat (i.e. medicines with SPCs remain in Paris and chemistry and metallurgy in Munich).

To Italy, the competences on which an agreement seems to have been found are:

- medical-veterinary science and hygiene (and chemistry closely related to these items),
- pharmaceutical patents without Supplementary Protection Certificates (SPCs)
- non-pharmaceutical biotech, agriculture, food and tobacco,
- personal and household goods, sport and entertainment.

Unfortunately, Mr. della Costa did not reveal where he had this *it seems* information from. Thus, we will probably have to wait a little longer before we finally know which cases will go to this subdivision.

For the time being, the situation will therefore remain as reported on this blog [here](#), i.e. patents with IPC main class A will be tried in Paris (if the Central Division is competent, e.g. in cases of a stand-alone revocation action) and patents with IPC main class C will be tried in Munich. This has also been confirmed as the provisional regime on the [UPC's website](#). Note that this does not necessarily mean that all pharma cases will go to Paris and all chemical cases to Munich. Many pharma patents, particularly substance patents, are classified in IPC main class C.

The press release by Italy's Minister of Foreign Affairs therefore just confirms that which the sparrows were singing from the rooftops all along, i.e. that Milano will become the seat of the third sub-division of the UPC's Central Division. The "rest" still seems to be subject to further negotiations.

## 2.) Code of Conduct

The UPC's Advisory Committee and the Presidium have meanwhile also agreed on a [Code of Conduct of Judges of the Unified Patent Court](#) and submitted the same for adoption by the Administrative Committee. This is an important and long-awaited development, because the fact that the UPC will at least initially employ many part-time judges, including attorneys from private practice and in-house company representatives, has given rise to significant and justified concerns and headaches by many observers, including yours truly [on this blog](#).

Before this background, I am happy to report that thanks to this Code of Conduct, my headaches have more or less disappeared. The new Code of Conduct is, at least in my humble opinion, a remarkably clear and strict document that indeed provides useful guidance to judges on how to avoid situations which might be perceived by an informed observer as giving rise to a conflict of interest. At the same time, the Code is pleasantly succinct. Thus, I would invite readers to study it in full and will only highlight a few provisions in the following:

Article 3, Paragraph 7 stipulates:

A judge may not refer to his position at the Court as means of promoting his business or interests. A judge shall prevent the firm the judge works for from using his position at the Court as means of promoting its business or interests. A judge may refer to his appointment as a judge of the Court, provided it is not used as a marketing tool.

I strongly support this provision. The UPC should not serve the interests of private companies, nor should private companies be permitted to profit from the fact that one of their members has been appointed as a part-time technically qualified judge.

Having stated that, I must admit that I was a bit curious how this provision is actually being implemented by firms on their websites. As I have no time to check them all, I decided to inspect just a random sample from three firms I happen to know a bit, one from Italy, one from Germany and one from the Netherlands. While I had no issues with the Italian and the German firms, I found the message on the Dutch firm's website "*[Firm] is pleased to announce that patent attorney and partner [X] is appointed as part time technically qualified judge*" and "*We are proud that [X] has also been appointed part time as a technically qualified judged for the Unified Patent Court in the [Field] sector. This makes him the only delegate working at a Dutch firm.*" clearly too much. Just my opinion.

In any case, I think now is an excellent time for all firms employing a part-time UPC judge to carefully scrutinize their websites and bring them in conformity with Art. 3 (7) of the Code of Conduct.

Of further note are the provisions of Article 4 (3) of the Code of Conduct (emphasis added):

3. As per Article 17(4) of the Agreement, the exercise of the office of a technically qualified judge who is a part-time judge of the Court shall not exclude the exercise of other functions provided there is no conflict of interest. In order to maintain confidence in the independence and impartiality of the court, to allow judges to work together in a spirit of mutual trust and to avoid potential conflicts of interest, **the judge may not act as a representative before the Court, as provided for in Article 48 of the Agreement, in any matter, and may not give legal or technical advice in any capacity on a case pending before the Court or after being instructed to prepare therefor.**

Again, I strongly support this provision. UPC Judges should be no representatives before the UPC, and *vice versa*, so that a clear line is drawn between these activities. In addition, UPC Judges should not advise clients on a case pending before the court or a case that is about to be litigated before the court. I can only hope and trust that these provisions will be taken particularly seriously.

Furthermore, I also find Article 4 (10) of practical relevance, but this needs no further comment:

A judge should be aware that activities which are sponsored by, or that target specific industry or interest groups, as well as participation in and contributions to in-house events, whether or not remuneration is paid, create an impression of

dependence or partiality of the judge.

And, finally, attention should be paid to Article 5 of the Code of Conduct regulating the Reasons excluding participation in proceedings. While paragraph 1 more or less states the obvious, e.g. that a judge may not take part in the proceedings of a case in which he has taken part as advisor, or party (representative), paragraphs 2 and 3 are quite elaborate:

2. A judge should always be aware, that, without prejudice to Article 7(2) of the Statute, any party to an action may object to a judge taking part in the proceedings where the judge is suspected, with good reason, of partiality (reason for recusal). Such a reason arises upon the occurrence of circumstances that, from the point of view of an informed and reasonable observer, would give rise to justifiable doubts as to the judge's impartiality or independence. Such doubts are justified if an informed and reasonable observer would conclude that there is a likelihood that the judge may be influenced in his decision by other factors than the merits of the case as presented by the parties. As far as possible, the judge should avoid conduct that gives rise to such reasonable doubt. **However, since circumstances giving rise to reasonable doubt cannot always be avoided, especially for technically qualified judges who are part-time judges, immediate and comprehensive disclosure of those circumstances from which reasonable doubts about impartiality or independence might arise for the judge himself or for a party is particularly important in these cases.**

3. Those doubts may in particular arise if:

- a) the judge is or has been **within the past five years** a member of the governing body **or employee** of a party to the dispute or **is or was otherwise able to exert a perceptible influence** on a party to the dispute either in a personal capacity **or through a firm the judge works or has worked for**;
- b) the judge or a close family member holds assets or has other financial or personal interests in a party to the dispute which, because of their scale, might reasonably be perceived as being capable of giving rise to a conflict of interest;
- c) the judge or a close family member is related to a party to the dispute or to a person having a controlling influence on a party or to one of the representatives of a party by close family ties;
- d) **the judge has a close friendship or serious enmity with a party to the dispute** or with a person having a controlling influence on a party **or with one of the representatives of a party**;
- e) **the judge or the firm the judge works for is or was acting for or against a party to the dispute, in any other matter, in any capacity, within the last three years**;
- f) **the judge or the firm the judge works for is or was within the past year acting in an administrative capacity as the contact person for the patent in dispute**;
- g) **the judge or the firm the judge works for is or was within the past year mandated by a party to the dispute to provide an address of notification for the maintenance of intellectual property rights**;
- h) **the judge or the firm he works for advises or represents, on a regular or repeated basis, a competitor of a party to the dispute, in particular a competitor**

**in a market where the patent interests of different groups of market participants typically diverge (such as the interests of originator and generic producers or the interests of holders and users of standard-essential patents);**

- i) the judge or a close family member or the firm the judge works for has a personal or financial interest in the matter in dispute;
- j) the judge or the firm the judge works for is or was involved in the dispute or the matter in dispute or does or did advise or represent a party to the dispute or a third party in the matter in dispute;
- k) the judge has publicly stated an opinion on a matter specifically pertaining to the case, unless it is a general statement without a direct link to the matter.

(Emphasis added).

All of this seems quite sensible to me, and I can only hope that the individual judges will live up to these strict standards in their daily practice. But from the point of view of rule drafting, I see little that could be done better. I also note that a few of the technical judges appointed in November 2022 have already decided not to take up their position, be it due to the restrictions imposed on them by the Code of Conduct or be it for entirely different reasons.

### 3.) Remuneration of the Judges

While the salaries of full-time judges have been fixed for a long time, see [here](#), the remuneration of case-by-case part-time judges has been fixed only quite recently. The Presidium issued [Guidelines on the time factor regarding the remuneration and the procedure for remuneration of case-by-case part-time judges](#) in December 2022. According to Article 1 of these Guidelines, the remuneration of case-by-case part-time judges is calculated and paid on a monthly basis, whereas the amount of remuneration for each respective month is determined by multiplying a *time factor* by a *money factor*. The time factor depends on the maximum amount of billable hours for the case (contingent), which varies from up to 16 hours for a case of Category 1 (Easy) to up to 36 hours for a case of Category 3 (Complex). Note that these contingents double in the event of a counterclaim for revocation or infringement (i.e. in a normal case). Part-time judges can thus be expected to bill between 32 and 72 hours per normal case.

The time factor (hourly rate) has only recently been [determined](#) by the Budget Committee to be 1/147 of the monthly gross salary of a corresponding full-time judge (plus allowances and leaves), i.e.

- 128.59 € per hour for work in the Court of First Instance;
- 142.62 € per hour for work in the Court of Appeal.

The case-by-case part time judge will thus receive a maximum of 4115 € for an easy case, 6687 € for a medium case and 9258 € for a complex case. The contingent may be raised if an application to amend the patent has been lodged. If the Judges work for less hours than provided by their contingent, they will earn less. If they need to work for more hours than provided in the contingent, they may apply for an extension thereof (Article 5(1) of the Guidelines). If the judges are entitled to participate in a training, they will also receive an extra remuneration on a daily basis.

In any case, the monthly ceiling of billable hours per month is 147 h, i.e. about 18.902€ for first instance work and 20.965 € for second instance work.

#### 4.) Language of the Court

The language regime of the UPC is **complex** to say the least, so let me just focus on one aspect:

According to Art. 49(2) of the UPC Agreement, the Contracting Member States **may** designate one or more of the official languages of the European Patent Office in addition or instead of their official language as the language of proceedings of their local or regional division.

In the case of Germany, it has long been discussed to allow English as the language of proceedings before at least some of its local divisions. Unfortunately, however, it appears that a decision on this matter by our Ministry of Justice is still outstanding. This is regrettable since even the Ministry seems to acknowledge – albeit in a different context – that allowing English as the language of proceedings may strengthen the “Justizstandort Deutschland”. Indeed, a **bill** supposed to strengthen the “Justizstandort Deutschland” by introducing Commercial Courts and English as language of the proceedings in civil matters is under way, but if I have understood the **text of the bill** correctly, English will only be allowed before the new Commercial Courts yet to be established, while the local divisions of the UPC remain unmentioned.

I have no own insights on what, if anything, is going on at the Ministry of Justice in this regard and whether Germany wants to avail itself of the provision of Art. 49(2) UPCA or not, but I would urge the Ministry to deal with this matter as soon as possible. It is not that we are talking about the opening of the UPC in Germany only for a few weeks.

#### 5.) Dress Code

Finally, and on a lighter note, let us bring some color to the UPC. Here are the official robes to be worn by the UPC Judges in the first instance, as taken from Appendix I of the **Kleiderordnung/Dress Code**



The robes of the Judges of the Court of Appeal look extremely similar, at least on the pictures available, but seem to contain more silk and tiny golden piping between the blue trim and the black fabric.

German patent attorneys will feel quite at home with these robes, but they may not even need to wear one themselves. Article 2 stipulates that:

During sessions designated for oral proceedings and pronouncement of decisions, a Representative of the parties shall wear,  
 (a) if he/she is a lawyer pursuant to Article 48(1) of the Agreement: the official attire

- prescribed for him/her in the courts of his/her Contracting State, in case such an attire exists in the Contracting State concerned;
- (b) if he/she is a European Patent Attorney pursuant to Article 48(2) of the Agreement: the attire prescribed for him/her by the European Patent Office;
- (c) if no official attire exists or no attire is prescribed as meant in this Article under (a) or (b): business attire.

Since the EPO prescribes no attire and European Patent Attorneys are (normally) no lawyers pursuant to Art. 48(1) UPCA, they may wear ordinary business attire. This also applies to (German and other national) patent attorneys under Art. 48(4) UPCA, see Article 3 of the Dress Code.

## 6.) J.S.Bach

Finally, let's turn to the most difficult question of all: What would Bach have composed on the occasion of the opening of a new Court on or around 1 June 1723?

I am happy to accept any proposal by you, dear Readers, but for the time being I would go along with [BWV 68](#). This was composed for the second day of Pentecost, i.e. on 21 May 1725, i.e. about 300 years ( $\pm 1\%$ ) before the opening of the UPC, which will also occur shortly after Pentecost and will definitely need a new (European) spirit to be successful. Consider in particular the concluding [chorus](#) of this cantata that seems to be in full anticipation of the UPC ?

“Wer an ihn gläubet, der wird nicht gerichtet; wer aber nicht gläubet, der ist schon gerichtet.”  
(Who in him trusteth will not be judged guilty; but who doth not trust him is already judged guilty).

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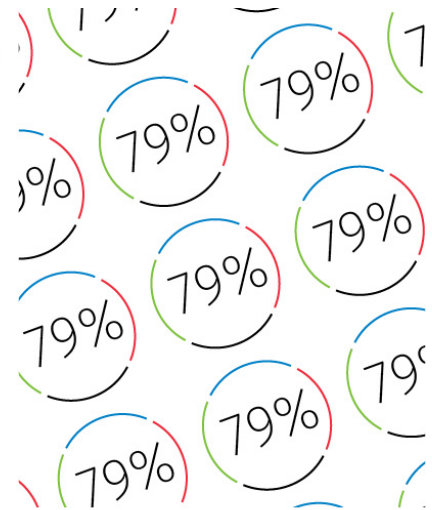
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