



## MAGYAR SZABADALMI ÜGYVIVŐI KAMARA

HUNGARIAN CHAMBER OF PATENT ATTORNEYS

Kálmán Imre utca 14.

H-1054 Budapest

Hungary

**To: Preparatory Committee**

**Re: Public consultation on the Rules of procedure for the Unified Patent Court**

Dear Sirs,

Thank you for the possibility to set forth our comments to the draft Rules of Procedure (RoP) of the Unified Patent Court (UPC) dated May 31, 2013 within the framework of the public consultation of this issue.

As an introduction, we would mention that on the basis of the activity of our members in different international IP associations (especially *epi* and AIPPI), we concentrate on issues which were not discussed by these associations or not in the depth as, in our opinion, would be necessary. However, we believe that the following comments touch issues which are important for the workability and acceptability of the planned new system.

Please note that our paper, after a detailed discussion, is fully supported by the Hungarian Association for the Protection of Industrial Property and Copyright.

In the following part the abstracts of our suggestion are provided (Part I) and thereafter our detailed arguments can be found (Part II).

Yours faithfully,

Dr. Ferenc TÖRÖK  
President of the Hungarian  
Chamber of Patent Attorneys

Enclosures: Part I and Part II

1054 Budapest

Kálmán Imre u. 14.

[www.szabadalmikamara.hu](http://www.szabadalmikamara.hu)

Tel./fax: (1) 302 79 59

e-mail: [ugyvivo@szabadalmikamara.hu](mailto:ugyvivo@szabadalmikamara.hu)

## **PART I – ABSTRACTS**

### **I. Rule 5 – Definition of the effect of an opt-out application**

The effect of an application for opt-out should be retroactive to the filing date of the application to the Registry. In the light of the wording of Article 83 (3) of UPC Agreement (UPCA), a “legal fiction” like in Rule 5.9 should be drawn.

### **II. Rules 105, 178 and 264 – Interpretation of the “best use of electronic procedures” stipulated by Article 44 of UPC**

The Rules of Procedure should ensure that parties could freely decide whether they wish to participate in a hearing personally or by means of a video conference (which phrase is intended to be used here in a wider sense, embracing the modern multimedia tools, in line with the wider wording of Article 44 of UPCA, where the “*best use of electronic procedures*” is set forth).

### **III. Rule 220 and 221 – Appealable decisions**

Rule 220.2 is not in harmony with Article 73 of UPCA. The part “or decisions” should be deleted from Rule 220.2 and Rule 221.1.

### **IV. Rule 286 – The “Swedish solution” concerning the Certificate that a representative is authorized to practice before the Court**

It is not defined “for what” a jurist is authorized by the Swedish Patent Attorneys Board (SPAB). It should be given in this Rule that SPAB or equivalent body in a Contracting Member State should issue a relating certification (i.e. not an authorization).

### **V. Undesired interaction between Rules 287 to 289 and Rule 292**

The definition of the lawyers and patent attorneys should be amended. The deletion of the word “contracting” before the “state” in the definitions opened the door unduly broadly. The phrase “member state of the European Patent Convention” or an equivalent thereof is suggested to be applied.

### **VI. Rule 287.1 – Undesired differentiating in the privilege between lawyers and patent attorneys**

The privilege should be defined with the same wording for lawyers and patent attorneys (PAs).

## **PART II – DETAILED ARGUMENTS:**

### **ad I: Rule 5 – Definition of the effect of an opt-out application**

As it comes from Rule 5.5, an application to opt out can be nullified by an action which is initiated in the time range between the filing of the opt-out application and the date of entry of the application in the register (handled by the Registrar). It does not seem to be advantageous that the effectiveness of such an application depends on the speed of the work of the Registrar.

In sub-point 9 (Rule 5.9) a “legal fiction” is applied to treat a similar situation (presently in brackets but it seems to be a wise provision for handling the opt-out applications which are intended to be effective on the date of entry into force of the Agreement). We think that a similar but retroactive “legal fiction” should be applied in case of filing an application after the date of entry into force, according to which the application would have a retroactive effect back to the filing date of the application. We are of the opinion that such a “legal fiction” can be applied in the light of the wording of Article 83 (3) of UPCA since authorities often apply such a solution.

We are aware of the counter-argument that a plaintiff should know where (before which court) a suit should be filed. However, the prompt effectiveness of an application for an opt-out seems to be stronger interest than the right to be sure that the suit is filed at the relevant court (if there is a fault that can be remedied by a repeated filing of the suit at the relevant court).

### **ad II: Rules 105, 178 and 264 – Interpretation of the “best use of electronic procedures” stipulated by Article 44 of UPCA**

The proposal for wide use of videoconference trials discussed below has positive effect not only for domestic users of the UPC in a specific country but also for the regional patent court centres. It is important to see that the proposal absolutely fits to the basic principles, according to which the new system should be available to the SMEs.

#### **The arguments for the proposal are as follows:**

1. The benefits appearing on the right-obtaining side of the planned European patent system are clear: patent protection can be obtained at a fraction of the earlier expenses for the territory of the participating European Member States.

2. However, the potential users with weaker economic background, typically the small and medium-sized enterprises (SME-s), have to calculate with serious detriments in the field of the enforcement of rights (to take steps against unauthorized users, counterfeiters or to defend themselves against attacks). If these market players are unable to ensure the financial background of the enforcement, then the easier and cheaper obtainment of an exclusive right basically loses its sense for them; they become defenceless against the unauthorized use of their innovations and attacks against their patents. **Therefore, the aim should be to make the enforcement part of the system also usable for the SME-s.**

3. Of course, it could be advantageous for domestic right holders, if a first instance national/regional European patent court is established in the country in question. In intellectual property matters, however, cases terminating in first instance are not typical at all. **The second instance is in Luxembourg in every case and there will be a number of cases where the domestic user will have to travel to London, Paris or Munich already for the first instance proceedings** (see especially the independently initiated patent revocation proceedings). The expenses of conducting proceedings abroad constitute a real impediment both for SME-s and for private inventors.

4. The travel and hotel costs further add to the expenses of the expensive European right enforcement proceedings, so the total costs put unrealistic financial burden on the users having poorer financial background. Obviously, this will cause problems mainly in the less developed countries, but please note that the situation will be the same for the “real” SMEs in the most developed countries as well. As a consequence, **most of the SMEs will not be able to initiate enforcement proceedings and they will be defenceless when revocation proceedings are instituted against their patents.** Please note that this latter fact is especially dangerous for SMEs.

**5. The essence of the proposal lies in that the users must be enabled to take advantage of video conference hearings without limitation.**

In the case of a video conference with professional environment “everybody sees everybody”, the “body language” will not be lost, thus good and fair conditions can be ensured for everyone. This possibility ensures as well that the expert staff supporting a domestic right owner (team work is necessary in most cases) does not have to be limited in number, which obviously would occur if the owner had to protect its interests abroad, e.g. in Luxembourg. The demonstration of material proofs at the hearing is not a usual tool in these proceedings; however, their forwarding to the relevant court can be managed at the preparatory stage.

6. It shows the actuality and the reality of the proposal that the advantages of **using modern telecommunication means have been taken into consideration in the planned international agreement itself**, as follows.

**Article 44**

**Electronic procedures**

*The Court shall make best use of electronic procedures, such as the electronic filing of submissions of the parties and stating of evidence in electronic form, as well as video conferencing, in accordance with the Rules of Procedure.*

**Rule 105 – Telephone conference and video conference**

1. *The interim conference may be held by telephone conference or by video conference.*

2. *On request by a party and subject to the approval of the judge-rapporteur, the interim conference may be held in Court.* [Our note: a party may achieve that the interim conference is held in Court, while not allowing the other party to attend by video conference.]

**Rule 178 – Hearing of witnesses**

6. *The Court may allow a witness to give evidence through electronic means, such as video conference. Paragraphs 1 to 5 and 7 shall apply.*

**Rule 264 – An opportunity to be heard**

*... The Court may also order that a hearing take place by telephone or video conference.*

[Our note: this is the most important rule since it relates to the “main” trials.]

7. Accordingly we respectfully suggest amending the above Rules in a manner which ensures the possibility of using a videoconference trial practically **without limitation**, and which possibility cannot be hindered by the other party or the acting court itself, as this may happen on the basis of the current draft.

8. It is an important aspect that **the implementation of the proposal would obviously increase the chance that neighbouring countries will agree to establish a regional court acting as a first instance in some cases**. For a foreign user living far from the regional court it is obviously much preferable to attend a hearing “from home” than to travel abroad even several times in a case.

**ad III. Rule 220 and 221 – Appealable decisions**

Rule 220.2 is not in harmony with Article 73 of UPCA since there it is declared clearly that the “decisions” can be appealed and the “leave of the Court” (of the First Instance) is available only in case of orders. In our view the problem of the appeal of procedural “issues” can be solved if they are arranged by “orders” and not by “decisions”, in line with the nomenclature of Article 73 of UPC.

Accordingly, the part “or decisions” should be deleted from Rule 220.2. This amendment should be carried out in Rule 221.1, too.

Our comment to the asterisk made to Rule 220.2:

It comes from the last part of 221.1 that an “order of the Court refusing leave to appeal” can be appealed at the Court of Appeal. It is obvious that the Court can only be the Court of First Instance in this sentence. We suggest to make it clear in the wording of Rule 221.1. However, as it comes from the above-cited wording of Rule 221.1, the “Court” in Article 73 (b) (ii) of UPCA relates to both levels (since the leave can be allowed by the First Instance or by the Court of Appeal).

**ad IV: Rule 286 – The Swedish solution concerning the Certificate that a representative is authorized to practice before the Court**

We are aware of the fact that in Sweden everybody can represent before a court (without any specific education). According to our information the Swedish Patent Attorneys Board (SPAB) can simply declare that the „jurist” in question has acceptable level of knowledge in patent litigation cases, i.e. it can issue a certificate or the like.

We are not against such type of exception, but the present wording is very strange since it is not given **for what** the jurist by SPAB is **authorized** (as a lawyer should be authorized to practice before a court of a Contracting Member State, see in the first sentence of this Rule).

However, just coming for the Swedish system, the SPAB cannot issue any effective authorization for representation since everybody is entitled to represent. SPAB can only declare that the jurist in question has acceptable level of practice in patent litigation cases (or making a similar statement on the basis of specific conditions).

Accordingly, the relating part should be amended in a way from which it appears that the SPAB or an equivalent body in a Contracting Member State **should certify** that the jurist has a practice in patent litigation cases.

**ad V: Undesired interaction between Rules 287 to 289 and Rule 292**

The interaction is based on the fact that Rule 292 (Patent attorneys' right of audience) refers back to the definition of “patent attorney” made in Rule 287 which relates to the privilege (see sub-paragraphs 287.6 and 287.7).

However, just in the last modification of Rule 287, the word “contracting” was deleted before the word “state” in the definition of “lawyers” and “patent attorneys”. Accordingly, the privilege is extended to lawyers and patent attorneys of **any state of the world**.

As it comes from the above-mentioned interaction, it means that the “right of audience” is open to PAs from all over the world. We do not think that this is a good idea since a representative from Asia or US etc. most probably has no idea about the European litigation system. Moreover, it is very unlikely that reciprocity would be applied for European PAs before courts in these parts of the world.

On the basis of lack of reciprocity it can also be questioned whether privilege should be ensured for lawyers of any state of the world except the members states of the European Patent Convention.

Accordingly, **we suggest to use the phrase “member state of the European Patent Convention” in Rule 287.6.** Consequently, this definition should be valid for the further rules where Rule 287 is referred to.

**ad VI: Rule 287.1 – Undesired differentiating in the privilege between lawyers and PAs**

We do not think that in case of privilege a different wording should be applied for lawyers and PAs. Accordingly, we suggest the following wording for Rule 287:

Rule 287

1. Where a client seeks advice from a lawyer **or a patent attorney** he has instructed **to act\*** in a professional capacity, whether in connection with proceedings before the Court or otherwise, then any confidential communication (whether written or oral) between them relating to the seeking or the provision of that advice is privileged from disclosure, whilst it remains confidential, in any proceedings before the Court or in arbitration or mediation proceedings before the Centre.
2. This privilege applies also to communications between a client and a lawyer **or a patent attorney** employed by the client and instructed to act in a professional capacity ~~and a client and a patent attorney (including a patent attorney employed by the client)~~ who is instructed in his professional capacity to advise on patent matters.

\* **:green:** amendment to bring this part in line with the wording applied in subpoint 2.