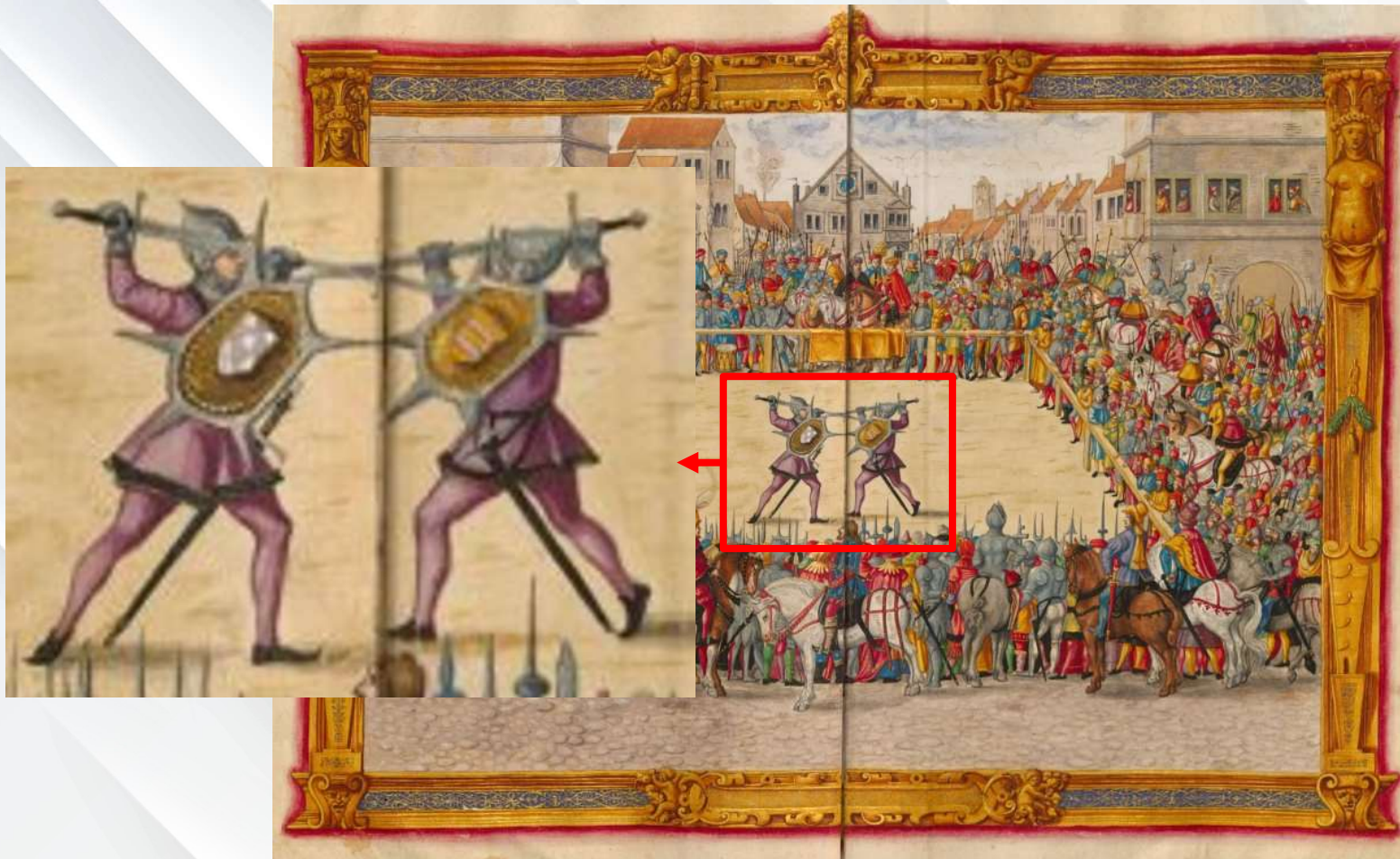


A view from the outside: *Bifurcated patent procedure and the right to a fair trial*

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Trial by combat; Augsburg, 1409 (Wikipedia)

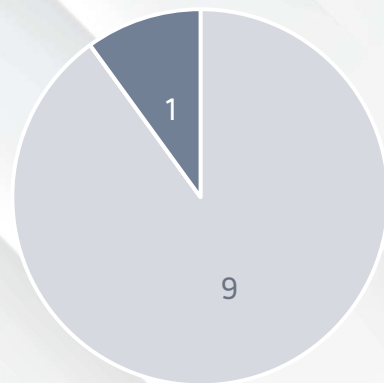
1. Some statistics to set the scene

A brief analysis of NL + EN patent decisions in 2020

Share of invalidated patents (2020)

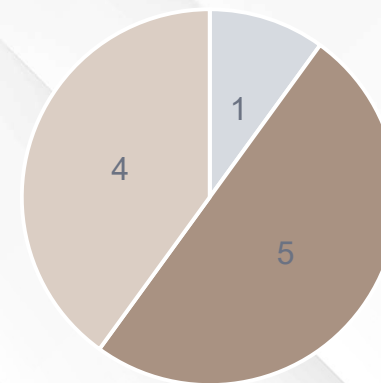
Source: Darts-IP, excluding PI (NL) and IPEC (EN) decisions

The Netherlands (n=10)



■ Patent invalidated ■ No decision on validity
■ Patent partially upheld ■ Patent upheld

England (n=10)



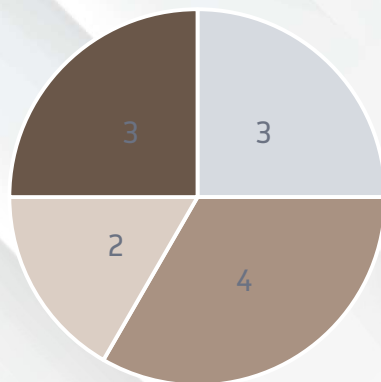
■ Patent invalidated ■ Patent upheld
■ Patent partially upheld ■ No decision on validity

Grounds for invalidity (2020)

Source: Darts-IP, excluding PI (NL) and IPEC (EN) decisions

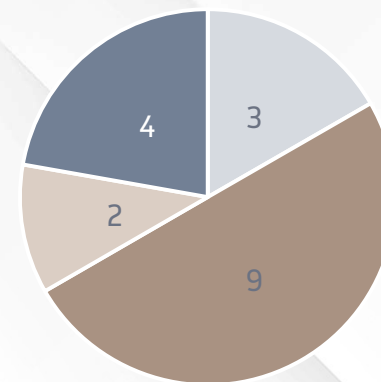
Reported numbers exceed n because of decisions w/ multiple grounds

The Netherlands (n=10)



Novelty
 Inventive step
 Added matter
 Insufficiency
 N/A

England (n=10)



Novelty
 Inventive step
 Added matter
 Insufficiency
 N/A

Conclusions

- ▶ In England, 50% of patents was at least partially invalidated; in the Netherlands, the patent was invalidated in 9 out of 10 cases (!)
- ▶ Inventive step is the most common ground invoked; added matter argued in 20% of cases; in England, insufficiency was argued in 40% of cases.

2. Bifurcated patent litigation: fair trial analysis

Some legal objections to the bifurcated system

Problematic aspects of bifurcation

- ▶ Bifurcation severely limits infringer's chance to comment on validity of the enforced patent
- ▶ Patent invalidity often important and sometimes only (FRAND, pharma) defence of infringer
- ▶ Chance that a patent is invalid is substantial
- ▶ Problem: potential for injunction gap

“

In spite of the available procedures in Germany ... in theory the injunction gap problem in Germany is capable of producing some very unfair results.

Mellor J. in *Abbott v. Dexcom* [2021] EWHC 2246 (Pat)

”

Article 6 ECHR

- ▶ Parties should be given “a reasonable opportunity to comment on all relevant aspects of a case”
 - ▶ ECtHR, 26 July 2009, App No 33307/02 Galich v Russia [25]
- ▶ Must be “under conditions that do not place them at a substantial disadvantage vis-a-vis opponent”
 - ▶ ECtHR. 27 October 1993, App No 14448/88 Dombó Beheer B.V. v The Netherlands [33]
- ▶ Closer scrutiny where outcome may have serious consequences
 - ▶ ECtHR, 14 February 2012, App No 13469/06 D.D. v Lithuania [119]
- ▶ But: practical considerations make ECtHR ruling unlikely

Article 47 EU Charter (i) – relevance

- ▶ Incorporates and extends the safeguards of A6 ECHR
 - ▶ Lock & Martin, comm. A47, in: *The EU Treaties and the Charter*, OUP 2019.
- ▶ Applies to all claims arising from EU law, including claims ex Enforcement Directive 2004/48
 - ▶ ECJ 18 January 2017, C-427/15 NEW WAVE v. Alltoys [25]; patentee's right ex A17(2) must be balanced against safeguards of A47: ECJ 28 October 2020, C-637/19 BY v CX [32]
- ▶ May be limited, but only (i) if essence respected and (ii) if limitation satisfies proportionality test
 - ▶ Ad (i): ECJ 6 October 2020, C-245, 246/19 Luxemburg v. B [66]
 - ▶ Ad (ii): ECJ 31 May 2018, C-483/16 Sziber v. Erste Bank [51]
- ▶ A47 applies directly; courts can make preliminary reference
 - ▶ ECJ 17 April 2018, C-414/16 Egenberger [78]

Article 47 EU Charter (ii) - general

- ▶ Court must be able to “consider all the issues of fact and law that are relevant to resolving the case before it”
 - ▶ ECJ 6 October 2020, C-245, 246/19 *Luxemburg v. B* [66]; and see, in the context of reliance on administrative decisions, ECJ 14 May 2020, C-924, 925/19 [128]
- ▶ Appointment of specialized courts allowable, but may not result “in less advantageous conditions” for some classes of plaintiffs as compared to others
 - ▶ ECJ 27 June 2013, C-93/12 *ET Agroconsulting* [61]

Article 47 EU Charter (iii) – trip to Spain

- ▶ Spain has a bifurcated procedure for mortgage enforcement. When a debtor defaults, the bank may enforce the mortgage against the debtor in mortgage enforcement proceedings.
- ▶ The debtor wishing to challenge the validity of the mortgage, the amount of the debt, unfairness of the clauses, etc. must bring separate proceedings.
- ▶ However: the enforcement court moves much faster so house may be sold by the time parallel proceedings end.

Article 47 EU Charter (iv) – trip to Spain

- ▶ Debtor is placed “in a clearly less advantageous position” compared with bank → no equality of arms
 - ▶ ECJ 17 July 2014, C-169/14 *Morcillo v. Banco Bilbao* [49-50]
- ▶ Guarantees afforded to debtor under EU law ineffective if mortgage enforcement proceedings cannot be stayed to ensure full effect of decision on debtor’s objections
 - ▶ ECJ 14 November 2013, C-537/12 and C-116/13 *Banco Popular v. Quichimbo* [55]
- ▶ Monetary compensation for debtor “incomplete and insufficient protection” because house already sold
 - ▶ ECJ 17 July 2014, C-169/14 *Morcillo v. Banco Bilbao* [49-50]

Article 47 EU Charter (v) – other examples

- ▶ Narrow jurisdiction for court determining salaries, discrimination claims must be brought in separate proceedings → **breach**
 - ▶ ECJ 8 May 2019, C-396/17 Leitner v. Landespolizeidirektion Tirol [63-64]
- ▶ Court in payment order proceedings that cannot verify fairness of contract terms, even if issue can be raised in adm. proc. → **breach**
 - ▶ ECJ 18 February 2016, C-49/14 Finanmadrid v. Zambrano [45-46, 51]
- ▶ Tax court that cannot verify all matters of fact and law on which decision of tax authorities is based → **breach**
 - ▶ ECJ 16 October 2019, C-189/18 Glencore [67]
- ▶ Various measures to “unblock courts” → **allowed**, provided they don’t go beyond what’s necessary to achieve goal or cause undue delays
 - ▶ ECJ 31 May 2018, C-483/16 Sziber v ERSTE Bank [51], ECJ 27 September 2017, C-73/16 Pulsar [70]

Conclusion

- ▶ Bifurcation of patent proceedings curtails the essential principle that courts must be able to consider all facts relevant to the outcome of the proceedings
- ▶ If the practical outcome thereof is that infringers are placed in less advantageous position vis-à-vis patentees, may breach principle of equality of arms
- ▶ Particular reason for concern if damage suffered by infringer cannot be adequately compensated if the patent is later revoked by BPatG

3. Potential solutions & a look to the future

What can be done now and what can we expect?

Potential solutions

- ▶ Option #1: Qualified opinion ex §83 BPatG
- ▶ Option #2: Stay of infringement proceedings ex §148 ZPO
 - ▶ Current practice: stays granted in ~10-20% of cases
 - ▶ What is the correct standard?
 - Traditionally: “in hohem Maße wahrscheinlich”
Kühnen (2013), ‘The bifurcation system in German practice’, OJ EPO Sep 2013, at 67
 - Since 2014: “überwiegend wahrscheinlich”
BGH X ZR 61/13, [2014] GRUR 1237, 1238--*Kurznachrichten*
 - ▶ Particularly difficult to obtain a stay if invalidity based on inventive step / added matter / sufficiency / technicality

The threshold for a stay

- ▶ Onus on defendant to show revocation is likely

No prior decision on
validity of patent

**Balance of probabilities; stay if more likely than not that
patent will be (partially) invalidated**

Decision by
opposition division
or foreign court

**Balance of probabilities, though decision may influence
outcome if persuasive**

Decision by BPatG
or TBA

Follow decision barring exceptional circumstances

- ▶ Drawbacks: trial-within-a-trial, delays, costs..?

A look ahead at the Unified Patent Court

- ▶ Art. 33(3) UPCA: a local division has the discretion to bifurcate proceedings
- ▶ Expectation is that this possibility will hardly be used
 - ▶ Responses to public consultation to Rules of Procedure (2013): “It is to be expected that the divisions in Germany will to a large extent” hear the infringement + validity claims locally
 - ▶ Judge Zigann (2015): “Unified Patent Courts will hardly bifurcate proceedings”; “In Germany we have bifurcation because it is in our legislation, not because we aren’t used to looking at the validity of patents”
- ▶ No desire to bifurcate so long as there is sufficient technical expertise on the bench?



Thank you!

Any questions?

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Credits for slides: SlidesCarnival.net