

A U.S. View on the UPC – Part 1: The Basic Case Structure of an Infringement Action

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On June 1, 2023, the new European Unified Patent Court (UPC) will open its doors, and enforcement of European patents in (currently) 17 contract member states will be possible with one action. This series of articles – directed at U.S. practitioners trying to familiarize themselves with the basic features of the UPC – aims to provide a high level view on the key aspects of the UPC system, compare them to patent litigation in the U.S., and consider their implications on U.S.-European parallel patent litigation.

To read other articles in this series, see [here](#).

This part of the series looks at the basic case structure of an infringement action in the UPC.

Proceedings before the UPC include the stages of a written, an “interim,” and an oral procedure.¹ By and large, these stages can roughly be compared to the pleading, pretrial, and trial stages of a U.S. litigation.

WRITTEN PROCEDURE

In the UPC, the equivalent of the U.S. complaint is the “Statement of claim.” Compared to a U.S. complaint for patent infringement, the Statement of claim in the UPC is far more detailed.

In the U.S., a complaint has to meet the plausibility standard under the *Twombly* and *Iqbal* decisions of the Supreme Court, that is, the complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face, allowing the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.² But as

¹ See UPC Agreement, Article 52; UPC Rules of Procedure (“RoP”), Rule 10.

² See *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citing *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556, 570 (2007)).

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long as that standard is met, the plaintiff's assertions in the complaint need not be overly detailed and have a fair degree of flexibility. Supporting evidence need not be specified, the list of asserted claims is usually not fixed, and the precise contours of the plaintiff's infringement theory, including its positions on claim construction, are not set in stone at that point.

In contrast, UPC proceedings are intended to be "front-loaded." The Statement of claim must state, among other items, instances of the alleged infringement, the identification of the asserted claims, "the evidence relied on, where available, and an indication of any further evidence which will be offered in support," and "the reasons why the facts relied on constitute an infringement of the patent claims," including arguments of law and positions on proposed claim interpretation; and, the claimant must supply copies of the documents referred to, such as witness or expert statements.³

Much the same can be said of the defendant's response. In the U.S., denials in the defendant's answer to the complaint must have factual support under Federal Rule of Civil Procedure 11, and counterclaims and, at least in some courts, affirmative defenses must further meet the Twombly/Iqbal plausibility standard. Beyond that, however, the defenses need not be fleshed out and have flexibility.

In the UPC, in contrast, the "Statement of defence" – which, if the defendant challenges the validity of the patent, shall include a Counterclaim for revocation – must contain, among other items and mirroring the Statement of claim, an indication of the facts relied on, "the evidence relied on, where available, and an indication of any further evidence which will be offered in support," the reasons why the claimant's action should fail, the grounds for revocation (including an identification of any prior art references relied on), arguments of law, and positions on claim construction; and, the defendant must supply copies of the documents referred to, such as witness or expert statements. All this must be submitted within three months of service of the Statement of claim – a tall order for working up a full-blown defense.⁴

In the U.S.,⁵ the defendant's answer to the complaint usually concludes the initial pleading stage, unless the defendant files counterclaims. In that case, the plaintiff (and counterclaim-defendant) files an answer

to the counterclaims, which must meet the same requirements as the defendant's answer. As for the timing of these pleadings, the defendant's answer and the plaintiff's answer to counterclaims, respectively, are to be filed within 21 days of being served with the complaint and counterclaims, respectively (although extensions of time are commonly agreed upon and granted). Thereafter, the initial pleading stage is usually concluded, but leave for later amendments is to be "freely give[n] ... when justice so requires." The pleadings – limited in number and substantive requirements, filed within a comparatively short timeframe, and comparatively easy to amend – frame the action, but are not intended to flesh out the parties' theories and arguments.

Not so in the UPC. In response to the Statement of defence, the plaintiff ("claimant") may file a Reply (within two months), and the defendant may file a Rejoinder (within one month). In addition, if the Statement of defence includes a Counterclaim for revocation, the plaintiff shall file a Defence to the Counterclaim (within two months) that has substantive requirements comparable to the Counterclaim, with the defendant's Reply (within two months) and the plaintiff's Rejoinder (within one month) to follow. And, the Defence to the Counterclaim may include an Application to amend the patent, which triggers the defendant's separate Defence to the application to amend the patent (within two months), with the plaintiff's Reply (within one month) and the defendant's Rejoinder (within one month) to follow.⁶ On top of all that briefing, the court may allow the exchange of further written pleadings.⁷ Once all of these written pleadings are submitted, the written procedure is formally closed,⁸ and amending a claim or counterclaim is difficult: It requires showing that the amendment "could not have been made with reasonable diligence at an earlier stage" and "will not unreasonably hinder the other party in the conduct of its actions."⁹ The written procedure – with its numerous briefs, significant substantive requirements, comparatively long timeframe (if a Counterclaim for revocation is filed, the total time between complaint and final Rejoinder is roughly 8 months), and tendency to be final – is designed for the parties to state, flesh out, and finalize their positions in detail.

The differences in the initial stages of U.S. and UPC litigation will likely have implications in U.S.-UPC parallel cases. If initiated at roughly the same time, positions

³ See UPC RoP, Rule 13.

⁴ See UPC RoP, Rules 23-25.

⁵ See generally Fed. R. Civ. P. 12, 15.

⁶ See UPC RoP, Rules 12, 29, 30, 32.

⁷ See UPC RoP, Rule 12.5.

⁸ See UPC RoP, Rules 35, 36.

⁹ See UPC RoP, Rule 263.

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taken during the written procedure in the UPC will likely inform the parties' litigation strategies in the U.S. and sometimes constrain or shape a party's litigation options there. The reverse situation is less likely. By the time the parties' positions in the U.S. proceedings become firm, large parts of the (first instance of the) UPC case – at least on liability (for the determination of damages, see below) – may already be over.

In the UPC, the defendant's ability to get the case dismissed at an early stage is far less prominent than in the U.S. In the U.S., a defendant can move to dismiss the case for various procedural reasons (jurisdiction, venue, etc), but also on the merits (failure to state a claim upon which relief can be granted), and such Rule 12(b) motions to dismiss play an important role in U.S. patent litigation. In the UPC, the rules on the written procedure describe objections to the jurisdiction and competence of the Court or the division indicated by the claimant, as well as to the language used in the Statement of claim,¹⁰ but they do not set out a defendant's motion to dismiss the case on the merits. Only in a section on general "case management," the UPC rules provide that the "judge-rapporteur" (one of the legally trained judges of the panel to which the action is assigned¹¹), the presiding judge or the panel may "dismiss a claim summarily if it has no prospect of succeeding," and the parties can apply for such an order.¹² The characterization of such a dismissal as a "case management" decision, and the silence on a dismissal on the merits in the rules on the written procedure itself, suggest that seeking a dismissal on the merits at an early stage is likely an uphill battle for a defendant.

While many infringement actions must be filed before a "local" or "regional" division of the UPC, a Counterclaim for revocation may end up with the court's "central" division: After closure of the written procedure, the panel of the concerned local/regional division decides how to proceed with a Counterclaim for revocation: it has discretion either to proceed with both the infringement and revocation claims, refer the revocation counterclaim to the central division and stay or proceed with the infringement action, or, with the agreement of the parties, refer the entire case to the central division.¹³ If the issues of infringement and validity are split between the local/regional division and the central division, the following interim and oral procedures take place in each venue.

INTERIM PROCEDURE

While the written procedure in the UPC is significantly more complex and time-consuming than the pleading stage in U.S. patent litigation, the reverse is true for the next stages, the "interim procedure" in the UPC and the pretrial phase in a U.S. action.

In the U.S., the pretrial phase usually takes at least a year, with some "rocket dockets" beating that time-frame, but most courts taking significantly longer. The typical features of the U.S. pretrial phase are numerous, extensive and expensive: they include fact and expert discovery, the claim construction process, summary judgment motions, pretrial disclosures, as well as a panoply of side shows the parties regularly disagree on, such as discovery disputes, protective orders, privilege assertions, exclusion of experts, or deposition logistics. By and large, it is the parties who are the driving forces in this phase, with the court mostly getting involved only when asked to do so. It is in the pretrial phase that the parties' positions are developed in detail and finalized.

In contrast, the "interim procedure" in the UPC is short and focused – it is to be completed within three months of the closure of the written procedure.¹⁴ It is mainly driven by the court, not the parties. In particular, it is managed by the judge-rapporteur, who is charged with making all necessary preparations for the oral hearing. The key feature of the interim procedure is the "interim conference," during which the judge-rapporteur may, among other things, identify the main issues and disputed facts, and clarify the parties' related positions; establish the upcoming case schedule; explore settlement; and, "where appropriate, issue orders regarding production of further pleadings, documents, experts (including court experts), experiments, inspections, further written evidence, the matters to be subject of oral evidence and the scope of questions to be put to the witnesses."¹⁵ Already in advance of the interim conference, the judge-rapporteur may order the parties to clarify specific points, answer specific questions, or produce evidence.¹⁶

There is no discovery comparable to the one in a U.S. litigation. For example, a party may request that the Judge-Rapporteur order the other party to produce specified evidence which lies in the control of the other party or to communicate specific information "as is reasonably necessary for the purpose of advancing

¹⁰ See UPC RoP, Rules 19-21.

¹¹ See UPC RoP, Rule 18.

¹² See UPC RoP, Rules 334(h), 336.

¹³ See UPC Agreement, Article 33(3); UPC RoP 37.

¹⁴ See UPC RoP, Rule 101.

¹⁵ See UPC RoP, Rule 104.

¹⁶ See UPC RoP, Rule 103.

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that party’s case.”¹⁷ But the UPC rules do not contemplate requests for broad categories of documents or expansive interrogatories, exchanged by the parties without court involvement. Nor does the UPC procedure contemplate depositions.

Once the judge-rapporteur considers the case adequately prepared, the interim procedure is closed, which in turn starts the oral procedure. The rules on the interim procedure underscore the need for the parties to develop their case in the written procedure as much as possible. While the parties may have an opportunity to clarify, develop, or further support any particular position in response to the judge-rapporteur’s order, they will be well advised to assume that such an order is never made.

ORAL PROCEDURE

Similar to the trial in a U.S. litigation, a UPC-case culminates in an oral hearing,¹⁸ which consists of the hearing of the parties’ oral submissions, and of witnesses and experts. The hearing is held before the entire three-judge panel – there is no involvement of juries in the UPC. The rules expressly contemplate the judges of the panel to put questions to the parties, witnesses, or experts¹⁹ – in line with the inquisitorial system followed in most European countries. In the U.S., which follows the adversarial system, judges may ask questions during trials, but usually do so sparingly. The parties may put questions to the witness or expert (“under the control of the presiding judge”); unlike in the U.S., where cross-examination of the opposing party’s witnesses or experts is heavily guided by their prior depositions, the oral hearing in the UPC will be the first and only opportunity to cross-examine the opposing party’s witnesses or experts.

On a substantive level, the oral hearing in the UPC is designed to focus on the main issues in dispute, and the parties address a panel of judges who are familiar with the case. Oral testimony at the hearing is limited to issues identified by the judge-rapporteur or the presiding judge as having to be decided on the basis of oral evidence, and the court may limit a party’s oral submission “if the panel is sufficiently informed.”

In addition, the determination of a damages amount may be deferred to a separate procedure (see below). Accordingly, the oral hearing is focused and generally supposed to be concluded within one day.²⁰ Trial within one day in the U.S. is a rarity; many take weeks. And while it is often the court’s goal to narrow the issues for trial, each party often has to make its entire case at trial, often addressing a jury – laypersons who have never heard about the case before.²¹ The complicated rules on evidence govern what gets admitted, and the parties spend considerable efforts on related disputes. The UPC rules are devoid of rules on the admission of evidence; the UPC Agreement simply states that the “Court shall evaluate evidence freely and independently,”²² which accords with the procedural principle followed in various European countries, such as Germany and Austria.

If before a jury, U.S. trials end with a verdict, which can potentially be set aside by the court after post-trial motions; the timeframe for post-trial decisions varies considerably from court to court. In the UPC, the panel’s decision on the merits is final and, as a target date, to be rendered within six weeks of the oral hearing. Resembling the drama of the U.S. jury verdict, the court in the UPC system may also give its decision immediately after closure of the oral hearing and provide its reasons later.²³

DAMAGES AND COST-RELATED PROCEDURES

In the U.S., a claim for damages is typically addressed in the same trial as infringement and invalidity; courts only rarely separate the damages-related part of the case by way of bifurcation. The UPC rules seem to envision essentially the reverse situation. While the amount of damages may be awarded in the decision on the merits the court renders after the oral hearing,²⁴ the determination of the damages amount may be the subject of separate proceedings, and the detailed UPC rules for this stage of the case indicate that such separate proceedings will be the norm.

Within one year from when both infringement and invalidity are finally decided (including on appeal), the successful party may file an Application for the deter-

¹⁷ See UPC RoP, Rule 190-191. Orders to produce or preserve evidence, and orders for inspection will be discussed in a separate article.

¹⁸ See generally UPC RoP, Rules 112-117.

¹⁹ See UPC RoP, Rule 112(5).

²⁰ See UPC RoP, Rule 113.

²¹ The differences in audience will be addressed in more detail in a separate article.

²² See UPC Agreement, Article 76(3).

²³ See UPC RoP, Rules 118(6) and (7).

²⁴ See UPC RoP, Rule 118(1).

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mination of damages (or other types of compensation, such as for a wrongful preliminary injunction), which may include a request for an order to lay open books.²⁵ The latter request can request access to, in particular “documents relating to turnover and profits generated by the infringing products or regarding the extent of use of the infringing process as well as accounts and bank documents, and any related document concerning the infringement.”²⁶ In the Application – or if requested, after the losing party’s books were laid open – the successful party has to specify and support the damages it seeks.²⁷ The unsuccessful party then has two months to respond, the successful party one month for a reply, and the unsuccessful party one month for a rejoinder.²⁸ A preceding request to lay open the unsuccessful party’s books is itself subject to equivalent briefing by the parties (response within two months, reply within 14 days, rejoinder within 14 days).²⁹ After all briefing is concluded, the interim and oral procedures described above take place again, now focused on damages, although the judge-rapporteur may order reduced timetables.³⁰

If such a separate damages-procedure occurs, its implications for U.S.-UPC parallel proceedings will likely be the opposite of the procedure on liability. While the liability-related positions in the UPC are fleshed out much sooner and can therefore inform the parties’ litigation strategies in the U.S. (see above), damages-related fact and expert discovery in the U.S., and possibly the trial, will likely happen before the damages-procedure in the UPC starts and can therefore shape the parties’ damages-related litigation strategy in the UPC.

Like damages, compensation for costs may be the subject of separate proceedings, following the decision on the merits and, if applicable, the decision for the determination of damages.³¹ The main difference to the U.S. system is not so much procedural, but the type of costs for which the successful party can seek compensation. Most importantly, unlike in the U.S., where attorney fees are awarded only in exceptional cases, the successful party in the UPC is entitled to recover attorney fees, up to a specific ceiling that depends on the value of the proceedings.³² The topic

of costs will be discussed in more detail in a separate article. As for the procedure, the successful party must file an Application for a cost decision within one month after the decision on the merits or decision on damages, respectively. After giving the losing party an opportunity to “comment in writing on the costs requested,” the judge-rapporteur, not the full panel, decides on the costs to be awarded.³³

CONCLUSION

The “front-loaded” approach of the UPC proceedings, the absence of extensive discovery, the focused oral hearing, and the tendency to conduct separate proceedings on damages are some of the most significant differences of a UPC infringement action to a U.S. patent litigation and will have to be taken into account in U.S.-UPC parallel patent cases.

Future installments of this series will compare UPC and U.S. patent litigation with respect to issues including damages, costs and fees (and getting them back), the audience of the parties’ cases (judges, juries, court experts), discovery, and injunctive relief.

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²⁵ See UPC RoP, Rule 126.

²⁶ See UPC RoP, Rule 141.

²⁷ See UPC RoP, Rule 131(2).

²⁸ See UPC RoP, Rules 137–139.

²⁹ See UPC RoP, Rule 142.

³⁰ See UPC RoP, Rule 140.

³¹ See UPC RoP, Rules 150–157.

³² See UPC RoP, Rule 152.

³³ See UPC RoP, Rules 151, 156.