



International Patent Litigation Guide

4th edition



Table of Contents

Patent Litigation in Austria	4
Patent Litigation in Belgium	10
Patent Litigation in Bulgaria	18
Patent Litigation in China	26
Patent Litigation in the Czech Republic	34
Patent Litigation in France	41
Patent Litigation in Germany	48
Patent Litigation in Hungary	56
Patent Litigation in Italy	63
Patent Litigation in the Netherlands	70
Patent Litigation in Poland	78
Patent Litigation in Romania	86
Patent Litigation in Singapore	92
Patent Litigation in Slovenia	100
Patent Litigation in Spain	106
Patent Litigation in Switzerland	112
Patent Litigation in the UK	120
Patent Litigation in Ukraine	128
Facts and Figures	136
Our geographical spread	137

Patent Litigation in Austria

Key Contacts

**Egon Engin-Deniz**

Partner

T +43 1 40443 1550**E** egon.engin-deniz@cms-rrh.com**Jia Schulz-Cao**

Lawyer

T +43 1 40443 1550**E** jia.schulz-cao@cms-rrh.com

Standing

Who is entitled to sue for patent infringement?

The owner of the patent may bring proceedings against the infringer. If the patent is owned by more than one party, any one of those parties may initiate infringement proceedings without the consent of the other co-owners.

Exclusive licensees have the right to bring proceedings for patent infringement in respect of any infringements of the patent committed after the date of the license. A non-exclusive licensee has the right to initiate proceedings if the licensor has given the licensee express authorisation to do so in the license.

Is it possible to join more than one party as a defendant?

In invalidity proceedings at the ÖPA ("Österreichisches Patentamt" – Austrian Patent Office), it is possible to join an additional party as defendant. Any number of parties may join.

In patent infringement proceedings at the Handelsgericht Wien (Commercial Court Vienna), any number of parties may be added. Only the claimant may require that a defendant be joined to the proceedings. The court cannot order this *ex officio*.

Is it possible to join suppliers or other third parties to the proceedings?

Suppliers and other third parties may be defendants if they are direct or indirect infringers of the patent. Besides, third parties may join proceedings if the outcome of a dispute is relevant for the third party. Parties to proceedings may inform an affected third party with a dispute notice ("Streitverkündung"). The affected third party may then join the ongoing proceedings either supporting the claimant or the defendant ("Nebenintervention").

Is there any time limit in which claims for patent infringement must be brought?

All claims will be time-barred after three years from the date the rights holder obtains knowledge of both the infringement and the identity of the infringer.

Is there a requirement to invoke all potentially infringed patents at once?

No, there is no such requirement. As long as the claims are not time-barred, the patent proprietor may assert claims against the infringer. However, if the patent proprietor claims that another of its patents is infringed by the same action of the defendant, the Court may join the new proceeding with the ones already launched i.e., the claim for infringement of the first patent.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

Civil actions in patent infringement proceedings are brought exclusively before the Handelsgericht Wien. The Austrian Patent Office – Nichtigkeitsabteilung (ÖPA-in invalidity division) is the competent body for invalidity and declaratory proceedings.

Infringement and validity issues are not decided in the same proceedings.

Does your country take part in the UPC?

Yes, a local division of the UPC is to be established in Vienna.

Can a party apply for a declaration of non-infringement?

Yes. The owner of a patent may apply for the declaration that a third party's product is covered by its patent and is infringing. Furthermore, the manufacturer or supplier of a product, as well as the commercial user of a procedure, may apply for a declaration that the product or procedure is not covered by a specific patent and is not infringing.

How long does it take for a claim to reach a first hearing?

On average, if no proceedings for preliminary injunctions have been initiated, the first oral hearing in infringement proceedings is held three months after the action is initiated.

Usually, the proceedings on the merits are joined with proceedings for a preliminary injunction. In such circumstances, the main proceedings remain pending until the preliminary proceedings are finalised, either by judgment or settlement. Preliminary orders may be appealed by both parties to the Oberlandesgericht Wien (Higher Regional Court Vienna). Under certain circumstances, preliminary proceedings may be brought before the Austrian Supreme Court (Oberster Gerichtshof, OGH). Consequently, it may take several months (or even a year) for a claim to reach trial in the main proceedings.

How long do trials last in patent cases until a first instance decision?

Main infringement proceedings may be ongoing for a year until a first instance decision is issued. The duration of the main proceedings will depend on the number of trial days required, to take evidence, get an expert opinion and subsequently discuss the expert opinion. Validly

proceedings may also be ongoing for a year until a first instance decision is issued. In infringement cases where parties raise doubts regarding validity of the patent, the Courts are entitled to pause the infringement proceedings until invalidity proceedings are finally concluded. If the infringement proceedings are paused to await the result of separate validity proceedings, the proceedings will last on average longer than a year.

Do the judges have technical expertise?

The IP departments of the Handelsgericht Wien and the relevant Appellate Court, the Higher Regional Court Vienna (Oberlandesgericht Wien) have technical experts. However, the technical experts in the courts sometimes lack the necessary expertise as they may be experts in another technical field than that to which the case actually refers.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

If there is a related opposition at the EPO, the court must stay infringement proceedings if:

- the defendant contests the validity of the patent (whether expressly or by implication);
- the court considers that there is a likelihood that the patent is invalid; and
- the claim of invalidity by the defendant is considered relevant to the infringement proceedings.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes. Actions for nullification of a patent are filed at the Austrian Patent Office. Patent infringement actions are filed at the Handelsgericht Wien. These are separate proceedings.

However, in many cases, a nullity action against a patent is filed in response to a patent infringement action.

Can a party file an action for a FRAND license or a compulsory license?

FRAND license

Yes, before initiating an infringement action, holders of standard-essential patent are obliged to contact the presumptive infringer and must inform it about the respective infringement and offer a FRAND license. Otherwise, the patent holder may violate Art 102 TFEU by abusing its dominant market position. Action for determination of a FRAND licence does not have to follow an infringement action.

Compulsory license

Compulsory license proceedings are handled by the Austrian Patent Office. The licensee may initiate compulsory license proceedings if it does not reach a consensus with the patent holder.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

Before initiating infringement actions, holders of standard-essential patents are obliged to contact the presumptive infringer in order to offer a FRAND license. If the patent holder does not fulfil this obligation, the presumptive infringer may raise the FRAND defence in the infringement

proceedings. So far there is no case law as to whether the FRAND defence is available if the patent holder fully complies with the obligation. However, scholarly opinions hold the position that if the patent holder makes an offer and the potential patent infringer does not react to the offer according to accepted business practices and in good faith, the defence will not be available. It is not obliged to accept the offer but if it refuses to accept, it has to propose a reasonable counteroffer. In this regard, Austria fully acknowledges the ECJ Huawei/ZTE ruling (16.07.2015, C-170/13).

So far, there is no relevant Supreme Court case-law in Austria on how to determine license rates according to the FRAND criteria.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Generally speaking, witness evidence by experts nominated by the parties is allowed. However, in some proceedings, such as those before the ÖPA, this form of evidence is not admissible, as some of the members of the chamber are themselves technical experts.

Experts are usually nominated by the court. If this occurs, the experts act as court staff. They prepare reports to be submitted in oral or in written form. If experts are nominated by the parties, they have the same status as regular witnesses. In other words their expertise is not binding on the court; it merely represents the opinion of the respective party.

During interim injunction proceedings, an expert opinion submitted by either of the parties is a valid piece of evidence, because the court will not appoint an expert (as it may do in the main proceedings).

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

The rules on evidence and the disclosure of documents are governed by general Austrian civil procedure law and

are not specific to patent law. According to the Austrian civil procedure act the claimant has to disclose any evidence necessary to support its claim.

In patent infringement procedures submitted evidence will necessarily be documents on the active patent and evidence of the infringing activities of the defendant. Courts usually do not play an active role in deciding the extend of the disclosure of evidence. Courts may inform the respective party to submit more evidence on the matter. If the party fails to do so, the Court may take this into consideration in a negative manner when assessing the evidence.

Are preliminary discovery or seizure of evidence/documents available?

There is a specific form of preliminary injunction which enables the claimant to seize evidence relating to a patent infringement. Seizure is only available if named evidence is in danger of being destroyed by the suspected infringer. The court appoints a technical expert who hands over the confiscated documents to the court.

Preliminary injunctions may be issued by the court without consulting the other party if there is a danger of irreparable damage or the destruction of evidence. Even an anonymous letter could be considered a sufficient certification of such danger.



Appeals

What are the possible routes for appeal in your jurisdiction?

Appeals from the Handelsgericht Wien, the Landesgericht für Strafsachen and the invalidity division of the ÖPA lie in the Oberlandesgericht Wien (Higher Regional Court Vienna). A final appeal can then be made to the OGH ("Oberster Gerichtshof" – Austrian Supreme Court).

On what grounds can an appeal be brought?

An appeal may be brought if the decision of the lower court was legally wrong or if there was a procedural irregularity. The appeal courts will not rehear the case. Generally factual issues are not considered in the appeal and further evidence is not permitted on appeal.

An appeal to the OGH is only permitted if there is:

- a major point of law or policy that needs to be decided; and

- if the litigation value is higher than five thousand euros (5,000 EUR).

What is an approximate timescale for the first/second appeal?

In infringement proceedings it takes, on average, approximately 12 months for the first appeal, and another six months for a second appeal to the Supreme Court. Proceedings at the invalidity division may take longer, so that an average of two years for both instances is common.

Is the first instance decision suspended while an appeal is pending?

In main proceedings, the judgment is suspended while an appeal is pending. However, in preliminary injunction proceedings an appeal does not suspend an issued preliminary injunction.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The options for alternative dispute resolution are amicable settlement, mediation and arbitration. In Austrian patent litigation matters, mediation and arbitration are not often used.

Does the court require that parties consider these options at any stage in proceedings?

The court cannot order the parties to consider these options, but it often encourages the parties to find an amicable settlement. To refuse a settlement without giving serious reasons could have a negative impact on the court's approach to a party.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The remedies available in patent infringement cases are:

- appropriate remuneration;
- damages, including loss of profits;
- a recovery of the profits derived from the infringement;
- double appropriate remuneration;
- rendering of accounts;
- a declaration that the patent is valid;
- information about the origin and marketing route of the infringing objects;
- an order for surrender or destruction of the infringing product;
- publication of the judgement; and/or
- an injunction.

Remedies are available upon request of the claimant. Thus, courts do not issue automatic injunctions in case of patent infringements.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

The claimant may choose between:

- appropriate remuneration;
- compensation for damages, including loss of profits;
- a recovery of the profits derived from the infringement;
- double appropriate remuneration; and
- compensation for ideal damages.

It may be possible to claim more than one remedy.

Appropriate remuneration can be claimed without having to prove negligence on the part of the infringer. The amount is based on the principles relevant to calculating equivalent contractual licence fees/royalties.

To claim compensation for damages or recovery of the profits derived from the infringement, the claimant must prove that there has been some negligence on the part of the infringer.

To claim double appropriate remuneration, the claimant must prove gross negligence or intent. However, for double appropriate remuneration the claimant does not have to prove its loss or the infringer's profits.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

When filing for damages, the claimant has to specify the damages suffered, otherwise its claim will not formally be accepted. This amount is the maximum amount the court can grant the claimant.

The claimant can only file for rendering of accounts if the claimant cannot substantiate the amount of damages without insight into the infringer's financial circumstances.

The court will decide in a first step whether a compensation of damages is due at all and in a second step the level of damages payable.

But formally speaking there is no separate proceedings for the determination of the level of damages.

Is it possible to obtain additional remedies if the infringement was deliberate?

Intentional infringement is a criminal offence. However, it is an offence with private prosecution and is therefore only prosecuted upon the request of the injured party. To claim additional remedies (double remuneration), the claimant must prove gross negligence or intent.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, patent proprietors may obtain an order for recall of infringing products. However, such a recall may only be ordered if the infringing products are still at the infringer's disposal. This would not be the case if the infringer has already sold the products and is not authorised to dispose of the goods anymore.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes, preliminary injunctions are available.

A preliminary injunction will be granted if there is a danger of repetition of the infringing act. However, urgency is not a requirement to obtain a preliminary injunction.

If the preliminary injunction is meant to safeguard a monetary claim, the court must consider that without the injunction there is a threat to the fulfilment of such claim.

Is it possible to obtain a without notice injunction?

Preliminary injunctions can be issued by the court without consulting the other party if there is a danger of irreparable damage or of the destruction of evidence. However, this is quite unusual in Austria. In order to avoid duplicating procedures, the court prefers to hear the defendant before ordering preliminary injunctive relief.

How quickly can preliminary injunctions be obtained?

At Handelsgericht Wien, proceedings for preliminary injunctions (except for those where a party is requesting the seizure of evidence) are usually held inter partes, with both parties participating in the proceedings. In such circumstances, preliminary injunctions usually take a few weeks. Expert reports will not usually be required. Evidence is normally presented by private expert opinions and/or the participation of patent attorneys.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

It is possible to appeal against an injunction. The appeal does not automatically suspend the injunction. However, a suspension may be granted by the Court of first instance only upon request of the appealing party. The Court of first instance may grant the stay of execution if it does not result in a disproportionate disadvantage for the other party. The Court of first instance may grant stay of execution irrespective of the outcome of the appeal proceedings.

If a party is awarded a preliminary injunction are they liable to provide security?

The court may, at its discretion, impose a security obligation on the party requesting a preliminary injunction.

Are further proceedings on the merits required in order for the court to grant a final injunction?

Yes.

Is a cross-border injunction available and in what circumstances?

A cross-border injunction may be available under EU law. An Austrian infringer can be sued in Austria for any infringement of a European Patent, regardless of the country where the infringement took place. For invalidity claims, the exclusive jurisdiction lies within the courts of the State where the patent has been granted.

Under Austrian law, the impact of a patent infringement on the Austrian market is sufficient for national jurisdiction. In such cases, a cross-border injunction can be obtained at Handelsgericht Wien.

A "torpedo" in another jurisdiction may be effective to delay a cross-border injunction. The most common example of a "torpedo" is a negative declaratory claim.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

No, ASIs are not permissible in Austria since they violate principles set out in European civil procedural laws. ASIs concerning actions being brought in countries outside the EU are subject to Austrian national laws. So far, there is no case law in this context. However, we deem it very unlikely that ASIs concerning actions being brought in countries outside the EU are permissible according to Austrian national laws due to constitutionally guaranteed rights to have access to Courts.

Patent Litigation in Belgium

Key Contact



Renaud Dupont
Managing Partner
T +32 2 743 69 83
E renaud.dupont@cms-db.com

Standing

Who is entitled to sue for patent infringement?

The owner or usufructuary of a patent may bring proceedings for patent infringement.¹ Except if otherwise provided, if the patent is owned by two more persons, any of the owners may initiate infringement proceedings but only with the consent of the other owner(s) or, or failing that, with the authorization of the court.²

Exclusive licensees, except as otherwise provided, and beneficiaries of compulsory licenses may also bring proceedings for patent infringement if, after having sent a notice letter, the owner or usufructuary of the patent doesn't bring such proceedings.³

All the licensees are entitled to join the proceedings brought by the owner or usufructuary of the patent in order to obtain compensation for their own loss.⁴

Is it possible to join more than one party as a defendant?

It is possible to join any number of parties as defendants in the same proceedings.

Is it possible to join suppliers or other third parties to the proceedings?

Yes, it is possible to join suppliers or other third parties to the proceedings, either as defendants or claimants, provided that they have an interest to the outcome of the proceedings.

In addition, the Belgian Code of Economic Law specifically states that an injunction may be issued against intermediaries whose services are used by a third party to infringe a patent⁵ and an order to provide information regarding an infringement may also be issued against a person who has been found to be in possession of infringing goods on a commercial scale, who has been found to be using infringing services on a commercial scale or who has been found to be providing, on a commercial scale, services used in infringing activities.⁶

Is there any time limit in which claims for patent infringement must be brought?

A patent infringement action must be brought within five years from the day on which the infringement was committed.⁷

¹ Art. XI.60, §2, al. 1 of the Belgian Code of Economic Law („CEL“)

² Art. XI.49, §2 CEL

³ Art. XI.60, §2, al. 2 and 3 CEL

⁴ Art. XI.60, §2, al. 4 CEL

⁵ Art. XI.334, §1 CEL

⁶ Art. XI.334, §3 CEL

⁷ Art. XI.61 CEL

⁸ Art. XI.60, §3 CEL

⁹ Art. 807 Judicial Code

Infringement proceedings may only be brought from the date on which the patent is made available to the public and only in respect of acts of infringement committed from that date.⁸

Is there a requirement to invoke all potentially infringed patents at once?

Separate proceedings may be initiated to invoke an additional patent. If the separate claims are considered to be related (i.e. so closely connected that it would

be better to consider them at the same time in order to avoid irreconcilable decisions), the judge may decide to join the separate proceedings.

In the course of pending proceedings, a claim brought before the court may be extended or amended in the submissions provided that they are based on a fact or act referred to in the summons, even if their legal qualification is different, and provided that the defendant still has the opportunity to respond.⁹

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

All patent claims are brought before the Brussels Enterprise Court, even when the parties are not companies and regardless of the amount of the claim (without prejudice to the jurisdiction of the Unified Patent Court and of the arbitration court).¹⁰

Infringement and validity are often decided in the same proceedings: invalidity of a patent is often raised as a counterclaim in infringement proceedings.

Does your country take part in the UPC?

Yes, Belgium takes part in the UPC. Belgium ratified the UPC in 2014. The UPC has a local division in Brussels.

Can a party apply for a declaration of non-infringement?

Yes, a claim for a declaration of non-infringement is available under Belgian law and may be brought by any person having a legitimate interest.¹¹ The claimant must demonstrate that its right is subject to a serious threat. The court will not allow a claim that is essentially seeking a mere consultation.

How long does it take for a claim to reach a first hearing?

The writ of summons contains a summary of the facts, the claimant's arguments and a request for relief.

At the introductory hearing, the court usually records a procedural timetable for the parties to exchange written submissions and sets a date for the pleadings.

It usually takes between eight months to one year or more for a claim to reach a hearing, depending on the workload of the court, the procedural timetable and the number of submissions exchanged.

How long do trials last in patent cases until a first instance decision?

The duration of trials depends on the complexity of the case, the workload of the court, the number of parties, the number of written submissions, etc.

A hearing usually takes a couple of hours, or more if needed. For complex cases, two or more hearings may take place.

In principle, the judge must render his decision within one month after the hearing. However, in practice, the decision is rendered within one to three months.

¹ Art. XI.60, §2, al. 1 of the Belgian Code of Economic Law („CEL“)

² Art. XI.49, §2 CEL

³ Art. XI.60, §2, al. 2 and 3 CEL

⁴ Art. XI.60, §2, al. 4 CEL

⁵ Art. XI.334, §1 CEL

⁶ Art. XI.334, §3 CEL

⁷ Art. XI.61 CEL

⁸ Art. XI.60, §3 CEL

⁹ Art. 807 Judicial Code

¹⁰ Art. XI.337, §§1 and 2 CEL

¹¹ Art. 17 and 18 Judicial Code



Do the judges have technical expertise?

Judges have no technical expertise. However, the purpose of centralising intellectual property right infringement proceedings with the Brussels Enterprise Court was to achieve a certain level of specialisation of the judges.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

Belgian courts will sometimes stay proceedings pending the outcome of a related EPO opposition but caselaw seems to lean more towards refusal of suspension.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes, a party can file an action for nullification of a patent without being sued for patent infringement provided that it has an interest to obtain the invalidity of the patent.

Can a party file an action for a FRAND license or a compulsory license?

Yes, a party can file such actions.

A compulsory license may be requested to the Minister or the King (a) if an invention is not exploited, (b) in case of an invention whose exploitation depends on another invention or (c) in the event of a public health problem.¹²

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

A party can invoke the FRAND defence in patent infringement proceedings. Belgian case law on FRAND licenses is very poor.

¹² Art. XI.37 and XI.38 CEL

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

In order to investigate and advise the court on technical issues, an expert may be appointed by the court, at the request of one of the parties or at the court's own initiative.¹³ The expert will submit a written report containing his observations.¹⁴ The judge may hear the expert at the trial.¹⁵

A party may also bring its own expert witness. Judges are not bound by expert reports.

Do the courts allow disclosure / discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

There is no disclosure/discovery procedure in Belgium. Parties are free to produce the evidence supporting their arguments.

However where there is serious and specific evidence that a party or a third party is in possession of a document containing evidence of a relevant fact, the judge may order that the document or a certified copy thereof be filed as part of the proceedings.¹⁶

Are preliminary discovery or seizure of evidence / documents available?

The president of the Enterprise Court may, on ex parte application by the patent owner grant a descriptive seizure order (*saisie description*), whereby an expert is appointed in order to describe the origin, destination and extent of the alleged patent infringement.¹⁷ The judge may also order the seizure of infringing products.¹⁸ The description and seizure will take place at the premises of the alleged infringer and the expert will submit a written report to the Court.

Subsequently, the patent owner has a limited time to initiate proceedings on the merits. If the patent owner fails to do so, he won't be able to use the content of the report in any future litigation.¹⁹

Appeals

What are the possible routes for appeal in your jurisdiction?

A first instance decision can be appealed by either party before the relevant court of appeal. The appeal has to be filed within one month from the service of the first instance decision.²⁰

A court of appeal's decision can subsequently be appealed before the supreme court, within three months from the service of the court of appeal's decision.²¹

On what grounds can an appeal be brought?

All the aspects of the first instance judgment may be subject to appeal before the Brussels court of appeal.²²

Only the legal aspects of the court of appeal's decision may be subject to appeal before the supreme court.

What is an approximate timescale for the first / second appeal?

It may take several years before a decision is issued by the court of appeal and around one year for the supreme court.

Is the first instance decision suspended while an appeal is pending?

No. The first instance decision is not suspended while an appeal is pending. The convicted party must comply with the first instance decision, notwithstanding the appeal.

¹³Art. 962 Judicial Code.

¹⁴Art. 978 Judicial Code.

¹⁵Art. 985 Judicial Code.

¹⁶Art. 877 Judicial Code

¹⁷Art. 1369bis/1 Judicial Code

¹⁸Art. 1369bis/1 Judicial Code

¹⁹Art. 1369bis/9 Judicial Code

²⁰Art. 1051 Judicial Code.

²¹Art. 1073 Judicial Code.

²²Art. 1050 Judicial Code.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

Costs of patent litigation proceedings will depend on various factors (such as lawyer's fees, the complexity of the case, the number of submissions to be filed, the involvement of technical experts, the need to translate documents, etc.). In simple patent litigation proceedings, estimated costs are around EUR 50,000.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

Costs of patent litigation proceedings for an appeal will depend on various factors (such as the complexity of the

case, the nature/ number of arguments in the appeal, lawyer's fees etc.). In simple patent litigation proceedings, estimated costs for an appeal are around EUR 50,000.

Are litigation costs recoverable? If so, is there a limitation?

The court may order the losing party to pay a "procedural indemnity" intended to cover the winning party's costs of legal assistance. The amount of this indemnity is determined by the law and depends on the amount of damages claimed and on some other criteria (such as the complexity of the case). The winning party cannot claim its actual legal costs beyond this amount.²³

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The options for alternative dispute resolution available in Belgium are negotiation, conciliation, mediation and arbitration.

Negotiation is a discussion between the parties. This type of proceedings can be carried out with or without a lawyer, and may therefore be free of charge.

Conciliation is a voluntary and totally free procedure. All exchanges between the parties are confidential, and the conciliating judge may, after hearing the parties and their lawyers, suggest solutions that the parties can agree upon. If an agreement is reached, the terms of the agreement are recorded and become binding upon the parties.²⁴

Mediation is a confidential, structured process of voluntary consultation between parties in conflict, conducted with the assistance of an independent, neutral and impartial third party who facilitates communication and attempts to lead the parties to work out a solution themselves.²⁵ Mediation involves costs: lawyers' and mediator's fees.

Disputes may also be brought in front of arbitral courts.²⁶ Arbitration proceedings are faster and more specialised but also more expensive than proceedings before the judicial courts.

These options are not commonly used in Belgium.

Does the court require that parties consider these options at any stage in proceedings?

The court may ask the parties to consider these options at any stage of the proceedings.

²³ Art. 1022 Judicial Code.

²⁴ Art. 733 Judicial Code.

²⁵ Art. 1723/1 Judicial Code

²⁶ Art. 1676 Judicial Code

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The remedies available in patent infringement cases are:

- an injunction;²⁷
- damages;²⁸
- publication or display of the judgement;²⁹
- a recall, removal or destruction of the infringing products as well as, in appropriate cases, of the materials and tools used in their creation or manufacture, at the expense of the infringer;³⁰ and/or
- the disclosure of information regarding the origin and distribution networks of the infringing products or services.³¹

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

Damages must repair the entire prejudice actually suffered by the patent owner due to the infringement.³²

The right owner must prove the extent of damage suffered, based on the lost profits, i.e. the profits that the patent owner would have made if the infringement had not occurred, and on actual losses caused by the infringement.

Lost profits are calculated by reference to the royalty rate either applied by the patent owner if sales of the patented product are licensed to third parties, or, if sales are made by the patent owner himself, by reference to a reasonable royalty rate that would have been agreed between a willing licensor and a willing licensee.

The court may also grant a lump sum when the damages cannot be determined in any other way.³³

The judge may, by way of damages, order (i) the delivery up of the infringing products and of the materials and tools used in the creation or manufacture of those products, and in the event of bad faith, (ii) the assignment of all or part of the profit made as a result of the infringement³⁴ and/or the confiscation of the infringing products to the benefit of the plaintiff and of the materials and tools used in the creation or manufacture of such products.³⁵

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

An enquiry into damages is not provided for by Belgian law.

However, through the *ex parte* descriptive seizure proceedings (*procédure de saisie-description*), experts may be authorized by the Court to visit the infringing party and search for evidence regarding the origin and extent of the infringement.³⁶

The claimant may also request, as part of the proceedings on the merits, that the defendant be ordered to produce specific information on the infringement allowing to determine the level of damages payable.³⁷

Finally, the court may, as part of the proceedings on the merits, appoint an expert to provide an advice on the level of the damages.

²⁷ Art. XI.334, §1 CEL

²⁸ Art. XI.334, §2 CEL

²⁹ Art. XI.334, §4 CEL

³⁰ Art. XI.334, §2 CEL

³¹ Art. XI.334, §3 CEL

³² Art. XI.335, §1 CEL

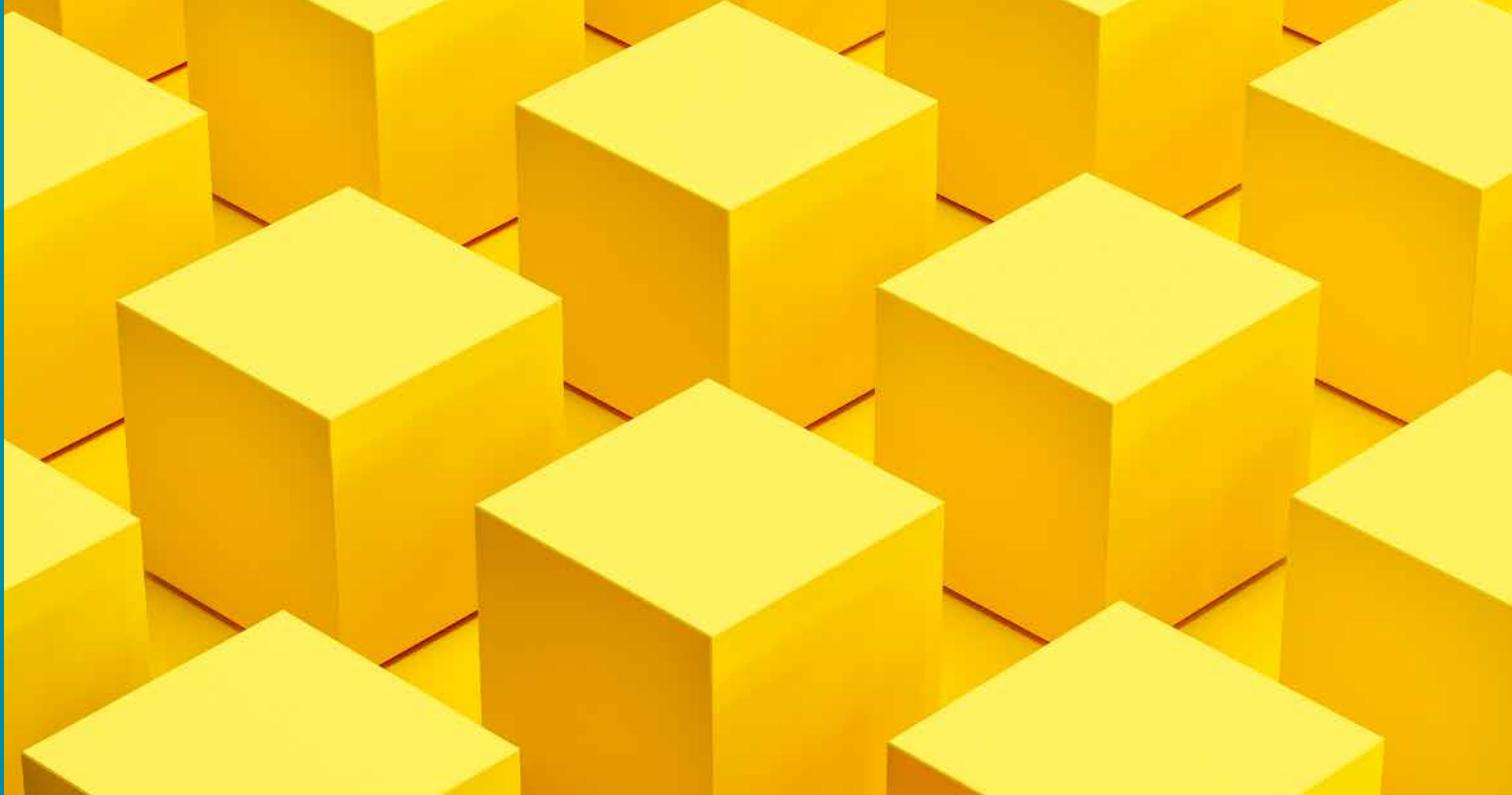
³³ Art. XI.335, §2 CEL

³⁴ Art. XI.335, §2 CEL

³⁵ Art. XI.335, §3 CEL

³⁶ Art. 1369bis/1 e.f. Judicial Code

³⁷ Art. XI.334, §3 CEL



Is it possible to obtain additional remedies if the infringement was deliberate?

If the infringement is committed in bad faith, the judge may, by way of damages, order the delivery up of the infringing goods and of the materials and tools used in the creation or manufacture of those goods, and which are still in the possession of the defendant. If the value of these goods, materials and tools exceeds the extent of the actual damage, the judge shall determine the compensation to be paid by the plaintiff. The judge may also, by way of damages, order the assignment of all or part of the profit made as a result of the infringement.³⁸

Finally, the judge may order the confiscation of the infringing goods for the benefit of the plaintiff and of the materials and tools used in the creation or manufacture of such goods and which are still in the possession of the defendant. If the goods, materials

and tools are no longer in the possession of the defendant, the judge may award a sum equal to the price received for the transferred goods, materials and tools. The confiscation thus ordered absorbs the damages, up to the value of the confiscation.³⁹

Can the court order a party to recall infringing products? If so, is there a limitation in time?

The court may order a recall, removal or destruction of the infringing products as well as, in appropriate cases, of the materials and tools used in their creation or manufacture, at the expense of the infringer.⁴⁰

There is no limitation in time provided by the law. In assessing a request for such measure, account will be taken of the proportionality between the seriousness of the infringement and the corrective measure ordered, as well as of the interests of third parties.⁴¹

³⁸ Art. XI.335, §2 CEL

³⁹ Art. XI.335, §3 CEL

⁴⁰ Art. XI.334, §2 CEL

⁴¹ Art. XI.334, §2, al. 3 CEL

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes. The patent owner can obtain a preliminary injunction (provisional measures) by initiating summary proceedings before the president of the Brussels Enterprise Court.⁴² These measures cease to have effect once a decision on the merits is rendered. The claimant must prove the urgency, i.e. the need to obtain a quick decision in order to avoid serious harm that is difficult to repair and a *prima facie* valid right.

Moreover, provisional measures may be requested at any stage of proceedings on the merits in order to provisionally settle the situation of the parties, when waiting for a final decision would be too long.⁴³ The party requesting a provisional measure has to prove that this measure is needed and justified based on the parties' situation and the parties' interests would otherwise be affected given the length of the proceedings.

Is it possible to obtain a without notice injunction?

It is possible to obtain a without notice preliminary injunction (provisional measures) in case of absolute necessity.⁴⁴ Such measures are not frequently granted. These injunctions need to be followed by proceedings on the merits in order to have them confirmed.

How quickly can preliminary injunctions be obtained?

Preliminary injunctions can be obtained within one to six months.

It is also possible to obtain an injunction quite quickly through cease and desist proceedings (accelerated proceedings on the merits). According to these proceedings, the president of the Brussels Enterprise Court may grant a final injunction, without the need to proof the urgency.⁴⁵

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

It is possible to appeal against a preliminary injunction.

Appeal against a preliminary injunction does not suspend the effect of the injunction, unless the judge decides otherwise.⁴⁶

If a party is awarded a preliminary injunction are they liable to provide security?

The claimant enforces the injunction at its own risk and can be liable for the harm suffered by the defendant if the injunction is invalidated at a later stage.

The judge may make it a condition of the injunction that the claimant provides a guarantee to cover possible indemnification for the harm suffered by the defendant if the infringement proceedings are subsequently considered to be unfounded and the injunction withdrawn.⁴⁷

Are further proceedings on the merits required in order for the court to grant a final injunction?

Further proceedings on the merits are not necessarily required in order for the court to grant a final injunction. Indeed, injunctions obtained through summary proceedings can be final if no proceedings on the merits are subsequently introduced.

Is a cross-border injunction available and in what circumstances?

The European Court of Justice rejected the rationale for cross-border injunction in patent proceedings on the merits in its decisions in GAT/LuK and Roche/Primus of 13 July 2006.

However, this blockage does not apply to provisional measures. This was clarified by the CJEU in the Solvay/Honeywell case, thereby confirming the practice of the Belgian courts issuing cross-border injunctions by way of interlocutory decision.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Belgian courts refuse to issue ASI, whether they are aimed at prohibiting infringement action on Belgian territory or abroad.

⁴²Art. 584 Judicial Code

⁴³Art. 19, al. 2 Judicial Code

⁴⁴Art. 584, al. 4 Judicial Code

⁴⁵Art. XVII.14, §2 CEL

⁴⁶Art. 1029, al. 2 ; 1039 ; 1397 Judicial Code

⁴⁷Art. 1029, al. 2; 1039; 1397 Judicial Code

Patent Litigation in Bulgaria

Key Contacts

**Nevena Radlova**

Partner

T +359 2 923 4866**E** nevena.radlova@cmslegal.bg**Antonia Kehayova**

Counsel

T +359 2 447 1322**E** antonia.kehayova@cmslegal.bg

Standing

Who is entitled to sue for patent infringement?

Both the patent owner and the holder of an exclusive licence are entitled to file a claim against a patent infringer (unless otherwise agreed).

When the patent is owned by multiple parties, each co-owner is entitled to commence patent infringement proceedings independently.

The applicant for a patent is also entitled to file a claim following publication of the application in the Official Journal of the Bulgarian Patent Office (the "BPO"); however, the case will be reviewed only after and if the patent is granted.

Both the holders of a licence granted by operation of law and the holders of a compulsory licence are entitled to bring patent infringement proceedings, if the patent owner fails to submit a patent infringement claim within six months from the date that the patent owner was requested in writing to do so by the licensee.

Each licensee (exclusive or non-exclusive) is entitled to join the patent infringement proceedings when the claim has been brought by the patent owner. Likewise, the patent owner is entitled to join the proceedings initiated by the holder of an exclusive license, a licence granted by operation of law or a compulsory licence.

Is it possible to join more than one party as a defendant?

Yes. The claimant may file a combined claim against several defendants if the claim is based on the same grounds.

Is it possible to join suppliers or other third parties to the proceedings?

Yes. Third parties may join the court proceedings to support either the claimant or the defendant if the judgment of the court, when handed down, would benefit the third party. Third parties can only be joined to proceedings before the court of first instance and must be joined before the gathering of evidence has been concluded.

Is there any time limit in which claims for patent infringement must be brought?

Yes. Patent infringements must be brought within five years from the date of infringement or from the date the patent owner/licensee became aware of the infringer's identity. If the infringement is ongoing, the limitation period starts from the date the infringing activity ceases.

Is there a requirement to invoke all potentially infringed patents at once?

No. Each infringed patent may be the subject of a separate patent infringement claim.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

Depending on their nature, disputes regarding the creation, protection and use of patents are resolved in either an administrative procedure or the courts or an arbitration procedure.

Administrative procedure

The BPO disputes resolution unit examines requests for declarations of invalidity of patents, granting and termination of compulsory licences, as well as appeals against decisions for refusal to grant a patent and appeals against decisions for termination of proceedings on patent applications.

Within the disputes resolution unit, disputes are heard by specialised dispute panels appointed by the chairperson of the BPO on a case-by-case basis and composed of officers from the dispute resolution unit within the BPO. Disputes regarding the declaration of invalidity of a patent are heard by a five-member panel which includes two legal experts.

Civil Court Procedure

The Sofia City Court hears disputes on infringement (and other matters such as ownership including in an employment relationship and disputes over royalties for a compulsory licence; disputes based on the industrial introduction of patented inventions).

As noted above, infringement and validity disputes are not decided in the same proceedings. Validity disputes are reviewed under the administrative procedure at the dispute resolution unit within the BPO. Patent infringement disputes are heard, at first instance, by the Sofia City Court. In the event that the defendant to an infringement action before the court has filed a request for declaration of invalidity of the patent or has filed before the European Patent Office or before the Unified Patent Court an opposition against the European patent, the civil court shall suspend the case until the final decision on the request is pronounced. The BPO shall render a decision within one year of the date of notification of the suspension of court proceedings.

Does your country take part in the UPC?

Yes. The Bulgarian Parliament ratified the Unified Patent Court Agreement (in April 2016) and the Protocol for Provisional Application of the Unified Patent Court Agreement (in June 2018).

Can a party apply for a declaration of non-infringement?

Under the common civil procedure rules, claims for declaration of existence or non-existence of facts can be brought before the courts only in the cases provided for by law. There is no legal provision allowing claims for declaration of non-infringement of patents. Availability of declaratory proceedings is provided for: establishment of the infringement; identifying the genuine inventor; the creation of an invention within employment or other relationship; existence of the right to apply for a patent; the prior use or the post patent termination use of an invention; the fact of industrial application of an invention.

However, claims for existence or non-existence of a legal relation, or of a right, can be brought before the courts. Note that such claims, although admissible, are very hard to obtain in practice as the party seeking the declaration of existence (non-existence) must prove they have a legal interest in bringing the action, which can be difficult.

How long does it take for a claim to reach a first hearing?

In general, it takes between two and six months from filing the claim/appeal until the first court hearing. However, the terms may vary depending on the specific circumstances under the case and the workflow of the specific court panel reviewing the case.

Court proceedings for declaration of the infringement and suspension of the infringement under the Patents and Utility Models Registration Act ("PUMRA") are generally heard in court under the "accelerated procedure". This procedure provides for shorter terms and simplified rules as compared to the general proceedings. However, the court often switches from accelerated proceedings to a general trial if the case is particularly complex.

How long do trials last in patent cases until a first instance decision?

In general, the trial before the first instance court can last six months but may be longer depending on the complexity of the case. Within the specified timeframe, the case is reviewed in at least one (but more likely multiple) open hearings, each lasting several hours.

Do the judges have technical expertise?

Judges are not required to have technical expertise. If necessary, appropriate experts in the area are appointed to prepare an expert report on specific matters concerning the case.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

Yes. Pursuant to PUMRA, in the event that the defendant to an infringement action has filed an opposition against the European patent before the EPO, the civil court shall suspend the case until the final judgment on the request is pronounced.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Any party can file a request for declaration of invalidity of a patent. The request shall be reviewed within an administrative procedure before the BPO. The decision of the BPO could be challenged before the Administrative Court of Sofia City. The mere enforcing of the right to request declaration of invalidity of a patent should not be seen as a patent infringement.

Can a party file an action for a FRAND license or a compulsory license?

Yes. An interested person who has made unsuccessful attempts to agree on a FRAND license with the patent holder, may request from the BPO the granting of a compulsory licence for the use of an invention protected by a patent, provided that at least one of the following circumstances exists:

- the invention has not been used for at least four years after the filing date of the patent application or for three years after the date the patent was granted, whichever is later;
- within the time periods mentioned above the patent holder has not made sufficient use of the invention to satisfy the national market except where the patent holder provides a good reason for that fact.

Furthermore, a compulsory licence may be ordered in cases where the public interest requires such a licence be granted without negotiations having been conducted with the patent holder.

The request for compulsory licence will be reviewed within an administrative procedure before the BPO. The decision of the BPO could be challenged before the Administrative Court of Sofia City.

Holders of compulsory licences owe remuneration to the patent owners. There is no specific rate for this remuneration.

Holders of compulsory licences are entitled to bring patent infringement proceedings if the patent owner fails to submit a patent infringement claim within six months from the date that the patent owner was requested to do so in writing by the licensee. The claimant can request:

- declaration of infringement;
- compensation for damages and loss of profit;
- cessation by the infringer of actions infringing patent rights;
- the publication of the court decision in two daily newspapers at the expense of the infringer;
- the reprocessing or destruction of the infringing items and, if the infringement was deliberate, the destruction/reprocessing of the means through which the infringement was carried out.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

The invoking of a FRAND defence in patent infringement proceedings has not yet been explored in Bulgaria. The Bulgarian Courts have equally not yet heard any such cases. Since the FRAND defence is mainly applied in the context of Standard Essential Patents ('SEP'), which are not provided under the Bulgarian Patents and Registration of Utility Models Act, we cannot presently contemplate how successful a FRAND defence might be. That said and since the legal grounds of the FRAND defence are in Art. 102 of the Treaty on the Functioning of the European Union, the FRAND defence should be possible in Bulgaria. The current absence of any relevant case law or even scholarly exploration of the matter, leaves doubt as to the merits of success of such a defensive approach.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Experts in court proceedings are appointed by the court upon a request from either party in the proceedings or ex officio by the court, when special technical, accounting or other knowledge is required to establish relevant facts. As a rule, the experts are appointed by the court from the list of registered experts under the Judiciary System Act.

The experts are obliged to produce a written report and must also present their observations and conclusions orally in an open court hearing. The court and the parties may question the experts for the purpose of clarifying their report.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

In general, Bulgarian law does not provide for special disclosure proceedings. However, in the process of collecting evidence during a trial, the court may:

- oblige the party to appear in court and to answer certain questions (of which the party will be informed in advance); or
- upon the request of a party, oblige the other party or a third person to provide a document which is in their possession.

In a patent infringement claim, at the request of the claimant, the court may order the defendant and/or a third person, involved in trading, producing or distributing the (allegedly) infringing products, to disclose certain information about the origin and distribution network of the products.

Are preliminary discovery or seizure of evidence/documents available?

Bulgarian law does not provide for preliminary discovery but does provide a specific procedure for securing evidence. When there is a risk that certain evidence will be lost or its collection at a future trial may be impeded, the interested party may request that the relevant evidence be seized by the court in advance of proceedings.

Appeals

What are the possible routes for appeal in your jurisdiction?

Administrative procedure

The decisions of the disputes resolution unit within the BPO may be appealed before the Administrative Court of Sofia City and the proceedings are held under the Bulgarian Administrative Procedure Code. This decision may be further appealed to the Supreme Administrative Court.

Civil Court Procedure

First instance decisions of the Sofia City Court in patent infringement cases may be appealed to the Sofia Appellate Court. In a limited number of cases, the decision of the appellate court may be admitted for review before the Supreme Court of Cassation.

On what grounds can an appeal be brought?

Administrative procedure

The grounds for appealing the decisions of the BPO generally include non-compliance with procedural and/or substantive law. All types of evidence may be admitted (i.e., evidence collected at the proceedings before the BPO, as well as new evidence, at the request of a party

and ex officio). An appeal to the Supreme Administrative Court may be filed when the decision of the first instance court is claimed to be invalid, inadmissible or erroneous due to procedural omissions or non-compliance with substantive law. Only written evidence is allowed in the cassation appeal.

Civil Court Procedure

The decision of the first instance court may be appealed on the grounds that it is invalid, inadmissible or erroneous due to procedural omissions or non-compliance with substantive law. Reference to new facts and the collection of new evidence is strictly limited in the appellate review of the case. A cassation appeal is only admissible if the appellate court has ruled on a question of law where there is an apparent conflict in case law/court decisions or where the application of law is unclear (and depending on the value of the claim).

What is an approximate timescale for the first/second appeal?

On average, appellate proceedings before one court take up to 12 months.

Is the first instance decision suspended while an appeal is pending?

The decision of the first instance court will generally not be enforced if it is appealed within the time limits under the Civil Procedure Code.

Provisional enforcement could be admitted upon explicit request by the claimant, and subject to fulfilment of one of the following:

- the court awards a claim based on an official document;
- the court awards a claim which has been admitted by the defendant;
- the delay of enforcement may result in material and irreparable damages to the claimant or the enforcement itself would become impossible or be considerably impeded.

The court may order the claimant to furnish due security prior to the admission of the provisional enforcement.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

It is very difficult to provide an estimate of costs for patent proceedings as the cost of any specific patent litigation will vary depending on the type of litigation (i. e. administrative or civil court procedure) and the type of claim filed.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The costs of appeal proceedings are usually lower than the costs incurred at first instance, but it is very difficult to estimate the likely total costs.

Are litigation costs recoverable? If so, is there a limitation?

Litigation costs incurred in court proceedings are recoverable. The fees paid by the claimant, the costs of

the proceedings and the remuneration for one lawyer (if any), shall be paid by the defendant in proportion to the accepted part of the claim. However, the defendant is also entitled to claim payment of their costs incurred in proportion to the rejected part of the claim.

Costs incurred during administrative procedures before the BPO are generally not recoverable. Costs incurred to appeal a decision of the BPO are recoverable. If the court revokes the appealed decision, the state fees, costs and fees for one lawyer (if any), shall be reimbursed from the budget of the BPO.

If lawyer's fees being sought by a party are excessive according to the actual legal and factual complexity of the case, the court may, at the request of the other party, award a lower amount of costs in this part, but not less than the statutory minimum amounts.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The main forms of ADR are mediation and arbitration. Decisions issued through the mediation procedure are not binding and mediation is not very popular in Bulgaria. Arbitration awards are binding on the parties. However, arbitration is only admissible for claims concerning the

right to apply for a patent, and the right of prior/post-patent termination use.

Does the court require that parties consider these options at any stage in proceedings?

The courts are required to encourage parties to settle the dispute by agreement. However, the courts cannot compel parties to use ADR.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The remedies that may be claimed in patent infringement cases are:

- a declaration of infringement;
- compensation for actual loss incurred and for loss of profit;
- cessation by the infringer of actions infringing patent rights;
- the publication of the court decision in two daily newspapers at the expense of the infringer;
- the reprocessing or destruction of the infringing items and, if the infringement was deliberate, the destruction/reprocessing of the means through which the infringement was carried out.

Cessation of the infringing activity as a form of injunction is one of the claims that can be requested before the court. Injunction measures may also be requested and imposed as interim measures upon specific request of the claimant and subject to compliance with additional requirements.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

The claimant is entitled to seek compensation for actual loss incurred and/or for loss of profit due to patent infringement. The court will only award damages that have occurred as a direct and immediate result of the patent infringement. It is usually difficult to prove damages as the court requires a very clear causal link between the use of the patent and the damages, and not a mere indication or suspicion.

There are no specific rules on how the amount of the loss of profit should be determined. The case law is fragmented and inconsistent in this regard. Most courts take the view

that compensation should be determined based on a reasonable royalty, i.e. based on the consideration that a licensor under a licence agreement between a willing licensee and a willing licensor would normally receive. Generally, the royalty is calculated as a percentage of the turnover of sales from the infringing goods. The court would consider the specifics of each particular case, including: the business of the parties; their allegations; the opinion of the expert and all other evidence collected during the court proceedings.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

No. Where compensation is sought the claimant is obliged to prove the amount of damages as part of the same proceedings. Bulgarian law does not provide for a special procedure (i.e. an additional hearing) in this respect.

Is it possible to obtain additional remedies if the infringement was deliberate?

No. Compensation would depend on the damages that have been proven by the claimant.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Recall of infringing products could be requested as a preliminary/interim measure. Awarding such a measure would depend on the assessment of the court and would be subject to fulfilment of specific statutory requirements.

Under an action brought before court, the claimant may claim cessation by the infringer of actions infringing patent rights. This could include cessation of production, offering for sale, trading, etc., of infringing goods. Also, the reprocessing or destruction of the infringing products and, if the infringement was deliberate, of the means through which the infringement was carried out, may be claimed.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

A party may request a preliminary/interim injunction from the competent court, in accordance with the general rules of the Civil Procedural Code. The measures available to the claimant are generally any measures that the court may find suitable in each particular case (including: seizing goods suspected to be produced in breach of the patent; sealing production facilities and prohibiting performance of the suspected infringing activity). The PUMRA permits injunctions in patent proceedings. If an injunction is granted, it will be registered with the State register of patents.

The injunction may be obtained before filing the claim or in the course of the pending trial. For the former, the claim must be filed within a term ordered by the court which cannot exceed one month.

Preliminary injunction measures (interim measures) may be awarded by the court upon request of the party, when without them it will be impossible or difficult for the claimant to exercise the rights under the decision and if:

- the claim is supported by convincing written evidence, or
- a guarantee (security) shall be presented in the amount determined by the court.

The court may oblige the claimant to present a monetary or property guarantee (security), even if the claim is supported by convincing written evidence. The amount of the guarantee shall be determined by the amount of the direct and immediate damages which the defendant would suffer if the granting of an interim measure is later found to have been unwarranted.

Is it possible to obtain a without notice injunction?

The injunctions under the Civil Procedural Code are imposed without notice to the other party. However, that other party is entitled to appeal within one week from the date it is notified (usually by a bailiff) of the injunction.

How quickly can preliminary injunctions be obtained?

The court endeavours to make a decision on the application for an injunction on the same day that it is submitted (but it can sometimes take several days). Where a guarantee is determined by the court, the court order shall be issued after its submission.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

The aggrieved party may appeal against the injunction or make a request to the court to change the terms of the injunction. The appeal shall not suspend the effect of the injunction.

If a party is awarded a preliminary injunction are they liable to provide security?

Usually, the court will request a guarantee (security) in order to award the preliminary injunction (interim measure).

As noted above, the court may award a preliminary injunction if:

- the claim is supported by convincing written evidence, or
- a guarantee shall be presented in the amount determined by the court.

However, the court may oblige the claimant to present a monetary or property guarantee (security), even if the claim is supported by convincing written evidence. The amount of the guarantee shall be determined by the amount of the direct and immediate damages which the defendant would suffer if the granting of an interim measure is later found to have been unwarranted.

Are further proceedings on the merits required in order for the court to grant a final injunction?

The interim injunction will remain in effect until the court has rendered a final decision on the merits of the case. If the claimant is successful, the injunction will retain its effect and will facilitate the claimant in enforcing the decision.

Is a cross-border injunction available and in what circumstances?

The enforcement of injunctions awarded by another EU Member State can be allowed in accordance with Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

Apart from that, cross-border injunctions are generally not allowed. However, Bulgarian courts are competent to award injunctions related to claims for which they are

not internationally competent if the subject of the injunction is located in the Republic of Bulgaria and the decision of the foreign court can be recognised and enforced in the Republic of Bulgaria.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Anti-Suit-Injunctions are not regulated as a form of interim measures.

However, pursuant to Regulation (EU) No 1215/2012:

- where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seised shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seised is established;
- where related actions are pending in the courts of different Member States, any court other than the court first seised may stay its proceedings, and, where the action in the court first seised is pending at first instance, any other court may also, on the application of one of the parties, decline jurisdiction if the court first seised has jurisdiction over the actions in question and its law permits the consolidation thereof;

- where actions come within the exclusive jurisdiction of several courts, any court other than the court first seised shall decline jurisdiction in favour of that court.

In addition, where jurisdictions in non-EU states are involved, the general rules of the Bulgarian Private International Law Code shall apply, i.e.:

- the Bulgarian court shall suspend the case instituted against it ex officio, if there is a previous trial before a foreign court between the same parties, on the same grounds and for the same request, and it is expected that it will end within a reasonable time with a final decision that can be recognised;
- when there is a pending trial abroad under the conditional legal relationship, the Bulgarian court may suspend the case instituted before it, if there are grounds to expect that the foreign decision will be recognised in the Republic of Bulgaria.

Patent Litigation in China

Key Contact



Nicolas Zhu
Partner
T +86 21 6289 6363
E nicolas.zhu@cmslegal.cn



Nick Beckett
Managing Partner
T +86 10 8527 0287
E nick.beckett@cms-cmno.com

Standing

Who is entitled to sue for patent infringement?

The patentee or a materially interested party is allowed to bring proceedings for patent infringement. A materially interested party includes the licensees and the successors of the patentee. Exclusive licensees have the right to bring proceedings for patent infringement without the consent of the patentee. However, sole licensees may initiate infringement proceedings only after the patentee has expressly confirmed that it will not do so.

If the patent is owned by two or more parties, any one of those parties may initiate infringement proceedings without the consent of the other co-owners. Courts will join the other co-owners to court proceedings unless they expressly waive their claims.

Is it possible to join more than one party as a defendant?

It is possible to join more than one party as a defendant in China. The court has discretion to add a party as a defendant, if the court holds that the party must participate in the action as a joint defendant. A party to the lawsuit may also request the court to join a third party as a defendant.

Is it possible to join suppliers or other third parties to the proceedings?

Yes, it is possible to join suppliers and other third parties to the patent litigation if they conduct the patent infringement or assist in doing so. The People's Court has sole discretion to decide whether to join suppliers and other third parties. Whether to join the third parties depends on collected evidence and litigation strategies.

Is there any time limit in which claims for patent infringement must be brought?

The limitation period for patent infringement is three years from the date on which the claimant knows or should have known of the patent infringement.

Is there a requirement to invoke all potentially infringed patents at once?

It is not a requirement to invoke all potentially infringed patents at once, but it is advisable to do so in order to raise strong claims and make sufficient allegations. If the claimant wants to add any claims, it must be raised before the conclusion of the court debate.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

Infringement and the validity of a patent are not decided in the same proceedings in China:

- the first instance courts for patent infringement cases are the specific intellectual property courts, the intermediate courts located at the capital cities of the provinces, and other intermediate courts which have been specially designated by the Supreme People's Court. In exceptional cases the first instance proceedings may take place at a high court. The decision of a first instance court is appealable. The appellate court's decision is final. In exceptional cases the final decision may be reviewed by the Supreme People's Court;
- invalidity proceedings must be initiated before the China National Intellectual Property Administration ("CNIPA"). If a party is not satisfied with the decision of the CNIPA, the party may institute an administrative lawsuit against CNIPA before the Beijing Intellectual Property People's Court. The administrative decision of the Beijing Intellectual Property People's Court may be appealed to the Beijing High People's Court. Under some circumstances, the administrative decision of the first instance can be appealed to the Intellectual Property Tribunal established by the Supreme People's Court. Again, the appellate court's decision is final. In exceptional cases the final decision may be reviewed by the Supreme People's Court.

Does your country take part in the UPC?

No.

Can a party apply for a declaration of non-infringement?

A party may apply to the court for a binding declaration of non-infringement in China if the following preconditions are met:

- a right holder issues a patent infringement warning to the party;
- the party that is warned or a materially interested party urges the right holder to exercise its right to sue by giving a written notice; and
- the right holder neither withdraws its warning nor institutes a civil lawsuit within one month from the date of receipt of the written notice or within two months of the date of issuance of the written notice.

How long does it take for a claim to reach a first hearing?

On average, cases in the Chinese courts take approximately six months to reach trial. There are no statutory requirements on this procedural issue. In practice, the first hearing may be postponed due to different factors.

How long do trials last in patent cases until a first instance decision?

Following ordinary civil procedures, the patent cases shall be decided within six months from when the litigation is admitted. The above time period may be extended by the approval of the president of the relevant court. Any further extension shall be reported to the People's Court of higher level for approval. However, if any of the parties is a foreign company or individual, no specific time limit for conclusion of the case is stipulated by law. On average, it might take more than one year.

In addition, patent invalidation/revocation litigations shall be subject to administrative procedures. Generally, such cases shall also be decided within six months from when the litigation is admitted. However, if extension of such period is required due to special circumstances, such extension shall be approved by a superior People's Court. On average, it will also take more than one year for the competent People's Court to render the first instance decision.

Do the judges have technical expertise?

Patent judges in China usually do not have any scientific background. If the case involves complex technical issues, the judges may, at their discretion, appoint a qualified forensic analyst to issue a forensic opinion in order to ascertain relevant technical issues.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

Not applicable.

Can a party file an action for nullification of a patent without being sued for patent infringement?

It is possible to file a nullification application for a patent before the CNIPA simply to clear the way for using a particular technology. However, in most cases, filing a nullification application for a patent is a counter measure taken by defendants in patent infringement proceedings.

Can a party file an action for a FRAND license or a compulsory license?

There is no specific definition of a FRAND license under PRC law. A claim for a FRAND license is usually raised in a specific patent infringement case.

Under PRC law, there are different circumstances of compulsory license. Generally, the CNIPA may grant a compulsory license to any eligible entity or individual upon application:

- where a patentee, without any legitimate reason, fails to have the patent exploited or fully exploited within three years as of the date on which the patent right is granted and within four years as of the date of patent application; or
- where a patentee's exercise of the patent right is considered to be monopolistic and its negative impact on competition needs to be eliminated or reduced.

In addition, the CNIPA has discretion to issue compulsory licenses for public health purposes or in national emergency cases. When it involves an invention pertaining to semiconductors, a compulsory license can only be issued for public interest and will be limited to the monopolistic circumstance as stated above.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

Yes, there are some typical cases where the FRAND defence is reviewed and decided by the People's Court. If the FRAND defence is successful, the People's Court may determine the FRAND license fees or order an anti-suit injunction to prevent the patent owner from initiating patent infringement lawsuits in other jurisdictions. In recent cases, the People's Court has held that competent courts in China have jurisdiction to determine a global FRAND license rate.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Parties may apply to the court for a forensic analysis on specific technical issues. The parties may jointly select a qualified forensic analyst between themselves. If the parties cannot reach an agreement, the court will appoint a qualified forensic analyst on behalf of the Parties. If none of the parties applies for forensic analysis, the court may appoint a qualified forensic analyst when it considers it necessary. If a party objects to the forensic opinions or if the People's Court deems it necessary, the forensic analyst shall testify in court.

Any party may apply to the court to nominate an expert to participate in the oral hearing and to give its expert opinion on the forensic opinion rendered by a forensic analyst or on a specific issue.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

China does not have a discovery procedure. The parties are required to provide evidence in support of their

allegations. However, in any of the following circumstances, the court may investigate and collect evidence on its own:

- a party and its lawyer are not able to collect evidence on their own for reasons beyond their control and make request to the courts; and/or
- the court deems it necessary for the trial of the case.

Are preliminary discovery or seizure of evidence/documents available?

It is possible to make an application to court for preservation of evidence before proceedings have commenced. The order is at the discretion of the judge and is only available where:

- evidence could be destroyed or lost; or
- evidence could be difficult to secure in the future.

In patent litigations cases, the seizure of evidence is a measure often adopted.

Appeals

What are the possible routes for appeal in your jurisdiction?

For the appeal routes available see response to the question on the forum for patent litigation proceedings above.

If a party is not satisfied with the judgment of the first instance court, the party has the right to lodge an appeal with an appeals court within the designated period ("Appealing Period"). If the party is domiciled in China, the Appealing Period is 15 days from the date on which the judgment was served. If the party is not domiciled in China, the Appealing Period is 30 days from the date on which the judgment was served. A party wishing to appeal must submit the appeal petition to the first instance court that originally tried the case. The first instance court will hand over the appeal petition and other litigation documents to the appellate court.

On what grounds can an appeal be brought?

An appeal may be brought if the judgment of the lower court was wrong or if there was a procedural irregularity. The appellate courts may at their discretion determine whether an oral hearing is necessary. Both factual issues and the application of law will be reviewed by the appellate court during the second instance proceedings.

What is an approximate timescale for the first/second appeal?

If the parties are Chinese individuals or legal entities, the appellate court is required to decide the case within three months from when the appeal petition is admitted. The above time period can be extended by the approval of the president of the appellate court. However, if any of the parties is a foreign company or individual, no specific time limit for conclusion of the case is stipulated by law. On average, it might take six to 12 months.

The judgment of the appellate court is final and no second appeal is allowed in China. However, if a party is of the opinion that the final judgment is incorrect, the party may apply for a retrial, usually with the court at the next higher level. As for the case where one party comprises of a large number of individuals or both parties are citizens, the party may apply for a retrial with the current People's Court. In such case, enforcement of the final judgment will not be suspended.

Is the first instance decision suspended while an appeal is pending?

The first instance decision will be suspended during an appeal. If the appeal maintains the first instance decision, the first instance decision will take effect. If the appeal court orders to amend, cancel, change the first instance decision or retry the case, the first instance decision will not take effect.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

The estimated legal costs of less complex patent litigation may be in the range of forty thousand euros (40,000 EUR) to eighty five thousand euros (85,000 EUR). In more complex litigation, average costs are in the region of sixty thousand euros (60,000 EUR) to one hundred and fifty thousand euros (150,000 EUR).

If the claimant wins the litigation, the court can order the infringer to pay the reasonable costs, such as lawyers' fees, incurred by the claimant.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The estimated legal costs of patent litigation proceedings for an appeal may be in the range of twenty thousand euros (20,000 EUR) to forty thousand euros (40,000 EUR).

Are litigation costs recoverable? If so, is there a limitation?

Reasonable expenses paid by the patent owner to stop the infringement may be compensated by the infringer. The People's Court has the discretion to decide to what extent the litigation costs can be recovered. Theoretically, there is no limitation as long as such expenses are reasonable.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The main forms of ADR in China are negotiation, mediation and arbitration:

- In patent infringement cases, the concerned parties may solve the dispute by negotiation. If a party refuses to negotiate or the negotiation is not successful, the claimant may either file a complaint against the infringer with a local patent administrative department or institute a civil lawsuit against the infringer before a competent court.

During the court proceedings, the parties are allowed to continue negotiations. If the parties reach a settlement agreement through negotiation, the parties may request the court to issue a mediation statement instead of a civil judgment. The mediation statement is legally binding once it has been signed by the parties.

The Chinese Courts encourage the parties to settle the case amicably. If the parties would like to settle the case through mediation, the judge will organise mediation during the court proceedings (including at evidence exchange phase or earlier). If either party does not want to use mediation to settle the case, the court will not organise mediation. The court cannot compel the parties to take part in mediation and either party may refuse to settle the case through mediation. If the parties reach an agreement in mediation, the parties may request the court to issue a mediation statement instead of a civil judgment. The mediation statement is legally binding once it has been signed by the parties and cannot be appealed.

If instead of court proceedings the claimant files a complaint against the infringer with the local patent administrative department, the patent administrative department is entitled to determine whether a patent infringement is established. If the patent administrative

department believes that the infringement is established, it may order the infringer to cease the infringement with immediate effect. The infringer is entitled to appeal the ruling to the competent courts within 15 days of receipt of the patent administrative department's order. If the infringer neither files an appeal nor ceases the infringement, the patent administrative department may request the People's Court for a compulsory execution of the aforesaid order. The patent administrative department may, upon the request from both or either of the parties, conduct mediation in respect of the amount of compensation for the damage caused by the patent infringement. If the mediation fails, the parties may initiate a lawsuit before the competent courts accordingly; However, such administrative measures are not often adopted in practice for patent cases, because patent administrative departments do not have sufficient technical staff to judge the technical issues of the patent infringement, unless it is related to industrial design patent. They need to organise a panel of experts in order to determine whether a patent infringement exists or not, whereas such panel of experts are often elected from the persons they know locally, which may lead to unfavourable judgments for patent holders due to local protectionism.

- Arbitration is not often used to solve disputes in respect of patent infringement in China. Parties will usually use arbitration if required by contract. Only institutional arbitration is allowed in China.

Does the court require that parties consider these options at any stage in proceedings?

Chinese courts will seek to encourage parties to settle disputes by negotiation or mediation at any stage of the proceedings. However, the courts cannot compel the parties to reach a settlement agreement. If the parties cannot solve the dispute by negotiation or mediation, the court is obliged to make a civil judgment in a timely manner.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The remedies available in patent infringement cases are:

- a cease and desist order;
- removal of bad effects; and
- damages.

The so-called “removal of bad effects” is where the court orders the patent infringer to eliminate the negative effects caused by the patent infringement and restore the reputation of the patented products or processes.

There are no automatic injunctions in case of patent infringement in China. In respect of a preliminary injunction, please refer to our comments below.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

Claimants may seek damages on the basis of one of the following alternative options:

- to compensate them for the actual losses incurred by the claimant as a result of the infringement. The actual losses can be calculated based on the amount by which sales of the claimant's patented products had decreased, multiplied by a reasonable profit of a patented product. If it is difficult to verify the amount by which sales have decreased, the actual losses may be calculated on the basis of the total number of the infringing products on the market multiplied by reasonable profit of a patented product;
- to compensate them for the benefits derived by the infringer from the infringement. Such benefits can be calculated on the basis of the total number of the infringing products on the market multiplied by the reasonable profit of an infringing product.

If both the actual losses of the claimant and the benefits derived by the infringer from the infringement are difficult to determine, the court may award damages in the amount of reasonable multiples of the patent royalty. It is at the sole discretion of the court to determine the scope of “reasonable multiples”. Normally, when the courts are assessing reasonable multiples, the courts consider the

type of infringed patent, the nature and circumstances of the infringement and the nature, scope and duration of the patent license, etc.

In the case of an intentional infringement of patent rights, if the circumstances are serious, punitive damages may apply. The amount of punitive damages may be determined as between one time and five times the amount determined under the aforesaid method.

The above damages may also include the reasonable expenses which have been paid by the claimant to stop the infringement.

If it is difficult to determine the above damages, the claimant may request the court to award statutory damages of up to five million renminbi (RMB 5,000,000). The exact amount of damages is at the sole discretion of the court.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

No.

Is it possible to obtain additional remedies if the infringement was deliberate?

According to the PRC Patent Law revised in 2020 and effective as of 1 June 2021, punitive damages are available for deliberate patent infringement. If the claimant proves that the patent infringement is intentional and the circumstances are serious, the People's Court may award punitive damages up to five times the amount determined under the basic compensation calculation method. The punitive damages are at the sole discretion of the court.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

There is no specific regulation concerning the recall of infringing products under PRC laws. It is also not a common practice in China that a claimant will ask the infringer to recall the infringing products. The claimant should initiate alternative administrative claims to the administrative departments for such recall if any of the infringing products fail to reach the quality standards of the products in China.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

It is possible to obtain a preliminary injunction in China. The patentee or a materially interested party is allowed to apply where they have evidence proving that there is either actual patent infringement or a threat of patent infringement. The materially interested party includes the licensees and the successors of the patentee. Exclusive licensees have the right to apply for the preliminary injunction without the consent of the patentee. However, sole licensees may apply only after the patentee has expressly confirmed that he will not do so.

A preliminary injunction can be granted if the court is satisfied that:

- the applicant has evidence proving that a third party is currently infringing or is about to infringe upon the patent; and
- failure to stop the infringement in a timely manner would cause irreparable harm to the lawful interests of the applicant.

Is it possible to obtain a without notice injunction?

Without notice injunctions are available in China. However, it is at the sole discretion of the court.

How quickly can preliminary injunctions be obtained?

It is possible to obtain a preliminary injunction within 48 hours after the court has admitted the application. The injunction will be enforced immediately upon issuance.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

A party is permitted to apply to the court for a review of the decision to grant a preliminary injunction within 10 days of receipt of the decision. The review does not suspend the enforcement of the injunction.

If a party is awarded a preliminary injunction are they liable to provide security?

Yes, the applicant will need to pay security in advance at the time of application. Without the security the application for the preliminary injunction will be dismissed by the court.

Are further proceedings on the merits required in order for the court to grant a final injunction?

Yes, the applicant must institute a civil lawsuit against the infringing party within 30 days of the preliminary injunction being granted. If the applicant fails to do so, the preliminary injunction will be cancelled. After the applicant has commenced the civil proceedings within the above time limit, the preliminary injunction will remain in effect until the final decision is issued in the main trial.

Is a cross-border injunction available and in what circumstances?

Cross-border injunctions are not available in China.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Anti-suit injunction belongs to the preliminary injunction as stated above. Therefore, an anti-suit injunction will be available if it meets the requirements for general injunctions, but it shall be determined in combination with substantial facts in independent cases.

The People's Court has ordered the anti-suit injunction in the context of standard essential patent ("SEP") and FRAND license litigations, which orders the SEP owner not to initiate new patent litigations or request for new injunctions in other jurisdictions. In that case, the People's Court considered the following four factors:

- whether it is necessary to issue the anti-suit injunction;
- balance of both parties' interests;
- whether the anti-suit injunction harms public interest;
- international judicial comity.

Patent Litigation in the Czech Republic

Key Contacts



Tomáš Matějovský
Partner
T +420 296 798 852
E tomas.matejovsky@cms-cmno.com



Jan Ježek
Senior Associate
T +420 296 798 749
E jan.jezek@cms-cmno.com

Standing

Who is entitled to sue for patent infringement?

Patent owners, licensees and professional associations entitled to represent patent owners are entitled to file a lawsuit for patent infringement in the Czech Republic.

A licensee requires the consent of a patent owner to file a lawsuit, however, if the patent owner does not initiate proceedings itself within a month from receiving notification from the licensee on the (threatening) infringement, their consent is not required.

Is it possible to join more than one party as a defendant?

Yes. A claimant determines the defendants and there can be more than one liable person.

We note that the court may decide to separate the claims against each defendant into separate proceedings (e.g., where the claimant has different bases for its claims against each defendant).

The claimant may also request that a new party be added as an additional defendant during the proceedings. The court has discretion whether to accept this request.

Is it possible to join suppliers or other third parties to the proceedings?

Yes. Third parties who have an interest in the outcome of the proceedings may enter the proceedings as indirect participant. Third parties can enter either at their own request or at the request of one of the parties submitted through the court. The court has discretion whether to accept this request.

Is there any time limit in which claims for patent infringement must be brought?

Yes. A claimant must bring a claim for patent infringement within three years from the moment it becomes aware of the patent infringement and no later than 10 years after the infringement occurred, or no later than 15 years after the infringement occurred if the infringement was intentional.

Is there a requirement to invoke all potentially infringed patents at once?

No. It is within the discretion of the claimant to specify the scope of the infringement.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

Under Czech law, infringement and invalidity proceedings must be distinguished. While infringement proceedings are tried before the civil courts, invalidity proceedings are dealt with in administrative proceedings before the Industrial Property Office (IPO) and may be subsequently subject to revision before administrative courts.

Claims for patent infringement must be brought before the Municipal Court in Prague (civil law matters). The IP senate of the Municipal Court in Prague handles all the patent infringement cases as the court of first instance.

Motions for patent invalidity must be brought before the IPO. If a party disagrees with the IPO's decision, it can submit an appeal against the decision which is decided by the Head of the IPO. A party may further challenge the decision of the Head of the IPO by a lawsuit brought before the Municipal Court in Prague (administrative law matters). In some cases, a party may submit a cassation complaint against the decision of the Municipal Court in Prague to the Supreme Administrative Court of the Czech Republic. In the rest of the section covering the Czech Republic, we focus on the civil law matters only.

Does your country take part in the UPC?

No.

Can a party apply for a declaration of non-infringement?

Yes. A party who has a legal interest in the determination of non-infringement may either file a lawsuit with the Municipal Court in Prague or file a motion before the IPO.

The lawsuit before the Municipal Court in Prague may be filed if there is an urgent legal interest in determining the non-infringement. This must be proved by the claimant.

The motion before the IPO may be filed if a person has legal interest in determining whether an object described in the motion falls within the scope of protection of a patent.

How long does it take for a claim to reach a first hearing?

In IP infringement matters, it usually takes between nine to 12 months for the first hearing to be convened.

How long do trials last in patent cases until a first instance decision?

The length of trials for patent cases varies on a case-by-case basis and depends upon the complexity of the claim, the actions of the parties, and the judge's workload. It usually takes 18 to 24 months from filing the action until a first instance decision is rendered.

Do the judges have technical expertise?

No. The judges are often criticised for a lack of technical expertise.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

The court is not obliged to stay the proceedings; however, it has the discretion to stay the proceedings if there is another proceeding where a question which might affect the proceedings before the court is being considered. In our experience, the court usually stays the proceedings.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes. The motion for nullification is filed before the IPO in administrative proceedings which is not connected nor dependent on judicial proceedings.

Can a party file an action for a FRAND license or a compulsory license?

No, in relation to FRAND licenses.

Yes, in relation to compulsory licenses. For more details, kindly look at our CMS Expert Guide to compulsory licensing, available here: [Compulsory licensing law and regulation in Czech Republic | CMS](#)

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

No. FRAND licenses are not regulated under Czech law.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Yes. The Municipal Court in Prague has the option of appointing an expert to examine the technical aspects of the matter. The court may either ask an expert to present their opinion at an oral hearing or provide an opinion in writing. Where the expert has given an opinion in writing, the expert may also be required to attend an oral hearing.

Generally, it is the court that appoints an expert, but parties are also allowed to submit an expert's opinion. An expert's opinion submitted to the court by one of the parties must contain a clause stating that the expert fully understands the consequences of delivery of an untrue expert's opinion. If all the formal requirements are met, an expert's opinion submitted by either party is considered as relevant as the one obtained by the court itself.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

No. Czech law does not recognise the disclosure/discovery process in the sense used in common law jurisdictions.

In general, each of the parties decides which documents and information will be disclosed to the court. If the judge is of the opinion that certain necessary information and/or documents are missing, it will invite the respective party to provide such information and/or documents and informs it of the risks of not providing such information and/or documents.

In addition to the above, the judge can also order a document holder to submit or obtain the relevant document for the proceedings. A failure to disclose such a document may lead to pecuniary fines.

Are preliminary discovery or seizure of evidence/documents available?

Preliminary discovery is not available since Czech law does not recognise the disclosure/discovery process in the sense used in common law jurisdictions.

Preliminary seizure of evidence/documents is available. The claimant must evidence the infringement of its patent before such preliminary seizure is allowed. In addition, the court may request the claimant to provide security up to a maximum amount of one hundred thousand koruna (CZK 100,000) (approximately four thousand euros (EUR 4,000)) that is payable within eight days from the date of delivery of the request.

Appeals

What are the possible routes for appeal in your jurisdiction?

In patent infringement proceedings, a party to the proceedings may submit an appeal against the decision of the Municipal Court in Prague. The High Court in Prague is competent to hear appeal proceedings. In some cases, a party may make a further appeal against the decision of the High Court in Prague to the Supreme Court of the Czech Republic.

On what grounds can an appeal be brought?

An appeal against decisions of the Municipal Court in Prague may be brought if:

- there were procedural irregularities;
- the court failed to acknowledge certain claims or evidence;
- there was a procedural mistake that may have caused an erroneous decision;

- the court did not sufficiently establish the factual aspects of the case by failing to exercise the evidence that could support the factual aspects;
- the court made incorrect factual findings;
- there is new evidence that has not been presented to the court yet which impacts the factual findings;
- the decision is based on an error of law.

Appeal to the Supreme Court of the Czech Republic may be brought only if the decision of the High Court in Prague is based on an error of law.

What is an approximate timescale for the first/second appeal?

The length of appeal proceedings in patent cases varies on a case-by-case basis and depends upon the complexity of the claim, the actions of the parties, and the judge's workload. It usually takes 12 to 18 months until the decision is rendered.

The length of the proceedings before the Supreme Court of the Czech Republic also varies on a case-by-case basis. It usually takes 10 to 20 months until the decision is rendered.

Is the first instance decision suspended while an appeal is pending?

Yes. The first instance decision is not legally binding until the appeal is decided.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

The costs of patent litigation vary on a case-by-case basis and very much depend on the complexity and facts of the particular case. Minimum legal costs of patent litigation proceedings in the first instance can range between five thousand euros (EUR 5,000) and ten thousand euros (EUR 10,000) in simple cases but can be significantly higher in complex and more demanding cases.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The costs of patent litigation vary on a case-by-case basis and very much depend on the complexity and

facts of the particular case. Minimum legal costs of patent litigation proceedings in the second instance can range between four thousand euros (EUR 4,000) and eight thousand euros (EUR 8,000) in simple cases but can be significantly higher in complex and more demanding cases.

Are litigation costs recoverable? If so, is there a limitation?

Yes. The general principle is that the party who wins shall be reimbursed for its costs. The compensation of the winner's costs is limited by the Regulation of Lawyers' Fees. To a certain extent, the compensation also depends on the discretion of the court.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

Instead of judicial proceedings, the parties to a dispute can decide to choose to settle their dispute in arbitration or mediation proceedings.

In our experience, neither of the ADR proceedings are commonly used in patent infringement matters, unless the infringement occurred in the course of a commercial relationship between the patent holder and the infringer.

In relation to mediation proceedings, we note that last year, IP Mediation Centre was established in the Czech Republic with the cooperation and support of the IPO, with the aim of providing the possibility of ADR for IP matters by mediators qualified in such matters.

Does the court require that parties consider these options at any stage in proceedings?

The court encourages parties to settle throughout the whole proceedings. However, the court may only order the parties to attend a first meeting with a mediator. The first meeting with a mediator is not a mediation proceeding, and its aim is to inform the parties of the possibility of mediation. If the parties do not agree on moving into mediation proceedings, the proceedings before the court continues. If a party fails to attend the first meeting with the mediator, the court may decide it will not have the court proceedings' cost reimbursed.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The patent owner (or another authorised person) may request the following remedies:

- right to information on the origin and distribution network of infringing goods or services;
- cease and desist the infringement;
- remedy the infringement, including:
- removal of the infringing goods from the market;
- destruction of the infringing goods; or
- removal from the market or destruction of the materials and tools used or intended for the infringement;
 - compensation of damages;
 - payment of unjust enrichment;
 - satisfaction of immaterial harm, including:
- apology; and
- monetary satisfaction; or
 - right to publish judicial decision at the costs of the infringer.

Czech law does not provide for automatic injunctions.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

Damages consist of real loss and lost profit to the claimant. Czech courts interpret real loss narrowly (i.e., property the claimant was deprived of due to the infringement).

Lost profit is the income the claimant could have reasonably expected to receive if the patent infringement had not occurred. If the claimant wishes to assert compensation of real damage, the amount of damages is usually calculated by an expert opinion. Such an option is, however, not commonly used.

The claimant may request payment of damages as a lump sum in the amount of at least double the usual license fee that would be required for the use of the infringed patent at the time of the infringement.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

Czech courts do not order an enquiry into damages. The claimant bears the burden of proof.

Is it possible to obtain additional remedies if the infringement was deliberate?

No. On the contrary, Czech law provides certain concessions in cases when the infringer did not know and could have not known about the infringement.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, the court can order the infringing party to recall the infringing products from the market. There is no limitation in time, however, such an order is limited by the duration of the protection of the infringed patent.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes, it is possible to obtain a preliminary injunction. The court may order the preliminary injunction if:

- it is necessary to provisionally regulate the arrangements of the parties; or
- there is a risk that the enforcement of the judgment will be jeopardised.

A preliminary injunction can be ordered only upon substantiated request in which the claimant evidences that the conditions for ordering the preliminary injunction are met and after payment of security and court fee.

Is it possible to obtain a without notice injunction?

Yes. Preliminary injunctions are decided without hearing the other party.

How quickly can preliminary injunctions be obtained?

The court must decide on a request to order a preliminary injunction without undue delay; but in any event, no later than seven days from delivery of the request.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

Yes, a party to the dispute may appeal against a decision to order a preliminary injunction. If the preliminary injunction is ordered, the appeal against the decision does not suspend the effect of the preliminary injunction. The only grounds for appealing the decision by which the court ordered the preliminary injunction is that the conditions for ordering the preliminary injunction were not met.

The defendant can also submit a motion to cancel the preliminary injunction if the conditions for ordering the preliminary injunction have changed and it is no longer necessary.

If a party is awarded a preliminary injunction are they liable to provide security?

Yes. The claimant is obliged to pay security in the amount of fifty thousand koruna (CZK 50,000) (approximately two thousand euros (2,000 EUR)). However, the court may decide that the amount of security shall be higher.

Are further proceedings on the merits required in order for the court to grant a final injunction?

If the court orders a preliminary injunction before the proceedings on the merits is initiated, it also invites the claimant to submit the lawsuit on the merits within a given period which is usually 30 days. If the claimant fails to file the lawsuit within the time limit, the preliminary injunction ceases.

Is a cross-border injunction available and in what circumstances?

Cross-border preliminary injunctions are generally available. In the European Union, the cross-border preliminary injunctions are available in accordance with Brussels I bis Regulation. The claimant can enforce the preliminary injunction ordered by a Czech court in another European Union Member State, or a preliminary injunction ordered by a court of another European Union Member State can be enforced in the Czech Republic. In relation to states that are not members of the European Union, the possibility of using cross-border injunctions must be assessed based on the applicable international agreement or rules of private international law.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

No. ASI is not regulated under Czech law.

Patent Litigation in France

Key Contacts



Jean-Baptiste Thienot
Partner
T +33 1 47 38 43 67
E jean-baptiste.thienot@cms-fl.com



Laurine Mayer
Associate
T +33 1 47 38 45 77
E laurine.mayer@cms-fl.com

Standing

Who is entitled to sue for patent infringement?

The patent owner is entitled to sue for patent infringement.

If a patent is owned by more than one entity/person, each co-owner is entitled to take action for infringement for its own exclusive benefit provided that it notifies the other joint owners of the action that has been brought. If, after formal notice, the owner of the patent does not instigate patent infringement proceedings, the beneficiary of an exclusive license, or a compulsory license or an ex officio license is entitled to initiate such proceedings, unless otherwise agreed in the licence agreement.

Finally, any licensee is entitled to take part in the infringement proceedings instituted by the patentee in order to obtain compensation for any loss sustained by that party.

Is it possible to join more than one party as a defendant?

The action can be brought against several co-defendants from the start of proceedings. One defendant may also add another defendant as the case progresses.

Where there are separate actions involving the same claimant but different defendants and which are brought before two distinct courts, if there is a link between the cases that means that it is in the interest of good justice to have them examined and determined together, the matters may be joined.

Is it possible to join suppliers or other third parties to the proceedings?

Yes, it is possible to join suppliers or other third parties as defendants under the above-described conditions.

It is also possible for suppliers or other third parties to join as claimants. However, if such suppliers or other third parties are not exclusive licensees, they will not be entitled to form an infringement claim. They may be entitled to claim for compensation for the loss which would directly derive from the infringement under general tort liability regime (e.g. loss of revenues corresponding to a decrease of orders in the scope of a supply agreement as a consequence of the infringement).

Is there any time limit in which claims for patent infringement must be brought?

Proceedings for patent infringement must be brought within five years from the day on which the owner of a right has known or should have known the last fact allowing it to exercise its right.

Is there a requirement to invoke all potentially infringed patents at once?

No, the French law does not provide any requirement to invoke all potentially infringed patents at once. Separate proceedings may be brought or an additional patent may be added to an existing infringement procedure (provided that such procedure is still at an early stage).

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

The Paris Judicial Court (Tribunal Judiciaire de Paris) has exclusive jurisdiction for patent (both French and European) infringement and invalidity proceedings. In particular, patent proceedings are assigned to the third chamber of the Paris Court. This chamber is divided into four sections, each being composed of three judges.

Both infringement and validity are considered in the same proceedings when the defendant raises the nullity of the patent as a counterclaim.

Does your country take part in the UPC?

France will fully take part in the UPC. France ratified the UPC in 2014. The UPC will include a Central Division with its seat in Paris and several local and regional divisions, of which one will also be in Paris.

Can a party apply for a declaration of non-infringement?

Yes. Any person who proves industrial use of a product/process in the territory of a member state of the EEC (European Economic Community) or real and effective preparations to that effect, may invite the owner of a patent to provide its opinion as to whether such product/process constitutes an infringement. If the person disagrees with the patentee's position, it may bring the case before the Court which will give its opinion as to whether the activities infringe. This action may lead to a binding declaration of non-infringement.

How long does it take for a claim to reach a first hearing?

The first case-management hearing is scheduled within two to three months following service of the writ of summons.

In urgent cases, the president of the Court may permit the plaintiff, upon its petition, to summon the defendant to an earlier fixed date. The petition must set out the reasons why the matter is urgent and must include the pleadings and supporting documents.

How long do trials last in patent cases until a first instance decision?

During first instance, proceedings take between 16 to 20 months from filing the writ of summons to the decision.

Do the judges have technical expertise?

The judges are not required to have a technical (Engineering/Sciences degree) background to decide on patent cases.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

It is not compulsory for the Court to stay the proceedings if there is an opposition pending before the EPO. The Court has discretion whether to allow the stay if necessary in the interests of good justice. Hence, depending on the circumstances of the case, the mere existence of an opposition may be insufficient. The opponent will have to demonstrate the seriousness of the arguments used in the opposition proceedings to obtain a stay of proceedings.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes, the only condition for a party to initiate an action for nullification of a patent is to have standing to sue ("intérêt à agir").

Can a party file an action for a FRAND license or a compulsory license?

Yes, it is possible.

As an example: the judicial court of Paris on 6 February 2020 declared itself competent in FRAND licensing matters. In this case, the TLC companies considered that the Philips companies refused to negotiate FRAND licenses and therefore did not comply with FRAND conditions. TLC therefore sued Philips before the Paris judicial court to obtain an injunction against Philips to grant a FRAND license to TLC.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

In a patent infringement action, a party may raise a FRAND defence. The defendant in such an action may indeed claim that the conditions under which the FRAND license must be requested have not been respected.

As an example, within the framework of a case opposing IPCOM, holder of patents that it considered essential, the latter sued Lenovo and Motorola for patent infringement. These defendants successfully raised a FRAND defence (Judicial Court, 20 January 2020 n°19/60318).

The Court may determine a FRAND rate. Although the Paris Court of Appeal did not set a FRAND royalty rate (in this case it considered the patents to be non-essential), it acknowledged in its 16 April 2019 decision that it could do so (Paris Court of Appeal, 16 April 2019 n°15/17037). Therefore, to date there is no precedent in French case law that gives a concrete example.

Nevertheless, several methods of calculation have been identified through case law in France and abroad, which provides an overview of the issue. In general, two methods can be distinguished: the comparable method and the top-down method:

- the comparable method is to search for comparable licenses to compare their royalty rates with that of the license in question;
- the top-down method consists of adding up the royalties due to the owner on a given standard, then dividing the sum obtained by the number of essential patent owners.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Parties or the court may appoint an expert during the proceedings (to issue a report on technical aspects of the case) or once the decision has been issued (to handle a report on damages).

The appointment by the court of an expert on validity or infringement aspects is rare. Courts are more likely to appoint experts on damage assessment aspects.

In addition to Court appointed experts, parties are free to rely on "private" experts who will be hired by one party.

Experts will prepare a written report and will not be cross-examined.

Judges are not bound by the expert's report.

Do the courts allow disclosure / discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

There is no general discovery under French Law.

However:

- the claimant may use the "saisie-contrefaçon" to gather evidence before the beginning of the court proceedings, as described in the following answer;

- a party may apply during the course of the proceedings to the court for an order for disclosure of specific documents. This measure may be used to obtain any document or information helpful in determining the origin and distribution network of an infringing good, unless a legitimate interest prevents disclosure of such.

Are preliminary discovery or seizure of evidence / documents available?

The claimant may use the "saisie-contrefaçon" to gather evidence before the beginning of the court proceedings. The saisie-contrefaçon is authorised by a judge in the scope of expedite ex parte proceedings. The authorization is generally granted within 24 hours from the hearing. The judge generally authorises a bailiff to gather evidence in some specific designated locations (generally the defendant's premises, plants, shops, fairs, etc.) without prior information of the defendant. The bailiff is authorised to take samples of the litigious products, to take pictures of the manufacturing process, to gather technical and financial documentation regarding the litigious products (including documentation that will allow them to determine the number of infringing products manufactured/sold).

Appeals

What are the possible routes for appeal in your jurisdiction?

An appeal against a first instance decision is lodged before the Paris Court of Appeal, which may then entirely or partially retry the case.

A second appeal to the French Supreme Court (Cour de cassation) is possible.

On what grounds can an appeal be brought?

The Court of Appeal considers appeals on issues of both fact and law.

The French Supreme Court only hears appeals on the exact application of the Law.

What is an approximate timescale for the first/second appeal?

If an appeal is lodged against the decision of the first instance court, the proceedings will take between 18 and 24 months.

If an appeal is lodged against the decision of the Court of appeal, the Supreme Court generally issues its ruling between 18 and 24 months.

Is the first instance decision suspended while an appeal is pending?

No. The first instance decision is not suspended while an appeal is pending. First instance decisions are provisionally enforceable by law, unless the party files an appeal for suspension of provisional execution via an interim procedure before the First President of the court.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

Fees for patent litigation may vary depending on the nature and the difficulty of the case, from sixty thousand euros (EUR 60,000) to one hundred and fifty thousand euros (EUR 150,000) and higher for certain technical cases such as pharmaceutical or electronic cases.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The costs of appeals in patent litigation can also vary significantly, from thirty thousand euros (EUR 30,000) to

one hundred and fifty thousand euros (EUR 150,000) and higher for certain very technical cases.

Are litigation costs recoverable? If so, is there a limitation?

There are no specific rules regarding the compensation of legal costs which are at the court's discretion.

However, the first instance court awards to the winning party an amount which generally covers at least 70/85% of the actual costs of litigation.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

There are various forms of ADR available, including mediation, conciliation and arbitration. Mediation is increasingly suggested by French Courts. International or domestic arbitration is an alternative dispute resolution for patent infringement proceedings (except in criminal cases involving counterfeiting) when the parties have agreed to such, for example in a license contract. Arbitration remains rare in patent disputes.

Does the court require that parties consider these options at any stage in proceedings?

Yes, mediation is increasingly suggested by French Courts at the beginning of proceedings but it can always be refused by the parties.

The parties can decide themselves to settle their dispute at any stage in proceedings. The settlement will then be negotiated by the parties' counsels without the Court's involvement. Once an agreement has been reached between the parties, they can withdraw the litigation from the Court.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The remedies available are:

- damages;
- a recall of the infringing goods from the distribution network or the destruction of the recalled goods and stock;
- publication of the finding of infringement in newspapers; and
- an injunction.

If the patent is found to be infringed, French courts provide for injunctions.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

The claimant can choose how damages are to be assessed. They can request either:

- an amount to compensate the claimant for the negative economic consequences suffered (including loss of profit, the benefit gained by the infringer and the moral wrong caused to the claimant); or
- a lump sum which cannot be lower than the amount of royalties that would have been paid if the infringing party had requested a licence to use the patent.

If damages are awarded under the first point above, the amount awarded is calculated as follows:

- the number of infringing products sold x gross margin of the patentee for the patented goods it sells.

In order to determine the gross profit on the direct cost realised by the sale of the goods, it is necessary to take into account the invoiced sale price per unit minus: the cost of raw materials, production costs etc.

Although note that the Court may decide to reduce this amount on the basis that the claimant may not have made all the infringing sales had the infringement not occurred.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

Usually, the claimant can calculate its loss based on figures and elements seized during a "saisie-contrefaçon". It may also ask to the Court to order the seizure of additional documents (relating to sales made between the "saisie-contrefaçon" and the issuance of the first instance decision). This information is usually sufficient for the court to determine what damages award to make.

In certain circumstances, the court may appoint an expert to assess the damages. In such a case, the court would require the defendant to make full disclosure of its profits/ sales etc. The appointed expert will assess the damages and issue a report. There will be another hearing following which the Court will usually rely on the report to make its decision on damages.

Is it possible to obtain additional remedies if the infringement was deliberate?

The fact that the infringement was deliberate is not taken into account as such, but other elements may be taken into account for the assessment of the damage, such as:

- the damage caused to the reputation of the patentee;
- the moral damage;
- the depreciation of the price of the goods; and
- the loss of contractual partners.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, it is possible. The French law provides that in the event of a civil conviction for infringement, the court may order, at the request of the injured party, that the products recognised as infringing be recalled from the commercial channels, permanently removed from these channels, destroyed or confiscated for the benefit of the injured party.

The law does not give any limitation in time, it is left to the judge's discretion.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes. The patentee or its exclusive licensee may ask the President of the Court to issue an interlocutory injunction in order to prevent any imminent infringement of its patent or to prevent the continuation of the allegedly infringing acts.

Such interlocutory injunction may be granted either inter partes or ex parte without the defendant having been heard. An ex parte injunction will only be ordered in circumstances where any delay would cause irreparable harm to the right holder.

It is also possible to get an injunction inter partes once the trial has started.

To obtain an interlocutory injunction, the plaintiff must provide the court with any reasonably available evidence that is enough to satisfy the court with a sufficient degree of certainty that it is the patent right holder and that its right is being infringed, or that such infringement is imminent.

Case law suggests that preliminary injunctions are often granted when the patentee's rights and the validity of the patent cannot be seriously/obviously challenged.

Is it possible to obtain a without notice injunction?

Yes in theory only. When an injunction is granted ex parte, the defendant will be aware of this injunction only at the moment it is served on it. It is possible for the defendant to contest the injunction before the judge who made the order. The judge has the right to modify or withdraw his/her order (even if the matter is referred to the trial judge).

How quickly can preliminary injunctions be obtained?

An injunction may be obtained:

- within about three days in ex parte proceedings;
- within about 15 days in summary proceedings;
- within about three months before the pre-trial judge.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

A preliminary injunction may be obtained in inter partes proceedings. In such cases, the defendant will be heard

and will have the possibility to present its arguments and evidence.

An appeal can be lodged before the President of the Court of Appeal against this decision, except under specific circumstances. The appeal does not suspend the effect of the injunction.

If a party is awarded a preliminary injunction are they liable to provide security?

In principle, the judge may make it a condition of the injunction that the plaintiff provides a guarantee to cover possible indemnification for loss suffered by the defendant if the infringement proceedings are subsequently considered to be unfounded and the injunction withdrawn.

In practice, judges do not require securities and preliminary injunctions are directly enforceable.

The claimant enforces the injunction at its own risks and can be liable for the wrong suffered by the defendant if the injunction is later invalidated.

Are further proceedings on the merits required in order for the court to grant a final injunction?

Yes, the decision is only preliminary and further proceedings on the merits are required in order to obtain a final injunction.

Is a cross-border injunction available and in what circumstances?

French Courts consider that even when there are several national patents stemming from one European Patent, each title is independent, and its infringement is determined according to the national Law.

Consequently, there have been no cases in which the French Court expressly granted a cross-border injunction.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Recently, French judges were confronted with an Anti-Suit-Injunction for the first time in the case of IPCom v. Lenovo. The first instance judges considered that this injunction was contrary to French public policy.

However, the Court of Appeal held that the injunction constituted a manifestly unlawful trouble but did not rule on whether it was in conformity with French public policy. This decision seems to open the possibility for the introduction of future Anti-Suit-Injunctions.



Patent Litigation in Germany

Key Contacts



Markus Deck
Partner
T +49 211 4934 301
E markus.deck@cms-hs.com



Sven Krause
Senior Associate
T +49 211 4934 301
E sven.krause@cms-hs.com

Standing

Who is entitled to sue for patent infringement?

First, the patent proprietor can sue for patent infringement. To prove its standing to sue, its ownership must be registered in the patent register of the German Patent and Trademark Office (DPMA) and it must submit respective excerpts from the register to the court. The proof is possible until the date of the last oral hearing at the latest.

If two or more parties are proprietors of the same patent, each of these parties may initiate infringement proceedings without the other co-owner having to agree. Each co-owner may only sue in its own name, the other co-owners do not automatically become parties to the proceedings.

Furthermore, the exclusive licensee is entitled to sue for patent infringement. A non-exclusive licensee may only sue for patent infringement if it is authorised by a written declaration from the licensor to enforce the patent (*gewillkürte Prozesstandschaft*).

Is it possible to join more than one party as a defendant?

Yes, it is possible to include any number of parties as defendants in the same proceedings. Several parties may jointly sue or be sued as joint litigants if they have a common interest in the right at issue or if they are entitled or obliged to sue for the same factual and legal reason.

Is it possible to join suppliers or other third parties to the proceedings?

Yes, it is possible to involve suppliers or other third parties in the proceedings. If the outcome of the litigation could be relevant for a claim of or against a third party (e.g., a supplier who is obliged to provide the disputed products free of third-party rights), the defendant may serve this party with a third-party notice (*Streitverkündung*). The third-party notice has the effect that the legal and factual findings in the judgment are established with a binding effect between the defendant and the third party and the defendant may hold these findings against the third party in potential recourse proceedings.

The third-party has the right to intervene in the proceedings and assert its own means of attack and defence and conduct all procedural actions unless these actions contradict those of the main party.

Is there any time limit in which claims for patent infringement must be brought?

In general, patent infringement actions may be brought anytime during or after the effective period of the patent. An injunction may only be sought while the patent is in force. With respect to claims for accounting,

damages, recall and destruction, the general time-limitation periods apply, i.e.:

- up to the end of the third calendar year after the plaintiff became aware of the facts of infringement and the identity of the infringer; or
- ten years from the infringement, regardless of any knowledge.

The time-limitation periods are suspended once formal proceedings are initiated.

Is there a requirement to invoke all potentially infringed patents at once?

If more than one patent is infringed by the same facts, the patent proprietor must assert all infringed patents in a single action. In practice however, this requirement hardly ever applies because German courts construe the term "same facts" very narrowly and accept even the slightest factual deviations to establish a new case.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

In Germany, infringement and invalidity proceedings are separate from each other ("bifurcation").

The civil chambers of the Regional Courts have exclusive jurisdiction for all infringement proceedings, regardless of the value in dispute. Dedicated patent litigation chambers exist at twelve Regional Courts. The best known are Düsseldorf, Mannheim, Munich, and Hamburg.

The action must be brought either at the court which is locally competent for the place of the defendant's registered office/residence or for the place of the infringement. The latter is wherever a recipient of an offer has its registered office or place of residence. In the case of offers on the Internet, the plaintiff generally has a choice of all patent courts.

Invalidity proceedings are strictly separated. The Federal Patent Court (Munich) is the first instance court for all nullity actions against German or European Patents which are validated in Germany.

Does your country take part in the UPC?

Yes, there are local divisions in Hamburg, Mannheim, Düsseldorf and Munich. One seat of the central division is located in Munich.

Can a party apply for a declaration of non-infringement?

Yes, it is possible to bring an action for a declaratory judgement of non-infringement if the plaintiff demonstrates and proves that he has a legal interest in such a declaratory judgment. This is usually the case when a third-party claims patent infringement or threatens to initiate patent infringement proceedings.

In most patent cases, such a legitimate interest is triggered by the patentee/beneficiary's prior conduct, such as a prior cease-and-desist letter alleging infringement. However, if the patentee has filed an infringement action, the courts will not allow an action for a binding declaration of non-infringement. In turn, an action for a binding declaration of non-infringement does not preclude the patentee/beneficiary from filing a counterclaim for patent infringement.

How long does it take for a claim to reach a first hearing?

In Düsseldorf and Mannheim, an oral hearing takes place usually 10 to 18 months from filing the patent infringement action. In many cases, this will be the only oral hearing before the court issues its judgment. In Munich, an oral hearing is usually scheduled much earlier and the parties are allowed to file further briefs after the hearing. Each timing however depends on the current capacity of the respective court and the complexity of the case/technology.

How long do trials last in patent cases until a first instance decision?

In many patent cases, the Regional Courts issue a first instance judgment within four to eight weeks after the oral hearing. In these cases, the first instance proceedings take between 12 and 18 months. Should the court decide to take evidence and get an expert opinion, the proceedings can easily be delayed by six to 12 months. Should the Regional Courts have severe doubts regarding the validity of the patent, they may stay the infringement case until the parallel opposition/nullity proceedings have been finally concluded which further delays the proceedings (see below for details). A first instance decision in a nullity proceeding before the Federal Patent Court can usually be expected within 24 to 36 months from filing the nullity action. However, since 2022, the German Patent Act requires the Federal

Patent Court to provide a preliminary opinion on the case within six months from serving the nullity action on the patent proprietor.

Do the judges have technical expertise?

The patent infringement chambers at the Regional Courts comprise only legally qualified judges. However, judges at the patent chambers, particularly in Düsseldorf, Mannheim and Munich, are known for their technical expertise resulting from hundreds of patent cases they handle each year. In addition, some of the judges occasionally have a scientific academic background.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

As a rule, proceedings may be stayed by the court if an opposition is filed against a patent or an action for revocation is brought. A stay of proceedings is only granted if the opposition or nullity action is highly likely to be successful.

The infringement court will thoroughly examine the opposition (e.g., at the EPO) or nullity action to determine whether:

- new prior art is asserted;
- it is closer to the invention; and/or
- it is prejudicial to novelty or clearly prejudicial to the invention.

A defendant should initiate opposition/invalidity proceedings at a very early stage so as not to jeopardise a possible stay of proceedings.

Can a party file an action for nullification of a patent without being sued for patent infringement?

In most cases, a nullity action against a patent is filed in response to a patent infringement action. To file a nullity action during the effective period of a patent, a plaintiff however does not need standing or any reason so a nullity action may also be filed as a pre-emptive measure before patent infringement proceedings are initiated or simply to clear the way for using a particular technology.

After the expiry of a patent, the plaintiff must demonstrate and prove a legal interest in a judgment on the patent's validity. Such an interest is usually assumed if patent infringement proceedings are pending.

Can a party file an action for a FRAND license or a compulsory license?

FRAND license

In Germany, FRAND licensing is mainly relevant in the form of the "FRAND defence" i.e., the defence of the implementer against an injunction based on the argument that the patent proprietor is obliged to allow the use of its patent under FRAND conditions (see below). It is not common for implementers in Germany to sue the patent proprietor for a FRAND license, although this may not be excluded legally.

Compulsory license

Compulsory license proceedings are handled by the Federal Patent Court similarly to nullity proceedings. A nullity senate of the Federal Patent Court decides as the court of first instance. The Federal Court of Justice is the court of appeal. The defendant is the registered patent proprietor. The action for a compulsory license is not precluded by a final and binding decision for patent infringement.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

German courts accept the FRAND defence as a temporary defence against the injunctive relief claim of a patent proprietor who has not fulfilled its obligations to license its SEP under FRAND conditions. As a basis for the patent proprietor's obligations, German courts apply the procedure described by the ECJ in its Huawei/ZTE decision.

A successful FRAND defence results in the patent proprietor being unable to enforce its injunction claim, i.e., the court will in its judgment not impose an injunction on the implementer. If the patent proprietor has previously offered a licence to the implementer, the court will decide whether this offer meets the FRAND criteria. Unlike in other countries, German courts do not determine a licence rate which, in the opinion of the court, corresponds to FRAND criteria. According to the principle "da mihi factum, dabo tibi ius", German courts only determine whether an offer submitted by the parties meets FRAND criteria.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

The parties may either submit a private expert opinion (which is not considered formal expert evidence) or designate the issues on which an expert opinion is to be provided. Formal expert evidence must be ordered by the court. If the court considers it necessary to take evidence, it will appoint the expert. The expert's opinion is first submitted in writing. As a rule, the parties receive the expert opinion before it is introduced in the oral hearing. The parties may comment on the expert opinion, request to hear the expert in court and ask questions in the oral hearing.

Do the courts allow disclosure / discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

German law in general does not provide for discovery or similar means of collecting evidence before the proceedings.

As an exception, German patent law provides for a so called "inspection" claim. This means that a beneficiary of a patent may request the production of documents or inspection of equipment/means in the possession of the alleged infringer if a patent infringement is sufficiently probable. An inspection shall be ordered by the court only if there are no other means of establishing infringement. The court shall decide on the scope of disclosure and may order measures to protect confidential information.

Are preliminary discovery or seizure of evidence / documents available?

Yes, the right of inspection may be exercised both in the main proceedings and in the preliminary injunction proceedings.

Appeals

What are the possible routes for appeal in your jurisdiction?

Infringement proceedings: Appeals against Regional Court decisions may be lodged with the Higher Regional Court. A further appeal to the Federal Court of Justice is only possible under certain conditions, namely if procedural rights have been violated or a legal question has not yet been decided at all or has been decided differently by two instances.

Invalidity proceedings: The judgments of the Federal Patent Court are subject to appeal to the Federal Court of Justice. Since the appeal procedure of the ordinary courts for patent infringement proceedings also ends in the last instance before the Federal Court of Justice, the safeguarding of a uniform jurisdiction is ensured.

On what grounds can an appeal be brought?

Infringement proceedings: An appeal may be filed if the lower court's decision is not properly supported by the law or if a different decision could have been made based

on the facts of the case. Appellate courts will not rehear the case. Further evidence is admissible on appeal only under certain circumstances.

A further appeal to the Federal Court of Justice requires either admission by the court of appeal or by the Federal Court of Justice. It may be based on a fundamental violation of procedural rights or on legal questions of general importance.

Invalidity proceedings: The appeal may be based on a violation of procedural rights or on an incorrect assessment of the facts.

What is an approximate timescale for the first / second appeal?

Infringement proceedings: Appeal proceedings before the Higher Regional Courts regularly take between 18 and 24 months. If it becomes necessary to obtain an expert opinion, the proceedings can easily be extended by up to 12 months or more. The course of the proceedings is essentially the same as that of the first-instance

proceedings. The timescale of second-level appeals to the Federal Court of Justice are very much subject to the particularities of the case and the current workload of the court. Decisions on a non-admission complaint can be expected within six to eight months whereas the actual second level appeal proceeding may take approximately 12 further months.

Invalidity proceedings: The duration of appeal proceedings before the Federal Court of Justice is currently around 24 months.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

In patent infringement cases, legal costs comprise court fees, the fees for lawyers and supporting patent attorneys.

German court fees are calculated based on a fee table related to the "value in dispute", i.e., the value of the claims which the plaintiff asserted. Court fees for the first instance usually range between thirty thousand euros (EUR 30,000) and one hundred and sixty thousand euros (EUR 160,000).

The fees for lawyers and patent attorneys depend very much on the complexity of the case and the technology. Amounts above one hundred thousand euros (EUR 100,000) per asserted patent are usual.

It should also be considered that defending a patent infringement case usually requires initiating a nullity action against the patent which may double the costs.

Is the first instance decision suspended while an appeal is pending?

In general, an appeal has a suspensive effect and thus prevents the decision from being final and binding. However, decisions of the infringement courts may usually be enforced preliminarily by way of depositing a security or lodging a bond.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The court fees of the appeal proceedings are around 30% higher than those of the first instance.

Are litigation costs recoverable? If so, is there a limitation?

In Germany, the losing party must bear both court costs and opposing counsel's fees. The recoverable lawyers' fees are limited to the amount of statutory fees which is calculated based on a fee table in relation to the value in dispute. Since almost all law firms charge their fees on an hourly basis, the recoverable fee amount is usually lower than the amount which is actually incurred.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The main forms of ADR are:

- mediation;
- negotiation; and
- arbitration.

Negotiation is the most used process to reach a settlement in patent disputes.

Does the court require that parties consider these options at any stage in proceedings?

The court is obliged to encourage the parties to settle the dispute amicably. If appropriate, the court may refer the parties to another judge for a conciliation hearing or propose to the parties to conduct alternative dispute resolution proceedings out of court. ADR is however not a mandatory requirement before or at any stage during the proceedings.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

In patent infringement proceedings, the following remedies are available:

- injunctive relief (including a preliminary injunction);
- destruction of the infringing goods in the infringer's possession;
- damages;
- a claim for information/accounting; and
- a declaration that a patent has been infringed.

German courts will regularly grant injunctive relief during the effective period of the patent when they find patent infringement. This "automatic injunction" is a strong leverage for the patent owner to enforce its rights in Germany.

In 2021, the German legislator introduced a proportionality test in German patent law which shall allow the courts to refrain from granting an injunction in certain special cases in which such injunction would be disproportionate. The first decisions and publications of German patent judges however point to the exceptional character of this provision and indicate that the legislative amendment will not fundamentally change the German courts' approach to automatic injunctions.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

A successful plaintiff may calculate damages based on one of three methods: Damages may be calculated:

- based on the royalty analogy;
- based on lost profits; or
- based on a claim for profits earned by the infringer.

Frequently, the reasonable royalty is used as the basis. The calculation is based on the reasonable royalty that the infringer would have had to pay if it had been permitted to use the invention (e.g., under a license). If the beneficiary has entered similar licenses with other parties, this may be used in calculating the royalty.

Damages are rarely calculated based on lost profits, as it may be difficult for the beneficiary to prove the causal link and it may be unwilling to disclose its profits.

The profit to be reimbursed is determined based on the sales generated by the patent infringement minus the

costs. As a result of the Federal Court of Justice's case law, the third method is becoming increasingly popular. It has ruled that general expenses are deductible only if they are directly attributable to the patent infringing subject matter. General overhead costs are not deductible.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

In the case of patent infringement, the patentee/beneficiary is entitled, among others, to immediate information on the origin, the distribution channel and the delivery quantities of the products used as well as on the names and addresses of the commercial customers (right to information).

To enable the patentee/beneficiary to quantify its damage claims, the infringer is also obliged to report its sales and profit. The infringer must provide all details which the plaintiff requires to quantify its damages (claim for reporting accounts).

Even though an infringer may be found liable for damages within the patent infringement proceedings, the patentee/beneficiary must initiate separate damage proceedings to assert its quantified damage claims.

Is it possible to obtain additional remedies if the infringement was deliberate?

There are no additional remedies in civil proceedings if the infringement was intentional. However, if the infringement was deliberate, the patent proprietor may ask the public prosecutor to initiate criminal proceedings against the natural persons who are responsible for the patent infringement (e.g., managing directors of the defendant company).

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, in case of patent infringement, the patentee/beneficiary has a right to request recall and removal of infringing products from the sales channels. The infringer must insofar as it can, use its best efforts to retrieve the infringing products from the market. The recall claims are subject to the statutory limitation periods (see above) but may also be excluded when it can be expected that the products which the infringer distributed are no longer in the sales channels.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes, preliminary injunctions are available. A party may seek a preliminary injunction against pending or impending patent infringement.

Beside pending or impending patent infringement, German courts will issue a preliminary injunction only if the case is urgent and there is no question about the validity of the patent.

With respect to the urgency requirement, German courts apply slightly diverging standards. Whereas southern German courts (e.g., Mannheim or Munich), require the applicant to file an injunction request within one month from obtaining knowledge of the infringement, other courts are somewhat more generous and affirm the urgency even after up to three months.

Is it possible to obtain a without notice injunction?

Yes. However, many of the specialised patent courts require the applicant to issue a prior warning letter and submit the response of the alleged infringer to the court. This shall allow the alleged infringer to put forward defence arguments. If the alleged infringer has not had an opportunity to respond to the infringement allegations and/or the infringement is not sufficiently clear for the court, the court may summon the parties to an oral hearing before issuing a preliminary injunction.

How quickly can preliminary injunctions be obtained?

Depending on the court, preliminary injunctions can be obtained quickly, even within one day if the court does not order a hearing.

Is it possible to appeal against a preliminary injunction and if so, does this suspend the effect of the injunction?

If a preliminary injunction has been issued without an oral hearing, the defendant may file an "opposition" to it. Upon the opposition, the court will summon the

parties to an oral hearing and decide again whether the preliminary injunction is revoked or confirmed. If the preliminary injunction was issued or confirmed at the hearing before the Regional Court, it may be appealed to the court of appeal. The opposition and the appeal as such do not suspend the effect of the preliminary injunction.

If a party is awarded a preliminary injunction are they liable to provide security?

The enforcement of the preliminary injunction can be made dependent on the plaintiff providing security beforehand. Regarding the amount of the security, the courts are guided by the value in dispute.

Are further proceedings on the merits required for the court to grant a final injunction?

Yes, unless the infringer accepts the decision in the preliminary proceedings as final and binding. In Germany, it is customary to send a finalisation letter to the defendant after successful preliminary injunction proceedings, asking it whether it is willing to accept the preliminary injunction as a final and binding decision to avoid proceedings on the merits.

Is a cross-border injunction available and in what circumstances?

German courts currently do not issue cross-border injunctions.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

According to the decision practice of German courts, anti-suit injunctions constitute an encroachment on judicial sovereignty and sovereign rights. ASIs are therefore not permissible under German law.

However, in October 2019, the Munich I Regional Court issued the first so-called "Anti-Anti-Suit-Injunction" in Germany, which was confirmed by the Higher Regional Court.



Patent Litigation in Hungary

Key Contacts



Agnes Solyom

Senior Counsel

T +36 1 483 4844

E agnes.solyom@cms-cmno.com



Miklos Boros

Senior Associate

T +36 1 483 4815

E miklos.boros@cms-cmno.com

Standing

Who is entitled to sue for patent infringement?

The patent holder may bring proceedings for patent infringement. Also, an applicant whose invention has been granted temporary protection may sue for patent infringement. However, the proceedings will be suspended until a final decision has been made with respect to the registration of the patent.

Any licensee of the patent may ask the patent holder to take the necessary measures to prevent the infringement. Should the proprietor fail to take such measures within 30 days of the request, the registered licensee may bring proceedings for patent infringement under its own name.

Is it possible to join more than one party as a defendant?

Patent infringement proceedings may be brought against any number of defendants if:

- the proceedings relate to common rights or obligations of those parties that can only be decided together or if the decision would otherwise affect all defendants even without their participation in the proceedings;
- the claims originate from the same legal relationship; or
- if the claims originate from the same legal and factual basis and the same court has jurisdiction with respect to each of the defendants.

The defendants may be joined in first instance proceedings.

Is it possible to join suppliers or other third parties to the proceedings?

Any third party may join the patent infringement proceedings who/which has a legal interest in the outcome of the proceedings, as a joiner (i.e. not as a party to the original proceeding). The joiner may perform all actions that the party it joined is entitled to, except for settlement, approval of claims and waiver of rights. However, the actions of such joiner shall be effective to the extent that the party it joined omits to perform that action and to the extent that the party does not perform a contrary action.

Is there any time limit in which claims for patent infringement must be brought?

The Hungarian Patent Act does not set any specific time limit for bringing an action for patent infringement. The general limitation period of five years is not applicable to the "main claims" in patent infringement cases (e.g. a claim requesting the termination of infringement, seizure of goods or a declaration of non-infringement). Nevertheless, "complementary claims" (e.g. claims for damages) must be made within the general limitation period of five years commencing from the date the infringing activities terminated.

Is there a requirement to invoke all potentially infringed patents at once?

It is not a requirement, but an opportunity to simultaneously assert claims that derive from the same factual and legal basis or from legal relations related to each other on a factual and legal basis.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

As a general rule, the Metropolitan Court of Budapest has exclusive jurisdiction in patent infringement proceedings, while the Hungarian Intellectual Property Office has jurisdiction for invalidity proceedings. However, if no invalidity proceedings have been initiated before the Hungarian Intellectual Property Office, the defendant of the patent infringement court proceedings may submit a counterclaim for the termination of the allegedly infringed patent, upon which the court may decide on the patent infringement and invalidity of the patent in a single proceeding and in an expedited procedure. The court shall consult a special expert on invalidity questions, that being primarily the Hungarian Intellectual Property Office. The timeline for providing the expert opinion is limited – and strictly enforced – to 30 days.

Upon the request of any of the parties, the invalidity proceedings may be conducted under a simplified procedure if infringement proceedings have already been initiated at the court.

Does Hungary take part in the UPC?

Hungary has signed but has not yet ratified the UPC Agreement.

Can a party apply for a declaration of non-infringement?

Under the Hungarian Patent Act the patent holder may ask the court to confirm that patent infringement has occurred. A party may also apply for "declaration of non-infringement". Any person who is afraid of being sued for patent infringement may request the Hungarian Intellectual Property Office to declare that the product or process exploited by it does not infringe a certain patent. If the Hungarian Intellectual Property Office declares that the use does not infringe a given patent, it is not possible in the future to initiate an infringement lawsuit based on those facts.

How long does it take for a claim to reach a first hearing?

Usually, a first hearing is scheduled within four to six months from submitting the statement of claim. First instance proceedings (consisting of more than one hearing) are usually finished in one and a half to two years.

How long do trials last in patent cases until a first instance decision?

Depending on the complexity of the case, trials last approximately two to three years.

Do the judges have technical expertise?

The Metropolitan Court (having exclusive jurisdiction in infringement cases) has a panel of three professional judges, two of which will have a higher degree of technical/scientific or equivalent professional qualification. In second instance, the court is composed of three professional judges.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

The proceedings may be suspended, when justified, until the final conclusion of the opposition proceedings at the EPO.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes. Any person may request the nullification of a patent on the grounds of:

- the object of the patent being ineligible for the requirements to be under patent protection;
- the description of the invention not being in compliance with the method and detailedness prescribed by law;
- the object of the patent being broader than the description indicated in the application; or
- the patent had not been granted to the person being entitled to it under law.

Can a party file an action for a FRAND license or a compulsory license?

Hungarian legislation does not differentiate in terms of actions for FRAND. As to compulsory licenses, if within four years from the date of filing the patent application or within three years from the granting of the patent, whichever period expires last, the patentee has not exploited the invention in the territory of the country to satisfy the domestic demand or if it has not undertaken serious preparations or has not granted a license for such purpose, a compulsory license shall be granted to the applicant for the license,

Furthermore, upon request, a compulsory license shall be granted if the patented invention cannot be exploited without infringing another patent (the “dominant patent”) and to the extent necessary for the exploitation of the dominant patent, to the holder of the dependent patent, provided that the invention claimed in the dependent patent involves an important technical advance of considerable economic significance in relation to the invention claimed in the dominant patent, unless the patentee justifies the lack of exploitation.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

Citing FRAND terms in patent infringement cases is not regulated in Hungary. Parties have the opportunity to invoke such terms but citing FRAND terms alone in patent infringement cases may not be eligible for a successful defence (i.e. other evidence shall be provided regarding the lawfulness of the utilisation of the patent). There is no substantial, available Hungarian court practice regarding FRAND in patent litigation cases.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Under Hungarian law the expert is not considered to be a “witness” as such. If special expertise is required in the proceedings in relation to some fact or circumstance which the court is lacking, the court will appoint an expert. When asking the court to appoint an expert, the party may indicate their preference. However, it is at the court’s discretion to decide which expert to appoint. Upon request of any of the parties the court may appoint another expert replacing the one originally appointed if it becomes necessary. The court may order the expert to present its report in writing and may also summon the expert to the hearing to present the report and to answer the parties’ questions. The parties may also appoint a “private expert” to support their statements, but only upon the approval of the court to appoint a private expert. The evidentiary value of the opinion of such private experts is equal to that of an expert appointed by the court. In case the party does not submit an application for the appointment of a private expert or the court denies granting approval to use the opinion of the private expert, the opinion prepared by private experts will not qualify as an expert opinion: the court will only take it into consideration as representing the views of the instructing party.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

Under Hungarian law, as a general rule, the burden of proof lies with the claimant, and so it is the patent holder who must submit evidence to prove that the infringement

has occurred. The court is not actively involved in determining what kind of documents shall be submitted. However, the court may order the opposing party – at the request of the claimant party – to present documents in its possession, which it is obliged to present under the rules of civil law, especially those documents which:

- have been prepared in its interest;
- verify a legal relationship that it is engaged in; or
- relate to a negotiation on such legal relationship.

Upon order of the court, the potential infringer may be obliged to provide information regarding the identity of the persons involved in the production and distribution of the infringing goods or the provision of infringing services and of their distribution channels.

Are preliminary discovery or seizure of evidence/documents available?

Under Hungarian law there is a procedure called “preliminary taking of evidence” which provides parties with a means of obtaining evidence before proceedings have commenced (this is not the same as the “preliminary discovery” concept under common law). In patent infringement proceedings, such proceedings may be conducted if the patent holder proves the infringement or the threat of infringement to a reasonable extent. The application for preliminary taking of evidence must be submitted to the Metropolitan Court. If the patent holder fails to bring action for patent infringement within 15 days from filing such application, the court – upon request of the other party – will revoke its decision.

Seizure of evidence/documents can also be requested in preliminary injunction proceedings and at the main trial.

Appeals

What are the possible routes for appeal in your jurisdiction?

An appeal from the Metropolitan Court lies in the Court of Appeal. A further application for review may then be made to the Supreme Court in certain cases.

On what grounds can an appeal be brought?

An appeal may be brought against the first instance judgment on any ground. The first instance proceedings will be repeated if:

- the court of first instance had not been properly formed or if a judge (who should have been disqualified by law) took part in the judgment; or
- the hearing has to be repeated or completed due to a material infringement of the main procedural rules by the court of first instance which has affected the court's decision in the case; or

- the decision of the court of first instance contains formal deficiencies of such significance which make the material review of the decision impossible. On appeal the court will only decide the merits of the case (without repeating the proceedings), and the first instance judgment will either be maintained or partially/fully altered.

What is an approximate timescale for the first/second appeal?

Based on our experience first instance proceedings last one and a half to two years and the appeal proceedings take approximately one year.

Is the first instance decision suspended while an appeal is pending?

If one of the parties submits an appeal, the decision of the court of first instance shall not be effective until the appellate court decides on the appeal.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

This is hard to predict, as legal costs may vary depending on various factors (the number of hearings, necessity of experts, the amount of duty payable being proportionate to the amount of the damages claimed). As a very rough estimate first instance proceedings may cost thirty five thousand euros (EUR 35,000) to fifty thousand euros (EUR 50,000).

Lawyers' costs are only reimbursed in part from the other party even when a party is successful.

of those spent on first instance. As a very rough estimate the appeal proceedings will cost seventeen thousand five hundred euros (EUR 17,500) to twenty five thousand euros (EUR 25,000).

Are litigation costs recoverable? If so, is there a limitation?

The party winning the patent infringement case may request the opposing party to reimburse all costs incurred by the winning party over the course of the litigation proceedings, except for lawyers' costs, which may only be reimbursed partly (as indicated above).

What would be the estimated legal costs of patent litigation proceedings for an appeal?

It is difficult to predict the costs of an appeal as they will vary significantly depending on various factors. Overall, the legal costs of second instance proceedings are 50%

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

Arbitration may be used if this is agreed in a relevant contract between the (potential) parties. Another option of alternative dispute resolution under Hungarian law is mediation.

The Metropolitan Court has exclusive jurisdiction in patent infringement cases. Therefore, the arbitration court may not act in patent infringement cases (although note that other patent disputes may be dealt with by arbitration).

Does the court require that parties consider these options at any stage in proceedings?

Before adjourning the initial stage of litigation, the court may attempt to mediate between the parties in order for them to reach a settlement, if the court deems that such efforts may be successful and informs the parties of the possibility of mediation and the related procedural rules.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The court may order:

- a declaration of infringement;
- an injunction to stop the infringing activities or the termination of the threat of infringement;
- that the defendant provides information on the parties in the manufacturing/supply chain;
- the infringer to make amends for its action and, if necessary, that such amends should be given publicity at the expense of the infringer;
- restitution of economic gains from the infringement;
- seizure/surrender or destruction of infringing goods, material, equipment;
- that the assets, materials and products seized or recalled and withdrawn from commercial circulation be deprived of their infringing nature (under justified circumstances the court may also order, instead of destruction, sale of the seized assets and materials);
- damages.

All of the above measures of the court may be taken upon request of the party. None of these measures or any injunctions are automatic.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

There is no official method for the calculation of damages applied by the courts. All cases are evaluated on a case-by-case basis. The Hungarian court practice is fairly immature in this respect and there is a tendency that the courts almost always rely on expert opinions in determining the amount of the damages payable. Based on our practice, the courts tend to take into consideration the value of the original (non-infringed) products as the basis for the calculation of lost profits on sales.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

Under Hungarian law, the amount of the damages suffered must be proven by the party that requests the damages. The court does not carry out an enquiry, but it will order the payment of damages only if it has sufficient grounds to establish that the party has in fact suffered loss as a result of the infringement. We note that proving that the infringement resulted in damages is the hardest part of a patent infringement lawsuit. For this purpose, upon order of the court, the potential infringer may be obliged to provide information regarding the circumstances of the infringement.

In certain cases – which may be rather rare in patent infringement cases – when the occurrence of infringement and damages is established, the court may make an interim decision, after which the proceedings progress only for the purpose of establishing the exact amount of damages.

Is it possible to obtain additional remedies if the infringement was deliberate?

No.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes. The court, upon request, may order the preliminary injunction, if, without the preliminary injunction:

- the later restoration of the status quo would be impossible;
- the applicant could not exercise its rights later;
- the evasion of the disadvantage directly threatening the applicant would be impossible; or
- for the special protection of the applicant's rights.

In granting a preliminary injunction, the court shall consider if:

- it is deemed necessary to prevent any imminent threat of damage or to preserve the status quo giving rise to the dispute or with a view to underlying the requirement for the special protection of the applicant's rights; and
- where the advantage to be gained outweighs the potential disadvantages of the measure.

In case of patent infringement lawsuits, the condition related to the special protection of the applicant's rights shall be considered fulfilled if the applicant is able to prove that the patent is registered/applied for and that it is the holder or the licensed user of the patent and is entitled to file for court proceedings due to infringement in its own name. This assumption related to the special protection shall not apply after six months from the commencement of the infringement or if 60 days have passed since the patent holder gained knowledge of the infringement and of the person of the infringer.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, the removal of infringing products is one of the remedies explicitly listed in the Patent Act that may be requested by the party entitled to the patent. There is no specific limitation period for this claim.

Is it possible to obtain a without notice injunction?

No, the other party must be informed of the application and is given the opportunity to express its opinion. However, in extreme urgency the injunction may be ordered without allowing/requiring the other party to express its opinion but in such cases the party will still be notified.

How quickly can preliminary injunctions be obtained?

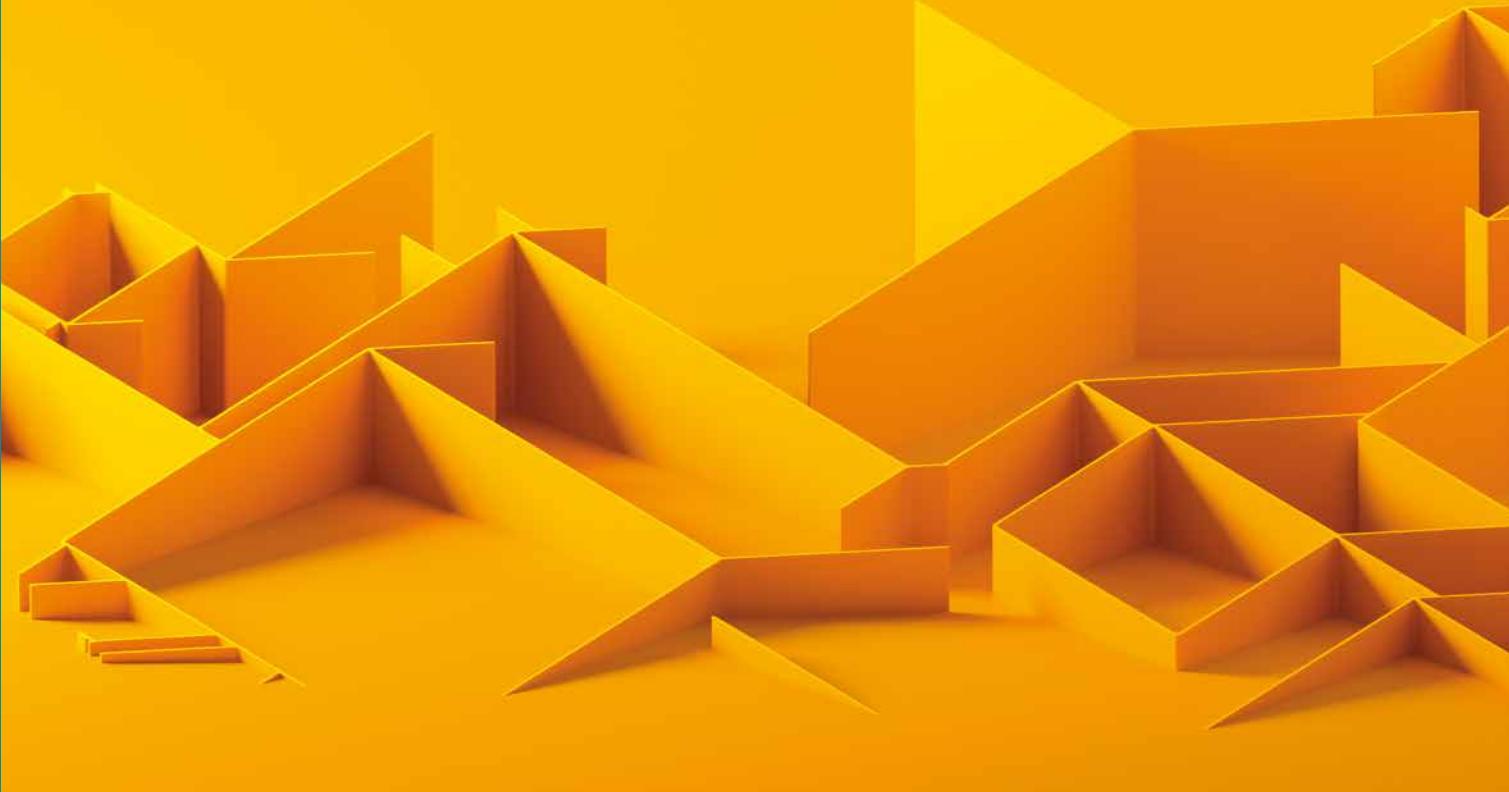
Under Section 104 of the Hungarian Civil Procedure Code, the court shall decide on the application for preliminary injunction within eight days. If the court grants the preliminary injunction and the defendant appeals against the decision, the court shall make its final decision on the preliminary injunction (either upholding or terminating it) within 15 days of the defendant's application. However, based on our experience, these deadlines are not kept and obtaining preliminary injunctions can take several months.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

Yes, is it possible to appeal against an injunction and the appeal does not suspend the effect of the injunction.

If a party is awarded a preliminary injunction are they liable to provide security?

The court may order that the party requesting a preliminary injunction shall provide a security upon the request of the allegedly infringing party if this party evidences that



the requested injunction may cause a disadvantage to it which would establish a claim for damages or compensation for infringement on personal rights.

It should be mentioned that the patent holder may request the court to require the alleged infringer to deposit a certain amount, if in exchange the patent holder allows the alleged infringing activity to be continued. In cases where the patent holder requests the court to order the termination of the infringing activity but the court did not comply with such request, the court is entitled to order the deposit in the absence of the patent holder's request to do so.

Are further proceedings on the merits required in order for the court to grant a final injunction?

Yes, the order regarding the preliminary injunction is enforceable without the need to carry out any further proceedings on the merits. It will remain in effect until the decision in the main trial of the first instance court.

Is a cross-border injunction available and in what circumstances?

Yes. Cross-border injunctions are available.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

If the allegedly infringing party proves that before the commencement of the patent litigation proceedings against it, it has initiated a termination procedure in respect of the same patent before the Hungarian Intellectual Property Office, then the patent infringement litigation proceedings shall be suspended until the final decision is made in the annulment procedure.

However, as detailed above, the bifurcation rules have been softened with effect as of 1 January 2022, allowing the patent infringement claim and the counterclaim for the termination of the allegedly infringed patent to be decided on in single court proceedings, provided that no termination proceedings were initiated earlier before the Hungarian Intellectual Property Office.

Patent Litigation in Italy

Key Contacts



Paola Nunziata
Partner
T +39 06 478151
E paola.nunziata@cms-aacs.com



Carlo Russo
Associate
T +39 06 478151
E carlo.russo@cms-aacs.com

Standing

Who is entitled to sue for patent infringement?

The proprietor of a patent may bring proceedings for patent infringement. If the patent is owned by two or more parties, in principle each co-owner may start legal action against third parties in order to defend their rights.

Exclusive licensees also have the right to bring proceedings for patent infringement, provided that the infringement is within the scope of the license. The right of non-exclusive licensees to sue is still a controversial issue. However, it is undisputed that they may intervene in proceedings commenced by the patent's proprietor.

Is it possible to join more than one party as a defendant?

Yes, it is possible to join any number of parties as a defendant in the same proceedings. The plaintiff may commence the action against more than one party. The Court also has power to add further parties to the proceedings when their appearance is necessary to resolve the dispute.

Is it possible to join suppliers or other third parties to the proceedings?

Yes, all the subjects who have taken part in the production and/or distribution chain of infringing products may be joined to the proceedings.

Is there any time limit in which claims for patent infringement must be brought?

There is a limitation period of five years from the date of the infringing act in patent infringement claims where damages are sought.

Is there a requirement to invoke all potentially infringed patents at once?

No, under Italian law there is no requirement to invoke all potentially infringed patents at once. However, invoking all potentially infringed patents in the same proceedings is possible, if the requests formulated by the patents' owner are based on the same facts and legal issues.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

In Italy, infringement and invalidity proceedings must be brought before the divisions specialised in entrepreneurial matters of the Court that has territorial jurisdiction (e.g. Court of Rome, Court of Milan etc.). Validity and infringement can be decided in the same proceedings.

Does your country take part in the UPC?

Yes, Italy takes part in the UPC.

Can a party apply for a declaration of non-infringement?

Yes, it is possible to apply for a declaration of non-infringement, provided that the plaintiff has a legal interest in such a declaration. Such an interest occurs, for example, when a third party alleges that a patent infringement occurred or threatens to commence patent infringement proceedings. A declaration of non-infringement may be requested also by the means of an urgency proceedings.

How long does it take for a claim to reach a first hearing?

Patent litigation in Italy is conducted by means of written submissions and a series of hearings. A compulsory term of 90 days (if the defendant resides in Italy) or 150 days (if the defendant resides outside of Italy) must elapse between the serving of the writ of summons and the first hearing indicated in the summons. However, the first hearing indicated in the summons is usually postponed to a different date according to the availability of the appointed judge.

How long do trials last in patent cases until a first instance decision?

Trials in patent cases until a first instance decision take between two to four years depending on the complexity of the case and on the duration of the investigation phase.

Do the judges have technical expertise?

The Italian Courts have divisions that are composed of judges who are experts in entrepreneurial matters (including IP matters). However, Italian judges do not have scientific qualifications: therefore, technical assessments are usually carried out by experts appointed by the judge in charge of the patent case.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

Italian law does not have any specific rule on this. However, according to some recent Court decisions, rules concerning the stay of litigation proceedings in case of procedures pending before the Italian Office for Patents and Trademarks apply by analogy also in case of procedures pending before the EPO.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes, an action aimed at obtaining a declaration of nullity of a patent may be exercised by whoever has a legal interest in doing so, independently of the fact that a patent infringement case has been started by a third party. An action aimed at obtaining a declaration of nullity of a patent can be brought also by the competent Public Prosecutor.

Can a party file an action for a FRAND license or a compulsory license?

FRAND license

Filing an action for a FRAND license is legally possible. However, FRAND licensing is mainly used as a defence argument in infringement proceedings started by the patent owner, by invoking the patent owner's obligation to grant a right the use of its patent under FRAND conditions.

Compulsory license

According to Italian law, one who wishes to obtain a compulsory license must start proceedings before the Italian Office for Patents and Trademarks, by submitting a grounded request which must indicate the amount and method of payment of the compensation offered.

The Office shall promptly give notice of the request to the owner of the patent and to those who have rights on the patent (based on acts that have been registered or annotated). These subjects are entitled to oppose the application or the amount and method of payment of the compensation proposed by the applicant within 60 days. In case of opposition, the Office, within 45 days from the expiry of the above term, shall summon the parties to attempt conciliation. The applicant may file a brief by the fifth day prior to the date of the meeting scheduled for the conciliation attempt. Within 45 days of the meeting the Ministry of Economic Development will decide whether to grant the compulsory licence or reject the application.

The proceedings shall be concluded within 180 days from the filing of the application.

Compulsory licenses may be requested for dependent patents or in case of lack of implementation by the owner of the patent or its successor in title.

Starting from July 2021 compulsory licenses are possible also in case of national medical emergencies to address proven difficulties in the procurement of specific drugs or medical devices deemed essential. In such a case the license is granted by the Ministry of Health together with the Ministry of Economic Development.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

Yes, a party can invoke the FRAND defence to paralyse the requests of the patent's owner in patent infringement proceedings. The determination of the FRAND rate by the Courts is legally possible.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Yes, in patent infringement cases parties are entitled to appoint one or more experts to support their arguments and in addition, the judge may appoint its own expert. The judge will only appoint more than one expert in exceptional cases. Both the parties' experts and the expert appointed by the judge must file written reports containing their technical opinions. If requested by the judge, the experts may also have to appear at oral hearings in order to clarify their findings.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

If the production of specified documents is necessary for the resolution of the dispute, upon a party's request, the Court can order the disclosure/discovery of said documents.

Are preliminary discovery or seizure of evidence/documents available?

Italian law does not provide for preliminary discovery of documents. However, the preliminary description and/or seizure of specific documents is possible and may be authorised by the Court if the documents in question

Appeals

What are the possible routes for appeal in your jurisdiction?

First instance decisions may be challenged before the competent Courts of Appeal. Second instance decisions may be challenged before the Supreme Court. A first instance decision may also be challenged directly before the Supreme Court if the first instance Court wrongly applied specific rules and the parties agree to renounce the second instance proceedings. An appeal against a first instance decision must be lodged within 30 days from the service of the decision by the winning party. An appeal against a second instance decision must be

filed within 60 days from the service of the decision by the winning party. In both cases, if the decision has not been served, the term is equal to six months from the publication of the decision. The above terms are suspended each year from 1 August to 31 August.

On what grounds can an appeal be brought?

An appeal against a first instance decision may be brought if the first instance Court wrongly interpreted the facts or breached the applicable procedural or substantive rules. In the appeal phase, it is (usually) not possible to raise new objections or to submit new evidence.

At the beginning of the appeal stage, the Court of Appeal must carry out a preliminary assessment of the likelihood of the appeal being granted. If there is no reasonable probability of such, the Court of Appeal will declare the appeal to be inadmissible. An appeal against such a declaration may then be filed with the Supreme Court.

An appeal to the Supreme Court may be filed, *inter alia*, in circumstances when the law has been applied incorrectly or where there was a lack of examination of a fact raised by the parties and relevant to the decision.

What is an approximate timescale for the first/second appeal?

Approximately five years for the first appeal to the Court of Appeal and two years for a second appeal to the Supreme Court.

Is the first instance decision suspended while an appeal is pending?

No, as a general rule, the first instance decision is immediately enforceable, and its enforceability is not suspended while an appeal is pending. However, if serious and well-founded reasons occur, upon request of the losing party, the Court of Appeal may suspend the enforceability of the first instance decision.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

It is very difficult to estimate the legal costs without knowledge of the particular case. However, as a general guide, costs for patent litigation proceedings are usually between seventy thousand euros (EUR 70,000) to one hundred and fifty thousand euros (EUR 150,000) for a first instance decision.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

As above, it is difficult to estimate these costs without knowledge of the particular case. However, costs for patent litigation proceedings are usually between fifty

thousand euros (EUR 50,000) to one hundred thousand euros (EUR 100,000) for the first appeal and approximately equal to eighty thousand euros (EUR 80,000) for the appeal to the Supreme Court.

Are litigation costs recoverable? If so, is there a limitation?

As a general rule the judge, in rendering the decision, orders the losing party to reimburse the legal costs and fees anticipated by the winner party. However, based on a case-by-case assessment the judge is entitled to allocate costs and fees differently, for example by deciding that each party shall bear its own costs. The quantification of the legal fees is made by the judge by taking into account the rates indicated by the law.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

There are two options for alternative dispute resolution: arbitration and mediation. Arbitration is commonly used, but mediation is rarely used in IP matters. In order to submit a dispute to arbitration there must be an arbitration agreement between the parties.

The arbitration agreement must be in writing and must clearly set out the subject-matter of the dispute.

Does the court require that parties consider these options at any stage in proceedings?

No, in IP matters the Court does not require the parties to consider alternative dispute resolution options.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The court may order:

- that the defendant ceases the infringing acts;
- the destruction of the infringing goods;
- the assignment of the infringing goods (and/or the machines or tools used to make them) to the claimant;
- the seizure of all infringing goods (and/or the machines or tools used to make them);
- the payment by the infringer of the damages suffered by the patent's owner;
- the publication of the judgment in newspapers and magazines;
- the payment of penalties for any further infringement.

No, automatic injunctions are not provided by Italian law.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

Damages are assessed by taking into account all the negative economic consequences, including the loss of profit, suffered by the owner of the patent, any unfair profit made by the infringer, and, in some cases, other elements such as moral prejudice.

Any loss of profit awarded must not be lower than the royalties that the infringer would have paid if it had obtained a license from the owner of the patent. There is no specific rate for such royalties. The rate must be assessed by the Court on a case-by-case basis. The owner of the patent can request a refund of the profits made by the infringer as an alternative to compensation for loss of profit or the amount exceeding such compensation.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

The party alleging the infringement must prove its occurrence and the extent of damages requested. However, if it is not possible to exactly quantify the damages, they can be assessed by the Court based on an equitable assessment. Separate proceedings to determine the level of damages payable are also possible.

Is it possible to obtain additional remedies if the infringement was deliberate?

No additional remedies are available if the infringement was deliberate.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

An order to recall infringing products from the market may be issued in the judgment that determines the infringement of an industrial property right. No specific limitation in time is provided.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes. However, Courts may grant urgency measures only if the following two requirements are met:

- the probable existence of the right enforced (so-called *fumus boni iuris*);
- a pending or imminent infringement (so-called *periculum in mora*).

In this respect, it is recommended that urgency proceeding are started soon after the awareness of the infringement by the IP rights' owner. However, according to the majority of case-law, urgency proceedings may be started even if some time has elapsed from awareness of the infringement, provided that the "market relationships" between the parties (i.e. the parties market shares) are not steady yet.

Is it possible to obtain a without notice injunction?

Yes, if serious urgency reasons occur and the involvement of the counterparty in the proceedings could jeopardise the implementation of the Court's decision, the judge, taking summary information (if necessary), can issue a decree *inaudita altera parte* (i.e. without notice). However, with the same decree, the judge shall schedule the hearing for the appearance before the Court of all the parties within a term no longer than fifteen days and shall assign to the claimant a term no longer than eight days for the notification of the claim and the decree to the adverse party. At the hearing, the judge may confirm, modify or revoke the decree. If the notification must take place abroad, the terms referred to above are trebled. Italian Courts are very strict in assessing the urgency requirements: therefore, decisions *inaudita altera parte* are issued only in exceptional cases.

How quickly can preliminary injunctions be obtained?

Preliminary injunctions are obtained within approximately two to four months from the filing of the application. However, the achievement of a preliminary injunction in patent cases, where technical investigations are usually required, can take longer.

Is it possible to appeal against a preliminary injunction and if so, does this suspend the effect of the injunction?

An appeal against a preliminary injunction can be filed within 15 days from the date the preliminary injunction was granted at the hearing or from the date the injunction was served or communicated. The appeal does not automatically suspend the effect of the injunction. However, suspension of the injunction may be ordered by the Court when its enforcement could cause serious damage.

If a party is awarded a preliminary injunction, are they liable to provide security?

If a party is awarded a preliminary injunction, it is not automatically liable to provide security. However, the Court may order the successful party to provide security if it is appropriate based on a case-by-case assessment.

Are further proceedings on the merits required in order for the court to grant a final injunction?

To prevent interim measures from losing their effect, merit proceedings must be commenced within the term established by the judge in issuing the interim measures. If no term is established by the judge, merit proceedings must be commenced within the term of twenty working days or thirty-one calendar days if these represent a longer period. The term runs from the pronouncement of the order if it is made at the hearing or, otherwise, from its communication. However, if the interim measures are suitable for anticipating the effects of the judgement on the merits, further proceedings on the merits are not compulsory.

Is a cross-border injunction available and in what circumstances?

No. Decisions of the national Courts only have effect within Italy.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

No, Anti-Suit-Injunction is not available under Italian law.



Patent Litigation in the Netherlands

Key Contacts



Rogier de Vrey

Partner

T +31 20 3016 259

E roger.devrey@cms-dsb.com



Yasar Celebi

Associate

T +31 20 3016 419

E yasar.celebi@cms-dsb.com

Standing

Who is entitled to sue for patent infringement?

The proprietor of a patent (the patentee) may bring infringement proceedings on their own behalf, as well as on behalf of their licensees and persons holding a preferential creditor right by a deed of pledge.

Licensees and pledgees can also bring infringement proceedings on their own behalf, either as co-claimants in the procedure initiated by the patentee, or independently if the patentee has granted them such a right to enforce the patent. This right does not need to be publicly registered.

Is it possible to join more than one party as a defendant?

Yes. Any number of parties may be joined to proceedings as a defendant either at the outset or as the litigation progresses. A third party may join in or intervene in proceedings of their own accord if they can establish a sufficient interest in doing so.

Is it possible to join suppliers or other third parties to the proceedings?

Yes, if the supplier or other third party is connected to the dispute between the existing parties, the new party may be joined to proceedings as a defendant either at the outset or as the litigation progresses. Examples include intervention, joinder and indemnification proceedings.

Intervention is the procedure in which a third party joins as an independent party to a dispute that is already pending between other parties. When a third party wishes to join one of the other parties in the proceedings, this is called joinder. Article 217 Code of Civil Procedure imposes the requirement that the party concerned must have a sufficient interest in the proceedings.

An indemnification proceeding is a special proceeding that runs parallel to a main proceeding. The procedure involves a defendant's ability to involve a third party in a lawsuit that is already pending (article 210 Code of Civil Procedure). This is called "suing for indemnity." The purpose is to recover damages directly from the indemnified third party in the event of a conviction.

Is there any time limit in which claims for patent infringement must be brought?

There are no specific time limits for seeking a remedy for patent infringement in proceedings on the merits, or for preliminary injunction proceedings. As far as preliminary injunction proceedings are concerned, the Dutch Supreme Court has held that any new infringement may call for new urgency. The fact that a patentee – being aware of an infringement - has not taken action for a certain period of time, could lead the courts to deny a request for a preliminary injunction for lack of urgency.

Is there a requirement to invoke all potentially infringed patents at once?

There is no such requirement. In some cases, patent proprietors who may allege their patents are infringed opt to initiate multiple proceedings invoking different patents.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

The District Court (Civil Chamber) and the Court of Appeal (Civil Chamber) in The Hague are designated as the Court of First Instance and the Court of Second Instance, respectively, with sole jurisdiction for both infringement and invalidity proceedings. Patent cases are decided by one or three specialised judges. Infringement and validity are dealt with by the same court, either in the same proceedings (when invalidity is raised as a defence), in separate but simultaneous proceedings (an invalidity action by way of a counterclaim), or in separate nullity proceedings.

Does your country take part in the UPC?

Yes, the Netherlands takes part in the UPC. The Netherlands ratified the Unified Patent Court Agreement on 14 September 2016. A local division will be hosted in The Hague.

Can a party apply for a declaration of non-infringement?

A party may seek a declaration of non-infringement of a patent from the court. Although the courts do not allow declaratory judgments in preliminary injunction proceedings, a provisional declaratory judgment of non-infringement would be possible – indirectly – by requesting a preliminary injunction preventing the patentee from sending warning letters to alleged infringers.

How long does it take for a claim to reach a first hearing?

Normal patent proceedings on the merits may take between nine to 12 months from the serving of the writ to the oral hearing, where both parties will plead their case. However, in normal proceedings on the merits the court will usually – instead of, or prior to oral hearings – fix a date for a personal appearance of the parties to give information or to try to reach a settlement. Such informal hearings take place after the filing of the Statement of Defence by the defendant and are usually scheduled to take place within five to eight months of the date of serving the writ.

Accelerated patent proceedings before the District Court in The Hague generally reach a first instance substantive trial on the merits of the action within six to eight months of serving the writ of summons.

Urgent cases can be brought to trial at short notice, i.e. within a matter of weeks and in very urgent cases, e.g. in case of an imminent infringement at a trade fair, sometimes within a couple of days or hours, through preliminary injunction proceedings which can be initiated before the District Court of The Hague.

How long do trials last in patent cases until a first instance decision?

The accelerated proceedings are currently the most favoured patent proceedings in the Netherlands. In such accelerated proceedings on the merits, the court will render a first instance decision within eight to 12 months. In regular proceedings on the merits it will take the court 14 to 20 months to render a decision in first instance. However, since the workload of the District Court (and the Court of Appeal) in The Hague has increased substantially in recent years, we have noticed that a first instance decision in accelerated proceedings may sometimes be rendered somewhat later than the usual eight to 12 months.

Do the judges have technical expertise?

The judges of the specialised patent chambers of the District Court and the Court of Appeal in The Hague have both a scientific and legal background. Certain (former) members of the Dutch Patent Office may also serve as temporary members of the patent chamber of the courts.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

Where it appears to the court that a decision on an infringement may be affected by an opposition pending before the EPO, the court may stay the infringement proceedings. In preliminary injunction proceedings, the court will assess whether there is a serious, non-negligible chance that the opposition will succeed and, if so, may deny the injunction.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes, a party may file an action for nullification of a patent without being sued for patent infringement. However, this is only possible in proceedings on the merits and in the accelerated proceedings. Seeking nullification of a patent in preliminary relief proceedings is not possible.

Can a party file an action for a FRAND license or a compulsory license?

FRAND license

In the Netherlands, the relevance of FRAND licences are mainly limited to FRAND defences, meaning that the alleged infringer invokes this as a defence against an injunction sought by the SEP holder and that the SEP holder is obliged to allow the use of its patent under FRAND conditions. Although it is not common for implementers in the Netherlands to sue the patent proprietor for a FRAND license, this may legally not be excluded.

Recently, the Turkish and German Vestel entities started proceedings on the merits against Access Advance and their individual pool members (Philips, GE Video Compression and IP Bridge). The District Court of The Hague assumed cross-border jurisdiction in its recent interlocutory judgment. As the case is pending, the judgment on the merits of the case must be awaited.

Compulsory license

Article 57 (2) of the Dutch Patent Act provides that a license can be claimed before the court if after three years from the date of the patent, neither the proprietor of the patent nor another person, in good faith, sufficiently produces or applies the patented product or

the patented method respectively, unless they have a valid reason.

Furthermore, a license can be sought when for the application of a later patented invention, the application of the existing patent is necessary. However, based on the TRIPS-convention strict requirements must be met. Therefore, a compulsory license can only be claimed if the invention leading to the subsequent patent embodies significant technical progress of considerable economic significance.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

A party may invoke the FRAND defence in patent infringement proceedings. The Dutch courts apply the procedure described by the European Court of Justice in Huawei/ZTE.

A successful FRAND defence would result in the denial of the injunction claim of the patent proprietor.

However, post Huawei/ZTE there have been no cases in which an implementer has successfully invoked a FRAND defence, so this remains to be seen.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court

The parties may appoint their own experts who may appear before the court as witnesses or file written statements. Evidence may be brought in any form and is not subject to specific requirements.

Dutch courts may, at their own discretion or at the request of one of the parties, appoint an independent expert to give an opinion on technical matters. The expert will file a report in court and the parties may file submissions in response to it. The court can also summon expert witnesses to court to question them in person. However, as the (special chambers of the)

District Court and Court of Appeal in The Hague Court consist of specialist judges with a technical education and legal background, it is rare for the court to appoint independent experts.

Do the courts allow disclosure / discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

Under Dutch law there is no requirement to disclose documents. As a result, the concept of obtaining documents from the opposing party is not very common in the Netherlands. At an early phase, a party may ask a court to order "provisional measures" to preserve relevant evidence regarding the alleged infringement, subject to the protection of confidential information. Such measures

may be obtained ex parte by an application to the court. A party may (pursuant to such provisional measures) petition the court to obtain from the other party, or third parties, specific documents that are relevant to the dispute and that relate to a legal relationship to which the interested party is a party. The court determines the extent of this disclosure and any measures related to confidentiality of the disclosed information.

Are preliminary discovery or seizure of evidence/documents available?

Pre-trial discovery is not permitted. Seizure of evidence is only allowed for the purpose of preserving relevant evidence regarding the alleged infringement and not for examining such materials.

Appeals

What are the possible routes for appeal in your jurisdiction?

The dispute may be reviewed by the Court of Appeal in The Hague, without the need for leave or permission to be granted. Once the appeal proceedings have been concluded, the parties may appeal to the Supreme Court.

On what grounds can an appeal be brought?

The dispute may be reviewed in full by the Court of Appeal in The Hague. The Supreme Court may only rule on issues of law, not facts, or it may review a ruling of the Court of Appeal that lacks sufficient reasoning.

What is an approximate timescale for the first/second appeal?

First Appeal

In preliminary injunction proceedings, an appeal has to be filed within four weeks of the first instance judgment. Proceedings take about 12 to 20 months (there is a small chance that the Court will allow a special summary appeal taking about eight to 12 months).

In proceedings on the merits, an appeal has to be filed within three months of the first instance judgment. Proceedings take about 14 to 28 months.

Due to an increase in workload for the courts in the Hague, the above periods may be longer.

Second Appeal

An appeal before the Supreme Court usually lasts about two years (but can take longer).

Is the first instance decision suspended while an appeal is pending?

In principle, the first instance decision is suspended while an appeal is pending. However, it is common for a court to declare a judgement to be provisionally enforceable at the request of one of the parties, in which case the first instance decision is not suspended when appealed.

However, should a first instance decision be enforced and subsequently be overturned in appeal the party who enforced the first instance decision will likely be liable for damages incurred by the other party.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

The successful party can recover its reasonable and proportionate legal costs (including legal fees and fees of certain experts) and other expenses incurred, but a detailed specification of costs must be provided to the court in good time.

However, since 1 September 2020, indicative fees for patent cases exist for the Hague District Court and the Hague Court of Appeals, introduced by the judiciary.

Four categories of patent disputes are distinguished: from simple to very complex, with corresponding maximum litigation costs.

The maximum litigation costs eligible for reimbursement for preliminary injunction proceedings:

- simple cases: ten thousand euros (EUR 10,000);
- regular cases: forty thousand euros (EUR 40,000);
- complex cases: eighty thousand euros (EUR 80,000);
- very complex cases: one hundred and twenty thousand euros (EUR 120,000).

The maximum litigation costs for (accelerated) proceedings on the merits:

- simple cases: thirty thousand euros (EUR 30,000);
- regular cases: seventy five thousand euros (EUR 75,000);
- complex cases: one hundred and fifty thousand euros (EUR 150,000);
- very complex cases: two hundred and fifty thousand euros (EUR 250,000).

These amounts are maximum litigation costs that the prevailing party may be reimbursed. However, in individual cases the court may decide to depart from these amounts, for instance when it finds that the maximum amount in a particular case is too low and does not meet the criteria of reasonable and proportionate.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The successful party can recover reasonable and proportionate legal costs (including legal fees and fees of certain experts) and other expenses incurred, but a detailed specification of costs must be provided to the court in good time.

However, since 1 September 2020, indicative fees for patent cases also exist for the Hague Court of Appeal. The maximum litigation costs in appeal proceedings are equal to the maximum costs of the maximum litigation costs for (accelerated) proceedings on the merits, as described above.

Indicative fees also exist for proceedings before the Supreme Court. The maximum litigation costs are:

- simple cases:
 - Claimant: fifteen thousand euros (EUR 15,000);
 - Defendant: ten thousand euros (EUR 10,000);
- normal cases:
 - Claimant: fifty thousand euros (EUR 50,000);
 - Defendant: forty thousand euros (EUR 40,000);
- complex cases:
 - Claimant: one hundred thousand euros (EUR 100,000);
 - Defendant: eighty thousand euros (EUR 80,000);
- very complex cases:
 - Claimant: one hundred and eighty thousand euros (EUR 180,000);
 - Defendant: one hundred and fifty thousand euros (EUR 150,000);

The costs for a prejudicial question to the Supreme Court are established at a maximum of twenty five thousand euros (EUR 25,000).

Are litigation costs recoverable? If so, is there a limitation?

Yes, litigation costs are recoverable. The successful party can recover reasonable and proportionate legal costs (including legal fees and fees of certain experts) and other expenses incurred, but a detailed specification of costs must be provided to the court in good time. The litigation costs are limited to the maximum costs as described above.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The main forms of alternative dispute resolution are mediation, negotiation and arbitration. The parties are free to agree on alternative dispute resolution methods. Parties will usually use arbitration if required by contract. The courts have a policy of promoting mediation. In normal proceedings on the merits the court may give an interim order to the parties to appear in court to investigate the possibility of negotiating a settlement.

Does the court require that parties consider these options at any stage in proceedings?

The court does not require the parties to negotiate a settlement, but at the beginning of proceedings, usually during the informal court hearings set after the filing of the Statement of Defence by the defendant, the court may advise the parties to try and settle the case or start a mediation process.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

A patentee has a wide range of remedies available to it, including:

- an order to cease and desist;
- surrender/destruction of infringing goods;
- surrender of profits;
- publication of the decision;
- a recall order;
- damages;
- an order to provide information concerning suppliers and/or customers; and
- (full) reimbursement of legal costs.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

Damages are only available if the infringer knew or could reasonably have been expected to know that it was infringing the patent.

The patentee may claim damages equal to the reasonable royalties the patentee would have earned had the infringer been granted a licence for its infringing action, lost profits or the profits made by the infringer as a result of the infringing actions. However, punitive damages are not available under Dutch law. The patentee cannot claim for both compensation through damages and the surrender of profits - he must choose between the two remedies.

In determining the reasonable royalty mentioned above, various factors should be considered depending on the circumstances of the case. In most cases the royalty rates used are those that the patentee usually charges for such

matters or those that are widely used in the respective sector. The court may set the damages as a lump sum.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

The infringer may have to provide certain financial data on infringements, such as how many products have been sold and the price and profit margins applicable. Further, the Court may appoint upon the request of one of the parties or at its own discretion an independent expert, e.g. a registered auditor, to give an expert opinion on the amount of damages resulting from the infringement.

Is it possible to obtain additional remedies if the infringement was deliberate?

If the infringement was committed deliberately, the court will be more likely to award higher damages to the patentee, e.g. surrender of profits made by the infringer with the infringement in addition to other kinds of damages. This is because the Court will be more inclined to establish a causal connection between the damages claimed and the deliberately committed infringements. That said, under Dutch law it is not possible to claim punitive damages. Further, in very special circumstances, if the defendant has acted deliberately, a patentee could claim an advance sum for damages in preliminary injunction proceedings.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, the court can order a party to recall infringing products. There is not a strict limitation in time, but the court must consider the proportionality between the severeness of the infringement, the measures claimed and the interests of third parties.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

A preliminary injunction may be obtained in separate preliminary injunction proceedings or in proceedings on the merits, as a separate request, for the duration of the proceedings on the merits. However, some restrictions apply. Preliminary relief is meant to provide only a

temporary solution. For instance: no actual damages can be sought (although parties can be ordered to provide security) and no counterclaim aimed at invalidating the patent in suit is permitted as preliminary relief.

A preliminary injunction may be obtained if there is an (imminent) infringement of a patent.

Is it possible to obtain a without notice injunction?

Yes, in urgent cases, the courts may issue an ex parte injunction against an alleged infringer to prevent any imminent infringement or to prevent the continuation of an infringement. An application for an ex parte injunction may be made if the requesting party has presented reasonable evidence to support the claim that its patent has been infringed or is about to be infringed and has established the required urgency.

How quickly can preliminary injunctions be obtained?

If necessary, an injunction can be obtained in a matter of days or even hours.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

An appeal is possible. Lodging an appeal has a suspensive effect on a judgment. However, if a judgment is declared provisionally enforceable by the court, which the court often does if so requested, the injunction will not be suspended. In that case, should the injunction be reversed in the appeal proceedings, the losing party will be liable for the damages resulting from enforcement of the injunction.

If a party is awarded a preliminary injunction are they liable to provide security?

In many cases, court orders carry penalty sums for non-compliance. Such sums accrue to the successful party and are often an effective incentive for compliance. In case of (civil) seizures, the attaching party may be required to provide security.

Are further proceedings on the merits required in order for the court to grant a final injunction?

A final injunction can only be obtained in accelerated proceedings or in regular proceedings on the merits.

Is a cross-border injunction available and in what circumstances?

In accordance with case law of the Dutch Supreme Court, the (lower) courts in the Netherlands have considered themselves competent to decide on cross-border injunctions where the patent infringement occurs

in countries other than the Netherlands. As a result, a quite liberal practice of granting cross-border or extraterritorial injunctions was developed. However, since a recent decision of the European Court of Justice, the scope for a cross-border injunction has been limited to those situations where the defendant is based in the Netherlands and the validity of the patent is not in dispute. The District Court in The Hague still deems itself competent to decide on cross-border claims in preliminary injunction proceedings.

Where a defendant is a non-EU resident, a cross-border injunction (not affecting an EU member State) may be an available relief.

In general, "torpedo" actions do not block access to the Dutch courts and do not prevent the courts from allowing cross-border injunctions requested in preliminary injunction proceedings or provisionally in proceedings on the merits. The Dutch courts will however consider what effect this may have on the outcome of the proceedings on the merits. The courts will consider carefully if "torpedo" actions, e.g. coming from Italy or Belgium, are likely to force the court to declare itself not competent in proceedings on the merits, taking into account the possibility that the alleged infringer is misusing the "torpedo" to prevent the patentee from enforcing its patent efficiently in The Netherlands.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Anti-suit injunctions are not common at all in the Netherlands. In 2004 the District court of the Hague granted Medinol an anti-suit injunction against Cordis in preliminary relief proceedings.

Recently, Ericsson tried to obtain an anti anti-suit injunction against Apple in preliminary relief proceedings. However, Ericsson's claims were rejected due to a lack of urgent interest as Ericsson failed to show it was plausible that there was a real threat that Apple would initiate a preventive ASI against Ericsson. This was the case even given the unwillingness of Apple to undertake that it would not file for an ASI against Ericsson in the future.

Somewhat similar to an ASI is the injunction that may be obtained against a patent proprietor based on the argument that its patent is invalid. Such injunction could normally be obtained against the patent proprietor until a judge in proceedings on the merits has decided on the validity of the patent.

Patent Litigation in Poland

Key Contacts



Tomasz Koryzma

Partner

T +48 22 520 84 79

E tomasz.koryzma@cms-cmno.com



Aleksandra Kuznicka-Cholewa

Senior Associate

T +48 22 520 5603

E aleksandra.kuznicka-cholewa@cms-cmno.com

Standing

Who is entitled to sue for patent infringement?

The proprietor of the patent is entitled to bring a legal action against the infringer of the patent. If the patent is co-owned, any co-owner is entitled to bring a legal action against the infringer.

Additionally, legal action may be brought by the exclusive licensee, provided that (i) the licence has been duly registered on the patents register maintained by the Polish Patent Office, and (ii) the right to bring such legal action has not been excluded in the license agreement. Moreover, if the patent is encumbered by a pledge, the pledgee has the right to bring an action for discontinuance of a patent infringement.

Is it possible to join more than one party as a defendant?

Yes, it is possible to join more than one party as a defendant.

Is it possible to join suppliers or other third parties to the proceedings?

Yes, it is possible to join suppliers or other third parties into the proceedings. First of all, if statement of claims concerning the same claims may be brought also against other persons who are not defendants in the case, the court, upon claimant's application, may summon them to take part in the proceedings. What is more, both the

claimant and the defendant may also serve a third party with a notice about the proceedings if the outcome of the case may be relevant for a possibility to raise claim by or against the third party. As a result, the third party may join the proceedings "as a side intervener". Moreover, a third party, demonstrating a legal interest in resolving the case for a benefit of one of the parties, may intervene at his/her own initiative at any stage of the proceedings until they are closed in the second instance.

Is there any time limit in which claims for patent infringement must be brought?

Patent infringement proceedings must be brought within three years from the date when the patent owner becomes aware of both the infringement and the identity of the person responsible for the infringement (it runs independently for each infringement). Further, in all cases, the proceedings cannot be initiated after five years from the date the infringement. As ruled by the Supreme Court (case number III CZP 30/20), if the infringement is repetitive in nature and continues at the moment of filing a non-monetary claim (including a claim for an injunction to stop the defendant infringing the patent) the five-year limitation period runs from each day on which the infringement occurred.

Is there a requirement to invoke all potentially infringed patents at once?

No, there is no requirement to invoke all potentially infringed patents at one.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

Infringement and validity of patents are not decided in the same proceedings in Poland.

As a general rule, first instance patent infringement proceedings are heard by specialized IP division of District Court (Sąd Okręgowy) in Warsaw. In the second instance, proceedings are heard by the Court of Appeal (Sąd Apelacyjny) in Warsaw.

The validity of a patent is considered and decided only by the Polish Patent Office. Such proceedings are similar to the court proceedings and they may be initiated if a party seeking invalidation can prove that the patent should not have been granted by the Office and is invalid (e.g. due to lack of novelty or inventive step). The claimant is not required to prove any legal interest, similarly as to the opposition proceedings.

Does your country take part in the UPC?

No, Poland has not signed the UPC agreement.

Can a party apply for a declaration of non-infringement?

Yes, a party (with a legal interest) may apply to the court for a declaratory ruling that it does not infringe the patent of the third party e.g. by seeking confirmation that the manufacture of particular products or using a particular process does not constitute a patent infringement. The alleged patent infringer has a legal interest in pursuing such claim when the patent holder: i) declared that the acts of the alleged patent infringer constitute a violation of a patent or ii) failed to confirm, within the duly set time limit, that the acts in dispute do not constitute a violation of a patent. The time limit set by the alleged infringer is considered to be set properly if: i) it was set in writing; ii) it is not shorter than two months from the date of delivery of the letter to the patent holder; iii) in the letter, the alleged infringer precisely specified which actions it intends to undertake and which may constitute an infringement of a patent, indicating the extent to which the infringement may occur, and called on the patent holder to explicitly confirm that these actions do not constitute an infringement.

How long does it take for a claim to reach a first hearing?

The timing of proceedings differs in each case and will depend on many factors including the complexity of the case and how busy the court is. On average, the time between filing the claim at court and the first hearing on the merits may take up to six months. This time may be extended, when the party initiating the proceedings at the same time applies for an interim injunction or an order regarding the right of information (within the meaning of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights). In such a case the first hearing on the merits may be postponed until the proceedings regarding the interim injunction or right of information is decided.

As regards invalidity proceedings pending before the Polish Patent Office, it may take more than six months, from the moment of filing the claim, before the Polish Patent Office will establish the date for the hearing of the case.

How long do trials last in patent cases until a first instance decision?

In general patent infringement proceedings (as well as invalidity proceedings) may take between two to three years, or even more, in the first instance. The proceedings will often involve several hearings, each of which will usually last less than a day. The timing of the case will mostly depend on the complexity of the case and the amount of evidence to be examined by the court, especially, the number of witnesses, including expert witnesses summoned. Difficulties with finding a suitable expert witness may also cause considerable delay.

Do the judges have technical expertise?

As from 2020 there is a specialized IP division in District Court of Warsaw in Poland with judges who should be specialized in IP law and who are trained in this respect. However, those judges are not required to have technical education. When technical expertise is necessary, the court will appoint a technical expert.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

Yes, the court may stay the proceedings, if it considers that the outcome of the court proceedings will be affected by the outcome of the opposition at the EPO.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes, an action for nullification of a patent is a separate legal proceeding which can be issued by any person who demonstrates appropriate legal grounds for invalidation and such a party does not have to be sued for patent infringement.

Can a party file an action for a FRAND license or a compulsory license?

FRAND license

According to publicly available information, to date Polish courts have not yet ruled on any case involving a FRAND license. Nevertheless, such an action for a FRAND license can be brought to the Polish Court.

Compulsory License

Under Polish law, compulsory license can be granted by the Polish Patent Office in the following circumstances: i) it is necessary in order to prevent or remedy a threat to state security, particularly in respect to defence, public order, protection of human lives and health, and the natural environment; ii) the patent is found to be abused within the meaning of the relevant provisions; or

iii) the proprietor of a patent granted with earlier priority (i.e. a prior patent) prevents, by refusing to make a licence agreement, domestic market demand from being satisfied through the exploitation of a patented invention (i.e. dependent patent), the exploitation of which would enter into the extend of the prior patent.

Additionally, also in the decision on ceasing or removing the effects of the practices restricting competition, the president of the Office of Competition and Consumer Protection may impose the application of measures consisting of, among others, ordering the grant of licence of intellectual property rights on non-discriminatory terms.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

There are no contradictions to invoke FRAND defence in patent infringement proceedings pending before Polish courts. As a result of successful FRAND defence, the Court should dismiss patent injunction claims. As up to date Polish courts have not yet ruled on any case involving a FRAND license, it is rather unlikely that Polish Court would be willing to determine global FRAND rate.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

As mentioned above, the judges do not have technical expertise. When technical expertise is required (as is usual in most patent cases), the court appoints one or more expert witnesses. An expert's opinion may be prepared as a written report or may be presented orally at the hearing (this is at the judge's discretion). In addition, the court may require the expert witness to appear in court for oral cross-examination.

The parties may also appoint expert witnesses and submit such written opinions to the court. However, such opinions will not be recognized by the court as expert evidence equal to the evidence prepared by the court-appointed expert witness (i.e. the opinion of the court-appointed expert prevails).

Do the courts allow disclosure / discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

Under general rules of Polish civil procedure, a party may ask the court to make an order requiring the other party to submit particular documents to evidence their case. However, the party must specify particular documents that it requires (there is no general disclosure). What is more, there are certain institutions introduced to the Polish civil procedure regulating specialized proceedings in IP cases, aiming at extracting and securing the information necessary to uncover new facts concerning the patent infringement or to establish the accuracy of the factual claims raised by the claimant. There are three measures available, which are based on Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights: i) securing of evidence; ii) the disclosure or release of evidence; and iii) the request for information.

Securing the evidence can be applied if failure to secure evidence makes it impossible or excessively difficult to present or prove material facts and when there is a risk of destruction of evidence, or delay in securing evidence may make it impossible or excessively difficult to achieve the purpose of the evidentiary hearing, or when it is necessary to ascertain the existing state of affairs for other reasons. The court shall adjudicate such methods of securing the evidence as it deems appropriate according to the circumstances of the relevant case. The methods by which evidence may be secured include, in particular, the seizure of goods, materials, tools used for production or distribution, documents and the preparation of a detailed description of those items along with the collection of samples thereof, where necessary.

Moreover, the claimant who substantiated the claim may request that the defendant disclose or release evidence in their possession, in particular bank, financial or commercial documents, for the purpose of disclosing or proving facts. It may concern not only documents (banking, financial or commercial) but also other types of evidence such as items, collection of items, data bases etc. The court should specify the time limit for the disclosure or release of evidence, the rules of procedure and the information about the protection of trade secrets. The court may also specify detailed rules for the use of evidence and may impose further restrictions if the defendant invokes the protection of trade secrets.

In patent cases, the party may also ask the court to make an order that the potential patent infringer (or third party who may possess or have access to the relevant information) must provide information on the origin and distribution networks of the goods or services which infringe the patent, including the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers and information on the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.

Are preliminary discovery or seizure of evidence/documents available?

Upon a party's request the court may secure evidence before or during the proceedings until they are closed in the first instance. The party making such a request must substantiate the validity of its claims and demonstrate a legal interest in securing the means of evidence (eg. obtaining the evidence in the future will be impossible or very difficult, if it is not secured). In the ruling the court should specify the scope of access to the secured means of evidence and may limit or exclude making any copies of it. Moreover, it is required that the court sets a time limit by which the claim must be issued at court under pain of cancellation of the order to secure the evidence.

Appeals

What are the possible routes for appeal in your jurisdiction?

In every case parties may appeal against the judgement of the court of first instance. The ruling of the second instance court is generally final and binding.

In cases in which the amount of dispute is at least PLN 50,000 (approx. EUR 11,000), the parties may file an appeal (cassation) to the Supreme Court. The cassation may be based on limited grounds only.

On what grounds can an appeal be brought?

An appeal against the judgement of the court of first instance can be brought on the following grounds: error as to the facts, infringement of procedure or breach of material law.

A cassation to the Supreme Court can be brought on the following grounds: infringement of procedure and/or breach of material law by the court of second

instance (in a cassation, a party cannot question the facts of the case established by the court of second instance). A cassation is only admissible if there is a major point of law that needs to be decided by the Supreme Court, the judgement of the appellate court involves serious procedural irregularities or if there are obvious material errors.

What is an approximate timescale for the first/second appeal?

On average the proceedings before the court of first instance take 1–3 years. Proceedings before the court of second instance can take another 1–2 years. The proceedings before the Supreme Court also take up to 1–2 years.

Is the first instance decision suspended while an appeal is pending?

Yes, in general filing an appeal has a suspensive effect therefore the ruling will not be exercised until the end of the proceedings in the second instance.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

The costs of patent litigation depend on the complexity of the case. Total costs may be approximately EUR 40,000 to EUR 100,000 and in some complex cases, even higher.

These estimates include experts' fees as well as a court fee which in monetary claims depends on the amount of the dispute (in claims over PLN 20,000 the court fee is 5% of the amount of the dispute, but not more than PLN 200,000 (approximately EUR 42,000). In non-monetary claims relating to IP rights the fixed court fee is PLN 300 (approximately EUR 65) for each such a claim.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The cost of appeals in patent litigation can also vary significantly. Usually, they are lower than the costs of the first instance proceedings. Average costs

in appellate proceedings would be in the region of EUR 20,000 to EUR 50,000. This includes a court fee which in monetary claims depends on the amount of the appeal and is calculated on the same rules as the court fee in the first instance.

Are litigation costs recoverable? If so, is there a limitation?

A successful party may recover costs from the other party. The quantum of the costs award is set by the court and should include all expenses necessary for pursuing claims or defending one's rights in the proceedings and in particular include the court fees, the costs of the court appointed expert witnesses and the attorneys' fees. The recovery of attorneys' fees is however capped by the statutory maximum fees, depending on the amount of the dispute (in non-monetary claims for patent infringement – max. approx. PLN 150,000 (EUR 31,250). In practice however, the court rarely orders the recovery in the amount of maximum fees.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The main forms of ADR available in Poland are mediation, negotiation and arbitration. Negotiation and mediation are used in patent litigation. Arbitration is rarely used in patent litigation as disputes in this area do not usually arise out of a contract.

Does the court require that parties consider these options at any stage in proceedings?

At the stage of lodging a claim with a court the claimant must indicate in writing whether the parties have previously attempted any ADRs, and if not, the reasons why.

Moreover, the courts should actively encourage parties to settle disputes at any stage of the proceedings. Nonetheless, ADR procedures cannot be initiated without the parties' consent.

Parties may conclude settlement at any stage of the court proceedings. Upon the parties' consent, mediation may be conducted before or during the course of the court proceedings. Parties may also ask the court to suspend the proceedings to allow the parties to settle their dispute amicably.

If there is an arbitration agreement between the parties, the jurisdiction of the common courts will be excluded.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The remedies available for patent infringement are (i) an injunction to stop the defendant infringing the patent; (ii) an account of profits; (iii) damages (only where the infringement was deliberate or arose from negligence) (iv) a court order as to the disposal of unlawfully manufactured products and of the means used in their manufacturing (destruction, removal from the market, delivery to the right holder); (v) an order for the publication of the judgment in a manner and to the extent specified by the court.

In Poland the court should grant injunction if the claimant has filed such a request and if the patent infringement has been confirmed during the proceedings.

Nevertheless, the court may exceptionally refrain from granting the injunction and order an alternative remedy – a payment of an appropriate sum of money instead, on the conditions that: i) the infringement of the patent is not due to the infringer's fault; ii) the injunction would be disproportionately severe for the infringer and iii) the payment of an appropriate sum of money takes due account of the interests of the patent holder.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

There are two alternative bases for calculating damages. First, they may be calculated according to general rules of Polish law. Under Polish law, damages are intended to restore the damaged party to the position it would have been in, but for the infringement. Usually, damages include the incurred loss and the expected profits which have been lost e.g. due to a drop in sales.

Second, the damages may be based on a reasonable royalty (licence fee) which would have to be paid if a licence had been sought by the infringing party. When assessing a reasonable royalty, the courts consider what royalty would be agreed between a willing licensor and willing licensee. In determining the royalty rate, the court will consider relevant factors including the practice as regards royalties in the relevant trade and expert opinion.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

The quantum of damages must be based on the evidence gathered in court proceedings. Irrespective of the chosen basis for calculating damages, the burden of proof in this respect rests on the claimant. The amount of damages may be proven with all kinds of evidence admissible under Polish law. Usually it is established with evidence from an expert witness who has analysed the business operation of the parties.

If the exact quantum of damages is difficult to prove, the court may set the amount of damages, taking into consideration all the circumstances of the case.

Is it possible to obtain additional remedies if the infringement was deliberate?

There are no special remedies available, if the infringement was deliberate. However, note that deliberate actions may allow for the award of damages which can only be granted for "culpable" infringement (which include deliberate or negligent actions).

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Upon ruling on the infringement of a patent the court may, at the request of a proprietor of the patent, recall infringing products. In practice, such request should be included already in the statement of claims and is only limited by the limitation period.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Courts are entitled to grant interim measures which are similar to temporary injunctions issued in common law jurisdictions. Interim measures can be issued before initiating or during the course of court proceedings. Interim measures must be coupled with the initiation of civil proceedings against the infringer. If an interim measure is issued before initiating the proceedings, the court sets a deadline for filing a lawsuit.

Such measures can be obtained in Poland on the grounds that the applicant demonstrates high probability of the patent infringement and a legal interest in obtaining the injunction. According to the Polish Code of Civil Procedure a legal interest exists if the lack of such measure would prevent or significantly hinder the enforcement of a ruling issued in a given case or otherwise prevent or seriously hinder satisfying the purpose of proceedings in a given case.

The latest amendment to the injunction procedure in intellectual property cases introduced a six-month time limit for the filing of an application for injunction, from the moment of becoming aware of the infringement. Failure to comply with this time limit will result in the court dismissing the application and the applicant not obtaining the injunction. Additionally, the applicant should inform the court whether any invalidation proceedings are pending in relation to the applicant's patent (the court deciding on the injunction should take into account the likelihood of invalidation of that right). The last change is the introduction of a mandatory hearing of the respondent by the court before a decision on the injunction is made, with two exceptions to this rule, namely: i) when an immediate ruling on the injunction is necessary or ii) when the requested interim measure is enforceable only by a bailiff, e.g. by seizing goods.

Is it possible to obtain a without notice injunction?

Yes. Courts can issue interim measures based solely on the application of the claimant without notifying the defendant, provided that one of two conditions is met, i.e. i) when an immediate ruling on the injunction is necessary or ii) when the requested interim measure is enforceable only by a bailiff, e.g. by seizing goods. The party against which the interim measure has been issued, in such a case may file an appeal only after receiving the decision.

How quickly can preliminary injunctions be obtained?

As a rule, interim measures should be granted promptly. Technically, the court's decision should be issued no later than seven days from filing the application for issuing an interim measure. However, usually it takes 2–3 weeks from filing the application.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

Yes. The decision of the court may be appealed within seven days. An appeal against a decision of the court of first instance is decided by the court of second instance, whereas an appeal against a decision of a court of second instance is decided by a different composition of that court. As a general rule, filing an appeal does not suspend the effect of the interim measure. However, the court deciding the appeal has the option to suspend the injunction until the decision is made.

Once the decision to award the interim measure becomes final, the party may still ask the court to change or quash the decision, if the reason for granting the measure has changed or ceased to exist.

If a party is awarded a preliminary injunction are they liable to provide security?

The court may make the enforcement of the interim measure conditional on the provision of security. The security should cover the potential claim for damages incurred by the other party due to the enforcement of the interim measure.

Are further proceedings on the merits required in order for the court to grant a final injunction?

Yes. Interim measures, due to their temporary nature, remain in effect only until the completion of the main trial. Any final obligations may be imposed in the final judgement issued in the proceedings on the merits.

Is a cross-border injunction available and in what circumstances?

There is no established practice or case law regarding cross-border injunctions in Poland.



Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Anti-Suit Injunctions are generally not available in the form applied in the common law system and there is no specific Polish legal regulation explicitly allowing for the use of ASI. However, Polish legal doctrine indicates that based on currently applicable law, there are some possibilities which could enable the court to effectively apply ASI, but there is no established practice in this respect in Poland.

In June 2016 the District Court in Cracow granted a security, which had similar elements to ASI as it ordered the defendant to apply for a stay of proceedings on a claim for payment before the arbitration tribunal and prohibited him from its withdrawal for the duration of the proceedings pending in the District Court. The abovementioned case did not however concern a patent dispute and to date no ASI has been issued in any patent case. Moreover, the District Court's order was later set aside by the Court of Appeal.

Patent Litigation in Romania

Key Contacts



Cristina Popescu
Partner
T +40 21 407 3811
E cristina.popescu@cms-cmno.com



Andra Ionescu
Associate
T +40 74 0077 179
E andra.ionescu@cms-cmno.com

Standing

Who is entitled to sue for patent infringement?

The proprietor of a patent may bring proceedings for patent infringement. If the patent belongs to more than one proprietor, each one of them may bring infringement proceedings, provided that they notify the other proprietors.

Exclusive licensees have the right to bring proceedings for patent infringement in respect of any infringements of the patent committed after the date of the licence, and only in relation to infringements that are within the scope of their licence.

In some cases, depending on the terms of the licence, a non-exclusive licensee may be added as a party to proceedings.

Any assignee of the patent may commence infringement proceedings only for acts that have occurred after the assignment and only if the assignment agreement was registered with the National Patents Registry.

Is it possible to join more than one party as a defendant?

Yes, several persons may be joined as claimant or defendant, whenever the case involves a joint obligation or a common right.

Is it possible to join suppliers or other third parties to the proceedings?

Yes, it is possible to involve suppliers or other third parties in the proceedings. If the outcome of the litigation could be relevant for a claim of or against a third party (e.g., a supplier who is obliged to provide the disputed products free of third-party rights), the defendant may serve this party with a third-party notice. The third-party notice has the effect that the legal and factual findings in the judgment are established with a binding effect between the defendant and the third party and the defendant may hold these findings against the third party in potential recourse proceedings.

The third-party has the right to intervene in the proceedings and assert its own means of attack and defence and conduct all procedural actions unless these actions contradict those of the main party.

Is there any time limit in which claims for patent infringement must be brought?

Yes. A claim for infringement may be filed within the general time limit of three years from when the person entitled to file it knew or had reason to know of both the existence of the infringement and the identity of the person responsible.

Is there a requirement to invoke all potentially infringed patents at once?

No.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

In Romania there is no special court or division within a court that would settle patent litigation proceedings. Thus, civil claims related to patent infringement are ruled upon by common civil courts.

Nonetheless, since infringement is a criminal offence, criminal courts also have jurisdiction over patent infringement matters.

Criminal proceedings are commenced ex officio every time an infringement occurs. The plaintiff (the patent's proprietor, licensee or assignee) may then seek to obtain damages in a claim for damages 'attached' to the criminal proceedings or the plaintiff may seek damages by means of separate parallel proceedings through the civil courts. Therefore, the plaintiff may seek damages through both the civil and criminal courts.

A claim to revoke a pending patent registration should be initially filed with the State Office for Inventions and Trademarks (OSIM) and will be settled by a review committee of the Appeals Department within OSIM. Such committee decision may be reviewed on appeal by the Tribunal, and on final appeal by the Court of Appeal.

Patent invalidity claims are to be filed with the Bucharest Tribunal, and the Tribunal's decision may be appealed before the Court of Appeal, while a final appeal may be filed with the Supreme Court.

Does your country take part in the UPC?

Although the UPC Agreement was signed by Romania, it has not yet been ratified.

Can a party apply for a declaration of non-infringement?

No.

How long does it take for a claim to reach a first hearing?

It usually takes between three to five months from the moment the claim is filed with the civil court. As of 15 February 2013, Romania introduced a New Civil Procedure Code that has shortened the amount of time between filing a claim and the first hearing.

How long do trials last in patent cases until a first instance decision?

Unlike the setting of a first hearing date, rendering a first instance decision is not bound by any procedural deadline. However, on average, it takes ten months since the claim is submitted for a decision to be reached in first instance.

Do the judges have technical expertise?

The judges do not have technical expertise, but they are permitted to use experts who will present a technical report.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

The courts are allowed to stay the proceedings pending the outcome of a related opposition at the EPO if the case at hand depends, totally or partially, on the existence or non-existence of a right which is the subject matter of the opposition at the EPO.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes. However, the plaintiff must demonstrate and prove a legal interest in a judgment on the patent's validity. Such an interest is usually assumed if patent infringement proceedings are pending.

Can a party file an action for a FRAND license or a compulsory license?

FRAND licenses are not yet regulated by law in Romania and have not been encountered within national case law.

As far as compulsory licenses are concerned, yes, a party can file a request with the Bucharest Tribunal, on the expiry of four years from the date of filing of the patent application or three years from the granting of the patent, whichever is the later.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

FRAND licenses are not yet regulated by law in Romania and have not been encountered within national case law.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Parties may submit extra-judicial expert reports as evidence, but judges have discretion whether to admit the reports as evidence or not. Furthermore, they are not in any way bound by the results of such report. When an expert report is ordered by the court, the court appoints its own expert, while parties are allowed to request the appointment of their own expert which would assist the court-appointed expert.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

Yes. If a judge decides that a document must be disclosed, and asks a party to do so, the party has an obligation to disclose the document, regardless of its confidentiality. Indeed, the judge has an active role in deciding which documents (or part thereof) are relevant to the case and must be disclosed by the parties.

Are preliminary discovery or seizure of evidence/documents available?

The interested party may request preliminary discovery by way of an injunction or the party may apply to the court for seizure of evidence if there is a legitimate danger that such evidence may not exist in the future or would become difficult to obtain.

Appeals

What are the possible routes for appeal in your jurisdiction?

All patent related claims may be appealed, with no limits as to the possible grounds for appeal. Also, final appeals are available (except for patent revoking claim) but are subject to specific procedural grounds.

On what grounds can an appeal be brought?

An appeal may be brought on both factual and legal grounds. However, a final appeal may be brought only based on specific legal grounds, and such grounds are strictly defined by law:

- when the court was not constituted according to the applicable legal provisions;
- if the decision was rendered by a judge different than the one who took part at the hearing on the merits or by a different panel of judges than the one randomly established to settle the case or whose composition was changed, in violation of the law;
- when the judgment was given in breach of the jurisdiction of another court;

- when the court exceeded its competence;
- when, by its judgment, the court breached procedural rules which entail the sanction of nullity;
- when the judgment does not refer to the grounds upon which it is based or contains contradictory reasoning or grounds not related to the case;
- when the res judicata authority has been infringed;
- when the judgment was given in breach or misapplication of the rules of substantive law.

What is an approximate timescale for the first/second appeal?

Six to nine months from the date of filing the appeal (for both the first and final appeal).

Is the first instance decision suspended while an appeal is pending?

In general, an appeal has a suspensive effect and thus prevents the decision from being final and binding.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

The costs of any specific patent litigation will vary depending on various aspects such as the number of hearings, necessity of experts, the type of claim filed etc. As a very rough estimate, the first instance proceeding may cost around fifty thousand euros (EUR 50,000) to seventy five thousand euros (EUR 75,000) or even more for very complex disputes.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

As in the case above, it is difficult to estimate the legal costs as these will depend on the circumstances of the

case. Note should be made that costs in the appeal phase are usually reduced to 50% of the amount spent before the first instance courts, thus may vary between twenty five thousand euros (EUR 25,000) to thirty seven thousand euros (EUR 37,000) or higher for very complex disputes.

Are litigation costs recoverable? If so, is there a limitation?

Yes, the losing party must bear both court costs and opposing counsel's fees. There is no limitation provided by law, but upon request or ex officio judges are empowered to reduce the amount of litigation costs considered too high in comparison with the case complexity and duration.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

Options include mediation and negotiation. ADR is not commonly used by parties in patent litigation.

Does the court require that parties consider these options at any stage in proceedings?

The parties may consider mediation or conciliation at any stage of the proceedings, but they are not required to do so by the court.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The court will first try to restore the parties to their position before the infringement took place. However, usually this is not possible and instead the court will award damages. Automatic injunctions are never available in civil court claims.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

Damages are calculated to cover in full the damage suffered by the claimant, including the effective losses

and the unachieved benefits (i.e. loss of profits). The court will only grant the amount of damages that the claimant is able to provide evidence for. The court must be certain that the party suffered or would have suffered this damage.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

If requested, the amount of damages needs to be proven by factual evidence. Courts are allowed to order claimants to bring additional evidence or give further explanations in support thereof, but within the same proceedings. There are no separate proceedings envisaged by Romanian law for such inquiry.

Is it possible to obtain additional remedies if the infringement was deliberate?

No.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, the patentee/beneficiary has a right to request recall and removal of infringing products from the sales

channels. The recall claims are subject to statutory limitation periods (depending on whether such remedy is requested before or during the litigation proceedings). However, they may also be excluded when it can be expected that the products which the infringer distributed are no longer in the sales channels.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes. The patent holder or any other person exercising the right with the patent holder's consent may request a preliminary injunction from the court if they provide credible evidence that their rights are the subject of an actual or imminent unlawful act and that this act is likely to cause them damage which it would be difficult to remedy.

Is it possible to obtain a without notice injunction?

Yes. In case of particular urgency, provisional measures may be taken without the need for the defendant to be heard. In this case, the parties will be immediately informed of the measures taken by the court.

How quickly can preliminary injunctions be obtained?

One to three months from submission.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

Yes, it is possible to file an appeal against a preliminary injunction within five days from the date the decision was rendered by the court or from the date such decision was notified to the interested person. The appeal does not automatically suspend the effect of the preliminary

injunction. However, provided that the appellant provides security, the court may order a temporary suspension of the effect of the injunction.

If a party is awarded a preliminary injunction are they liable to provide security?

No. The party awarded an injunction is not liable to provide security.

Are further proceedings on the merits required in order for the court to grant a final injunction?

As a general rule, the Romanian courts will grant a preliminary injunction if the claimant proves that it has commenced proceedings on the merits prior to filing such a request. However, there is no explicit law requiring this and there are differing legal opinions as to whether a preliminary injunction is available regardless of the existence of any proceedings on the merits of the case.

Is a cross-border injunction available and in what circumstances?

Cross-border injunctions are not available.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Romanian Civil Procedure Code contains no provisions that would allow the courts' intervention in this respect.

Patent Litigation in Singapore

Key Contacts



Sheena Jacob
Partner
T +65 6422 2851
E sheena.jacob@cms-holbornasia.com



Andre Choo
Associate
T +65 9634 1083
E andre.choo@cms-holbornasia.com

Standing

Who is entitled to sue for patent infringement?

In Singapore, the following entities are entitled to sue for patent infringement:

- The proprietor of a patent (section 67 of the Patents Act 1994 (“**PA**”)).
- One of two or more joint proprietors, provided that the other joint proprietors are made parties to the proceedings (s 73(2) PA). These other joint proprietor(s), if made a defendant, are not liable for any costs or expenses unless they file and serve a notice of intention to contest or not contest and take part in the proceedings.
- An assignee or exclusive licensee, provided that the assignment or exclusive license expressly confers the right to sue for patent infringement (ss 41(7), 74 PA).

Is it possible to join more than one party as a defendant?

Yes. Following Rule 32 of the Supreme Court of Judicature (Intellectual Property) Rules 2022 (“**IPR**”)) read with Order 9 Rule 9 of the ROC 2021, the addition or removal of parties is one matter dealt with under a single application pending trial. Following Rule 32 of the IPR read with Order 9 Rule 10 of the ROC 2021, the Court may add or remove one or more claimants or defendants.

Is it possible to join suppliers or other third parties to the proceedings?

Yes. Following Rule 32 of the IPR read with Order 10 Rule 1 of the ROC 2021, a defendant may issue a third-party notice if the defendant:

- claims against a person not already a party to the action any contribution or indemnity;
- claims against such a person any relief or remedy relating to or connected with the original subject matter of the action and substantially the same as some relief or remedy claimed by the claimant; or
- requires that any question or issue relating to or connected with the original subject matter of the action should be determined not only as between the claimant and defendant but also as between either or both of them and a person not already a party to the action.

Is there any time limit in which claims for patent infringement must be brought?

Claims for patent infringement must be brought within six years from the date on which the cause of action accrued (i.e. from the date on which the infringing acts occurred) (s 6 Limitation Act 1959).

Is there a requirement to invoke all potentially infringed patents at once?

No.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

The relevant court is the General Division of the High Court ("GDHC") (s 2 read with s 67 PA).

Revocation of a patent may be brought before the Intellectual Property Office of Singapore ("IPOS") but if infringement proceedings are pending, a revocation action before IPOS would require permission of the court.

Infringement and validity are usually decided in a single proceeding with invalidity of a patent typically asserted as a defence to the infringement.

Does your country take part in the UPC?

No.

Can a party apply for a declaration of non-infringement?

Yes. Per s 77(3) PA, the relevant relief is a declaration to the effect that the threat of the infringement proceeding is unjustifiable.

How long does it take for a claim to reach a first hearing?

It depends on the various interlocutory applications and the complexity of the case.

How long do trials last in patent cases until a first instance decision?

It depends on the complexity of the case, but usually within 18 – 24 months.

Do the judges have technical expertise?

The appointed judge will usually have expertise in Intellectual Property and may have technical expertise.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

No.

Can a party file an action for nullification of a patent without being sued for patent infringement?

A party can file an application to revoke a patent pursuant to s 80 PA, but this does not stop them from potentially being sued for patent infringement.

Can a party file an action for a FRAND license or a compulsory license?

FRAND license

There is no specific procedure for an action to be filed in respect of a FRAND license.

Compulsory license

Yes, any interested person may apply to the court for the grant of a licence under a patent on the ground that the grant of the licence is necessary to remedy an anti-competitive practice (s 55 PA).

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

The issue of FRAND defence has not been tested in the Singapore courts and the PA does not deal with FRAND and Standard Essential Patents ("SEP").

The Competition and Consumer Commission of Singapore is the competition regulator in Singapore and its Guidelines on the Treatment of Intellectual Property Rights provide that "where an owner of an SEP has a dominant position in a market, its refusal to license its SEP on FRAND terms to any applicant for a licence (irrespective of its position in the value chain) may give rise to competition concerns under section 47 of the [Competition Act 2004]. In addition, it should be noted that seeking an injunction based on an alleged infringement of a SEP may give rise to competition concerns under section 47 of the [Competition Act 2004] if the SEP holder has a dominant position in a market, has given a voluntary commitment to license its SEP on FRAND terms and where the party against whom the SEP holder seeks to injunct is willing to enter into a licence agreement on such FRAND terms".

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Yes, expert witnesses are used by parties to a patent infringement case.

A party can bring its own expert witnesses. However, the expert has the duty to assist the court in the matters within his or her expertise and on the issues referred to him or her. The expert's duty to the court overrides any obligation to the person from whom the expert receives instructions or by whom the expert is paid.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

Yes. Under Order 11 of the Rules of Court 2021 ("ROC 2021"), the parties must disclose:

- all documents that the party in question will be relying on
- all known adverse documents (including documents which a party ought reasonably to know are adverse to the party's case);
- where applicable, documents that fall within a broader scope of discovery:

- as may be agreed between the parties or any set of parties; or
- as ordered by the court.

Pursuant to Order 11 Rule 4 of the ROC 2021, the court may, of its own accord and at any time, order any party or non-party to produce a copy of any document that is in the person's possession or control, subject to Order 11 Rules 5, 8 and 9.

Are preliminary discovery or seizure of evidence/documents available?

Yes to both.

Pursuant to Order 11 Rule 11 of the ROC 2021, the court may order the production of documents and information before the commencement of proceedings or against a non-party to identify possible parties to any proceedings, to enable a party to trace the party's property or for any other lawful purpose, in the interests of justice.

In relation to seizure of documents, Order 13 Rule 1 of the ROC 2021 states that a party may apply for a search order, which may be before the originating process is issued and may be without notice (but supported by an affidavit justifying why the application is without notice).

Appeals

What are the possible routes for appeal in your jurisdiction?

Appeals from Decisions of the Registrar of Patents

For decisions of the Registrar relating to revocation of patents, appeals can be made to the GDHC (see s 90 PA). A further appeal may be possible to the Court of Appeal ("CA") subject to the ground(s) in the next question.

Appeals from Decisions of the Court

For decisions made solely by the GDHC, such as patent infringements and validity, an appeal can be made only to the CA.

On what grounds can an appeal be brought?

An appeal from a decision of the GDHC to the CA is only possible:

- Where the decision of the GDHC is wrong in law (see s 90(3)(b) PA);

- If the GDHC's exercise of discretion was based on a misunderstanding of the evidence before it; or
- If the GDHC's decision "was so aberrant that it must be set aside on the ground that no reasonable judge mindful of his duty to act judicially could have reached it" (see at *E C Investment Holding Pte Ltd v Ridout Residence Pte Ltd* [2011] SGCA 50 at [76]).

What is an approximate timescale for the first/second appeal?

Appeals from Decision of the Registrar

Regarding appeals from a decision of the Registrar, a notice of appeal must be filed and served with the GDHC within the following timelines (see Rule 40 of the IPR):

- if the Registrar's decision is on a matter of procedure, within 28 days after the Registrar's decision; and
- in any other case, within six weeks after the Registrar's decision.

Regarding appeals from the GDHC, a notice of appeal must be filed and served with the CA within 28 days of the decision of the GDHC, including on costs (see Order 19 Rule 25 of the ROC 2021). This is the last form of appeal since the CA, as the appellate court, is highest court in Singapore.

An appeal is usually heard within 12 months.

Appeals from GDHC

Regarding patent infringements heard by the GDHC only, which are actions commenced by originating claim (see rule 33 of the IPR), a notice of appeal must be filed and served with the CA within 28 days of the decision

of the GDHC, including on costs (see Order 19 Rule 25 of the ROC 2021). This is the only form of appeal since the CA, as the appellate court, is highest court in Singapore.

An appeal is usually heard within 12 months.

Is the first instance decision suspended while an appeal is pending?

Appeals to the CA do not operate as a stay of execution or enforcement or of proceedings under the decision appealed against, unless the GDHC whose decision is appealed against or the CA so orders (see s 60C SCJA).

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

It is difficult to provide a figure regarding the estimated legal costs of patent litigation for a first instance decision. This is because the costs incurred depends on, among other things, the complexity of the case.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

It is difficult to provide a figure regarding the estimated legal costs of patent litigation proceedings for an

appeal. This is because the costs incurred depends on, among other things, the complexity of the case.

Are litigation costs recoverable? If so, is there a limitation?

Whether litigation costs are recoverable, and the extent to which they can be recovered, are at the discretion of the court hearing the case, subject to any written law (see Order 21 Rule 2 of the ROC 2021). There are no legal limitations, however the losing party is traditionally ordered to pay only a portion of the actual costs incurred by the winning party (i.e. two-thirds).

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

Besides litigation and/or arbitration, parties may resort to mediation, negotiation or expert determination, which are commonly used.

Following Rule 32 of the IPR read with Order 5 Rule 1(1) of the ROC 2021, parties to any proceedings have a duty to consider amicable resolution of the dispute before the commencement and during the course of any action or appeal.

Following Rule 32 of the IPR read with Order 5 Rule 1(3) of the ROC 2021, an offer of amicable resolution in this

Order means making an offer to settle the action or appeal or making an offer to resolve the dispute other than by litigation, whether in whole or in part.

Does the court require that parties consider these options at any stage in proceedings?

Following Rule 32 of the IPR read with Order 5 Rule 3(1) of the ROC 2021, the court may order the parties to attempt to resolve the dispute by amicable resolution.

Following Rule 32 of the IPR read with Order 5 Rule 3(5) of the ROC 2021, the court may suggest solutions for the amicable resolution of the dispute to the parties at any time as the court thinks fit.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

Under section 67(1) of the PA, the proprietor of the patent may claim for the following:

- for an injunction restraining the defendant from any apprehended act of infringement;
- for an order for the defendant to deliver up or destroy any patented product in relation to which the patent is infringed or any article in which that product is inextricably comprised or any material and implement the predominant use of which has been in the creation of the infringing product;
- for damages in respect of the infringement;
- for an account of the profits derived by the defendant from the infringement; and
- for a declaration that the patent is valid and has been infringed by the defendant.

Under section 67(2) of the PA, the court must not, in respect of the same infringement, both award the proprietor of a patent damages and order that the proprietor be given an account of the profits. This is to avoid double recovery.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

In the Singapore High Court case of *Main-Line Corporate Holdings Ltd v UOB Bank Ltd* [2017] 3 SLR 901, the English case of *General Tire & Rubber Co v Firestone Tyre & Rubber Co Ltd* [1975] 1 WLR 819 ("General Tire") was referred to for the calculation of damages. In General Tire at 824, Lord Wilberforce stated that in general, patentees usually derive remuneration from their inventions either (i) by manufacturing articles or products which they sell at a profit or (ii) by permitting others to use their inventions under licence in exchange for royalty payments.

In the former situation, the measure of damages would normally be lost profits on sales which the patentee would otherwise have made, or lost profit on the patentee's own sales to the extent that he was forced by the infringement to reduce his own price.

In the latter situation, the measure of damages will likely be what the patentee would have charged the defendant for a licence based on the "accepted royalty rate". However, "it must be shown that the circumstances under which the going rate was paid are the same or at least comparable" with the present situation in which the patentee and infringer are assumed to strike their bargain (see General Tire at 825). Lord Wilberforce stated in General Tire at 826 that there may be situations where the patentee cannot show a normal or established licence royalty or a rate of profit as a manufacturer. In such cases, the claimant would have to adduce admittedly general or hypothetical evidence in the form of expert opinion or practice in the trade, to support a finding of a reasonable royalty.

Following Rule 32 of the IPR read with Order 17 Rule 5 of the ROC 2021, money payable under an order is subject to (a) interest as agreed between the parties; or (b) if there is no agreement on interest, simple interest at 5.33% per year.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

Yes, there are separate proceedings for the inquiry into damages.

Is it possible to obtain additional remedies if the infringement was deliberate?

The court has the discretion to determine what remedies it may award. There are no specific provisions mandating that additional remedies are given if the infringement was deliberate such as treble damages or punitive damages.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes. Section 67(1)(b) states that the court may order the defendant to deliver up or destroy any patented product in relation to which the patent is infringed or any article in which that product is inextricably comprised or any material and implement the predominant use of which has been in the creation of the infringing product.

There is no specific limitation in time, but the court may specify such timelines in its decision.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes. The court may issue an interim or interlocutory injunction. Following Rule 32 of the IPR read with Order 13 Rule 1 of the ROC 2021, a party may apply for an injunction, whether or not a claim for such relief was included in that party's originating process, counterclaim or third-party notice.

The applicant must satisfy the following requirements under the *American Cyanamid* test (see *Astrata (Singapore) Pte Ltd v Tridex Technologies Pte Ltd* [2011] 1 SLR 449 at [17]):

- There is a serious question to be tried; and
- The balance of convenience lies in favour of granting an injunction.

Relevant factors include the following (*Bouvier, Yves Charles Edgar v Accent Delight International Ltd* [2015] 5 SLR 558 at [151], [157]):

- The court does not engage in complex questions of law or fact at the interlocutory stage.
- Regarding interlocutory proprietary injunctions, the first element (i.e. serious question to be tried) is satisfied if the claimant has "a seriously arguable case" that it has a proprietary interest.
- Regarding interlocutory proprietary injunctions, the second element (i.e. balance of convenience) is likely satisfied if the claimant asserts a "proprietary interest in unique property, or property that cannot be readily purchased or substituted on the market".

Is it possible to obtain a without notice injunction?

Yes, in cases of urgency. Following Rule 32 of the IPR read with Order 13 Rule 1(3) of the ROC 2021, the application for an injunction may be by originating application without notice or summons without notice, supported by an affidavit stating the urgency and explaining why the defendant should not be informed about the application and the merits of the application.

In an urgent case, the applicant may apply for an injunction before the originating process is issued. The applicant must justify to the court why, on the facts, the case is an "urgent case".

Following Paragraph 71 of the Supreme Court Practice Directions 2021 ("**SCPD 2021**"), except in cases of extreme urgency or with the permission of the relevant court, the party must give a minimum of two hours' notice to the other parties before the hearing. The notice should inform the other parties of the date, time and place fixed for the hearing of the application and

the nature of the relief sought. If possible, a copy of the originating process, the summons without notice or the originating application without notice (if no originating process has been issued yet) and supporting affidavit(s) should be given to each of the other parties in draft form as soon as they are ready to be filed in relevant court.

How quickly can preliminary injunctions be obtained?

Where the circumstances are shown to be urgent or time-sensitive, the Singapore courts may issue an injunction immediately upon application.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

An appeal is possible, but it does not by itself suspend the effect of the injunction. Please note that if the injunction is granted *ex parte*, the parties will be heard again by the judge to determine if the injunction should be upheld. This is not by way of an appeal but is part of the proceedings for the injunction.

Following Rule 32 of the IPR read with Order 18 Rule 6 of the ROC 2021, except so far as the lower court or appellate court may otherwise direct, an appeal does not operate as a stay of enforcement or of proceedings under the decision of the lower court.

If a party is awarded a preliminary injunction are they liable to provide security?

Security is only required to be offered to fortify the relevant undertaking by the applicant where the court orders as such.

Following Paragraphs 13/1/28 to 13/1/30 of the Singapore Civil Procedure 2022 ("**White Book 2022**") and *CHS CPO GmbH v Vikas Goel* [2003] 3 SLR(R) 202 at [18], an undertaking as to damages is described as a standard requirement that accompanies the court's grant of an injunction almost as a matter of course. The court cannot compel an applicant to give an undertaking as to damages as a condition of an interlocutory injunction, however it can refuse to grant an injunction unless the applicant does so.

Following Paragraph 73(f) of the SCPD 2021, an application for an interlocutory injunction without notice must be accompanied by an affidavit that includes "[a]n undertaking to pay for losses that may be caused to the opponent or other persons by the granting of the orders sought, stating what assets are available to meet that undertaking and to whom the assets belong".

The applicant may be required by the court to fortify the abovementioned undertaking by giving security. Following Paragraph 13/1/33 of the White Book 2022, where the court has imposed the condition of fortifying the undertaking with security, unless the applicant is willing and able to provide the security ordered, the injunction will not be granted. A defendant should apply for the security at the time when the injunction is granted, after an inter partes hearing, and the undertaking is given. The court has no subsequent power to impose such an additional term on the grant of an injunction.

Are further proceedings on the merits required in order for the court to grant a final injunction?

Yes. A final injunction is however separate from an interim injunction and is only issued after trial, a summary judgment or a default judgment.

Is a cross-border injunction available and in what circumstances?

Mareva injunctions and Anti-Suit Injunctions (see next question) are typically the types of cross-border injunctions granted by the Singapore courts.

Mareva Injunction

Following Rule 32 of the IPR read with Order 13 Rule 1(7) ROC 2021, a Mareva injunction is available to prohibit the disposal of assets worldwide. Following Paragraph 13/1/79 of the White Book 2022, a worldwide Mareva injunction may be used where the assets which are to be frozen are wholly located abroad (including within several foreign jurisdictions) or where some of the assets are within the jurisdiction and some are abroad. Such an injunction may be granted either before judgment or after judgment.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Yes.

Following *Lakshmi Anil Salgaocar v Jhaveri Darsan Jitendra* [2019] 2 SLR 372 at [49] citing *Société Nationale Industrielle Aerospatiale v Lee Kui Jak* [1987] AC 871 at 892, the following are the general principles governing ASIs:

- The jurisdiction is to be exercised when the “ends of justice” require it.
- Where the court decides to grant an ASI, its order is directed not against the foreign court but against the parties so proceeding or threatening to proceed.
- An ASI will only be issued to restrain a party who is amenable to the jurisdiction of the court, against whom an injunction will be an effective remedy.
- Since such an order indirectly affects the foreign court, the jurisdiction is one which must be exercised with caution.

Following *Sun Travels & Tours Pvt Ltd v Hilton International Manage (Maldives) Pvt Ltd* [2019] 1 SLR 732 at [66] and *John Reginald Stott Kirkham v Trane US Inc* [2009] 4 SLR(R) 428 at [28]-[29], the court will consider the following elements to determine whether an ASI will be granted:

- Whether the defendant (in relation to the ASI) is amenable to the SGC’s jurisdiction;
- Whether Singapore is the natural forum for resolving the dispute between the parties;
- The alleged vexation or oppression to the claimant (in relation to the ASI) if the foreign proceedings continue;
- The alleged injustice to the defendant (in relation to the ASI), such as deprivation of legitimate juridical advantages sought in the foreign proceedings, if the ASI is granted; and
- Whether the institution of the foreign proceedings is in breach of any agreement between the parties.

Patent Litigation in Slovenia

Key Contacts



Maja Šipek
Lawyer
T +386 1 62052 10
E maja.sipek@cms-rrh.com



Robert Kordić
Associate
T +386 1 620 52 10
E robert.kordic@cms-rrh.com

Standing

Who is entitled to sue for patent infringement?

According to the Industrial Property Act ("ZIL-1"), the following entities are entitled to sue for patent infringement:

- *the patent holder*;
- *the licensee* (to the extent that the rights of the holder are transferred and consent is given by the holder of the right);
- *the exclusive licensee* (if the holder of the right fails to initiate infringement proceedings within a reasonable period after notification);
- *professional associations* established for protection of industrial property rights (to the extent the rights are transferred by law or transaction to such organization).

Is it possible to join more than one party as a defendant?

In certain cases provided by the law, it is possible to join more than one party as a defendant.

This is possible, among others, in case of i) legal communities with respect to the subject-matter, ii) rights or obligations being based on the same factual and legal basis, iii) defendants being joint and several obligors, iv) claims or obligations at issue being of the same kind, being based on substantially the same factual and legal basis, and the same court having jurisdiction over each claim and each defendant.

Is it possible to join suppliers or other third parties to the proceedings?

Third parties (that are not claimants or defendants) can join the proceeding as side intervenors in case they have legitimate interest that one of the parties succeeds in the proceeding. Each party can also call a third person to join the proceeding as a side intervenor which is usually done via court. If the called third party refuses to enter, it can no longer argue that a party failed to exercise due care when litigating which resulted in an unfavourable outcome.

With certain exceptions, side intervenors have similar rights in the proceeding as the parties.

Is there any time limit in which claims for patent infringement must be brought?

Patent infringement claims are not subject to any specific time limits so the general rules of the civil law should be applied. The general statute of limitation is five years, however, there are many exceptions from the rule.

Is there a requirement to invoke all potentially infringed patents at once?

There is no such requirement in the law.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

District court in Ljubljana has exclusive jurisdiction over the patent litigation proceedings. Infringement and validity disputes are decided in the same type of proceedings.

Does your country take part in the UPC?

Yes. The Patent Mediation and Arbitration Centre of UPC is also located in Ljubljana, Slovenia.

Can a party apply for a declaration of non-infringement?

An action for declaration of non-infringement can be brought in front of Slovenian courts. However, the applicant must establish a legitimate interest for such action (i.e. that the court decision will affect its rights or interests).

According to the case law of the Supreme Court, a legitimate interest exists when the legal position of the claimant is uncertain, and a declaratory judgment would resolve such uncertainty. The uncertainty, and thus the threat to the claimant's legal position, must be the result of the defendant's conduct and must be concrete, not merely hypothetical. It is not sufficient, therefore, that the uncertainty arises from the complexity and ambiguity of the situation as such. The conduct of the defendants must show that they are seeking to enforce their rights to an extent different from that to which the claimant believes they are entitled.

How long does it take for a claim to reach a first hearing?

Timescale for each proceeding depends on many factors, including the scope of facts and evidence introduced to the court, how litigious the parties are, how occupied a particular judge is, etc. Usually, it takes up to two years for a claim to reach a first hearing.

How long do trials last in patent cases until a first instance decision?

The first instance judgement is usually reached within three years and the second instance judgement in an additional year. However, such estimates can vary greatly depending on the course of proceeding.

Do the judges have technical expertise?

No, the judges do not have technical expertise. In case such expertise is needed, a court expert is usually appointed.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

In case of a lawsuit for a declaration of invalidity of a European patent against which an opposition has been filed with the EPO, the court stays the proceedings pending the final decision of the EPO.

Can a party file an action for nullification of a patent without being sued for patent infringement?

The nullification action can be filed independently from the patent infringement action. However, the claimant must claim and prove that it has legitimate interest to pose such action. In relation to the legitimate interest please see our response to question eight above.

Can a party file an action for a FRAND license or a compulsory license?

Compulsory license is explicitly regulated by ZIL-1. It can be granted by the court in case of public interest, or in case of abuse of the right to a patent by the patent holder. Compulsory license is granted only after unsuccessful attempt to conclude a license agreement.

FRAND license is not regulated under Slovenian law. Such license can be granted if the conditions for the compulsory license are met. If not, it has to be assessed if FRAND licence can be claimed on the basis on an agreement (i.e. agreement between the patent holder and the standard setting organisation) or on the basis of the competition rules.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

There is no local case law available in relation to the FRAND defence. Therefore, it is unclear how the courts would treat such defence.

Based on the ECJ judgement C-170/13, the patent holder can sue for a FRAND patent infringement if, essentially, i) it priorly warned the alleged infringer of its intention to bring the action and offered conclusion of a FRAND license agreement and ii) the alleged infringer did not duly respond. Based on that, it can be claimed that in case those conditions are not met, the infringement action cannot be successful. This could represent a valid defence for rejection of the claim, however, due to absence of case law, it is difficult to predict whether Slovenian courts would side with such argumentation.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Expert witnesses can be appointed in a patent infringement case if certain technical questions are of relevance. In bigger disputes, it is a common practice that each party engages its expert to prepare an opinion which is presented to the court. Then the court appoints its own independent expert which presents its view on the matter. The opinions presented by the parties have the procedural nature of parties' statements while the opinion of a court-appointed expert represents evidence and can serve as the basis for the judgement. The court-appointed expert considers opinions of the experts chosen by the parties and objectively evaluates them for the court.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

If a party lacks certain documentation to back up its arguments, it can petition the court to order the opposing party to reveal such documentation. If the order is not respected, the court may conclude that the content

of the documents is such as asserted by the requesting party. When deciding on disclosure, the court should observe the principle of proportionality in relation to disclosure of business secrets and assure that the court proceeding is not abused with the sole purpose to obtain confidential information from the competitor.

Upon a party's reasonable request, the court can also order to certain entities to provide information on the origin and distribution flows of the goods or services that infringe a patent right.

Are preliminary discovery or seizure of evidence/documents available?

If a party establishes that i) it holds the relevant patent rights, ii) the patent rights were violated or an actual risk exists that they will be violated, iii) a risk exists that the documentation serving as evidence will be destroyed or will not be available later, iv) the intellectual property office has already issued the declaratory decision in the patent registration proceeding and v) the request is made within three months after the party found out about the potential violation, the court may order that the documents are made available for review even before any court proceeding for violation of patent rights is initiated.

Appeals

What are the possible routes for appeal in your jurisdiction?

After the first instance proceeding is finished, an appeal can be filed against the judgement in front of the higher courts. In certain limited cases, extraordinary legal remedies in front of the Supreme Court are also available.

Apart from that, legal protection can be sought in front of the Constitutional court (in case of violations of the Constitution) and in front of the European Court of Human Rights (in case of violations of the European Convention of Human Rights).

On what grounds can an appeal be brought?

In general, appeal can be brought due to i) fundamental infringement of the procedural law, ii) an erroneous or incomplete finding of fact, iii) an error in the application of the substantive law.

What is an approximate timescale for the first/second appeal?

The appeal is usually resolved within a year.

Is the first instance decision suspended while an appeal is pending?

Yes, filing of an appeal against the judgement usually suspends the decision.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

Please note that costs of first instance proceeding can vary significantly depending on the course of proceeding (e.g. scope of arguments and evidence, appointment of court experts, complexity of legal and factual background, number of submissions and hearings, etc.). In a typical first instance patent litigation proceeding, the overall costs are between EUR 100.000 and EUR 150.000 (including representation costs, costs of experts, translations, court fees, etc.).

What would be the estimated legal costs of patent litigation proceedings for an appeal?

Costs of appeal proceedings also depend on the complexity of the proceeding. For a typical appeal proceeding the costs vary between EUR 20,000 and EUR 30,000.

Are litigation costs recoverable? If so, is there a limitation?

In case a party succeeds in the proceeding, some costs are recoverable from the opposing party. The amount of recoverable costs depends mainly on the value of dispute and is calculated for each procedural action. For an individual procedural action, the recoverable costs are currently capped at EUR 5,400.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

Subject to certain requirements, disputes can be alternatively settled in arbitration or in mediation.

Mediation is a commonly used method of resolving disputes before the court proceeding and during the court proceeding. It can be either court-sponsored or independent from the court.

Arbitration, on the other hand, is not very common in Slovenia. It can be initiated only if there is an arbitration

clause in the agreement or if an arbitration agreement is reached after the parties are already in dispute. Due to lack of awareness of the benefits of arbitration on the local market, the vast majority of disputes is still settled in court.

Does the court require that parties consider these options at any stage in proceedings?

Yes, after the first submissions, the court proposes mediation proceeding to the parties. If the parties consent to mediation, the court proceeding is stopped until the mediation proceeding is concluded.



Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

In case of patent infringement, a court proceeding can be initiated by the entitled parties. In the infringement action, the party can request the court to i) prohibit violations and future violations; ii) recall the infringing items from the economic flows, taking into account the interests of bona fide third parties; iii) remedy the situation created by the infringement; iv) irrevocably remove the infringing objects from economic flows; v) destroy the infringing objects; vi) destroy the means of the infringement which are wholly or mainly intended or used for the infringement and are in the possession of the infringer; vii) surrender to the claimant the infringing objects in return for payment of the costs of production; viii) publish the judgment.

The injunctions in case of patent infringements are not issued automatically. They must be requested by the party.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

Damages are calculated either pursuant to the general rules of civil law or as an agreed upon or a customary royalty.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

The court determines the amount of damages based on parties' statements and evidence. There is no separate proceeding for calculation of damages.

Is it possible to obtain additional remedies if the infringement was deliberate?

If infringement is deliberate, the infringer can also be liable for the criminal offence of unauthorised use of a foreign invention or topography.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, the court can order (upon the request of the claimant) to recall infringing products. Such claim is subject to the general rules on the statute of limitations.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes, it is possible to obtain a preliminary injunction under Slovenian law. For the motion to be granted, the applicant must establish i) holding of a registered patent; and ii) that rights of the applicant have been infringed or an actual danger of infringement exists; and one of the following: a) a danger exists that the enforcement of claims will be made impossible or difficult, or b) the adoption of a provisional measure is necessary to avoid damages difficult to repair; or c) the provisional measure does not have more detrimental consequences for the alleged infringer than would have the non-adoption of such measure for the holder of the right.

Please note that the court grants preliminary injunction if all the relevant facts are established as probable (i.e. more likely to exist than not).

Is it possible to obtain a without notice injunction?

Yes. In such case, the applicant must additionally establish that any delay with the issuance of preliminary injunction would cause to the patent holder damages that would be difficult to compensate.

How quickly can preliminary injunctions be obtained?

Application for preliminary injunction can be filed i) before the main court proceeding is initiated, ii) during the main court proceeding or ii) after the main court proceeding is finished and before enforcement is possible. In case the application is filed before the main court proceeding is initiated, the court sets a deadline for initiation of the main court proceeding.

In case of patent infringement, the law specifically prescribes that the application for preliminary injunction must be filed within three months after the patent holder was acquainted with the alleged violation.

The statute provides that the preliminary injunction proceedings are urgent. To our experience, the court usually issues a decision in a couple of weeks.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

When a preliminary injunction is issued, objection can be filed against the decision. Once the court rules upon such objection, appeal is possible against the decision. Generally, neither objection nor appeal suspend the decision.

If a party is awarded a preliminary injunction are they liable to provide security?

Yes, if the court orders such security to be provided. Provision of security can be proposed either by the claimant (in such case the burden of proof is reduced) or by the defendant (if it is anticipated that the defendant will suffer damages due to injunction). Please note that to our experience, it is not very common that the court would order security to be provided.

Additionally, please note that in case preliminary injunction is not justified (e.g. due to the claimant losing the case), the claimant is liable for damages caused by the preliminary injunction.

Are further proceedings on the merits required in order for the court to grant a final injunction?

After the injunction is issued, objection can be filed which allows re-assessment of the injunction without time pressure. Once the objection is ruled upon, appeal can be filed against the decision. Other than that, no further proceedings are prescribed.

Is a cross-border injunction available and in what circumstances?

There are no specific limitations in this relation. It must be established that Slovenian courts have jurisdictions pursuant to the rules of the private international law and that the issued injunction can be enforced in the relevant jurisdiction. Injunctions are also available before Slovenian courts under national law if the courts of another EU member state have jurisdiction as to the substance of the matter.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Anti-Suit-Injunctions are not available in the Slovenian legal order.

Patent Litigation in Spain

Key Contacts



María González Gordon
Partner
T +34 91 187 19 06
E maria.gonzalezgordon@cms-asl.com



Ricardo Gómez-Barreda
Associate
T +34 91 451 92 85
E ricardo.gomez-barreda@cms-asl.com

Standing

Who is entitled to sue for patent infringement?

A patent proprietor may bring patent infringement proceedings. If the patent is owned by more than one party, each of the co-owners may individually bring such proceedings (unless otherwise agreed) and that party must notify the other co-owners.

Unless agreed otherwise, an exclusive licensee may, on its own behalf, bring patent infringement proceedings. A non-exclusive licensee does not have such a right but may ask the proprietor to sue, by means of a Notary order, and if the patent owner does not commence proceedings within three months, the non-exclusive licensee may file a suit on its own behalf (and must notify the patent holder).

Is it possible to join more than one party as a defendant?

It is possible to join any number of parties as a defendant in the same proceedings, even following the filing of the suit, by either adding parties or by combining actions into a single set of proceedings. There must be a connection between the actions and it must be desirable to do so. For example, if there are multiple infringers of a single patent (the connection), it is likely the court will consider it desirable to add the defendant and hear the dispute together (as evidence, disclosure, experts etc. may be similar).

Is it possible to join suppliers or other third parties to the proceedings?

According to Spanish procedural law, while proceedings are pending, whoever proves to have a direct and legitimate interest in the outcome of the case may be admitted as plaintiff or defendant. As for suppliers, they may be sued for indirect patent infringement if they provide the main infringer with an essential element which enables the infringement, provided that the supplier knows (or it is obvious) that the provided element will be used for the infringement and that the provided element is not a product which can be easily found in the market.

Is there any time limit in which claims for patent infringement must be brought?

Proceedings must be brought within five years from the date when the infringing actions could have been pursued in litigation proceedings. If the infringement takes place over a period of time, the claim may be brought within five years from the date the infringement ended. Please note that the criteria established in the Spanish Patent Act are subjective and will need to be decided on a case-by-case basis.

Is there a requirement to invoke all potentially infringed patents at once?

There is no such requirement, but according to Spanish procedural law, where one claim may be based on different legal titles (i.e., different patents), those which

are known or can be invoked at the time of filing the claim must be invoked at once, as it is not admissible to invoke them in later proceedings. Thus, if a patent is not invoked in infringement proceedings, such a patent could not be invoked in subsequent proceedings against the same infringing acts.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

Patent proceedings are dealt with by the specific Commercial Courts which have been assigned such task. There are several such Commercial Courts across Spain. The court that has jurisdiction will be the court where:

- the defendant is located; or
- where the infringing activities have taken place.

Infringement and validity are decided in the same proceedings.

Does your country take part in the UPC?

No.

Can a party apply for a declaration of non-infringement?

Yes.

How long does it take for a claim to reach a first hearing?

On average, cases in the Commercial Court take approximately 7–8 months to reach a first hearing where procedural matters are discussed and the relevant evidence is submitted. Approximately 5–6 months after the first hearing, a trial for examination of witnesses and experts will follow.

How long do trials last in patent cases until a first instance decision?

Trials are generally limited to one/two days, although sometimes in patent infringement and invalidity proceedings it takes up to three or four days. The judge ensures the case can be heard in this limited time by active case management, early identification of the

issues, and limited evidence and witnesses. Based on our previous experience, a first instance decision should be expected 3–5 months after the trial. Thus, in Spain, patent infringement and invalidity proceedings last 15–19 months until a first instance decision is reached.

Do the judges have technical expertise?

Since 2003, Commercial Court judges have become more specialised in intellectual property, which has raised the bar of expertise across the board, and particularly so in Barcelona and in Madrid. They do not have technical or scientific expertise per se, but they have become more adept at dealing with patent disputes.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

If required by law or requested by both parties, the court may stay the execution of proceedings prior to the judgement until the matter has been resolved by the EPO.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes.

Can a party file an action for a FRAND license or a compulsory license?

This is not expressly provided in the law

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence?

Do the courts determine a (global) FRAND rate?

Yes. The courts would have to determine a global FRAND rate.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Parties are entitled to instruct their own expert witnesses to provide evidence to support their case. In fact, expert witnesses provide the key evidence in all patent cases. Experts are often instructed to give expert opinion on common general knowledge, sufficiency, novelty and inventive step. In general, the judge will accept an expert report. In addition, the court may itself appoint an expert if requested by the parties or if the court finds it convenient.

The experts will usually be asked to produce a written report which is submitted as evidence. Subsequently, the expert will appear as a witness in the trial and will be cross-examined.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

There is no general disclosure but parties may request that specific information/documentation which is

relevant to the trial be provided. Disclosure of specific documents may be ordered either during the pre-trial stage and/or at trial upon request by one of the parties. Any information, which is relevant to the hearing, may be requested. The law also specifically states that the following information may be requested:

- the names and addresses of producers, manufacturers, distributors, suppliers and merchandise and service providers;
- names and addresses of wholesalers and retailers to whom the allegedly infringing goods have been distributed; and
- amounts of infringing goods produced, distributed, received, orders and the sums paid for such, must be disclosed.

Are preliminary discovery or seizure of evidence/documents available?

It is possible to make an application to court for disclosure before proceedings have commenced. The order is at the discretion of the judge.

Appeals

What are the possible routes for appeal in your jurisdiction?

An appeal may be lodged before the Court of Appeal of the city where the first instance hearing has been held within 20 business days from the day following notification of the first instance decision.

In very limited circumstances, an appeal can be lodged before the Supreme Court within 20 days from the day following notification of the appealed decision.

On what grounds can an appeal be brought?

Regarding the appeal before the Appeal Courts, there are no specific grounds on which an appeal may be brought. The appealing party may simply ask the Appeal Court to reconsider the facts/evidence of the case (in this regard please note that new facts/evidence are only permitted on appeal in limited circumstances) or the interpretation and enforcement of the applicable regulation. Nevertheless, in general terms, an appeal may be brought on the grounds of:

- an error in the law; and
- error in the assessment of evidence; or
- an infringement of procedural rules or guarantees at first instance Court.

As for the appeal before the Supreme Court, parties may seek such an appeal when:

- the case concerns guardianship of fundamental rights;
- the value of the matter at trial surpasses six hundred thousand euros (600,000 EUR); or
- when the matter at trial is of interest for final appeal (judgments in conflict with case law or provincial appeal courts).

What is an approximate timescale for the first/second appeal?

On average it takes about 12 to 15 months for the first appeal, and 15 to 18 months for the appeal before the Supreme Court. It must be noted that during the past years appeal proceedings have suffered longer delays due to COVID-19.

Is the first instance decision suspended while an appeal is pending?

Appeals against judgments dismissing the claim shall have no suspensive effect, although in no case shall it be permitted to act in a manner contrary to what has been decided.

Judgments upholding the claim against which an appeal is lodged may be provisionally enforced except in the case of judgments declaring the nullity or revocation of the patent, in which case they shall not be provisionally enforceable.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

Costs in patent litigation in the Commercial Court can vary considerably. In less complex patent litigation costs of the first instance proceeding may be in the range from sixty thousand euros (60,000 EUR) to ninety thousand euros (90,000 EUR). In more complex litigation, average costs are in the region of two hundred and fifty thousand euros (250,000 EUR).

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The costs of appeals in patent litigation can also vary significantly. They are normally 50% of the fees at first instance.

Are litigation costs recoverable? If so, is there a limitation?

Costs that a successful party may recover are limited to those minimum amounts set forth by the regional Bar Associations and some of the expenses incurred (i.e. expert reports). This would not be the case if the claimant has already calculated a fixed amount as requested damages, in which case the costs which can be recovered are calculated as a percentage of the fixed amount.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The main forms of ADR are mediation, negotiation and arbitration. Parties will use arbitration if required by contract. A key point to note is that decisions in negotiation and mediation are non-binding, whereas the arbitration decision is binding on the parties. Arbitration is used more than mediation in patent proceedings.

Does the court require that parties consider these options at any stage in proceedings?

No. The judge will only consult the parties on whether they have reached an agreement but there is no obligation to have considered these options.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The owner whose patent right is infringed may, in particular, seek:

- the cessation of the infringing acts, or their prohibition if such acts have not yet taken place;
- damages;
- the seizure of the products resulting from the infringement and the goods, materials and implements which constitute the means for putting the protected invention into effect;
- the attribution of ownership of the products, goods, material or implements seized;
- the adoption of the necessary measures to prevent further infringement of the patent and, in particular, the transformation of the products, goods, material or implements seized, or their destruction where this is indispensable to prevent further infringement of the patent; and
- exceptionally, the publication of the judgment convicting the infringer, at the expense of the defendant.

If the court concludes that there has been patent infringement, the court will order any of the above mentioned orders, although these orders are not automatic, as they must be expressly requested by the patent holder (claimant).

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

Damages shall include both the value of the loss suffered by the patent owner and the loss of profit suffered by the owner as a result of the infringement of its right. Damages may include, where appropriate, the costs of investigation necessary to obtain reasonable evidence of the infringement alleged in the proceedings.

When determining damages, a patent owner can choose between:

- the profits that the owner would foreseeably have obtained from the exploitation of the patent if the infringer's competition had not existed, or alternatively, the profits that the infringer had obtained from the exploitation of the patent. In the case of non-pecuniary damage, compensation shall be payable, even if the existence of economic loss is not proven. Regarding

moral damages, compensation shall be payable, even if the existence of economic loss is not proven.

- a lump sum which at least covers the royalty the infringer would have had to pay to the patent owner for exploiting the patent lawfully. In determining this royalty, particular account shall be taken, *inter alia*, of the economic importance of the patent, the remaining term of the patent at the time the infringement began, and the number and type of licences granted at that time.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

It is possible to determine the damages to be paid in separate proceedings once the infringement has been declared and damages have been awarded. Nevertheless, the Court does not order an enquiry into damages *per se*. It is the claimant who must submit evidence and arguments for the damages sought and (if needed) request the infringer to submit any relevant information/document to this end.

Is it possible to obtain additional remedies if the infringement was deliberate?

No, under Spanish law it is not possible to obtain additional remedies if the infringement was deliberate.

Nevertheless, with regards to damages, it should be noted that all those who carry out any act of exploitation other than the manufacture or importation of the object protected by the patent or use of the patented process shall only be liable to pay damages if they have acted deliberately or with fault or negligence. In any case, it shall be understood that the infringer has acted deliberately if they have been warned by the patent owner of the existence of the patent (properly identified) and of their infringement, along with a request that they cease the infringement.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

The owner whose patent right is infringed may seek the seizure of the infringing products and the attribution of their ownership, in which case the value of the goods affected shall be deducted from the amount of damages. Regarding the possibility to recall the infringing products which are already in the market, the scope of this request and court order is a controversial issue and is currently decided on a case-by-case basis.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes. The requirements for a preliminary injunction are:

- fumus bonis iuris (the probable existence of the right);
- periculum in mora (a pending or imminent infringement); and
- payment of a security.

The courts have interpreted that the first requirement (fumus bonis iuris) is met when sufficient arguments and evidence have been provided so that there is a real prospect of succeeding in the main proceedings (a final permanent injunction will be obtained).

The second requirement (periculum in mora) has been interpreted by the courts to mean that preliminary injunctions shall be adopted when there is certain urgency to prevent potential damages that could not be adequately compensated by the time the final decision is executed. Moreover, this requirement is not met if the patent holder has consented to the alleged infringement for a long period of time. This is analysed on a case-by-case basis. Thus, time is of the essence when analysing whether or not to file an interim injunction request.

Lastly, the requested interim injunctions must be instrumental (correspondence or homogeneity between the content and scope of the preliminary injunctions and the remedies granted by the judgment that may be delivered on the merits of the case) and proportional (the preliminary injunctions requested may not be replaced by other measures which are less burdensome for the defendant).

Is it possible to obtain a without notice injunction?

Yes, it may be requested in urgent cases, and the judge will decide if it is appropriate. In the past recent years many without notice injunctions have been granted in the context of the Mobile World Congress which takes place every year in Barcelona.

How quickly can preliminary injunctions be obtained?

It is possible to obtain an injunction within a period of one to three months.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

Yes. An appeal may be brought against a preliminary injunction. However, it will not suspend the effect of the injunction.

If a party is awarded a preliminary injunction are they liable to provide security?

Unless expressly stipulated to the contrary, the petitioner of the injunction shall provide a security sufficient to satisfy the damages that a wrongly granted injunction may cause to the defendant.

Are further proceedings on the merits required in order for the court to grant a final injunction?

Yes. The main proceeding must follow its own path until a decision on the merits is reached. Moreover, if the granted interim injunction was granted without notice, the applicant must commence proceedings on the merits within 20 days of the granting of the preliminary injunction or the injunction is null and void. At the proceedings on the merits, the judge may order a final injunction.

Is a cross-border injunction available and in what circumstances?

In transnational disputes in the EU, Spanish courts have international jurisdiction to hear the request and, if necessary, to adopt cross-border preliminary injunctions.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

The Spanish procedural system does not foresee the possibility of initiating an ASI per se. The potential infringer may however initiate legal proceedings in order for the court to determine that there is no patent infringement.

Patent Litigation in Switzerland

Key Contacts

**Christoph Willi**

Partner

T +41 44 285 11 11**E** christoph.willi@cms-vep.com**Dirk Spacek**

Partner

T +41 44 285 11 11**E** dirk.spacek@cms-vep.com

Introduction

Switzerland is an attractive venue for patent litigation, particularly in the pharmaceutical field. In 2012, jurisdiction for patent litigation was centralised in the Federal Patent Court (FPC), which has exclusive jurisdiction over all patent disputes, including nullity actions, in Switzerland. As a result, experience in handling patent disputes is concentrated in a single court. The FPC is composed of a full-time president with legal training, a second full-time judge with technical training, and additional part-time judges who are appointed on a case-by-case basis according to their technical or legal expertise.

The FPC receives between 20 and 30 new cases per year (2022: 24; 2021: 27). About a third of these are summary proceedings (2022: 11; 2021: 9). In the past, the majority of cases were settled (2012: 16/18 cases, settlement rate of 89%). In recent years, the number of cases settled by agreement has decreased significantly (2022: 5/15 cases; 2021: 7/17 cases; 2020: 2/14 cases). About half of the judgments are appealed to the Federal Supreme Court (2022: 3/6; 2021: 5/17; 2020: 7/14). Only a small proportion of appeals to the Federal Supreme Court are successful (2022: 1/4; 2021: 0/5; 2020: 2/11). This is not least due to the fact that the Federal Supreme Court does not have judges with technical training or who are particularly involved in patent litigation.

The fact that the parties can choose English as the language of the proceedings contributes to the

attractiveness of Switzerland for international patent litigation. Only the judgement has to be delivered in one of the national languages (German more than 80%).

The FPC takes foreign judgments into account in its decision, but reserves the right to make an independent decision. Time and again, the FPC refuses to follow the decisions of foreign courts or even the European Patent Office, but gives detailed reasons for its divergent decision, cf. decision S2018_002 of 7 June 2018 re inventive step and expectation of success (valsartan amlodipine combination preparation); decision O2013_008 of 25 August 2015.

The procedure is essentially a written procedure. The oral hearing is limited to the presentation of facts already in the file. No new facts may be introduced at the oral hearing unless the strict requirements of the law on novelty are met.

Because of these procedural peculiarities and the short deadlines, careful and circumventing planning is essential. Evidence must be obtained at an early stage. It is recommended to anticipate possible counterarguments before the start of the proceedings in order to be prepared for them in the next submission. Apart from the recommended careful preparation, there are no mandatory procedural steps to be taken in order to commence patent litigation in Switzerland. In particular, Swiss law does not require a warning letter to be sent to the counterparty before commencing proceedings.

Standing

Who is entitled to sue for patent infringement?

The patent owner, co-owner and exclusive licensee have the right to sue for patent infringement, unless this is expressly excluded in the licence agreement. The same applies to an exclusive distributor. A non-exclusive licensee or distributor has no legal right to sue for patent infringement.

Is it possible to join more than one party as a defendant?

Anyone who infringes or threatens to infringe a patent, either himself or through his agents, can be held liable and sued for patent infringement. The same applies to anyone who abets, participates in, aids, or facilitates patent infringement. This includes supplying or offering to supply materials or parts suitable and intended for carrying out the invention. Directors of a company are generally not liable simply because their company was involved in infringing activities, unless they personally committed or directed the infringing activities.

Is it possible to join suppliers or other third parties to the proceedings?

Anyone who supplies or offers to supply materials or parts suitable and intended for carrying out the invention can be held liable and sued for patent infringement. A finding of contributory infringement requires that a direct patent infringement takes place in Switzerland. Therefore, a foreign supplier of materials or parts that are imported into Switzerland can also be sued for contributory patent infringement. Conversely, a Swiss supplier of materials or parts brought into

Switzerland does not contribute to the infringement of a patent in Switzerland, but may contribute to the infringement of a foreign counterpart of that patent. The same applies to other third parties who cause or contribute to patent infringement.

Is there any time limit in which claims for patent infringement must be brought?

The patent owner is estopped from enforcing an otherwise valid and infringed patent by having allowed a substantial time to elapse. However, this defence is limited to rare cases where the patent owner's conduct has led the alleged infringer to believe that it would not bring an infringement claim. Mere inactivity on the part of the patent owner, even over a long period of time, is generally not sufficient.

Is there a requirement to invoke all potentially infringed patents at once?

It is permissible to assert infringement of more than one patent in a single lawsuit. However, there is no actual legal obligation to do so. If at a later date a second action is brought against the same person on the same facts but based on a different patent, the court and party costs of the new action must be borne. This provision concerns only the bearing of costs. Its application presupposes that the second patent cannot already be invoked in the first action. The plaintiff is therefore free to bring a second action against the same person if the second patent is granted at a later date. As far as can be seen, there is no case law on this provision. The lack of relevance of this provision is due to the fact that its scope is very narrow and limited to the same or similar act of infringement.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

The FPC has exclusive jurisdiction over all patent infringement and invalidity actions. There is no separate court for invalidity proceedings. The FPC determines whether the patent is valid and whether it has been infringed in the same proceedings. There is no bifurcation of proceedings and invalidity is decided in the same proceedings regardless of

whether it is raised as a defence or as a counterclaim to an infringement action.

Does your country take part in the UPC?

Switzerland is not a member of the EU. It therefore, cannot take part in the UPC. The fact that Switzerland does not participate in the UPC does not exclude the possibility that Swiss patent owners are entitled to enforce their patent rights with the UPC. Vice versa, it is also permissible to bring actions against Swiss parties before the UPC.

Can a party apply for a declaration of non-infringement?

In Switzerland, an alleged infringer may institute legal proceedings to obtain a declaration that its activities do not infringe the patent rights of a third party, provided that the plaintiff has a legitimate interest in obtaining such a declaration.

An alleged infringer is generally precluded from seeking a declaration of non-infringement if the patent owner has not yet objected to the activities in question. Rather, a declaration of non-infringement requires proof that:

- the alleged infringer has received a cease and desist letter; or, alternatively,
- the patent owner has otherwise asserted that such activities infringe its patent rights.

The threshold for an alleged infringer to bring an invalidity action is generally lower. It is sufficient to show that the parties are in competition and that the patent's scope of protection extends to the plaintiff's field of activity.

How long does it take for a claim to reach a first hearing?

In Switzerland, the first hearing is the instruction hearing. Depending on whether the defendant has filed a counterclaim for invalidity, the instruction hearing takes place 4–7 months after the plaintiff has initiated legal proceedings.

The instruction hearing consists of two parts:

- In the first (official) part, the instructing judge and the lead technical judge will ask the parties questions in order to clarify issues and provide guidance where further substantiation is required. This first part will be recorded.
- During the second (informal) part, the instructing judge and the lead technical judge give their preliminary views on the dispute and the parties usually engage in mediated settlement negotiations. This second part is not recorded. If the dispute cannot be resolved, the proceedings continue.

How long do trials last in patent cases until a first instance decision?

In principle, the FPC aims to conclude patent infringement cases within 12–24 months, depending on whether or not the defendant has filed a counterclaim for invalidity.

To achieve this goal, the FPC generally sets mandatory time limits of four or six weeks, which can be extended by two weeks. Further extensions are generally only possible with the consent of the other party.

Do the judges have technical expertise?

The panel of the FPC consists of at least one judge with a legal background and one judge with a technical background. The technical judges are usually patent attorneys or patent agents in private practice.

In order to be elected, each judge of the FPC must have proven knowledge of patent law. Parties to proceedings before the FPC can therefore expect a high level of legal expertise as well as a sound technical understanding from the court.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

Where opposition or appeal proceedings are pending before the EPO, the defendant may request the FPC to stay the proceedings. However, the FPC will not normally stay proceedings, unless a final decision of the EPO is expected shortly or both parties agree to a stay.

Can a party file an action for nullification of a patent without being sued for patent infringement?

The FPC has exclusive jurisdiction over the validity of patents and there is no bifurcation of the proceedings. Invalidity may be raised as a defence or as a counterclaim to an infringement action. However, invalidity may also be raised as a separate claim by way of a revocation action, provided that the plaintiff has a legitimate interest.

Can a party file an action for a FRAND license or a compulsory license?

There is currently no case law on FRAND licensing and/or standard essential patents (SEPs). If such cases arise, the courts are likely to look to the case law developed by other European courts, in particular the German courts.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence?

Do the courts determine a (global) FRAND rate?

The FPC has not yet considered these issues.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

In general, witnesses play a minor role in Swiss patent litigation. Witnesses have rarely been used and heard in patent infringement or validity cases in Switzerland. Witnesses have played an important role only in the context of ownership disputes or invalidity based on prior public use.

Private expert opinions are sometimes used to support specific claims, such as infringement and validity issues or calculation of damages. The evidentiary value of private expert opinions is relatively low, as courts consider them to be mere assertions of the parties rather than actual evidence. However, private expert opinions can still be important in providing guidance to the technical judges. It is also permissible to hear experts appointed by the parties during the oral hearing of a preliminary injunction.

Do the courts allow disclosure / discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

US-style pre-trial discovery is not permitted in Switzerland.

Are preliminary discovery or seizure of evidence / documents available?

Although parties are not obliged to disclose documents to their opponent, there are ways to obtain access to documents prior to the commencement of patent litigation in Switzerland:

- Description: as a preliminary measure, the court may order the description or seizure of the allegedly infringing products or processes if there is a risk of actual or imminent infringement. Evidence obtained in this way may be used in subsequent infringement proceedings. It is not necessary to show irreparable harm or any other legitimate interest. A member of the Federal Patent Court carries out the order, if necessary with the assistance of a court-appointed expert or local authorities such as the police.
- Provisional seizure of evidence: As an alternative to the description procedure, a party may request the court to order the provisional seizure of evidence if it is *prima facie* established that (i) such evidence is likely to be destroyed; or (ii) there is another legitimate interest in the seizure, such as the assessment of the chances of success.
- Lack of evidence: During the proceedings, the court may order a party to produce certain documents in its custody if the party requesting the production can demonstrate its relevance to the outcome of the case. Fishing expeditions are not allowed. Failure to comply with a court order may be taken into account by the court in weighing the evidence. The court may also compel third parties to produce certain documents relevant to the outcome of the case. For example, the defendant's accounting records to enable the plaintiff to quantify its financial claims (damages and disgorgement of profits).

Appeals

What are the possible routes for appeal in your jurisdiction?

Decisions of the FPC may be appealed to the Federal Supreme Court. The right of appeal is limited to the losing party.

On what grounds can an appeal be brought?

In an ordinary proceeding on the merits, the right of appeal is limited to review of questions of law – as opposed to questions of fact. Thus, the appellant must show that the FPC misapplied or misinterpreted federal law, including patent law or procedural law. Findings of fact and evaluation of evidence can only be reviewed if they are clearly wrong or arbitrary.

What is an approximate timescale for the first / second appeal?

In patent cases, the appeal proceedings before the Federal Supreme Court generally take about six to eight months.

Is the first instance decision suspended while an appeal is pending?

Depending on the nature of the decision under appeal, an appeal to the Federal Supreme Court automatically has suspensive effect. This applies in particular to invalidity. In the case of infringement, the court may grant suspensive effect on request. To be successful, the appellant must show that he is likely to suffer an irreparable.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

In Switzerland, there are three types of costs associated with patent litigation proceedings:

- Court costs;
- Attorney's fees
- Patent attorney's fees.

Court costs depend on the value of the litigation. Both, attorneys' and patent attorneys' fees are charged on a time basis, but are adjusted to take into account other factors such as the complexity of the dispute and the value of the litigation. Patent attorneys' fees are considered disbursements and are therefore, in principle, fully recoverable. However, the Federal Patent Court often reduces the reimbursement of patent attorneys' costs to the amount of the attorneys' fees awarded under the applicable tariff, unless an exceptionally complex technology justifies a higher amount.

On average, a party should expect to spend between CHF 70,000 and CHF 230,000 for a first instance decision.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

For an appeal before the Federal Supreme Court, the same principles apply as for the first instance decision. A party should expect costs between CHF 20,000 and CHF 50,000.

Are litigation costs recoverable? If so, is there a limitation?

As a general rule, the losing party must pay the court costs and reimburse at least part of the prevailing party's legal costs and disbursements. Experience shows that about 30% to 50% of the total legal costs and disbursements can be recovered. In exceptional cases, the court may refuse to award costs to the winning party if it has abused the court proceedings or otherwise contributed to an unreasonable delay in the proceedings.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

ADR methods such as mediation are available in Switzerland. However, these methods are not widely used. They may be chosen as a first step in the resolution of disputes under licensing agreements where such an obligation is contractually required.

Alternatively, arbitration is available to resolve patent disputes if the parties to the dispute have agreed on the jurisdiction of an arbitral tribunal. In Switzerland, arbitration is available for both patent infringement and patent invalidity disputes. However, arbitration is rarely

used to resolve pure patent infringement and invalidity disputes. It is more common for parties to enter into an arbitration agreement in patent licence agreements, which also empowers the arbitral tribunal to decide underlying patent infringement and validity issues.

Does the court require that parties consider these options at any stage in proceedings?

In the course of litigation, the FPC usually requires the parties to enter into court-mediated settlement negotiations after the first exchange of pleadings. These settlement negotiations take place during the second, informal part of the instruction hearing (see answer to question nine).

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

In Switzerland, it is up to the plaintiff to determine the remedies to be awarded by the court. The remedies for patent infringement include a permanent injunction, monetary remedies, recall and destruction of infringing products, and the publication of the decision at the defendant's expense.

If the patent is infringed and the plaintiff seeks a permanent injunction, the court has no discretion to refuse to grant the injunction. There are no exceptions for certain subject matter or for certain defendants, such as non-practicing entities. Public policy considerations are not taken into account in determining whether a permanent injunction can be granted.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

If the plaintiff is entitled to damages as a result of patent infringement, the plaintiff may claim either

- Compensation for the financial loss suffered as a result of the infringement (damages).
- Surrender of the profits made by the infringer from the sale of the infringing products (accounting of profits).
- Restitution of any unjust enrichment of the infringer as a result of the infringing activities (in particular a reasonable royalty).

In general, the monetary remedies are determined in a separate proceeding that takes place after the decision on the infringement has become final. Provisional enforcement of monetary remedies is not possible. The court awards interest on damages at the statutory rate (currently set at 5% per annum). Punitive damages are not available in Switzerland, and foreign awards of punitive damages are generally unenforceable in Switzerland.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

In general, the amount of monetary remedies is a separate consideration that the FPC deals with in a separate proceeding, after the judgement on liability has become final and enforceable.

Is it possible to obtain additional remedies if the infringement was deliberate?

If a patent is deliberately infringed, additional remedies are available, in particular criminal sanctions. The criminal sanctions for patent infringement are either a fine or imprisonment for up to five years if the accused has acted for commercial gain.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

In its case law, the FPC regularly orders the recall of infringing products, although the Swiss Patent Act does not explicitly provide for such requests.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Preliminary injunctions are available where the following conditions are met:

- There is a *prima facie* case of infringement and validity (the burden of proving invalidity is on the defendant).
- The applicant will suffer harm that is not readily reparable if the injunction is not granted.
- The relief sought is proportionate to the harm caused by the alleged infringement.

Urgency is not a condition for the grant of a preliminary injunction. However, if the applicant has waited too long, a preliminary injunction will no longer be available.

Is it possible to obtain a without notice injunction?

In cases of particular urgency and provided that the applicant has initiated the legal proceedings without undue delay, the FPC may grant an interim injunction immediately and without hearing the opposing party (*ex parte* injunction). The urgency must be such that a prior hearing is not possible. Only in rare cases will the FPC consider that an interim injunction without a prior hearing is justified.

How quickly can preliminary injunctions be obtained?

Preliminary injunction proceedings are a summary procedure with shorter deadlines and a lower standard of proof (*prima facie* standard). They are normally concluded within six months, but may take four to ten months depending on whether the defendant has asserted the invalidity of the patent, the technical judge has delivered his expert opinion and an oral hearing has taken place.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

In preliminary proceedings, an appeal is only available if the appellant can show that it is suffering irreparable harm of a legal nature. The appellant must show that the FPC has misapplied or misinterpreted constitutional law, including a manifestly erroneous or arbitrary application of the law or assessment of evidence.

The FPC may require the plaintiff to provide a bond or guarantee to ensure payment of compensation in the event of an unjustified interim injunction. The amount of the bond will be determined by the court. The bond/guarantee is released as soon as it is clear that no damages will be claimed. The Federal Patent Court may set a time limit for the defendant to file an action for damages.

If a party is awarded a preliminary injunction are they liable to provide security?

The FPC may require the plaintiff to provide a security such as a bond or a guarantee to ensure payment of damages in the event of an unjustified preliminary injunction. The amount of the security will be determined by the court which may also set a time limit for the defendant to file a claim for damages. If the defendant does not meet the deadline, the security will be released.

Are further proceedings on the merits required in order for the court to grant a final injunction?

Permanent injunctions are granted if the plaintiff proves actual or impending patent infringement. No further requirement must be shown (eg, irreparable harm). The grant of permanent injunction is highly dependent on the substantial assessment of the patent infringement case at hand, but it is usually granted, if the court finds a patent infringed.

Is a cross-border injunction available and in what circumstances?

In principle, Swiss courts can issue cross-border or extraterritorial injunctions provided that the defendant in the infringement proceedings is domiciled in Switzerland.

However, if the defendant contests the validity of the foreign counterpart, the FPC will stay the infringement proceedings and order the defendant to initiate invalidity proceedings in the relevant jurisdiction. If the defendant fails to initiate invalidity proceedings, the court will treat the invalidity issue as a preliminary question to the infringement action.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Swiss law does not contain any specific provisions on anti-suit injunctions. In a leading case, the Swiss Federal Supreme Court held that anti-suit injunctions are inadmissible before Swiss courts to the extent that the dispute is governed by the Lugano Convention (SFSC decision of 5 April 2012, published as 138 III 304, cons. 5.3.1 regarding the judgment of the European Court of Justice in the matter of Allianz SpA v. West Tankers Inc, Case C-185/07 of 10 February 2009). For the same reason, anti-suit injunctions cannot be enforced by state courts in Switzerland.



Patent Litigation in the UK

Key Contacts



Toby Sears
Partner
T +44 20 7367 2018
E toby.sears@cms-cmno.com



Caitlin Heard
Partner
T +44 20 7067 3333
E caitlin.heard@cms-cmno.com

Standing

Who is entitled to sue for patent infringement?

The proprietor of a patent may bring proceedings for patent infringement. This includes both the legal and equitable owners of the patent. If the patent is owned by two or more parties, any one of those parties may initiate infringement proceedings without the consent of the other co-owners. However, the other co-owners must be made parties to the proceedings (and they will not be liable for costs unless they take part in the proceedings).

Exclusive licensees have the right to bring proceedings for patent infringement in respect of any infringements of the patent committed after the date of the licence, and only in relation to infringements that are within the scope of their licence. The patentee must be joined as a defendant, but he will not be liable for costs unless he takes part in the proceedings.

Is it possible to join more than one party as a defendant?

It is possible to join any number of parties as a defendant in the same proceedings. The Court has discretion to add a party to proceedings if it is desirable to do so to resolve the issues.

Is it possible to join suppliers or other third parties to the proceedings?

Yes: if there is an issue involving a supplier/other third party that is connected to the dispute between the existing parties, and if it is desirable to do so, the new party can be added to proceedings. For example, if there are multiple infringers of a single patent (the connection), it is likely the court will consider it desirable to add the defendant and hear the dispute together (because evidence, disclosure, experts etc. may be similar).

Is there any time limit in which claims for patent infringement must be brought?

The limitation period for patent infringement claims is six years from the date the cause of action began. The cause of action begins from the date the infringing act occurs. Also note that an action for patent infringement can only be started once the patent is granted but damages may be recoverable for infringements occurring between publication of the application and granting.

Is there a requirement to invoke all potentially infringed patents at once?

No, a party has discretion as to which patents it may allege are infringed when starting proceedings. However, in certain circumstances, the UK Court may consider it an abuse of process if a party could have brought their whole claim at one time and did not do so.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

Patent litigation for both infringement and invalidity proceedings in England and Wales can be heard in either the Patents Court (which is part of the Business and Property Courts of the High Court) or in the Intellectual Property and Enterprise Court ('IPEC'). Validity and infringement proceedings will be heard together.

The IPEC is intended to provide a less costly and less complex alternative to litigation in the Patents Court, particularly for small and medium sized organisations. There is a five hundred thousand pounds (£500,000) cap on the maximum amount of damages/account of profits that can be claimed. The trial procedure is streamlined to take just two days. The judge in the IPEC will actively manage the case to ensure the case is dealt with efficiently. The court will not order a party to pay total costs of more than:

- fifty thousand pounds (£50,000) on the final determination of a claim in relation to liability; and
- twenty five thousand pounds (£25,000) on an inquiry as to damages or account of profits.

For more complex patent litigation, or where more substantial damages/account of profits are being claimed, the dispute will be heard in the Patents Court. Invalidity challenges may also be brought before the UK Intellectual Property Office.

Does your country take part in the UPC?

No.

Can a party apply for a declaration of non-infringement?

A party can apply to the court (both the Patents Court and the IPEC) for a binding declaration of non-infringement. It is possible to apply for this order without there being a pre-existing dispute.

How long does it take for a claim to reach a first hearing?

In accordance with Patents Court guidance, cases in the Patents Court should take a maximum of 12 months to reach first instance trial. However, in reality (and given COVID) cases are taking 12 to 15 months to reach trial. There will be a first hearing (known as the Case Management Conference ("CMC")) once the initial pleadings have been closed, usually two to four months following issue of the claim.

Cases in the IPEC take approximately nine to 15 months to reach trial. There is evidence to suggest that the average time to trial in the IPEC is decreasing (the aim is for cases to be heard within nine months).

In addition to the IPEC and the Patents Court there is also a Shorter Trial scheme (STS), which allows for quicker and more streamlined resolution of patent claims that can be tried without extensive disclosure, witness or expert evidence. Cases on the STS procedure are managed by docketed judges (who will hear the trial). The trial should take place within about 10 months of issue of proceedings.

How long do trials last in patent cases until a first instance decision?

Trials in the Patents Court are not limited in length and can take between two days to two to three weeks depending on the complexity of the issues, and in particular the complexity of the technology involved and number of expert witnesses. Following the trial, parties should expect a first instance decision within three months, but this is not fixed.

Under the STS, the maximum length of trial is four days including reading time. The judgment will be handed down within six weeks following the trial.

The IPEC endeavours to ensure that trials do not last longer than two days; indeed, many trials in the IPEC are heard in a single day. The judge ensures the case can be heard in this limited time by active case management, early identification of the issues and limited evidence and witnesses. Following the trial, parties should expect a first instance decision within 10 weeks, but this is not fixed.

Do the judges have technical expertise?

Yes, there are specialist patent judges in the both the Patents Court and the IPEC. The judges have many years' experience in patent litigation as barristers before joining the judiciary. They often also have a scientific academic background.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

A party may apply to the courts to stay proceedings pending the outcome of the EPO opposition. The Court has discretion whether to make the order; however, in practice, it is rare for the Court to grant such a stay. The Court has provided general guidance on the Patents Court's discretion to stay legal proceedings on the ground that there are parallel proceedings pending in the EPO concerning the validity of the patent in suit. This guidance includes:

- the discretion should be exercised to achieve the balance of justice between the parties having regard to all the relevant circumstances of the particular case. It is for the party resisting the grant of the stay to show why it should not be granted;
- although neither the EPC nor the 1977 Act contains express provisions relating to automatic or discretionary stay of proceedings in national courts, they provide the context and condition the exercise of the discretion.
- the possibility of concurrent proceedings contesting the validity of a patent granted by the EPO is inherent in the system established by the EPC;
- if there are no other factors, a stay of the national proceedings is the default option. There is no purpose in pursuing two sets of proceedings simply because the Convention allows for it;
- the Court must consider the extent to which refusal of a stay will irrevocably deprive a party of any part of the benefit which the concurrent jurisdiction of the EPO and the national court is intended to confer. Thus, if allowing the national court to proceed might allow the patentee to obtain monetary compensation which is not repayable if the patent is subsequently revoked, this would be a weighty factor in favour of the granting of a stay. It may, however, be possible to mitigate the effect of this factor by the offer of suitable undertakings to repay;
- the Patents Court judge is entitled to refuse a stay of the national proceedings where the evidence is that some commercial certainty would be achieved at a considerably earlier date in the case of the UK proceedings than in the EPO;
- it is permissible to take account of the fact that resolution of the national proceedings may, by deciding some important issues, promote settlement;

Can a party file an action for nullification of a patent without being sued for patent infringement?

Yes, actions for revocation of patent rights in England and Wales may be heard in one of three specialist jurisdictions (1) the Patents Court, (2) the Intellectual Property Enterprise Court (IPEC); and (3) the UK Intellectual Property Office (UKIPO). There is no requirement for an infringement action to be asserted (although it would be usual for a party to counterclaim for infringement if a revocation action is started).

In certain circumstances, the UKIPO may be a preferable jurisdiction for a revocation action than the Patents Court or the Intellectual Property Enterprise Court. It is also possible for any party to request a written opinion on novelty and inventive step from the UKIPO. Such a preliminary opinion is non-binding, but it is open to public inspection on the UKIPO website.

Can a party file an action for a FRAND license or a compulsory license?

FRAND Licence

The proprietor of standard essential patents (SEPs) can seek the determination of the FRAND licence from the UK Court, but such a determination will only take place after at least one SEP has been found valid and essential/infringed. This means that one or more technical trials will precede any FRAND trial.

The UK court has also recently considered whether an implementer can bring a defensive action to seek determination of a global FRAND licence (without an existing action ongoing). Although the implementer was unsuccessful, based on the specifics of their pleaded case (see *Vestel v Access Advance* ([2021] EWCA Civ 440)), it appears from the Court of Appeal's reasoning that, in future cases, it may be open to implementers to bring defensive FRAND cases in the UK.

Compulsory License

There is no specific definition of compulsory licensing under the UK law. However, section 48 of The Patents Act 1977 provides that any person may apply for a licence at any time after the expiry of three years from the date of the granting of a patent. A licence can be sought for any product that is not in the field of "semiconductor technology" but there are strict requirements that must be met. See this article that provides details of the legal grounds and negotiation requirements (Compulsory licensing law and regulation in England and Wales | CMS). Such actions for compulsory licences are rarely made in the UK.

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

Yes, a party may seek to invoke the FRAND defence in patent infringement proceedings where this is available (i.e., where the patent(s) being asserted is a SEP and the declaration of essentiality was given to a standard setting organization (SSO) that requires the patent owner to licence the patent on FRAND (or RAND) terms). The consequence of raising a FRAND defence is that the alleged infringer will have to undertake to accept a FRAND licence as determined by the UK court in lieu of an injunction. Following the recent decision in *Apple v Optis* in the UK, an implementer will need to undertake to accept the court determined licence following a finding of validity/infringement/essentiality, i.e., in advance of knowing what rate the UK Court will determine this FRAND.

The UK court will determine global FRAND rates using a comparable licence and a top-down (aggregate royalty burden) cross check approach. The UK Court may also

recognise and incorporate local rate determinations from foreign courts.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Parties are entitled to instruct expert witnesses to provide evidence to support their case. Permission to call an expert or put in an expert report must be obtained from the Court (at the Case Management Conference (CMC)). Parties making such an application must provide an estimate of costs for the proposed expert evidence and identify the field and issues the expert is to address.

The expert evidence may include: the meaning of scientific/technical terms of art used in the patent or cited prior art; the state of the art and the common general knowledge (CGK) of the technical field as at the patent's priority date; the technical differences between the claimed invention and the alleged infringement; and the technical differences between the cited prior art and the claimed invention as covered by the patents asserted claims. The expert does not construe the claims or assess issues of validity/infringement as such as these are matters for the judge. There is no Court appointed expert, but the experts appointed by the parties owe a duty to help the Court on matters within their expertise. This obligation to the Court overrides any obligation to the party who instructed them.

Written expert reports setting out their evidence in chief are normally exchanged around three months before trial. The experts will then appear at the trial to verify their statements on oath and be cross-examined by the other party on their content.

Although, note that in the IPEC cross-examination of witnesses is strictly controlled and is only allowed with permission from the judge.

The Court also has the power to direct that expert evidence is given concurrently (known as 'hot-tubbing'). This procedure allows for experts to be in the witness box at the same time to allow the judge to ask questions to each expert in turn.

Do the courts allow disclosure / discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

Yes, the Court historically made an order for 'standard disclosure' whereby a party must disclose any documents (in its control):

- that it will rely on;
- that will adversely affect its case;
- that will adversely affect another's case; or
- that will support another's case.

However, new disclosure rules were introduced in England & Wales with effect from January 2019 (the "Disclosure Pilot Scheme"). Under the Disclosure Pilot Scheme, there is no longer an assumption that standard disclosure will apply. Instead, the judge has a "menu" of more limited disclosure options, for example disclosure on an issue-by-issue basis, disclosure for documents to be relied on, specific document disclosure. The scheme was originally a two-year scheme, but it has been extended.

There are specific additional rules for patent infringement cases. Documents relating to validity of the patent need only be disclosed if they are dated within the two years before or two years after the earliest priority date of the patent. In addition, a defendant may provide a product and process description ('PPD') setting out the relevant features of the alleged infringing product/process instead of providing standard disclosure of documents. The alleged infringer should take steps to ensure that this description is accurate and comprehensive (otherwise there may be costs consequences).

In addition to disclosure of documents during proceedings, it is possible for parties to request pre-action disclosure. This is appropriate where:

- the applicant and the respondent are likely to be parties to subsequent proceedings;
- the Court is satisfied that the document would be a disclosable document at trial and in addition;
- the pre-action disclosure is desirable to dispose fairly of the anticipated proceedings, assist the dispute to be resolved without proceedings; or save costs.

It may also be possible to obtain disclosure from a non-party in certain circumstances.

Also note that a party cannot rely on any document it fails to disclose unless the court grants permission.

Are preliminary discovery or seizure of evidence/documents available?

A claimant can seek a search and/or seizure order for a defendant's premises in respect of infringing goods, but this is rare in practice and difficult to obtain from the Court.

Appeals

What are the possible routes for appeal in your jurisdiction?

Decisions of both the Patents Court and the IPEC may be appealed to the Court of Appeal. There is no right of appeal from any final decision of the Patents Court or the IPEC, however, permission to appeal is normally granted by the lower court in patent actions. An appeal must be applied for within 21 days of the date of the decision of the lower court. If the appeal is refused by the first instance court, the appealing party has the right to apply to the Court of Appeal directly for permission. Similarly, there is no right to appeal to the Supreme Court from a decision of the Court of Appeal.

Permission must be obtained from the Supreme Court itself. In practice it is very rare for a patent case to be appealed to the Supreme Court.

On what grounds can an appeal be brought?

An appeal may be brought if the decision of the lower court was wrong (i.e., if there has been an error of law, an error of fact or an error in the exercise of the Court's discretion) or unjust because of a serious procedural or other irregularity in the proceedings. The appeal courts will review rather than rehear the case. Generally,

factual issues are not reconsidered in the appeal and further evidence is only permitted in limited circumstances. As such, the Court of Appeal will be reluctant to interfere with the findings of the lower court.

An appeal to the Supreme Court is only permitted if there is a significant point of law or policy that needs to be decided.

What is an approximate timescale for the first/second appeal?

On average it takes between 12 to 18 months for the first appeal, and another 12 months for a second appeal (if available).

Is the first instance decision suspended while an appeal is pending?

Depending on the circumstances, a first instance decision may be stayed pending appeal. It has become the practice to give to the patentee the chance of either giving a cross-undertaking as to damages to obtain an injunction or, if not given, granting a stay pending appeal.

Costs

What would be the estimated legal costs of patent litigation proceedings for a first in-stance decision?

Infringement and validity are dealt with together as part of the same proceedings/trial. The typical cost of these combined proceedings is between nine hundred thousand pounds (£900,000) to one million five hundred thousand pounds (£1,500,000) for the Patents Court and considerably lower for the IPEC. This of course depends

for example on the number of patents/claims in dispute, the number and type of validity attacks and the number of witnesses/experts required to give evidence. In highly complex cases (for example those involving SEPs/FRAND determinations) the cost may be substantially higher still.

Actions in the Patents Court also require the parties to prepare and exchange costs budgets (except where the value of the claim is certified to be ten million pounds (£10,000,000) or more). The idea is that the costs budgets

give the parties and the court visibility of the likely costs to be incurred, whilst providing the court with the ability to manage/limit costs to ensure proportionality.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The cost of an appeal to the Court of Appeal can also vary significantly. Average costs are in the region of one hundred thousand pounds (£100,000) to two hundred thousand pounds (£200,000).

Are litigation costs recoverable? If so, is there a limitation?

The general rule is that costs follow the event and, therefore, the overall winner should expect to recover

their costs of the action. However, the Patents Court adopts an issue-based approach meaning that the Court may discount the cost of those issues on which the winner lost. A party in whose favour a costs order is made would normally expect to recover approximately 60–70% of their actual legal costs (although this is often higher where costs budgets have been employed).

In the IPEC, the total costs recoverable by a successful party are capped at fifty thousand pounds (£50,000) for the final determination of a claim in relation to liability, and at twenty five thousand pounds (£25,000) for enquiries as to damages or accounts of profits, and there is a limit of five hundred thousand pounds (£500,000) on the amount of damages/account of profits that can be recovered.

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The main forms of ADR are mediation and arbitration. All forms of ADR are becoming more common either as an alternative to or to complement litigation.

Does the court require that parties consider these options at any stage in proceedings?

The Patents Court and the IPEC will seek to encourage parties to use ADR to settle disputes at any stage of the

proceedings. The courts are required under the Civil Procedure Rules to actively manage cases, which includes the obligation to encourage parties to use ADR where appropriate. However, the courts cannot compel parties to use ADR. Refusing to engage in ADR can have costs consequences.

The courts have power to order a stay of proceedings so that the parties can consider ADR.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The remedies available in patent infringement cases are: an injunction;

- damages or an account of the profits derived from the infringement;
- an order for surrender or destruction of the infringing product; and/or
- a declaration that the patent is valid and has been infringed.

No automatic injunction is available; the remedy is always discretionary. For further details on injunctions, see further below.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

A successful claimant can elect between damages or an account of profits. Courts award damages to restore the successful party to the position they would have been in but for the infringement (and they are not punitive in nature).

When awarding damages, the courts will make their assessment taking into account the negative economic consequence, including any lost profits the claimant has suffered and any unfair profits made by the defendant, and elements other than economic factors, including the moral prejudice caused to the claimant.

Parties rarely seek to recover an account of the defendant's profit made as a result of the infringing activity as the sums awarded are usually less than damages.

Damages can be claimed from the date the infringing act began (although bear in mind there is a six year limitation period). Also note that simple interest is recoverable on all sums payable.

As mentioned above, for cases in the IPEC there is a cap of five hundred thousand pounds (£500,000) on the level of damages/account of profits that can be awarded.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

The courts have discretion whether to order an enquiry into damages, although it usually chooses to make such

an order. Whilst the court has the power to order the defendant to give full disclosure in relation to its profits/sales etc, the court usually controls the enquiry and limits the disclosure required. The enquiry will usually involve a substantial trial.

Is it possible to obtain additional remedies if the infringement was deliberate?

Whilst there is no specific provision granting additional remedies in cases where the defendant was a deliberate or wilful infringer, the court should consider 'moral prejudice' caused to the claimant when determining the amount of damages to award (see above).

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, a court can order an unsuccessful defendant to "deliver up" infringing goods to the claimant, or alternatively destroy them. This remedy is commonly sought. There is no time limit (other than the general limitation rules).

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes, preliminary (interim) injunctions are a discretionary remedy that the courts (both the Patents Court and the IPEC) may award. A party may apply where they believe there is either actual patent infringement or a threat of patent infringement. This is particularly common in claims against generic pharmaceutical companies. The court will often order that the trial be expedited instead of granting an order for an interim injunction. A court will only make an order for an interim injunction if it is satisfied that:

- there is a serious question to be tried;
- damages would not be an adequate remedy; and
- the balance of convenience lies in granting the injunction.

The courts have interpreted a 'serious question to be tried' to mean that there is a claim with substance that is not merely frivolous. There must be a real prospect of succeeding in a final permanent injunction.

When considering whether damages are adequate, in pharmaceutical cases involving generics the significant financial implications of the generic's entry into the market has often led the court to the conclusion that damages would not be adequate and have awarded the injunction sought. Although this position has shifted in recent years.

Is it possible to obtain a without notice injunction?

Yes, ex parte (without notice) injunctions are available in cases of urgency, e.g., where there is a real concern that the defendant will dispose of evidence. However, this is rare in patent cases.

How quickly can preliminary injunctions be obtained?

It is possible for without notice injunctions to be obtained within a very short period (under 24 hours). With notice injunctions will usually be heard and decided within two to four weeks in patent cases.

Is it possible to appeal against a preliminary injunction and if so, does this suspend the effect of the injunction?

It is possible to apply for permission to appeal a decision to grant an interim injunction. Generally, the Court of Appeal is reluctant to reverse a decision on interim injunctions unless there is an error of law.

The appeal does not suspend the effect of the injunction unless there are persuasive grounds to the contrary.

If a party is awarded a preliminary injunction, are they liable to provide security?

If an injunction is granted, the applicant will be required (in most cases) to make a cross-undertaking in damages (so that the respondent is compensated if it later becomes clear that the injunction should not have been ordered).

Are further proceedings on the merits required in order for the court to grant a final injunction?

Yes. The interim injunction will remain in effect until the decision in the main trial. The court has discretion whether to order a final injunction.

Is a cross-border injunction available and in what circumstances?

Where validity is not in issue, the Court may allow proceedings for infringement of foreign counterparts of a UK European patent or may grant declarations of non-

infringement in respect of the foreign counterparts of a UK European patent. However, it is rare for a case not to also involve a counterclaim for validity and under those circumstances there will be no cross-border relief in relation to a European patent as the other countries designated have exclusive jurisdiction over validity.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

ASIs are generally available in the context of SEP and FRAND licence disputes. As to whether an injunction is granted is very fact-sensitive and the general principles have not been set out in any reported judgment in a SEP case (although we are aware of at least one being granted recently).

However, an anti-ASI (i.e., a suit seeking to pre-emptively block enforcement of an ASI) has been granted in a SEP case recently. In this case, the Court considered two principal factors were:

- that the order would not interfere with the substantive proceedings elsewhere; and
- that not granting an anti-ASI would have been vexatious and oppressive, in that it would have deprived a party entirely of its right to litigate infringement and validity of its UK patent.

Because England is a relatively popular forum for determining FRAND disputes, ASIs are sometimes sought in foreign courts against English suits. The courts will usually recognise these.

Patent Litigation in Ukraine

Key Contacts



Maria Orlyk
Managing Partner
T +380 44 500 1718
E maria.orlyk@cms-rrh.com



Olga Belyakova
Partner
T +380 44 391 3377
E olga.belyakova@cms-cmno.com

Standing

Who is entitled to sue for patent infringement?

In Ukraine an infringement claim can be brought both by a holder of the patent as well as its licensee. In the latter case the licensee can refer to court notwithstanding whether they are granted the rights under an exclusive, non-exclusive or a single license. The above persons may also file a claim jointly.

In the event a patent is held by (licensed to) several subjects any of them can sue the infringing party independently or jointly.

Is it possible to join more than one party as a defendant?

It is possible to join more than one party as a defendant.

A claim can be initially filed against several defendants (co-defendants). It is also provided for that a claimant may file a motion (subject to approval by court) for engaging a co-defendant(s) after the case has been opened but before the closing of preliminary proceedings (before the first hearing if the case is considered under simplified proceedings). Although, it is also possible to exercise such a right after the set-out deadlines in the event the claimant can prove that they did not know and could not have known about the grounds for involving such a co-defendant(s) before filing a lawsuit. Please note that at the request of a new defendant or a co-defendant, the proceedings can be restarted.

Court does not have powers to engage co-defendants under its own discretion, but only based on the referred motion.

Is it possible to join suppliers or other third parties to the proceedings?

It is possible to join suppliers or other parties as third parties to the proceedings before the end of the preliminary proceedings or before the first court hearing. They can be involved in court proceeding both as third parties asserting independent claims (exercise all rights and bear all obligations of the plaintiff) and as third parties not asserting independent claims (if the decision in the case may potentially influence their rights and interests).

Is there any time limit in which claims for patent infringement must be brought?

Claims for patent infringement are subject to general limitation period which is set at three years starting from the day when a person learned or could have learned of the infringement or of the infringing person.

Is there a requirement to invoke all potentially infringed patents at once?

There is no such requirement.

Timing and Forum

In what court are patent litigation proceedings brought in your jurisdiction? Are infringement and validity decided in the same proceedings?

Despite that current legislation provides that intellectual property related cases (including arising from patent disputes) are to be considered by the Higher Intellectual Property Court, the latter does not yet function.

Thus, currently, patent litigation proceedings are brought in courts of either commercial or civil jurisdiction (depending on whether the dispute occurs between legal entities or private individuals). Invalidity claims may also be referred to an Appeal Chamber within the National Intellectual Property Authority ("NIPA"). Infringement and validity issues are not decided in the same proceedings.

Does your country take part in the UPC?

Ukraine does not take part in the UPC.

Can a party apply for a declaration of non-infringement?

There is no procedure established for application for a declaration of non-infringement per se. However, a defendant in a patent infringement case, can request in its objections to the initial claim that the court establishes non-infringement in its final decision.

How long does it take for a claim to reach a first hearing?

Depending on (i) jurisdiction of the court (civil/commercial); (ii) procedure under which a case is being considered (general / simplified); as well as (iii) complexity and circumstances of a case, it takes different amount of time for a first hearing to take place, from couple of weeks to couple of months. The procedural codes usually establish a maximum term for a court to appoint the first preliminary hearing in a case (30 or 60 days), with a possibility to extend this term in the event the circumstances of the case require so. Further, Ukrainian legislation, similarly, to above provides for different terms for appointing the first hearing on the merits.

The above term may also differ in practice depending on a particular court's workflow.

In the event a court decides to consider a claim under simplified proceedings, a hearing in a case may not be appointed at all. At the same time, the consideration of such a case lasts no more than sixty days from the date of opening the proceedings.

How long do trials last in patent cases until a first instance decision?

Similarly, to section nine above, despite that terms for consideration of cases are limited by law, in practice patent infringement cases' review does not meet those requirements and in fact may take from couple of months to several years until a first instance decision is adopted.

The long duration of case consideration also occurs due to frequent necessity to appoint conduction of expertise in this category of cases, which usually takes at least several months (sometimes years) to conduct. General practice is that proceedings are suspended for the period when an expertise is being conducted.

As mentioned above, generally, it usually takes from several months to several years for a patent infringement case to be resolved.

Do the judges have technical expertise?

The judges are not required to have technical expertise. In instances where technical expertise is required courts appoint an expert examination.

Will the courts stay proceedings pending the outcome of a related opposition at the EPO?

Not applicable.

Can a party file an action for nullification of a patent without being sued for patent infringement?

Any person can file for nullification of a patent to the Appeal Chamber within NIPA.

A patent can only be challenged in court by a person that can proof that the registration of the patent violates their rights and interests (inter alia, in the event of being sued for the patent infringement).

Can a party file an action for a FRAND license or a compulsory license?

FRAND licenses are not provided for by the Ukrainian legislation.

A patent holder is obliged to grant permission (issue a license) to use an invention (utility model) to an owner of a later granted patent if the latter's invention (utility model) is intended to achieve a different purpose or has significant technical and economic advantages and cannot be used without infringing the rights of the owner of the earlier granted patent. Permission

is granted to the extent necessary for the use of the invention (utility model) by the owner of the later granted patent. At the same time, the owner of the earlier granted patent shall have the right to obtain a license on acceptable terms for the use of the invention (utility model) protected by the later granted patent.

Also, for the purpose of ensuring public health, state defence, environmental safety and other public interests, the Cabinet of Ministers of Ukraine may allow the use of a patented invention (utility model) to a person designated by it without the consent of the patent owner. The terms of granting such permission by the government are set out in the Law of Ukraine "On Protection of Rights to Inventions and Utility Models".

Can a party invoke the FRAND defence in patent infringement proceedings? What will be the consequence of a successful FRAND defence? Do the courts determine a (global) FRAND rate?

If an invention (utility model), except for a secret invention (utility model), is not used or insufficiently used in Ukraine within three years from the date following the date of state registration of the invention (utility model) or from the date when the use of the invention (utility model) was terminated, any person who is willing and ready to use the invention (utility model), in case the owner of the rights refuses to conclude a license agreement, may apply to court for permission to use the invention (utility model).

If the patent owner does not prove that the fact of non-use of the invention (utility model) is due to valid reasons, the court shall decide to grant permission to the interested person to use the invention (utility model), determining the scope of its use, the term of the permission, the amount and procedure for payment of remuneration to the patent owner. At the same time, the right of the patent owner to grant permits for the use of the invention (utility model) is not limited.

Evidence

Are expert witnesses used by parties to a patent infringement case? Can a party bring its own expert witnesses or do expert witnesses need to be appointed by the court?

Expert witnesses are often used in patent infringement cases. An expert may be questioned in court following conduction of an expert examination by the respective expert and preparation of an expert opinion.

A court appoints an expert examination at the request of a party to the case or on its own initiative if special knowledge is required to establish circumstances of a case. The appointment of an expert examination by the court is mandatory if both parties file a petition for the appointment of an expert examination.

A party may also submit an expert opinion drawn up at their request to the court.

Do the courts allow disclosure/discovery? If yes, what documents does a party have to disclose? Does the court play an active role in deciding the extent of the disclosure exercise?

A party filing a claim shall submit all the evidence in support of such claim together with the filing of the

claim on the merits or substantiate why such evidence cannot be provided. Respectively the defendant may submit their evidence along with the statement of defence. Seizer of evidence may be ordered by court as further described in section 18 below.

Are preliminary discovery or seizure of evidence/documents available?

Under general procedure a court may seize evidence if a party to the case is unable to provide evidence on its own, in such case the party has to file a motion to have the evidence seized by the court substantiating why the evidence cannot be collected by their own means and providing evidence in support of this.

There is also a special procedure for seizing evidence in intellectual property infringement cases. Upon a reasoned request of a party to the case, the court may request evidence in the form of information on the origin and distribution networks of goods or services infringing intellectual property rights or in respect of which there are reasonable grounds to believe that the distribution of such goods or provision of such services infringes intellectual property rights (i) from a person in respect of whom there are reasonable grounds to believe that such person infringes intellectual property

rights; and/or (ii) from any other person in respect of whom there are reasonable grounds to believe that such person has offered, received, possessed and/or used the infringing goods or services for commercial purposes; or (iii) from any other person who has been indicated as being involved in production, manufacture or distribution of goods or provision of services infringing intellectual property rights.

Additionally, under general procedural provisions a court secures evidence if there are grounds to assume that the means of proof may be lost or that the collection or presentation of relevant evidence will become impossible or difficult in the future. This is done at the request of a party to the case or a person who may acquire the status of a plaintiff.

The means of securing evidence by the court are examination of witnesses, appointment of an expert examination, demand and/or inspection of evidence, including at the place of its location, prohibition to perform certain actions with respect to evidence and obligation to perform certain actions with respect to evidence. Where necessary, the court may apply other methods of securing evidence determined by the court.

Further, one of the means of securing claims that can be applied by courts is suspension of customs clearance of goods or items containing intellectual property objects, which can also help in evidence discovery.

Appeals

What are the possible routes for appeal in your jurisdiction?

The decision of the Appeal Chamber within NIPA in a case concerning claims on invalidation of a patent can be further challenged in court.

Any decision of court of civil/commercial jurisdiction (both related to infringement and invalidation claims) can be appealed in an appeal court, while the latter courts decisions can be further challenged at the Supreme Court.

On what grounds can an appeal be brought?

The general grounds for challenging a court decision in appeal courts are violation of procedural law or incorrect application of substantive law. Other grounds include failure to establish the circumstances relevant to the case, failure to prove the circumstances relevant to the case, which the court of first instance found to be established, inconsistency of the conclusions set forth in the decision of the court of first instance with the established circumstances of the case.

An appeal court's decision may only be challenged in the Supreme Court if the appeal court did not apply proper (or at all) conclusions of the Supreme Court in similar circumstances, if there is no Supreme Court conclusion on application of substantive law to similar circumstances, if the claimant proves that the existing conclusions of the Supreme Court should be

reconsidered. There are also several procedural law violations that may be grounds for referring to the Supreme Court (i.e., the case was heard and decided upon by an unqualified court).

What is an approximate timescale for the first/second appeal?

Similarly, to the terms of consideration of initial claims by the courts of the first instance, the duration of consideration of cases within both first and second appeal differ depending on whether it is a civil or commercial court, the complexity of each particular case and the court's workflow, and can take from several months to several years.

Is the first instance decision suspended while an appeal is pending?

The first instance decision does not enter into force until the term for appeal expires or a decision by an appeal court is made, while the preliminary injunction ruling comes into force immediately and is not subject to suspension.

The decision of the court of appeals comes into force immediately after its announcement. However, the Supreme Court may suspend execution of a contested court decision or suspend its effect (if the decision does not provide for enforcement) at the request of a participant or on its own initiative, until the end of its cassation review.



Costs

What would be the estimated legal costs of patent litigation proceedings for a first instance decision?

It is very difficult to estimate legal costs of patent litigation proceedings as it depends on various factors, including the nature of the claim filed (proprietary/non-proprietary), specifics of each particular case, necessity to conduct an expertise, the scope of expert examination to be conducted if appointed, etc. The amount of legal costs shall be determined based on the circumstances of each particular case.

The court fee amounts vary from UAH 2,684 (approx. EUR 70) to UAH 939,400 (approx. EUR 24,310) for claims submitted in 2023.

What would be the estimated legal costs of patent litigation proceedings for an appeal?

The above also applies to the appeal proceedings. The court fee for appeal claims submission varies from UAH 4,023 (approx. EUR 105) to UAH 1,409,100

(approx. EUR 36,470) (and for claims to the Supreme Court – UAH 5,368 (approx. EUR 140) to UAH 1,878,800 (approx. EUR 48,625) in 2023. However, overall costs incurred during appeal proceedings tend to be lower than compared to the proceeding in the courts of the first instance.

Are litigation costs recoverable? If so, is there a limitation?

Yes, litigation costs are recoverable. They are usually allocated to the parties in the result of cases' consideration depending on whether and in what amount the court satisfies/denies the claims. For example, if the claims are satisfied in full such costs as payment for the expertise are allocated to the defendant. However, with respect to attorney fees, it is up to the court to decide which amount of attorney fees to put on the losing party and courts tend to allocate these expenses to a losing party only partially (usually in amounts significantly lower than in fact incurred).

Alternative Dispute Resolution

What are the options for alternative dispute resolution in your jurisdiction? Are these commonly used?

The available options for alternative dispute resolution in Ukraine include arbitral tribunal, international commercial arbitration, mediation as well as settlement with the participation of a judge. Overall, the above are used less commonly. Moreover, disputes concerning patents invalidation cannot be referred to arbitral tribunals or international commercial arbitration.

Does the court require that parties consider these options at any stage in proceedings?

There is no direct provision requiring the parties to consider alternative dispute resolution options under a court's order. However, the procedure for conducting preliminary hearing establishes that a court shall determine whether or not the parties wish to conclude an amicable agreement, conduct an out-of-court settlement through mediation, refer the case to an arbitral tribunal, international commercial arbitration or apply to the court for a dispute settlement with the participation of a judge.

Remedies

What remedies are available for patent infringement? Does your jurisdiction provide for automatic injunctions in case of patent infringement?

The following general remedies are available for patent infringement:

- recognition of the rights to the patented object;
- recognition of a transaction concerning the patent as invalid;
- termination of the action that violates the right (injunction);
- restoration of the situation that existed before the violation;
- compensation for damages including lost profit;
- compensation for moral damage.

Additionally, the below remedies are available specifically against intellectual property infringements:

- application of immediate measures to prevent infringement of intellectual property rights and preserving relevant evidence;
- suspension of the passage through the customs border of Ukraine of goods imported or exported in violation of intellectual property rights;
- withdrawal from civil circulation of goods manufactured or put into civil circulation with infringement of intellectual property rights and destruction of such goods at the expense of the infringing party;
- withdrawal from civil circulation of materials and tools that were used mainly for the manufacture of goods in violation of intellectual property rights, or withdrawal and destruction of such materials and tools at the expense of the infringing party;
- one-time monetary payment instead of applying the methods of intellectual property rights protection established by paragraphs three and/or four of above;

- the use of compensation instead of damages for the misuse of an intellectual property right;
- publication, in the mass media or making publicly available by another court determined by the court that has considered the case, of information on the infringement of intellectual property rights and the content of the court decision on such infringement at the expense of the person who committed the infringement.

On what basis are damages calculated? If damages are based on a reasonable royalty, how is this rate usually calculated?

In Ukraine there is legislative regulation covering the evaluation of the value of intellectual property rights, which includes the "Methodology for valuation of intellectual property rights" that was developed in accordance with the National Standard "Valuation of intellectual property rights", the latter is also applied to determine the amount of damages, caused in connection with the unlawful use of intellectual property.

Further, the amount of a one-time monetary payment (referred to above) shall be determined by the court as the amount of remuneration that would have been paid for granting a permit to use the intellectual property right in dispute and reasonably satisfies the claimant (a reasonable royalty).

The referred amounts are usually calculated on the basis of volumes and value of sales of infringing patented products. The legislative referral to calculation of the one-time monetary payment to on the basis of a reasonable royalty has only been introduced in 2023 and is yet to be applied by courts, as of the date of preparation of the Ukraine chapter of this Guide.

Additionally, depending on the circumstances of a case and the particular remedy being applied the infringing party's fault may also be taken into account.

Does the court order an enquiry into damages (separate proceedings to determine the level of damages payable)?

Courts usually do not order an enquiry into damages (separate proceedings to determine the level of damages payable), however, it is possible to appoint conduct of an expert examination to evaluate the damages if special knowledge is required.

Is it possible to obtain additional remedies if the infringement was deliberate?

There is no direct provision establishing additional remedies if the infringement was deliberate, however, the fault of an infringing party may be considered when awarding damages in certain cases.

Can the court order a party to recall infringing products? If so, is there a limitation in time?

Yes, withdrawal from civil circulation of goods manufactured or put into civil circulation with infringement of intellectual property rights and destruction of such goods at the expense of the infringing party as well as of materials and tools that were used mainly for the manufacture of goods in violation of intellectual property rights or withdrawal and destruction of such materials and tools at the expense of the infringing party are among the remedies provided for by law. There is no specific limitation in time established.

Injunctions

Is it possible to obtain a preliminary injunction in your jurisdiction? If so, what are the requirements?

Yes, preliminary injunction is provided for by the respective procedural legislation. It may be requested both before the filing of the claim on the merits as well as at any stage of the proceedings. The party claiming preliminary injunction must substantiate that failure to take such measures may significantly complicate or make it impossible to enforce a court decision or to effectively defend or restore the violated or disputed rights or interests of the claimant, for the protection of which they referred or intend to refer to the court.

Is it possible to obtain a without notice injunction?

The preliminary injunctions are imposed without notice to the other party. However, the defendant may appeal the ruling granting the preliminary injunction.

How quickly can preliminary injunctions be obtained?

Courts shall consider the application for granting a preliminary injunction within two days of its submission. The ruling on granting the injunction shall be enforced immediately.

Is it possible to appeal against a preliminary injunction and if so does this suspend the effect of the injunction?

Yes, it is possible to appeal the ruling granting the preliminary injunction, which does not suspend its enforcement.

If a party is awarded a preliminary injunction are they liable to provide security?

When filing for an injunction the party claiming it may suggest possible means of security that they can provide, a security may also be requested from such party by court at its own discretion.

Are further proceedings on the merits required in order for the court to grant a final injunction?

Yes, in order to grant a final injunction, the case shall be considered by court on the merits (it can also be agreed upon by the parties' granted within alternative dispute resolution proceedings).

Is a cross-border injunction available and in what circumstances?

A cross-border injunction is not prohibited under the law of Ukraine, however subject to enforcement regulation of the foreign country when imposed by Ukrainian courts. A foreign court decision granting an injunction to be enforced in Ukraine is subject to prior recognition by a Ukrainian court.

Is an Anti-Suit-Injunction (ASI) available and in what circumstances?

Anti-Suit-Injunction is not possible under applicable legislation due to the fundamental right of access to justice.



Facts and Figures

Staff

> 9,000

59,8% female

Lawyers

> 5,800

51,5% female

**EUR
1.862bn**

turnover for 2022

**62 new
partners in 2022,
taking the total
to over
1,250**

76 cities



45 countries



**19 Practice and Sector Groups
working across offices**

Our geographical spread



CMS Law-Now™

Your free online legal information service.

A subscription service for legal articles on a variety of topics delivered by email.

cms-lawnow.com

The information held in this publication is for general purposes and guidance only and does not purport to constitute legal or professional advice. It was prepared in co-operation with local attorneys.

CMS Legal Services EEIG (CMS EEIG) is a European Economic Interest Grouping that coordinates an organisation of independent law firms. CMS EEIG provides no client services. Such services are solely provided by CMS EEIG's member firms in their respective jurisdictions. CMS EEIG and each of its member firms are separate and legally distinct entities, and no such entity has any authority to bind any other. CMS EEIG and each member firm are liable only for their own acts or omissions and not those of each other. The brand name "CMS" and the term "firm" are used to refer to some or all of the member firms or their offices; details can be found under "legal information" in the footer of cms.law.

CMS locations:

Aberdeen, Abu Dhabi, Amsterdam, Antwerp, Barcelona, Beijing, Belgrade, Bergen, Berlin, Bogotá, Bratislava, Brisbane, Bristol, Brussels, Bucharest, Budapest, Casablanca, Cologne, Cúcuta, Dubai, Duesseldorf, Edinburgh, Frankfurt, Funchal, Geneva, Glasgow, Hamburg, Hong Kong, Istanbul, Johannesburg, Kyiv, Leipzig, Lima, Lisbon, Liverpool, Ljubljana, London, Luanda, Luxembourg, Lyon, Madrid, Manchester, Maputo, Mexico City, Milan, Mombasa, Monaco, Munich, Muscat, Nairobi, Oslo, Paris, Podgorica, Poznan, Prague, Reading, Rio de Janeiro, Riyadh, Rome, Santiago de Chile, São Paulo, Sarajevo, Shanghai, Sheffield, Singapore, Skopje, Sofia, Stavanger, Strasbourg, Stuttgart, Tel Aviv, Tirana, Vienna, Warsaw, Zagreb and Zurich.

cms.law