CROSS-BORDER PATENT DISPUTES: UPC OR ARBITRATION

APPLE VS SAMSUNG

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OUTLINE

1. Overview of the Apple vs Samsung Patent case
2. Overview of the Unified Patent Court system
    a) Overview of the UPC
    b) Applicable law
3. Overview of the Arbitration of a Multijurisdictional Patent Dispute
    a) Arbitrability
    b) Applicable law
4. Considerations

APPLE VS SAMSUNG -PATENTS

Fair, Reasonable and non-discriminatory basis (FRAND)

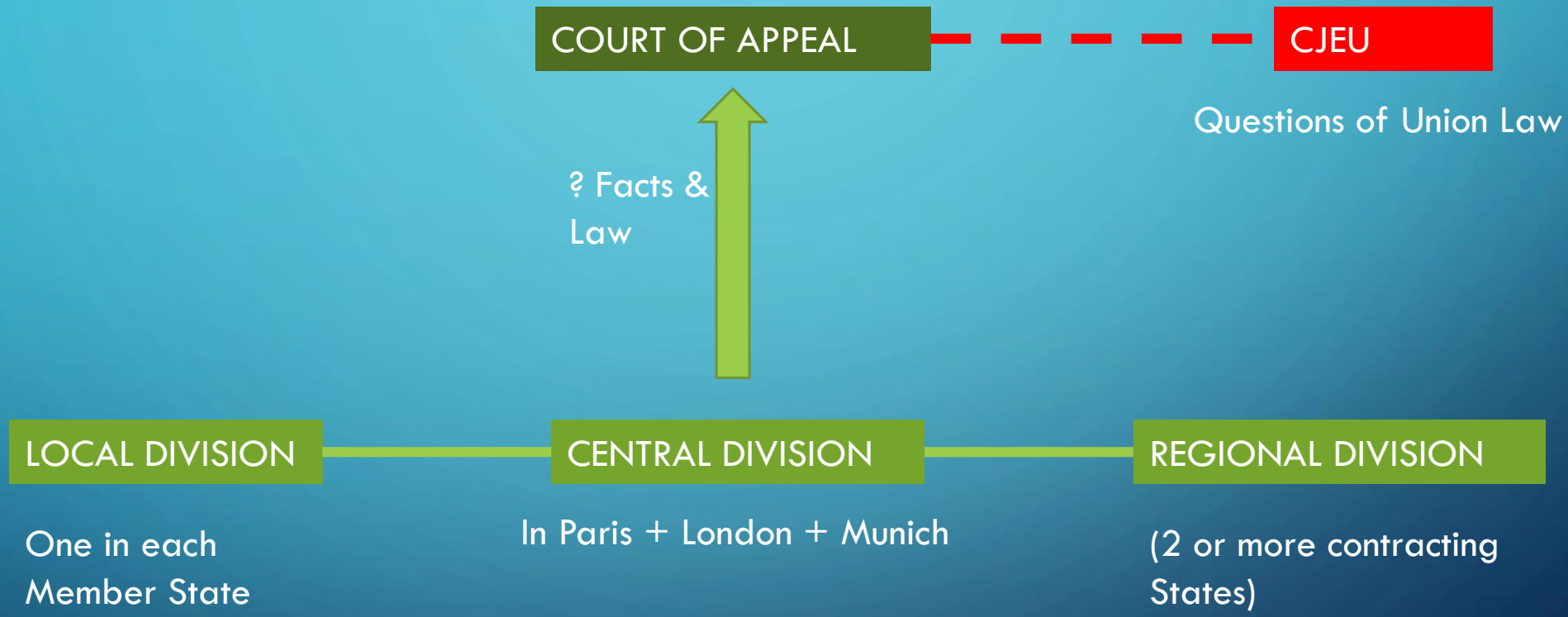
Standard essential patent (SEP)

OVERVIEW OF THE UNIFIED PATENT COURT

BASICS I

- 50 years trying to make it a reality
- Agreement signed on 19 February 2013, in force as son as it is ratified by 13 member States.
- Creation of the “European Patent with Unitary effect”

OVERVIEW OF THE UNIFIED PATENT COURT



OVERVIEW OF THE UNIFIED PATENT COURT

BASICS II

- There is going to be a transitional period of 7 years. Opting out/ Opting in:
- *"... Deciding to opt out (will depend on)... how the panels, how the courts, how the chamber will act... opting out it's only a **transitional option**, since large part of the industry are in favor of the European systems.."*

Thomaier, Jörg. (September 19, 2013) "Consultation Panel: Feedback and ideas regarding draft proposals for rules of procedure" in *European Patent Reform Forum*

OVERVIEW OF THE UNIFIED PATENT COURT

APPLICABLE LAW

- The "Patent Package"
  - Unitary Patent Regulation 1215/2012 of the European Parliament
  - Council Regulation (EU) 1260/2012
  - Agreement on a Unified Patent Court
  - Rules of Procedure **
    - *** TO BE CONTINUED***

OVERVIEW OF THE UNIFIED PATENT COURT

APPLICABLE LAW (substantive law)

Article 24(1)… the Court shall base its decisions on:

(a) Union law

(b) this Agreement;

(c) the EPC;

(d) other international agreements applicable to patents and binding on all theContracting Member States; and and binding on all the Contracting Member States; and

(e) national law.”

OVERVIEW OF THE UNIFIED PATENT COURT

APPLICABLE LAW: conflict of law art 24(2)
To the extent that the Court shall base its decisions on national law, including where relevant the law of non-contracting States, the applicable law shall be determined:

(a) by directly applicable provisions of **Union law** containing private international law rules, or

OVERVIEW OF THE UNIFIED PATENT COURT

(b) in the absence of directly applicable provisions of Union law or where the latter do not apply, by **international instruments** containing private international law rules;

or

(c) In the absence of provisions referred to in points (a) and (b), **by national provisions on private international law** as determined by the Court.

ARBITRATION OF A PATENT DISPUTE

ARBITRABILITY

ARBITRATION
Inter Partes procedure

- Arbitral awards have effect only inter partes
- Arbitral awards cannot be enforceable against third parties

≠

PATENTS:
Erga omnes effect

- The validity of IPRs falls in the sphere of public policy.
- The State has monopoly granting the IPR
- IPRs are enforceable to a whole population (restricted by a territory)

ARBITRATION OF A PATENT DISPUTE

AGAINST ARBITRABILITY	PRO ARBITRABILITY
PATENT: a matter of Public Policy, only the State can grant it or invalidate it	Invalidity in the award: affects only the contractual rights and obligations between the parties
Arbitral award has only effect INTER PARTES	The patentee has the right to surrender, assing, license or transfer his patent. Hence he can also exhaust his right.
If the award is valid against third parties it will transgress the protection of public policy	Public interest of the patent system: to stimulate innovation.

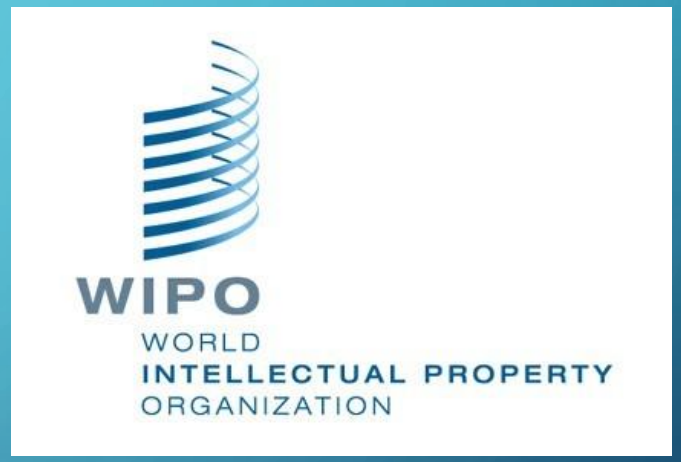
ARBITRATION

- APPLICABLE LAW:

Agreement of the parties

ARBITRATION

- Conflict of Law Rules of WIPO
- In article 59 WIPO Arbitration Rules:
  1. Law chosen by the parties.
  2. The rules of law that determines to be "**appropriate**".



- The appropriate law = the law that it's **most closely connected** to the issue.
- If the conflict is derived of a license:

  "most closely connected" = law of the licensee's place of residence.

*But what would be the law that it is the 'most closely connected' if the issue is derived by a spontaneous infringement?

ARBITRATION OF A PATENT DISPUTE

APPLICABLE LAW (CLIP PROJECT)

- Freedom of the parties to choose the law applicable to their contract.
- Article 3:501

  "where other elements relevant to the situation at the time of the choice, are located in a State other than the State whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other State which cannot be derogated from by agreement".

Hence, this proposition opens the possibility that in solving a multijurisdictional conflict, more than one national law may be applicable

ARBITRATION OF A PATENT DISPUTE

APPLICABLE LAW (CLIP Project)

- Part 3: applicable law for multijurisdictional conflicts.

- In summary: the applicable law will be that of the forum (the forum that was sized first will be the only one to hear the case 2:701).

- EXCEPT: when the existence or validity of the Intellectual Property Right it is at stake. In that case, the law of the place where the IPR had been registered and which protection it is sought (*lex protectionis*) will be the applicable one.

ARBITRATION OF A PATENT DISPUTE

APPLICABLE LAW (CLIP PROJECT)

- Article 3:601
  - In case of **infringement** the law applicable is ***lex loci protectionis***

Note C06: *if an infringement occurs or may occur in several States simultaneously, article 3:601 stipulates that the applicable law is* ***the law of each State for which protection is sought.***

- In principle, this means that a **mosaic approach** must be applied to multistate infringements, unless the exceptional rule on ubiquitous infringement allows application of the law of the State with the closest connection

CONSIDERATIONS

UNITARY PATENT COURT		ARBITRATION
Technical judges? YES	=	Technical judges? YES
Judges come from a pool of judges	≠	Arbitrators chosen by the parties
Time efficiency ?	?	Parties and arbitrators choose schedule

Quality???

CONSIDERATIONS

UNITARY PATENT COURT

Applicable Law
- Interpretation of article 24 ?

FORUM (art 33)
- Locus delicti (infringement)
- Residence of defendant (or ppal. place of business
- Multiple infringement: central division

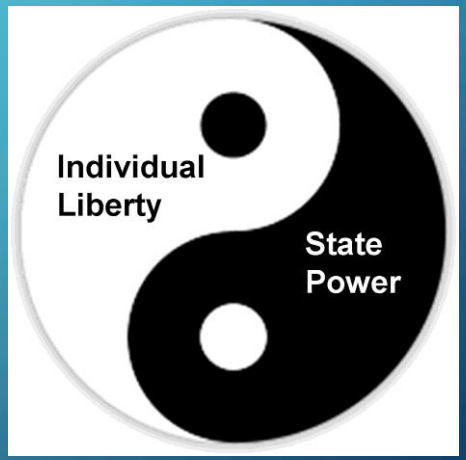
?

ARBITRATION

Applicable Law
- Chosen by the parties

Validity ???

FORUM
- Chosen by the parties
- According to the arbitration rules of the institution.



CONSIDERATIONS

UNITARY PATENT COURT

Transition period 7 years

Effective vs INFRINGEMENTS

ARBITRATION

Arbitration of IP on going and developing during this time

Effective vs INFRINGEMENTS?

Only for damages?

THANK YOU

QUESTIONS