

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

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Palazzo delle Stelline - Corso Magenta 61

***Bifurcated system Unitary Patent Court
Italian perspective***

***Judge Silvia Giani,
Enterprise Specialised Section of the Milan Court of Appeal***

Relationship between infringement and patent revocation cases in the italian system

- *In the event of simultaneous pendency of infringing and revocation cases between the same parties, can they both continue or should the infringement one be suspended ex 295 cpc?*
- *Can the finding of revocation be made incidenter tantum in the infringement proceeding?*
- *How to resolve the risk of conflicting judgements?*
- *How to coordinate the principles of patent presumption, constitutive nature of revocation's ruling, effectiveness of the protection, and prohibition of abuse of process with the risk of conflict of decisions?*
- *How to effectively protect the right of the patentee by implementing due process and the right to a fair trial, in compliance with Article 111 Const., Article 6 European Convention of Human rights and Article 47 of the EU Charter of Fundamental Rights?*

The automatic suspension of the infringement proceeding encourages forms of abuse by the infringer who lodges, during its pendency, a separate claim for revocation.

The conflict of decisions in the case of parallel judgments is resolved by Art. 77 ICC (retroactive effect of the constituent judgment of invalidity, subject to the enforcement acts performed).

UPC

Non automatic stay

Art 33.3 of the UPC Agreement

1. The competent local or regional division may decide to proceed both with the Infringement action and the Counterclaim for revocation together (in this case it has to request the allocation of a technically qualified judge with qualifications and experience in the field of technology concerned);
2. it may alternatively decide to refer the Counterclaim for revocation for decision to the central division and, depending on the circumstances of the case, either **suspend or proceed** with the Infringement action;
3. with the agreement of the parties, the local or regional division concerned may also refer both the infringement action and the Counterclaim for revocation to the central division, where they will be dealt with together.

The revocation of a patent can be requested either as a counterclaim in an infringement proceeding or by an independent revocation action at the central division.

How will the UPC decide on whether or not to hear infringement and invalidity together?

Rule 37.4 of the draft RoP of the UPC

It provides further guidance to the local or regional division on the criteria to consider when deciding whether to suspend or to proceed with the infringement action:

if there is a “high likelihood” that the claims of the patent will be held invalid, the panel shall stay infringement.

In presence of parallel infringement and revocation proceedings, in absence of a stay order, the system ensures an appropriate

balance of different interests

(Rule 40; Rule 302)

Rule 40

- Accelerated proceedings before the central division
- The judge-rapporteur shall accelerate proceedings before the central division where
- (a) an Application for provisional measures has been lodged [Rule 206]; or
- (b) the regional or local division has referred the Counterclaim for revocation to the central division and where the infringement action has not been stayed.

Rule 302.3

- 3. The Court may order that parallel infringement or revocation proceedings relating to the same patent or patents and before the same local or regional division or the central division or
- the Court of Appeal be heard together where it is in the interests of justice to do so.

The Italian non bifurcated system

1) Precautionary proceedings: the infringement action is filed for the purpose of obtaining provisional measures injunctions. Here the Court decides on the legal validity of the patent only *incidenter tantum*, without *res judicata*;

2) law suit on the merits in which both, the infringement action and the revocation action, are filed:

2 A) the patent proprietor files an infringement action. The alleged infringer files the counterclaim for invalidity of the patent. The finding of invalidity has the force of *res judicata*.

2 B) The action is filed for invalidity of the patent (which is constitutive and not declaratory in nature with effect *erga omnes*). The patentee files the counterclaim for infringement.

3) The patentee files the infringement action. The alleged infringer does not file the revocation action, but only an **objection** of invalidity: the finding of invalidity is *incident tantum*.

4) The two actions between the same parties are filed separately and there is simultaneous pendency: 1) infringement; 2) invalidity.

It may happen that the defendant in infringement files a separate revocation action, after having raised an objection of patent invalidity in the infringement case, without the CTU, in charge of verifying the requirements of the patent, having found that there are grounds for deeming it invalid revocation action, even long after, when the first proceeding is still pending. *Forum shopping secundum eventum litis* depending on the progress of the preventive infringement and *quaestio nullitatis* raising by way of objection

Two contrasting orientations have emerged in the Supreme Court of Cassation

1° CASE LAW

The judge called to rule upon an infringement action of a patent is not obliged to suspend the procedure pending before him, since he may know *incidenter tantum* - and without a *res judicata* effect- about the validity of the patent.

The risks of a possible conflict between the practical effects of two judgements is governed and resolved by art. 77 IPC (and before art. 59 bis of the patent law).

See:

- Cass., n. 24586/2006
- Cass., n. 10799/2006.
- Cass., n. 24859/2006
- Cass., n. 3686/2007;
- Cass., n. 5333/2008;
- Cass., n. 16830/2012.

Second case-law

The other approach, on the other hand, provides that, in patent matters, the simultaneous pendency of the revocation-proceeding involves the **need to suspend** the one concerning infringement, the judge of the latter dispute must wait for the decision of the preliminary question concerning the validity of the patent. According to this case-law, the judge cannot resolve it *incidenter tantum* to avoid the possible conflict of judgments. It rules the necessary suspension of the infringement action on the ground of the prejudicial nature of the *aliunde* patent invalidity claim brought.

See:

Cassation n. 15339/2016;

Cassation n. 9500/2019;

(Cassation n. 8690/2022).

Art. 123 IPC

Forfeitures or nullities, even partial, of an industrial property title are effective against all when they are declared by a final judgment

Article 121 IPC

The burden of proving the nullity or forfeiture of the industrial property title shall in all cases be on the person challenging the title.

Art. 77 IPC

The declaration of patent invalidity shall have retroactive effect, but shall not affect acts of enforcement of final judgments of infringement that have already been performed

It is necessary to repress forms of abuse from whichever party they come, the patentee who wants to widen or narrow the scope of the patent according to convenience (infringement or validity action), the infringer who wants to paralyze the infringement action by taking away effective protection from the patentee.

UPC

**Flexibility, proportionality, fairness, effectiness,
broad discretion**