



# IP HOT TOPICS IN THREE DIFFERENT SYSTEMS: USA, UPC AND ITALY

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(Palazzo delle Stelline - Milano)

## **THE RIGHT TO CONFIDENTIALITY** **IN THE UNITARY PATENT COURT**

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## The introduction: evidence before the UPC

The framework dealing with evidence gathering measures are widely recognized to be a crucial aspect of the rules of procedures especially in legal proceedings concerning patents

### Evidence in the UPC is a large and important subject

#### Chapter III UPC-A.

**art. 53 UPC-A. means of evidence** - *In proceedings before the Court, the means of giving or obtaining evidence shall include in particular the following:*

*(a) hearing the parties; (b) requests for information; (c) production of documents; (d) hearing witnesses; (e) opinions by experts; (f) inspection; (g) comparative tests or experiments; (h) sworn statements in writing (affidavits)*

**Art. 54 UPC-A.:** *burden of proof on facts rely shall be on the party relying on those facts*

**Art. 55 UPC-A.:** *where the patent is a process for obtaining a new product – rebuttable presumption - reverse of burden of proof and “In the adduction of proof to the contrary, the legitimate interests of the defendant in protecting its manufacturing and **trade secrets shall be taken into account**”*

#### Chapter IV - POWERS OF THE COURT

**1) Powers of the Court to issue orders:** to produce evidence (art. 59 UPC-A.), to preserve evidence and to inspect premises (art. 60 UPC-A.) and to communicate information (art. 67 UPC-A.)



## The introduction: confidentiality vs privilege information

Many issues to be dealt with evidence. One of these is the protection of confidential information included in the evidence

A clear distinction should be made between what amounts to confidential information and what is protected as legal privilege.

Generally speaking

**confidential information:**

information that is not generally known or readily accessible by the public and the legitimate owners has a right or a legitimate interest to prevent or at least the dissemination – intention of the owners decisive together with requirements set out by law when the C.I. is a trade secret

**Privilege information:**

Information which, in the course of legal proceedings, is typically exempted from being produced to the opponent or even the court since it is covered by a legal provision that precludes the information from being disclosed against the will of the party enjoying the privilege – requirements by law decisive (Rules of Procedure: 287, 288, 289)

Es. privileged communication is the communication made between an attorney and his client



## An overview of most relevant provisions in UPC Agreement and UPC Rules on confidentiality

As general principle the UPC applies and operates under the principle of “open justice” proceeding by default are open to the public inspection

Rules of Procedure 105 interim conference and 115 oral hearing

Rule 262 – Public access to the register

*“subject to Rules 190.1, 194.5, 196.1, 197.4, 199.1, [..], 209.4, 315.2 and 365.2, written pleadings, written evidence, decisions and orders lodged at or made by the Court and recorded by the Registry shall be available to the public, unless a party has requested that certain information be kept confidential and **provided specific reasons** for such confidentiality”*

However the protection of confidential information is a key and a general issue related to many aspects of the procedure before the UPC

Art. 58 UPC-A. «Protection of confidential information»

*To protect the trade secrets, personal data or other confidential information of a party to the proceedings or of a third party, or to prevent an abuse of evidence, the Court **MAY** order that the collection and use of evidence in proceedings before it be **restricted** or **prohibited** or **that access to such evidence be restricted to specific persons.***



## An overview of most relevant provisions in UPC Agreement and UPC Rules on confidentiality

### Process for protecting confidential information

#### RP 262

1. [...] *Where a party requests that parts of **written pleadings** or **written evidence** shall be kept confidential, he shall also provide copies of the said documents with the **relevant parts redacted** when making the request.*
2. *A member of the public may lodge an Application with the Court for an order that any information excluded from public access pursuant to paragraph 1 may be made available to the applicant.*
3. *The Application shall contain:*
  - (a) **details of the information** alleged to be confidential, so far as possible;*
  - (b) the **grounds** upon which the applicant believes the reasons for confidentiality should not be accepted; and*
  - (c) **the purpose** for which the information is needed.*
4. *The Court shall invite written comments from the parties prior to making any order.*
5. *The Court shall allow the Application unless legitimate reasons given by the party concerned for the confidentiality of the information outweigh the interest of the applicant to access such information.*



## An overview of most relevant provisions in UPC Agreement and UPC Rules on confidentiality

Examples of “confidential restrictions” that the Court **may** adopt:

*“For the protection of confidential information the Court **may order** that the evidence be disclosed to certain named persons only and be subject to appropriate terms of non-disclosure”*

- confidentiality clubs are envisaged by the Rules of Procedures

Such protecting measures **MAY be** granted in relation to :

- an order to produce evidence (RP 190.1),
- an order to preserve evidence (RP 196.1)
- an order for inspection (RP 199.1)
- a statement in intervention (RP 315.2) *“the Court may for the protection of confidential information order that a pleading or part of a pleading be disclosed only to certain named persons and subject to appropriate terms of non-disclosure”*

In case an the order to preserve evidence issued without hearing the defendant is “modified or revoked” the Court **“SHALL OBLIGE the persons to whom confidential information has been disclosed to keep this information confidential” (RP 197.4)**



## An overview of most relevant provisions in UPC Agreement and UPC Rules on confidentiality

Examples of “confidential restrictions” that the Court may adopt:

**in case the applicant decide to withdraw and application for preserving evidence (RP 194.5) and Court decides not to grant provisional measures without hearing the defendant (RP 209.4):** it «*may request that the Court shall order that the Application and its contents shall remain confidential*” and “*may request that the Court order that the Application and the contents of the Application remain confidential*”

**Oral hearing (RP 115):** open to the public but the Court may keep the hearing “confidential” where it is “*in the interests of one or both parties or third parties or in the general interests of justice or public order*”.

**Settlement (RP 365.2):** *Where the parties have concluded their action by way of settlement [...] At the request of the parties the Court may order that details of the settlement are **confidential**.*

### **decisions of the UPC:**

In art. 23 of the UPC Agreement the protection of confidential information is mentioned as a reason to restrict the publication of the. In accordance with Rule 262 restricts access to the court file upon the reasoned request by a party to the litigation.





# What confidential information actually is?

**Art. 58 UPC-A.** «*Protection of confidential information*»

*“To protect the **trade secrets, personal data or other confidential information of a party to the proceedings or of a third party**”*

Confidential information is open ended concept which is not restricted to any definition of trade secrets as provided by EU Law (Directive (UE) 2016/943) and include also information that may be justifiably considered be of confidentially nature.

**Inevitably question:** what happens in case where an information is treated as confidential under a law of one contracting member state and not in another, how the Court will deal with? – need of harmonization?

*“**Communication on the protection of confidential information by national courts in proceedings for the private enforcement of EU competition law**” (2020/C 242/01 – 22.7.2020)*

*( § 18) The protection of business secrets and other confidential information is enshrined in Article 339 TFEU (not disclose information about undertakings, their business relations or their cost components) and also a **general principle of EU law***

- ECJ 14 February 2008, *Varec v Belgian State*, Case C-450/06, § 49
- Art. 7 of the Charter of Fundamental Rights of the European Union – protection of confidential information is corollary of everyone’s right to respect for his or her private and family



## the EU Commission «Communication on the protection of confidential information by national courts in proceedings for the private enforcement of EU competition law»

( § 20) “The *EU courts* qualify as confidential information that meets the following **cumulative** conditions:

(i) *it is known **only to a limited number of persons***;

- information may lose its confidential nature as soon as it becomes ‘*available to specialist circles or capable of being inferred from publicly available information*’

(ii) *its disclosure is liable to **cause serious harm to the person who provided it or to third parties***;

to assess the potential for causing harm it is relevant to consider

- first the nature of the information - Disclosure of information that has commercial, financial or strategic value **is usually considered capable of causing serious harm**
- Secondly **how recent the information is**: commercially sensitive information concerning an ongoing or future business relationship, internal business plans and other forward looking commercial information could often qualify (at least partially) as confidential information

(iii) *the interests liable to be harmed by the disclosure of confidential information **are, objectively, worthy of protection.***

*In any case do not forget that Trade secrets are confidential information by default*



National courts shall decide upon the most effective measure or a combination of measures to protect confidentiality on a case-by-case basis.

- The choice may depend on several factors, such as, inter alia:
    - (i) the nature and commercial/financial/strategic value of the information subject to disclosure;
    - (ii) the extent of the requested disclosure (i.e. volume or number of documents to be disclosed);
    - (iii) the number of parties concerned by the litigation and disclosure;
    - (iv) **the relationship between the parties** (for example, whether the disclosing party is a direct competitor of the party seeking disclosure, whether the parties have an ongoing supply relationship, etc.);
    - (v) whether the information to be disclosed originates from third parties;
    - (vi) the circle of individuals allowed to access the information;
    - (vii) the risk of inadvertent disclosure;
    - (viii) **the ability of the court to protect confidential information throughout the civil proceedings and even after the proceedings are closed;**
    - (ix) any other constraints or administrative burdens associated with the disclosure
- Need of imposing deterrent penalties for non-compliance with obligations to protect confidential information.**



the EU Commission «Communication on the protection of confidential information by national courts in proceedings for the private enforcement of EU competition law»

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## . Confidentiality rings

### Pro of confidentiality rings

*can be effective to ensure disclosure of quantitative data (e.g. revenues, prices, margins, etc.) or very strategic commercial information*

*may allow for procedural economies and cost efficiencies, in particular when the number of documents requested is voluminous and all the documents are placed entirely in the ring*

*may help to strike a balance between the need for disclosure and the obligation to protect confidential information*



the EU Commission «Communication on the protection of confidential information by national courts in proceedings for the private enforcement of EU competition law»

## How to organize the ring

Need to decide on a number of relevant aspects, such as

(a) **the information that is to be placed in the confidentiality ring;**

(b) **the composition of the confidentiality ring;**

➤ External advisers

➤ In-house legal counsel and/or other company representatives

➤ Access rights

(c) **the confidentiality undertakings that are to be made by the parties;**

(i) duty not to disclose the confidential information to any person different from those listed by the court as confidentiality ring member (ii) **obligation to use the confidential information only for the purpose of the civil proceedings in which the disclosure order was issued** (iii) obligation to ensure adequate custody of the information (iv) obligation to adopt any measure necessary in the circumstances to prevent unauthorised access (v) obligation not to copy, print, download, otherwise replicate, transmit or communicate the documents accessed (vi) the obligation to return or destroy any copies of documents containing confidential information (vii) obligation to make the documents unavailable to the identified persons from any computer or devices after a specific

(d) **the logistical organization of the confidentiality ring.**



- ✓ Evidence as well as the protection of confidential information in the UPC are a large and important subjects
- ✓ The Court of the UPC approach to the issue of the protection of confidential information is matter of developing case law of the Court - no official guidance beyond the Rules of procedure so far.....
- ✓ A suitable guidance may be found in the Commission «Communication on the protection of confidential information by national courts in proceedings for the private enforcement of EU competition law”
- ✓ **Such Communication even though is not bounding, it is part of the EU law (see art. 20-24 UPC-A.) and it is based on a combination of principles from the TFUE, EU rules and relevant EU jurisprudence.**
- ✓ Last, but not the least, **many IP divisions in Italy are already adopting principle in line with such Communication also in proceedings concerning patents** and so many judges and attorneys are already familiar with such framework.



**Many thanks for your attention! Questions?**

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