



# Patent infringement damages under the UPC Agreement

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Damages under  
the UPC Agreement

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## Contents

- UPC: an Eldorado for damages?
- Proceedings for damages
- Substantive law on damages


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2

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## UPC: an Eldorado for damages?



3

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UPC: an Eldorado?

## Simpler and cheaper litigation?

- A single case for up to 27 countries
- May include countries in which patent litigation was exceptional before the UPC Agreement
- A single law for the assessment of damages

4

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**UPC: an Eldorado?**

## Bigger damages

A wider market


- ▶ DE+UK+FR = 200,000,000 people
- ▶ USA = 320,000,000 people
- ▶ **EU = 500,000,000 people**





5


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## Legal sources


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19 February 2013  
**Agreement** on a Unified Patent Court and draft Statute  
[http://www.upc.documents.eu.com/PDFs/2013-02-19\\_Agreement\\_Unified\\_Patent\\_Court\\_JOUE\\_2013-06-20.pdf](http://www.upc.documents.eu.com/PDFs/2013-02-19_Agreement_Unified_Patent_Court_JOUE_2013-06-20.pdf)
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31 October 2014  
**Draft Rules of procedure**  
**Unified Patent Court (V17)**  
[http://www.upc.documents.eu.com/PDFs/2014-10-31\\_UPC\\_Rules\\_of\\_Procedure\\_17th\\_Draft.pdf](http://www.upc.documents.eu.com/PDFs/2014-10-31_UPC_Rules_of_Procedure_17th_Draft.pdf)

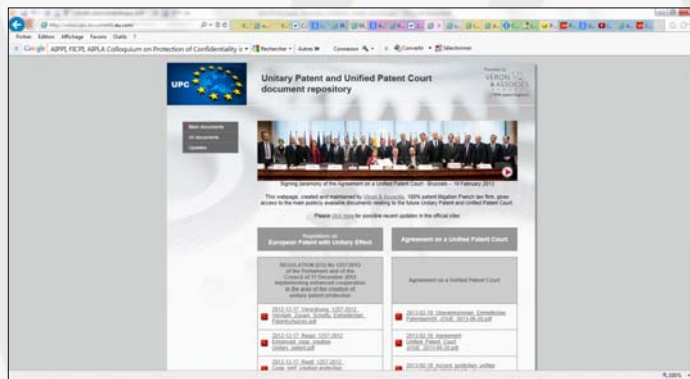


[http://www.upc.documents.eu.com/PDFs/2014-10-31\\_Agreement\\_UPC\\_DE-EN-FR\\_and\\_Rules\\_Procedure\\_UPC\\_DE-EN-FR\\_Draft\\_17\\_and\\_Trier\\_hearing.pdf](http://www.upc.documents.eu.com/PDFs/2014-10-31_Agreement_UPC_DE-EN-FR_and_Rules_Procedure_UPC_DE-EN-FR_Draft_17_and_Trier_hearing.pdf)



6

The main publicly available documents can be found on  
[www.upc.documents.eu.com](http://www.upc.documents.eu.com)



Proceedings for damages

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**Rule 10 ROP**


## Stages of the proceedings

**Rule 10 – Stages of the proceedings  
(*inter partes* proceedings)**

Proceedings before the Court of First Instance shall consist of the following stages:

- a) a written procedure;
- b) an interim procedure, which may include an interim conference with the parties;
- c) an oral procedure which, subject to Rules 116.1 and 117, shall include an oral hearing of the parties where necessary;
- d) a procedure for the award of damages, which may include a procedure to lay open books;**
- e) a procedure for cost decisions.

9




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## Damages assessment “bifurcation”

**Rule 118 – Decision on the merits**

1. In addition to the orders and measures and without prejudice to the discretion of the Court referred to in Articles 63, 64, 67 and 80 of the Agreement **the Court may**, if requested, **order the payment of damages** or compensation according to Article 68 and 32(1)(f) of the Agreement. **The amount of the damages** or the compensation **may be** stated in the order or **determined in separate proceedings** [Rules 125-143].

10




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## Options for the Court

- Decide on infringement and damages in the same judgment ("*short tour*")
- Decide only on infringement and decide on damages at a later stage
  - ▶ on the basis of the parties' submissions only ("*medium tour*"); or
  - ▶ after having ordered the infringer to open its books to the claimant ("*long tour*")



11

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## "Short tour" when damages assessment is straightforward

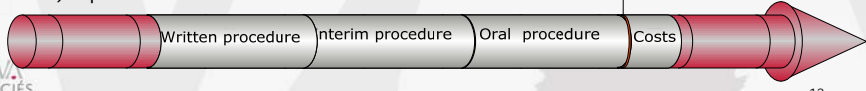

**Rule 10 – Stages of the proceedings  
(*inter partes* proceedings)**

Proceedings before the Court of First Instance shall consist of the following stages:

- a) a written procedure;
- b) an interim procedure, which may include an interim conference with the parties;
- c) an oral procedure which, subject to Rules 116.1 and 117, shall include an oral hearing of the parties where necessary;
- d) a procedure for the award of damages, which may include a procedure to lay open books;
- e) a procedure for cost decisions.



Decision  
on the merits  
and on damages  
R 118 §1

12

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## “Medium tour” when damages assessment is complex but basic information is available

**Rule 10 – Stages of the proceedings (inter partes proceedings)**

Proceedings before the Court of First Instance shall consist of the following stages:

- a written procedure;
- an interim procedure, which may include an interim conference with the parties;
- an oral procedure which, subject to Rules 116.1 and 117, shall include an oral hearing of the parties where necessary;
- a procedure for the award of damages, which may include a procedure to lay open books;**
- a procedure for cost decisions.

Decision on the merits R 118      Decision on damages R 125--140

Written procedure    Interim procedure    Oral procedure    Procedure for the award of damages    Costs

13

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## “Long tour” when damages assessment is complex and basic information not available

**Rule 10 – Stages of the proceedings (inter partes proceedings)**

Proceedings before the Court of First Instance shall consist of the following stages:

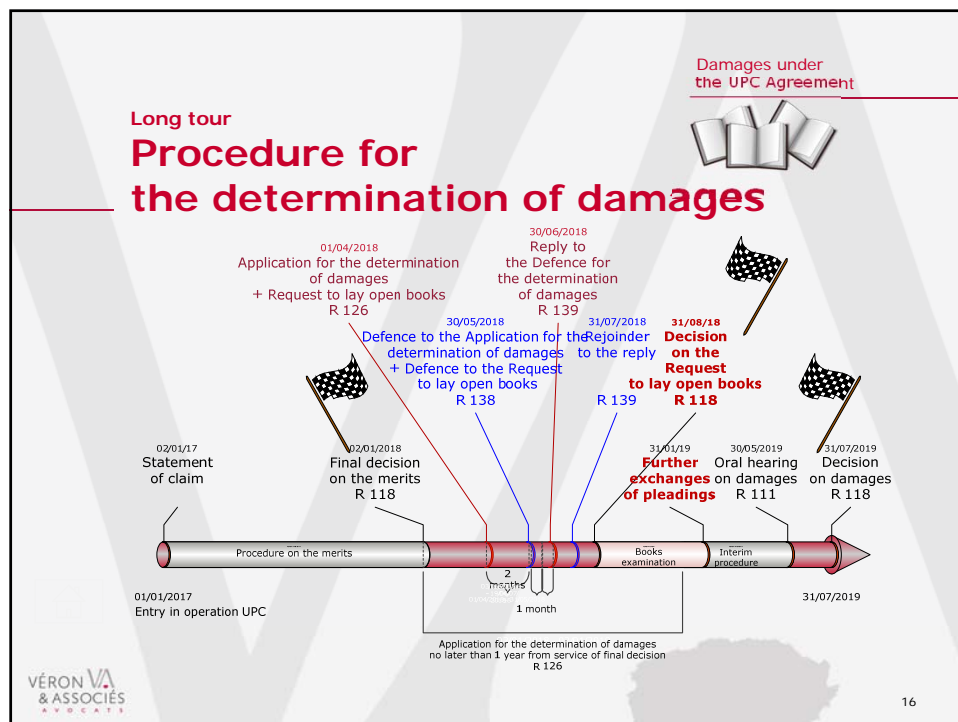
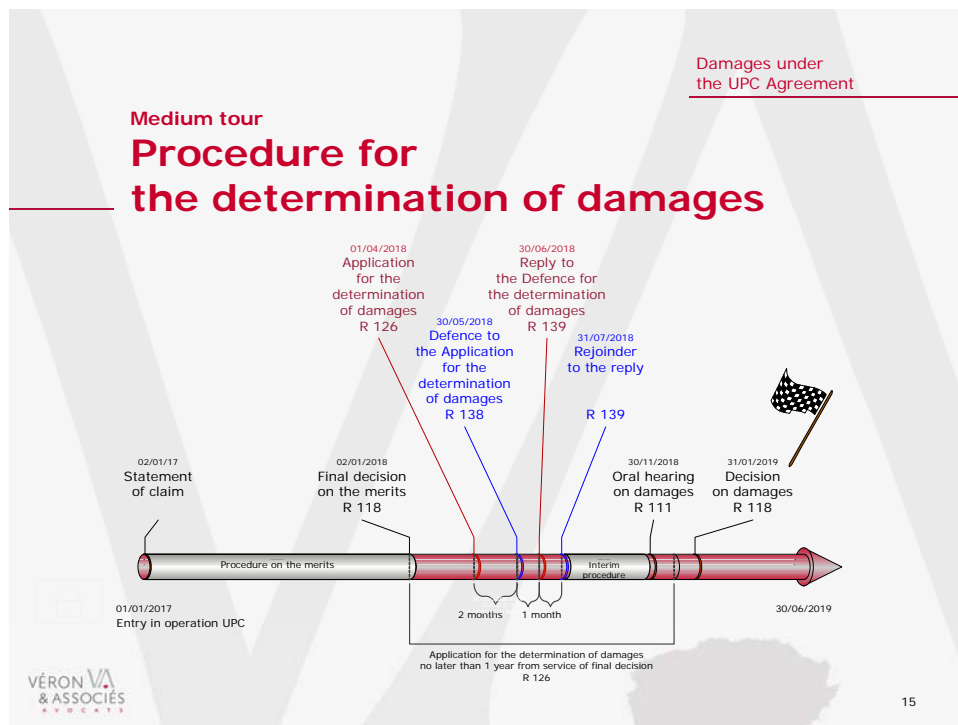
- a written procedure;
- an interim procedure, which may include an interim conference with the parties;
- an oral procedure which, subject to Rules 116.1 and 117, shall include an oral hearing of the parties where necessary;
- a procedure for the award of damages, which may include a procedure to lay open books;**
- a procedure for cost decisions.

Decision on the merits R 118      Decision on the request to lay open books R 141--143      Decision on damages R 125--143

Written procedure    Interim procedure    Oral procedure    Procedure for the award of damages    Costs

14

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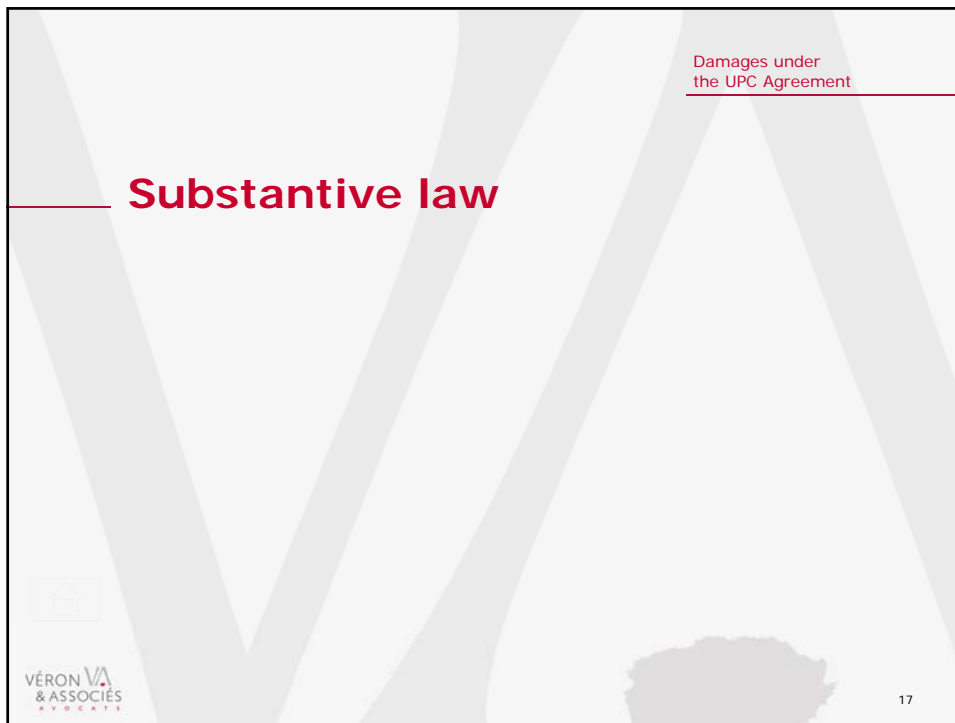




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## Substantive law



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17

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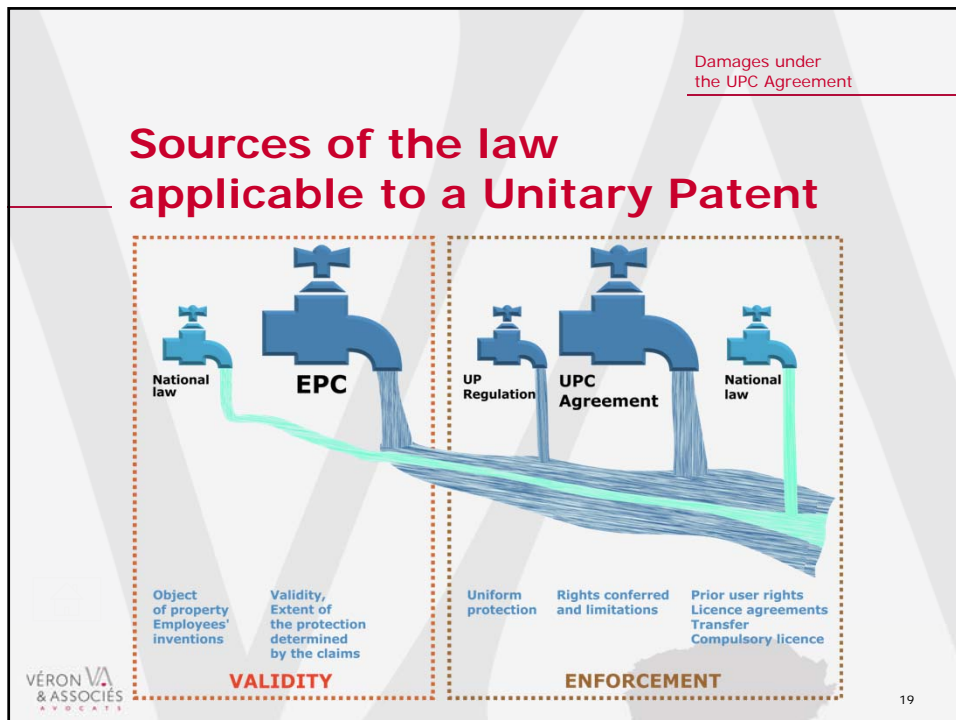
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## Current national laws no longer apply



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18



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## Substantive law

- A new, common, substantive law
- Very similar to Enforcement Directive 2004/48

20

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## Article 68 Award of damages

(1) The Court shall, at the request of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in a patent infringing activity, to pay the injured party damages appropriate to the harm actually suffered by that party as a result of the infringement.

**Not in the Directive**

(2) The injured party shall, to the extent possible, be placed in the position it would have been in if no infringement had taken place. **The infringer shall not benefit from the infringement.** However, damages shall not be punitive...

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21

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## Article 68 Award of damages

(3) When the Court sets the damages:

(a) it shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the injured party by the infringement; or

(b) as an alternative to point (a), it may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of the royalties or fees which would have been due if the infringer had requested authorisation to use the patent in question.

(4) Where the infringer did not knowingly, or with reasonable grounds to know, engage in the infringing activity, the Court may order the recovery of profits or the payment of compensation.

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22

## How will the Unified Patent Court apply these principles?

- No major changes expected in the UPC approach of damages, as the Enforcement Directive has already unified the national approaches (with only minor variations)
- Article 68 (2) UPCA suggests that disgorgement of infringer's profit should become a rule



## Time matters

- Will the Unified Patent Court, when it enters in operation, have jurisdiction over acts of infringement committed beforehand ("before UPC" era)?  
If "yes", which law should it apply?  
(UCPA or national laws)
- Plenty of time to discuss the period of limitation (art. 72 UPC Agreement)



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**Thank you**

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