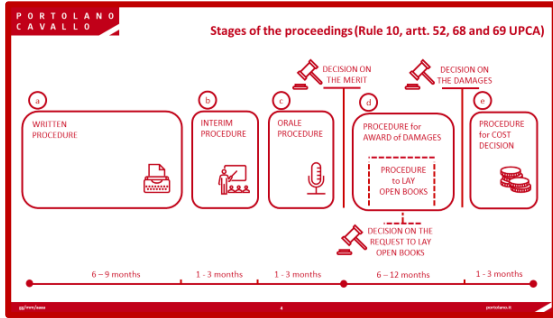


A well-rewarded race against time? Scope and quantification of damages in the framework of the UPC's new speedy proceedings

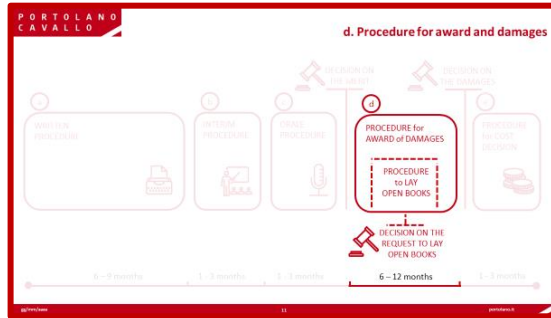


Maria Balestriero
PORTOLANO CAVALLO - Of Counsel



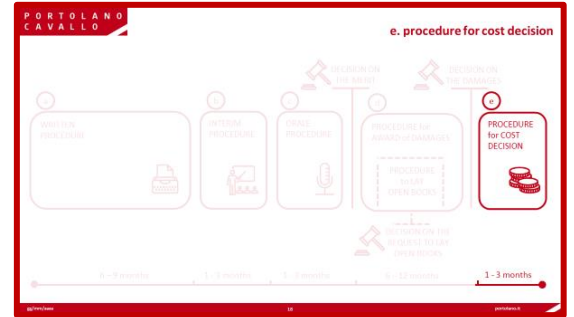
1

UPC procedure: A race against the time



2

Focus on the award of damages:
- proceedings
- substantive law



3

Costs and recovery of costs

Preamble of the Rules of Procedure



The Court shall conduct proceedings in accordance with the **principles of proportionality, flexibility, fairness, and equity.**



In accordance with these principles, proceedings shall be conducted in a way which will normally allow the final oral hearing on the issues of infringement and validity at first instance to take place within one year whilst recognizing that complex actions may require more time and procedural steps and simple actions less time and fewer procedural steps



Decisions on costs and/or **damages** may be made at the **same time** or as soon as possible thereafter.

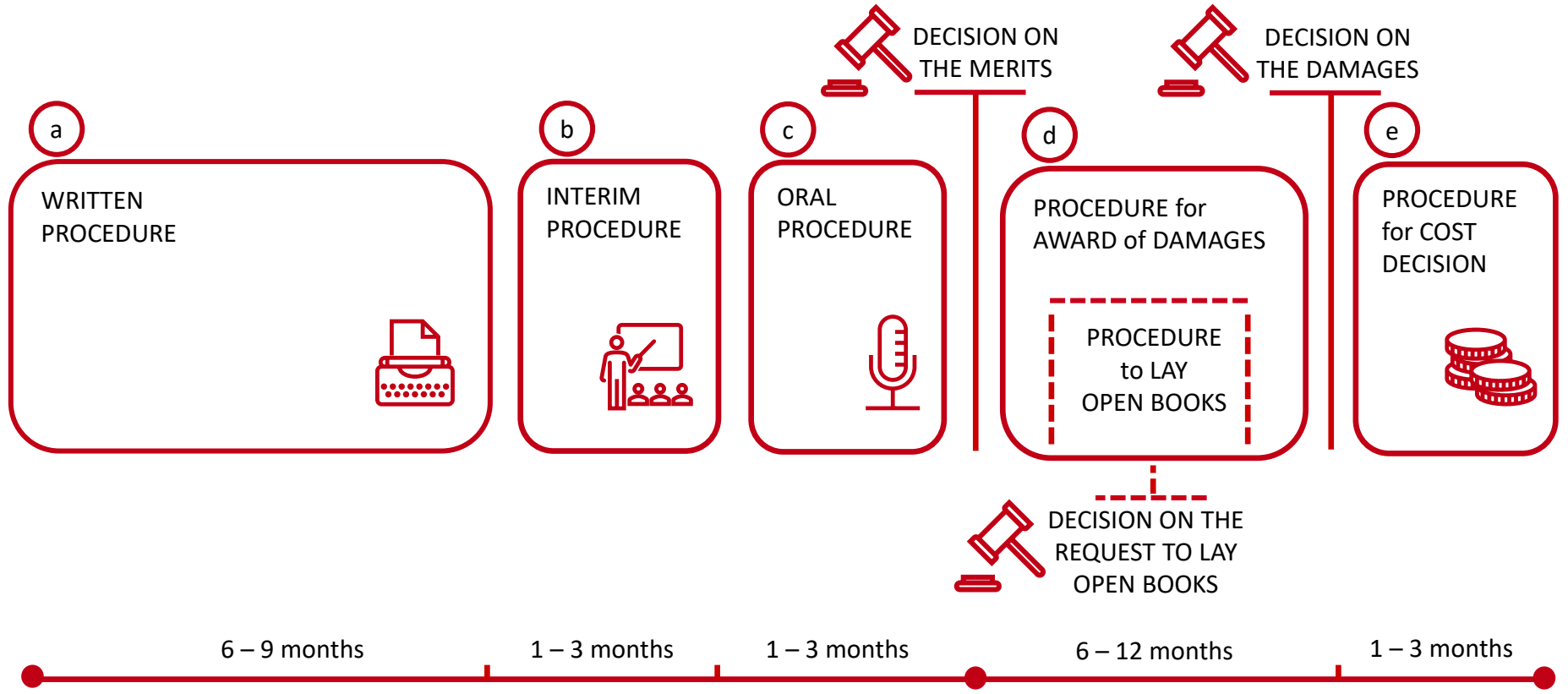


Case management shall be organized in accordance with these objectives.

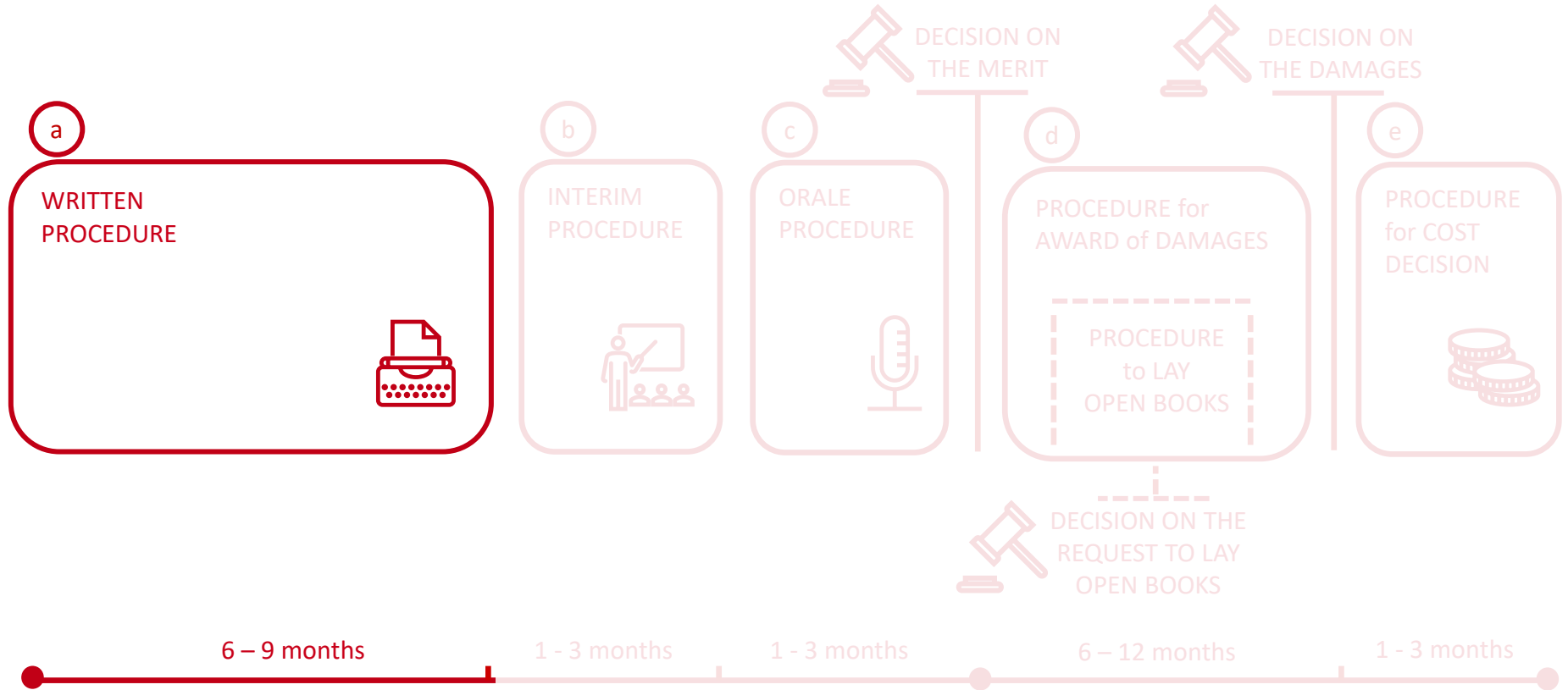


Parties shall **cooperate** with the **Court** and set out their full case as early as possible in the proceedings.

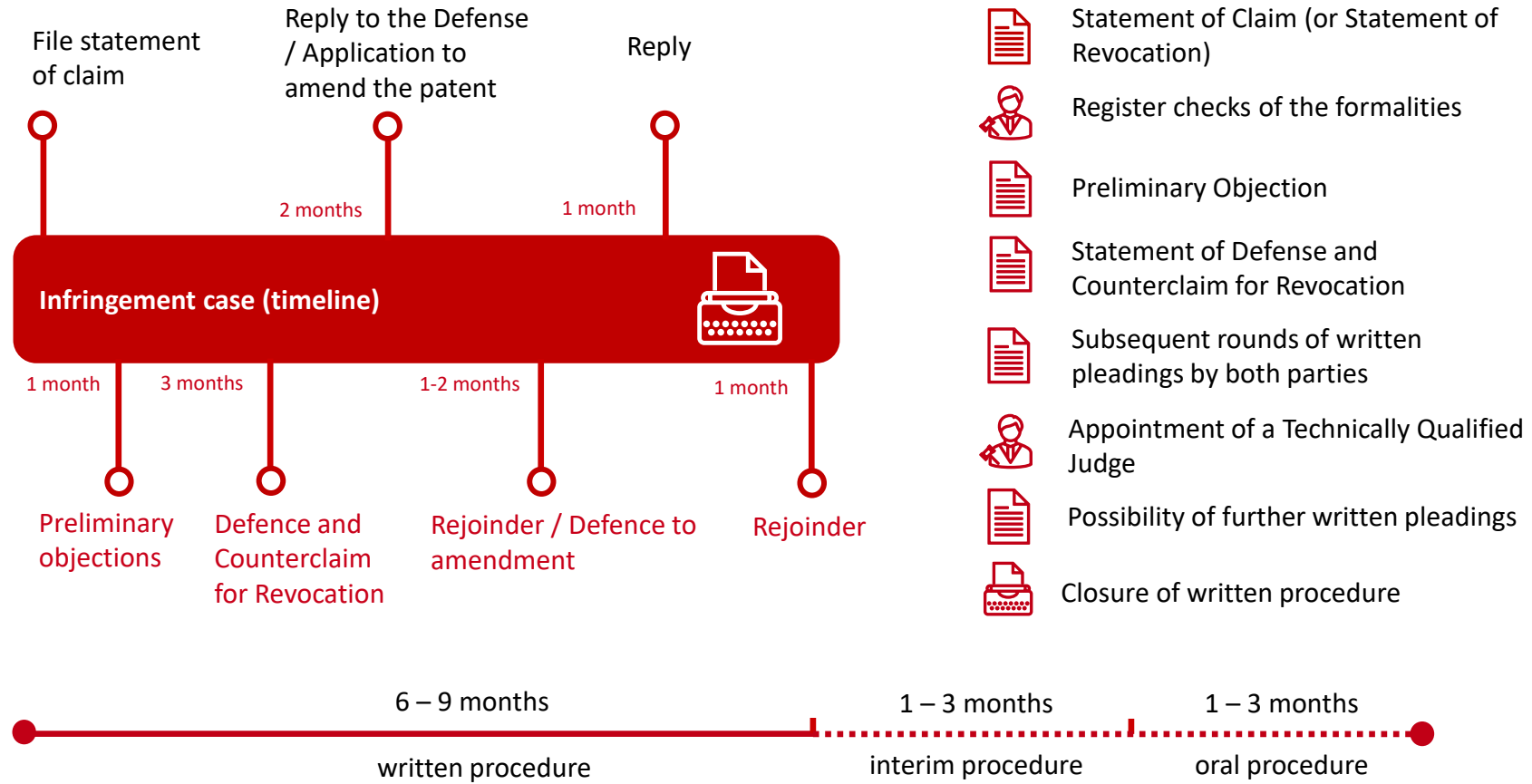
Stages of the proceedings (Rule 10, Articles 52, 68, and 69 UPCA)



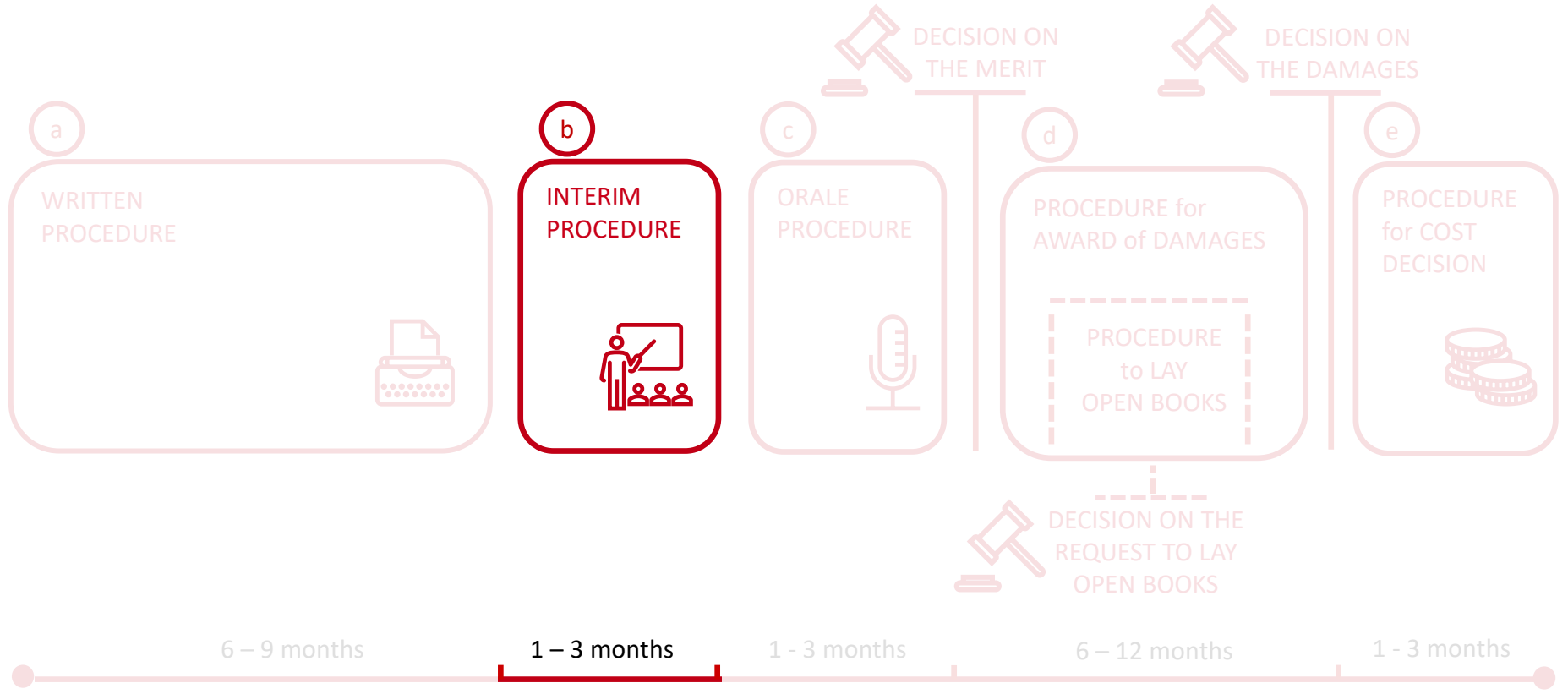
a. Written procedure








a. Written procedure (6 – 9 months)



b. Interim procedure



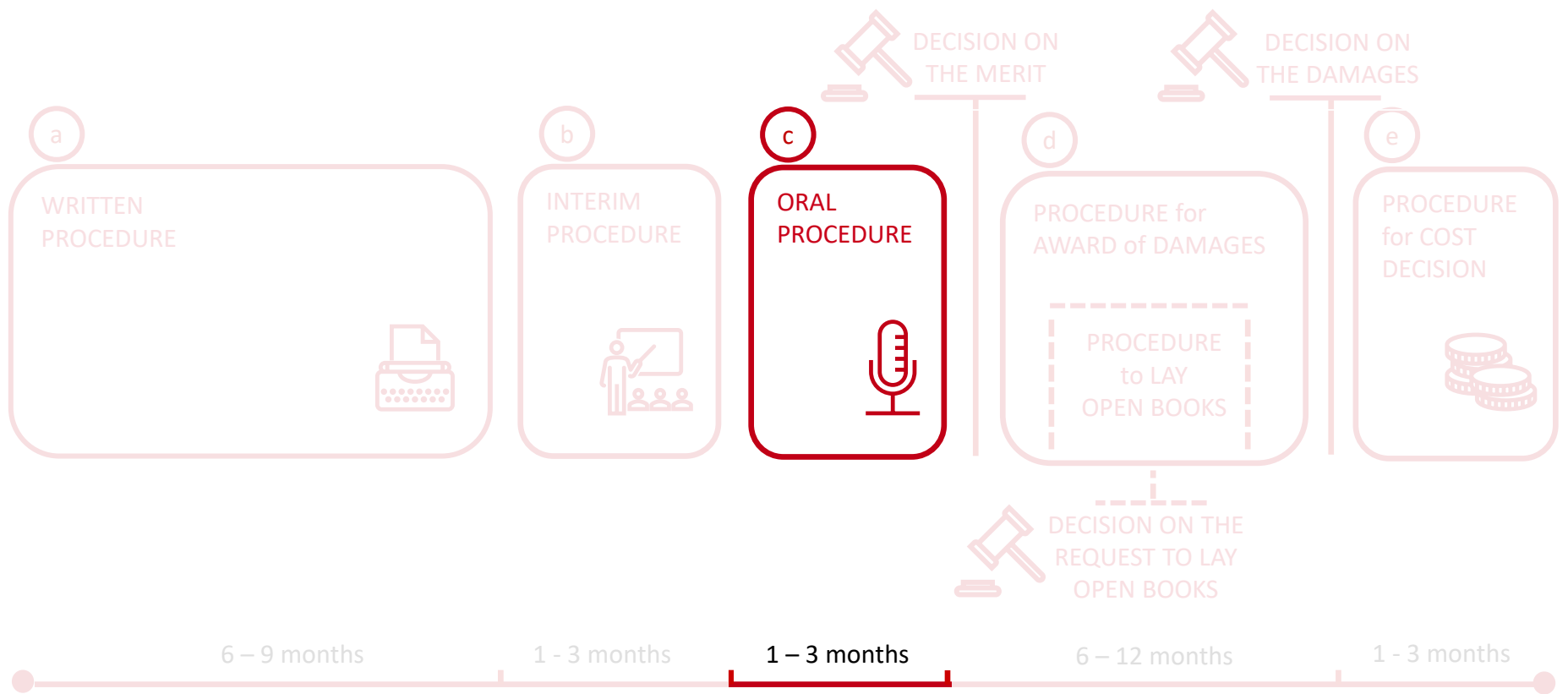
b. Interim procedure (3 months)

-  This stage is overseen by the **Judge-rapporteur**
-  The interim procedure should be completed within **three months**
-  The judge-rapporteur will give **instructions**
-  This may include the parties attending an **interim conference**
-  At any stage of the procedure the UPC may propose that the parties liaise with the **Mediation and Arbitration Centre**, this is most likely to be recommended by the judge-rapporteur during the interim procedure

Interim procedure 



c. Oral procedure





This stage is overseen by the **Presiding judge**



The judge-rapporteur summons the parties to an **oral hearing** about two months after the close of the interim procedure



The UPC endeavours to limit the duration of the oral hearing to **one day**



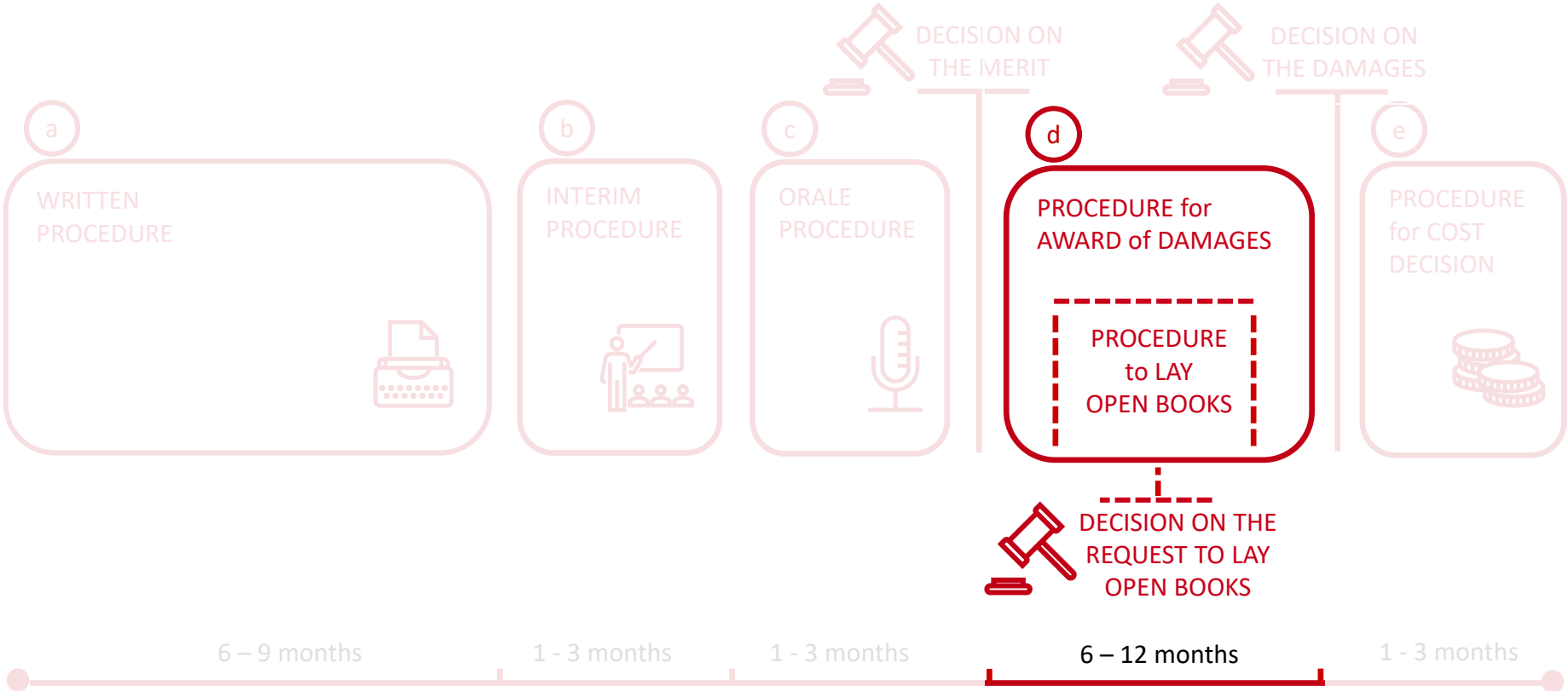
The oral hearing includes the **oral submissions** of the parties and the **examination of any experts or witnesses**, although there may be a separate witness hearing as well



The written judgment is provided within **six weeks** of the hearing

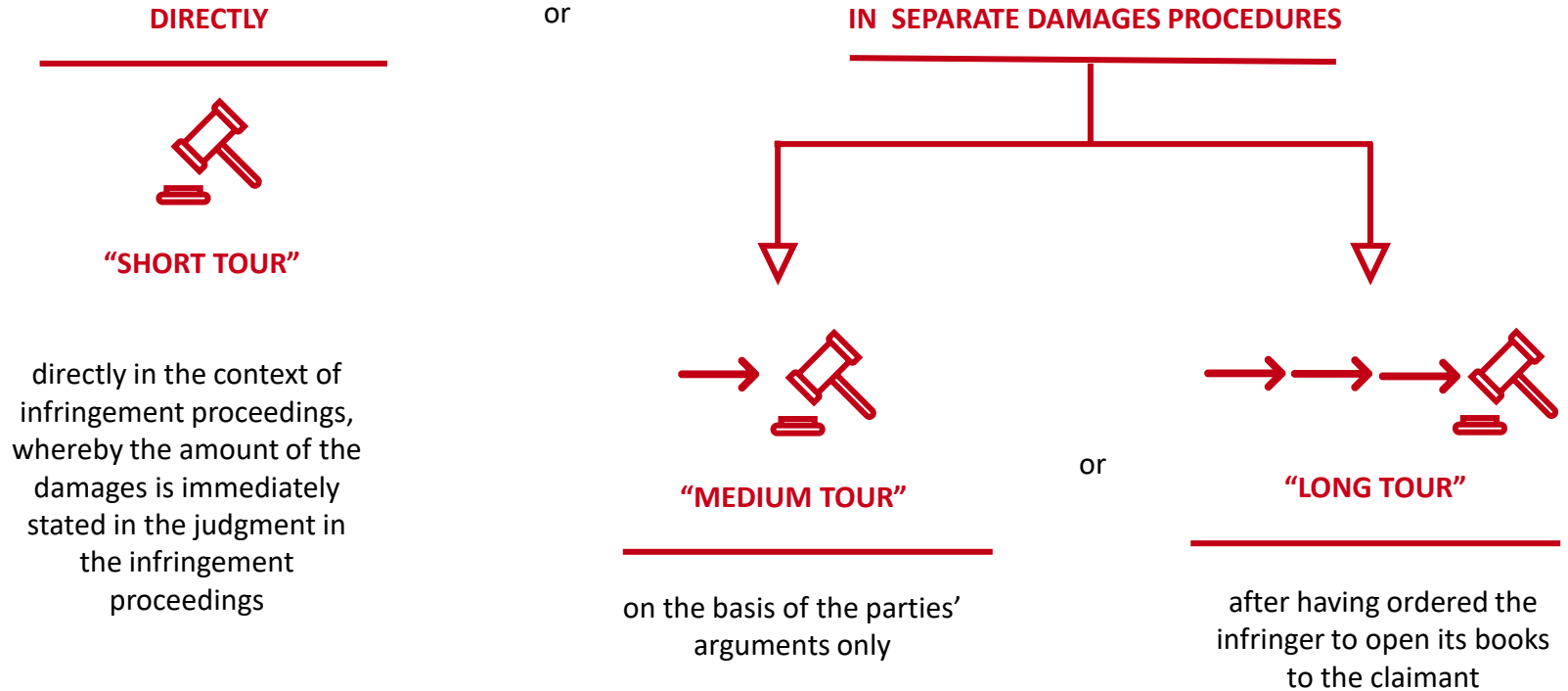


d. Procedure for award of damages



d. Damages proceedings: two options

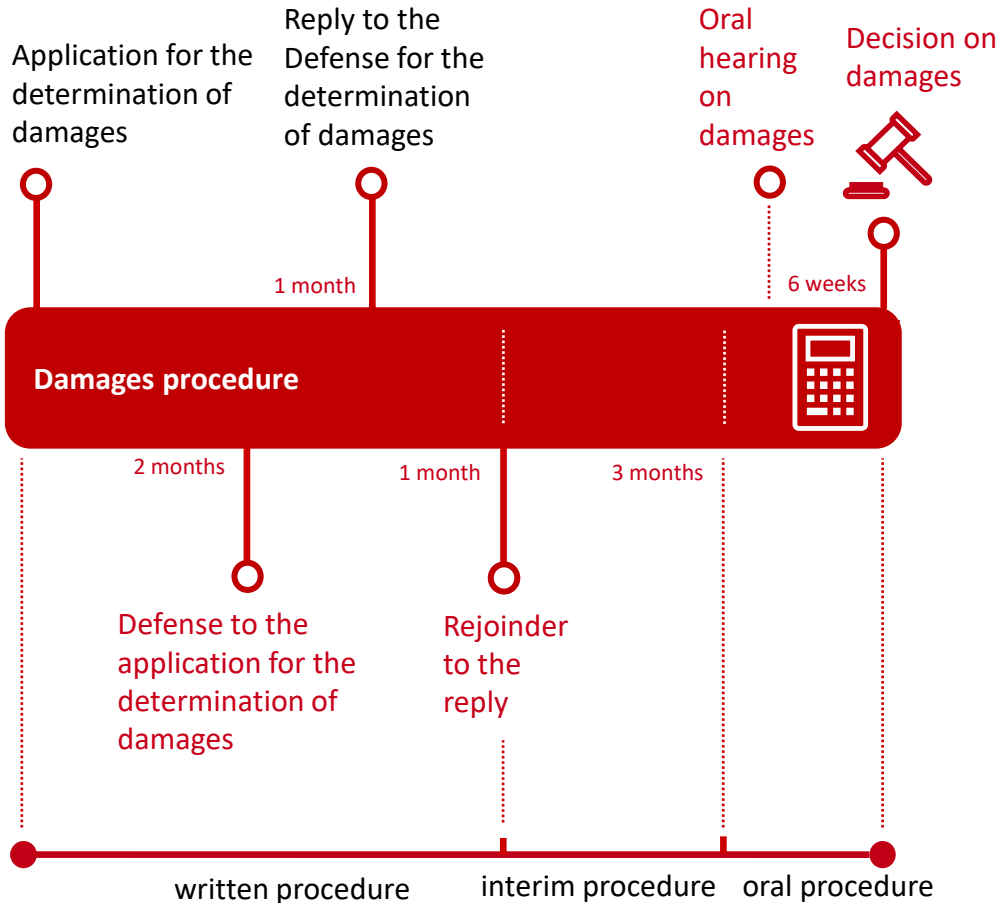
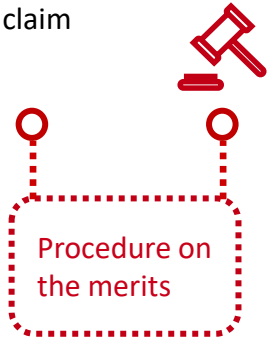
The RoP provide two ways to determine **damages** (RoP 118.1):



d. Damages proceedings: «medium tour»

Statement
of claim

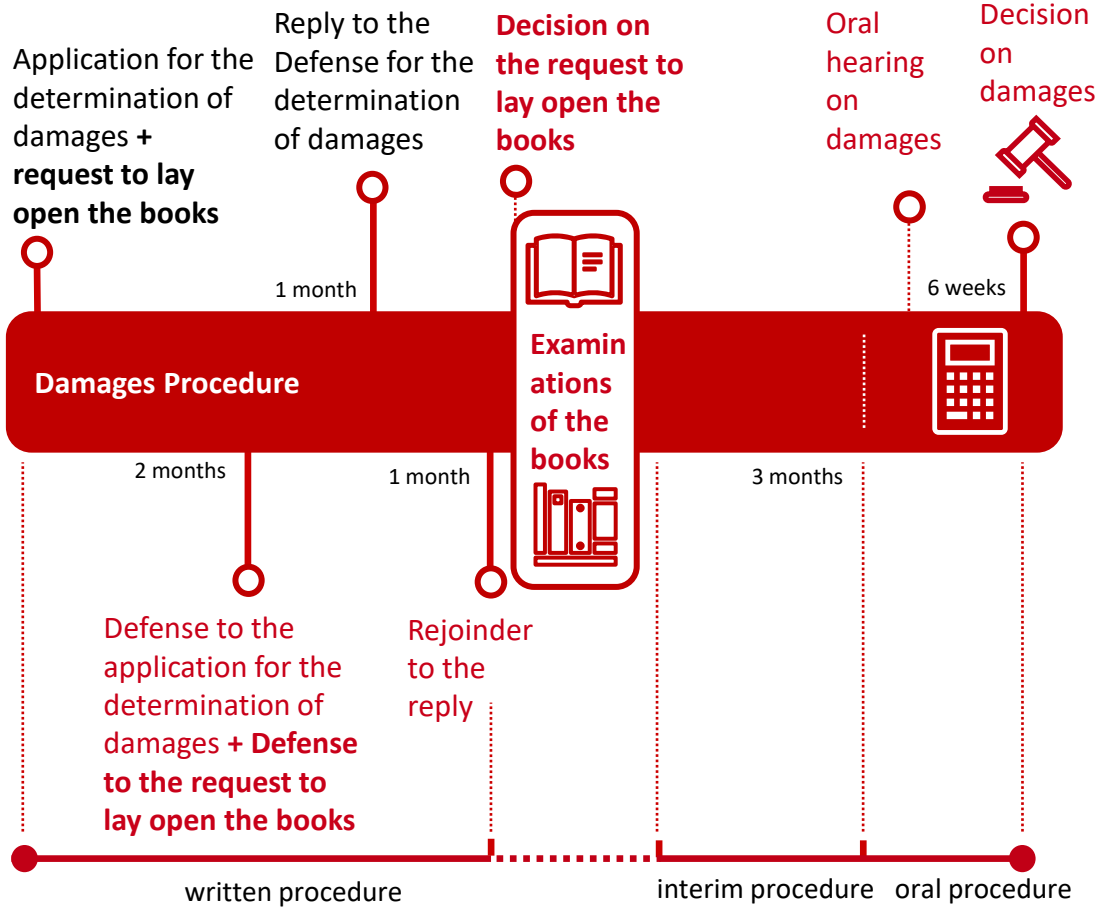
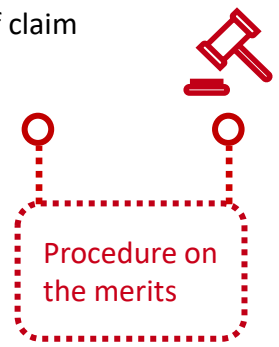
Final decision
on the merits



The application for the determination of **damages**, if contested by the unsuccessful defendant, follows a **three-stage approach** similar to the one used in first instance proceedings, but the **judge-rapporteur** may set an abbreviated timetable

d. Damages proceedings: «long tour»

Statement of claim
Final decision on the merits



The books of the defendant may be the preferred source for assessing damages. The UPCA and RoP provide for an **order to lay open books**, which a *plaintiff* may request (RoP 141). The *defendant* may either accept the request voluntarily or file a defense. In the event the defendant files a defense, a reply to that defense and subsequent rejoinder follow. The Court then rules on the request to lay open book. After that the procedure for the award of damages continues.

d. Award of damages (substantive law): Art. 68 (1) (2) and (4) UPCA



Art. 68 UPCA provides the **legal basis for the award of damages**.

The substantive law is very similar to the “Enforcement Directive” (Dir. 2004/48/EC)



1) An **infringer who knowingly, or with reasonable grounds to know**, engaged in patent infringing activity, shall pay **damages appropriate** to the harm actually suffered by the injured party as a result of the infringement (Art. 68 (1) UPCA).



2) The infringer **shall not benefit from the infringement** and damages shall not be punitive. The intention is to put the injured party in the **same position** it would have been in if no infringement had taken place (Art. 68 (2) UPCA).



3) If the UPC finds that **the infringer did not knowingly, or with reasonable grounds to know**, engage in the infringing activity, the **award for damages may be limited to a recovery of profits or payment of compensation** (Art. 68 (4) UPCA).

d. Calculation of damages (substantive law): Art. 68 (3) UPCA



The UPC must take into account **all appropriate aspects**, including :



the negative economic consequences, including lost profits, that the injured party has suffered;



any unfair profits made by the infringer; and



in certain cases, elements other than economic factors, such as moral prejudice caused to the injured party by the infringement (damage to the image or reputation of the injured party).



Alternative method of calculation:



The UPC may set the damages as a lump sum on the basis of elements such as the amount of the royalties or fees that would have been due if the infringer had requested authorization to use the patent in question.

What is interesting with regards to the award of damages ?



A **single case** for all Member States (at present 17 Member States): wider market



May **include countries** in which patent litigation was the exception before the UPC



A **single common law** for the award of damages



A **fast proceeding** (no more than 1 year)



Request to **lay open books**

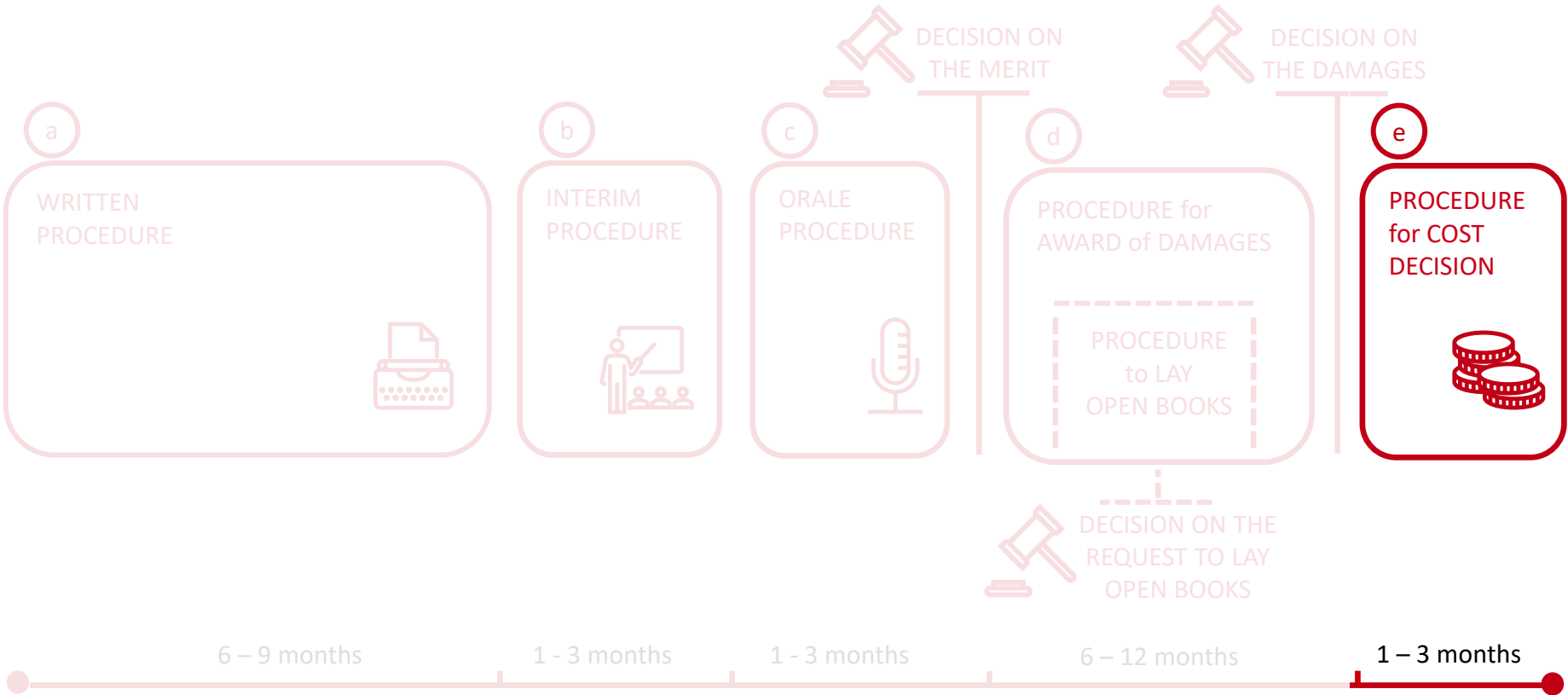


The court may order payment of an **interim award of damages** to the successful party **in the decision on the merits**: at a minimum that award must cover the expected costs of the subsequent proceedings on damages (but the award is not limited to that amount)



This proceedings is **less expensive** than undertaking a different lawsuit in each country

e. Procedure for cost decision



ARTICLE 69 UPCA : Legal costs

- 1 Reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity requires otherwise, up to a ceiling set in accordance with the Rop
- 2 Where a party succeeds only in part or in exceptional circumstances, the Court may order that costs be apportioned equitably or that the parties bear their own costs
- 3 A party should bear any **unnecessary costs** it has caused the Court or another party



Court **fees** are considerable, but lower than in other European countries



A counterclaim for revocation increases costs, but to a lesser degree



Generally, the “loser pays” regime



Legal costs and expenses (i.e. lawyer fees) are recoverable (if reasonable and proportionate and under a ceiling)



Unreasonable or unnecessary costs will be borne by the party that incurred them, regardless of outcome



Infringement action

- **Fixed fee:** 11,000 EUR (infringement action, counterclaim for infringement, action for declaration of non-infringement, action for compensation for license of right)

(3,000 EUR, application to determine damages)
- **Value-based fee:** Only for actions that exceed a value of 500,000 EUR; depends on the value of the action, calculated based on the objective interest of the claimant (from a minimum of 2,500 EUR to a maximum of 325,000 EUR, for actions that exceed a value of 50,000,000 EUR)



Counterclaim for revocation

- Same fee as the infringement action, but subject to a fee limit of 20,000 EUR










Fees are to be **paid in advance**, based on preliminary indication in complaint (requirement for claim to become lodged), then determined by the judge-rapporteur in the interim procedure

There are **fee reductions** of about 40% for small and micro enterprises, as well as further reimbursements when a single judge hears the case or when the case is settled or withdrawn early.

Proceedings

- 1 A cost decision may be the subject of **separate proceedings** following a decision on the merits and, if applicable, a decision for the determination of damages (within 1 month).
- 2 The Court may order an **interim award of costs to the successful party** in the decision on the merits (Rule 119) or in a decision on the determination of damages, subject to any conditions that the Court may decide.

Recoverable costs

-  All the court fees paid by the successful party
-  Reasonable and proportionate costs for representation
-  Party experts
-  Court experts
-  Witness expenses
-  Experiments ordered by the Court
-  Interpreter and translator

*Thank
You*



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