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Spain

Beyond the unitary patent: nothing new under the sun?

By **Anna Barlocchi** and **Mathieu de Rooij**, ZBM Patents & Trademarks

With ratification of the Unified Patent Court (UPC) agreement well underway in a number of member states and completed in several others, it seems only a matter of time before the new EU patent package, including the UPC and the European unitary patent, enters into force. Spain has always been one of the strongest opponents of the new patent package and has neither participated in the enhanced cooperation on unitary patent protection nor signed the UPC agreement. In fact, at present the biggest threat to the package stems from the appeals filed by Spain against the agreements reached between other member states.

The reasons for Spain's opposition to the package are not expected to change in the near future. Many traditional patent firms in Spain could not survive without their income from translating and validating European patents granted by the European Patent Office (EPO). This appears to be a key reason why Spain has also not signed the London Agreement and is unlikely to do so soon.

The Spanish Confederation of Employers' Organisations is officially opposed to the new EU patent package, in particular on the grounds that:

- the new system will be more expensive for most users;
- it will limit the dissemination of knowledge throughout the European Union; and
- Spanish businesses will be at a disadvantage because a larger number of patents which have not been published in Spanish may become enforceable in Spain.

However, even if Spain does not join the new regime, it will certainly be affected by it. Against this background of change in the European patent landscape, Spain plans to introduce major changes to its own Patent Law, which are expected to enter into force before the UPC agreement. This chapter considers how all these changes will affect both Spanish and foreign rights holders.

Validations in Spain

When the new EU patent package takes effect, European patent owners will have the choice of requesting unitary effect or validating a patent country by country. The relevant fees for the unitary patent are not yet known. As well as jurisdiction, cost will be a key factor for a patentee to consider when choosing between a European patent with unitary effect and a European patent validated in the traditional manner. In order for a European patent to take effect in Spain, it will still need to be translated into Spanish and such translation will have to be deposited at the Spanish Patent and Trademark Office.

Spain has the fifth-largest economy of the European Patent Convention (EPC) contracting states (after Germany, France, the United Kingdom and Italy). For this reason, it is a popular choice for validation. The cost of validation and maintenance will not be altered significantly by the new Patent Law, and for some applicants the cost of validating in Spain may even decrease. At least for the first six years (possibly 12 years) after entry into force of the new EU patent package, a complete manual translation of an

English European patent application into any other EU language will be necessary when requesting unitary effect. For applicants considering requesting unitary effect and validating in Spain, a translation into Spanish appears to be the obvious choice, since this will reduce the cost of validation. Applicants that also wish to validate in Italy will likely choose between Spanish and Italian. After the transitional period, automatic translations are expected to be of sufficiently high quality to make manual translations unnecessary. Thus, it appears likely that validations in Spain will remain at the same level. As a result, Spanish industry should not be affected in this regard as approximately the same number of patents will be enforceable in Spain as at present.

Forum shopping and torpedoes

During a transitional period of at least seven years (possibly 14 years), the UPC will share jurisdiction over European patents granted by the EPO and validated in a traditional manner (ie, country by country). Patent owners will have the opportunity to opt patents out of the UPC's jurisdiction by paying an opt-out fee, thus swerving the UPC's jurisdiction. The amount of this opt-out fee is not yet known. However, recent research suggests that patent owners are unlikely to opt out of the UPC's jurisdiction. Even the most important patents in a patent portfolio are likely to remain under the UPC's jurisdiction, as patent owners appear to think that the benefit of enforcing a patent in many countries in a single action outweighs the potential loss of a patent in a single swoop. Of course, this may vary from

industry to industry; in particular, players in the pharmaceutical industry with relatively deep pockets may still prefer to litigate in each country separately.

The opt-out is unavailable for European patents with unitary effect. The UPC will have exclusive jurisdiction over such patents, as well as over related supplementary protection certificates. Naturally, the UPC will have no jurisdiction over European patents validated in countries that have not acceded to the UPC, such as Spain. Therefore, the new system signals a new era of forum shopping, where both patent owners and alleged infringers have a range of options when starting litigation. Depending on the circumstances, even within the UPC system forum shopping will be possible by choosing one local (or regional) division over another.

In order to avoid a first action before the UPC, a presumed infringer may request a declaration of non-infringement before a national court of an EPC contracting state. Because of the regulations on *lis pendens* (pending suits), this will at least delay an action before the UPC. Thus, a new type of torpedo action may arise with the entry into force of the UPC agreement. In case of a patent with unitary effect, the only available torpedo appears to be a Spanish torpedo.

The owner of a patent with unitary effect which further validates in, for example, Spain will also have a choice as to where to start an action. Choosing to start infringement proceedings before the UPC has clear advantages, as many more territories can be covered in a single action. Further, the impact of a decision on the infringement or validity of a patent will likely extend to Spain. Some experienced Spanish judges have already stated publicly that they are highly likely to follow UPC decisions. Less experienced Spanish judges will also be likely to follow UPC decisions, even if only for the UPC's prestige. Thus, a positive judgment from the UPC will almost certainly lead to a positive outcome in Spain as well.

The UPC will aim to render decisions in a very timely manner. Bifurcation is possible within the UPC system, so that a decision on an infringement suit may be reached before a decision on a counterclaim of nullity has been

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rendered. In particular, the German local divisions are expected to favour bifurcation.

In Spain, preliminary injunctions can be obtained in a relatively short period of time, but a complete infringement and validity suit at first instance may take more than one year or, in courts with longer delays, more than five years. Bifurcation is not available in Spain. The costs of bringing a suit before the UPC are not yet known, but will surely be higher than those for the same suit in Spain.

Patent cases in Spain are heard by the commercial courts. A suit is to be brought before the court either where the defendant is domiciled or where the infringement took place. In practice, almost all suits are currently brought before the Barcelona and Madrid Commercial Courts, followed by those of Granada. The other courts have much less experience in deciding patent cases, thus introducing a level of unpredictability into the equation. The Barcelona first-instance courts have a higher level of specialisation due to their internal organisation, which ensures that selected judges handle all patent matters. In addition, the Barcelona first-instance courts are known to render decisions more quickly than the Madrid courts, making Barcelona the preferred option for rights holders, particularly when the stakes are high.

For a patent owner which believes that it has a strong case in terms of both infringement and validity, filing a first action before the UPC is a safe option and the potential benefits can be significant. Not only can a competitor be removed from the market in many countries, but the Spanish courts are likely to follow a positive decision from the UPC, or at least place great weight on that decision.

For a patent owner which is unsure whether its patent will hold up under scrutiny, a first action in Spain may be a good

option. For a relatively low cost, arguments can be tested and a competitor will be forced to show its hand before the court. Depending on the outcome, strategies may be reconsidered. A patent owner intending to file a further suit before the UPC would do well to select, whenever possible, a court known for its speed. Further, patent owners have been known to opt for relatively inexperienced courts when they fear that their case is particularly weak.

National filings

With the introduction of the UPC system in sight, one strategy that has been debated is to substitute filings at the EPO with a number of national filings. The UPC will have jurisdiction over validated European patents, but not over direct national patents, which may be interesting to patent owners which prefer not to have their patents be subject to a nullity action for all relevant countries at the same time. Patent applicants which are considering this must now change their filing strategies. By the time that patents that are currently being filed reach grant stage, the UPC agreement is likely to have entered into force.

Although a national filing strategy will hardly be feasible for most applicants seeking protection in 20 countries or more because of the high costs involved in prosecution, it is certainly still an option when the five most important markets in Europe (Germany, France, the United Kingdom, Italy and Spain) are to be covered. In practice, only a small percentage of European patents are validated beyond these five territories.

The benefits of a single filing and granting procedure with a single application and a single language before the EPO are clear. It is generally thought that filing a European patent at the EPO has financial advantages

Contributing profiles



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Anna Barlocci holds an MSc in mechanical engineering and began her career in patents in 1990. In addition to the drafting and prosecution of European, Spanish and Patent Cooperation Treaty applications in a wide range of engineering fields, a relevant part of her work is related to patent enforcement. For example, she has been involved as a technical expert in the Spanish part of several pan-European litigation cases regarding validity and infringement. In 1999 Ms Barlocci was one of the first Spanish candidates to qualify as a European patent attorney, and since then she has maintained strong involvement in training, both in Spain and for the European Patent Institute.



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Mathieu de Rooij started his career in patents in 2002 at the European Patent Office (EPO) in The Hague. For more than five years he worked as a patent examiner in diverse technical fields. In 2008 he moved to Barcelona to join ZBM Patents & Trademarks, where he became a partner in 2011. His practice focuses on European patent prosecution, including oppositions and appeals before the EPO, as well as patentability and freedom-to-operate studies. Mr de Rooij specialises in renewable energy and medical devices. He also regularly acts as a technical expert in Spanish court cases. In 2011 he obtained the European patent litigation certificate, which allows him to represent clients before the Unified Patent Court.

when an invention is to be protected in at least three countries. Of course, this depends on which countries are to be covered, the level of the maintenance fees and the search and substantive examination procedures and costs at the national patent offices. One negative aspect of the EPO that is frequently cited, particularly by foreign applicants, is the long examination process. In addition, national patent offices appear to be trying to make national filings more attractive – for example, the forthcoming Spanish Patent Law will bring it closer to the Patent Law Treaty by reducing the requirements for obtaining a filing date and by allowing a patent application to be filed initially in a

language other than Spanish.

Particularly for mechanical inventions, the alternative of filing utility models in Germany, Italy and Spain and having additional national filings in France and the United Kingdom could be attractive. The utility models and the French national patent application can reach grant stage without substantive examination. This should keep the costs of national patent attorneys low. The potential extra costs may be compensated for by the benefit of permanently opting out of the UPC's jurisdiction. Of course, the limited lifetime of utility models, and the limitations of the subject matter that can be claimed (generally,

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no methods or processes can be claimed and in some countries chemical compounds and compositions are excluded) should be taken into account when filing utility models.

When utility models are not an option, a patent can still be granted without substantive examination in Spain. However, this will change when the new Patent Law enters into effect. Substantive examination is expected to be mandatory for Spanish national patent applications, but not for utility models. Inevitably, this will add cost to obtaining a Spanish national patent and to some extent will increase uncertainty. On the other hand, a Spanish patent granted after substantive examination will have a higher presumption of validity than an unexamined patent.

An important advantage of using the EPO is that generally, the outcome of substantive examination is more predictable before the EPO than before national patent offices. The EPO has a large body of case law and, based on this case law, has developed extensive, clear and regularly updated guidelines for substantive examination which examiners must follow. Further, an examining division before the EPO always involves at least three examiners, which leads to the harmonisation of criteria since it forces the examiners to agree or discuss with each other. Finally – and importantly – a completely separate organisation such as the EPO Boards of

Appeal offers the applicant a reliable second-instance review procedure. Not all national patent offices have the infrastructure or manpower to do the same.

Comment

The unitary patent and the UPC are likely to take effect in the next few years, although Spain is unlikely to join in the near future. At the same time, the Spanish Patent Law is undergoing amendments. Patent owners and applicants would do well to prepare for the strategic decisions that lie ahead as a new and increasingly complex EU patent landscape is formed. Thus, their strategies should move from a ‘one size fits all’ approach to a more tailored approach for individual cases. *iam*

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