

AIPPI • JAPAN



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International Association for the Protection of Intellectual Property of Japan

October 1, 2013

The Preparatory Committee
of the Unified Patent Court

Re: Comments on the “Preliminary set of provisions for the Rules of Procedure
 (“Rules”) of the Unified Patent Court – 15th draft of 31 May 2013”

Dear Sirs,

The Japanese Group of AIPPI (AIPPI Japan) appreciates the opportunity to offer comments regarding the “Preliminary set of provisions for the Rules of Procedure (“Rules”) of the Unified Patent Court – 15th draft of 31 May 2013”

AIPPI Japan is the local group in Japan of AIPPI, The International Association for the Protection of Intellectual Property, which has more than 9,000 members worldwide. The Japanese group was founded in 1956 and currently has about 1,100 members (approximately 900 individuals and 200 corporate members). It is the largest national/regional group of AIPPI. Its members include patent attorneys, lawyers and other patent practitioners in private and corporate practice, and in the academic community. AIPPI Japan represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property.

Our comments are as follows.

Comments of AIPPI-JAPAN on

Preliminary set of provisions for the Rules of Procedure (“Rules”) of the Unified Patent Court – 15th draft of 31 May 2013

Rule 17.2 – Recording in the register (Court of First Instance, infringement action)

According to this proposed Rule, "*The President of the Court of First Instance or such judge of a division to whom the President has delegated this task shall assign the action to a panel.*" AIPPI Japan believes that the assignment of each action to a panel should be done automatically according to a set of predetermined rules in order to improve the transparency of the working of the new court and to remove the impression that actions are arbitrarily assigned.

Rules 23 – Contents of the Statement of defence,

Rules 29 – Lodging of Defence to the Counterclaim for revocation, Reply to the Statement of defence and Rejoinder to the Reply,

Rules 32 – Lodging of the Defence to the Application to amend the patent, the Reply to the Defence and the Rejoinder to the Reply,

Rules 49 – Lodging of the Defence to revocation,

Rules 56 – Lodging of the Defence to the Counterclaim for infringement,

Rules 65 – Lodging of the Defence to the Statement for a declaration of non-infringement

etc.

Although the setting of time limits in these Rules may contribute to the expediting of proceedings, it is not sufficiently clear how exceptional cases will be handled. It often takes a large amount of time for foreign companies (i.e., companies which are based in regions where a non-European language is used), in particular, to translate necessary documents and to make decisions. Some of these Rules, e.g. Rules 23, 56, and 65, say "the period may be extended," but it is not clear "by what criteria and on what grounds" the period may be extended. Moreover, Rules 29, 32, and 49 do not provide for any extension at all, and it seems to us that there may not be any possibility of extension under these Rules. In order to guarantee a right of access to the court in practice, especially for foreign companies.

AIPPI Japan believes that it should be made possible to extend the relevant period depending on the need for translations etc. and it is preferable that such provisions are included explicitly in these Rules.

Rule 30.1(a) – Application to amend the patent

In this Rule, there are two steps of translations are required :

first, a translation into the "language of the proceedings" (where the language of the proceedings [Rule 14.2] is not the language in which the patent was granted (in English, for example), the claimant proprietor shall lodge a translation of the proposed amendments in the language of the proceedings (in French, for example)). Subsequently a translation into the "language of the defendant's domicile" (where the patent is a European patent with unitary effect in the language of the defendant's domicile (in German, for example) if so requested by the

defendant).

It seems, however, the concept of the "language of the defendant's domicile" is found only here in this Draft. AIPPI Japan believe that it should be checked whether this is really needed and appropriate in terms of consistency with the rest of the language-related rules (e.g. reference to "in the language in which the defendant normally conducts its business" in Rule 14.2, and to "language of the proceedings" in Rule 14.3).

**Rules 37.4 – Application of Article 33(3) of the Agreement and
Rules 118.3 – Decision on the merits**

Depending on the situation, the panel "may" stay the proceedings (i.e. at its discretion) or "shall" stay the proceedings (i.e. without fail). However, it is not sufficiently clear what degree of likelihood is meant by "high likelihood." We think it is necessary to make this clear.

Rule 118.2 – Decision on the merits

An injunction is not automatically granted after the finding of infringement and there are restrictions on the grant of an injunction. However, from the standpoint of promoting inventions, we think that an injunction should basically be granted in any infringement case and it is not appropriate to impose excessive restrictions. On the other hand, even where certain restrictions are applicable on an exceptional basis, it is still necessary to re-examine whether the provisions are sufficient to cope with probable cases (e.g. patent trolls, FRAND defenses).

In this paragraph of Rule 118, there are three conditions starting with "if". We are not sure whether these conditions are adequate and whether all of them need always to be satisfied. For example, according to recent court cases, the enforcement of rights based on a standard essential patent (on which a FRAND declaration has been made) is considered to be justifiably limited to a certain extent (a FRAND defense). However, such a FRAND defense might be denied by these restrictive conditions that are imposed for the first time by the UPC Rules, because the first one of the three fi's("if ... *unintentionally and without negligence...*") may not be satisfied in circumstances where a party is aware of the use of a particular technology and an associated patent related to a certain standard.

[Points related to "PART 2–EVIDENCE" etc.]

**Rules 106 – Recording of the interim conference,
Rules 115 – The oral hearing,
Rules 190 – Order to produce evidence, and
Rules 262 – Public access to the register**

Certain information related to proceedings is allowed to be kept confidential on an exceptional basis under Rules 115 (The oral hearing), 190 (Order to produce evidence), and 262 (Public access to the register). However, relevant procedures to be taken in this regard are not sufficiently clear. Under Rule 262, for example, a party is allowed to file a request for restrictions on public access (Rule 262.2), but no provision like this is found in Rules 115 and 190. In view of the need for protection of confidential information related to proceedings, it should be set out explicitly that it is possible for a party to file such a request.

Rule 106 provides for public access to "recording of the interim conference" without provision for the protection of information as confidential. This Rule should explicitly include such a provision to ensure consistency with the above-mentioned rules.

[Points related to "PART 6–FEES" etc.]

Rule 5 – Lodging of an Application to opt out and withdrawal of an opt–out

In view of the fact that procedures for opt-out before the UPC have not yet been established, it is necessary to ensure in practice that the existing procedures are available in each country during the transitional period. It is desirable that the amount of fees for opt-out and opt-in (i.e. withdrawal of the opt-out) are reasonable. To be more specific:

- it is preferable that opt-out/opt-in could be done for free of charges or for a very small fee.
- if payment is needed, it should be preferably be a small fee in the beginning with the possibility for, the amount to be increased gradually in the future; and.
- in order to eliminate uncertainty for the future, AIPPI Japan requests that a specific amount of fees be set and published as soon as possible.

Rule 5.9 (provision for registration of opt-out prior to entry into force of the Agreement) is now bracketed. AIPPI Japan believes that the brackets should be removed to state this provision more definitely.

Rules 15 – Fee for the infringement action,

Rules 22 – Value-based fee for the infringement action,

Rules 25(f) – Counterclaim for revocation,

Rules 26 – Fee for the Counterclaim for revocation,

**Rules 31 – Value - based fee for the dispute including the Counterclaim for
revocation^{*}**

Rules 57 – Value-based fee for the revocation action,

**Rules 58 – Value-based fee for the dispute (including the Counterclaim for
infringement)**

etc.

The efficiency of the litigation system may depend on how much will be needed for court fees. However, such fees are not clearly stated yet in these rules. AIPPI Japan asks that the amounts of these fees should be reasonable in relation to current court fees in European countries and determined as soon as possible, partly because there is an urgent need to eliminate uncertainties with respect to future business plans.

Rules 150 – Separate proceedings for cost order ~ Rules 157 – Appeal against the costs decision

From the viewpoint of preventing frivolous actions, it is desirable that costs be borne by the unsuccessful party. However, as in Rule 152 ("reasonable and proportionate costs"), it is not clear up to what amount can be recovered specifically. AIPPI Japan requests that adequate rules will be set on the amount of recoverable costs as soon as possible.

Rule 181.3 - Experts of the Parties

This paragraph seems to mean that a party may provide expert evidence only by order of the court, or in other words, he/she may not provide an expert without a court order. AIPPI Japan requests that there will not be excessive restrictions on the ability of a party to provide evidence he/she deems necessary.

Rule 190.1 – Order to Produce Evidence

If, to seek the issuance of an Order to Produce Evidence, the party needs to specify evidence that lies in the control of someone else, there is concern that the issuance of such orders may be excessively restricted. To avoid excessive burdens on the party, it should be explicitly stated that reasonable efforts to specify evidence will suffice.

According to the latter part of this paragraph, evidence may be disclosed to certain persons only and be subject to a non-disclosure obligation. However, it is unclear what kind of obligation may be imposed on such persons and to what extent they are allowed to make use of the results of disclosure in proceedings under the obligation of non-disclosure. AIPPI Japan believes that further clarification on this point is necessary.

Rule 211 - Provisional Measures

According to this Rule, the court has broad discretion in ordering provisional measures and it is unclear when (and under what conditions) these measures will

be available. AIPPI Japan believes that further clarification on this point is necessary.

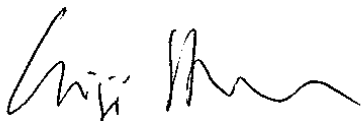
Rule 287.6 – Attorney-client privilege

With reference to the 14th draft of the Rules, it is possible to construe from Rule 287.6 in this 15th draft that "lawyer" and "patent attorney" are not limited to those in the Contracting Member States. However, for the avoidance of any doubt, this Rule should more clearly state that "lawyer" and "patent attorney" shall also include those in non-member countries.

In this respect, as AIPPI (Zurich) specifically suggests, AIPPI Japan also believes that the following sentence should be added: "These rules shall apply to advice no matter where it was given and regardless of the jurisdiction or the qualification of the lawyer or patent attorney." We endorse this approach.

We appreciate this opportunity to submit the above comments in response to the Draft, and would be pleased to answer any questions that our comments may raise.

very truly yours,

A handwritten signature in black ink, appearing to read 'Eiji Katayama', with a stylized, cursive script.

Eiji Katayama
President
The Japanese Group of AIPPI