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Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Israel, Singapore, Turkey and the United Kingdom.

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Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editors, Louis E Fogel and Shaun M Van Horn of Jenner & Block LLP, for their continued assistance with this volume.

London
April 2021

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# Contents

<table>
<thead>
<tr>
<th>Country</th>
<th>Pages</th>
<th>Authors/Contributors</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Unified Patent Court</td>
<td>5</td>
<td>Anja Lunze, Verena Bertram, Philipp Krusemarck, Jan Phillip Rektorschek, Michael Schächinger and Alina Krukover Taylor Wessing</td>
</tr>
<tr>
<td>Austria</td>
<td>10</td>
<td>Peter Israiloff, Barger Piso &amp; Partner</td>
</tr>
<tr>
<td>Brazil</td>
<td>19</td>
<td>Jiuliano Maurer and Philippe Bhering, Bhering Advogados</td>
</tr>
<tr>
<td>China</td>
<td>28</td>
<td>Honguan Lui and Xi Zhou, Baker McKenzie</td>
</tr>
<tr>
<td>Colombia</td>
<td>35</td>
<td>Carlos R Olarte, Alexander Agudelo, Liliana Galindo and Mónica Guevara, OlarteMoure</td>
</tr>
<tr>
<td>Denmark</td>
<td>44</td>
<td>Morten Bruus and Christoffer Ege Andersen, Accura Advokatpartnerselskab</td>
</tr>
<tr>
<td>El Salvador</td>
<td>51</td>
<td>Andrea Cuéllar, Manuel Francisco Telles Suvillaga, Nelson Rigoberto López, OlarteMoure</td>
</tr>
<tr>
<td>Eurasia</td>
<td>58</td>
<td>Natalia Osipenko, Mayya Pak and Ivan Nagornykh, PETOŠEVIĆ</td>
</tr>
<tr>
<td>France</td>
<td>66</td>
<td>Benjamin May, Louis Jestaz, Florent Mattern and Barbara Daudet, Aramis Law Firm</td>
</tr>
<tr>
<td>Germany</td>
<td>74</td>
<td>Tilman Pfrang and Michael Munsch, Meissner Bolte</td>
</tr>
<tr>
<td>Greece</td>
<td>82</td>
<td>Maria Athanassiadou, Dr Helen G Papaconstantinou and Partners Law Firm</td>
</tr>
<tr>
<td>Guatemala</td>
<td>89</td>
<td>Hugo L Rivas Gálvez and Santiago Mayora Bascuñana, Mayora IP SA</td>
</tr>
<tr>
<td>Honduras</td>
<td>95</td>
<td>Emmy Danielle Padilla, Mayora IP SA</td>
</tr>
<tr>
<td>India</td>
<td>102</td>
<td>Archana Shanker, Devinder Singh Rawat and Gitika Suri, Anand and Anand</td>
</tr>
<tr>
<td>Israel</td>
<td>118</td>
<td>Ran Vogel and Katia Leokumovich, S Horowitz &amp; Co</td>
</tr>
<tr>
<td>Italy</td>
<td>125</td>
<td>Fabrizio Jacobacci, Studio Legale Jacobacci &amp; Associati</td>
</tr>
<tr>
<td>Japan</td>
<td>131</td>
<td>Makoto Ono and Masayuki Yamanouchi, Anderson Möri &amp; Tomotsune</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>138</td>
<td>Aliya Madiyaro, PETOŠEVIĆ</td>
</tr>
<tr>
<td>Malaysia</td>
<td>144</td>
<td>Bong Kwang Teo and Siau Kee Pua, Wong Jin Nee &amp; Teo</td>
</tr>
<tr>
<td>Mexico</td>
<td>154</td>
<td>Eugenio Pérez and Jose Luis Ramos Zurita, Uhtholf, Gómez Vega &amp; Uhthoff SC</td>
</tr>
<tr>
<td>Norway</td>
<td>162</td>
<td>Krister Mangersnes, Håmsø Patentbyrå AS, Kyrre Tangen Andersen, Kluge Advokatfirma AS</td>
</tr>
<tr>
<td>Pakistan</td>
<td>169</td>
<td>Hameeda Asif and Samina Naz Siddiqui, Bharuch &amp; Co</td>
</tr>
<tr>
<td>Portugal</td>
<td>175</td>
<td>Sara Nazaré and Beatriz Lima, VdA</td>
</tr>
<tr>
<td>Country</td>
<td>Page</td>
<td>Authors</td>
</tr>
<tr>
<td>-----------</td>
<td>------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Russia</td>
<td>182</td>
<td>Nikolay Bogdanov and Vladimir Biriulin</td>
</tr>
<tr>
<td>Singapore</td>
<td>188</td>
<td>Ken Simpson and Thomas Griffiths</td>
</tr>
<tr>
<td>South Africa</td>
<td>195</td>
<td>Marco Vatta and Herman van Schalkwyk</td>
</tr>
<tr>
<td>South Korea</td>
<td>203</td>
<td>Yoon Suk Shin and Gon-Uk Huh</td>
</tr>
<tr>
<td>Switzerland</td>
<td>213</td>
<td>Dirk Spacek</td>
</tr>
<tr>
<td>Taiwan</td>
<td>222</td>
<td>Yulan Kuo, Frank Lu and Charles Chen</td>
</tr>
<tr>
<td>Turkey</td>
<td>231</td>
<td>Gökçe Izgi and Yonca Çelebi</td>
</tr>
<tr>
<td>Ukraine</td>
<td>239</td>
<td>Olga Kudoyar, Oleh Karpenko and Natalia Stetsenko</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>246</td>
<td>Geoff Hussey, Daniel Byrne, Craig Turner and Mike Jennings</td>
</tr>
<tr>
<td>United States</td>
<td>253</td>
<td>Louis E Fogel and Shaun M Van Horn</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>265</td>
<td>Djakhangir Aripov and Olga Kudoyar</td>
</tr>
<tr>
<td>Vietnam</td>
<td>271</td>
<td>Pham Vu Khanh Toan</td>
</tr>
</tbody>
</table>
The Unified Patent Court

Anja Lunze, Verena Bertram, Philipp Krusemarck, Jan Phillip Rektorschek, Michael Schächinger and Alina Krukover

Taylor Wessing

What is the UPC?
The Unified Patent Court (UPC) is a future international court whose jurisdiction will apply to disputes concerning European unitary patents (UP) and European patents (EP). The legal basis is essentially formed by three legal acts: the European Regulations 1257/2012 on the UP, the Regulation 1260/2012 on the translation regime, and the international Agreement on the UPC (UPCA). The UPC was signed by 25 EU member states in February 2013. For the court to start its work, the UPC must be ratified by 13 EU states, including three contracting states with the most European patents in force, before the agreement was signed. UPs will take effect from this day onwards. In addition, there are the Rules of Procedure of the Unified Patent Court (current status: 18th draft of 19 October 2015).

What is the current status of the UPC?
So far, 16 ratifications have been made. As the UK deposited the formal withdrawal of its ratification on 20 July 2020, Germany, France and Italy are now the three relevant states with the most European patents in force.

France and Italy have already ratified the Convention. In Germany, the initial Consent Act for the ratification of the UPCA as passed in 2017 was declared null and void on formal grounds by the Federal Constitutional Court in February 2020 due to a violation of the majority requirement. The Consent Act was passed again in December 2020 by Parliament, meeting the required majority. As again two constitutional complaints with the application for a temporary injunction were lodged against it, the final execution of the law is currently stayed. The second decision of the Federal Constitutional Court is awaited, before the UPC can come into effect.

What is a unitary patent (UP)?
The UP is an independent IP right that exists in addition to the national and European Patents (EP). It has uniform effect in all participating member states. The European Patent Office (EPO) is responsible. The procedure for grant is identical to that for the EP.

UP will extend to patents filed and granted as EP, for which no opt-out is declared and that have the same claims in all participating member states. Otherwise, the EP can be opted out as applications or granted patent, the effect of opt-out is to give the national courts exclusive jurisdiction for each respective national validation of a European patent until expiry, just as it would have had without the UPC. UPs must be litigated in the UPC from the beginning of the new system and cannot be opted out. The opt-out of a patent also has the effect of opting out any SPCs based upon it. For an opt-out to be effective the application must be lodged by the proprietors of all designations of the patent (assuming that these are different or that there are co-owners) and likewise all holders of the SPCs based on the patent.

All EP granted after the entry into force of the UPCA may be granted as UP if the patent proprietor requests this at the EPO within one month after publication of the grant and if the formal requirements are met. If the patent proprietor chooses the UP, the EP validation in participating member states is no longer possible.

The UP has effect only in those member states that have ratified the UPCA at the time of its registration. There is no automatic territorial extension to member joining later. The new extended territory also applies only to those UPs that are entered in the UP Register after the accession of the respective member state.

In which language are UPs granted?
The translation requirements are tied to the EPO language regime and provide that UPs do not require translation and that machine translations suffice. It can be filed in all official languages admissible at the EPO. However, since the translation software is not yet sufficiently good at present, there is a transitional arrangement: All EPs registered as UPs that were granted in German or French must be accompanied by an English translation, and all those granted in English must be accompanied by a German or French translation. However, UPs must always be translated if they become the subject of legal disputes.

How much does a UP cost?
The fees for a UP are regulated by the Rules relating to Fees for Unitary Patent Protection (RFeesUPP). The fees are structured as exponentially increasing yearly fees, starting with €35 for the second year up to €4,855 for the 20th year.

Which law applies to ownership issues?
UP is considered to be a property under the law of the member state in which the applicant has either his or her seat or a place of business at the filing date, provided that this member state already participates in the UP system. Otherwise (ie, for a large part of UPs) the property right is governed by German law because the EPO is seated there.

What is the effect of the UP?
UPs can only be transferred or declared invalid for all member states for which they have effect. Licensing, on the other hand, is possible for part of the territories of the participating member states.

The UP allows the patentee to obtain an injunction relief within the territories of the member states participating in the UPC, including damages and compensation, recall, destruction and information claims.

Correspondingly, the UPC also has the power to decide on the validity of UPs. Furthermore, the revocation claimant does not have to wait for any opposition proceedings before the EPO, but can appeal to the UPC in parallel.
Are there SPCs available based on unitary patents?
The UPCA applies to any SPC issued for a product protected by a UP. The UPC confers the same rights as the patent and is subject to the same limitations and obligations.

With regard to the transitional regime, an application to opt out extends to all SPCs based on the EP. For SPCs that have already been granted at the date of the opt-out application, the patentee and, if different, the SPC holder have to lodge the application to opt out together. For SPCs granted after lodging the opt-out application, the opt out takes effect automatically when the SPCs are granted. SPCs based on UPs cannot be opted out.

How is the UPC structured?
The UPC is composed of three institutions: Court of First Instance, Court of Appeal and Registry.

The Court of First Instance is competent for first instance patent infringement proceedings. It has its central division in Paris and two further divisions, one in Munich and another one where the seat still needs to be determined after it can no longer be London since the UK’s leaving the UPC. Competency between the divisions depends on the World Intellectual Property Organization patent classifications: Paris is competent for (B) performing operations and transporting, (D) textiles and paper, (E) fixed constructions, (G) physics and (H) electricity, Munich for (F) mechanical engineering, lighting, heating, weapons, blasting and the third division for (A) human necessities and (C) chemistry and metallurgy.

Furthermore, upon request, local divisions can be set up in and for each contracting member state and regional divisions for two or more member states.

The Court of Appeal, competent for appeals against decisions of the Court of First Instance, is seated in Luxembourg where also the Registry is located.

Who are the judges of the UPC?
Any panel of the Court of First Instance and the Court of Appeal has a multinational composition. To this end, a pool of judges is established, from which legally and technically qualified judges from the member states can be allocated.

Any panel of a local or regional division of the Court of First Instance is composed of three legally qualified judges, whilst an additional technically qualified judge may be allocated from the pool of judges upon request by one of the parties.

Any panel of the central division of the Court of First Instance sits in general with a composition of two legally qualified judges and one technically qualified judge.

Any panel of the Court of Appeal comprises five judges, three of them legally qualified and two of them technically qualified.

While the three legally qualified judges of any panel of the Court of Appeal are simply judges from different contracting member states (article 9 (1) UPCA), the multinational composition of the local and regional divisions is more nuanced, depending on the average amount of patent cases in the member state.

In regional divisions, any panel is composed of three legally qualified judges chosen from a regional list of judges. Two are nationals of the member states concerned, one is not, and is allocated from the Pool of Judges (article 9 (4) UPCA).

In which language are proceedings held?
The language of proceedings at the central division is the language in which the UP was granted.

As a rule, the language of proceedings at a local or regional division is an official language of the member state hosting the division or an official EU language designated by the member states sharing a division. Member states may also designate one or more of the languages of the EPO in their local or regional division.

Also at the local or regional division, the language in which the patent was granted may be the language of proceedings, if the parties agree and the competent panel approves the choice, if the panel decides so on grounds of convenience and fairness and with the parties’ agreement and if the President of the Court of First Instance decides so based on grounds of fairness at the request of one party.

For which cases is the UPC competent?
The UPC is exclusively competent in respect of all actions and counter-claims listed in the exhaustive catalogue, namely:

- actions for actual or threatened infringements of patents and supplementary protection certificates and related defences, including counterclaims concerning licences;
- actions for declarations of non-infringement of patents and supplementary protection certificates;
- actions for provisional and protective measures and injunctions;
- actions for revocation of patents and for declaration of invalidity of supplementary protection certificates;
- counterclaims for revocation of patents and for declaration of invalidity of supplementary protection certificates;
- actions for damages or compensation derived from the provisional protection conferred by a published European patent application;
- actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention;
- actions for compensation for licences on the basis of article 8 of Regulation (EU) No. 1257/2012; and
- actions concerning decisions of the European Patent Office in carrying out the tasks referred to in article 9 of Regulation (EU) No. 1257/2012.

The courts of the member states remain competent for all remaining actions. However, it is unclear, whether and to what extent the UPC has parallel, non-exclusive competence in these cases, in particular regarding entitlement claims, employee inventions and licence agreements.

Actions relating to an EP may still be brought before national courts for a transitional period of a minimum of seven years. The exclusive competence of the UPC takes effect after this transitional period. However, a proprietor or applicant of an EP granted or applied for prior to the end of the transitional period may opt out from the exclusive competence of the UPC. The opt-out may be withdrawn at any time (opt-in).

Which local court can decide?
The place of actual or threatened infringement as well as the place of residence or business creates local jurisdiction at the relevant local or regional division. If the member state concerned does neither host a local division nor participate in a regional division, the central division is competent. A right to choose between alternative local jurisdictions allows for forum shopping to a certain extent.

How are nullity actions dealt with?
In general, the central division hears nullity actions. If, however, an infringement action between the same parties relating to the same patent has been brought before a local or regional division, only the same local or regional division is competent.

A counterclaim for revocation may be brought before the local or regional division dealing with an infringement action. Hearing such actions falls under the discretion of the respective local or regional division: it may request the allocation of a technically qualified judge and proceed with the infringement action and the counterclaim for
revocation or refer the counterclaim for revocation to the central divi-
sion and suspend or proceed with the action for infringement, or it may,
with the agreement of the parties, refer the entire case for decision to
the central division.

Hence, bifurcation of the proceedings might occur if the local or
regional division decides to split the proceedings by referring only the
counterclaim for revocation to the central division.

Possible grounds for invalidity are only those set out in the EPC.
Revocation of the patent has retroactive effect. Partial revocation
is possible.

Who has standing to sue?
Natural persons and legal entities are entitled to bring an action in all
proceedings before the UPC.

The UP proprietor as well as the exclusive licensee have the
standing to bring infringement actions. The non-exclusive licensee
is only entitled to bring an action if the licence agreement expressly
permits it.

Nullity actions can be filed by anyone. It is not necessary to be
affected in any way by the patent. The defendant is always the regis-
tered patent owner.

Who has power of representation in the UPC?
The party cannot represent itself before the UPC but must retain an
attorney. Attorneys admitted to a court of a member state and European
patent attorneys who are authorised to act as professional repre-
sentatives before the EPO and who can prove that they are qualified
to conduct patent litigation proceedings are authorised to represent
parties. Patent attorneys who do not have the required qualification
or are not entered in the Registrar’s list may nevertheless participate
in the proceedings and make oral submissions as contributing patent
attorneys.

How are briefs served?
The service of all types of procedural documents in the UPC system will
be handled entirely by the Registry, and it is planned that all service will
be effected electronically. For this purpose, the UPC has set up its own
Online Case Management System (UPC CMS). Although non-electronic
service via the common ‘analogue’ service mechanisms shall only be
an exception, particularly infringement defendants are likely to not yet
have the required electronic address. Service will then be effected via
the classical routes.

How are infringement proceedings handled?
The infringement proceedings on the merits before the Court of First
Instance consist of the written, the interim, and the oral procedure.

The written procedure starts by lodging a statement of claim,
followed by a statement of defence, a reply and a rejoinder. Further
written pleadings can be allowed. If the statement of defence includes a
counterclaim for revocation against the patent in suit, the reply includes
a defence to the counterclaim and can also include an application to
amend the patent. A reply and rejoinder regarding the counterclaim for
revocation can follow.

The statement of claim is a typical front-loaded brief that shall
contain the grounds, including an indication of the facts and evidence
relied on as well as the name and address of the parties, details of
the patent concerned, competence and jurisdiction of the division,
the nature of the claim, and an indication of the value of the infringe-
ment action.

The defendant must lodge a statement of defence within three
months of service of the statement of claim. It must contain infor-
mation on the grounds for dismissal of the action, together with the
relevant evidence, and a statement regarding the value of the case.

If the defendant lodges a counterclaim for revocation, such counter-
claim must be accompanied by the grounds for revocation supported
by arguments of law and explanation of the proposed claim construc-
tion, indication of facts, evidence, witness statements and (prior art)
documents.

After service of the statement of defence and after consulting the
parties, the judge-rapporteur will set a date and time for an interim
conference as well as a date for the oral hearing.

Within two months of service of the statement of defence the
claimant must lodge a reply and, if necessary, a defence to the coun-
terclaim for revocation. This defence should include an application to
amend the patent as any subsequent request to amend the patent may
only be admitted into the proceedings with the permission of the court.

Within another one month (or two in case of a counterclaim), the
defendant must lodge a rejoinder and reply to the defence to the coun-
terclaim. In the latter case, the claimant can lodge a rejoinder within
another month.

The interim procedure serves for managing the case. The judge-
rapporteur gives directions to the parties in preparation for the oral
hearing and has the discretion to hold one or more interim conferences
or give procedural orders. It should be completed within three months.

The oral proceedings are usually scheduled for one day and begin
with a preliminary introduction to the action by the presiding judge,
followed by the hearing of the parties and, if necessary, of witnesses
and experts.

The court will render its decision immediately after the closure of
the oral hearing and provide its reasons on a subsequent date.

How is evidence taken?
There are means of evidence such as, for example, written evidence
(in particular witness statements, drawings, reports, physical objects,
electronic files and means of obtaining evidence such as, for example,
hearing of the parties, requests for information, production of docu-
ments, hearing and questioning of witnesses or experts, or both, and
ordering inspection, conducting tests, sworn statements.

As a basic principle, the burden of the proof of facts is on the party
relying on those facts. Thus, evidence must be indicated or produced
by the parties in their respective written submissions. If a contested
product is identical to products derived by the process in suit for
obtaining a new product, the burden of proof is reversed. A statement
of fact that is not specifically contested by any party shall be held to be
ture as between the parties.

Questioning of witnesses and experts is under the control of the
court and shall be limited to what is necessary.

If a specific technical or other question in relation to the action is
to be reasoned, the court can of its own motion, and after hearing the
parties, appoint a court expert based on suggestions of the parties. The
court shall appoint a court expert by way of an order specifying, inter
alia, the facts of the action, evidence submitted by the parties, and the
questions put to the expert. The court expert must present an expert
report in writing, attend the oral hearing if requested to do so by the
court, and must answer questions from the court and the parties.

Can the claimant withdraw the complaint?
A claimant can apply to withdraw his or her action as long as there is
no final decision in an action. The court will decide on the request after
hearing the other party, whereas the application to withdraw must not
be permitted if the other party has a legitimate interest in the action
being decided by the court. In general, the costs of the withdrawal are
likely to be imposed on the claimant. The withdrawal of an action by the
claimant has no effect on any counterclaim in the action, but the court
can refer any counterclaim for revocation to the Central Division.
What is the effect of an appeal?
In general, any decision or order of the Court of First Instance may be appealed to the Court of Appeal by any party that has been unsuccessful, in whole or in part. Orders that are not explicitly mentioned in the UPCA require prior leave to appeal by the Court of Appeal.

The appeal does not have suspensive effect unless it concerns a decision on actions or counterclaims for revocation. The Court of Appeal must decide without delay at the motivated request of one of the parties about a suspension.

How is the appeal procedure organised?
The appeal procedure is organised in the same way as the first instance (ie, written and interim procedure and the oral hearing).

The Court of Appeal can disregard requests, facts and evidence that have not been submitted by a party during proceedings before the Court of First Instance. When exercising discretion, the court must, in particular, take into account whether a party seeking to lodge new submissions is able to justify that the new submissions could not reasonably have been made during proceedings before the Court of First Instance, the relevance of the new submissions for the decision on the appeal, and the position of the other party regarding the lodging of the new submissions.

The appeal must be lodged within two months of the date of service of the decision or 15 calendar days of service of an order. The statement of grounds of appeal must be lodged within four months of service of the decision or 15 days of service of the order.

It is also possible to file a cross-appeal, which may be filed together with the notice of appeal, irrespective of the general time limit for appeal.

How does rendering of information and account and determination of damages take place?
Infringement of a UP may lead to claims for information, which are subject to proportionality. Also, third parties may be obliged to provide information.

Rendering account is decided in the proceedings on damages. Having decided on the request for rendering the account, the UPC continues the proceedings for damages based on the result of the accounting. For the calculation of damages, all appropriate aspects have to be taken into account, especially lost profits, infringer’s profit and non-economic factors (eg, moral prejudice). In contrast, the UPCA provides for damages as a lump sum based on a licence analogy only ‘in appropriate cases’. The infringer that did not knowingly, or with reasonable grounds to know, commit the infringement can be ordered the recovery of profits or to pay compensation at the discretion of the UPC.

The UPCA does not provide for punitive damages.

Can negative declaratory actions be filed?
The negative declaratory action before the UPC requires that either the patentee or licensee has already asserted the (alleged) patent infringement, or the plaintiff has requested the patent proprietor or licensee in writing to provide a written acknowledgement of non-infringement and has provided him with full particulars in writing of the act in question and this acknowledgement has been refused or not provided within one month. Apart from that, the procedure following the filing of a negative declaratory action corresponds to that of infringement proceedings, but with significantly shortened deadlines for briefs. Negative declaratory actions may be lodged together with revocation actions.

How are decisions enforced?
Judgments and orders of the court are enforceable in all contracting member states. Decisions of the UPC shall be enforced in the member states under the same conditions as decisions given in the respective member state. It may be subject to the provision of security or an equivalent guarantee. The UPC has also the power to impose periodic penalty payments in the event of a breach of an enforced order.

Are provisional measures, in particular preliminary injunctions, possible?
The UPC may issue the following provisional orders:
- injunction against the alleged infringer or an intermediary under threat of periodic penalty payments or order that the continuation of the infringement may only take place against the provision of a security intended to ensure compensation to the right holder;
- seizure or surrender of products suspected of infringing a patent; or
- precautionary seizure of movable or immovable property of the alleged infringer, including the freezing of bank accounts, if the applicant shows credibly that the fulfilment of his or her claim for damages is doubtful.

How are preliminary injunction (PI) proceedings organised?
If main proceedings are already pending, the same chamber dealing with the main action shall have exclusive jurisdiction to hear the application for interim measures. If no main action is pending, the applicant may choose a competent court in accordance with the general rules. If the applicant requests the issuance of the PI ex parte (ie, without hearing the defendant) he or she must additionally explain why the defendant should not be heard. In addition, any pre-litigation correspondence between the parties concerning the alleged patent infringement must be produced.

The applicant is obliged to communicate to the court all relevant facts known to him or her that are likely to influence the court’s decision whether or not to hear the defendant. It is in the court’s discretion whether to inform the defendant of the PI application and give him or her the opportunity to submit written observations or to directly summon both parties to the oral hearing or even to summon only the applicant to the oral hearing. In exercising its discretion, the court has to take into account, in particular whether the patent has been maintained in opposition proceedings before the EPO or has been the subject of other court proceedings, the urgency of the matter and whether the applicant has requested the grant of the interlocutory injunction ex parte and the reasons given for this appear well founded and whether a protective letter has been filed by the defendant.

What are the requirements for the grant of a preliminary injunction?
With regard to the substantive requirements for the issuance of a PI, it is only required that ‘a threatened violation must be prevented’. The court must exercise its discretion to weigh the interests of the parties, taking into account in particular the possible damage that could result to one of the parties from the issuance of the injunction or the rejection of the application.

The urgency of the matter is not defined as such as an explicit condition for the grant of a PI. However, the court must take into account any unreasonable delay in applying for an interim injunction.

To substantiate the allegation of infringement, the applicant must already set out all facts and evidence in the PI application. The court has to take into account the validity of the patent, in particular whether it was maintained in opposition proceedings before the EPO or whether other national proceedings were pending.

The court has to weigh the legal and economic disadvantages and damages threatening the right holder if the PI is refused but it subsequently turns out that it should have been granted, against the legal and economic disadvantages and damages threatening the defendant if the PI is granted but it subsequently turns out that it was wrongly granted (eg, because the patent is finally found not to be infringed or declared invalid).
Under which circumstances can a preliminary injunction be lifted?
The PI can be appealed within 15 days of its service. An appeal against the PI does not prevent the continuation of parallel proceedings on the merits as such, but the court of first instance shall not give a decision on the merits of the case until the court of appeal has decided on the PI appeal.

If proceedings on the merits are not yet pending, it may be requested to revoke the PI if the applicant does not file an action on the merits within 31 calendar days or 20 working days, whichever is longer.

How can a patentee safe evidence or undertake inspections?
Filing of the application, which is possible before starting proceedings on the merits, and the course of the procedure largely correspond to the handling of PI cases. Protection of confidential information must be ensured and the group of people having access to the information is restricted. An order to preserve evidence may be directed in particular to: detailed description with or without taking samples, physical seizure of allegedly infringing products or materials and implements used in the production or distribution of these products, as well as the preservation and disclosure of digital media and data and the disclosure of passwords necessary to access them. An order for inspection is directed to the inspection of products, devices, methods, premises and the local situation.

What does litigation under the UPC cost?
The calculation of court fees for infringement proceedings is close to the German principle and calculated by a fixed portion (€11,000) plus a variable portion depending on the value in dispute (VID) of the proceedings, which lies between 0 (VID up to €500,000) and €325,000 (VID about €50 million). In particular, for nullity proceedings (€11,000 for a nullity action and maximum €20,000 for an invalidity counterclaim) and interim injunctions (€11,000), only maximum fees or fixed flat fees have to be paid without the VID-based portion.

There are also tables for VID based maximum amounts of recoverable attorney’s fees, which also shall take into account reasonability criteria. However, it can be assumed that these amounts will often be exhausted. The maximum limits for recoverable lawyers’ fees lie between up to €38,000 (VID up to €250,000) and up to €2 million (VID about €50 million). These maximum limits may be increased ‘to a certain extent’ if the complexity to a maximum amount of up to €5 million for VID of about €50 million.

The Administrative Committee of the UPC will issue a guideline setting out general principles for the determination of the VID. A calculation on the basis of a fictitious licence fee is explicitly considered to be simpler than one based on the lost profit or the infringer’s profit. In terms of time, both the sales or market shares in the past (on the basis of the actual infringing acts) and those (fictitiously) for the future (on the basis of a hypothetical continued infringement) are to be included. If there are several patents in suit or several defendants, a combined licence for all parties and all patents shall be taken as a basis. If damages are claimed only via declaratory motion, the value determined according to the above calculation shall (initially) be set at 50 per cent.

Information and accounting claims shall be taken into account with an appropriate additional amount.

The values determined in this way shall apply in the same way to the court fees and the recoverable costs of infringement proceedings.

A reduction of the costs to be reimbursed to the prevailing party, on the other hand, should be possible without a general limitation of the amount if it concerns microenterprises, small or medium-sized enterprises, non-profit organisations, universities, public research institutions or natural persons.

Does a security for the litigation need to be paid?
At any time during proceedings, following a reasoned request by one party, the court may order the other party to provide an adequate security – either by deposit or bank guarantee – for the legal costs and other expenses to be incurred by the requesting party. If the court issues an interim injunction, it may order the applicant to provide security for the damage suffered by the defendant in the event that the interim injunction is subsequently revoked. In the case of an ex parte interim injunction, the provision of security is mandatory.

Are compulsory licences possible in the UPC?
There is no provision on compulsory licences in the UPCA. Recital 10 of the UP Regulation No. 1257/2012 states that compulsory licences for UPs should be governed by the laws of the member states as regards their respective territories.

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PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Actions and interim injunctions in civil matters based on the alleged infringement of a patent, supplementary protection certificate (SPC) or utility model may exclusively be brought at the Vienna Commercial Court. Claims may be raised for:
- interim and permanent injunctions;
- elimination;
- accounting;
- information regarding the origin and channel of distribution;
- monetary compensation or, in the case of willful infringement, damages or surrender of the profit realised by the infringer; and
- publication of the judgment.

The jurisdiction in criminal matters belongs to the Vienna Provincial Court for Criminal Matters. Prosecution shall take place only at the request of the injured party. The infringer may be fined up to 360 times the daily rate for calculating fines or, in the case of a professional infringement, face imprisonment of up to two years. As a private participant to the criminal case, the injured person may also claim compensation.

The owner or exclusive licensee of a patent, SPC or utility model may apply to the Patent Office for a declaratory decision against any person who produces industrially, puts on the market, offers for sale or uses an object, applies a process on an industrial scale or intends to take such steps. The declaratory decision shall state that the object or the process is covered either completely or partly by the patent, SPC or utility model. However, such a petition shall be rejected if the party opposing the petition proves that an infringement action concerning the same object or process, filed prior to the filing of the petition for declaratory decision, is pending before the court between the same parties.

The owner of a patent, SPC or utility model may apply to the customs authority for seizure of infringing goods when they are imported into the European Union for the first time. After such a seizure, court action shall be continued.

The plaintiff has, first of all, to prove that he or she is entitled to sue (namely, that he or she is the rightholder, exclusive licensee or someone otherwise assigned), has to show that the protection right is valid and that the right in question is not enforceable (for example, because of expiry, exhaustion, prior use or bad faith of the plaintiff). In the case of an objection against the validity of the right in question, the court shall suspend the proceedings unless nullity must obviously be denied.

The court proceedings are oral and direct and are open to the public. The court has to decide based on the free evaluation of evidence.

Together with the filing of the statement of complaint in the main proceedings a claim for a preliminary injunction may be raised. In that case, provisional proceedings will be processed on an accelerated basis in which evidence is, more or less, restricted to documents.

Obtaining a judgment in first-instance main proceedings takes several years. In the case of appeals to the second or third instance (the Vienna Upper Provincial Court or Supreme Court of Austria respectively), the time frame will be up to five years or more.

Provisional proceedings will usually lead to a decision in the first instance after a few months. A final decision after appeals might be expected in one to two years.

Proof requirements

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The plaintiff has, first of all, to prove that he or she is entitled to sue (namely, that he or she is the rightholder, exclusive licensee or someone otherwise assigned), has to show that the protection right is valid and has to bring forward whatever evidence he or she has in hand to prove the infringement or that an infringement might take place.

The defendant has to prove any objections raised by him or her and prove that the plaintiff is not entitled, that there is no infringement or that the right in question is not enforceable (for example, because of expiry, exhaustion, prior use or bad faith of the plaintiff). In the case of an objection against the validity of the right in question, the court shall suspend the proceedings unless nullity must obviously be denied.

The defendant must then file a nullification action with the Patent Office within one month.
A reversal of the burden of proof applies in the case of a patent for a process for the manufacture of a new substance, because any substance with the same characteristics shall, pending proof to the contrary, be regarded as having been manufactured according to the patented process.

Pursuant to the Intellectual Property Enforcement Directive (2004/48/EC), the defendant is bound to assist in providing evidence whenever the plaintiff has difficulties in proving the facts.

**Standing to sue**

4. Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Any person who has suffered an infringement of one of the rights belonging to him or her under a patent, SPC or utility model or who worries that such an infringement might take place has standing to sue: this includes the owner of the right, an exclusive licensee or someone otherwise assigned.

As long as an infringement action is not pending before the court, an accused infringer may apply to the Patent Office for a declaration against the owner or the exclusive licensee of a patent, SPC or utility model stating that the object or the process is not covered either completely or partly by the protection right.

**Inducement, and contributory and multiple party infringement**

5. To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

An inducer, contributor or accessory is liable for patent infringement in the same manner as the direct infringer and therefore may be sued in addition to him or her. However, a person is only regarded as an inducer, contributor or accessory in the event that he or she has knowingly supported the direct infringer (namely, that it was his or her intention to do so).

Several real or legal persons (for example, an infringer, inducer, contributor or accessory) may be sued together as a joinder of parties provided that they constitute a legal community with respect to the matter in dispute, and that the respective court is competent for each of the defendants. It depends on the specific case whether or not they are individually or jointly liable for the infringement or part of it. A joinder of parties may also be created by a decision of the court if it is likely to result in an acceleration, a simplification or a cost reduction.

A contributor or accessory may also be someone who provides means (for example, devices, materials, etc) by which an essential element of the invention can be realised (indirect patent infringer). Such a provider may also be sued for indirect patent infringement in cases where he or she has delivered the means to someone who uses the invention for private purposes only (namely, who is not regarded as a patent infringer per se).

**Joinder of multiple defendants**

6. Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accuses of infringing all of the same patents?

Multiple parties may be sued together for patent infringement as a joinder of parties. The prerequisites are that they constitute a legal community with respect to the matter in dispute and that the respective court is competent for each of the defendants. It depends on the type of patent infringement, or contribution to the patent infringement, by each of the parties, whether a separate judgment for each of the parties or one and the same judgment for all of the parties may be achieved. The plaintiff’s claims against each of the parties have to refer to the same patent, irrespective of the type of infringement; namely, industrially producing the subject of the invention, putting it on the market, offering it for sale or using it, or importing or possessing it for the purposes mentioned.

**Infringement by foreign activities**

7. To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Since an Austrian protection right is only valid in the territory of Austria, activities outside the country cannot constitute an infringement and therefore cannot support a charge of it.

**Infringement by equivalents**

8. To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Statutory law states that the scope of protection of a patent is defined by the patent claims, which are to be interpreted in the light of the description and, if applicable, of the drawings of the patent print. Moreover, it is stated that the scope of protection should, on the one hand, not be narrowed by a strict interpretation of the chosen words of the patent claims and, on the other hand, should not be expanded by regarding the patent claims just as a guideline; the interpretation should rather lie between these two extremes.

Infringement by an equivalent is given, according to established legal practice, if, at the date of priority and in view of the patent claims, a person skilled in the art would regard the chosen solution as having an equal effect as well as being equally good and obvious. An equivalent solution is given if one and the same object of an invention is achieved by means (features) that are not identical to those specifically listed in the patent claims but are, as would be obvious to a person skilled in the art, equal in their function.

**Discovery of evidence**

9. What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Any person who has suffered an infringement of one of the rights belonging to him or her may request information about the origin and the distribution channels of the infringing goods and services, provided that the burden of information is not in disproportion to the seriousness of the infringement and will not violate statutory obligations to secrecy.

The claim to give information may be directed to the infringer and to any person having dealt directly or indirectly with the infringing goods or services.

In the course of a request for a provisional injunction, the plaintiff may also raise a claim for securing evidence against the infringer.

When initiating criminal proceedings against an infringer, his or her premises might be searched for any evidence to be seized.

**Litigation timetable**

10. What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The complaint of the plaintiff is served by the court to the defendant, who may submit a statement of defence.

Several preparatory writs may be exchanged before a first hearing is held in which the proceedings are structured and, in most cases, a court expert (normally a patent attorney) is appointed.
If the defendant objects to the validity of the protection right, the proceedings are suspended, unless the nullity must obviously be denied. After a final decision on the validity of the right by the Patent Office or the Vienna Upper Provincial Court, the proceedings are continued.

Several hearings may take place in which witnesses may be heard and the case shall be discussed thoroughly. A first-instance judgment is then released, which can be appealed by either party. The second instance (the Vienna Upper Provincial Court) and the third instance (the Supreme Court of Austria), if a further appeal for revision is admissible and accepted, do not take evidence and decide either in public or in camera.

Provisional proceedings for a preliminary injunction run more or less the same way, but in an accelerated manner. The defendant has no right to be heard at the first instance, although he or she usually has the opportunity to present exonerating evidence. In addition, an objection by the defendant to the validity of the protection right is not accepted. A decision of the first instance may be appealed at the second and third instance. The total time from filing the infringement complaint until a final judgment or decision may last several years and cannot be predicted.

**Litigation costs**

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<th>What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?</th>
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Costs depend on the value of the litigation. Costs before trial, namely for the evaluation and assessment of the infringement by a patent attorney and for the preparation of the writ by an attorney-at-law, might range from €5,000 to €14,000.

During trial in the main proceedings before the first instance, costs for a patent attorney and an attorney-at-law may vary from €7,000 to €35,000; in provisional proceedings, only up to €12,000. Each appeal proceeding may cost between €7,000 and €14,000.

In the event of success, part of the costs is refunded by the loser. In the event of losing the lawsuit, the losing party has to refund the statutory costs of the procedure and representation of its adversary. Contingency fees are strictly forbidden.

**Court appeals**

| 12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage? |

Decisions and judgments of the Vienna Commercial Court (first instance) may be recurred or appealed at the Vienna Upper Provincial Court (second instance). If admitted, another revision or revision-recourse at the Supreme Court of Austria (third instance) may be launched. If not admitted, an extraordinary action to the Supreme Court may be filed. The courts of second and third instance are appellate instances, that is, not trial courts, so new evidence is not allowed.

**Competition considerations**

| 13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort? |

In the case of an unjust enforcement of a protection right, the accused infringer may sue the alleged rightholder on the grounds of unfair practice for refraining from such act and liability for damages.

Unjust allegations about a third party that damage its business reputation, etc, may also be opposed by the injured person.

**Alternative dispute resolution**

| 14 | To what extent are alternative dispute resolution techniques available to resolve patent disputes? |

ADR techniques are commonly used, and an attempt is often made to settle the pending dispute by negotiation. Sometimes mediation is accepted by the parties or they agree to contact a local or international arbitration board. However, none of these measures excludes eventually going to court.

**SCOPE AND OWNERSHIP OF PATENTS**

**Types of protectable inventions**

| 15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures? |

Patents shall be granted for inventions in all fields of technology that are new; that, having regard to the state of the art, are not obvious to a person skilled in the art; and that are susceptible to industrial application. Inventions may even be patented that have a relation to a biological material. The following are not regarded as inventions:

- discoveries, scientific theories and mathematical methods;
- the human body in the various stages of its formation and development;
- the mere discovery of one part of the human body, including a sequence or partial sequence of a gene;
- aesthetic creations;
- schemes, rules and methods for performing mental acts, playing games or doing business and programs for computers; and
- presentation of information.

Patents shall not be granted in respect of:

- inventions whose publication or exploitation would be contrary to public policy or morality (for example, methods for cloning human beings or for modifying the genetic identity of the gene line of human beings);
- methods for treatment of humans or animals by surgery or therapy and diagnostic methods; and
- plant varieties or animal races.

In addition to that, utility models may be also granted to the logic of computer programs (but not to the programs per se), provided that they concern a field of technology.

Patents may, however, be granted for products, such as substances and compositions, to be used in the treatment, therapy and diagnosis of humans and animals as long as this use is novel. Known substances and compositions are also protectable in combination with a first, second or multiple medical indication as long as that combination does not belong to the state of the art.

**Patent ownership**

| 16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred? |

The inventor, or his or her successor in title, shall have a right to the grant of a patent. Until the contrary is proved, the first applicant shall be regarded as the inventor.

Employees shall also be entitled to the grant of a patent (utility model) for inventions they have made during their employment relationship, unless otherwise provided by contract.
An employee shall be entitled to special and fair remuneration in any case where his or her invention becomes the property of his or her employer or subject to the employer’s right to use.

In the case of an invention made by an independent contractor, the right to the grant of a patent depends on the respective contract.

A patent (utility model) applied for by a joint venture or by several persons (inventors) as participants in the same invention shall be granted without any determination of each party’s share. The legal relationship of the co-patentees shall be governed by civil law.

In any case, the inventors shall be entitled to be named as the inventors. The right may not be transferred or inherited. Renunciation of the right shall have no legal effect.

The right arising from a patent (utility model) application and the granted right is recorded at the Patent Office. It shall be inheritable and not pass to the state. Both rights may be transferred to others, either wholly or in shares, by a legal act, by a court order or by a transfer pro mortis causa. All rights relating to a patent (utility model) shall be acquired by entry in the Patent (Utility Model) Register and shall be binding on third parties. A request for such entry shall be accompanied by a copy of the document on which the entry is to be based. If the original of the document is not a public document, it shall bear the duly certified signature of the person alienating his right. In case of an assignment of a patent, a corresponding declaration of the parties or their representatives regarding the assignment might be presented instead of an assignment document.

DEFENCES

Patent invalidity
17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

Proceedings for a declaration of nullity of a patent (utility model) shall be instituted on request at the Patent Office and shall be handled by its Nullity Department. The final decision of the Nullity Department may be appealed at the Vienna Upper Provinicial Court.

A patent (utility model) shall be declared null and void fully or only in part if:

- the subject of the patent (utility model) was not patentable (for example, not new, inventive or industrially applicable);
- the patent (utility model) does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art; or
- a deposited micro-organism has not been permanently accessible, unless the patentee proves that he or she has deposited the micro-organism again.

In infringement proceedings, the respective court also has to judge, as a preliminary question, on the effectiveness of a patent (for example, scope of protection, prior use by the defendant, etc).

Absolute novelty requirement
18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

An invention shall be considered to be novel if it does not form part of the state of the art. The state of the art shall be held to comprise everything made available to the public by means of a written or oral description, by use or in any other way, before the priority date of the application.

The state of the art shall also be held to comprise of the contents of Austrian patent and utility model applications, European patent applications and international patent applications covering Austria, all of which have an earlier priority date and whose contents were not officially published before the priority date of the later application or thereafter.

Excepted from the novelty requirements is a disclosure of the invention that had occurred no earlier than six months prior to filing of the application and if it was directly or indirectly due to:

- an evident abuse to the prejudice of the applicant or his or her legal predecessor; or
- the fact that the applicant or his or her legal predecessor has displayed the invention at official or officially recognised exhibitions proven by a certificate.

For utility model applications, even a disclosure by the later applicant having occurred within six months prior to application is not detrimental to novelty.

Obviousness or inventiveness test
19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

In considering the inventiveness, everything made available to the public prior to the application date is taken into account from the point of view of an ordinary person skilled in the respective art. However, applications of earlier priority date but with a later publication date are not taken into consideration.

A solution is regarded as obvious when a person skilled in the art would have found it starting from the same problem and aiming at the same result without any evaluations in hindsight. If the subject of an application is a selection from a known range of features or a combination of known features, it is regarded as non-obvious if it results in a surprising, unexpected effect. Mere technical equivalents solving the same problem within the same result are regarded as obvious.

Patent unenforceability
20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

A patent (utility model) shall not be effective against a person who, at the time of filing, had already begun, in good faith, to use the invention in Austria or had made the necessary arrangements for doing so (prior user).

If, in connection with a European patent application, a translation of the claims into German was filed with the Austrian Patent Office in order to gain preliminary protection, and provided that this translation covered, at first, a narrower scope of protection than in the original language (namely, English or French) and therefore was afterwards corrected on request to cover a broader scope, a physical or legal person who has already begun, in good faith, to use the invention in Austria (or had made the necessary arrangements for doing so) outside the narrower, but within the broader, scope of protection before the correction came into force (intermediate user) shall not be affected by the Austrian part of the European patent.

A patent (utility model) has no effect against a private user (when it is not used commercially) and shall not be effective against studies and experiments necessary for admission of pharmaceuticals to the market (the Bolar provision).

The protection of a patent for a biological material does not extend to material obtained by generative or vegetative multiplication of the protected biological material when the derived material was put on the market outside Austria but within the European Economic Area.

A patent for a biological material cannot be enforced against a person who obtained such a material accidentally or if the material is technically unavoidable in the agricultural sector.
Prior user defence

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

A prior user is someone who has, in good faith, used any type of invention on an industrial or commercial scale prior to the application date of the respective patent. Mere private use is not covered by patent protection, that is, it is free. Therefore, a real private user cannot be sentenced for patent infringement.

REMEDIES

Monetary remedies for infringement

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

In the case of unauthorised use of a patent (utility model), an appropriate monetary compensation may be demanded, or double that monetary compensation, if the infringement was based on gross negligence or intent. In the case of wilful patent infringement, the infringer may demand instead of appropriate monetary compensation the damages, including the profits of which the injured party has been deprived, or surrender of the profits realised by the infringer through the patent infringement. Monetary remedies are available for disadvantages not consisting of any monetary loss suffered as a result of the wilful patent infringement. The appropriate monetary compensation is usually calculated based on equivalent licence fees (licence analogy).

Injunctions against infringement

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Any person who has suffered an infringement of one of the rights belonging to him or her under a patent, supplementary protection certificate (SPC) or utility model or who worries that such an infringement might take place may sue for a permanent injunction and claim for a preliminary injunction. In the latter case, he or she does not need to prove that the claim is at risk or necessary for the prevention of irreparable harm. Preliminary injunctions may also be released for securing evidence.

Injunctions have a binding effect only between the parties (the plaintiff and the defendant). Therefore, suppliers or customers of the infringer are not bound by them. However, as injunctions may also be directed against indirect infringers, these persons may also be sued.

Banning importation of infringing products

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Based on the regulation of the European Parliament and Council (EU No. 608/2013 concerning customs enforcement of intellectual property rights in combination with the Austrian Product Piracy Act (PPG 2004, as amended 2015)), the following measures may be taken.

The right holder of an Austrian patent SPC, utility model or the Austrian part of a European patent may apply in writing to the competent Austrian customs department for action by the customs authorities if goods are found that are suspected of infringing such right when they enter into free circulation, export or re-export.

After the application for seizure has been granted for a specific period (which does not exceed one year but is extendable), the respective customs office shall suspend release of the goods and immediately inform the competent customs department, which shall inform the right holder and the declarant or holder of the goods.

The rightholder or its representative may inspect the suspended goods and initiate, within a given period (usually 10 days, which may be prolonged), infringement proceedings with the Vienna Commercial Court. In this case, the declarant (who can be the owner, importer, holder or consignee) of the goods may obtain the release of the goods on provision of security.

If the declarant has not specifically opposed the suspension, and provided that the rightholder has agreed to the destruction of the goods, the customs authorities shall have such goods destroyed under customs control.

If the goods suspected of infringing certain IP rights enter Austria in small consignments (ie, a post or courier consignment with a maximum of three units or less than two kilograms), the customs authority may act on its own, provided that the IP rightholder has claimed for such a procedure. In this case, only the declarant is informed about the suspension and if he or she does not oppose it the goods are destroyed.

Attorneys’ fees

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

In the judgment, the successful party is granted reimbursement of costs for the proceedings and representation by the losing party according to the Court Fees Act and Attorney Tariff Act. This reimbursement, however, usually does not cover all the expenses. In the case of a partial success, each party may bear its own costs.

Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Any person who infringes a patent willfully shall be fined up to 360 times the daily rate for calculating fines. A professional infringement shall be sentenced to imprisonment of up to two years. Prosecution shall take place only at the request of the injured party.

An infringement is regarded as deliberate in the case of the infringer having used the patented invention in knowledge of, and with the intent to interfere with, the patent right.

The question whether a deliberate or wilful infringement has occurred is to be solved by the respective board in a criminal or civil proceeding. Expert opinions (either by private experts nominated by one of the parties or by an expert appointed by the respective court) have to be taken into account. The opinion of a counsel representing a party is taken note of in the course of her or his pleading.

Time limits for lawsuits

27 What is the time limit for seeking a remedy for patent infringement?

All monetary claims, the claim for drawing up of accounts, and the claim for information on origin and distribution channels shall be prescriptive after three years from knowledge of the infringement and the infringer.
However, the running of the prescription period shall be interrupted by an action for drawing up of accounts or a petition for declaratory decisions.

The claim for injunction has no statutory time limit, but the court usually regards three years as adequate.

The prescription for criminal prosecution is one year from the infringement.

**Patent marking**

28 | **Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?**

Marking of patented products is not compulsory. However, any person who designates products in a manner likely to give the impression that they enjoy patent (utility model) protection shall on request provide information regarding the patent (utility model) on which such designation is based.

False patent (utility model) marking is regarded as a misleading commercial practice. The offender may be sued for discontinuance, elimination and, if appropriate, monetary compensation by anyone interested in the observance of fair commercial practices (for example, consumers, competitors, the Federal Chamber of Commerce, etc) on the basis of the Austrian Law Against Unfair Competition. The competence of first instance lies at the respective provincial civil court. Marking a product with ‘pat. pend.’ (patent pending) is, in any case (nominally, even if the assertion is correct), regarded as misleading commercial practice, because the trade involved generally cannot distinguish between a patent application and a granted patent and the respective scope of protection.

**Licensing**

**Voluntary licensing**

29 | **Are there any restrictions on the contractual terms by which a patent owner may license a patent?**

As far as Austria is concerned, the owner of a patent, supplementary protection certificate or utility model may permit third parties to exploit the invention in all of the territory or a part thereof on an exclusive or non-exclusive basis restricted or not restricted to any types of uses. Restrictions on the contractual terms of a licence are only determined by public policy.

**Compulsory licences**

30 | **Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?**

The patentee of an invention of considerable commercial or industrial significance that cannot be exploited without use of an invention patented earlier (earlier patent) shall have a claim to a non-exclusive licence to exploit the earlier patent. Where such licence is granted, the earlier patentee shall also have a claim to a non-exclusive licence to work the later patent. This principle is also extended to plant breeders who cannot acquire or exploit a plant variety without infringing an earlier patent.

Further, if the owner of a biotechnological invention has been granted a non-exclusive licence to an earlier plant variety right, then the owner of that right shall have a claim to a non-exclusive licence to the later patent.

Where a patented invention is not exploited to a reasonable extent in Austria, including importation, and where the patentee has not taken all steps required for such exploitation, any person may apply for a non-exclusive licence to exploit the patent for the purposes of his or her business.

If a licence for a patented invention is required in the public interest, any person shall have a claim to a non-exclusive licence for the purposes of his or her business.

If the patentee refuses to grant a licence on reasonable terms, the Patent Office (Nullity Department) shall, at the request of the applicant for the licence, decide the matter and, if a licence is granted, shall fix the royalty and so on.

If the grant of compulsory licences has not sufficed to secure the exploitation of the invention in Austria to an appropriate extent within two years, the patent may be revoked by the Patent Office in whole or in part.

**Compulsory licences**

31 | **Are there any procedures to expedite patent prosecution?**

In the course of the examination procedure for a patent application, a statutory accelerated prosecution does not exist. If it has not been settled, dealt with or answered within about six months one might, however, file a petition to the president of the Patent Office whereupon a time frame for the outstanding official response is usually given.

The registration and publication of a utility model may, however, be accelerated by filing a respective request and paying a surcharge fee. Provided that all formal requirements are fulfilled, the publication and registration will then be effected immediately, namely, irrespective of and independent from the finalising of the obligatory search report, which, in this case, will be issued separately.
As a pilot project, the Austrian Patent Office offers the possibility of a fast-track patent application without any surcharge in the case of an online patent application supported by reasons for the expedited prosecution. Given these prerequisites, a first office action with a search report is issued within four months.

Patent application contents

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The application of a patent (utility model) shall disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art. If it concerns biological material, this material has to be deposited with a depository institution as defined by the Budapest Treaty.

The description of the invention has to be in detail only so far that a person skilled in the art may carry it out. Generic terms are allowed. Artificial words or abbreviations without explanations are regarded as insufficient disclosure. Features that cannot be gathered plainly would also lead to insufficient disclosure. The disclosure has to be sufficiently complete that a person skilled in the art can carry out the invention without unreasonable efforts.

The application shall relate to one invention only or to a group of inventions so linked as to form a single general inventive concept. If there is no compulsory connection between several individual inventive parts of an application, divisional applications may be filed voluntarily or in response to a demand of the Patent Office.

The patent claims shall, in a clear and distinguishing manner, define the matter for which protection is sought. They shall be supported by the specification. Generally, all known and essential features should be summarised in an introductory part of the main claim (the classifying clause), whereas all new and inventive features are to be concentrated in a second part (the characterising clause). The two clauses should be separated by the phrase ‘characterised in that’. Additional, but not compulsory, inventive features may be claimed in sub-claims. In the case of an invention consisting of the combination of known features, the division into two parts may, however, be neglected. Alternatively, the language ‘A characterised by B’ or ‘B characterised by A’ may be chosen.

The teaching of a patent claim is regarded as clear and complete as long as a person skilled in the art may carry it out without an inventive effort. Only positive features should be mentioned (e.g., ‘without…’ is inadmissible). Mere descriptions of effects are not admitted. In method claims, device features should, if possible, be avoided.

The abstract shall contain a short summary of the disclosure contained in the application. A structure similar to the main claim is advisable (namely, state of the art (classifying clause), aim of the invention and inventive features (characterising clause)).

The description of the invention may be supported by drawings. In the claims reference, numerals of features should be indicated in brackets.

Prior art disclosure obligations

34 | Must an inventor disclose prior art to the patent office examiner?

There is no obligation to disclose prior art, although it may be cited from the beginning in the application. However, on the front page of a granted patent, only publications that were cited by the Patent Office are listed.

Pursuit of additional claims

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

Within 12 months of the original filing of a patent or utility model application, another application concerning the same invention may be filed claiming original priority. In this application, additional matter and claims may be presented, claiming, if necessary, different priorities for different parts.

Where an improvement or other further modification of an invention that is already protected by a patent or for which a patent has been applied for and is eventually granted is the subject of an application by the patentee of the parent patent or by its successor in title, the patentee or its successor in title may apply either for an independent patent for such improvement or other further modification or for a patent of addition dependent on the parent patent. Additions to patents shall expire together with the parent patent but may be held independent and declared independent if the parent patent expires before the final term.

Patent office appeals

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

The resolutions of the Technical Department or the Legal Department of the Patent Office may be recurred to the Vienna Upper Provincial Court. Against decisions of that court revision-recourses may be raised at the Supreme Court of Austria, provided that the legal requirements are fulfilled.

The final decisions of the Nullity Department of the Patent Office may be appealed to the Vienna Upper Provincial Court, whose judgments may be taken under revision, if admissible, at the Supreme Court of Austria.

Oppositions or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

Within four months of the grant of the patent, an opposition may be lodged on the grounds of lack of patentability, insufficient disclosure, disclosure surmounting the originally filed version and micro-organisms not being available at the depositing institution.

The Technical Department of the Patent Office has to decide upon the opposition on the basis of the writs presented with or without an oral hearing. Each party has to bear its own costs. The decision is published. In the case of a revocation, the application or patent shall be considered as not having been operative from the beginning. An opposition procedure may last one to several years and may cost between €8,000 and €16,000 (first instance: Patent Office; second instance: Vienna Upper Provincial Court).

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The applicant shall have the priority right to his or her invention from the date on which his or her application for a patent or utility model was duly filed. From such date he or she shall have priority over every similar invention filed later. The right of priority derived from an earlier application must be expressly claimed.
If the grant or maintenance of the protected right depends on the validity of the claim to priority, the right of priority must be proved. The departments in charge of the Patent Office are responsible for the respective decisions.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

A patent may be revoked in whole or in part if the grant of compulsory licences has not sufficed after two years to secure the exploitation of the invention in Austria to an appropriate extent. A patentee shall be declared to lack title if he or she was not entitled to the grant of the patent (for example, was not the inventor) or that the essence of the application was usurped from a third person.

Where the claim of the applicant (namely, the real originator) is allowed, he or she may request assignment of the patent to him or herself, otherwise the patent protection shall end upon the respective decision of the Patent Office. Within six months from the grant of a patent, if it was not opposed, or within two months after a final decision on an opposition, the patentee may file a separate application (partial application) claiming the original priority.

The claims may be amended by the owner of the protection right at any time as long as the amendment concerns a clear restriction of the scope of protection and is accepted by the respective department of the Patent Office. In nullity proceedings, the Nullity Department may amend the claims in its decision.

Patent duration

40 | How is the duration of patent protection determined?

The maximum term of a patent shall be 20 years from the date of application. For utility models, the maximum term is 10 years.

The term of an supplementary protection certificate (SPC) starts with the expiry of the respective patent for a duration that is equivalent to the time period between the filing date of the patent and the first admittance of the product to the market in the EU minus a period of five years. However, the duration of an SPC is at most five years from the date it was granted. An SPC concerning pharmaceuticals for children may be, upon request, prolonged for six months.

UPDATE AND TRENDS

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

Significant decisions (2019-2020)
To the problem-solution-approach
In the course of two nullification proceedings against patents the Vienna upper Provincial Court pointed out again that an invention shall be considered as involving an inventive step if, having regard to the state of art, it is not obvious to a person skilled in the art. According to the ‘problem-solution-approach’ the closest state of art is at first to be ascertained, whereupon the objective technical task is to be determined and finally it is to be evaluated whether the invention could have been obvious to a person skilled in the art in view of the relevant state of art and the technical problem. According to the ‘could-would-approach’ a new development does not lack automatically an inventive step if a person skilled in the art could have reached it in view of the state of art.

Temporary injunction for securing evidence
In the course of a request for granting a temporary injunction to secure evidence the VUPC held:

An inventive step would only be missing if a person skilled in the art would have actually suggested the development on basis of a sufficient cause expecting an improvement or advantage.

The objective technical problem is thereby to be formulated in a way so that it does not include already the solution (because that would result in a synthesis ex post).

The question whether there exists an inventive step is basically a question of law. What would have been realised from the pre-publications by a person skilled in the art is, however, a question of facts.

- VUPC of 21.01.2020, 133 R 99 /19k – ÖBl 2020, 210; and
- VUPC of 07.05.2020, 133 R 138 /19w – ÖBl 2021, 31).

With reference to rights to demand an injunction, elimination, adequate compensation, damages and surrender of the profits under patent law, preliminary injunctions may be issued to safeguard the claim itself as well as to secure evidence.

Safeguarding evidence by preliminary injunction does not require attestation of endangering. The risk of impending damage or destruction of evidence is no prerequisite for the independent claim for safeguarding of evidence but rather the precondition for granting the preliminary injunction without hearing the defendant. Moreover, temporary injunctions for safeguarding of evidence do not require an allegation or attestation of one of the above-mentioned rights. The release of a temporary injunction to safeguard evidence takes for granted that the holder of the IP right proves the existence of its right and presents all reasonably available evidence that suggests a present or future infringement of that right. The existence of (mere) concrete indications insinuating the possibility of an infringement of a right is sufficient.

A proceeding relating to the grant of a preliminary injunction for safeguarding of evidence does not concern the question of patent infringement but rather the seizure of material that perhaps might infringe the patent. The aspect of a possible infringement is therefore not to be assessed in these proceedings. It only matters whether the plaintiff has a legal interest (abstractly justified by the legal system) for safeguarding the evidence.

(VUPC of 01.04.2020, 133 R 131 /19s – ÖBl 2020, 211)
Coronavirus

42 What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

As an immediate reaction to the covid-19 crisis on 26 March 2020, the president of the Austrian Patent Office released a regulation concerning:

• applications to the Patent Office neither can be filed personally nor by dropping into the insertion box;
• applications should preferably be filed electronically;
• applications by mail deemed to be received on the day on which they are handed over until 4pm; and
• official deadlines are suspended until 30 April 2020 and start again on 1 May 2020.

This regulation came into force on 16 March 2020 and lapsed on 31 December 2020. It was additionally supported by the 4th Covid-19-Law, Federal Gazette I, No. 24/2020, published on 4 April 2020.

The president’s regulation was slightly amended as of 15 May until 30 June 2020.
The administrative proceedings before the Brazilian Patent and Trademark Office (BPTO) available for owners to enforce their patent rights in Brazil are prescribed in the Brazilian Industrial Property Law (BIPL), as follows:

- Petition of subsidies, which may be filed by interested third parties with the objective of indicating to the examiner the reasons why a patent should not be granted; and
- Administrative nullity proceedings, which can be started by any person with a legitimate interest within a period of six months of the granting of the patent, on the grounds that:
  - any of the legal requirements were not satisfied;
  - the specifications and claims did not comply with the provisions of articles 24 and 25 of the BIPL;
  - the object of the patent extends beyond the contents of the application filed originally; or
  - one or more of the essential formalities indispensable to grant were omitted during the processing thereof.

Administrative nullity proceedings are heard by the President of the BPTO, who has final jurisdiction to rule on the matter.

The BIPL also establishes, in articles 56 and 57, the possibility of filing judicial nullity proceedings at any time during the term of the patent, either by the BPTO ex officio or by any person who has a legitimate interest.

In addition, an infringement action may also be brought against the infringer of a patent. The BIPL provides that infringement of patent rights constitutes both a civil wrong (tort) and a crime. Hence the injured party is entitled to rely on both civil and criminal measures in order to enforce its rights.

As for civil proceedings, the injured party may file a lawsuit seeking the cessation of the infringing act, coupled with a claim for damages. The lawsuit may include an ex parte preliminary injunction request, with a view to immediate cessation of the harmful conduct until a decision on the merits is rendered. In order to obtain a preliminary injunction, the plaintiff must demonstrate a prima facie case that there is a likelihood of success on the merits of the case and that delay in granting the relief sought would be likely to give rise to harm that is irreparable or very difficult to redress.

The plaintiff may also seek the imposition of a daily penalty for failure to abide by the preliminary injunction. If the interim relief sought is granted, the defendant will be restrained from practising the infringing act pending a final and definitive ruling on the substantive lawsuit. In some circumstances, a court will only grant interim injunctive relief if the petitioner posts a bond or a fiduciary guarantee to cover any losses incurred by the respondent.

A criminal action requires the filing of a criminal complaint. In terms of criminal proceedings, one very important provision is the possibility of filing a preliminary criminal search and seizure action, aimed at gathering evidence of acts of infringement and avoiding the destruction or hiding of evidence by the infringer. Pursuing a preliminary criminal search and seizure action is normally more straightforward than undergoing the more complicated civil proceeding of early production of evidence. Given that it is possible to rely both in civil and criminal proceedings on the evidence obtained under a search and seizure warrant, an application for preliminary criminal search and seizure is frequently a useful starting point for civil infringement proceedings as well as for criminal proceedings per se.

Finally, infringement actions must be filed before state courts, as the BPTO does not participate in such proceedings, whereas the nullity actions are heard by federal courts. This is because the BPTO is automatically a party to all nullity actions, and whenever a government agency is a party to a lawsuit, the action must be filed before federal courts. Nullity actions are usually filed in Rio de Janeiro, where the headquarters of the BPTO are located.

The entry level (first instance) of the Federal Court of Rio de Janeiro has four courts specialising in intellectual property. At the appeal level, the Regional Federal Court of the Second Region, which has jurisdiction over the states of Rio de Janeiro and Espirito Santo, has two specialist panels for intellectual property.

**Trial format and timing**

Infringement and nullity actions are heard by a single judge at first instance. The appellate courts (second instance) consist of panels of three judges.

Once the initial complaint is filed, the defendant is notified to present its response within 15 days. The plaintiff may respond to the defendant’s answer within 10 days. There are usually two hearings at first instance: a conciliatory or preliminary hearing, at which the parties try to settle the case amicably; and an evidentiary hearing, at which the expert and the parties’ technical assistants may be cross-examined as to their findings in the event of a dispute between them (the relevant questions having been filed and responded to in writing prior to the hearing – the scope of the cross-examination being issues that remain in dispute), depositions are taken from the parties and the witnesses listed are heard. It is important to note that this second hearing occurs only in cases where there is a need for evidence to be produced.

At the close of the hearing, the judge may immediately make a decision or may direct that the parties submit final briefs. In the latter case, the judge will make the final order once he or she has considered the final briefs.
It is possible to file an appeal against this order to the State Court of Appeal. The final order on appeal of the State Court of Appeal may be challenged, provided certain legal requirements are met, by a further appeal, known as a ‘special’ appeal, to the Superior Court of Justice, or an ‘extraordinary’ appeal to the Federal Supreme Court.

A final decision on infringement and nullity actions may take between one and two years at first instance. A final decision at second instance may take up to two years. These time frames will vary according to the complexity of the case, and the state and court in which the lawsuit is filed. Preliminary injunctions may be granted immediately, provided the legal requirements are met.

**Proof requirements**

3 What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

To prove infringement, it is necessary for the plaintiff to make a direct comparison and demonstrate that the infringing product contains at least one of the independent patent claims and that it includes all the characteristics of said claim.

To prove nullity, it is necessary for the plaintiff to show that the patent does not satisfy at least one of the prerequisites for grant.

Concerning unenforceability, a patent is not enforceable against a supposed infringer when:

- the acts are performed privately and without commercial purpose, provided such acts did not result in prejudice to the economic interests of the patent owner;
- the acts are performed for experimental purposes, relating to studies or scientific or technological research;
- the products are related to the preparation of a medicine in individual cases by a qualified professional;
- the products are manufactured in accordance with a patent that has been placed on the internal market directly by the patent owner or with its consent;
- in the case of patents related to living matter, the living matter in question is used without economic purpose as the initial source of variation or propagation in order to obtain other products; and
- in the case of patents related to living matter, the product has been placed on the internal market by the patent owner or with its consent, provided the product is not used for commercial multiplication or propagation of the living matter.

A patent is also unenforceable when the supposed infringer, in good faith, had already made use of the object of the patent in Brazil prior to the filing date or the priority date of the patent application.

**Standing to sue**

4 Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

A patent infringement action can be brought by the owner of the patent. In a civil infringement action, the accused infringer, as defence, may assert facts that impede, modify or terminate the plaintiff’s rights and, in addition, if the legal prerequisites are duly met, may file a counterclaim against the plaintiff.

In relation to criminal actions, an allegation of nullity of the patent registration on which the action is based may be relied upon as a defence by the accused infringer.

In addition, the accused infringer may sustain that its use of the invention or model of utility does not infringe the patent. In this sense, articles 43 and 45 of the BIPL provide exceptions to patent infringement, such as:

- private acts without commercial purpose that do not jeopardise the economic interests of the patent owner;
- acts of experimental purposes in connection with scientific and technological studies and researches;
- preparation of a medicine in accordance with a medical prescription for individual cases;
- a product manufactured in accordance with a process or product patent that has been introduced onto the domestic market directly by the patent holder or with its consent;
- non-economic use of the patented product as an initial source of variation or propagation to obtain other products, in the case of patents related to living material;
- production of data and results of tests with the purpose of obtaining authorisation for commercialisation of the patent product after the term of the patent expires; and
- use in good faith of the object of the patent prior to the priority or filing date of the patent application.

**Inducement, and contributory and multiple party infringement**

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

According to the provisions of the BIPL, crimes against patents are determined to have been committed even when the violation does not affect all the claims of the patent or is restricted to the utilisation of means equivalent to the object of the patent.

In this sense, besides the manufacturing of a product or the using of a means or process that is the object of a patent without authorisation from the owner, it is also considered a crime against a patent in Brazil when anyone:

- exports, sells, displays or offers for sale, has in stock, conceals or receives, with a view to use for economic purposes, a product manufactured in violation of a patent, or obtained by a patented means or process;
- imports a product that is the object of a patent, or obtained by a means or process patented in Brazil, with a view to use for economic purposes, and that has not been placed on the foreign market directly by the patent owner or with its consent; or
- supplies a component of a patented product, or material or equipment to execute a patented process, provided that the final application of the component, material or equipment leads necessarily to the exploitation of the object of the patent.

**Joinder of multiple defendants**

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

In accordance with the Brazilian Civil Procedure Code (CPC), multiple parties can be joined as defendants in the same infringement lawsuit when:

- they possess equal rights or obligations relating to the issue;
- the rights or the obligations derive from the same fact or legal ground, for example infringement of the same patent;
- the issue involving each defendant is connected by the object or the cause of action; and
- there are similar questions due to a common point of fact or law.

In addition, the CPC requires that multiple parties be joined as defendants in the same lawsuit when, by provision of law or by the nature of
the legal relationship, the judge has to decide the matter uniformly for all parties. In this hypothesis, the effectiveness of the decision depends on the summons of all joint parties in the lawsuit.

Infringement by foreign activities
7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

The patent rights granted by the BPTO are valid within Brazilian territory. According to the Bipl, a patent confers on its owner the right to prevent a third party, without the owner’s consent, from producing, using, offering for sale, selling or importing for these purposes a product that is the object of the patent or a process or a product directly obtained by a patented process. In order to support a charge of patent infringement, the production, use, offer for sale, sale or importation referred to must be within the Brazilian territory.

Infringement by equivalents
8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

In Brazil, infringement may occur in three different ways: literal infringement – when any single claim of a patent reads on the item or process under review of any interested (third) party, such that the item or process has all of the elements listed in the claim. This type of infringement is established if any one of the claims reads on the infringing product. Even if the product or process incorporates additional elements that may be patentable, literal infringement may be alleged by the patentee. In order for a product or process to avoid infringement of a prior patent, the product or process under consideration must not have at least one element recited in each claim of the patent; doctrine of equivalents infringement – this doctrine may be invoked by a patentee against the producer of a later device if the later device performs substantially the same function in substantially the same way, to obtain the same result. Further, although this doctrine extends the claims beyond their literal words, it does not prevent the manufacture, use, or sale by others of every device that is generally similar to the patented invention. Last, it is important to note that the concept of equivalence does not apply to a structure that is specifically excluded from the scope of the claims; or contributory infringement – in order for a contributory infringement to be characterised, the following situation should occur:

- the means offered or provided by the infringer for contribution relate to a significant element of the protected object by intellectual property rights;
- said means has to be for an infringing use; and
- at the time of offering or providing, the suitability and intended use are known to the supplier or it is obvious under the circumstances.

Discovery of evidence
9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

The CPC states that the plaintiff may draw on all legal and morally legitimate means of proving the existence of the rights asserted. It makes specific reference to ‘personal deposition’ (the giving of oral evidence by the person or persons asserting the rights); the exhibition of documents or other material; witness testimony; expert evidence; and court inspections.

In addition, the CPC permits the court to direct early production of evidence. A party is therefore entitled, for example, to make an application for the production of expert evidence prior to the filing of the substantive lawsuit (or, post-filing, at an early stage of the proceedings). The plaintiff must demonstrate solid reasons for the application, for example, that there are reasonable grounds for fearing that, in the absence of an order for early production, the evidence in question may be lost or destroyed.

However, discovery, in the form that exists in common law systems as a pretrial phase in a lawsuit, is not provided for in the Brazilian legal system.

Litigation timetable
10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

A final decision on infringement and nullity actions may take between one and two years at first instance.

A final decision on second instance may take up to two years. Appeals to the Superior Court of Justice or to the Federal Supreme Court are estimated to take between two and four years to be analysed and have decisions issued.

These time frames will vary according to the complexity of the case, and the state and court in which the lawsuit is filed. Preliminary injunctions may be granted immediately, provided the legal requirements are met.

Litigation costs
11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The cost range depends on the complexity of the case. In Brazil there are law firms that charge professional fees on an hourly basis and others that base their fees on the events that occur during the lawsuit (eg, filing the court action, obtaining a favourable injunction decision, appealing a decision). A success fee is also usually charged.

Court appeals
12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

The CPC sets out various avenues of appeal to which parties may resort. There are both appeals on the merits (substantive issue) of a case and appeals on procedural grounds or relating to questions other than the substantive issue. The possible forms of appeal include motions based on conflicting case law, motions for clarification of the ruling and appeals based on internal court rules. The final decision of the first instance court, for example, may be challenged on appeal before the State Court of Appeal by means of an apelação. From the Appellate Court, a further appeal is possible on issues pertaining to federal law, to the Superior Court of Justice or, in the event of a constitutional issue arising, to the Federal Supreme Court.

The appeal courts consist of panels of three judges.

As for new evidence at the appellate stage, although the CPC, in article 434, indicates that the moment for a party to present evidence is at the first opportunity it has to communicate in the lawsuit, following the provisions of article 435, the production of documentary evidence as to supervening facts is permitted at any time.
Competition considerations

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

The enforcement of patent rights exposes the owner to liability in the sense that, should the accused infringer not be considered guilty, it may allege that such action was an act of unfair competition by the patent holder as, in accordance with article 195 of the BIPL, a person is guilty of unfair competition when, among other situations, with the purpose of obtaining some advantage, she or he publishes, by any means, false statements to the detriment of a competitor, or provides or divulges false information about the competitor.

In addition, the BIPL prescribes, in article 209, for the aggrieved party the right to recover damages for losses caused by acts of unfair competition that prejudiced the aggrieved party’s reputation or business, created confusion among commercial or industrial establishments or service providers, or among the products and services placed on the market.

Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

The BIPL does not have any provision related to alternative dispute resolution. Arbitration proceedings, which are governed by the Arbitration Law (Law No. 9,307, of 23 September 1996), are not commonly used in trademark and patent infringement cases, but the parties may agree to arbitration instead of resorting to the courts. Among the possible benefits of using arbitration are the comparative speed of proceedings and their confidentiality.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

According to article 2 of the Brazilian Industrial Property Law (BIPL), the protection of rights relating to industrial property, taking into account the interests of society and the technological and economic development of the country, is effected by means of the grant of patents of invention (article 8 of the BIPL) and utility model patents (article 9 of the BIPL).

In article 10, the BIPL established that schemes, plans, principles or methods of a commercial, accounting, financial, educational, publishing, lottery or fiscal nature, computer programs per se, and operating or surgical techniques and therapeutic or diagnostic methods, for use on the human or animal body, are not considered to be inventions or utility models.

Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

According to article 88 of the BIPL, an invention or utility model will belong exclusively to the employer when it results from work performed in Brazil in accordance with an employment contract, the object of which is research or the exercise of inventive activity or when the invention or model results from the nature of the services for which the employee was hired.

However, article 90 of the BIPL states that an invention or utility model developed by an employee will belong exclusively to the employee if it is unconnected to his or her employment contract and when it does not result from the use of resources, means, data, materials, installations or equipment of the employer.

An independent contractor may be deemed equivalent to an employee when it pays the developer (employee) to produce the invention. The employee will always need to be appointed as the inventor.

When there are multiple inventors, all of them must be appointed as inventors. Ownership of the invention will depend on the specific circumstances of the case. Article 6 of the BIPL states that the author of an invention or of a utility model is legally entitled to obtain a patent that guarantees him or her ownership, under the terms established by this law. Further, paragraph 3 of this article states that, when an invention or utility model is created jointly by two or more persons, the patent may be applied for by all or any one of them, by naming the others to guarantee their respective rights.

Regarding inventions resulting from a joint venture, ownership will depend on the specific terms set in the agreement. In the absence of ownership provisions, the invention will be jointly owned by the parties of the joint venture.

Finally, patent ownership is officially recorded at the time of a patent filing before the Brazilian Patent and Trademark Office. However, if ownership changes, it is possible to have the assignment recorded. A simple assignment document, signed by both parties, notarised and legalised, is necessary for this purpose.

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

According to article 51 of the Brazilian Industrial Property Law (BIPL), an administrative nullity procedure may be filed before the Brazilian Patent and Trademark Office (BPTO) by third parties that have a legitimate interest within six months commencing with the date of grant of the patent.

Furthermore, according to article 50 of the BIPL, the nullity of a patent can be declared administratively when:
- any of the legal requisites for grant have not been met;
- the specification and the claims do not meet legal provisions;
- the subject of protection of the patent extends beyond the contents of the application as originally filed; or
- any of the essential formalities for grant were omitted during prosecution.

Last, according to article 56 of the BIPL, a nullity court action can be filed before the Brazilian Federal Court at any time during the term of a patent by the BPTO or by any legitimately interested party. The nullity of a patent may be argued, at any time, as matter for defence.

Nullity court actions are heard by federal courts. This is because the BPTO is automatically a party to all nullity actions, and whenever a government agency is a party to a lawsuit, the action must be filed before federal courts.

The entry level (first instance) of the Federal Court of Rio de Janeiro has four courts specialising in intellectual property. At the appeal level, the Regional Federal Court of the Second Region, with jurisdiction over the states of Rio de Janeiro and Espirito Santo, has two specialist panels for intellectual property.
Absolute novelty requirement

Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

In Brazil, there is an ‘absolute novelty’ requirement for patentability. According to article 11 of the BIPL, inventions and utility models are considered to be new when they do not form part of the existing state of the art. The state of the art comprises everything made accessible to the public before the date of filing of a patent application, by written or oral description, by use or any other means, in Brazil or abroad. Further, for the purpose of determining novelty, the whole contents of an application filed in Brazil, but not yet published, will be considered as state of the art as from the date of filing, or from the priority claimed, provided that it is published, even though subsequently.

However, there are exceptions to the ‘absolute novelty’ requirement for patentability. These exceptions are described in article 12 of the BIPL. The disclosure of an invention or utility model that occurs during the 12 months preceding the date of filing or priority of the patent application will not be considered as part of the state of the art, provided such disclosure is made:

- by the inventor;
- by the BPETO, by means of the official publication of a patent application filed without the consent of the inventor and based on information obtained from him or her or as a result of his or her acts; or
- by third parties, on the basis of information received directly or indirectly from the inventor or as the result of his or her acts.

Obviousness or inventiveness test

What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

Article 13 of the BIPL states that an invention shall be taken to involve inventive activity when, for a person skilled in the art, it does not derive in an evident or obvious manner from the state of the art. In order, therefore, to assess the existence of inventive activity it is necessary to establish whether a person skilled in the art, knowing the prior art citations taken into account for examination, would have been motivated to carry out the combination or modifications necessary to achieve the invention in question. Such an assessment is based only on documents published before the date of filing or priority of the application.

The BPETO essentially takes the view that there is an absence of inventiveness when, following examination of two combined documents on the related prior state of art, there is found to be no new technical effect achieved by the invention. The following are examples of factors that may indicate lack of inventiveness:

- the mere choice or change of materials whose properties are known;
- simple change of shape or proportion; and
- the mere juxtaposition of known means.

In Brazil, utility model patents are also subjected to substantive examination, and according to article 9 of the BIPL, an object of practical use, or part thereof, is patentable as a utility model, when it is capable of industrial application; presents a new shape or arrangement and involves an inventive act that results in a functional improvement in use or manufacture. Article 14 of the BIPL states that a utility model shall be taken to involve an inventive act when, for a person skilled in the art, it does not derive in a common or usual manner from the state of the art.

In practical terms, the new shape or arrangement should be the result of the inventive step that characterises an unusual difference between the object of the utility model and the prior art. Said difference should not be ordinary, usual, normal, or trivial to a person skilled in the art.

The assessment of the inventive step of a utility model patent is undertaken preferably using only one prior art document. In some situations where constructive details of the subject can be found in a complementary way in another prior art document, said other document can be used to disfigure the inventive step of the application in question, with the proviso that said document contemplates construction details of the subject under analysis.

Patent unenforceability

Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

The BIPL provides, in articles 43 and 45, exceptions to patent infringement, such as:

- private acts without commercial purpose that do not jeopardise the economic interests of the patent holder;
- acts of experimental purposes in connection with scientific and technological studies and research;
- preparation of a medicine in accordance with a medical prescription for individual cases;
- a product manufactured in accordance with a process or product patent that has been introduced onto the domestic market directly by the patent holder or with his or her consent;
- non-economic use of the patented product as an initial source of variation or propagation to obtain other products, in the case of patents related to living material;
- production of data and results of tests with the purpose of obtaining authorisation for commercialisation of the patent product after the term of the patent expires; and
- use, in good faith, of the object of the patent prior to the priority or filing date of the patent application.

Prior user defence

Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

The BIPL states in article 43 that the right to prevent third parties from manufacturing, using, offering for sale, selling or importing for such purposes a patented subject (product or process) without the consent of its proprietor does not apply to:

- acts practised by unauthorised third parties privately and without commercial ends;
- acts practised by unauthorised third parties for experimental purposes;
- the preparation of a medicine according to a medical prescription for individual cases;
- a product manufactured in accordance with a process or product patent that has been placed on the internal market directly by the patentee or with his consent;
- third parties who, in the case of patents related to living matter, use, without economic ends, the patented product as the initial source of variation or propagation for obtaining other products; and
- third parties who, in the case of patents related to living matter, use, place in circulation or commercialise a patented product that has been introduced lawfully onto the market by the patentee or his or her licensee, provided that the patented product is not used for commercial multiplication or propagation of the living matter in question.
The BIPL also determines in article 45 that any prior user, namely any person who in good faith, prior to the date of filing or of priority of a patent application, makes use of the patented subject in Brazil, will be guaranteed, without prejudice, the right to continue using in the same manner and subject to the same conditions.

**REMEDIES**

**Monetary remedies for infringement**

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

In Brazil, according to article 210 of the Brazilian Industrial Property Law (BIPL), damages are fixed on the basis of the criterion that is the most beneficial to the injured party, chosen from the following list:

- the benefit that the injured party would have obtained if the violation had not occurred;
- the benefit actually obtained by the perpetrator of the violation of the rights; or
- the remuneration that the perpetrator of the violation would have paid to the owner of the violated right throughout the granting of a licence that would have allowed him or her to lawfully exploit the property.

Damages accrue from the moment the unauthorised exploitation of the injured party’s patent has started.

**Injunctions against infringement**

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

The infringement lawsuit may include an ex parte preliminary injunction application with a view to immediate cessation of the harmful conduct until a decision on the merits is rendered. In order to obtain a preliminary injunction, the plaintiff must demonstrate a prima facie case, that is, that there is a likelihood of success on the merits of the case, and that delay in granting the relief sought would be likely to give rise to harm that is irreparable or very difficult to redress.

The plaintiff may also seek the imposition of a daily penalty for failure to abide by the preliminary injunction. If the interim relief sought is granted, the defendant will be restrained from practising the infringing act pending a final and definitive ruling on the substantive lawsuit. In some circumstances, a court will only grant interim injunctive relief if the petitioner posts a bond or a fiduciary guarantee to cover any losses incurred by the respondent.

According to Brazilian legislation, any decision issued in a lawsuit is only binding on the parties involved in the matter and is not effective against third parties.

**Banning importation of infringing products**

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The BIPL classifies as a crime against an invention or utility model patent the importation of a product that is the object of an invention or utility model patent, or obtained by a means or process patented in Brazil, with a view to use for economic purposes, and that has not been placed on the foreign market directly by the patent owner or with his or her consent.

Contrary to what occurs in respect to trademarks, however, there is no specific provision in Brazilian law allowing the Brazilian customs authorities to seize goods based on the violation of a patent.

There is no special tribunal to process the importation of infringing products in Brazil.

**Attorneys’ fees**

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

A successful litigant can recover costs and attorneys’ fees from the losing party when the judgment become final and binding, namely when it becomes res judicata.

**Wilful infringement**

26 Are additional remedies available against a deliberate or willful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of willful infringement?

As a rule, there is no distinction in Brazil as to whether the infringement of a patent right was wilful. Hence no specific defences are open to wilful infringers.

**Time limits for lawsuits**

27 What is the time limit for seeking a remedy for patent infringement?

According to article 225 of the BIPL, the limitation period for an action to remedy damage caused to an industrial property right, such as patent rights, is five years.

**Patent marking**

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

No. A patent holder can choose whether to mark its patented products. There are no consequences for not marking the products. On the other hand, the product cannot be marked as patented while the patent application is still pending; in this case, the mark must be ‘patent pending’ or a similar expression. False patent marking is a crime in Brazil according to the BIPL.

**LICENSING**

**Voluntary licensing**

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

According to articles 61 to 63 of the Brazilian Industrial Property Law (BIPL), the patent holder or the applicant may enter into a patent licence agreement. Both granted patents and patent applications can be licensed in Brazil.

These licence agreements must be registered at the Brazilian Patent and Trademark Office (BPTO) in order to produce effects in relation to third parties.

Also of note is that the remittance of payments abroad will only be allowed after the licensed right has been granted by the BPTO.

Licences can be recorded at the BPTO for a fixed period of time and within a determined area, on a remunerated or free-of-charge basis.
Nevertheless, restrictions on payments resulting from an international licensing relationship may apply.

An example of this is the limitation on payments of fees between local subsidiaries and a foreign company with a majority stake. These limitations are based on the BPPO’s interpretation of a complex tax legislation, mainly dating from the late 1950s.

Compulsory licences

30 Are there any procedures to expedite patent prosecution?

Currently, there are three different types of BPPO procedures to expedite patent prosecution.

Article 2 of Resolution 151/2015 provides:

Article 2: The expedited examination of the application may be requested:

1 by the applicant when:
   (a) the applicant is over 60 years of age;
   (b) when the object of the application is being reproduced by others without his consent;
   (c) the granting of the patent is a condition for obtaining financial resources from official national credit institutions, as an economic subsidy, financing or partnership, or originating from investment funds, for the use of the respective product or process; or
   (d) the applicant is a person with physical or mental disabilities or serious illness (according to article 69A of Brazilian Law 9,784).
2 by third parties, when they are being accused by the applicant of reproducing the object without the applicant’s consent.
3 by third parties, patent applicants or patent owners who own the granted technology.

Patent Prosecution Highway (PPH)

On 19 November 2015, the BPPO signed a PPH pilot programme with the United States Patent and Trademark Office (USPTO) for examination of patent applications. The pilot programme ran for two years (from 11 January 2016 to 10 January 2018). After this first experience, the Brazilian PTO has signed PPH agreements with the European Patent Office, regarding chemistry and medical devices inventions; the China National Intellectual Property Administration (CNIPA), related to information technology, packaging, measuring and chemistry inventions; the Japanese Patent Office, exclusively for IT inventions; and South American countries, in a project named PROSUR, which includes Argentina, Chile, Colombia, Costa Rica, Ecuador, Paraguay, Peru and Uruguay.

Resolution 153/15

This resolution was signed on 28 December 2015 by the BPPO in order to introduce the Brazilian Patent Priority pilot programme, which prioritises the examination of patent applications originating in Brazil and subsequently filed abroad.

Patent application contents

33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

According to article 24 of the Brazilian Industrial Property Law (BIPL), the specification of the patent application must describe the subject matter clearly and sufficiently so as to enable a person skilled in the art to carry it out. The application must, when applicable, indicate the best mode of execution.

Furthermore, the guidelines (directives) issued by the BPPO on the examination of patents stipulate that the disclosure must clearly identify the novelty of the invention or utility model and highlight the achieved technical effect (patents of invention) or the achieved new shape or arrangement (utility models).

The description must contain the characteristics of the claims, namely it must sustain the set of claims completely and unequivocally.

Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

Normative Instruction No. 030/2013 establishes that the description of a patent application filed in Brazil must describe the prior art that could be considered relevant for the comprehension, search and examination of
said application, citing, whenever possible, the documents that contain such information highlighting the existing technical problems.

Exceptions to this regulation are:
- the absence of detectable prior art at the time of filing, which can be corrected by providing information at a further stage;
- the invention is a modification or improvement of a process or conventional device; and
- if there is absolutely no information available.

Pursuit of additional claims

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

The BIPL does not foresee the possibility of a later application to pursue additional claims to a previously filed invention. However, it is possible to file a certificate of addition to protect an improvement or development added to the subject matter of the patent of invention, even if lacking inventive activity, provided that it shares the same inventive concept. This certificate of addition is accessory to the patent and has the same expiry date. It accompanies the patent for all legal effects.

On the other hand, article 17 of the BIPL establishes that an application for a patent of invention or for a utility model originally filed in Brazil, without a priority claim and not yet published, will guarantee a right of priority to a later application in respect of the same subject matter filed in Brazil by the same applicant or by his or her successors, within the period of one year (known in Brazil as ‘internal priority’).

Even as a useful option to file a new application over an already filed application, this Brazilian internal priority will only be recognised for the subject matter that is disclosed in the earlier application and will not extend to any new matter that is introduced. The pending earlier application will be deemed definitively shelved and the patent application resulting from the division of an earlier application cannot serve as the basis for a priority claim.

Patent office appeals

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

Yes, in the event of a rejection decision being maintained at the administrative appeal stage of the BPTO, further action to contest the BPTO’s opinion may be filed before a federal court.

Oppositions or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

Yes, according to article 51 of the BIPL, an administrative nullity procedure may be commenced ex officio or by third parties having legitimate interest within six months, commencing with the grant of the patent.

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

Brazil follows the first-to-file principle. According to article 7 of the BIPL, if two or more authors have independently devised the same invention or utility model, the right to obtain a patent will be assured to whoever proves the earliest filing, independently of the dates of invention or creation. This article establishes that the withdrawal of an earlier filing without producing any effects will give priority to the first subsequent filing.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Article 46 of the BIPL rules that a patent is null when granted contrary to the provisions of the BIPL. According to article 49, in the event of the right to obtain a patent (article 6) not having been observed, the inventor may alternatively claim, in a court action, the adjudication of the patent.

The BIPL also makes provision for an administrative nullity procedure, which may be instituted ex officio or at the request of any person having a legitimate interest, within six months of the grant of the patent.

Another possibility given by the BIPL is to request the nullity of a patent by means of a nullity court action. It can be filed at any time during the term of a patent by the BPTO or by any legitimately interested party, and can be asserted, at any time, as matter for defence.

It is not possible to amend a claim once the patent has been granted but it is possible to revoke the patent entirely or remove one or more claims (in cases in which the legal requirements were not met by the entire patent or by specific claims) by means of an administrative nullity action (to be filed before the BPTO) or a nullity court action (to be filed before a federal court).

Patent duration

40 | How is the duration of patent protection determined?

According to article 40 of the BIPL, a patent of invention will have a term of 20 years and a utility model patent a term of 15 years, as from the filing date. However, also according to this article, there will be a minimum patent term of 10 years for patents of invention and seven years for utility model patents, counted from the date of grant, except when the BPTO is prevented from proceeding with the examination of the merits of the application owing to proven reasons of force majeure. In 2015, Brazil’s Attorney General proposed a Direct Action of Unconstitutionality challenging the constitutionality of such minimum patent term and the case is about to be decided by the Brazilian Supreme Court.

UPDATE AND TRENDS

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

In 2019, the Patent Department of the Brazilian Patent and Trademark Office (BPTO) initiated a Backlog Combat Plan aiming to reduce by 80 per cent, until 2021, the number of applications filed up to 31 December 2016, under examination and pending decision. In just over one year, the backlog was reduced by almost 50 per cent. At the beginning of the project, 149,921 applications were pending a decision, and on 1 December 2020, this number was reduced to 77,495.

In view of the success of the programme to reduce the backlog of patents and of phase II of the PPH programme, the Brazilian PTO decided to advance the date of initiation of phase II by one year and started it on 1 January 2021. Ordinance No. 404, of 21 December 2020, governs phase II of the PPH programme, which accepts applications from all technology fields. The main modifications brought in phase II in comparison to phase I are: (1) acceptance of the maximum of 600 applications per year (in phase I, the limit was 400 applications); (2) allowing 1 request per owner each week (in phase I, each owner was allowed to file one request per month); and (3) the decision of non-admission is unappealable (in phase I, it was possible to appeal in certain cases).
On 19 November 2020, the Brazilian National Health Surveillance Agency (ANVISA) published four manuals that bring the criteria of analysis to be followed by its specialists on the examination of patent applications for pharmaceutical products and processes, which are required to have prior consent from ANVISA to be granted, according to the rule prescribed in article 229-C of the Brazilian Industrial Property Law (Law No. 9,279/96). These manuals are intended to guide the agency’s professionals while examining patent applications covering pharmaceutical products and processes received from the BPTO, in addition to providing more transparency for applicants and their attorneys regarding the analysis process.

The BPTO has published, on 1 December 2020, the final version of its newest examination guidelines for biotechnology-related patent applications, after the public consultation carried out between February and April 2019, and the analysis of a specialist committee. The updated guidelines better define modifications related to the sufficiency of disclosure of biological sequence listings, such as the Markush formula of amino acid sequences, as well as the patentability requirements of degenerated nucleotide sequences, polyclonal antibodies, antibodies exposed to antigens, fully human monoclonal antibodies and antibodies fragments. The guidelines also elucidate the patentability of inventions related to human embryonic stem cells.

The BPTO published Ordinance No. 411 on 29 December 2020, which sets forth the new Guidelines for Examination of Patent Applications involving Computer Implemented Inventions. These Guidelines fully revoke previous Resolution No. 158, from 2016. The Guidelines have the purpose of updating the former Guidelines and to better define the scope of some terms such as ‘algorithm’, ‘computer programs’, ‘set of instructions’ and ‘expression of a set of instructions’. The Decree also foresees the possibility of patenting inventions directed to methods performed in an environment of Internet of Things (IoT), as well as inventions related to artificial intelligence (AI), encompassing machine learning and deep learning tools for solving technical problems, provided that the requirements of the Brazilian Law and rules are met. The Ordinance clarifies patentability permissions and bars that may potentially affect computer-implemented inventions. Among the topics covered by the Ordinance, it should be highlighted the items from article 10, of the Brazilian Industrial Property Law, which defines the objects that shall not be regarded as inventions in Brazil. Accordingly, the topics discussed in the present Guidelines are the following: mathematical methods; commercial, accounting, financial, educational, advertising, raffling and inspection methods; computer programs per se; presentation of information; and surgical techniques and methods, as well as therapeutic or diagnostic methods, for application on the human or animal body. The Ordinance also brings some general remarks on how the title, specification, claims and abstract for this specific type of patent application are expected to be formulated.

Coronavirus

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

On 7 April 2020, the Brazilian PTO published Ordinance No. 149/2020 aiming to expedite examination of patent applications with technologies related to the covid-19. The aforementioned Ordinance modifies the Brazilian PTO’s Resolution No. 239/2019, which already provides fast-track examination for applications related to rare diseases, AIDS, cancer and others, and will be in force until 30 June 2021. Therefore, all applications that comply with the requirements established by Resolution No. 239/2019 and that are related to pharmaceutical products and processes and equipment and/or materials for use in the diagnosis, prophylaxis, as well as treatment of covid-19, are eligible to file the request for fast-track examination until 30 June 2021.
PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts

What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

A patentee can enforce patent rights against an infringer by filing a patent infringement lawsuit with the civil court or file a patent law violation accusation to the local offices of the China National Intellectual Property Administration (CNIPA). CNIPA offices will decide whether there is an infringement, and if an infringement is found, the local CNIPA office can ask the infringer to stop the infringement, but it has no jurisdiction over damages for patent infringement.

There are specialised IP courts in Beijing, Shanghai and Guangzhou, in which a patent infringement lawsuit in each of these three jurisdictions must be brought to the corresponding IP court. There are also some specialised panels within local intermediate courts in which a patent infringement lawsuit must be brought. Where there is such a specialised court or panel, patent litigation within their jurisdictions (assigned by the Supreme Court) must be brought to these specialised courts or panels. Where there is no specialised court, the patent infringement lawsuit must be brought to the intermediate court of the city where the provincial government is located or the intermediate court that is designated by the Supreme Court. According to latest new rule from the Supreme Court, all appellate case of patent litigation shall be directly appealed to the Supreme Court.

Just for clarification, the patent infringement cases we discuss in this chapter do not include standard essential patents litigations, for which there are some special rules.

Trial format and timing

What is the format of a patent infringement trial?

In a patent lawsuit, all the parties must follow the guidance of the court. Each party may produce evidence and affidavits to the court, and the judge will make all decisions. The court usually focuses on the determination of infringement and damages. Statutorily allowed types of evidence are:

- statements of the parties;
- documentary evidence;
- physical evidence;
- videos and voice records;
- electronic data;
- witness testimony;
- the opinion of judicial appraisal; and
- investigation notes.

To that end, judicial appraisal opinion that compares technologies and live testimony made by technical experts are admissible and very persuasive to the court.

Cross-examination of witnesses is permitted, and without cross-examination the testimony of a witness will not be taken into consideration by the court. Experts are used in many patent cases. Each party can hire experts to explain specific technical matters. Judicial appraisal is also widely used by the court to assist the judge in determining the technical issues. All disputed issues will be decided by a judge, and there is no jury system in China. In some courts, technical investigation officers will assist the judge in making decisions related to technology.

The Civil Procedure Law provides that the first instance shall be finished within six months, but time spent on judicial appraisal will not be calculated in this time limit. Depending on the content and complexity of the case, it usually takes one-and-a-half to two years for a patent lawsuit to finish the first instance and obtain judgment.

Proof requirements

What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The patentee bears the burdens of proof for establishing each constitutional element of infringement, which means the patentee must prove that:

- its patent is valid;
- the accused product or process falls within the protection scope of the patent claims; and
- the accused infringer conducts at least one of the activities of manufacture, importing, offer for sale, sales or use of the accused product or process.

For a process patent to manufacture a new product, the accused producer should bear the burden of proof to produce evidence to prove the difference between the accused process and the patented process.

Anyone including the accused infringer can challenge the validity of a patent before the CNIPA. The party that challenges the validity of the patent has the burden of proving the patent is invalid by showing the patent’s lack of novelty or creativity, among other invalidation grounds.

There is no unenforceability issue of a patent in China, and all patents are enforceable unless the invalidity is proved.

Standing to sue

Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The patentee or the exclusive licensee (or both) may individually or jointly sue for patent infringement against an infringer. A non-exclusive licensee may also sue for patent infringement with special authorisation.
by the patentee; the non-exclusive licensee may join the patent infringement lawsuit initiated by the patentee as co-plaintiff.

Chinese laws do not provide that the accused infringer may bring a lawsuit on the accusation, and in practice, the Supreme Court sets the rules that the accused infringer, under certain prerequisites, may bring a lawsuit to obtain a judicial ruling to declare and confirm that the accused products will not infringe the patentee’s right. The prerequisites to initiate a non-infringement declaration are:

• that the patentee has sent a warning letter to the accused infringer or the distributors of the accused products;
• that the accused infringer urges the patentee to enforce the patent rights with proper jurisdiction; and
• that the patentee does not file a patent infringement lawsuit nor withdraws the warning letter within a reasonable period (one month after accused infringer received the warning or two months after the patentee sent out the notice).

Inducement, and contributory and multiple party infringement

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

The Patent Law does not provide for indirect infringement of a patent, and in practice, the court may find indirect infringement under certain conditions. There are three typical scenarios in which a party will be jointly liable for patent infringement:

• the party knows the product or process is protected by patents but still actively induces another party to implement such patented products or processes;
• the party knows that the products at issue are materials, equipment, parts or intermediates specially used to implement a patent, but still provides such products to another party to implement the patent; and
• the party conspires with other parties in patent infringement, and each party practises only some of the elements (or steps) of a patent claim, but together they practise all the elements (or steps).

In general, the inducing or assisting party will be jointly liable for patent infringement when there is actual patent infringement by the induced or assisted party. However, if the induced or assisted party is not liable for patent infringement owing to special defences, the inducing or assisting party may still be liable for patent infringement.

Joinder of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties can be joined as defendants in the same lawsuit. The requirements to join the defendants are that the defendants are essential to the lawsuit for the court to determine the key issues of the case and have a connection to the infringement on the same patent. The defendants that are making, using or selling the same products can be joined as defendants in the same lawsuit. Meanwhile, if the patentee only sues the seller of the accused product, the manufacturer may request to join the lawsuit so as to provide effective defence arguments. However, if the plaintiff opposes the decision to join the multiple defendants, the court may decide to join the related party as a third party in the lawsuit.

In China, courts will hear each patent as a separate case, so all the defendants must be accused of infringing the same patent.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Owing to the territoriality of patent rights, activities that take place outside of China will not be subject to the jurisdiction of a Chinese court. To violate China’s patent law, one of three conducts must happen in the territory of China: importation, offer for sale, use or sales. Therefore, a patentee has the right to prevent, for example, the import of a product protected by a Chinese product patent or process patent, even if such product is manufactured outside the jurisdiction of China.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

The Patent Law does not have provisions on the infringement by equivalents. The Supreme Court of China has issued an interpretation on the infringement by equivalents. According to this interpretation by the Supreme Court, an equivalent will be found if the technical feature in the accused product or process uses similar means, realises similar functions, achieves similar effects as the technical feature in the claim, and an ordinary person in the art may conceive such feature without creative work when the alleged infringement occurs.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

There is no discovery of evidence process in the Chinese judicial system. For obtaining evidence from an opponent, from third parties or from governmental authorities, the party may file a motion to request the court to collect evidence from the opponent, third parties or governmental authorities.

In some courts, such as Beijing courts, the lawyer may also request the court to issue an Evidence Investigation Order so that the lawyer may collect the relevant evidence from the above parties. Recently, Beijing courts have started to explore the possibility of establishing an evidence discovery rule. For evidence outside the country, the party with the burden of proof should obtain such evidence from the foreign country. The court may also request a foreign court to assist in the collection of evidence based on a reciprocal principle or international treaty in which China has participated.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The court will arrange a timetable for a patent infringement lawsuit as follows:

• both parties to produce evidence, witnesses and experts, which may take several months for multiple rounds;
• cross-examination, which may take one to two months;
• judicial appraisal and cross-examination of the judicial appraisal report, which may take three to five months;
• court arguments, which may take one to two months; and
• the court issues the judgment of first instance.

It will usually take 18 to 24 months for a patent infringement lawsuit in trial proceedings. For appellate proceedings, the process is quite similar to the first instance proceedings, but usually there will be no further judicial appraisal process. Appellate proceedings usually take about 12 months.
Litigation costs

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

For a patent infringement lawsuit, the typical costs include three parts:
- court fees to be charged by the court, which are calculated according to a gradient table, but are generally 0.2 per cent of the targeted amount of the subject matter;
- attorney fees, which will vary for different law firms, ranging from tens of thousands to millions of US dollars, depending on the complexity of the case; and
- investigation costs, judicial appraisal costs and other relevant costs.

Contingency fees are permitted, but it is not a common practice for patent lawsuits in China.

Court appeals

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

Following an adverse decision in a patent infringement lawsuit, a party may appeal to a higher-level court of the first instance court; the appellate court will be clarified in the judgment, usually at the end of the judgment. All appellate patent infringement cases (not including design patent cases) are subject to the jurisdiction of the Intellectual Property Division of the Supreme Court.

If new evidence was found after the first instance hearing, such new evidence is allowed at the appellate stage in China.

If the evidence existed and can be found and submitted by the appellant during the first instance proceedings, but the appellant did not submit the evidence on purpose or due to gross negligence, the court may refuse to consider such evidence in the appellate stage; for evidence that can prove fundamental facts of the case, the court may still allow such evidence but may impose certain penalties, such as a fine, on the appellant.

Competition considerations

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

If the patent owner enforces a patent in a wilful way, the patent owner will be exposed to liability for competition violation, unfair competition or a business-related tort, depending on the specific activities of the patent owner. For example, if the patent owner enforces the patent against other competitors knowing that the patent lacks novelty or inventive steps against prior art, the patent owner will be exposed to liability for a business-related tort.

In addition, the Anti-Trust Law provides that abuse of IP rights may possibly constitute monopolistic conduct. The State Administration for Market Regulation (SAMR), formerly the State Administration of Industry and Commerce, specifically promulgated ‘Rules Prohibiting Abuse of IP Rights to Exclude or Restrict Competition’, which provide that a market operator having a dominant position shall not in exercising its patent right exclude or restrict competition by restricting transactions, tying, adding unreasonable transactional conditions, discriminating in treatment or conduct the joint operation of patent rights to exclude or restrict competition. For violation of the above rules, the SAMR has the power to order a halt to the violation activity, confiscate illegal gains and impose a fine equal to 1 per cent to 10 per cent of the violator’s annual sales income of the previous year. The state may also issue further new guidance on anti-monopoly aspects of IP rights.

Further, the conduct of filing a lawsuit for patent infringement can also constitute an abuse if:
- the plaintiff knew that its patent was invalid, but still wilfully filed the lawsuit; or
- the plaintiff obtained preliminary injunction in the lawsuit, but the court eventually denied the accusation of patent infringement (the plaintiff should then pay the defendant damages caused by the injunction).

Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

For patent validity disputes, alternative dispute resolution measures such as arbitration, are not allowed; the parties can only resolve the validity disputes before the CNIPA. For patent disputes regarding infringement, ownership or damages, there is still different views whether the parties may submit disputes for arbitration; the majority opinion is that the parties can reach an arbitral agreement to resolve disputes through arbitration. For patent licence disputes, the parties may choose arbitration in the agreement to resolve disputes.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

There are certain subjects of inventions that cannot be granted patent protection in China. The following subjects are not entitled to patents:
- scientific discoveries;
- rules and methods of mental activities, such as software and business methods;
- methods for the diagnosis or the treatment of diseases, such as medical procedures;
- animal and plant varieties;
- substances obtained by means of nuclear transformation; and
- a design that is used primarily for the identification of a pattern, colour or a combination of the two on printed flat works.

Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

An invention made by a company employee during work or mainly using the material and technical means of the company will be considered as a service invention, and the company will own the patent on such invention, unless the company and the employee agree otherwise. For an invention made by multiple inventors, if it is not a service invention, the inventors will co-own the invention and co-own the patent on such invention. For an invention made by an independent contractor or a joint venture, the invention and the patent on such invention will be owned according to the agreement; if there is no agreement on ownership, the party that accomplishes the invention will own the invention and the patent on such invention.

Patent ownership and its transfer is officially recorded on the patent register, which is managed by CNIPA.

Anyone may request the CNIPA to issue a copy of the register regarding the patent’s ownership or its transfer.
DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

If a patent does not satisfy the requirements of the Patent Law of China, anyone may challenge the validity of a patent. The most frequently used grounds include:

• the patented claims lack novelty;
• the patented claims lack inventive steps;
• the patented claims are not supported by the description;
• the description does not fully disclose the invention;
• the modifications are not disclosed in the original application documents, and;
• the independent claim lacks essential features to resolve the technical problem.

The challenge of a patent validity must be submitted to the China National Intellectual Property Administration offices (CNIPA). The patentee or the challenger may appeal the decision of the CNIPA before the Beijing Intellectual Property Court for judicial review.

Absolute novelty requirement

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

There is an absolute novelty requirement for patentability in China, and any prior art in the world can be used to challenge the novelty of a patent granted in China. The Patent Law does not provide exceptions to the absolute novelty requirement for patentability.

Obviousness or inventiveness test

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The legal standard for determining obviousness or inventiveness is that the invention has prominent substantive features and represents a notable progression. If compared with the closest prior art, the distinguishing features have been taught by other prior art, which means there is motivation for a person skilled in the art to apply such features to the closest prior art to solve the same technical problems, then the invention would be considered as obvious over the prior art.

In practice, CNIPA usually adopts a three-step measure to decide whether an invention is ‘inventive’ or not:

• find the closest prior art;
• find the differences between the prior art and the applied patent; and
• conduct the teaching-suggestion-motivation test to decide the inventive steps, for example, if the difference is common knowledge, then CNIPA would conclude that the invention is not inventive.

Patent unenforceability

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

There are no grounds on which a valid patent will be deemed unenforceable owing to misconduct by the inventors or the patent owner under Chinese laws. If the patent right owner abuses the patent rights or illegally monopolises technology development, such as imposing restrictions on improvements to the patented technology, the patent right owner may be liable for business tort or the contract will be considered void.

Prior user defence

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

It is a defence if an accused infringer has been privately using the accused method or device prior to the filing date. If the prior use is before the filing date (priority date), the user may continue such use after the patent has been granted and the patentee’s licence is not needed (limited only to its original use scope and production capacity, with no expansion), if the prior use is after the filing date but before the publication date, the use will not be considered as infringement, but the user will have to stop such use after the patent has been granted.

The defence covers all sorts of patents; namely patents for inventions, utility models and designs. The defence is directed to commercial uses, and non-commercial use itself is not an infringement under the Patent Law.

REMEDIES

Monetary remedies for infringement

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Monetary damages are available against a patent infringer and will start to accrue from the date when the infringing activities start, and subject to the expiration of protection period of the patent.

The new Patent Law, which will become effective on 1 June 2021, provides that punitive damages will be applied if there is intentional or willful infringement and the punitive amount may be 1-5 times the fair compensation. Under the Patent Law, awards of damages should be ‘fair compensation’ and their calculation can be based on different measures. The court will apply these calculation measures in the following priority order:

• the actual losses of the patentee;
• the profits obtained from the infringement by the infringer;
• the royalties with reasonable times (usually one to three times, but this is not punitive damages in nature); or
• if all the above three measures are not feasible, damages will be 30,000 to 5,000,000 yuan, subject to the discretion of the judge.

The royalties should be the actual amount paid by an independent third party upon the same patent.

Injunctions against infringement

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Courts in China are generally very cautious in granting temporary injunctions. On 12 December 2018, however, the Supreme Court promulgated new rules regarding preservation in IP disputes, which became effective on 1 January 2019. Articles 6 and 7 provide the latest rules regarding how courts should review and approve requests for temporary injunctions; these new rules provide clearer standards for Chinese courts to follow.

Under current rules, if an infringement has been found by the court, it is usual practice to grant a permanent injunction against future infringement. If there will be harm to the patentee that cannot be
remedied by monetary compensation, the court may grant a preliminary injunction before granting the permanent injunction.

The injunction is directly targeted against the defendant, not other non-parties to the lawsuit. Therefore, in principle, an injunction will not be effective on a non-party.

**Banning importation of infringing products**

24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The patentee may register its patents with Customs, and Customs will block the importation of infringing products into China. The patentee may also provide information to Customs regarding specific infringing products so that Customs may block the infringing products. After Customs detains the infringing products, the patentee should file the patent infringement suit before the court; otherwise, Customs will release the detained products.

**Attorneys’ fees**

25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

The Patent Law provides that compensation for patent infringement should include the reasonable expenses of the patentees. These reasonable expenses will include the costs for the suit (such as evidence investigation costs and witnesses’ travelling and accommodation expenses) and attorneys’ fees. In practice, when a patent infringement is found, the court will grant patentees compensation to recover the costs and attorneys’ fees, and in most cases the patentee can only recover costs and attorneys’ fees partially.

If no patent infringement is found in a patent infringement suit, the accused infringer will not be granted compensation to recover its costs or attorneys’ fees.

**Wilful infringement**

26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

The Patent Law provides additional remedies against a deliberate or wilful infringement of patent rights. In practice the court will consider the facts if the infringement is deliberate or wilful when deciding the compensation for infringement.

The court will consider the facts on a case-by-case basis when deciding the deliberate or wilful patent infringement. For example, if an infringer has committed patent infringement repeatedly, such infringer will be found as deliberate and wilful patent infringement. The Patent Law provides punitive damages for wilful infringement and the Supreme Court may further clarify on how to determine the wilful and deliberate infringement.

The burden of proof for wilful infringement is on the patentee, and the accused infringer can use opinions of counsel as a defence to a charge of wilful infringement.

**Time limits for lawsuits**

27 | What is the time limit for seeking a remedy for patent infringement?

Under the current version of the Patent Law, the statute of limitation to seek a remedy for patent infringement is three years, which starts to count from the date the patentee knows or should have known about the infringing activities by the infringer. After the expiration of the statute of limitation, if the infringing activities are still ongoing, the patentee may still seek a remedy for injunction and compensation, but the patentee can only seek compensation for the previous three years from the filing date of the suit.

**Patent marking**

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

The patent holder has the right to mark its patented products, but no obligation to do so. The patent holder chooses to mark the patented products; the marks should include the types of the patents and the patent numbers. For false marking of other patents, the patent administrative department may order the correction of the false marking and impose a fine of up to four times the revenue obtained therefrom or 200,000 yuan.

**LICENSING**

**Voluntary licensing**

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

The Contract Law of China provides that a technology contract that illegally monopolises technologies and impedes technical progress will be null and void. For example, if the patent owner restricts the licensee to make improvements to the patented technology, or requests that the patent owner will share the improvements without any considerations, or the patent owner restricts the licensee to challenge the validity of the licensed patent, such restrictions will be null and void.

**Compulsory licences**

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

The patent administrative department may grant a compulsory licence to an invention patent or utility model patent upon the application of an eligible party under the following circumstances:

- if the patentee, after three years from the date when the patent is granted and four years from the filing date, fails to exploit or fully exploit the patent without any justifiable reason; or
- the patentee’s act of exercising patent rights is determined as a monopolising act.

The patent administrative department will decide the scope and period of a compulsory licence, and the royalty for the compulsory licence will be negotiated by the patent owner and licensee; if no agreement on the royalty can be reached, the patent administrative department will decide the royalty.

A request for a compulsory licence shall be filed to China National Intellectual Property Administration offices (CNIPA). In practice, CNIPA has never actually approved such a request.
**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**
31 How long does it typically take, and how much does it typically cost, to obtain a patent?

The Patent Law does not provide a statutory time limit to the patenting timetable. In practice, it will typically take two to three years to obtain a patent for invention, and about one year to obtain a patent for utility model or for design.

Costs usually include two parts:
- Official fees for China National Intellectual Property Administration offices (CNIPA). There is a list of various official fees for different process, totalling around US$500 for invention (there may be extra fees for highly complicated patent applications) and much less for utility models and design patents.
- Agency fees for patent prosecution matters. Depending on the agent and the technical solutions to be protected, these may vary from US$2,000 to $5,000.

**Expedited patent prosecution**
32 Are there any procedures to expedite patent prosecution?

There are programmes such as the Patent Prosecution Highway (PPH) in China. So far, the Chinese Patent Office has cooperation with the patent offices of the United States, the European Patent Office, the Japanese Patent Office and the Korean Patent Office in the PPH programme. Extra fees may be required for PPH, such as in the Korean Patent Office.

The CNIPA may expedite the patent prosecution process through the Rapid Examination Channel, which only apply to certain high technology areas.

**Patent application contents**
33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

For a patent application, the applicant must disclose the invention in a clear and complete manner, and the general standard for the clear and complete requirement is that a person in the art can repeat the invention. For example, the description should include the title of the invention, the technical field to which the invention belongs, the technical background of the invention, the content of the invention (technical problems to be resolved, solutions and technical effects), and figures to illustrate the invention. The Patent Examination Guidelines promulgated by the Chinese patent administrative department provide what to include in the application in details.

**Prior art disclosure obligations**
34 Must an inventor disclose prior art to the patent office examiner?

For applications for invention patents or utility model patents, the applicant should disclose the 'background technology' of the invention, but there is no compulsory requirement for the inventor to disclose prior art. Failure to disclose or not sufficiently disclose prior art will not affect the examination result or the validity of the patent.

**Pursuit of additional claims**
35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

The patent applicant may file one or more division applications to pursue additional claims to invention disclosed in an earlier filed application if the earlier patent application contains more than one invention. The content of the division applications shall not go beyond the original scope of the earlier filed application, and the claims in the division applications shall be directed to different inventions as claimed in the earlier application.

**Patent office appeals**
36 Is it possible to appeal an adverse decision by the patent office in a court of law?

For an adverse decision by the patent office, the applicant may appeal the decision to the Re-examination and Invalidation Department of the Patent Office (RIDPO), CNIPA. The RIDPO of the CNIPA upholds the decision of the patent office, the applicant may appeal the CNIPA's decision in a court of law. In China, all the CNIPA's decisions will be subject to the jurisdiction of Beijing Intellectual Property Court.

**Oppositions or protests to patents**
37 Does the patent office provide any mechanism for opposing the grant of a patent?

From the time the applicant files a patent application to the CNIPA patent office, any person may file a third-party opinion to the patent office to oppose the grant of a patent for invention. The third-party opinion shall be filed before the patent right is granted. The patent office will not respond to the party filing the third-party opinion, even if the third-party opinion is accepted by the patent office.

**Priority of invention**
38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The patent office does not provide any mechanism for resolving priority disputes between different applicants for the same invention. The applicants must negotiate and reach an agreement on priority disputes or go to court to resolve such priority disputes. If the applicants cannot reach an agreement, neither party will enjoy the priority for the same invention.

**Modification and re-examination of patents**
39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The patent office does not provide procedures for modifying, re-examining or revoking a patent. However, when any third party challenges the patent before the RIDPO of the CNIPA, the RIDPO of the CNIPA will re-examine the patent based on the reasons and evidence as submitted by the challenger, and at the same time, the patentee may amend the claims of the patent accordingly. The patentee may waive the patent right before the patent office. During a lawsuit, the court can only interpret the claim and has no authority to amend the patent claims.
Patent duration

40 | How is the duration of patent protection determined?

The duration of a patent right for invention is 20 years, and the duration of patent rights for utility models and patent rights for design is 10 years. The duration for the design patent will be 15 years under the new Patent Law, which will come into force on 1 June 2021. The duration will be calculated from the filing date of the patent application. The patent protection will start from the grant of the patent right rather than the filing date of the patent.

UPDATE AND TRENDS

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

The new Patent Law provides patent linkage system and patent term extension system, which will be further elaborated by the China National Intellectual Property Administration and the medical authorities.

Coronavirus

42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

To prevent and control the epidemic, in the past period, the on-site court hearing has been restricted, most of which has been changed to online remote hearing. Meanwhile, to further support the fight against the pandemic, the China National Intellectual Property Administration had released a policy in 2020 to encourage the application of the IP rights and facilitate financing mode based on the IP pledge so as to support the finance need to fight the covid-19 pandemic. If the company has the financing need, the company may apply for a loan based on the IP pledge.
PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

A patent holder may pursue civil or criminal actions either to stop or to prevent infringing acts. Before the Civil Procedure Law was reformed in 2012, there were no specialist civil courts. However, the procedure implemented in July 2012 provided the Superintendency of Industry and Commerce (SIC) with jurisdiction over infringement cases through an independent Judicial Division. The SIC is also where the Colombian Patent Office (CPO) resides. Civil actions may be pursued before the SIC (the preferred choice) or Civil Circuit Courts present in the larger cities. Criminal actions may be pursued before a specialised unit for intellectual property affairs (according to articles 306 and 307 of the Criminal Code); however, criminal infringement actions are extremely rare. If the infringer is a public servant or a government entity, the patent holder must file a lawsuit before the contentious administrative jurisdiction.

The SIC has become the principal venue to litigate infringements under the civil jurisdiction since it has proven to be very effective and reliable. However, according to its 2020 Annual Report, there was a 35 per cent annual decrease in complaints filed before the SIC (a total of 211 cases, including unfair competition, trademark and patent infringement cases compared to 322 complaints filed in 2019). This decrease may be related to the covid outbreak, given that the SIC was on hiatus from March to July 2020. The report pointed out that 203 IP proceedings were decided.

Trial format and timing

2. What is the format of a patent infringement trial?

Civil patent infringement trials can start with the filing of a request for preliminary injunctive relief, along with or before the filing of a complaint (injunctive relief can, however, be sought at any time during the process). It is possible to request and obtain preliminary injunctive relief without serving or hearing the counterpart. However, the SIC will typically serve notice on the defendant in most patent cases involving a preliminary injunction. Considering that invalidity cannot be contested during the infringement process, cases are typically settled once a preliminary injunction is issued.

Outside the complaint and reply, the procedure is mostly oral and follows these stages:

• preliminary injunction request (optional) and decision;
• filing of the complaint;
• admission and service of the complaint to the defendant;
• reply by the defendant;
• conciliation hearing, evidence gathering process and oral closing arguments;
• prejudicial interpretation of applicable Andean law before the Andean Court of Justice (ACJ) (the prejudicial interpretation is optional in a first instance stage; however, it will become mandatory during an appeal); and
• a final ruling.

A standard infringement case before the SIC may take anywhere between one and two years to reach a final ruling.

The following types of evidence are admissible:

• expert opinions and testimony provided by a party (which can be cross-examined);
• court-appointed expert opinions;
• site inspections; and
• requests for production of documents.

Affidavits are admissible, but the witness will most probably be ordered to provide oral testimony in order to provide the defendant with the opportunity to cross-examine and controvert its conclusions. Party experts may be local or foreign, academic or professional. They can also be employees, but the judge will naturally affect credibility due to bias.

In addition, Colombian procedural law provides ample discovery through pre-litigation discovery motions for site inspections, document production and depositions.

The parties may appeal an adverse decision from the SIC before the Bogota Superior Tribunal or from a Civil Circuit Court before a Superior Tribunal from the corresponding city where the complaint was filed. An appeal can take one to two years.

Criminal trials are restricted to natural persons, are essentially accusatory and are almost completely oral in nature. However, criminal patent infringement cases are very rare; instead, they are typically used to pursue piracy or counterfeit cases.

Proof requirements

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The burden of proof to demonstrate infringement for product claims lies on the plaintiff and the standard is clear and convincing. This burden may be reversed for method claims if the plaintiff can show: (1) the product obtained by means of the patented process is a new product, or (2) (a) a substantial likelihood that the process is being infringed and (b) reasonable steps were taken to determine if the infringement process was taking place. If the reversal is triggered, the defendant must demonstrate that its accused method is different from the patented one.
Standing to sue

Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Legal standing to sue for patent infringement cases is limited to: (1) any of the co-owners of the patent (individually and severally), unless otherwise agreed, or (2) under article 564 of the Commerce Code, the licensee, unless otherwise agreed and subject to prior notification to the patent owner.

Although extremely rare and not specifically contemplated under Colombian practice, whenever a patent infringement action has not yet been filed by the patent holder, a potential infringer may request a non-infringement declaration. Beyond a perceived threat (e.g., a cease and desist letter, a warning letter to customers), there is no specific conduct that must be alleged or shown to have standing for such declaratory action. There may be some forum-shopping advantages for a potential defendant if there is a benefit to remove the case from the SIC to a civil court.

Inducement, and contributory and multiple party infringement

To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Colombian IP law (Andean Decision 486) does not specifically contemplate the figure of inducement or contributory infringement. There is likewise no case law on this point. However, article 238 of Decision 486 provides that a patent holder may seek protection against acts that present the imminence of infringement. Under a broad interpretation of ‘imminence’, a patentholder could argue that acts of inducement present a high risk of infringement and hence could be stopped.

Multiple-party infringement of a single claim is not specifically contemplated, nor is there case law on this point. However, as noted above, it is possible that a broad interpretation of article 238 may also allow the patent holder to pursue different actors that may be contributing in a concerted fashion to materialise the infringement.

Joiner of multiple defendants

Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

The plaintiff may join various infringers in a single complaint, insofar as they have some responsibility in the infringing conduct (e.g., offer for sale, sale, use, manufacture or importation) and the conducts are related to the violation of the same patent or patents.

To the best of our knowledge, there are two recent cases (2015 and 2019) where the plaintiffs filed patent infringement lawsuits against various companies comprising a joint venture that collectively used a patent-protected invention. The lawsuits and preliminary injunction request named all the companies as defendants. The lawsuits were successfully admitted by the SIC and a Civil Circuit Judge of Bogota.

Infringement by foreign activities

To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Under the general territoriality rule applicable under Decision 486, the scope of patent protection is limited to acts taking place in Colombia, including importation. However, a Colombian court may also prevent the importation of a product resulting directly from a process patented in Colombia, even where such a process took place outside of Colombia.

Infringement by equivalents

To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Andean Decision 486 (IP law in Colombia) does not specifically contemplate the doctrine of equivalents. There is, likewise, no case law on the point; at best, a plaintiff may seek a broad interpretation of the terms in the claims. The patent specification, drawings and examples may be used to interpret the scope of the claims as granted. Additionally, prosecution history and closely related prior art could be used persuasively by the defendant to limit any such broad interpretation.

Discovery of evidence

What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Colombian procedural law provides pre-litigation evidence preservation mechanisms, such as preliminary injunctions seeking to preserve a given document or the lien of a given product or goods that may serve as evidence of any sort of conduct or fact. It is also possible to request pre-litigation discovery motions for site inspections, document production or depositions, witness testimonies or expert opinions. There are also broader evidence-gathering requests that can be made once a complaint is filed. Both pre-litigation and post-complaint evidence gathering may be requested outside Colombia and against third parties. Failure to comply in certain cases will allow the court to draw adverse inferences.

Pre-litigation evidence-gathering procedures may be requested by anyone who is a potential plaintiff or defendant in a future judicial proceeding. For patent infringement actions, the SIC also has jurisdiction over pre-litigation evidence motions and has become the principal venue for doing so since it has proven to be very effective and it is the specialist court for IP matters.

Litigation timetable

What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

According to official statistics published by the Chief of the Jurisdictional Department at the SIC in 2014, a standard patent infringement case litigated before the SIC may take from five months to one year to reach a first-instance decision. A second-instance decision may take approximately two more years. Preliminary injunctions are available and may be obtained any time between two weeks and one month if it is requested before the SIC. A PI request may take from one to three months to reach a decision before civil circuit judges.

There are no updated statistics that are publicly available.
Litigation costs

11. What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs of prosecuting an infringement lawsuit vary depending on the complexity of the case and are normally invoiced on an hourly basis. Excluding the invalidity portion, in terms of an average case, it is reasonable to budget anywhere between US$50,000 and US$150,000 for a one-three-year period, covering pre-litigation and the first instance. Reaching a settlement could significantly reduce costs. For the second instance, it would be prudent to budget US$50,000 to US$100,000 over a one- to two-year period. The cost of an invalidity suit will vary greatly, depending on the amount of evidence that requires processing and on the complexity of the case. A prudent budget would range between US$75,000 and US$250,000 over a four-year period.

Contingency fees are permitted and also vary depending on the complexity of each case, and are generally in the range of 10 to 30 per cent of the amount of damages recovered. The National Bar prohibits contingency fees exceeding 50 per cent.

Court appeals

12. What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

The parties may appeal an adverse infringement decision from the SIC before the Bogota Superior Tribunal, while an adverse decision from a civil circuit judge may be appealed before a Superior Tribunal from the city where the complaint was filed. Infringement cases, by petition of a party, may eventually be selected to be heard by the Supreme Court. Invalidity suits are single-instance procedures before the Council of State and no appeals are available. This will change in 2022 due to a recent amendment to the Colombian Administrative Procedural Code.

A second-instance decision may take approximately one to two more years to obtain a final decision.

New evidence at second instance is allowed in Colombian Procedural Law in the following cases:

• when all parties agree on the request of new evidence;
• when such evidence was requested and accepted by the judge at first instance but, through no fault of the requesting party, the evidence was not presented;
• when it tends to prove facts that occurred after requesting said evidence at the proper opportunity during the first instance; and
• when it relates to documentary evidence that was not able to be provided at first instance because of unforeseen circumstances or force majeure.

In addition, the judge has the discretion to request any additional evidence considered useful to issue a final ruling.

Competition considerations

13. To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

IP rights are a legitimate exception to free-market rights. Patent rights, however, are not absolute rights and are limited to the scope of the claims as granted. In that sense, for example, making an unduly broad interpretation of the granted claims could be interpreted by the defendant as an abuse of IP rights, providing an alleged infringer with legal standing to seek relief relying on unfair competition arguments. From an antitrust perspective, if the patent holder has a dominant position in a relevant market, an abusive exercise of its patent rights could be taken as an abuse of dominant position. To the best of our knowledge, neither the courts nor the antitrust authorities have issued a decision on this issue. However, on 11 December 2020, the Andean Court of Justice issued a Prejudicial Interpretation (02-IP-2019) in an Ecuadorian case that develops sham litigation using patent infringement preliminary injunctions as a basis for an antitrust violation.

Alternative dispute resolution

14. To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Disputes regarding patent infringement or patent unenforceability may be resolved by conciliation or arbitration. However, invalidity issues are, for the time being, not considered by the Colombian arbitration bar as subject of local ADR mechanisms because they are considered exclusive subject matter for the Council of State (Supreme Court for administrative matters). There is ample discussion surrounding this topic and a more flexible approach is being studied by the arbitration bar. However, until this happens, arbitration is not seen as a viable option to resolve a patent dispute where invalidity issues are under discussion.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15. Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

As a general rule and pursuant to the TRIPS Agreement, Colombian authorities have to provide patent protection for inventions in all fields of technology (article 14 of Decision 486). However, there are certain limited exceptions to that rule either in the form of subject matter that is not considered an invention (article 15 of Decision 486) or that is excluded from patentability (article 20 of Decision 486). Business methods are not considered inventions and medical procedures (for treatment or diagnosis) are expressly excluded from patentability. Software as such is not considered an invention; it is protected by copyright (Andean Decision 351 of 1993). However, computer-implemented inventions are patentable insofar as they provide a technical contribution. According to the position of the Andean Court of Justice (ACJ) and article 21 of Decision 486, use and second-use claims are not patentable subject matter, not even if drafted in the Swiss-type format.

Patent ownership

16. Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

The right to a patent belongs to the inventor (individual) and may be transferred to third parties by written assignment or succession in title (to an individual or a corporation). There is a presumption of assignment for inventions developed within the framework of an employment relationship or performed by an independent contractor (article 539 of the Colombian Commercial Code and article 29 of Law 1450 of 2011). A copy of the employment contract will suffice. Multiple inventors share the right to patent the invention in the same proportion unless otherwise agreed. For joint ventures, the patent can be assigned jointly to each company constituting the joint venture in the proportion previously agreed. As a joint venture is not considered a legal person, it may not be a holder of a patent right (article 22 of Decision 486). Any of the
companies in a joint venture or co-owners may initiate a patent infringe-
ment lawsuit against third parties, regardless of the percentage of the patent held (article 238 of Decision 486).

Patent ownership is officially recorded when the assignment document from the inventor to the applicant is filed with the patent application before the Patent Office. Ownership is transferred upon execution of the assignment documents.

DEFENCES

Patent invalidity

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

Invalidity does not provide grounds for a defence within an infringe-
ment case (Colombia has a bifurcated system). Instead, the defendant in an infringement action seeking to invalidate the patent must bring a separate lawsuit (Annulment Action) against the Colombian Patent Office (CPO) before the Council of State and request the joinder of the patent holder as an interested third party. The Council of State is the highest court in charge of reviewing the legality of administrative acts. The annulment action is a single instance procedure with no appeal available. However, this procedure will change in 2022 due to a recent amendment of our Administrative Procedural Code. Seeking to expedite this procedure, the Annulment Action will have a double instance and will have to be brought before the Administrative Superior Tribunal of Cundinamarca, and the appeal will be known by the Council of State.

The purpose of an invalidity complaint is to demonstrate that the resolution that granted the patent was issued in violation of the Colombian Constitution, Decision 486 or any procedural or substantive Colombian law.

According to the Colombian Administrative Procedural Code (Law 1,437 of 2011, in force from 2 July 2012), a typical annulment action for a patent case involves:

- filing of the complaint;
- admission and service on the defendant (CPO) and the interested third party (the patent holder);
- formal reply by the CPO and the patent holder;
- preliminary hearing, comprising the agreement on the facts to be litigated and the opening of the evidence gathering stage;
- evidence gathering process;
- evidence hearing (up to 15 consecutive days);
- closing arguments hearing;
- mandatory prejudicial interpretation of applicable Andean law before the AC; and
- final ruling.

With the exception of the complaint and reply, the foregoing procedure is almost completely oral and intended to last less than two years. However, a reasonable expectation is that in reality the overall procedure will take anywhere between four and six years depending on the complexity of the case, the amount of evidence that has to be gathered and, of course, the usual court backlog.

The Annulment Action will not automatically stay the infringe-
ment proceeding and it is practically impossible to obtain such a stay or suspend effects of the patent until the Annulment Action is decided. In practice, this situation generates an enormous presumption of validity for any patent and effectively removes invalidity as a viable defence.

Absolute novelty requirement

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

There is an absolute novelty requirement. An invention is novel when it is not disclosed in the prior art. The prior art includes any public world-
wide disclosure, including any written or oral description, use, offer for sale or sale before the claimed priority date. Solely for the purpose of determining novelty, the content of an earlier patent application pending before the CP).

The applicant has a 12-month novelty grace period counted from the priority date for any disclosure of the contents of the patent, providing that the disclosure was attributable to:

- the inventor or the inventor’s assignee;
- a competent national office that publishes the contents of a patent application filed by the inventor or the inventor’s assignee in contravention of the applicable law; or
- a third party who obtained the information directly or indirectly from the inventor or the inventor’s assignee.

Obviousness or inventiveness test

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

A patentable invention must involve inventive step, that is, it cannot be deemed obvious or evidently derived from the prior art by a person ordi-
narily skilled in the art. Inventive step in Colombia is usually assessed by means of the problem-solution approach. Additionally, evidence of unexpected or surprising results, as well as secondary indicia of non-
obviousness (such as the solution of an unresolved need in the art, the existence of contrary teachings in the art, etc), may be persuasive to rebut a prima facie case of obviousness. As such, experimental results (not in the Specification and generated after the priority date) may be submitted in response to inventive step objections during prosecution.

Patent unenforceability

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

No, there are no grounds to consider a patent is unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason. However, there are certain situations, mostly categorised as defences that may, in practice, render a patent unenforceable. Some of these are:

- Acts carried out privately and for non-commercial purposes, exclu-
sively for experimentation, exclusively for purposes of teaching, exclusively for scientific or academic research (a complete list is contained in article 53 of Decision 486).
- International exhaustion of rights operates under article 54 of Decision 486. Accordingly, parallel imports are legal in Colombia.
- Colombia implemented a regulatory submission exception (Decree No. 729 of 2012), also known as a Bolar exemption. It allows third parties to use the claimed subject matter to generate the informa-
tion necessary to support an application for the marketing approval of a pharmaceutical or agrochemical product under the condition that it will not be made, used, sold, offered for sale or imported into the territory, other than for the purposes of meeting marketing approval requirements, before the patent expires.
- Final, compulsory licensing is available under Decision 486. Two of the grounds relate to patent owner conduct or omission, specifically non-working and abuse of dominant position. Although a compulsory licence is not proper grounds for unenforceability,
and notwithstanding the due compensation obligations, having a compulsory licence granted will in practice greatly limit a patent owner’s capability of effectively enjoying its full rights afforded by a patent.

Prior user defence
21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

The rights conferred by a patent may not be asserted against a third party that, in good faith and before the priority date or the filing date of the application on which the patent was granted, was already using or exploiting the invention (publicly or privately), or had already made effective and serious preparation for such use or exploitation. This defence covers all types of inventions and said third party has the right to start or continue using or exploiting the invention without encumbrance, but that right may only be assigned or transferred together with the business or company in which that use or exploitation is taking place (article 55 of Decision 486).

REMEDIES

Monetary remedies for infringement
22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Article 243 of Decision 486 provides the plaintiff with a variety of alternatives to calculate the compensation to be paid for damages, including:

- lost profits and actual damages;
- unjust enrichment; or
- reasonable royalty.

Very few cases get to the damages stage (a preliminary injunction is often enough). Punitive damages are not available. Damages and causation must be proven through discovered evidence and expert testimony. There is little case law available on how royalties should be calculated (eg, what the royalty base should be, percentage of the royalty).

Attorney fees as set by the National Bar are available for the winning parties (ie, one cannot submit the true attorney invoices, and most often the National Bar fees are far below the true billable fees).

A patent holder may recover damages for acts of infringement occurring after the date of grant, plus pre- and post-judgment interest. The patent holder may also, additionally and once the patent is granted, recover damages for pre-issuance acts of infringement occurring after the date of publication (article 239 of Decision 486).

The General Procedure Code determined a provision whereby a plaintiff seeking to be granted monetary remedies must include a reasonable estimate of the amount of the damages with the complaint. The General Procedural Code provides a penalty for the plaintiff when it is proven that the calculated damages estimate was unreasonable. The penalty will be equivalent to 10 per cent of the difference between the estimated amount and the final proven amount ordered within the final ruling.

Injunctions against infringement
23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

The patent holder may request a court to grant injunctive relief to stop or prevent an infringement from occurring. This relief may consist, among others, of the following:

- an order to stop all infringing activities;
- the seizure of all infringing products;
- the suspension of the importation or exportation of the infringing products;
- the establishment of a bond; and
- the temporary closure of the business belonging to the defendant, if necessary, to avoid the continuation or repetition of the alleged infringement.

According to the applicable law, a preliminary injunction (PI) may be requested and granted ex parte. However, in practice, the SIC serves the defendant in approximately 90 per cent of patent cases and provides the opportunity to file counterarguments to the request prior to issuing a decision. In contrast, civil circuit courts usually will not notify the defendant. The PI requires the plaintiff to show ownership of the patent, the existence of the patent and summary evidence of the infringement (normally an expert attesting to the fact the allegedly infringing product or process reads on the claims). A bond must be offered and posted to cover potential damages caused by the injunction should the plaintiff eventually lose the case on the merits. A plaintiff does not need to show that it is working the patent to qualify for a PI or permanent injunctive relief.

The defendant may eventually file a reconsideration action against the grant of a PI. The PI may be suspended if the defendant posts a counterbond, but the suspension will only last until the reconsideration action is resolved. Also, depending on necessity, reasonableness and proportionality of an injunction, the judge may decide to suspend or modify it at any time. In most cases, a PI will become final if the plaintiff wins on the merits. Injunctive relief, if properly requested, may extend to the infringer’s suppliers and customers.

In our experience, a decision on a PI request may take between one and three months, and three additional months for a final decision on appeal.

Banning importation of infringing products
24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Importation is an act of infringement. Accordingly, it is possible to block the importation of infringing products by requesting a PI, where the judge can order customs and border control authorities to bar any customs operations. It is worth noting that there are no border measures for patents in Colombia; these measures apply only for trademark and copyright infringement.

Attorneys’ fees
25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

The successful litigant may recover attorneys’ fees by simply requesting the judge to order the losing party to pay. However, in practice, the amount recognised by the judge does not correspond to the true invoiced fees, but rather to predetermined fees set by the National Bar.
The National Bar has regulated that the attorney's fee in the first instance ruling must be between 3 to 7.5 per cent of the amount claimed as damages and, for the appeal, between one and six times the Colombian monthly minimum salaries.

**Wilful infringement**

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

No, there are no additional remedies available against a deliberate or wilful infringement. Opinions of counsel may be useful in rare criminal cases to rebut criminal intent.

**Time limits for lawsuits**

27 What is the time limit for seeking a remedy for patent infringement?

The time limit for seeking a remedy for patent infringement is two years counted from the date the patent holder had knowledge of the infringement or, in any case, five years counted from the date the last act of infringement occurred.

According to Prejudicial Interpretation No. 205-IP-2018 issued by the Andean Court of Justice, the two-year limit should be counted from the date the plaintiff had knowledge of the infringing act, regardless of whether the infringement is instantaneous, continuous, permanent or complex. The five-year limit should be calculated from the time the last act of infringement occurred, which varies depending on the type of infringement.

**Patent marking**

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

Neither Andean Decision 486 nor local regulations provide any regulation in relation to patent marking.

**LICENSING**

**Voluntary licensing**

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Technology transfer agreements involving voluntary patent licences must not include provisions limiting the right of experimentation, research and development of the licensee. These types of restrictions fall within the unenforceable clause types contemplated in the Common Regime for the Treatment of Foreign Capital. Attempting to enforce such a clause could also run afoul of local antitrust legislation (Decree No. 2,153 of 1992), forbidding, in general, any sort of illegal restriction of access to a given market.

**Compulsory licences**

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

The Colombian Patent Office (CPO) may declare compulsory licences (CLs) for the following reasons (article 61 et seq of Decision 486):

- *lack of working*: the standard for granting a CL under these grounds is unjustified lack of working after three years following grant, or four years counted from the filing date, whichever is the longest. Potential licensees must first contact the patent owner and attempt to obtain a voluntary license under reasonable commercial terms. In the framework of a CL procedure, the patent owner will have a 60-day term counted from the notice of the CL procedure to file a statement evidencing the working of the patent or a viable excuse justifying non-working;
- *public interest, emergency and national security reasons*: whenever public interest, emergency or national security reasons are declared by the Colombian government, the CPO may open a CL public bid over those patents subject to the prior declaration. Interested third parties meeting the terms of reference established by the CPO may subsequently submit offers to obtain CLs. On 13 November 2008, the Colombian Ministry of Trade (MoT) issued Decree No. 4,302, modified by Decree No. 4,966/2009 (later the two decrees were compiled in Decree No. 1,074/2015), establishing a procedure for the declaration of public interest, providing the applicable Ministry with the authority to declare, after an investigation, the existence of a public interest related to the subject matter under its jurisdiction. The declaration of a public interest (DPI) might also take place upon the request of interested parties. On 25 April 2017, the MoT issued Decree No. 670/2017, which modified Decree No. 1,074/2015. The new decree:
  - created the Interinstitutional Technical Committee (ITC), comprising a delegate of the competent authority, a delegate of the MoT and a delegate of the Director of the National Planning Department, which has the faculty to evaluate the arguments and evidence provided during the procedure and issue a recommendation to the competent authority to issue a final decision regarding a DPI request; and
  - eliminated the possibility of ordering alternative measures to overcome a DPI situation;
- *abuse of dominant position*: the Colombian antitrust authority, either ex officio or at the request of a party, may grant CLs to correct practices previously declared as contrary to the exercise of free competition, especially where they constitute an abuse by the patent owner of a dominant position in the market; and
- *patent dependence (compulsory cross-licensing)*: the CPO shall grant a CL, upon request by the owner of a patent whose exploitation necessarily requires the use of another patent, and where the right holder has been unable to secure a contractual licence to the other patent on reasonable commercial terms. The dependent patent must claim an invention that constitutes an important technical advance and of considerable economic importance over the senior patent.

To date, although various investigations have been opened seeking a declaration of public interest against pharmaceutical patents, no compulsory licences have been granted in Colombia.

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 How long does it typically take, and how much does it typically cost, to obtain a patent?

In practice, the Colombian Patent Office (CPO) averages between 24 and 28 months to issue a non-final decision after filing. The costs of filing, prosecuting and obtaining a patent will range, depending on the complexity of the case and the amount of office actions, between US$2,500 and US$8,000 over the course of the prosecution, including official and professional fees.
**Expedited patent prosecution**

32 | Are there any procedures to expedite patent prosecution?

Neither Decision 486 nor local regulations provide accelerated procedure options. However, a diligent prosecution practice may reduce the timeline of the application significantly, for example, by requesting examination shortly after publication takes place, by modifying the application excluding use claims, method of treatment claims, or any other non-patentable subject matter. It is also convenient to interview examiners in charge of the case and discuss alternatives to expedite prosecution and avoid additional examinations. For PCT cases filed in Colombia, publication typically occurs about one month after it is filed (provided no formal examinations are issued).

Various Patent Prosecution Highway (PPH) options exist to speed up examination based on counterpart applications filed in participating intellectual property offices. The CPO has signed several bilateral PPH agreements with different Patent Offices in the world (the US Patent Trademark Office, the Japanese Patent Office, the Korean Intellectual Property Office, the European Patent Office and the Spanish Patent and Trademark Office), and is part of multilateral PPH agreements in Latin America, such as PROSUR-PROSUL (including Argentina, Brazil, Costa Rica, Chile, Ecuador, Paraguay, Peru and Uruguay – Panama, the Dominican Republic and Nicaragua have recently joined this Agreement but the particular PPH Guidelines have not been issued yet), the Pacific Alliance (including Chile, Peru and Mexico) and the Global PPH (including other 26 patent offices).

**Patent application contents**

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

Decision 486 requires the specification to include sufficient disclosure of the invention to allow a skilled artisan to reproduce the invention and make clear the inventor was in possession of the invention at the time the application was filed. Additionally, the specification must contain the best mode to produce the invention.

As a general rule, specifications that comply with European Patent Office standards will normally not have a disclosure issue before the CPO.

**Prior art disclosure obligations**

34 | Must an inventor disclose prior art to the patent office examiner?

Applicants have the obligation to include in the Specification of patent applications the prior technology known to the applicant that would help the invention to be understood and examined and references to previous documents and publications that discuss the technology involved (article 28(b) of Decision 486). The foregoing has not been interpreted by the CPO as a specific duty to disclose prior art that may be materially relevant to the patentability of the invention. Additionally, according to article 46 of Andean Decision 486, the CPO may request search results and examination reports of counterpart applications in other patent offices.

**Pursuit of additional claims**

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

No, if the earlier application is not claimed as priority, a later filed application cannot claim aspects or features of an invention previously disclosed in an earlier filed application.

At best, the only way to pursue additional claims are through divisionals (article 36 of Decision 486), which legally have the same filing date as the parent application. Such divisionals should be directed to material split out from the parent application and must be filed before a final decision is issued. In September 2020 (through Resolution No. 59669), the CPO modified the requirements for filing divisional applications, and now the only request is that the claimed subject-matter is different from the one recited in the parent case. Finally, splitting out divisionals from divisionals is not allowed.

Amendments to the Specification or claims in the parent case are possible at any time during prosecution before the issuance of a final resolution, as long as said amendments do not extend the original scope of the invention and find support in the specification (article 34 of Decision 486). Post-grant amendments to the Specification are not possible. However, the applicant may limit the scope of one or more granted claims or divide them (articles 70 and 72 of Decision 486).

**Patent office appeals**

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

Yes. Before seeking judicial review, the applicant may file a reconsideration action in pursuing to revoke, clarify or modify the rejection of one or more claims (the reconsideration action is optional and is not required to exhaust administrative remedies). This action must be filed before the CPO against the adverse decision within 10 business days. If the CPO confirms its decision, the Applicant may additionally seek judicial review by filing an annulment action against the Council of State within four months following the notification of the final resolution from the CPO.

**Oppositions or protests to patents**

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

Yes. Andean Decision 486 provides a pre-grant opposition system. Interested third parties may file an opposition within 60 days following the publication of the application, which can be extended for an additional 60-day term upon request. The CPO will consider the relevance of the opposition in the framework of the examination (that is, there is no separate opposition procedure to delay prosecution of the application). In addition, third parties may also file observations providing arguments and evidence to the CPO at any time (for example, even after the time to file an opposition has expired). However, unlike an opposition, the CPO is not compelled to take this information into consideration.

Additionally, opponents (which have filed oppositions in time), may file reconsideration actions against a resolution granting a patent. Filing a reconsideration action automatically suspends the effect of the granted patent until it is resolved. In theory, the patent owner should be notified of an opponent’s reconsideration action and will be allowed to file arguments in response. Nevertheless, in practice, the CPO states that there is no legal obligation to inform the patent owner and provide a term to submit arguments unless the opponent includes new evidence (eg, new prior art documents) within the reconsideration action.
Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

Article 22 of Decision 486 establishes that whoever has an earlier priority date wins in a priority dispute. The affected party may seek the annulment of patent (article 77 of Decision 486), or the transfer of the pending application or the patent (article 237 of Decision 486).

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Post-grant limitations to the claims may be made before the CPO (article 70 of Decision 486). Additionally, division of granted claims is possible (article 72). There is no re-examination procedure available.

A patent granting can be challenged at any time via judicial review through an Annulment Action filed before the Council of State. It is not possible for a court to amend the patent claims during an infringement lawsuit.

Additionally, the direct revocation of a patent by the CPO is theoretically possible, whenever it is contrary to the law, contrary to the public interest or causes unjustified harm. However, for the CPO to revoke a granted right, the patent owner must also authorise such a revocation. This makes the direct revocation impractical when seeking invalidation, making the annulment action the proper route.

Patent duration

40 How is the duration of patent protection determined?

Patents are granted for a 20-year period from the date on which the application was filed (for conventional applications: article 50 of Decision 486) or from the international filing date (for Patent Cooperation Treaty: article 237). There is no re-examination procedure available.

There is term restoration available for patent holders for unreasonable delays (excluding pharmaceutical products) wherein prosecution has lasted more than five years from the filing date or three years counted from the date of examination request, according to the established compensation standards listed via Decree No. 1873 of 2014. To the best of our knowledge, this restoration has not been requested or applied in Colombia, most probably given the short prosecution average times.

UPDATE AND TRENDS

Key developments of the past year

41 What are the most significant developing or emerging trends in the country’s patent law?

Changes in divisional practice and issuance of additional examinations after the first office action

Pursuant to Resolution No. 59669 of 2020, the Colombian Patent Office (CPO) modified some aspects of the CPO Directives regulating patent prosecution in Colombia. Some of the most relevant changes are the following:

• A literal division of claims and filing an adapted specification to the subject-matter of the divisional are no longer requirements to file a divisional. Thus, the only requirements for filing a divisional are (1) that it is not a divisional of a previous divisional; and (2) that the claims of the parent and divisional(s) recite structurally different subject-matter (ie, any overlapping subject-matter should be avoided). Furthermore, there is no limit in the number of divisionals from the parent case, and they can be filed at any time during prosecution.
• The applicant must pay the corresponding fee for amending the claims, figures, specification, or sequence listing, whether they are filed in response to an office action response or voluntarily.
• The Examiner may require the payment of an additional examination fee if he or she considers that the amendments submitted with the response to an office action require a new search and exam. Furthermore, the applicant could request up to two additional exams by paying the respective fee (this fee will not be reimbursed if a Resolution granting the patent is issued).

Amendments to the Administrative Procedure Code (CPACA)

On 25 January 2021, government-sanctioned bill No. 2080, amending the CPACA. Among numerous changes, we highlight: (1) the use of new technologies and telecommunications are encouraged in all proceedings; (2) judges are given the possibility of issuing a summary judgment before or during the initial hearing; (3) the Superior Tribunal of Cundinamarca will hear annulment action cases, and only appeals will be decided by the Council of State; pre-judicial interpretations issued by the Andean Tribunal Court of Justice will only be mandatory during the appeal stage (this changes the current situation where the Council of State solved all annulments concerning IP matters in a single instance procedure, where no appeals were available).
The rules regarding the competence of the Superior Tribunal for Annulment Actions will only become effective for complaints filed on and after 20 January 2022.

**Coronavirus**

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

Regarding the covid-19 emergency, the Health Authority and the Ministry of Health identified and prioritised more than 1,500 procedures associated with medications that can be used to manage covid-19 symptoms and complications. They can all be consulted online by visiting INVIMA.

In addition, specifically in relation to patents, the government issued Decree 476 of 2020, by means of which article 1.7 established that the Ministry of Health (MoH) was authorised to issue a declaration of public interest (DPI) for medicines, vaccines, medical devices and other health technologies related to covid-19 treatment. A DPI is the required first step for the imposition of a CL. Article 1.7 had been interpreted by many to facilitate the grant of CLs in Colombia.

However, on 28 May 2020, the Colombian Constitutional Court ruled that articles 1 and 2 of Decree 476 of 2020 are unconstitutional as they do not comply with the ‘necessity test’ required for statutory provisions issued in a state of emergency. For the Court, it was clear that the MoH already has the power to follow existing administrative procedure to pursue a DPI and eventually a CL.

Finally, regarding litigation, due to covid-19, courts and judicial proceedings were in abeyance from March to July 2020. To guarantee justice during the pandemic, Colombia took actions to resume operations. The main guidelines to resume operations were issued through Decree 806 of 4 June 2020, which mainly encouraged the use of new technologies and telecommunications in all proceedings, including virtual hearings. The parties have to provide an email for service and notifications and have to always copy the counterpart of all the briefs filed within the file.
PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts
1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

The general procedural rules in the Administration of Justice Act, together with certain provisions in the Patent Act, regulate the civil procedure for claims for patent infringements, invalidation and declaratory actions.

Proceedings for such claims are typically instigated at the Maritime and Commercial High Court, which serves as the first-instance patent court in Denmark. Verdicts from the Maritime and Commercial High Court can be appealed to the High Court of Eastern or Western Denmark, or, in rare circumstances, to the Supreme Court.

The swiftest way to enforce a patent right against a potential infringer is by submitting a request for a preliminary injunction to the Maritime and Commercial High Court. Preliminary injunctions are, in essence, a patent owner’s primary remedy, as they function as an effective and fast way of stopping infringing acts. Once a preliminary injunction is granted, it must be followed up by main proceedings to confirm the preliminary injunction with a permanent injunction.

Trial format and timing
2. What is the format of a patent infringement trial?

Pretrial
Court proceedings are instigated when the plaintiff submits a writ of summons to the court. The court gives the defendant a certain period (as a starting point, two weeks, which is often extended to four weeks) to submit a statement of defence. Subsequently, the parties participate in a preparatory court meeting (often held via telephone) with the court to outline the process leading up to trial.

In patent cases, court-appointed experts often provide statements regarding information relating to questions of validity or infringement. Subsequent to these expert statements, the parties may, and normally do, exchange further pleadings with the court. Depending on the complexity of the case, the oral hearing usually takes place 12 to 24 months from the date on which the writ of summons was filed.

In Danish patent cases, the general principle of free evaluation of evidence applies. The plaintiff must provide evidence for its claims (e.g., regarding the patent infringement or patent invalidity). The courts are thus relatively free of constraints in their evaluation of evidence and both documents, affidavits and oral testimonies are relied on. The courts will, however, only rely on the evidence submitted by the parties during the court case. If evidence is likely to be destroyed by one party, a procedure securing such evidence or parts thereof can be used on request from the other party or parties. Technical evidence may be produced by submitting technical literature but the actual technical evidence is produced by way of statements from court-appointed experts.

At trial
As a general rule, two technical judges and one legally trained judge (the president) participate in court cases at the Maritime and Commercial High Court. In cases of a particular complexity or fundamental nature, two additional technical or legally trained judges may participate, if the Maritime and Commercial High Court decides so. Hence, a patent owner can expect both high-level technical and judicial expertise. Jury trials do not exist in patent litigation.

In patent cases, court-appointed experts usually provide statements regarding the validity or infringement questions at hand. Normally, these expert statements play a substantial role in the court’s adjudication of the case. Expert witnesses summoned by only one of the parties are generally not allowed to be heard, except in preliminary injunction cases. As of 1 July 2017, new rules regarding court-appointed experts, which among other things allow the possibility to produce declarations from experts appointed by each party, entered into force. These rules generally allow for experts to play an even bigger part in litigation.

Cross-examination of witnesses is permissible, although it is subject to certain limitations, as the opposing party can only ask questions within the scope of the questions asked on direct examination. If witnesses do not show up for trial the court may take coercive measures.

Proof requirements
3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The courts consider evidence on its merits and there are generally no formal rules on evidentiary standards. Therefore, the courts can decide what emphasis they will place on evidence produced by the parties.

Generally, the burden of proof of a claim lies with the party submitting the claim in question, unless statutory provisions provide otherwise. With respect to patent infringement and damages claims, the aggrieved party holds the burden. In invalidity and unenforceability proceedings, the party who claims that the patent is invalid or unenforceable holds the burden. These parties must establish conclusive evidence supporting their claims. A mere probability or presumption of the justification of their claims is usually not sufficient to meet the burden of proof. However, in preliminary injunction cases, it is sufficient that the patent owner shows that it is probable that the fundamental requirements for the grant of a preliminary injunction are satisfied.

According to section 64a of the Patent Act, a presumption exists in relation to process patents where the subject matter is a process for obtaining a new product. In such a situation, an identical product will be presumed to be manufactured by use of the patented process.
Standing to sue

4 Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The general rule is that anyone with sufficient legal interest in the proceedings can bring an action before the courts. In the case of an infringement, proceedings will almost always be instigated by the injured party, namely the patent owner. An accused infringer may make a claim of non-infringement or invalidity of a patent.

Inducement, and contributory and multiple party infringement

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

According to the Patent Act, contributory infringements are prohibited as no one except the patent owner may, without consent, exploit the invention by making, offering for sale or using a product or method, subject to the patent or a product being obtained by a method of the patent. Consequently, parties can be held liable for inducing or contributing to patent infringement. This is no different in the case of multiple parties each performing some of the elements necessary for establishing infringement, if their practise together constitutes an infringement.

Joinder of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties can be joined as defendants in one lawsuit. The defendants can be accused of different types of infringements. For example, if one defendant has performed a patented method and another defendant has sold a product made from the patented method, they can still be sued in the same lawsuit.

The Administration of Justice Act further requires that certain procedural rules on venue and subject-matter jurisdiction are met in order to join defendants in one lawsuit.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Principally, a party can only be liable if the patent infringement is taking place in Denmark. Foreign activities having an effect in Denmark may, however, be subject to patent infringement here. Indirect product protection means that the import and sale of a product in Denmark, which has been manufactured in a foreign country according to a method, which is patented in Denmark, but not in the foreign country, can be prohibited.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

According to section 39 of the Patent Act, the extent of the protection conferred by a patent shall be determined by the claims. For the interpretation of the claims, the description may serve as a guideline. Hence, section 39 implements article 69 of the European Patent Convention (EPC) and prevailing Danish law is also in agreement with article 1 and 2 of the Protocol on the Interpretation of article 69 of the EPC, which forms an integral part of the EPC.

Despite the absence of a codified literal implementation of article 1 and of the mentioned protocol in the Patent Act, case law from the Danish Supreme Court confirms the principle of non-literal equivalents in Denmark. Consequently, a party can be held liable for patent infringement even though the infringing device, process, etc, does not fall within the literal scope of claims, if it is equivalent to the claimed invention.

As regards to what extent this doctrine can be claimed, the Danish courts follow the ‘mainstream’ European approach in positioning themselves between the two extremes formed by the German and English courts. However, these diverging approaches often lead to the same result in particular cases.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

The courts in Denmark may under certain conditions order preservation of evidence or discovery of specific documents.

The courts can assist with preserving evidence outside the scope of trial. A request must be filed with the relevant court of law being the district where the evidence is located. The court decides whether it is appropriate to preserve evidence. A case on preservation of the evidence does not need to be followed up by a trial if neither the plaintiff nor defendant initiates such proceedings.

A party may request that an opposing party or a third party must disclose specific documents which are at such party’s disposal. A request for disclosure must be specific and concern documents of relevance to the matter. Furthermore, a request must contain information on the facts that the requested documents shall serve as proof of as well as the reasons on which the requesting party basis the request. A failure to comply with a request for disclosure can be met by adverse inference.

Owing to a judicial opt-out, Denmark is not bound by Regulation No 1206/2001 on cooperation between the courts of the EU Member States in the taking of evidence in civil or commercial matters. Discovery of evidence between Denmark and other countries is regulated by the Hague Evidence Convention.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

Danish courts can jointly rule on issues of validity and infringement. Generally, it takes approximately 12 to 24 months to obtain a first-instance decision in normal court cases, whereas it takes approximately six to nine months in preliminary injunction cases.

All aspects of the first-instance judgment may be part of an appeal (eg, questions or issues regarding matters of law and evidence). An appeal case before the High Courts of Eastern or Western Denmark normally takes nine to 18 months.

However, the above is dependent on the complexity of the case.
Litigation costs
11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The cost of litigation depends on the complexity of the case. A first-instance case will cost approximately 500,000 Danish kroner for simple cases and between 2 million kroner and 4 million kroner for more complex (pharmaceutical) cases.

Preliminary injunction cases typically incur costs of 500,000 kroner for simple cases and 3 million kroner for more complex (pharmaceutical) cases.

Court appeals
12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

The Danish legal system is based on the ‘two-instance principle’, which means that either party generally has the option of appealing the decision of one court to a higher instance.

A first-instance judgment from the Maritime and Commercial High Court can be appealed to the High Courts of Eastern or Western Denmark or, under very special circumstances, the Supreme Court.

All aspects of the first-instance judgment may be part of the appeal (such as, questions or issues regarding matters of law and evidence).

New evidence is allowed at the appellate stage and must generally be submitted in the notice of appeal or respondent’s notice.

Competition considerations
13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

The patent owner’s refusal to grant a licence or inappropriate enforcement activities to protect the patent may, in exceptional circumstances, constitute an abuse of dominance in violation of competition law.

Alternative dispute resolution
14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Parties involved in a patent dispute can – as an alternative to litigation in court – settle the case by arbitration or mediation. The Danish courts offer court-based mediation, but there is no specialised arbitration system for patent disputes in Denmark.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions
15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Generally, any invention involving a technical feature can be patented (if it is also new and inventive). However, some subject-matters and activities are not regarded as inventions and are therefore not patentable.

Software is covered by the exception in the Patent Act, section 1 (2) (3) and cannot be patented. Nonetheless, software in the form of a procedure practised through a data network might be patentable.

Business methods are covered by the exception in the Patent Act, section 1 (2) (1) and cannot be patented. Methods for treatment of the human or animal body by surgery, therapy or diagnostic methods are excluded from patentability by the Patent Act, section 1 (3). The exception does not cover products for use in relation to the performance of such methods.

Patent ownership
16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Inventions made by company employees are by law automatically owned by the employer while the employee is entitled to a reasonable remuneration.

Ownership of inventions made by independent contractors remains with the independent contractor unless otherwise agreed between the parties.

If an invention has multiple inventors, it is jointly owned, which means that the inventors must generally agree on all dispositions regarding the patented invention. Assistance with creating the invention is not sufficient to create inventorship. It requires an intellectual contribution.

Ownership is recorded by the Danish Patent and Trademark Office in the Danish patent register. Both the inventor and owner of the invention must be mentioned by name in the patent application. Ownership can be transferred by agreement or assignment and the transfer will be recorded in the Danish patent register.

DEFENCES

Patent invalidity
17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

According to section 21 of the Patent Act, anyone can file an opposition against a granted patent. The opposition must be filed with the Patent and Trademark Office. The final decision by the Patent and Trademark Office can be appealed to the Board of Appeals for Patents and Trademarks.

The opposition must describe the grounds on which the challenge is based and must be submitted to the Patent and Trademark Office within nine months of publication of the grant of the patent. A prescribed fee must be paid to submit an opposition.

An opposition may solely be based on the grounds that:
- the requirements of sections 1 and 2 of the Patent Act are not complied with (lack of novelty or inventive step are the most common grounds for opposition);
- it relates to an invention that is not disclosed in a manner sufficiently clear to enable a person skilled in the art to carry out the invention on the basis of the description; or
- its subject-matter extends beyond the contents of the application as filed.

The Patent and Trademark Office advertises the filing of an opposition. Likewise, a patent’s validity can be challenged in court, either as an independent validity case or as part of an infringement case.
Absolute novelty requirement

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Yes, there is an absolute novelty requirement for patentability. There are two exceptions. First, evident abuse within six months of the filing date. Second, display of the invention at an officially recognised international exhibition within six months prior to the filing date.

Obviousness or inventiveness test

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

An invention is considered as involving an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art. Since Denmark is a contracting party to the European Patent Convention, the Danish courts follow the standards of the European Patent Office.

The ‘problem-solution approach’ is generally applied in the Danish courts and the Danish Patent and Trademark Office. With the problem-solution approach, you start by determining the ‘closest prior art’; establishing the ‘objective technical problem’ to be solved; and considering whether or not the claimed invention, starting from the closest prior art and the objective technical problem, would have been obvious to the skilled person. An invention will be considered ‘obvious’ if it follows plainly or logically from the prior art.

Patent unenforceability

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

There is no provision as such in the Patent Act concerning grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventor or patent owner. However, fraud or similar misconduct of a patent owner may lead to invalidity, opposition or administrative re-examination proceedings.

Prior user defence

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Yes, the Danish Patent Act grants prior user rights to anyone who has been using the invention or has made significant preparations to use the invention, in Denmark, prior to the filing date of the patent. The prior user right can be claimed as a valid defence.

The prior user right covers all types of inventions. However, a prior user can only claim the defence for commercial use. If the use is non-commercial in its nature, it does not constitute a prior use defence. Non-commercial (private) use cannot constitute infringement in the first place.

A valid prior use defence enables a (prior) user to legally continue using the invention commercially. The use must keep its original character (and not change, for example, from manufacturing to import). The prior user right is personal and cannot be licensed. It can only be transferred together with the legal entity where it has been used.

REMEDIES

Monetary remedies for infringement

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Any infringer who intentionally or negligently commits a patent infringement must pay a reasonable compensation to the patent owner for the exploitation of the invention and damages for the further injury that the infringement has caused. Additional compensation may be fixed to the patent owner for non-financial injury. Reasonable compensation is assessed by reference to what the infringed party could have obtained on the market. It is thus the infringed party that bears the burden of proof in this regard.

For non-intentional and non-negligent infringements, the infringer must pay compensation only for the use of the invention if, and to the extent that, this is considered reasonable.

Damages start to accrue when an infringement of a patent in effect occurs. In addition, the Danish Patent Act provides a legal basis for damages to accrue in the intermediate time before the issue of the patent but after the disclosure of the documents in the patent application.

Denmark has no provisions regarding punitive damages. Consequently, the Danish courts grant damages for infringements relatively conservatively.

Injunctions against infringement

23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Both preliminary injunctions and permanent injunctions may be obtained under Danish law.

The swiftest way to enforce a patent right against a potential infringer is by submitting a request for a preliminary injunction. Preliminary injunctions can be obtained before or during main proceedings. The fundamental requirements for the grant of a preliminary injunction are that the patent owner must prove or show that it is probable that:

- it has a valid patent and that the patent is being infringed;
- the infringer’s behaviour makes it necessary to grant a preliminary injunction; and
- the possibility to enforce its patent will be lost if it must wait for the court’s decision under ordinary court proceedings.

The criterion that the ‘infringer’s behaviour makes it necessary to grant a preliminary injunction’ requires that the patent owner should be able to specify circumstances proving or making it probable that an infringement either has taken place or is imminent.

Preliminary injunctions are often granted on the condition that the patent owner provides security (typically a bank guarantee) to cover the estimated damages that the alleged infringer would suffer if the preliminary injunction were erroneously granted. However, the court will not demand security as a condition for the preliminary injunction if the patent owner has proved (and not merely shown it to be probable) the entire lawfulness of the preliminary injunction.

Once a preliminary injunction is granted, it must be followed up by main proceedings to confirm the preliminary injunction with a permanent injunction. If the plaintiff provides sufficient evidence to establish infringement, the court usually grants a permanent injunction. In this context, ‘permanent’ means for as long as the patent in question is in force.
By order from the court, it is possible to have products withdrawn from the channels of commerce (retailers, distributors, etc) but not from consumers.

**Banning importation of infringing products**

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Importation of infringing products is prohibited in the Patent Act. A patent owner can, therefore, block importation of infringing products by filing a lawsuit with the Maritime and Commercial High Court. An action for a preliminary injunction will be the fastest way to stop the infringing acts of importation.

Further, a patent owner can request that the Custom Agency seizes imported products if there is a strong suspicion of a patent infringement. Under certain requirements, the Custom Agency can destroy the seized products. Otherwise, the products will be released. If the patent owner objects to release or if the owner of the imported products objects to seizure and destruction, an ordinary infringement procedure must be filed at the Maritime and Commercial High Court. During court proceedings, the products may be released if the owner provides security. If it later turns out that the products did not infringe the patent, the patent owner may incur liability.

**Attorneys’ fees**

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

As a general rule, the losing party must reimburse the winning party for legal fees and court fees. Other justifiable costs, such as costs for court-appointed experts, expert opinions and witness compensation, may be fully reimbursed by the losing party.

The amount awarded for attorneys’ fees is decided at the discretion of the court and has typically been substantially lower than the actual costs spent on legal fees by the prevailing party. However, in a 2019 patent proceedings, the Eastern High Court ruled that courts must consider the actual costs spent in compliance with EU case law and the Directive on the enforcement of intellectual property rights (2014/48/EC). Contrary to previous case law, prevailing parties will also be entitled to reimbursement of patent attorney expert testimony costs.

**Wilful infringement**

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Danish law provides for fining and imprisonment for wilful patent infringement, but these provisions are rarely used.

To invoke the relevant provisions, the infringement as well as the existence and validity of the patent must be evident. In addition, there must be some aggravating circumstances such as an obvious infringement for profit purposes. Elements such as the number of infringing products, the product category, the value of the original product and the duration of the infringement will influence the determination of whether aggravating circumstances are present.

**Time limits for lawsuits**

27 What is the time limit for seeking a remedy for patent infringement?

Remedies for patent infringement are subject to the statute of limitations under which they generally become statute-barred three years from the occurrence of the infringement or from the point in time where the patent owner became or should have become acquainted with the infringement. Notwithstanding the foregoing, claims for patent infringement become statute-barred at the latest 10 years after cessation of the infringement in question.

In addition to the statute of limitations, general patent law principles provide that an infringement action must be brought within a reasonable time. In patent matters, however, the inactivity must be considerable for the patent owner to forfeit the patent rights. It is not enough for the patent owner to give notice of an intent to take legal action if the patent owner remains inactive for a considerable time.

**Patent marking**

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

A patent owner is not required by law to mark patented products. Though it is not a requirement, some patent owners mark their products to notify others of the existence of a patent right or a ‘patent pending’. Patent owners who decide to do so must provide information on the status of the patent upon request.

**LICENSING**

**Voluntary licensing**

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

The patent owner may grant permission to another party to exploit commercially the patent, such as making, using, selling or marketing the patented invention. If the patent owner has granted another person the right to commercially exploit the patent, the licensee may not transfer that right to others in the absence of an agreement to the contrary.

Other than that, the Patent Act does not impose any restrictions on the terms of licence agreements. However, the drafter of a licensing agreement must – besides issues in relation to patent law – also consider the laws relating to contracts and torts, international private law and competition law. In addition, one should note the Commission Regulation (EC), No. 772/2004 of 27 April 2004 on the application of article 81(3) of the Treaty to categories of technology transfer agreements which regulates patent licence agreements, know-how licensing agreements, software copyright licensing agreements or any mix of these agreements.

**Compulsory licences**

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Yes, the Patent Act provides for the possibility of compulsory licences under certain circumstances.

A compulsory licence can be granted by the Maritime and Commercial High Court if an invention has not been used commercially within three years of the grant of the patent and four years from the filing of the patent application. In exceptional cases, the Maritime and Commercial High Court can grant a compulsory licence based on a general public need for practising the invention.
The applicant for a compulsory licence must be capable of practising the invention with due care and must have unsuccessfully sought to obtain a voluntary licence on reasonable terms with the patent owner.

The terms of a compulsory licence are decided by the Maritime and Commercial High Court.

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 How long does it typically take, and how much does it typically cost, to obtain a patent?

The processing times and costs connected with filing a patent application depend on the technical nature of the invention. The first action (namely, the initial examination by the patent examiner on novelty, patentability and non-patentable claims) from the Patent and Trademark Office is usually issued within six months of filing the application. It is possible to request expedited processing and in such cases the first technical action will be issued within three months. The costs connected with a patent application start at 3,000 Danish kroner for 10 claims, which cover filing, search and examination. Additional claims cost 300 kroner per claim.

However, the majority of patents granted with effect in Denmark are European patents. In order to take effect in Denmark, a European patent must be validated in Denmark within three months of the date on which the patent was granted by the European Patent Office.

**Expedited patent prosecution**

32 Are there any procedures to expedite patent prosecution?

The Danish Patent and Trademark Office participates in the Patent Prosecution Highway (PPH) programme. A The PPH is an informal agreement between patent offices, which means that an applicant can request an accelerated processing of a patent application at a patent office or later examination when a patent office of earlier examination has already found the corresponding patent claims to be patentable.

Currently, the Patent and Trademark Office participates in a global PPH programme and a bilateral PPH programme with the patent offices in China and in Brazil.

**Patent application contents**

33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The disclosure requirements in the Patent Act are the same as for European patent applications. First, a patent application must contain a description. The description is an explanation of the invention. Drawings of the invention can be included. Second, the application must describe the claims, namely the description of the technical features necessary to achieve the desired effect. Third, the application must contain an abstract on what technical problem the invention solves and how the invention can be used. Moreover, the name of the inventor and owner must be stated.

Applicants should be aware that patent applications may be written in Danish, Norwegian, Swedish or English. However, if the application is not in Danish, the Patent and Trademark Office will require that the application later be translated completely or partially into Danish.

Further, if an applicant intends to design protect the invention to prevent the patent application blocking a later design protection (or vice versa).

The Danish Patent and Trademark Office has issued a step-by-step guide for patent applications, which can be found on their website (currently only available in Danish).

**Prior art disclosure obligations**

34 Must an inventor disclose prior art to the patent office examiner?

No. There are no rules in the Patent Act obligating an inventor to disclose prior art to the examiner at the Patent and Trademark Office.

**Pursuit of additional claims**

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

An applicant is entitled to file a divisional patent application based on a pending patent application. The divisional patent application must concern an invention that is within the scope of the parent patent application as filed. Further, the patent application must subsequently be adapted in order not to cover the technical features covered by the divisional patent.

**Patent office appeals**

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

A final decision from the Patent and Trademark Office cannot be appealed in a court of law but before the administrative appeal board, the Board of Appeal for Patents and Trademarks.

Appeals must be filed no later than two months after the date on which the Patents and Trademark Office notified the party concerned of its decision. The fee prescribed for an appeal must be paid within the same time limit.

Appeal decisions of the Board of Appeal for Patents and Trademarks can be brought before the Maritime and Commercial High Court no later than two months after the date on which the Board of Appeal for Patents and Trademarks notified the party (or parties) concerned of its decision.

**Oppositions or protests to patents**

37 Does the patent office provide any mechanism for opposing the grant of a patent?

Before grant of a patent, it is possible to file a third-party observation by submitting certain documents to the patent examiner. Third-party observations may concern all parts of patentability of the patent application in question.

**Priority of invention**

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The patent priority rules are based on a first-to-file principle, which means that the first applicant to file an application with the Patent and Trademark Office achieves priority over later applications.

If two applicants file patent applications on the same invention on the same day, both applicants can be granted a patent on the invention. The Patent Act does not provide for how to deal with such an unlikely situation.

If the applicant, who is first to file, is not entitled to the invention (e.g., because it is stolen), the first-to-file principle does not apply. If another party claims ownership of the invention, the Danish Patent
and Trademark Office may urge the parties to file a lawsuit to settle the ownership dispute. While the case is being decided by the court, the patent application can be suspended until the court has ruled on the matter.

**Modification and re-examination of patents**

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Before a decision has been issued by the Patent and Trademark Office, the applicant can modify the patent application. During the course of examination, the applicant can submit modifications to respond to any objections from the examiner. The scope of a patent application cannot be extended through modification.

Any person is entitled to file a request with the Patent and Trademark Office to the effect that a patent granted by the Patent and Trademark Office or granted with effect for Denmark be re-examined. Such a request for re-examination by persons other than the patent owner may, however, only be based on the grounds for revocation.

An opposition must be received by the Patent and Trademark Office within nine months from the advertisement of the grant of the patent. A request for re-examination may not be filed during the period allowed for opposition, or as long as an opposition remains to be finally decided upon. If a case before the court concerning a patent remains to be finally decided upon, a request for re-examination may not be filed concerning the patent in question.

The court may amend patent claims during a lawsuit.

**Patent duration**

40 | How is the duration of patent protection determined?

The duration of a patent is 20 years from the filing date. If priority is claimed, the patent term can be up to 21 years from the priority date. Maintenance of the patent is subject to the payment of annual fees.

A supplementary protection certificate (SPC) may be granted for patents on approved medicinal products and plant protection products that are subject to regulatory approval. An SPC will extend the term of the protection by five years maximum.

Additionally, if paediatric studies are completed, a six-month extension of the SPC can be obtained.

**UPDATE AND TRENDS**

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

There have been no recent, significant changes to the Patent Act, but there have been certain developments within patent case law.

A significant development occurred in a court case on costs and attorneys’ fees before the Eastern High Court in 2019. Previously, Danish courts have been conservative in awarding costs and attorneys’ fees. In this case, however, the court ruled that the actual costs spent must be considered in accordance with EU law requiring all reasonable and proportionate legal costs and expenses to be recovered in cases on intellectual property rights. The ruling will likely result in higher recovery of costs and expenses in patent proceedings in the future.

Also, a significant court case on employee’s inventions was recently decided by the Maritime and Commercial High Court. According to the Employee Inventions Act, when an employee makes an invention as part of his or her employment and the exploitation of such falls within the scope of work of the employer, the employer is entitled to have the invention transferred within four months of the employee’s notice. With this case, the court has clarified that the burden of proving that clear and distinct notice has been given to the employer lies with the employee and that such notice must enable the employer to comprehend that the notice concerns the legal relationship between the employee and employer in relation to the invention. An appeal case before the Supreme Court is currently pending.

Another landmark case was decided by the Eastern High Court in October 2020 regarding an action for entitlement. The case clarifies that entitlement claims cannot be based solely on references to prior art, as such would be a premature validity review of a not yet granted patent.

**Coronavirus**

42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The emergence of the covid-19 pandemic prompted a public political debate in Denmark with regard to the provisions on compulsory licensing. However, no substantial changes have been formally proposed or implemented.
Lawsuits and courts
1 | What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

There are two types of proceedings that may be pursued when enforcing patent rights: civil and criminal actions. Each action is brought depending on the nature of the facts and circumstances and depending on the results that are desired.

Pursuant to civil subject matter claims, the holder of a patent has a cause of action against any third party that infringes upon the rights conferred therein. The patent holder may request:
- the ceasing or suspension of the infringement;
- compensation for damages;
- garnishment of infringing objects or any other means with which the infringement is being caused;
- seizure of goods or any other property with which the infringement is being caused;
- any effective measure necessary to avoid the infringement from continuing or repeating itself;
- the destruction of the means employed to infringe; and
- the publication of a declaratory judgment and its notification to the interested parties, at the cost of the infringer.

Regarding criminal claims, the law provides that a criminal complaint may be filed by the holder of a patent for the crime of violation of invention privileges (article 228 of the Criminal Code). The conviction of infringers for this crime is sought by patent holders to protect the public from any other property with which the infringement was not substantially manufactured on the basis of such a method, and the defendant must prove with reasonable means that the product was not substantially manufactured on the basis of such a method, and provided that such product is new. Furthermore, article 34 of the TRIPS Agreement is also applied in a consistent manner with local law.

As to the validity of a patent, the law establishes the presumption that unless proven to the contrary a patent shall remain in force for enforcement purposes. In this case, should the validity of the patent be questioned by the defendant, the court would have to issue judgment on this issue prior to all other issues.

Trial format and timing
2 | What is the format of a patent infringement trial?

In civil cases, the complaint is filed in writing. The freedom to produce evidence, as a matter of principle, is embedded in El Salvador’s law. All means of evidence must be relevant, legal and pertinent for it to be granted legal value and weighed by the court, and the source of such evidence must be reasonably reliable. Therefore, on the basis of this freedom to produce evidence, that which is brought before the court will necessarily depend on the facts and circumstances of the case. More specifically, for patent infringement cases, practitioners rely heavily on expert opinions, seized product test results and judicial inspections at the place of manufacturing or at the defendant’s offices, among others which further improve the results of the foregoing.

The trial may take about eight months from the moment the patent holder brings suit. The appellate phase may take an additional six months, and the appeal on infringements of the law usually takes up to 10 months.

On the other hand, criminal cases may last up to one year, with the ordinary appeal and the appeal on infringements of the law taking another six months each. Importantly, preliminary injunctions prior to commencement of the case or upon filing suit may be determinative in achieving effective seizure or garnishment of goods.

Proof requirements
3 | What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The general rule is that the burden of proof lies with the accusing party or complainant. For patent matters, however, the law shifts the burden of proof to the defendant, in cases where a product is manufactured by a patented method without the authorisation of the patent holder, in which case the defendant must prove with reasonable means that the product was not substantially manufactured on the basis of such a method, and provided that such product is new. Furthermore, article 34 of the TRIPS Agreement is also applied in a consistent manner with local law.

As to the validity of a patent, the law establishes the presumption that unless proven to the contrary a patent shall remain in force for enforcement purposes. In this case, should the validity of the patent be questioned by the defendant, the court would have to issue judgment on this issue prior to all other issues.

Standing to sue
4 | Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Patentees with the exclusive rights to their inventions have standing against infringers. Co-owners consequently may also bring suit without the consent of all other owners, unless agreed otherwise. In addition, exclusive licensees with a registered licence or any licensee with a compulsory or public interest licence may bring suit against any third party that impinges upon the rights granted in the licence. If the licensee does not have sufficient powers to pursue an action by itself, the licensee must show that, after appropriate request, the patent holder failed to take action within one month, in which case the licensee has the right to temporarily request preliminary injunctions, without prejudice of the right of the patent holder to appear in the proceedings at any later time.

As indicated above, because of the legal presumption that a patent is valid until proven otherwise, a defendant is entitled to use as a defence the invalidity of a patent, which would be, in principle, the first
issue to be decided for an infringement case; this, however, does not exclude the possibility that, while an infringement trial is being held, an infringer may attempt to file a separate nullification action to request a declaratory judgment. Pursuant to the common procedure provided in article 276 of the Civil Procedural Code, the likely outcome of this strategy would, however, result in the accumulation of both proceedings (because of the identity of parties, object of the claim and an issue that must be considered prior to the finding of infringement).

**Inducement, contributory and multiple party infringement**

To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

The intellectual property law does not specifically establish inducement, contributory and multiple party infringement figures; the law provides that the patent holder may pursue an action against any person that without the patent holder’s authorisation uses, manufactures, imports or commercially offers it with commercial or industrial purposes. Therefore, there is no limitation nor requisite whereby the degree of responsibility is set forth beforehand. It follows that because any person that infringes a patent may be sued by the patent holder, multiple persons may be found liable, albeit in different degrees depending on their participation: one or two may have an active position with regards to the principal acts that constitute the infringement, while others may have a secondary position in that their degree of contribution is less significant, but nevertheless is necessary in the process that constitutes the infringement.

On the other hand, with respect to criminal liability, the Criminal Code establishes that it is indeed found against all persons who are involved in committing a crime: those involved individually, in association with others, as mediators, instigators or accomplices. Therefore, any person found liable will be sentenced according to the degree of their wrongful doings and participation.

**Joinder of multiple defendants**

Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Yes, as indicated before all facts related to an infringement that involves more than one person will give rise to a cause of action in favour of the patent holder, regardless of the fact that the law does not specifically regulate inducement and contributory infringement as such. The relevant issue is that any person involved in the infringing activity would be held liable; this cause of action against a legal entity would differ in that it would be the legal entity held liable, and liability regarding directors and managers would be a separate issue of corporate affairs. Under El Salvador’s law, both in civil and criminal cases there is a procedural instrument by which various plaintiffs or defendants are joined or accumulated in the same proceeding when it regards the same facts and claims.

**Infringement by foreign activities**

To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Salvadorean law adopts the territoriality principle: only activities that take place inside the jurisdiction support a claim of patent infringement. There is no exception, for example, as provided in the United States, where infringement occurs when a party “supplies . . . from the United States, for “combination” abroad, a patented invention’s “components” (35 USC, section 271(f)(1)).

**Infringement by equivalents**

To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Currently, there are no judicial decisions governing the scope of equivalents. Furthermore, the law does not provide any statutory provisions governing the scope; rather, the legal analysis is determined by the claims, construing the description of the invention and the specification of claim annexed to them, including drawings. In any case, the party claiming infringement by equivalents in a trial must produce evidence to prove the infringement, and the extent to which the ‘equivalents’ of the claimed subject matter could be shown to embody the invention’s essence and thereby attain the same kind of result as was reached by his or her invention.

**Discovery of evidence**

What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

There are several mechanisms by which documents may be obtained, namely to compel third parties to appear before the court with confidential documents or any other proprietary information; the issuance of a search warrant by a court to seize goods or any other object that may be regarded as evidence; and the issuance of specific injunctions customised to the specific needs to effectively tackle an infringement.

**Litigation timetable**

What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The trial may take about eight months from the moment the patent holder brings suit. The appellate phase may take an additional six months, and the appeal on infringements of the law usually takes up to 10 months.

**Litigation costs**

What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

Because of the lack of specialised IP courts and the actual backlog of cases, the cost of a patent infringement lawsuit before and during trial as well as for an appeal ranges from at least US$5,000 to as much as US$20,000, plus other fees (eg, expert witness fees). While contingency fees are permitted, such types of agreements are not usual in El Salvador for these kinds of matters.

**Court appeals**

What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

It is possible to file an appeal before the Civil Chamber and an appeal on infringement of the law before the Supreme Court. Evidence may only be submitted during the trial proceedings in the first instance, unless specific evidence arises or access is only available afterwards, or if it was not allowed by the district court and it was then objected, in which case the court of appeals may accept receiving evidence that it considers necessary to reach its decision.
Competition considerations

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

The patent owner has only the rights granted by the law to prevent third parties from exploiting the patented invention without prejudice to the limitations provided for in the law. Nonetheless, in some cases the patent owner may be liable for abuse of the patent rights, and may be liable for competition violations, namely anticompetitive conduct exercised by the patent holder, and attempts to monopolize conduct. The acts committed by the potential infringer, if qualified as acts considered to be acts of abuse of dominant position, unfair competition and generating or establishing a monopoly based on the ownership of the patent, are sanctionable actions according to Salvadoran competition law.

In those cases, Salvadoran law states that the owner of the patent cannot perform anticompetitive or unfair competition behaviour against other competitors based on the ownership of a patent. The following acts must happen in order for the holder of the patent to infringe the law:
- the patent holder generates entry barriers against their direct competitors;
- the anticompetitive action is intended to limit or prevent competition within the market; and
- the holder lowers prices (if they are consumer products), and that those prices are below costs in order to eliminate direct competitors.

With the above, it is concluded that, once the aforementioned conduct occurs, the owner of a patent will be responsible for some type of infringement of the competition rules. Last but not least, the outcome of such cases may vary on a case-by-case basis, considering that for many cases there may be no substitute products directly competing with patent-protected goods.

Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

If settlement is reached through conciliation or mediation, it is perfectly valid, with the exception that if one of the parties does not comply with its obligations, it may bring civil action to the infringing party.

In addition, the breach of a conciliatory agreement in accordance with article 557 of the Code of Civil and Commercial Procedure confers the right to initiate a forced execution of the agreement in case of a breach by the parties involved.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

The law defines an invention as an idea applicable in practice to the solution of a specific technical problem. An invention may relate to a product or a process. Business methods as such are not considered to be eligible patent subject matter. Medical procedures consisting of methods of surgical, therapeutic or diagnostic treatment, applicable to humans or animals are also excluded, except for products intended to implement any of said methods. Software is not explicitly excluded subject matter; nonetheless, it must reflect an idea applicable in practice to the solution of a specific technical problem defined by prior art.

Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Inventions may be held both by individuals and by corporate entities. The ownership of inventions made by a company employee, independent contractor, multiple inventors or a joint venture varies on a case-by-case basis, depending on the circumstances surrounding the inventors and the creation of the invention. For work for hire or performance of a contract, the general rule is that the creation of an invention belongs to the employee or the contractor.

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The validity of a patent can be challenged on the following grounds:
- if the subject matter of the granted patent does not comply with the requirements established by the Salvadoran Law on the Promotion and Protection of Intellectual Property ('the Law');
- if the disclosure of the invention in the application is not sufficiently clear for a person skilled in the art to carry out the claimed invention, or if the granted claims are not enabled in the disclosure;
- if, following a modification or division of the application, the granted patent contains claims that are based on subject matter that was not properly disclosed in the initially filed application; and
- if the patent was granted to a person who did not have the entitlement to apply for or be granted a patent.

There is no special court or administrative tribunal in which to bring all this. The lawsuit shall be brought before a civil and commercial district court.

Absolute novelty requirement

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

There is an absolute novelty requirement for patentability, the exceptions to the rule are disclosures that would have occurred within the year preceding the filing date of the application in El Salvador or within the year preceding the date of the claimed priority (if any), provided that such disclosure had resulted directly or indirectly from acts carried out by the inventor him or herself or his or her successors, or by qualified breach of faith acts, breach of contract or unlawful acts committed against any of them. The disclosure resulting from a publication made by any patent office during a patent application proceeding would not be considered to affect the novelty of the invention if the application that originated said publication had been submitted by the person not entitled to apply for or be granted said patent, or that the publication happened due to an oversight of the patent office.

Obviousness or inventiveness test

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The legal standard establishes that for a person skilled in the art (the examiner), the claimed invention must not be obvious nor obviously derived from the relevant prior art. There are certain jurisprudence
cases from which certain boundaries may be applied and the standard will be assessed based on the nature of the patent.

**Patent unenforceability**

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

Salvadoran law provides that in case the patent is granted to a person who did not have the right to obtain it, the registration of that patent is null. In these cases, any person can question the misconduct of a person by virtue of his or her misconduct lacks or motivates that there are no rights of ownership or creation (inventorship), which would imply that the patent would not be enforceable against third parties since it would be null.

**Prior user defence**

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? Is the defence limited to commercial uses?

Yes. The rights conferred to the patent owner cannot be enforced against a person who, prior to the filing date or oldest priority date, was already manufacturing the product or using the procedure covered by the granted patent in El Salvador. That person will have the right to continue producing the product or using the procedure as he or she did: that right can only be transferred or transferred together with the establishment or company in which such manufacturing or use was being carried out. This exception will not be applicable if the person had acquired knowledge of the invention by an act of bad faith.

**REMEDIES**

**Monetary remedies for infringement**

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Damages accrue from the moment at which the infringement occurs, which must be verified by the one who asserts it in the respective common process that is filed for that purpose. Logically, it must be a precedent condition that the patent has been previously granted by the Intellectual Property Registry. Compensation for damages is not nominal. Compensation tends to be fair, although the problem is that it is subject to legally established criteria, something that does not happen in tort law, where the extension of compensation is broader and includes both emergent damage and loss of earnings as the only rule or standard.

Pursuant to article 173, the calculation of the compensation of damages will be estimated based on one of the following criteria:

- the damages caused to the holder of the right as a result of the infringement;
- the benefits that the right holder would obviously have obtained from the infringement not having occurred;
- the benefits obtained by the infringer as a result of the acts of infringement;
- the price or regard that the infringer had paid to the right holder, if a contractual licence was concerted, taking into account the commercial value of the object of the infringed right and the contractual licences that had already been granted, or
- any other criteria that the court deems convenient.

Additionally, the infringer shall pay to the holder of the right the profits attributable to the infringement and which have not been considered when calculating the amount of the damages referred to in the previous items.

In that sense, as stated before, the compensation calculation will be based on only one of these criteria.

Finally, in relation to the calculation of royalties as a criterion to determine the extension of compensation, the only rule is the one set out in article 173, which is based on the commercial value of the object of the infringed right and the contractual licences that have already been granted.

**Injunctions against infringement**

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

It is possible to obtain a temporary injunction through the filing of preliminary proceedings before a Civil and Commercial Court, as stipulated in article 256 of the Civil and Commercial Procedure Code. In some specific cases, it can be established that the preliminary proceedings may be requested in accordance with the provisions of article 174 of the Law, which establishes the following:

Whoever exercises an action for infringement of an industrial property right protected by this law, may request that immediate precautionary measures be ordered in order to ensure the effectiveness of that action or compensation for damages, provided there is reasonably available evidence that the right is or may be infringed. The precautionary measures may be conditioned to the issuance of a reasonable bond in an amount that is sufficient to guarantee the defendant, avoid abuse and not to deter the ability to resort to these procedures.

When the action is exercised based on a patent, it will be presumed that it is valid, unless proven otherwise.

- Any of the following may be ordered as precautionary measures:
  - the immediate cessation of acts of infringement;
  - freezing order, retention or deposits of the objects that are the subject of the infraction and of the means used to commit the offence; and
  - the prohibition to import, export or allow the transport in transit within Salvadorean territory of illicitly reproduced copies, issuing the corresponding order to the Directorate General of Customs.

If the action for infringement is not filed within 15 business days following the imposition of a precautionary measure, it will be void as of right, and the plaintiff will be subject to compensation for damages and losses that may have been caused.

The length of this type of measure is for the duration of the process of preliminary proceedings and a common proceeding before the Civil and Commercial Court is filed.
Banning importation of infringing products

24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Preliminary proceedings may be initiated in order to obtain a judicial order to enjoin the importation, commercialisation and distribution of said products. The civil and commercial district courts, for civil matters, or the criminal courts, for criminal infringements, are competent for hearing these petitions. In the case of the injunction of imports, the proceeding that must be initiated is a preliminary proceeding in civil matters; the judge would be able to issue the pertinent order to stop the infringement.

Attorneys’ fees

25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

A successful litigant can recover the legal costs (attorneys’ fees and costs) by filing a damages and compensation lawsuit against the losing party of the lawsuit seeking an award of the legal costs that were generated. For this purpose, the costs and attorneys’ fees would be deemed as damages.

Salvadorean law establishes that if at the time of the filing of the lawsuit (responding to the lawsuit) the plaintiff or defendant expressly requests the award for procedural costs, the successful litigant may be entitled to recover the judicial costs. The judge will establish the amount of costs in the judgment. The award for procedural costs is an independent figure to the claim of damages; such award has been established to impel the losing party to pay the costs incurred in each instance of the process. Owing to the nature of the costs, these may vary depending on the time they are generated.

Consequently, the award of costs and attorneys’ fees would have to be based on these two figures, which can be initiated in parallel form.

Wilful infringement

26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Yes, in this case punitive or criminal law would apply. According to the law it is possible to punish an infringer when the privileges of an invention are violated.

More so than ‘deliberate’ infringement, what is at issue is analysing the facts or elements of the crime, the intentionality of the offender in profiting from such behaviour being of paramount importance.

The opinion of a lawyer should not be used as a defence against a charge of such nature, even when the action is purely civil, since in any case the judge knows the law and will assess whether an infraction has been committed or not.

Time limits for lawsuits

27 | What is the time limit for seeking a remedy for patent infringement?

The action for infringement as a civil claim has a statute of limitations of two years starting from when the infringement was known by the owner of the patent; or five years from the last time the infringer committed the infringement act, whichever expires first (article 183-A of the Industrial Property Law).

Pursuant to article 32 of the Code of Criminal Procedure, in the case of criminal prosecution, the statute of limitation is three years.

Patent marking

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

Under Salvadorean law, the patent holder is not required to mark their patented products. Further, according to Salvadorean patent law, marking patents does not grant patent holders any rights or actions.

Voluntary licensing

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Patent licences are allowed under El Salvador’s law with relatively few limitations, given its contractual nature. The law requires that the licence be written and registered in order to cause its effects to be erga omnes. Unlike many business contracts, licence agreements implicate not only contract law, but also intellectual property laws, antitrust laws, tax and bankruptcy laws. Moreover, because they are often international in scope, the export control laws, tax treaties and contract and competition laws of other jurisdictions must also be assessed. Further, related party licences must be rigorously examined to achieve fiscal benefits through strategic legal structures and to avoid tax adjustments or penalties.

Compulsory licences

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Compulsory licences are regulated under El Salvador’s law and they also must comply with the written and registration requirements. Pursuant to the law, when an emergency or national security has been declared, while these stand, a compulsory licence may be granted, provided that such licences are necessary to fulfill the basic needs of the population; these licences are not assignable nor exclusive, and they must be granted by the competent court, complying with the following:

- the scope of the licence, its duration and the acts for which it is granted, which must be limited to the purpose for which it is granted;
- the price and manner of payment according to market value;
- the necessary conditions to enable the licence to accomplish its purpose; and
- its scope must be limited to supply the internal marketplace. Other laws such as antitrust laws should be considered at the same time.

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

The average time for obtaining a patent that meets all the requirements is two years from the submission of the application, provided that the required documentation is submitted at the time of the filing.

The typical cost of obtaining a patent is US$2,000 to $3,000.

Expedited patent prosecution

32 | Are there any procedures to expedite patent prosecution?

There is currently no expedited patent prosecution available.
Patent application contents

33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The description must disclose and describe the invention in a sufficiently clear and complete manner in order for the examiner to be able to evaluate it, and in such a way that a person skilled in the art can execute it without excessive experimentation. The description must also contain the information regarding the closest prior art that may be considered useful for understanding and examining the invention, as well as references to documents or publications relating to said technology. The description of the invention should be disclosed in terms that allow the understanding of the technical problem and the specific solution provided by the invention; it must also expose the advantages thereof with respect to the closest prior art, including the best way known by the applicant to execute or carry out the invention by any other means.

Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

The closest prior art must be disclosed in the description of the invention; nonetheless, it is not a burden imposed on the inventor per se.

Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

The pursuit of additional claims is allowed by filing of divisional applications of the parent invention. Additional claims are allowed provided that they meet with all the patentability requirements, as long as the additional claims do not exceed the disclosure contained in the original application.

Patent office appeals

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

These types of proceedings are not substantiated by the Intellectual Property Registry; they are filed before a civil and commercial or a criminal court.

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

Yes, in accordance with article 149 of the Industrial Property Law. The procedure contemplates a phase of publication of the application, after which the phase to receive comments from third parties is opened for a period of 60 days.

These observations can be contested by the applicant and everything as a whole is assessed in the ‘substantive examination’ phase.

Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

This kind of dispute can only be taken to a judge pursuant to article 168 of the Industrial Property Law. These cases are not common, but the factor that determines the priority in this type of actions is the identity of the title holder of the right, which can be demonstrated by showing that the patent was granted in other countries: *prior in tempore, potior in iure*.

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The patent office provides procedures for modifying a patent; however, any modification whose scope is not included in the disclosure of the initially filed application will imply the extinction of the patent. Depending on the case, when the grounds for nullity affect a claim or part of it, the nullity may be declared in the form of a limitation of the corresponding claim, by a declaratory judgment.

Patent duration

40 How is the duration of patent protection determined?

In the case of Salvadorean national applications, if granted, the 20-year term shall be calculated from the date of the national application; in the case of priority applications, the term starts from the oldest claimed priority date.
UPDATE AND TRENDS

Key developments of the past year

41 What are the most significant developing or emerging trends in the country’s patent law?

No updates at this time.

Coronavirus

42 What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The effects of the emergency legislation of El Salvador’s Trademarks Office was also the suspension of periods of deadlines during the suspension time, granting after its reopening the additional time of such period (three months), in order to meet the deadline.

A few weeks after the closing of the PTO due to the pandemic, online patent searches and annuity payments were enabled. Also, online inquiries were implemented.

Due to the entry into force of the Administrative Procedures Law, deadlines for submission of documents are much shorter; therefore, we would advise our clients to prepare and have ready the required legalised documents to file them, if possible, along with the application, if not, to have them already in legalisation process to be sent as soon as available.
Lawsuits and courts

What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

The Eurasian patent has effect on the territory of eight contracting states of the Eurasian Patent Convention (EAPC) and the Eurasian Patent Organization (EPO): Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan and Turkmenistan. While the Eurasian patent system provides for a uniform application procedure for physical and legal persons to protect their inventions on the basis of a single Eurasian patent, valid in the territory of member states, there is no unified procedure to enforce a Eurasian patent and no unified court for considering related disputes. Disputes arising as a result of patent infringement are considered by national courts or other competent authorities of each contracting state where the infringement took place, providing for the same civil or other liability as in the case of their national patents.

Although civil, administrative and criminal proceedings are available for enforcing patent rights in almost all contracting states, with certain exceptions, the most efficient option remains civil proceedings before national courts. In Armenia, it is the courts of general jurisdiction and in Turkmenistan ordinary courts that try patent infringement cases in the first instance. Russia and Belarus have specialised bodies – the IP Court and the Chamber for IP Cases of the Supreme Court respectively. The specialised IP court in Russia acts as a cassation (third) instance for patent infringement cases tried by commercial courts, whereas courts of general jurisdiction and commercial courts try cases as courts of first instance. The Chamber for IP Cases of the Supreme Court in Belarus acts as a court of first instance.

In some of the contracting states patent enforcement cases are infrequent. For example, in Tajikistan they are extremely rare.

Trial format and timing

What is the format of a patent infringement trial?

Trials are relatively similar in format across the contracting states. As a general rule, courts set preliminary hearings followed by substantive hearings.

The national courts of the contracting states accept various kinds of evidence, including documents, affidavits or live testimonies. Cross-examination of witnesses might also take place. The disputed issues are normally resolved by a judge or a panel of odd number of judges.

The use of court-appointed experts is relatively common. The conflicting parties in Russia and Belarus may petition for the appointment of an expert with a specialist scientific or technical knowledge. In Belarus, if necessary, the courts rely on a report made by as many as three experts to reach a decision.

The duration of court proceedings varies from country to country and largely depends on the complexity of each case. Normally, patent cases in Russia are tried relatively quickly, even if the first-instance decision is appealed, the total process might take up to a year, but proceedings that last for one to two years are not exceptional either. In Belarus, a trial typically lasts about 10 to 12 months, and one to two years in Armenia.

Proof requirements

What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

Normally, in infringement cases each party needs to support its claims with evidence. There are notable exceptions, however. For example, in Armenia the burden of proof could lie on the defendant when a product manufactured by the defendant infringes a patented product development process. In the absence of proof that the infringing product was developed through a different process, it is presumed that the patented process had been used to develop it.

Invalidation claims cannot be considered within the same infringement proceedings. An invalidation action should be filed separately before the appellate body of the local patent office (for example, the Chamber of Patent Disputes in Russia, the Appeal Counsel in Belarus, Azerbaijan, Kyrgyzstan; or the Appeal Patent Commission in Turkmenistan). The burden of proof is on the claimant.

Standing to sue

Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

In all contracting states, the patent owners and exclusive licensees (unless otherwise is provided in the licence agreement) are entitled to sue for patent infringement. Moreover, any licensee may bring an action against the infringer of a Eurasian patent if it had requested the patent owner to bring such an action, but the latter has not done so within a month. The patent owner can participate in the infringement proceedings initiated by the licensee. Licensees are also entitled to participate in court proceedings initiated by patent owners if they wish to receive their share of damages.

In most contracting states, it is procedurally possible for the defendant to bring a counterclaim against the claimant.
Inducement, and contributory and multiple party infringement

5 | To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

In Armenia, Belarus and Russia, liability is established separately for each infringer in the distribution chain: from the manufacturer, distributor and retailer to the end user. The legislation on civil liability provides no provisions on inducement of infringement or contributory patent infringement. In principle, under Russian law it is possible to impose criminal liability for inducing and contributing to the infringement; however, in practice such facts are hard to prove and the provisions are rarely implemented.

Joiner of multiple defendants

6 | Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties can be joined as defendants in the same proceedings in all contracting states. However, the requirements for the joint proceedings against multiple defendants differ from state to state. For example, in Kazakhstan and Russia, the claims against multiple defendants can be joined if:
• the same rights or obligations (or both) are the subject of the dispute;
• the co-defendants’ rights and obligations share the same basis; and
• the disputed rights and obligations are of the same nature.

Infringement by foreign activities

7 | To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Activities that take place outside the Eurasian Economic Union (EEU) cannot support a charge of patent infringement in EEU contracting states. Activities by the same infringer that took place in the EEU in principle could be considered as aggravating circumstances by the courts of the EEU countries.

Infringement by equivalents

8 | To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Not all countries of the Eurasian Patent Convention apply the doctrine of equivalents when evaluating infringements. For example, in Armenia and Azerbaijan there are no legal provisions or judicial decisions that may support the doctrine of equivalents. It is to a certain extent recognised in Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Turkmenistan. In these countries, a patent is infringed if each feature of the independent patent claim, or a feature equivalent to it, is used in a product or a method.

Although most contracting countries apply the doctrine of equivalents, there are no legislative provisions that clearly outline how to determine equivalence and the practice of applying the doctrine differs from country to country. Normally, equivalence is determined by the courts (as in Russia) or court-appointed experts (as in Belarus and Kazakhstan). The scope of equivalence is not considered in the mentioned countries: it either exists or does not.

Discovery of evidence

9 | What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Normally, the claimant gathers all the necessary evidence by himself before filing a lawsuit.

In most contracting states, judges have the authority to order the gathering of evidence, if a party does not have access to it. In Armenia, Belarus, Kazakhstan and Russia, the claimant may ask the court to issue an order according to which the defendant or third parties are obliged to provide the evidence. The courts can grant the order, considering the circumstances of the case, and clarify the legal consequences of failure to comply with it. Notably in Kazakhstan, if a party fails to present evidence requested by the court within a stipulated period, the court considers such evidence as being directed against the interests of such a party.

All the contracting states except Turkmenistan are parties to the Hague Convention of 18 March 1970 on the Taking of Evidence Abroad in Civil or Commercial Matters and thus could rely on the mechanism of requesting evidence from abroad when infringement is handled within civil or commercial proceedings.

Litigation timetable

10 | What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The litigation timetable depends on the jurisdiction. In most countries, the first-instance proceedings take at least three months (and up to nine or 12 months). Generally, appellate proceedings (if available) are shorter than first-instance proceedings, but the timetable depends on the country and the workload of the appellate court.

Litigation costs

11 | What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The official and attorneys’ fees as well as other related costs (such as translations and expert fees) vary significantly from jurisdiction to jurisdiction and largely depend on the complexity of each case. For example, patent litigation in Kazakhstan and Russia generally tends to be more expensive than in Armenia and Belarus. At the pre-trial stage, the costs depend on the evidence that a party wishes to gather; intention to send a cease-and-desist letter and the willingness to negotiate an out-of-court settlement. At the pre-trial and first-instance trial stages, legal fees start approximately from €8,000 in less costly jurisdictions, whereas in countries like Russia the average cost of first-instance proceedings could be two to three times more expensive. Appeal proceedings are normally about one-and-a-half times less expensive than first-instance proceedings. These figures are provided only for information purposes and accurate estimates should be obtained for each particular case. A lot will depend on the time spent on case analysis – this usually is the most time-consuming part and usually falls under the pre-trial phase. The availability of contingency fees should be checked in each country, as it might depend on the local attorneys and approach of the local courts.
Types of protectable inventions

The Eurasian patent can be obtained for material objects or processes created or transformed by humans, in particular, a device, a method, a substance or a biotechnological product.

- devices, methods, substances or biotechnological products created or transformed by humans, in particular, a device, a method, a substance or a biotechnological product.

In addition, Eurasian patents cannot be granted for plant varieties and animal breeds; topologies of integrated circuits; and inventions, the commercial use of which would be contrary to public order or morality, or the wellbeing and health of people, animals and plants, or could cause serious damage to the environment. The latter cannot be considered as a basis for refusal just because it is forbidden by law in one or more contracting states.

Patent ownership

Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

In accordance with the Eurasian regulations, the right to obtain the Eurasian patent belongs to the inventor or its assignee. If the inventor is an employee, the rights to an invention should be determined in accordance with the national law of a contracting state in which the employee is mainly employed.

In general, national legislative provisions stipulate that patent rights to an invention made by an employee within the scope of his or her duties, or as a result of a particular task, belong to the employer, unless an employment contract stipulates otherwise. The national legislation can stipulate different procedures that an employee should follow if his invention is created as a part of his employment (for example, filing a notification to the employer; signing specific documents, etc).

The Eurasian regulations do not regulate particular cases when an invention is created by an independent contractor, multiple inventors or a joint venture. In such cases, the right to obtain a Eurasian patent is determined by national legislation that differs from state to state. For example, in Kazakhstan, if the invention was created by the joint work of several inventors, including an inventor who is not an employee, the rights to this invention are determined by an agreement between the parties involved.

As for the official recording of patent ownership, the applicant identified in the patent application should be deemed entitled to file the Eurasian patent.

If a person other than the applicant is recognised as the one entitled to file the Eurasian patent application in accordance with a court decision issued in one of the contracting states, that person may, provided that the Eurasian patent has not yet been granted, within three months of the decision becoming effective, perform the following acts:

- continue the examination of the Eurasian patent application as his own instead of the applicant, provided that the prescribed fee is paid;
- file a new Eurasian patent application for the same invention, retaining the filing and the priority dates of the initial application, in which case the initial application should be considered to have been withdrawn from the date of receipt of the new Eurasian application; or
- withdraw the Eurasian patent application filed by the non-entitled person.

Assignment of the right to a Eurasian application or patent enters into force only after it has been registered by the Eurasian Patent Office (EAPO). Licence and other contracts with respect to Eurasian patents should be registered in accordance with the national legislation of the contracting states in which the Eurasian patent has effect.
Patent invalidity

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

There are two procedures available to challenge the validity of a Eurasian patent – the administrative revocation of the Eurasian patent before the EAPO and invalidation of a granted Eurasian patent under the national law of a particular contracting state.

Under the administrative revocation, any interested party can submit a notice of opposition within six months from the date of publication of information on the grant of the Eurasian patent. The patent may be administratively revoked either entirely or in part, in the following cases:

- the invention does not meet the patentability requirements;
- the claims include features that did not appear in the Eurasian patent application as originally filed; and
- the application does not meet the sufficiency of disclosure requirement.

A Eurasian patent may be entirely or partially invalidated throughout the term of its validity, under the national laws of contracting states, in the following cases:

- the invention does not meet the patentability requirements established by the Eurasian Convention and the relevant regulations;
- the claims include features absent from the Eurasian patent application as originally filed;
- the application does not meet the sufficiency of disclosure requirement; and
- the inventor or patentee do not have the right to be mentioned as such.

If the administrative revocation procedure is ongoing before the EAPO, the invalidation decision can be issued by a contracting state only after the administrative revocation procedure is completed.

National patent offices should send copies of their decisions to the EAPO (along with a Russian translation of the relevant parts of the decisions) and the corresponding information will be entered into the Eurasian Patent Register.

Absolute novelty requirement

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

The Eurasian legislation provides for an exception from the ‘absolute novelty’ requirement for patentability – disclosure of information related to the subject matter of the invention by the inventor, applicant, or other person that received this information directly or indirectly from them, should not be taken into account when determining patentability if it occurred within six months before the filing or priority date.

As for the national ‘absolute novelty’ requirement for patentability, all contracting states of the Eurasian Patent Convention, except Turkmenistan, have exceptions from the ‘absolute novelty’ requirement and provide grace periods. Armenia, Azerbaijan, Belarus, and Kyrgyzstan have one-year grace periods, whereas Kazakhstan, Russia, and Tajikistan stipulate six-month grace periods.

Obviousness or inventiveness test

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The laws and regulatory acts that can be used for determining whether a Eurasian patent is ‘obvious’ or ‘inventive’ in view of the prior art include the Eurasian Patent Convention, the Patent Regulations under the Eurasian Patent Convention, as well as the Rules for compiling, filing and examining Eurasian applications at the EAPO.

Under these laws and regulations, the assessment of inventive step involves identifying and analysing:

- the closest analogue (prototype) to the claimed invention;
- the features that distinguish the claimed invention from the closest analogue (distinguishing features);
- the prior art solutions with features that match the claimed invention’s distinguishing features; and
- the impact of the prior art’s distinguishing features on the technical effect indicated by the applicant.

Patent unenforceability

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

The legislation regarding patent unenforceability varies from country to country.

In Armenia, a patent may be considered invalid owing to the patentee’s illegal behaviour, for example the person had no right to obtain a patent.

In Turkmenistan, a patent can be deemed unenforceable if the patent owner’s actions contradict moral principles or the state’s economic or defence interests.

Neither Belarus, Kazakhstan nor Russia’s legislation have grounds on which valid patents can be deemed unenforceable owing to misconduct by the inventors or patent owners. However, under the Kazakh legislation, the rights to the valid patent cannot be enforced if a patentee did not bring a lawsuit against the infringer during the statute of limitations period.

Under Eurasian regulations, any person who began to use an invention or an identical solution, or made the necessary preparations to use it, between the Eurasian patent’s validity termination date and the restoration date, can continue its free use without expanding the scope of the use (the right of subsequent use).

Prior user defence

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

An accused infringer can try to assert the prior user rights defence on the territory of the contracting state in which the prior use occurred. Under the Eurasian regulations, any individual or legal entity that used an invention or carried out the necessary preparatory work for it prior to the filing date or priority date of the Eurasian application, retains the right to use it free of charge, provided that the scope of such use is not expanded.
REMEDIES

Monetary remedies for infringement

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The types of available monetary remedies depend on the national legislation of a particular contracting state where the Eurasian patent was infringed. In certain countries, like Kazakhstan and Russia, a patentee can claim statutory compensation instead of damages. The amount of compensation is awarded at the court’s discretion based on the circumstances of each case. Unlike with damages, in order to claim statutory compensation, the claimant is not obliged to present proof of his losses. Royalties are typically calculated in view of the current market situation.

Injunctions against infringement

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

The possibility of obtaining a preliminary or a final injunction depends on the law of a particular contracting state where a Eurasian patent was infringed.

In most contracting states, obtaining a preliminary injunction is challenging in practice even when they are provided for by the local law. Judges are often hesitant to accept the responsibility linked with injunctive relief and prefer to remain neutral, avoiding steps that may be seen as too radical.

In principle, in Kazakhstan the court may grant an injunction if is consistent with the declared claim. If a claim has been filed for the recognition of rights, or for the restoration of the situation that existed before the infringement, the court may prohibit the defendant from distributing the product and seize the goods in question.

In Belarus and Russia, a temporary injunction can be granted if the claimant can prove that the enforcement of the final judgment will be either impossible or unreasonably difficult in the absence of injunctive relief. The injunction may be obtained against the defendant who is a vendor or a supplier or other persons who undertake actions such as import, manufacture, offer for sale, sale, storage of patented products and any other actions aimed at marketing the patented products.

The final injunction is granted only after hearing the case on the merits, within the scope of the claim stated in the lawsuit. The court might also issue an injunction aimed at preventing further infringing actions and actions that might create a threat of infringement. Moreover, the court might issue an injunction that allows for the seizure of infringing products from manufacturers, importers, stores, transport companies, sellers or other persons who unfairly obtained the infringing goods.

Banning importation of infringing products

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

It is possible to block the importation of infringing products at the borders of some contracting states. In Armenia, a patent can be registered with the customs authorities. If a potentially infringing product appears at a border crossing point, it will be detained to determine its origins. In Belarus, if a patent owner becomes aware of an expected importation of infringing goods, he or she can notify the customs office and provide all relevant details about the importer, while the customs authorities can inform the patent owner when the goods reach the border, so that the patent owner can initiate a lawsuit before the goods are cleared. Turkmenistan’s legislation provides for border measures that extend to products that infringe patents; however, in practice it is not well enforced by customs authorities.

There are no specific tribunals for this purpose in any of the mentioned states.

Attorneys’ fees

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

The exact conditions depend on the country and the outcome of the case (if the claim is fully or partially granted). In Belarus and Russia, a successful litigant should be able to recover costs and attorneys’ fees if they are reasonable and proved by supporting documents. The courts might compare the requested compensation with the fees normally charged in similar cases and adjust the claimed amount. In Kazakhstan, a successful litigant may recover all costs and attorneys’ fees if the claim is fully satisfied and if he can prove the incurred expenses. However, if the claim is only partially satisfied, the costs are awarded to the claimant in proportion to the part of the claim that has been satisfied.

Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Normally, most countries do not offer additional remedies for deliberate infringement. In Belarus and Russia, however, willful infringement will be taken into account when assessing the amount of statutory compensation; the courts tend to award higher compensations in cases of willful infringement.

Time limits for lawsuits

27 What is the time limit for seeking a remedy for patent infringement?

The time limit for seeking a remedy is stipulated by the local law of the country where patent infringement took place. In most of the contracting states, the general term is three years from the date when the patentee learned or could have learned about the infringement.

Patent marking

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

There are no special provisions regarding marking of the patented products in most of the contracting states (eg, Armenia, Belarus, Russia and Turkmenistan). The laws of some member states (Kazakhstan and Tajikistan) provide for the possibility of marking patented products, but given that this is an option and not an obligation, there are no legal consequences for failing to mark a patented product.
Voluntary licensing

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Licences and other contracts related to Eurasian patents should be concluded in compliance with the national laws of the contracting states, both in form and substance, and thus restrictions should be checked at the national level. In most cases, the agreement should be made in writing. In Belarus, Kazakhstan and Russia, licence agreements should be registered with the national Intellectual Property Office.

Compulsory licences

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Compulsory licensing of Eurasian patents is subject to the national laws of the contracting states. While there are subtle differences, the legislation of most of the contracting states (Armenia, Kazakhstan, Kyrgyzstan, Belarus, Tajikistan and Russia) provide for similar requirements for obtaining compulsory licences. Generally, if an invention is not used or is not sufficiently used within a specified period of time (which differs among the states) and the patentee refuses to grant a licence to an entity under reasonable conditions, this entity can file a court claim for obtaining a compulsory (non-exclusive) licence.

Moreover, if a patentee is unable to use the patented invention (second patent) because it infringes on another's patent (first patent), and the patentee of the first patent refuses to grant a licence to the patentee of the second patent, the patentee of the second patent can file a court claim to obtain a compulsory licence. In that case, the patentee of the second patent should prove a significant technical and economic (business) advantage of his or her invention over the first one.

The terms and conditions of the compulsory licence are determined by courts.

Patenting timetable and costs

31 How long does it typically take, and how much does it typically cost, to obtain a patent?

The Eurasian legislation does not set deadlines for the various stages of the Eurasian patent examination or for the total duration of the examination, but in practice, a Eurasian patent is usually granted within two-and-a-half to three years from the filing date.

The total cost to prosecute an average application with five independent claims, 20 claims in total, 35 pages of specifications and two office actions during the prosecution ranges from €6,000 to €7,000.

The total cost of obtaining a patent includes official fees and patent attorney's fees. Translation and other costs (eg, extension of the term for filing a response to an office action) are not included in this estimate.

Official fees mostly depend on the number of claims and amendments incorporated into an application during prosecution. For example, the lowest possible official fees paid would be for an application with one independent claim and five claims in total, provided that no amendments were made during prosecution. In this case, the total official fees would be approximately €1,200. The attorney's fees vary significantly from jurisdiction to jurisdiction and further within them. In Russia, a Eurasian patent attorney's costs associated with filing, prosecution and the grant of a patent could be from €3,000 to €4,000 for an average application.

Expedited patent prosecution

32 Are there any procedures to expedite patent prosecution?

The Eurasian Patent Office (EAPPO) has Patent Prosecution Highway programmes with Korean, Chinese, EU, Japanese and Finnish patent offices. In addition, the EAPPO provides acceleration of formal and substantive examination as well as the acceleration of publication and grant. Accelerated formal examination is to be conducted within five days (the fee is approximately €250) or 10 days (the fee is approximately €125), and the first office action under the accelerated substantive examination (the fee is approximately €700) is issued within three months from the date of the notice of allowance regarding the corresponding request. Accelerated patent publication and grant procedures are conducted within 14 working days of the date of the notice of allowance (the fee is approximately €250).

Patent application contents

33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The Eurasian patent application should comprise a description, drawings and other materials if they are necessary for understanding the essence of the invention. The description should contain the following sections:

- the technical field to which the invention relates;
- the description of the prior art and information about analogues known to the applicant, with indication of the closest analogue to the claimed invention, if possible;
- the disclosure of the invention that should facilitate understanding of a technical problem that the invention sets out to solve, the specification of a technical result that the invention intends to achieve, as well as advantages of the claimed invention over the related prior art;
- a brief description of figures, drawings or other materials; and
- information proving the possibility to implement the invention to achieve the claimed technical effect.

Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

Applicants can disclose as much or as little information regarding prior art as they consider necessary. There is no strict obligation in the EAPPO procedure to inform the examiners about all prior art relevant to the application that became known to an applicant.

Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

A patent applicant can file one or more divisional patent applications to pursue different or new claims to those disclosed in the parent application.

The divisional application can be filed at any time either voluntarily or in response to an objection based on a lack of unity during the examination of the parent application, provided that:

- the parent application is still pending (ie, it is not withdrawn or considered withdrawn);
- the divisional application is filed prior to the publication of the parent patent; or
Patent office appeals

Is it possible to appeal an adverse decision by the patent office in a court of law?

The EAPSO’s rejection decision can be appealed before the EAPSO’s appellate board within three months from the date of its receipt. The appellate EAPSO decision may be further challenged by filing an appeal with the EAPSO’s president within four months from the date of its issue. The president’s decision is final and cannot be further challenged before the EAPSO or in a court of law.

Oppositions or protests to patents

Does the patent office provide any mechanism for opposing the grant of a patent?

There are no procedures for opposing the grant of a patent according to the Eurasian legislation. However, after an application is published, any party can submit comments regarding the patentability of the claimed invention.

Priority of invention

Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

If identical inventions have the same filing date or, if priority is claimed, the same priority date, the applicants will, subject to their consent, be granted only one Eurasian patent. If no agreement has been reached between the applicants, no Eurasian patent will be granted.

Modification and re-examination of patents

Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The Eurasian patent can be modified by removing one or several claims, excluding one or several features from claims, or including one or more features from a dependent claim into an independent claim upon patentee’s request, provided that the modification does not expand the scope of exclusive rights. The Eurasian patent could be also modified by correcting technical or apparent errors.

There is no re-examination procedure stipulated by the Eurasian legislation.

The administrative revocation of the Eurasian patent before the EAPSO is possible within six months from the date of the patent publication. The patent can also be revoked under the national law of a particular contracting state. The Eurasian patent claims may be amended during invalidation proceedings in Russia and Belarus if the patent is invalidated in part.

A Eurasian patent cannot be granted based on the divisional application if the claims are identical in their scope to those in the parent application.

Patent duration

How is the duration of patent protection determined?

The term of validity of the Eurasian patent is 20 years from the application filing date if properly maintained. This 20-year term can be extended in accordance with the national legislation of a contracting state. For instance, the overall term, with granted extensions, is up to 25 years in Russia or Kazakhstan for inventions related to medicines or pesticides that require a marketing authorisation.

Key developments of the past year

What are the most significant developing or emerging trends in the country’s patent law?

The Protocol on the Protection of Industrial Designs to the Eurasian Patent Convention was adopted by EAPSO member states on 9 September 2019, introducing the Eurasian system of protection for industrial design patents, along with the already existing regional protection for inventions.

Five EAPSO member states ratified the Protocol. The first three member states to ratify it were Armenia, Azerbaijan and Kyrgyzstan, and in these countries the Protocol will enter into force on 17 March 2021. At the beginning of January 2021, Russia and Kazakhstan also deposited their ratification instruments; the Protocol will enter into force on 11 April 2021 in Russia and on 12 April 2021 in Kazakhstan. From the remaining three member states that did not ratify the Protocol (Belarus, Tajikistan and Turkmenistan), Tajikistan is the only state that signed it.

According to the Protocol, Eurasian design patent applications will be filed with the EAPSO either directly or through the national patent office of an EAPSO member state. All applicants will follow uniform examination requirements, use only the official language of the EAPSO – Russian, and pay a uniform procedural fee. Once granted, Eurasian design patents will be valid for five years counting from the application filing date, and will be renewable for additional five-year periods up to four more times, so that the maximum term of protection does not exceed 25 years from the application filing date.
As of 1 March 2021, the Pharmaceutical Register of the Eurasian Patent Office is available on the EAPO website. The Register contains information on Eurasian patents related to active pharmaceutical ingredients that have been assigned International Nonproprietary Names. The Register provides up-to-date information on the legal status of these patents in all member states, supplementary protection certificates, licensing agreements and drugs registered in the member states.

Coronavirus

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The EAPO took no particular actions in response to covid-19. In this regard, it would be advisable to consider filing national patent applications, particularly in Russia or Kazakhstan, where accelerated examination programmes for inventions related to covid-19 were launched.
Lawsuits and courts

1 | What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

All patent litigation has been centralised within the Third Division of the Paris Judicial Court (Tribunal Judiciaire since 2020), which is devoted exclusively to intellectual property (IP) cases and has jurisdiction for both infringement or validity matters.

This division is composed of specialist judges in French and European patent law. Cases on the merits are handled by a bench of three judges, while preliminary injunctions and ex parte proceedings are brought before one judge.

Approximately one-third of the cases ruled in the first instance are submitted to the Paris Court of Appeal, in which two sections have jurisdiction to review IP judgments. The Court of Appeal rules on both fact and law issues.

The legality of the decision of the Court of Appeal can be appealed in cassation before the French Supreme Court, which will assess whether the decision has been rendered in accordance with French law. The Supreme Court will therefore rule only ‘in law’ (ie, by applying and construing French law) and does not re-examine the facts.

The first instance decision in patent cases is all the more crucial since the confirmation rate before the Court of Appeal exceeds 70 per cent of the cases and is even higher before the Supreme Court. Over the past two years, however, the Court of Appeal’s level of requirement when granting preliminary injunctions seems to have increased, which may have led to reversals of first instance decisions. This suggests that the position of French courts on the criteria to grant a PI is currently debated.

Trial format and timing

2 | What is the format of a patent infringement trial?

A patent infringement trial on the merits is divided into three parts:

- A pretrial phase: a single judge defines the schedule within which each party shall deliver its own written submissions and supporting documents. The parties rarely exchange fewer than two sets of submissions replying to each other. Since 2019, the powers of this pretrial judge have been extended, affecting patent litigation practice. Inadmissibility claims and procedural motions shall be now held by the pretrial judge, having exclusive jurisdiction in this regard.

- A short final oral hearing: this may take one hour to half a day, depending on how technical the case is. This hearing is used to make the judges understand the key technical elements of the patent and gauge the legal reasoning of the parties in view of the supporting exhibits.

- The deliberations: the decision is rendered between one and three months later, depending on the complexity of the case and the workload of the court.

By virtue of the adversarial principle, the hearings are solely based on the written reasoning presented in the briefs. Likewise, all pieces of evidence must have been brought to discussion before the final hearing.

There is no concept of cross-examination, all evidence being almost exclusively written.

French patent cases are exclusively decided by judges. No jury is involved.

In rare cases, the judges may decide to appoint and interview a legal expert to enlighten them on technical issues or on the assessment of damages. The expert delivers a written report that is challenged by the parties. The judges are usually guided by the opinions expressed by the expert, but they are not bound by them.

In high-profile or technical cases, it is also common practice for the parties to support their opinions with the report of their own privately appointed expert.

Proof requirements

3 | What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The burden of proof lies with the claimant for establishing the infringement of its rights. The claimant may request an authorisation to conduct an infringement seizure aiming to find more evidence on the infringement and the quantum of the damages.

The claimant shall also demonstrate its standing to sue and justify that the patent is still in force with proof of payment of the last annual fee.

The burden of proof for invalidity or unenforceability of the patent lies with the defendant.

Standing to sue

4 | Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The right to bring an action for patent infringement belongs to the patent owner.

Such right may also be granted to the exclusive licensee subject to the following requirements:

- the licence agreement does not stipulate otherwise;
- the licence agreement is in writing and registered in the patent registry; and
- the patent holder does not initiate the proceedings despite the licensee’s official letter inviting him or her to do so.
Any licensee (either exclusive or non-exclusive) can join the proceedings to obtain compensation for its own damages.

In all but a few cases, the accused infringer replies to the claimant by bringing a counterclaim for patent invalidity. Sometimes the defendant replies by claiming ownership of the patent; for instance, in cases where claimant and defendant were former partners.

The accused infringer may also add to his or her defence a counter-claim for frivolous proceedings, which is successful in about 10 per cent of cases.

**Indemnity, and contributory and multiple party infringement**

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Contributory infringement of patents is prohibited under French law. Unless agreed by the patent owner, it is prohibited to supply or offer to supply, on French territory, the means of implementing an ‘essential part’ of the invention to any person other than a person entitled to work the patented invention.

Such prohibition applies where the third party knows, or where it is obvious from the circumstances, that such means are suitable and intended for putting the invention into effect.

The prohibition does not apply where the means of implementation are staple commercial items, except where the patent owner is able to demonstrate that the third party induced the person to whom it supplies to commit infringing actions.

French law does not provide for joint liability in the case where each party only practises some of the elements of the invention. Multiple parties can be held jointly liable for patent infringement only if they practise all the elements together.

**Joinder of multiple defendants**

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

In the case where multiple parties are involved in the same patent infringement, they can be joined as defendants in the same lawsuit. For instance, multiple parties involved in the various steps that lead to the same offer or putting on the market of infringing goods, such as the manufacturer, the wholesaler, the seller, etc.

**Infringement by foreign activities**

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

French courts have jurisdiction over any of the following activities, as long as they are performed in France:

- manufacturing, offering, putting on the market, using, importing or possessing for the aforesaid purposes the good covered by the patent;
- using a process covered by the patent (provided the third party knows that such use is prohibited without the consent of the patent holder); or
- offering, putting on the market, using, importing or possessing for the aforesaid purposes the goods directly obtained through the process covered by the patent.

As to online sales, French courts declare themselves competent where the website is targeting French consumers and has a business impact on French territory, making use of a bundle of indicators, including the language and currency used and the international activity of the merchant, etc.

The Paris Court of Appeal recently clarified the competence of French courts to rule on patent infringement acts committed abroad. It ruled that (1) French courts do not have jurisdiction to rule on infringing acts committed outside France (Germany and UK) against a European patent, either by a foreign company that is a national of an EU member state or by a non-EU defendant; (2) in contrast, French courts have jurisdiction over infringing acts committed outside French territory (Germany and UK) by a French defendant (24 November 2020, RG No. 20/04780).

**Infringement by equivalents**

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

The French Intellectual Property Code does not provide for any rule governing infringement by equivalents.

The ‘theory of equivalents’ is governed by case law, which requires that the structure of the product, although different, shall fulfil the same function, to achieve the same result or a similar one.

However, the function of the means expressed in the claim must not be previously known over prior art (for in such case the patent can only protect the means in its form, but not in its function).

**Discovery of evidence**

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

No discovery procedure exists in France; the parties are free to disclose evidence they choose, provided it is not privileged.

The infringement seizure (saisie-contrefaçon) is one of the most common probative tools used by French practitioners. As a consequence, many cases may either succeed or fail depending on whether the seizure was well or badly performed.

Such measure is obtained through an ex parte procedure by anyone who has the quality to bring an infringement action, leading to a detailed authorisation granted by a single judge. The purpose is to create surprise and avoid dissimulation of proof by the alleged infringer.

Only a bailiff can perform the seizure, generally accompanied by an expert or patent attorney designated by the patentee, and by police officers if need be, to the exclusion of any person related to the claimant (employees or officers) or its counsel.

As its goal is to provide evidence for the infringement and the quantum of the prejudice, the bailiff may seize samples of infringing goods and any technical information or any financial, accounting or commercial documents needed for the assessment of the prejudice suffered by the patentee.

The claimant shall bring proceedings leading to a decision on the merits within 20 working days or 30 calendar days, failing which the search and seizure shall be held invalid.

Following the transposition into French law on 30 July 2018 of the EU Directive 2016/943 on trade secrets, documents seized tend to be more and more frequently placed under escrow. Documents are disclosed within 30 days of the performance of the seizure, subject to opposition by the seized party. In the case of an opposition within this time frame, an expert is usually appointed by the court to sort out which information falls within the field of the infringement seizure as authorised by the court and which do not. Information that is within this scope shall be disclosed to the seizing party even though it is secret.
Litigation timetable

10 | What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

From the delivery of the writ of summons to the decision, the proceedings last on average 18 to 24 months in the first instance and about the same at appeal.

Litigation costs

11 | What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs for patent litigation vary hugely depending on the technical complexity of the case. To obtain a first decision, the range varies between €30,000 and €150,000.

Very complicated and technical cases, such as pharmaceutical litigation, may exceed €250,000.

Such range does not include the costs generated by a search and seizure measure, the seeking of a preliminary injunction, the appointment of a legal or private expert, etc.

Appeal costs may be slightly lower.

Over the past few years, the compensation for legal costs awarded to the winning party has tended to increase.

Pure contingency fee agreements (pacte de quota litis) are prohibited under French law. Contingency fees can only come as a complement to usual fees (flat fees or hourly rates) and agreed in writing by the client.

Court appeals

12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

A recourse lodged before the Paris Court of Appeal is the only avenue of appeal available against a decision in relation to patent infringement.

The parties can produce new evidence at the appellate stage only if it is aimed at supporting the claims submitted at first instance.

Competition considerations

13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

French case law offers examples where the publication of warning letters against the alleged infringer before obtaining a final decision, the mere disclosure of a pending suit to the public, or the publication of a definitive court decision in a misleading manner were qualified as unfair competition.

Enforcing a patent may also be a means of distortion of competition in the relevant market according to antitrust laws.

Alternative dispute resolution

14 | To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Various forms of alternative dispute resolution (ADR) are available under French law. Arbitration, mediation and conciliation are available even though they are seldom used.

However, it is prohibited under French law to submit to arbitration matters that are governed by public order.

Therefore, as concerns patent litigation, contractual disputes (mainly about assignments, licences and manufacturing agreements) and issues related to ownership of a patent are within the scope of arbitration, whereas criminal liability for infringement and invalidity proceedings can never be resolved by ADR.

The arbitrability of civil liability for infringement has never been admitted by French judges so far, but legal doctrine tends to agree with it.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Innovations are patentable provided they satisfy the usual legal requirements (novelty, inventive step, industrial character and sufficiency of description) and they are not specifically excluded by the French Intellectual Property Code.

Accordingly, the following innovations shall not be considered as inventions and are therefore excluded from the scope of patent protection:

- discoveries, scientific theories and mathematical methods;
- aesthetic creations;
- schemes, rules and methods for performing mental acts and playing games;
- business methods; and
- software per se (French case law admits the patentability of software where its implementation produces a technical effect going beyond the simple effect resulting from the physical interactions between hardware and software).

The following inventions are not patentable:

- therapeutic or surgical treatment methods for the human or animal body;
- diagnostic methods applied to the human or animal body;
- inventions whose commercial use would be contrary to public order, human dignity or morality;
- the human body, the discovery of the total or partial sequence of a gene, cloning of human, modification of the genetic identity of humans, use of human embryos for industrial or commercial use and total or partial sequences of genes;
- essentially biological processes and products entirely obtained by essentially biological processes, such as crossing or selection of biological species, including their constitutive elements and the genetic information they contain; and
- plant or animal varieties.

Patent ownership

16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Under French law, the first applicant for a patent is the holder of exclusive rights over such patent.

Therefore, the patentee and the creator of the invention may not necessarily be the same person.

Specific rules govern inventions made by an employee:

- Inventions made in the execution of duties or following the instructions given by the employer automatically belong to the employer, which triggers the right for the employee to get additional pay. In 2015, the law was amended in this regard by providing that the employer shall inform its employee who is the inventor where an application for an industrial property title has been filed in relation to such invention and at the time of grant of such title, where applicable.
Inventions made outside the employee’s duties, but during the execution of his or her functions, or in the field of the employer’s activity by using technical means and knowledge provided for the company, should belong to the employee. However, the employer may ask to be granted the property or licensed rights in return for a fair price.

Inventions made by an employee outside the scope of his or her functions and which do not relate to the field of the employer’s activity belong to the employee.

As regards inventions created by independent contractors, the agreement usually provides for an assignment of the invention and patent rights to the client. In the absence of such provisions, the ownership belongs to the first applicant of the patent and the true inventor shall bring a judicial action in order to claim ownership of the patent if need be.

For inventions created within a joint venture, the patent will be owned as follows:

- where the inventor is an employee of the joint venture, the above-mentioned rules on ‘employee’s invention’ apply and the invention may belong to the joint venture;
- where the inventor is one of the members of the joint venture or one of its employees, the ownership will usually depend on the contractual provisions governing such case; and
- if the invention was created by multiple inventors, the rights on the patent may be jointly owned.

In any case, any patent assignment shall be evidenced in writing in order to be valid, and duly registered in the relevant patent registry in order to be enforceable towards third parties.

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

Patents are declared invalid mainly on the following grounds:

- the invention does not comply with the legal requirements of novelty or inventive step;
- the description does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art; or
- the subject matter of the invention is not patentable.

As of 1 April 2020, the validity of a national patent can be challenged through the opposition procedure before the French intellectual property office within nine months from the date of publication of the grant of the patent.

The validity of a patent may also be challenged before the Paris Judicial Court, either within a cancellation action brought regardless of any infringement to ‘clean the market’, or as a counterclaim within an infringement action. The latter case is the most common.

Absolute novelty requirement

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

There is an absolute novelty requirement for patentability. However, disclosure of an invention is not taken into consideration in the assessment of such novelty if it is the result of an obvious abuse against the inventor or an exhibition as defined by the international Convention of Paris dated 22 November 1928.

Obviousness or inventiveness test

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

French law refers to the current state of the art, meaning all inventions already made available to the public before the date of the patent application.

To decide whether or not the invention is obvious, the French Patent Office and judges refer to the concept of ‘person skilled in the art’, who can be defined as a practitioner with basic knowledge and average ability concerning a given area on a given date.

The inventive step is usually established when the solution brought by the invention:

- provides for an unexpected result, solves a technical issue that was never encountered in the past or overcomes a prejudice or meets an existing need; or
- is not the result of simple and intuitive operations carried on by the person skilled in the art, which would not require excessive effort.

As of 23 May 2020, the French Intellectual Property Office shall also assess, in addition to novelty, whether French patent applications meet the inventive step requirement.

Patent unenforceability

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

A valid patent cannot be deemed unenforceable because of misconduct by the inventors or the patent owner.

However, rights on a patent can be withdrawn owing to failure to pay annual fees, or lack of ownership of the patent holder. As the patent holder is compelled to work the patent, failure to do so may entail the granting of compulsory licences to third parties.

Prior user defence

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

The French Intellectual Property Code provides for an exception to the patentee’s exclusive rights in the case of prior personal possession of an invention by a third party.

Third parties who were, in good faith, in possession of an invention before the filing or priority date of the patent, have the right to commercially use this invention despite the patent.

This exception covers all types of inventions. It can be used in defence by the accused infringer.

REMEDIES

Monetary remedies for infringement

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The French system follows the civil law principle called status quo ante, meaning that compensation is supposed to be limited to the prejudice actually suffered and justified. As a consequence, there are no punitive damages in France.
In rare cases, the court may also order the publication of an extract of the ruling in newspapers or on the infringer’s website.

The court may designate an expert for the assessment of the amount of damages to be granted, but in most cases their amount is based on the assessments made by the parties on the basis of detailed accounting and commercial documentation.

French judges granted an average amount of damages of €50,000 over the past 10 years in patent litigation. The highest amount ever awarded was €28 million of provisional damages in 2020, divided as follows: €8 million were awarded to the patentee for patent infringement, and €20 million were awarded to the distributor in France, for unfair competition (Paris Court of First Instance, 11 September 2020, RG No. 17-10421).

Moreover, the French Supreme Court clarified in January 2019 that the patentee is entitled to claim damages even though it does not personally exploit its patent.

**Injunctions against infringement**

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Any person entitled to initiate an infringement action may try to obtain preliminary injunction against the alleged infringer, its intermediaries or suppliers, to prevent an imminent infringement or to make it cease.

Two types of summary proceedings are available depending on the emergency of the case:

- the référé summons leads to a decision within three to six months; and
- the référé d’heure à heure (expedited summary proceedings) require prior court authorisation to summon the defendant in an emergency, and may lead to a decision within a few days or weeks.

Preliminary injunctions are granted subject to reasonably available proof of infringement or imminent infringement. Urgency is not a criterion under French law. Although patents are deemed to be valid prima facie, judges may agree to take into account the fact that a patent can be seriously disputed by the alleged infringer.

Any preliminary injunction is ordered at the patent holder’s own risk, who will have to compensate the damage suffered by the defendant should the patent ultimately be held to be invalid or not infringed.

Patent holders may obtain:

- suspension orders or continuation of the alleged infringement subject to an adequate financial guarantee of the defendant;
- seizure of the entire stock;
- provisional allowance of damages (which appears to be an upward trend); or
- an injunction to disclose information in relation to the infringement, from the manufacturing to the distribution network.

On rare occasions, the above measures can also be granted within ex parte injunctions, subject to the demonstration that any delay would cause irreparable harm and of why the alleged infringer should not be heard prior to the injunction.

In any case, injunctions must be followed by proceedings on the merits. Failure to initiate such proceedings within 20 working days or 30 calendar days of the injunction entails its cancellation.

**Banning importation of infringing products**

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

As a precautionary measure, customs authorities may block the importation of the allegedly infringing goods upon a patentee’s intervention request. These customs seizures are under the control of the Council Regulation of the European Union.

The patent owner shall either, within 10 working days (or three working days for perishable goods) following the customs authorities’ notification of seizure of the alleged infringing goods:

- initiate a legal action before civil or criminal courts; or
- request the destruction of the goods.

Failure to act within these time frames entails the release of the seized goods or as to perishable goods, their destruction.

**Attorneys’ fees**

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

On average, such costs may amount to between €10,000 and €50,000 and even €100,000 to €300,000 in the most complicated cases.

The total amount granted rarely covers all the costs, but in the past few years the courts have tended to increase this award, especially if the attorneys’ and lawyers’ bills are provided to support the compensation request.

**Wilful infringement**

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Wilful infringement is required for the infringement action to be successful in criminal proceedings, which may entail up to three years’ imprisonment and a €300,000 fine. Criminal proceedings are seldom used in patent litigation.

In civil proceedings, the patent infringer will be held liable regardless of any wilful intent. However, the behaviour of the infringer may be taken into account in the assessment of damages, especially if it caused additional prejudice to the patent holder.

Unlike the well-established case law in some countries allowing the defendant to provide the judge with opinions of counsel in order to refute a charge of wilfulness, French patent law does not provide such a defence. Indeed, good faith and wilful intent are concepts that are not taken into account in assessing the liability of the infringer.
Time limits for lawsuits

27 | What is the time limit for seeking a remedy for patent infringement?

The time limit for seeking a remedy for patent infringement is five years following the date on which the patent owner knew or should have known the last fact allowing him or her to enforce his or her patent. As of 23 May 2020, patent invalidity claims are no longer subject to any limitation period.

Patent marking

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

Under French law, a patent holder is not required to mark its patented products. Therefore, there are no consequences regarding failure to mark. However, false patent marking may be considered as trademark infringement or unfair competition, or as a deceptive or misleading term, which are prohibited under civil and consumer laws.

COMPULSORY LICENCES

Voluntary licensing

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

The French Intellectual Property Code only requires the licence agreement to be in writing.

French and European antitrust authorities are particularly vigilant with respect to patent licences or technology transfer agreements, especially within the pharmaceutical sector.

Compulsory licences

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

The patent owner is under the obligation to use or market the invention. Failure to comply with this obligation entails that any third party may obtain a compulsory licence on the patent as of three years from the granting of the patent, or four years from the filing of the application.

Compulsory licences are limited to the cases where:

- the patentee has never begun to work the invention;
- the patentee has not marketed the invention in sufficient quantities to meet the market needs; or
- the patentee has begun to work the invention, but nothing has been done for the past three years.

The terms of the compulsory licence are defined by the court and based on the usual terms and financial conditions practised in the relevant market.

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

The cost to obtain a patent must include the costs related to the drafting and the examination process handled by a patent attorney, the official taxes and the annual fees.

The official taxes to be paid to the French patent office are quite low: €26 for the filing of the application (plus €42 per each claim beyond 10 claims), €520 for the delivery of the search report and €90 for the granting of the patent.

The annual fees progressively increase over the years, from €38 in the second year, reaching €800 in the 20th year.

Fee reductions are allowed in some cases (individuals, non-profit organisations in the field of education or research, small companies).

Same fees apply to utility certificates (with the exception of the search report fee, as search report are not issued for utility certificates).

The filing fee for the supplementary protection certificate (SPC) is €520 and the annual fee is €940.

Patent attorney’s fees are usually in the range of €3,000 to €5,000 depending on the complexity of the invention and its technical field.

The French Patent Office delivers a patent in two-and-a-half to four years following the filing date.
Prior art disclosure obligations
34 Must an inventor disclose prior art to the patent office examiner?

The applicant is under no obligation to disclose all prior art to the patent office examiner. However, during the course of the examination, the examiner may request the applicant to disclose prior art mentioned in foreign correspondence proceedings.

Pursuit of additional claims
35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

The applicant may divide the earlier filed application by filing divisional applications, under the sole requirement that it does not extend beyond the scope of the patent.

Protection of the divisional applications will be granted from the date of the earlier filed application.

Patent office appeals
36 Is it possible to appeal an adverse decision by the patent office in a court of law?

The Paris Court of Appeal has exclusive jurisdiction concerning adverse decisions of the patent office.

Oppositions or protests to patents
37 Does the patent office provide any mechanism for opposing the grant of a patent?

As of 1 April 2020, any party can file an opposition to a French patent before the French Intellectual Property Office. This opposition can only be filed against patents, to the exclusion of SPCs or of utility certificates. French Intellectual Property Office’s decisions can be appealed before the Paris Court of Appeal.

The opposition can be filed within nine months from the date of publication of the grant of the patent. The opposition fee is €600.

Apart from the opposition, third parties are allowed to file observations before the French Intellectual Property Office challenging the patentability of the invention. Such observations may influence the examiner and eventually lead to a modification or rejection of the patent claims.

Priority of invention
38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

There is no mechanism for resolving priority disputes between different applicants for the same invention.

The only criterion used to define who has priority is the date when the first application was filed.

Modification and re-examination of patents
39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

There is no procedure for re-examining or revoking a patent. However, the patent owner may choose to abandon some claims, or limit the scope of the claims of his or her patent under the condition that this limitation does not extend the protection beyond the scope of the application.

Patent duration
40 How is the duration of patent protection determined?

The French Intellectual Property Code provides for a 20-year period of legal protection for a patent as from its filing date.

Protection of pharmaceutical inventions may be extended by filing an SPC, the duration of which cannot exceed five years from the expiry of the initial patent and 15 years from the issuance of the first marketing authorisation.

The duration of SPCs may finally be extended by six months with the filing of a paediatric extension certificate.

A shorter title, called a ‘utility certificate’, is also provided by the French Intellectual Property Office: its validity has been extended to 10 years from its filing. Conversation of a utility certificate application into patent application is allowed within 18 months from date of filing or of priority and, in any case, prior to the preparation of the application’s publication.

UPDATE AND TRENDS

Key developments of the past year
41 What are the most significant developing or emerging trends in the country’s patent law?

The Paris First Instance Court issued, on 8 November 2019 (RG No. 19-59311), the very first anti-anti suit injunction in the field of patent law, against an initial anti-suit injunction claimed before the US judge regarding the infringement of the French part of a standard essential patent. Anti-anti suit injunction aims at preventing former jurisdiction to issue orders that prohibit initiating or continuing legal proceedings before any foreign courts among which are French courts. On 3 March 2020 (RG No. 19-21426), the Paris Court of Appeal upheld this first instance decision, referring to the need to preserve the sovereignty of the French state, the rules of jurisdictional competence, and fundamental rights (ie, property rights having constitutional value; the right to a fair trial and respect for intellectual property rights). However, it overturned the provision of the first instance order prohibiting any further anti-suit motions that might be filed by the defendant, on the basis that the mere possibility of a future application did not justify such an order.

Since mid-2018, Paris First Instance Court has granted an increasing number of preliminary injunctions, especially in the pharmaceutical sector. Substantial provisional damages are as well granted to the patentee. These measures were issued even where the patent or the supplementary protection certificate (SPC) was shortly about to expire.

A recent ruling is noteworthy in the pemetrexed judicial saga initiated by Lilly companies in France (based on an EP patent expiring in June 2021), as the pretrial judge ordered a preliminary injunction against a generic manufacturer and also awarded provisional damages of €4 million to the patentee (7 January 2021, RG No. 19/06927).

However, the burning question is whether this trend in the pharmaceutical sector will be sustained by the Court of Appeal as it had overruled, in a different case, on 14 February 2020 (RG No. 19-03820) a judgment handed down by the first instance judges who granted such provisional measures. The Court of Appeal found that the measures ordered were disproportionate, particularly given that (1) the SPC validity could strongly be challenged, (2) the SPC was due to expire in a couple of months and that (3) the patentee’s prejudice could be compensated by awarding damages.

Regarding the publication of a preliminary injunction order, the Paris Court of Appeal on 3 March 2020 (RG No. 19/12564) ruled that a press release making public an order prohibiting the exploitation of a patented invention does not constitute an act of unfair disparagement despite its provisional nature.
FRAND licence disputes are increasingly handled by French judges. The most significant development is the decision handed down by the pretrial judge of the Judicial Court of Paris on 6 February 2020 (RG No. 19/02085). The French court retained its jurisdiction over disputes involving the European Telecommunications Standards Institute, headquartered in France – as a party to the trial. Should this order be confirmed by the Appeal Court, the FRAND royalty rate should be addressed.

**Coronavirus**

42 What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

In France, emergency law No. 2020-290 of 23 March 2020 to deal with the covid-19 epidemic introduced a new article L. 3131-15 in the French Public Health Code, which provides for a fast and flexible way to take requisitions measures or any proper measures to deal with the covid-19 pandemic in general. It allows the Prime Minister, when a state of health emergency is declared, by regulatory decree issued on the report of the Minister responsible for health, for the sole purpose of guaranteeing public health: 

‘… 9° Where necessary, [to] take any measure enabling appropriate medicines to be made available to patients for the eradication of the health disaster’.

However, to date, compulsory licensing mechanisms in the interest of public health were not modified to adapt to the current covid-19 health crisis. These mechanisms only applied in the case of a granted patent, which therefore excludes patent applications and constitutes a limit to the use of this mechanism in the current crisis.
In Germany, patent rights can be enforced in legal proceedings before the district courts, either by way of preliminary injunction proceedings or a main proceeding on the merits. In order to ensure that there is a group of judges with a frequent workload of patent cases and thus adequate competence, patent infringement matters are concentrated by law to specific patent chambers of 12 district courts: Munich I, Nuremberg, Mannheim, Frankfurt, Saarbrücken, Erfurt, Leipzig, Magdeburg, Düsseldorf, Braunschweig, Berlin and Hamburg.

In general, each federal state has at least one patent infringement court; however, some federal states share courts.

The most prominent – and busy – courts are Düsseldorf, Mannheim, Munich I and Hamburg.

**Trial format and timing**

German patent infringement trials are front-loaded. The proceedings on the merits commence therefore with the filing of a statement of complaint with the court. The statement of complaint contains the requests and a detailed account of the infringement. The statement of complaint is then formally served on the defendant, usually with a summons to an early oral hearing, which may also be a case management conference in which only the deadline regime is set and the motions are made. Some courts use this hearing to try to negotiate a settlement between the parties.

Before the main oral hearing, each party usually files two briefs:

- the plaintiff – a statement of complaint and a rejoinder; and
- the defendant – a statement of reply and a counter rejoinder.

Owing to this detailed preparation, cases are often tried in one main oral hearing before the first-instance decision is rendered.

The disputed issues are decided by (non-technical) judges (one presiding judge and two assessors).

Documents, affidavits and live testimony are used as evidence to prove or rebut the infringement. Further, expert witnesses are an important means of evidence. However, if the court deems that an expert witness opinion is necessary to hand down a judgment, it will appoint its own expert witness. Such expert witnesses are the most common means of providing evidence in patent infringement cases. Expert witnesses appointed or submitted by the parties have less importance. The court will carefully consider the expert opinion rendered by its appointed expert witness. However, it is not bound by this opinion and may deviate from it.

Depending on the court, it takes approximately seven to 15 months from the service of the statement of complaint on the defendant until a first-instance decision is handed down by the court.

**Proof requirements**

In general, each party must set out and prove the actual features of the legal rule favourable to the respective party. The plaintiff must prove the conditions on which its claims are based. The alleged infringer must prove the facts that deny the claims. The specific distribution and extent of the burden of proof in the course of the proceedings depends on the submissions in the specific case. The more detailed the submission; the more detailed must be the response.

This means that it is first the plaintiff’s duty to substantiate all facts relevant to the decision (such as the right to sue, infringement acts and the features of the patent claim) and all facts should be presented precisely and, if possible, with indication of the source of knowledge.

It is then the responsibility of the defendant to respond to this submission conclusively and, in the case of dispute, to provide proof for his or her allegations. This includes also any defence he or she may rely on (eg, invalidity of the patent).

Only if specific facts submitted by one party are substantially disputed by the other party, does the burden of proof rest on the party submitting these facts to provide sufficient proof for their assertions, either by way of documents, witnesses or experts.

**Standing to sue**

The patent owner and a licensee (exclusive and non-exclusive) may sue for patent infringement. With respect to the latter, the extent of the right to sue and the respective remedies obviously depend on the scope of the licence.

An accused infringer may bring an action for declaratory of non-infringement.

**Inducement, and contributory and multiple party infringement**

Someone can be liable to contributing to an infringement under the conditions of section 10 of the German Patent Act:
The patent shall further have the effect that any third party shall be prohibited, in the absence of the consent of the proprietor of the patent, from supplying or offering to supply, within the territorial scope of this Act, persons other than those entitled to exploit the patented invention with means relating to an essential element of the invention for use within the territorial scope of this Act if the third party knows or if it is obvious from the circumstances that those means are suitable and intended for using that invention.

It is, therefore, in particular necessary that the alleged infringer provides means relating to an essential element of the invention. A means refers to an element of the invention if it is capable of interacting functionally with it in the realisation of the protected inventive idea. This is, for example, the case by offering and delivering a device element that can be combined with other elements to form the patented overall combination.

In general, multiple parties will be jointly liable.

**Joiner of multiple defendants**

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Yes, multiple parties can be joined as defendants in the same lawsuit. The parties must be accused of infringing the same patent and the same infringing embodiment or methods.

**Infringement by foreign activities**

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

According to the case law of the Federal Court of Justice (BGH), a person who enables a third party to use the protected object through his or her own conduct in breach of duty is also liable for a patent infringement (see BGH case ref. X ZR 120/15). These principles also apply to foreign activities contributing to a patent infringement committed in Germany. For example, where a person, in applying a procedure, takes advantage of the fact that certain steps of the protected procedure are carried out by a third party (abroad), that third party may also be liable for patent infringement, and a foreign person (company), who supplies products to a foreign customer is involved in an act of domestic use if it knows that (see BGH case ref. X ZR 120/15). These principles also apply to foreign activities contributing to a patent infringement committed in Germany. For example, where a person, in applying a procedure, takes advantage of the fact that certain steps of the protected procedure are carried out by a third party (abroad), that third party may also be liable for patent infringement, and a foreign person (company), who supplies products to a foreign customer is involved in an act of domestic use if it knows that the customer will supply the products to Germany (BGH, case ref. X ZR 69/13 – Audiosignalcodierung).

**Infringement by equivalents**

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

German patent law applies the doctrine of equivalents. The requirements are as follows:

- the accused product must solve the problem of the invention with objectively equal means;
- the skilled person must be able – based on his or her specialist knowledge – to find the technical solution of the altered version of the accused product as objectively equal; and
- the skilled person must determine that the altered accused product is equivalent to the objective (literal) solution of the patent.

**Discovery of evidence**

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

The concept of discovery is unknown in German procedural rules. However, in order to obtain evidence, the initiation of inspection proceedings pursuant to section 140(c) of the Patent Act is available. The inspection can also be enforced with a preliminary injunction. The requirements for obtaining a preliminary injunction for an inspection are low. It is sufficient merely to demonstrate a probability of patent infringement.

**Litigation timetable**

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The litigation timetable depends very much on the concrete venue. Depending on the court, it takes approximately seven to 15 months from the service of the statement of complaint on the defendant until a first-instance decision is handed down by the court. Where evidence is taken, the procedure may take an additional six to 12 months.

As the court sets a strict deadline regime, there is little scope for expediting the process.

The appeal stage (Higher District Court) will typically take another eight to 12 months.

**Litigation costs**

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

This depends on the disputed value of the court costs. In general, the total cost of an average case should be calculated at a minimum of €70,000 to €100,000, the costs for an appeal can be assumed to be a little lower. However, the total costs depend very much on the complexity of the case, the number of parties and the number of IP rights to be asserted.

Contingency fees are (currently) not permitted.

**Court appeals**

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

An adverse (or partly adverse) decision on the merits before the District Court can be appealed to the Higher District Court, which will be a full legal review of the case. Therefore, generally, the appeals court has to base their review upon the facts and evidence determined by the first-instance court. However, under very narrow circumstances new facts or evidence is allowed:

- if there are doubts in relation to correctness and completeness of the facts determined by the first instance court based upon concrete indications; and
- if explicitly allowed by law, in particular by section 531 sec. II of German code of civil procedure, if:
  - the court has apparently overlooked one aspect or inaccurately determined it as not relevant; 
  - the new facts were not considered due to a procedural error; and
  - the delayed submission of the new fact is not due to negligence.
According to established case law of the Federal Court of Justice, an unjustified warning based upon an industrial property right may infringe the right of the alleged infringer to the established and practised business (business-related tort).

Enforcing a standard essential patent only towards specific infringers may under circumstances be relevant under competition law.

### Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Some of the patent infringement courts particularly foresee mediation processes for suitable cases; the Munich court, for example, proposes an internal court mediation to use the time between the dates of the oral hearings to achieve an amicable, appropriate and interest-based solution. The preliminary view of the case given by the chamber in the early first appointment often gives the parties reason to try mediation.

Besides that, it is possible to resolve patent matters by out-of-court mediation or arbitration proceedings.

### SCOPE AND OWNERSHIP OF PATENTS

#### Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

<table>
<thead>
<tr>
<th>General limits on patentability</th>
</tr>
</thead>
<tbody>
<tr>
<td>According to section 1 of the Patent Act, the following are not regarded as inventions:</td>
</tr>
<tr>
<td>• discoveries, scientific theories and mathematical methods;</td>
</tr>
<tr>
<td>• aesthetic creations;</td>
</tr>
<tr>
<td>• schemes, rules, methods for performing mental acts, playing games or doing business and computer programs; and</td>
</tr>
<tr>
<td>• presentations of information.</td>
</tr>
<tr>
<td>However, this applies only where protection is sought for the subject matter or activities referred to as such.</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Software</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under section 1(3) of the Patent Act, ‘programs for computers’ will not be regarded as inventions. However, this applies only to the extent that protection is sought for the subject matter as such.</td>
</tr>
<tr>
<td>Another restriction on software is the requirement under section 1(1) of the Patent Act that patents are granted to inventions or fields of technology, excluding any subject matter considered to be non-technological.</td>
</tr>
<tr>
<td>In practice, it is seldom difficult to establish novelty. However, when considering the inventive step, non-technical or business method features are not usually considered.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Business methods</th>
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</thead>
<tbody>
<tr>
<td>Under section 1(3) of the Patent Act, ‘methods for doing business’ will not be regarded as inventions. However, this applies only to the extent that protection is sought for the subject matter as such.</td>
</tr>
<tr>
<td>Another restriction on business methods is the requirement under section 1(1) of the Patent Act that patents are granted to inventions or fields of technology, excluding any subject matter considered to be non-technological.</td>
</tr>
<tr>
<td>Again, in practice, it is seldom difficult to establish novelty. However, when considering the inventive step, non-technical or business method features are not usually considered.</td>
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<tr>
<th>Stem cells</th>
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<tbody>
<tr>
<td>The patenting of stem cells is not prohibited; however, it is only possible if the stem cells can be obtained without the destruction of human embryos.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The human body at all stages of its formation and development, including germ cells and the simple discovery of one of its elements (including the sequence or partial sequence of a gene) cannot constitute a patentable invention.</td>
</tr>
<tr>
<td>In addition, patents will not be granted for inventions that concern:</td>
</tr>
<tr>
<td>• processes for cloning humans;</td>
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<tr>
<td>• processes for modifying the germ line genetic identity of humans;</td>
</tr>
<tr>
<td>• the use of human embryos for industrial or commercial purposes; or</td>
</tr>
<tr>
<td>• processes for modifying the genetic identities of animals which are likely to cause them suffering without any substantial medical benefit to humans, animal or animals resulting from such processes.</td>
</tr>
<tr>
<td>Finally, patents will not be granted in respect of:</td>
</tr>
<tr>
<td>• any plant or animal varieties;</td>
</tr>
<tr>
<td>• essentially biological processes for the production of plants or animals;</td>
</tr>
<tr>
<td>• methods for the treatment of human or animal bodies by surgery or therapy; or</td>
</tr>
<tr>
<td>• diagnostic methods practised on human or animal bodies.</td>
</tr>
</tbody>
</table>

The latter provision does not apply to products, in particular substances or compositions, used in any of these methods.

However, patents can be granted for inventions that concern:

<table>
<thead>
<tr>
<th>General</th>
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<tbody>
<tr>
<td>However, patents can be granted for inventions that concern:</td>
</tr>
<tr>
<td>• plants or animals if the technical feasibility of the invention is not confined to a particular plant or animal variety; and</td>
</tr>
<tr>
<td>• microbiological or other technical processes, or a product obtained by means of such a process, other than a plant or animal variety.</td>
</tr>
<tr>
<td>The Patent Act defines the following terms:</td>
</tr>
<tr>
<td>• ‘Biological material’ – any material containing genetic information and capable of reproducing itself or being reproduced in a biological system.</td>
</tr>
<tr>
<td>• ‘Microbiological process’ – any process involving, performed on or resulting in microbiological material.</td>
</tr>
<tr>
<td>• ‘Essentially biological process’ – a process for the production of plants or animals consisting entirely of natural phenomena (eg, crossing or selection).</td>
</tr>
<tr>
<td>• ‘Plant variety’ – a variety as defined under the EU Community Plant Variety Rights Regulation (2100/94), as amended.</td>
</tr>
</tbody>
</table>

### Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

<table>
<thead>
<tr>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>The owner of the patent is the original applicant or his or her successor in title. However, the right to a patent belongs to the inventor or his or her successor in title (section 6, Patent Act). If the inventor differs from the owner, the inventor may lodge a claim for assignment of the patent to him (section 8, Patent Act). If this is (eg, after a court’s decision) successful, the inventor becomes the new owner.</td>
</tr>
</tbody>
</table>
Company employees
The German Employee Inventions Act (GEIA) distinguishes between ‘service inventions’ and ‘free inventions’ (section 4, GEIA). Service inventions result from the obligatory duties of the employee, or are decisively based on know-how or resources of the employer. All other inventions are free inventions that are at the free disposal of the employee, with the only exception that the employee must offer to the employer a non-exclusive licence under reasonable conditions if the invention falls within the range of the employer’s actual or planned activities.

The right to service inventions transfers ‘automatically’ to the employer if:
- the employer communicates an explicit claim in writing to the employee before the end of a four-month period from the employee’s invention report; or
- the employer remains silent within the four-month period (this is understood as an implicit claim to the invention).

The employer may also actively release the claim to the invention within the four-month period. If not, the employer becomes automatically the owner of the invention with a bundle of (potentially costly) duties such as the duty to file a patent application.

Independent contractors
The right to the patent is freely negotiable, either before the invention is made or afterwards. Care must be taken not only as to whether any explicit agreement in the contract may have the consequence of a transferal of the right to the patent but also whether the circumstances and the ‘nature’ of the contract (and the invention made) may have the consequence that a German court would assume an implicit assignment.

Multiple inventors or joint ventures
If two or more persons have jointly made an invention, the right to the patent shall belong to them jointly. If two or more persons have made the invention independently of each other, the right shall belong to the person who is the first to file the application in respect of the invention with the German Patent and Trade Mark Office (section 6, German Patent Act). For joint ventures, the same applies in principle, subject to any potentially differing contractual agreement.

Recording and transferring patent ownership
The ownership is recorded in the Register of the German Patent and Trade Mark Office. The German Patent and Trade Mark Office records in the Register a change in the person, name or place of residence of the applicant or proprietor of the patent if proof thereof is furnished to the German Patent and Trade Mark Office. Until the change has been entered, the (former) applicant or proprietor of the patent remains subject to the rights and obligations of the German Patent Act (section 30, German Patent Act).

The Register has only a declaratory effect. If the Register is not in agreement with the ‘real’ situation (eg, because a contractual transferal of the patent has not been recorded yet), the incorrectly recorded owner is not entitled to raise a claim based on the patent at issue.

DEFENCES

Patent invalidity
17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

Patents cannot be challenged before the civil courts but rather through an opposition or a nullity case. Nullity actions are dealt with at the Federal Patent Court and can be lodged by any third party over the lifecycle of a patent.

The first phase of the proceedings is in writing, after which the Federal Patent Court will generally send a summons for an oral hearing with an unbinding first opinion on the case. The decision is made by five judges after the oral hearing. Appeals can be brought before the German Supreme Court.

If an opposition proceeding is already pending, a party that has received a cease-and-desist letter or against which a claim for patent infringement has been brought may intervene in the pending proceedings if the term for filing an opposition has expired. Such a party will be a full independent party of the opposition proceedings.

Further, the German patent procedure allows for third-party observations to be filed during examination of a patent. Third parties may bring forward any facts or arguments; however, they will not be an official party to the proceedings.

Cancellation actions against utility models can be brought before the German Patent and Trademark Office (GPTO). After a cancellation request has been submitted, the utility model owner will be notified and must oppose the cancellation request within one month. If it fails to do so, the utility model will be cancelled automatically. If the utility model owner opposes the cancellation request, a full cancellation procedure will commence.

Absolute novelty requirement
18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Under sections 1 to 3 of the Patent Act, patents must have absolute novelty.

Obviousness or inventiveness test
19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

Owing to the bifurcated system of infringement and nullity proceedings in Germany, the infringement courts, if a nullity action is pending against the respective patent in suit, only determine the likelihood of whether or not the nullity action will be successfully based upon a summary examination of the main attacks against the patent. Therefore, obviousness and inventiveness only play a subordinate role in the infringement proceedings.

Patent unenforceability
20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

No.
Prior user defence
21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Yes, and the defence is limited to commercial use (the accused infringer must, at least, have taken concrete dispositions to commence commercial activities very soon).

REMEDIES
Monetary remedies for infringement
22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Royalties can be calculated in three ways:
• lost profits of the patent owner;
• licence analogy – damages calculated on the basis of the amount that the infringer would have paid as an appropriate licence fee if it had obtained permission to use the infringed right; or
• infringer’s profit – the profits that the infringer made as a result of the infringement (product-related costs incurred specifically through the manufacture or distribution of the infringing products are deductible; overhead costs are not).

The patent owner may choose between the above calculation methods. It may alternate between these methods until a final decision on the damages is handed down; the plaintiff may even choose one method for past use of the patent and the other for future use. Lost profits of the patent owner is seldom chosen because of the difficulty of proving what profits the patent owner would have made absent the infringement. Damages do not tend to be punitive in nature.

Injunctions against infringement
23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

The threshold for granting preliminary injunctions varies from court to court. However, the standard of proof is generally lower than that in proceedings on the merits. Additional means of proof (eg, sworn affidavits) are admissible.

The patent owner must show that the patent has been infringed and that the matter is urgent (that waiting for a decision on the merits is not justified).

The patent owner must initiate the preliminary injunction proceedings without undue delay on positive knowledge of the patent infringement (that is, it must show that it has taken appropriate measures to obtain a speedy decision). The case law varies from court to court regarding what constitutes an undue delay. In general, if the preliminary injunction proceedings commence within four to six weeks following knowledge of the infringement; there is no undue delay.

The validity of the disputed patent must be beyond a reasonable doubt. Some courts require that the patent must have survived opposition proceedings or nullity proceedings.

Banning importation of infringing products
24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Yes, it is possible to block the importation of infringing products into the country. The Central Office for Intellectual Property of the Federal Finance Directorate (Southeast), based in Munich, is responsible for all applications for customs action due to the infringement of IP rights.

Attorneys’ fees
25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

In general, a fully successful litigant can recover the following costs and fees:
• statutory fees for one attorney at law and one patent attorney (not recoverable is any amount beyond that, eg due to a higher hourly rate of the attorney);
• court fees; and
• reasonable costs to pursue the lawsuit (such as travel costs, translations, costs for experts and post fees).

The court fees and the statutory fee for the attorneys are calculated based upon the value of the case, which is usually suggested by the parties and determined by the court (the higher the value, the higher the fees, whereby the fees rise on a diminishing scale). If a litigant is only partly successful, the court will determine a quota (proportion of win and lose in view of the whole case); the costs and fees are refundable to that quota.

Wilful infringement
26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

No.

Time limits for lawsuits
27 | What is the time limit for seeking a remedy for patent infringement?

Generally, the limitation period for damage claims is three years, starting from the end of the year in which the claim arose and the right holder obtains knowledge of the circumstances giving rise to the claim and of the identity of the infringer, or would have obtained such knowledge if he had not shown gross negligence. However, based upon legal considerations (see, for example, Federal Court of Justice, case ref. X ZR 109/16 Spannungsversorgungsvorrichtung) the time limit for specific remedies is 10 years.

Patent marking
28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

No.
LICENSING

Voluntary licensing

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Yes, there are, in particular, concrete restrictions due to (European) antitrust law.

Compulsory licences

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Yes, either based upon section 24 of the German Patent Act or based upon antitrust law.

Section 24 (paragraph I) of the German Patent Act has the following terms:

The non-exclusive authorisation to commercially use an invention shall be granted by the Federal Patent Court in an individual case in accordance with the following provisions (compulsory licence) where:

1. a licence seeker has, within a reasonable period of time, unsuccessfully attempted to obtain permission from the proprietor of the patent to use the invention on reasonable commercial terms and conditions, and
2. the public interest calls for the grant of a compulsory licence.

Antitrust compulsory licence

Under specific circumstances, the patent owner may be obligated to grant a licence in respect of the subject matter of the patent pursuant to antitrust law. This argument may be lodged as a defence by the alleged infringer in a patent infringement proceeding. This may be the case, where the plaintiff holds a dominant position on the product market because of the respective patent with the result that the obligations under article 102 of the Treaty on the Functioning of the European Union apply to him or her in enforcing his or her patent.

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

According to the German Patent and Trademark Office (GPTO), the grant or rejection of a patent application takes on average two-and-a-half years, provided that a request for examination was filed at the time of the application. A first-office action containing comments on patentability is usually issued within nine months of the filing date if the application was first filed in Germany.

The total costs – from the filing of the patent application to the grant of the patent by the GPTO – depend on:

- the complexity of the application;
- the number of prior art documents cited by the GPTO; and
- the length of the examination proceedings.

On average, the total costs (including official and attorney fees) vary between €4,000 and €6,000, excluding the drafting of the application.

Expedited patent prosecution

32 | Are there any procedures to expedite patent prosecution?

Request for acceleration

According to the Examination Guidelines of the German Patent and Trademark Office (GPTO), No. 2.3.2, accelerated proceedings may be expected ‘upon a justified request for acceleration’. In such a case, the GPTO pursues the application as a matter of priority ‘if the otherwise expected duration of the procedure would lead to considerable disadvantages for the applicant’. Applications for acceleration are in principle only valid for the next procedural step; however, the further procedure will be accelerated if the request for acceleration indicates so.

Global Patent Prosecution Highway

An acceleration request under the Global Patent Prosecution Highway (GPPH) is possible. This is a fast-track way to apply for and have your invention examined internationally. Participation in the GPPH at the GPTO is free of charge.

The prerequisite for participating is that you have already filed, at a GPPH partner office, a patent application with the same content and the same filing date or priority date. Furthermore, the office of first filing must have considered the invention to be patentable – at least for one patent claim. This means, for example, that you must have received a patent or a positive Patent Cooperation Treaty search report.

Other measures

Requesting examination and paying the examination fee upfront accelerates the proceedings. The examination request may be postponed for a maximum of seven years. Filing informal letters to the examiner or contacting the examiner by telephone is helpful, at least inasmuch one usually obtains information as to when a further office action may be expected.

Patent application contents

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The application shall disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art (section 34, German Patent Act). An invention is, in principle, sufficiently disclosed if at least one way is clearly indicated enabling the person skilled in the art to carry out the invention. Second, it is necessary that the skilled person can put the invention into practice over the whole scope of the claim. Hence, one example only may not be sufficient, in particular for chemical or pharmaceutical inventions. The general approach of the GPTO, however, is not overly strict, in this regard.

Clear and plausible information on the effects of the features of the claimed invention is often very helpful for inventive step discussions with the examiner. This is also important (and very often missing) for features of the dependent claims or features from the description, when incorporated in the independent claim in a fallback situation.

Also – even if the GPTO is far less strict than the European Patent Office in this regard – care should be taken regarding the disclosure of any feature of the invention that may serve as a fallback position during prosecution. Even if certain generalisations are often accepted as being implicitly disclosed, it may be detrimental if they are not explicitly disclosed.
Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

No.

Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

As long as the patent application is pending, a divisional application may be filed (with different and/or additional claims). The patent application is considered to be pending up to:

- withdrawal of the application; or
- a final decision (either grant or refusal) plus one month (which is the deadline for filing an appeal; it is not necessary to actually file an appeal).

Moreover, within the first 10 years, a utility model application may be branched off (with different and/or additional claims).

Patent office appeals

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

Yes, appeals against decisions of the GPTO (typically in examination, opposition or restoration proceedings) are handled by the Federal Patent Court in Munich. Under certain circumstances, a further appeal (revision) can be brought to the German Supreme Court.

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

In Germany, the opposition process occurs after grant of the patent. A third party may file an opposition within nine months of the publication of a grant. The opposition may be based on one or more of the following grounds:

- lack of novelty or inventive step;
- the subject matter is not patentable in another respect;
- the patent does not disclose the invention in a sufficiently concise and complete way to enable a person skilled in the art to carry it out in practice;
- essential elements of the patent were taken without consent from a third party; or
- the subject matter extends beyond the content of the patent application as originally filed.

The grounds for opposition must be substantiated within the nine-month opposition period. Oppositions are handled before the competent ‘patent division’ consisting of a panel of three examiners deciding on the case. A hearing will take place on the request of a party or if the patent division deems this to be expedient.

Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

If two or more persons have made the invention independently of each other, the right shall belong to the person who is the first to file the application in respect of the invention with the GPTO, (section 6, German Patent Act).

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

At the request of the proprietor of the patent, the patent may be revoked or limited with retroactive effect by amending the patent claims. The patent office may not refuse a limitation request because the limited claims do not define a patentable invention (eg, vis-à-vis prior art cited by the patentee). By law (section 22 of the German Patent Act), the scope of protection may not be extended. According to case law, the scope of protection must be reduced so that a mere change of the wording is not allowable.

The patent may not be amended in an infringement procedure before the infringement court. However, before the infringement court, it is generally possible to enforce the patent in a limited version. If necessary, the patent may be amended by the Federal Patent Court in a nullity action (being separate from the infringement proceedings).

Patent duration

40 How is the duration of patent protection determined?

The maximum term of protection is 20 years from the filing date.

UPDATE AND TRENDS

Key developments of the past year

41 What are the most significant developing or emerging trends in the country’s patent law?

On 28 October 2020, the German Federal Ministry of Justice published a draft act (Regierungsentwurf) to modernise German patent law.

Clarification of potential limitations of the cease-and-desist claim

The Modernisation Draft comprises an explicit proportionality clause in section 139 (1) of the German Patent Act, according to which the cease and desist claim is ‘excluded as far as the enforcement of the claim would lead to disproportionate hardship for the infringer or third parties not justified by the exclusive right due to the special circumstances of the individual case’.

According to the reasoning provided by the Ministry of Justice, this clause is to be understood as a mere clarification of the Enforcement Directive (RL 2004/48/EC) of the European Union and established case law of the German Supreme Court (BGH GRUR 2016, 1031 – Wärmetauscher). The idea behind the amendment seems to be to encourage the infringement courts to consider potential limitations of the cease-and-desist claim. Since there does not seem to be a substantial change of law, the impact of the intended ‘clarification’ remains open.
Improved coordination between infringement and invalidity proceedings

The draft Modernisation Act seeks to close the ‘injunction gap’ between infringement and invalidity proceedings. According to the draft, the Federal Patent Court ‘should’ provide a preliminary assessment of patent validity within six months. In view of that preliminary assessment, an infringement court may stay infringement proceedings until a decision in the parallel invalidity proceedings is lodged.

Coronavirus

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

In the field of patent law, no specific emergency legislation is currently in force. According to a communication of the GPTO (German Patent and Trademark Office) of 19 October 2020, the GPTO has stopped summoning for oral hearings in patent cases. As of 9 March 2021, this practice was still in force.

The courts continue to summon for and hold (actual) Oral Proceedings. Based on section 128a Code of Civil Procedure, the infringement courts occasionally permit the parties upon their filing a corresponding request or ex officio, to stay at another location in the course of Oral Proceedings, and to take actions in the proceedings from there (by video connection).
**Greece**

Maria Athanassiadou  
Dr Helen G Papaconstantinou and Partners Law Firm

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**PATENT ENFORCEMENT PROCEEDINGS**

**Lawsuits and courts**

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

The first and most swift action against an infringer is to request a temporary restraining order. This will be granted if the petitioner proves the existence of a prima facie serious infringement as a matter of exceptional urgency. Such a request is filed concurrently with a petition for injunction and, if granted, remains usually effective until the hearing of the injunction. A petition for injunction is granted if the element of urgency is prevalent in the circumstances of a particular case. The patent owner may ask for the cessation of the infringing act and the removal of the products from the market. The patent owner is also entitled to take measures for preserving evidence and has the right to information.

The next step is pursuing a main infringement action in which the patent owner may also ask for compensation and moral damages.

Forum selection is important to ensure that court proceedings take place before a court with sufficient expertise in patent law. Patent owners may wish to initiate court proceedings before specialist courts, instead of the local courts. According to legal theory and case law, the competence of the specialist courts in Athens and Thessaloniki is reserved for main patent actions (ie, main infringement actions and nullity actions against a patent), but not for temporary restraining orders or injunctions. The competent courts for preliminary proceedings are the local courts. However, the local courts’ limited expertise in patent law may negatively affect the protection of patent owners’ rights. Therefore, patent owners generally try to file preliminary proceedings before the specialist courts in Athens or Thessaloniki.

**Trial format and timing**

2. What is the format of a patent infringement trial?

By virtue of the Greek Civil Procedure Rules, strict time frames for proceedings apply, where both parties are obliged to submit their arguments in writing along with all relevant evidentiary material within 100 days of the filing of the main action. This time frame applies to Greek nationals and is extended to 130 days for foreign nationals. Both parties must then file their rebuttal arguments within 15 days. Upon expiry of this term, the case file is considered complete. Within 15 days from this point, a judge-rapporteur must be appointed and within 30 days the hearing is scheduled. Each party has the right to submit a maximum of five sworn affidavits in support of its own arguments and a maximum of three sworn affidavits to rebut the adverse party’s arguments. As a rule, the court, which in main proceedings consists of three judges, will then hear the case without witnesses. However, if the court deems it absolutely necessary, it has the option of summoning one of the affiants to testify before the court. In such a case, cross-examination of witnesses is permitted. Each party’s witness is expected to testify on all facts of the case. Each party’s counsel may cross-examine the other party’s witness. The court may also address questions to the witnesses. Expert witnesses may play a key role in complex patent cases, especially in view of the fact that Greek judges have only a legal but not a technical background. The hearing in a main infringement proceeding takes place approximately five months after the filing of the action and a decision may be expected after approximately six months.

**Proof requirements**

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

For establishing infringement, the plaintiff must prove that the patent upon which its action is based is valid, as well as the way in which the defendant is infringing the patent. In invalidity cases, the plaintiff must prove the grounds of invalidity of the contested patent. In case a party claims unenforceability of a patent, this party must prove that the lawsuit for infringement or for compensation has not been timely filed, or that the acquiescence of the plaintiff had created the impression to the defendant that it would not bring a lawsuit against same, or that defendant’s use had been made for non-professional or for experimental purposes (and in case of pharmaceuticals possibly that the Bolar provision applies), or that plaintiff’s patent was null.

**Standing to sue**

4. Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

According to the Law, standing to sue has the patent owner, the exclusive licensee, whoever has a right on the invention and the owner of a pending patent application. In the latter case, the court may order the postponement of the hearing until grant of the patent. It must also be noted, that according to the leading opinion, for the exclusive licensee to have the right to bring an action independently, the licence must be recorded at the Greek Patent Office. An accused infringer may request a declaratory judgement recognising that he or she is not infringing. Such a judgement is enforceable between the parties only.
Inducement, and contributory and multiple party infringement

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Greek patent law does not have any specific provisions concerning inducement and contributory infringement. However, general legal provisions may be applicable depending on the case. Apart from the actual infringer, the plaintiff may also sue any intermediaries, the services of whom are used by a third party to perform infringement, and directors or employees of a legal entity provided that they committed the infringing acts and that they acted for the infringing entity, but only if their personal actions constitute a tort. In the case of multiple party infringement, each party will be liable to the extent of its own infringing actions.

Joinder of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties may be joined as defendants in the same lawsuit, provided that each of them contributes to the infringement in some way. Not all of the defendants must be accused of infringing all of the same patents, but there must be a connection on the basis of which the court may allow multiple defendants.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Infringement must be committed on Greek territory since, as a rule, the principle of territoriality applies.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

In general, the Greek law accepts the doctrine of equivalence, according to which, due account has to be taken of any element that is equivalent to an element specified in the patent claims. However, it is notable that no particularly sophisticated case law is available in this respect.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Greek law does not provide for pretrial discovery. However, the patent owner has the right of preserving evidence and requesting that the defendant provides information such as invoices, or details on the amount of products that have been distributed, within the framework of a trial.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

In main infringement action proceedings, the time of the hearing is scheduled specifically and the parties may expect the issuance of the court decision within six to eight months from the hearing. The average duration of an appeal proceeding is 18 months; however, proceedings may last longer under certain circumstances.

Litigation costs

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs involved in taking a case through to a first-instance decision are difficult to estimate, as they depend on the complexity of the case, the duration of the proceedings, potential mediation costs, potential involvement of technical experts, and possible translation costs. It must be noted, though, that litigation costs in Greece are considerably lower than in other EU member states. Nevertheless, the costs of preliminary proceedings and main patent proceedings can be roughly estimated at a range between €14,000 and €30,000, but higher fees have to be expected in complicated cases where several technical experts must be involved and close cooperation between client and counsel is necessary for an extended period of time.

Court appeals

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

Only decisions in main infringement action proceedings and not preliminary injunction decisions may be subject to appeal. All final decisions of the first-instance courts are open to appeal within 30 days of notification to the losing party in the case of Greek nationals and within 60 days of notification in the case of foreign nationals. If no official notification takes place, the decision may be appealed within two years of its publication. The losing party may contest all aspects of the judgment in connection with legal issues or incorrect findings regarding the facts of the case. A second-instance decision may be appealed before the Supreme Court within 30 days of notification to the losing party in the case of Greek nationals and within 60 days of notification in the case of foreign nationals. As in the case of first-instance decisions, in the absence of official notification, the decision may be appealed within two years of its publication. Submission of new evidence at the appellate stage is permitted only if such evidence had not been available at the first instance trial.

Competition considerations

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Infringers may allege in their defence, in particular within the context of preliminary injunctions’ proceedings, that the patent owner is acting in breach of the rules on unfair competition. However, the courts will assess such claims on a case-by-case basis.

Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Under the Greek Code of Civil Procedure, litigants in infringement cases have the option of seeking an out-of-court settlement. Mediation and arbitration are also available means for resolving intellectual property rights disputes. Rules on arbitrations are provided for by articles 867 et seq. of the Greek Code of Civil Procedure. It must be noted, though, that neither mediation nor arbitration have been sufficiently tested in Greece. The recent Law 4512/2018 initiated compulsory use of mediation in legal disputes arising from patent, trademark and industrial design infringements. The new law introduced a compulsory initial mediation session before the hearing of the case. Said session along
with proof of the lawyer’s compliance with the obligation to inform the client in writing about the option of mediation are now, under the new legal provisions a prerequisite for the admissibility of the lawsuit.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

| 15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures? |

In order for an invention to be patentable in Greece it must be new, involve an inventive step and be susceptible to industrial application. A patentable invention may concern a product, process or industrial application. In order for an invention to be considered as involving an inventive step, it must not be obvious to a person skilled in the art. In order to be considered susceptible to industrial application, the subject matter must be possible to produce or use in any industrial field. Exempt from patent protection are: (a) discoveries, scientific theories and mathematical methods; (b) aesthetic creations; (c) schemes, rules and methods for performing mental acts, playing games or doing business, and computer software; (d) presentation of information; (e) methods for treatment of the human or animal body by surgery or therapy; (f) diagnostic methods practiced on the human or animal body; (g) inventions the publication or exploitation of which would contravene public order or morality; (h) plant or animal varieties or biological processes for the production of plants or animals; this provision does not apply to microbiological processes or the products thereof. As mentioned above, software is expressly excluded from patentability. However, computer-related inventions are patentable in Greece to the extent that the European Patent Office considers them patentable. In this respect, an invention that uses a computer program must be a functional system accompanying specific hardware.

Patent ownership

| 16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred? |

According to the Patent Law, an invention made by a company employee shall belong entirely to the employer, in case it is the outcome of a contractual relation between the employee and the employer for the development of inventive activity (service invention). In case the invention is made by an employee with the use of materials, means or information of the company in which he or she is employed, it will belong by 40 per cent to the employer and by 60 per cent to the employee (dependent invention). In such a case, the employer has the right to exploit the invention by priority against compensation to the inventor, which has to be proportional to the economic value of the invention and the profits it brings. The inventor of the dependent invention has the obligation to notify in writing the employer on the accomplishment of the invention and to provide the necessary information for the filing of a joint patent application. If the employer does not reply in writing within four months from said notification to the employee that he or she is interested in jointly filing the patent application, the invention will belong entirely to the employee, who will have the right to file the application in his or her own name. If the invention is neither a service invention nor a dependent one, it will belong entirely to the employee.

The ownership of an invention made by an independent contractor will depend on the relevant provisions of the agreement between him or her and the employer. If an invention has been achieved by multiple inventors, the rights thereto will be divided equally among them, unless otherwise provided for by an existing written agreement. In the case of a joint venture, the rights on an invention must be governed by a written agreement between the parties.

Patent ownership is officially recorded at the Greek Patent Office. Transfer of the patent must also be recorded at the Greek Patent Office, so that it has effect against third parties.

DEFENCES

Patent invalidity

| 17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this? |

By virtue of the Greek law, the validity of a patent may either be challenged independently before the competent civil courts by means of a full or partial nullity action or as a counterclaim within the framework of infringement proceedings. It must be noted that objections of invalidity and nullity actions are defendants’ most common defences. Cancellation of a patent may be pursued on the following grounds:

- the patent owner is not the inventor or his assignee or beneficiary;
- the invention is not patentable in accordance with the provisions of the law;
- the description attached to the patent does not suffice for the person skilled in the art to carry out the invention; and
- the subject matter of the patent as granted extends beyond the scope of protection as requested with the application.

It must be noted, however, that amendment of a patent is not possible within the framework of a patent litigation. Only within the framework of a nullification proceeding, if the nullification action is directed against part of a patent, the court may order the restriction of the patent to that extent.

Absolute novelty requirement

| 18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions? |

By virtue of the Greek law, there is an absolute novelty requirement for patentability. Exception to this requirement is provided for, only if the disclosure of the invention was made within six months prior to the filing or the priority date and under the conditions that such disclosure was due either to an evident abuse of the rights of the applicant or its legal predecessor, or to the fact that the invention was displayed at an officially recognised international exhibition falling under the terms of the Convention on international exhibitions, signed in Paris on 22 November 1928. In such a case, upon filing the application, the applicant must state that the invention has been so displayed and submit the relevant certificate evidencing this statement.

Obviousness or inventiveness test

| 19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art? |

According to Greek law, an invention is considered new if it does not form part of the state of the art. This is considered to comprise anything that is available to the public anywhere in the world (universality principle) by means of a written or oral description or by any other means, before the filing date of the patent or before the priority date. In this respect, in the case of the manufacturing of a product novelty exists, if this product significantly differs from similar products, by way of possessing substantially new elements. According to case law, in the case of creating a result, the element of novelty is established, if there is a significant improvement to an already known result, irrespective of
whether such improvement consists only in the method of manufacture, or only in the result, or in the reduction of the production costs, or in all the above and is not a mere adaptation of already known elements of methods, without resulting in a significant improvement or a simple use of a means that is known in environments other than the ones it had been previously used, but in the same way in which it had always been used for obtaining the same result (Supreme Court 545/1996, Supreme Court 1588/1991). According to the theory, the element of novelty is connected to the object of the invention, which derives from the claims. In the case of infringement by an equivalent technical standard, the specification and drawings are used for the interpretation of the claims but do not extend the scope of protection to subject matter that has not been included therein. Further, an invention shall be considered as involving an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art. Consequently, it must be presented as something exceeding the normal technological progress, and results in an achievement that is beyond the skills of the average person skilled in the art, namely if the solution to the technical problem was not foreseeable. Further, the combination of several technical means or processes aiming to provide a solution of a technical problem in a unitary way is considered an invention only in the case that combination is not obvious to the average person skilled in the art. The application of equivalent means of a technical problem that has already been resolved, is considered to constitute an invention only under the condition that the equivalent is not known to the average person skilled in the art.

**Patent unenforceability**

**20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?**

Under Greek law, a patent infringement lawsuit may be rejected if it constitutes an abuse of right, namely if it is considered an act of bad faith or as contravening common practice. According to established case law, this may be the case if the patent holder had not taken any action for a long time, although it had been aware of the infringing act, or by not exercising its right, it had created the impression to the infringing party that it would not take to any action so that the infringer had proceeded to investments.

**Prior user defence**

**21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?**

According to the Patent Law, whoever shall exploit his or her contrivance or has proceeded with the preparations required for such exploitation at the time of filing of a patent application by a third party or at the priority date, shall have the right to continue using said contrivance for their enterprise and its needs.

**REMEDIESTEXT**

**Monetary remedies for infringement**

**22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?**

The patent owner may request compensation on the basis of reasonable licensing fees, and moral damages, but not punitive ones. For obtaining compensation or moral damages, the plaintiff has to prove the negligence of the infringer. The compensation claim is determined on the basis of the following three factors:

- the actual loss;
- the defendant’s unfair profits; and
- reasonable licensing fees.

It must be noted, though, that proving the exact amount of the damage or enrichment may often be quite difficult. Where the patent owner cannot collect enough evidence, it may request the infringer to provide information such as invoices or the quantity of distributed products. In addition to the compensation claim, a patent owner may request moral damages; however, the amount of moral damages is difficult to estimate.

**Injunctions against infringement**

**23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?**

For a temporary restraining order to be granted for future infringement, the plaintiff must prove imminent risk of infringement. A permanent injunction may only be obtained for present infringement. In such a case, the petitioner must prove serious and urgent infringement. For an injunction decision to be effective against third parties, such as infringer’s suppliers and customers, the petition must have been directed against said parties as well.

**Banning importation of infringing products**

**24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?**

Patent owners have the option of establishing a customs watch system by filing a general request with the Central Customs Directorate. Customs will notify the patent owner or its representatives when suspected infringing goods are intercepted. The patent owner must initiate court proceedings within 10 days of notification. This term can be extended by another 10 days. If an agreement is reached between the patent owner and the holder or owner of the infringing goods, Customs can order the immediate destruction of the counterfeit goods via a simplified procedure, without the need for court proceedings. In such cases, if the owner of the goods does not expressly oppose the destruction within 10 days, its agreement is presumed.

**Attorneys’ fees**

**25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?**

By virtue of the Civil Procedure Rules, the losing party must pay the winning party’s legal fees, as these are determined by the court. This amount has historically often been calculated on a relatively conservative basis, not covering all attorneys’ fees. However, after implementation of EU Directive 48/2004/EC into Greek law, the courts are obliged to determine the actual legal fees. If the plaintiff seeks compensation, the related court costs may be much higher, depending on the requested amount.
Wilful infringement

26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Wilful infringement forms the basis for the demand for compensation in a patent infringement case. If intentional infringement is proven, the plaintiff may obtain additional compensation for moral damages. In order to determine that the infringement is deliberate, it must be proven that the defendant was aware of the fact that its actions were infringing the patent holder’s rights and that its acts were intentional. The plaintiff may also obtain compensation for moral damages if it proves negligence by the infringer. Counsel’s opinions may be invoked during the proceeding as a defence, however, taking them into account lies within the court’s discretion.

Time limits for lawsuits

27 | What is the time limit for seeking a remedy for patent infringement?

An action on the merits becomes statute barred either five years after the date on which the patent owner became aware of the infringement or damage and the identity of the infringer, or 20 years after the date on which the infringement was committed. As regards nullity actions, there is no time limit and thus these can be pursued at any time within the 20-year duration of a patent.

Patent marking

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

Marking of goods covered by a patent is not compulsory and therefore, there are no relevant specific rules or requirements. As a result, there are no adverse consequences, if such markings are not effectuated. It is advisable that, the goods are marked, as a warning to possible patent infringers.

Since marking of goods in Greece is not compulsory, there are no specific words or abbreviations to be used. European patent application or registration numbers or Greek patent application or registration numbers can be used. It must also be noted that, while it would be preferable that the Greek language is used for marking, in practice various goods appear in the market bearing indications in English (eg, ‘patent pending’).

As regards false marking, the law threatens with up to one year’s imprisonment or with a monetary penalty, or both, whoever places on products or on their wrapping, or on any kind of commercial documents destined for the public or on other relevant means of publishing and advertising, a false statement that the objects in question are patent protected.

Compulsory licences

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Four years from the filing date or three years from the grant, any third party may demand before a court the concession of a compulsory licence on lack of or insufficient exploitation of the patented invention. The third party must notify the patent holder of its intention to seek a compulsory licence, one month before filing a court action. The compulsory licence is granted by a three-Member Court. The applicant for a compulsory licence may seek an opinion of the Greek Patent Office, concerning the existence of the prerequisites for the grant of the licence, as well as the amount, the terms of the compensation to be given to the owner of the patent, and the exclusive or non-exclusive character of the exploitation of the invention. No compulsory licence shall be granted if the patent owner can justify the failure to work the invention. Imports of the product will not constitute a justification. For reasons of public health or national defence, compulsory licences may be granted by ministerial Decree in favour of public sector bodies on patents that have not been exploited in Greece or when production is insufficient to cover domestic needs. A compulsory licence shall be granted provided that reasonable royalties are paid.

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

As according to Greek law there is no substantial examination, provided that a patent application meets all the formal requirements, a patent may be granted within 14 to 16 months of filing. The costs involved up to the granting of a patent, in accordance with the currently applicable official fees, are €500 €667, depending on whether the applicant will request the issuance of a simple or a justified search report. Higher fees must be expected if the application comprises more than 10 claims.

Expedited patent prosecution

32 | Are there any procedures to expedite patent prosecution?

The Greek law on patent protection does not provide for any procedures for expedited patent prosecution.

Patent application contents

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

According to the law, the specification of the invention must be complete and clear enough so that an expert skilled in the art may work the invention as described.

The specification must determine the technical field to which the invention relates and the state of the prior art, which is useful for understanding the invention, must be indicated. It must further determine the invention as defined in the claims, by appropriate technical terms so that that the technical problem the invention aims to solve as well as the provided solution can be understood. It must also present the advantages of the invention in relation to the state of the prior art, contain a brief description of the figures in the drawings (if any) and provide a detailed description of at least one way of carrying out the claimed invention, providing examples where possible. Finally, it must provide an explicit clarification of the way in which the invention can be applied in industry.

LICENSING

Voluntary licensing

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Under Greek law, voluntary licences may be granted and can be exclusive or non-exclusive. As patent law does not provide for any restrictions on the contractual terms, general provisions of contractual and competition law apply.
The claims must define the subject matter for which protection is sought and must be fully supported by the specification.

Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

Ministerial Decision No. 15928/EFA/1253 invites the applicant to indicate the state of the prior art that he or she considers useful for understanding the invention. The documents reflecting the state of the prior art may be cited in the specification. However, such disclosure is not obligatory.

Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

If an invention constitutes a modification of another invention already covered by a patent (main patent), the owner of the latter may apply for the grant of a patent of addition for the later invention, provided that the subject matter of the patent of addition is related to at least one claim of the main patent.

Patent office appeals

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

Decisions of the Greek Patent Office are enforceable administrative acts and as such they can only be challenged before the Council of State (the Supreme Administrative Court of Greece).

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

The Greek law does not provide for opposition procedures before the Greek Patent Office. The validity of a patent may be challenged only before the competent civil courts by means of a nullity action.

Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

There are no mechanisms for resolving priority disputes before the Greek Patent Office. Such disputes may be resolved before the competent civil court, upon a lawsuit of any third party, claiming rights on the invention. According to the law, if two or more persons have made an invention independently of each other the priority right belongs to the first to file.

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

An ex parte post grant modification of national patents is not provided for by the Greek law. Modification is only allowable in the case of European patents upon issuance of a ‘decision to limit’ in accordance with the relevant rules of the EPC. In such a case the modified translation of the patent must be submitted to the Greek Patent Office within three months of the date of publication of the aforementioned decision in the EP Bulletin. A national patent can be modified by a decision of the competent civil court within the framework of a partial nullity action brought before the same by a third party, in which case the patent can be restricted to the extent requested. Re-examination of granted patents is not provided for by the law.

Patent duration

40 How is the duration of patent protection determined?

National and secret patents enjoy a 20-year protection and must be renewed annually. Patents of addition expire simultaneously with the main patent. During its life, a patent of addition may be made independent, upon a relevant request to the Greek Patent Office. In such a case, the duration is extended to 20 years from the day following the date of application for the grant of the patent of addition, provided that all annual fees are duly paid. Patents covering medicinal and plant protection products may be extended for a period up to five years from expiry thereof by way of a supplementary protection certificate (SPC), provided that the relevant legal requirements are satisfied. The option of obtaining a six-month extension of an SPC for paediatrics is also available where the relevant legal conditions are met.

UPDATE AND TRENDS

Key developments of the past year

41 What are the most significant developing or emerging trends in the country’s patent law?

The newly introduced compulsory initial mediation session in legal disputes arising from patent infringement is certainly a significant change that will affect patent litigation and will hopefully contribute to the reduction of the workload of Greek courts. This session, along with proof of the attorney’s compliance to the obligation to inform the client in writing about the option of mediation, is, under the new legal provisions, a prerequisite for the admissibility of the lawsuit.
Coronavirus

42 What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The Greek Patent Office, recognising the insurmountable difficulties that many applicants may have been facing due to the major global challenges caused by the covid-19 pandemic, has suspended all legal deadlines concerning the grant proceedings or registration of Industrial Property rights falling within its competence, from 11 March 2020 for two calendar months. The suspension was further extended until 12 June 2020. The suspensions did not concern legal deadlines concerning all kinds of official fees, since online payment was at all times available. The full operation of the electronic online services of the Greek Patent Office ensured the smooth completion of filings and all other procedures.

In order to support national patent filings during the pandemic, the Patent Office applied a 33 per cent discount on simple search fees for applications filed from 15 June 2020 until 30 June 2021.

The Greek courts have suspended several services and applied specific measures in coordination with the state guidance through the course of the pandemic.

Clients are advised to be in close consultation with local Attorneys in order to obtain accurate information on the measures which are in place and secure smooth and orderly processing of their cases.
Lawsuits and courts

1 What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Guatemalan law establishes two different types of proceedings through which a suit may be brought in order to enforce patent rights against an infringer: civil and criminal claims. Both types of proceedings intend to stop the infringement and to compensate the damages caused to the patent holder. Each action is brought depending on the nature of the facts and circumstances, and depending on the desired results.

Pursuant to civil subject matter claims, the holder of a patent has a cause of action against any third party that infringes upon the rights conferred therein. The patent holder may request:
- the ceasing or suspension of the infringement;
- compensation for damages;
- garnishment of infringing objects or any other means with which the infringement is being caused;
- seizure of goods or any other property with which the infringement is being caused;
- any effective measure necessary to prevent the infringement from continuing or repeating itself;
- the destruction of the means employed to infringe; and
- an order forcing the infringing party to disclose all information it holds about any person participating in any aspect of the infringement and the means of production or distribution circuits of the infringing products or services, including the identification of third parties participating in its production and distribution and its distribution circuits, delivering this information to the owner of the right.

The judicial authorities will be empowered to impose sanctions, when appropriate, on a party that fails to comply with the valid orders issued by the authority.

Regarding criminal claims, the law provides that a criminal complaint may be filed by the patent owner on the grounds of a violation of intellectual property rights. The conviction of infringers for this crime is sought by patent holders to protect themselves against anyone within Guatemalan jurisdiction who produces, elaborates, commercialises, offers to sell, circulates, holds in stock or displays products protected by the patent; the claim may also be filed against any person who uses the patented process or executes any of the acts previously described to obtain a product as a result of the patented process.

There are no specialised courts. These proceedings are brought before the civil court or the ordinary criminal courts, or file a report of a criminal violation before the Prosecutor’s Office.

Trial format and timing

2 What is the format of a patent infringement trial?

The freedom to produce evidence, as a matter of principle, is embedded in Guatemala’s law.

In civil cases, the complaint is filed in writing. All evidence must be relevant, legal and pertinent for it to be granted legal value and weighed by the court, and the source of such evidence must be reasonably reliable. Therefore, on the basis of this freedom to produce evidence, that which is brought before the court will necessarily depend on the facts and circumstances of the case. More specifically, for patent infringement cases, practitioners rely heavily on seized product test results; judicial inspections at the place of manufacturing or business; expert reports; and documents that serve as conclusive evidence among others that further improve the results of the foregoing.

The trial may take about two to four years from the moment the patent holder sues. The appellate phase may take an additional six months. Extraordinary constitutional injunctions would normally entail more than 10 months.

Criminal cases may last more than two years; the ordinary appeal would take between six and eight months, and the appeal on infringements of the law another six months each. Importantly, preliminary injunctions prior to commencement of the case or upon filing suit may be determinant in achieving effective seizure or garnishment of goods, depending on its nature and whether time is of the essence.

Proof requirements

3 What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The general rule is that the burden of proof lies with the accusing party or complainant. If the patent is a product, the plaintiff is obliged to provide sufficient evidence for a finding of infringement (eg, unauthorised sales, offering or use; and unauthorised imports or storage of the goods for the purposes of unauthorised sales, offering or use). The burden of proof shifts, however, if the enforced subject matter of the patent is a process as per the application of article 34 of the TRIPS Agreement: if the subject matter of the enforced patent is a process for obtaining a product, this treaty provision applies. In this case, the defendant must prove with reasonable means that the product was not substantially manufactured with such a process and such product must be new.

In criminal proceedings, during the investigation phase, all evidence must be obtained under the direction and coordination of the Prosecutor’s Office. In case of disagreement with the Prosecutor’s Office regarding the acceptance or denial of evidence, the patent owner may ask the judge to admit the evidence that was denied. To that effect, the patent holder is required to file a writ asking the judge in charge of controlling the investigation to take note that the patent holder will act as a complainant party during the criminal proceedings, which includes the investigation phase.
Regarding the burden of proof in an invalidity claim of a patent, any third party may seek the nullification of the patent on the grounds that it is not eligible subject matter or that the invention does not meet the novelty, non-obviousness and capability of industrial application requirements (consistent with article 27 of the TRIPS Agreement).

Therefore, unless a competent court declares a patent void or a third party raises an invalidity claim defence within an infringement lawsuit, a patent will be deemed valid.

Standing to sue

4 Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

A patent holder or the exclusive licensee have standing against infringers. Co-owners may also bring suit in accordance with the laws of co-ownership: co-owners representing two-thirds may pursue any act of disposition regarding the patent rights.

An accused infringer may file a lawsuit seeking to obtain a declaration that the enforced patent is invalid or void. Because a patent is valid until proven void, a defendant is entitled to raise an invalidity claim defence, which would be, in principle, the first issue to be decided for an infringement case. This, however, does not exclude the possibility that, while an infringement trial is held, an infringer simultaneously attempts to file a separate nullification action to request a declaratory judgment. Pursuant to the common proceeding provided in the Civil Procedural Code, the likely outcome of this strategy would, however, result in the accumulation of both proceedings (because of the identity of parties, object of the claim and an issue that must be considered prior to the finding of infringement).

Inducement, and contributory and multiple party infringement

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Guatemala’s Industrial Property Law does not specifically establish inducement, contributory or multiple party infringement figures; the law provides that the patent holder may pursue action against any person that infringes the patent within Guatemala’s jurisdiction. Therefore, there is no limitation nor requisite whereby the degree of responsibility is set forth beforehand. It follows that because any person that infringes a patent may be sued by the patent holder, multiple persons may be found liable, albeit in different degrees. Thus, the degree of participation of each one is deemed necessary to the extent that the infringement is only possible because together they practise all the elements (or steps) of a patent claim.

At the same time, with respect to criminal liability, the Criminal Code establishes that criminal responsibility is indeed found against all persons who are involved in committing a crime: those involved individually, in association with others, as mediators, instigators or accomplices. Therefore, any person found liable will be sentenced according to the degree of their wrongful doings and participation. Furthermore, the ‘attempt’ of committing a patent infringement crime may also be punishable according to the Guatemalan Criminal Code.

Joiner of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Yes, as indicated above, all facts related with an infringement that involve more than one person will give rise to a cause of action in favour of the patent holder, although the law does not specifically regulate inducement and contributory infringement as such. The relevant issue is that any person involved in the infringing activity would be held liable; this cause of action against a legal entity would differ in that it would be the legal entity held liable, and liability regarding directors and managers would be a separate issue of corporate affairs. Under Guatemala’s law, both in civil and criminal cases there is a procedural instrument by which various plaintiffs or defendants are joined or accumulated in the same proceeding when it regards the same facts and claims.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

The actual infringement must occur within the jurisdiction of Guatemala for a finding of patent infringement. Unlike the United States, where infringement occurs when a party ‘supplies … from the United States, for “combination” abroad, a patented invention’s “components”’ (35 USC, section 271(f)(1)), in Guatemala no statutory provision establishes that activities that take place outside the jurisdiction may support a charge of patent infringement.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

There are no statutory provisions or judicial decisions governing the scope of equivalents of a patent claim, nor are there judicial decisions establishing an enforceable doctrine of equivalents. The infringement by equivalents, if any, should be persuasively argued at trial so as to demonstrate that the patent right in question is the same in kind and effected to be the same in substance for it to amount to an actual infringement.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

There are several mechanisms, both in civil and criminal cases, by which documents may be obtained, namely, to compel third parties to appear before the court with confidential documents or any other proprietary information; the issuance of a search warrant by a court to seize goods or any other object that may be regard as evidence; issuance of specific injunctions customised to the specific needs to effectively tackle an infringement; and evidence from abroad.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The trial may take about two to four years from the moment the patent holder sues. The appellate phase may take an additional six months. Extraordinary constitutional injunctions would normally entail more than 10 months.
**SCOPE AND OWNERSHIP OF PATENTS**

### Types of protectable inventions

15. Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Surgical and therapeutic methods for the treatment of humans or animals, as well as diagnostic and business methods, may not constitute patent eligible subject matter. Software, individually considered, is not eligible subject matter; copyright protection is warranted. Further, mere discoveries; natural products and substances; scientific theories and mathematical methods; mere aesthetic creations or literary and artistic works; principles, economic rules or methods; and mental steps may not be patented.

In general, patents are available for any type of inventions such as a process, machine, manufacture or composition of matter, or any improvement thereof, in all fields of technology, provided that they are new, involve an inventive step, are capable of industrial application, and do not consist of those excluded by the law.

### Patent ownership

16. Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

There are specific rules that determine, separately, who owns the patent of an invention made by a company employee, as well as an independent contractor or a joint venture. Ownership may vary, depending on different circumstances surrounding the inventors and the creation of the invention. For work-for-hire or performance of contract cases, the general rule is that the creation of an invention belongs to the employee or the contractor.

For patents with multiple inventors, unless otherwise assigned or agreed, ownership of a patent belongs to all the inventors as co-owners. The ownership of the patent, as well as the transfer of a patent, must be officially recorded in the Guatemalan Patents and Trademark Office.

### DEFENCES

#### Patent invalidity

17. How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The validity of a patent may be challenged by virtue of a nullification action. The law provides two main avenues:

- when the granted patent is not eligible subject matter; and
- due to the lack of novelty, of inventive step or industrial application.

There is no special court or administrative tribunal in which to bring all this. The lawsuit shall be brought before a civil and commercial district court.

#### Absolute novelty requirement

18. Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

There is an absolute worldwide novelty requirement for patentability. There are no exceptions to this requirement, other than certain disclosures that are considered not to affect the novelty of the patent (eg,
disclosures made by the own applicant during a specific time). The main two rules for this exception are:

- the information disclosed one year prior to the filed date of the patent; or
- the priority date; facts must be assessed depending on the particulars of each case.

**Obviousness or inventiveness test**

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The legal standard establishes that for the person skilled in the art (the examiner), the claimed invention must not be derived in an obvious manner from the corresponding technical field nor from the relevant prior art.

**Patent unenforceability**

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

Under Guatemalan law, any patent that is granted to a person who did not have the right to obtain it is susceptible of being cancelled on the grounds of fraud. In these cases, the rightful and legitimate owner of the invention can question such fraudulent act, which would as a consequence result in the unenforceability of the patent by the wrongful owner.

**Prior user defence**

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

This type of defence would be limited to private uses committed in the private sphere of the infringer only. Nonetheless, such type of private use may not affect in an unjustified manner the normal use of the patent by its rightful owner and cause undue damage to the interests of the owner. Therefore, the use by the alleged infringer would coexist with that of the patent owner, though it would be limited in its application.

**REMEDIES**

**Monetary remedies for infringement**

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Damages and compensation of losses are the monetary remedies available against a patent infringer. Damages start to accrue when the infringement commences, notwithstanding the fact that at the time of the infringement the patent had not yet been granted. Damage awards seek to provide fair compensation to the patent owner.

The statutory provisions establish the following rules to be observed in the calculation of damages:

- damages will be calculated according to the damage suffered by the patent right holder as a result of the infringing activity, and may include, among others:
  - the loss of profits by the right holder as a result of the infringement, of the improper use of the granted patent, based on suggested sales prices of the products or other legitimate measures of value presented by the right holder; and
- the price that the defendant should have paid for a contractual licence, taking into account the commercial value of the infringed right and all the contractual licences already granted; and
- the compensation of losses will be calculated based on the gain obtained by the infringing party as a result of the infringing acts proved during the trial.

**Injunctions against infringement**

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

In civil proceedings, temporary injunctions are sought against future infringement, provided that the infringer is identified. Depending on the case, an injunction may be effective against the infringer’s customers or suppliers. Other precautionary measures have proven to be effective in light of the power that the judge holds in ordering customised measures based on specific circumstances.

**Banning importation of infringing products**

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Imports of infringing products are normally enjoined where the import details are specifically identified: bill of lading, customs declaration, etc. There is no specific tribunal to accomplish this. The civil and commercial district courts, for civil matters, or the criminal courts, for criminal infringements, are competent for hearing these petitions. The specific proceeding is the filing of a report of a criminal violation. After the customs authorities identify the shipment, the infringing products are detained, to be seized at a later stage.

**Attorneys’ fees**

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

A successful litigant is entitled to recoup attorneys’ fees, unless the judge considers that the losing party litigated with evident good faith. These fees are determined by an official fee set forth by the law. Such official fees normally do not reflect the actual costs that a party incurred. A special collection proceeding must be initiated after judgment is issued, with no pending remedies or appeals.

**Wilful infringement**

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Yes, in this case criminal law would apply. According to the law, it is possible to punish an infringer when a granted patent has been infringed.

More so than ‘deliberate’ infringement, what is at issue is analysing the facts or elements of the crime, with the intentionalty of the offender in profiting from such behaviour being of paramount importance. A counsel opinion may be used as a defence to a charge of wilful infringement, depending on whether such opinion rests upon demonstrated facts relevant to the infringement’s case.
**Time limits for lawsuits**

27 | What is the time limit for seeking a remedy for patent infringement?

Under the assumption that the patent is valid, the time limit for seeking a remedy for patent infringement is as follows:

1. five years after the granted date, if the infringement took place when the patent had not yet been granted;
2. two years after the owner of the patent took notice of the infringement; or
3. five years after the last time the infringer committed an infringement.

In cases (2) and (3), the time limit would be set depending on the term that expires first.

**Patent marking**

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

Under Guatemalan law, the patent holder is not required to mark their patented products. Further, marking patents does not grant patent holders any rights or actions by the industrial property rights law or other regulations.

**LICENSING**

**Voluntary licensing**

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Patent licences are allowed under Guatemala’s law with relatively few limitations, given its contractual nature, with a significant competition law limitation. The law requires that the licence be written and registered in order to cause its effects erga omnes. The clauses of a licence will be considered void if the purpose or effect of such clauses would amount to an undue restriction of competition or if such clauses would entail an abuse of the exercise of the patent rights.

**Compulsory licences**

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Yes. The mechanisms available comply with article 31 of the TRIPS Agreement. The interested party must submit a writ before the Guatemalan Patents and Trademark Office asking for the granting of a compulsory licence, on the grounds of:

- national and public health emergencies;
- national security;
- non-commercial public use; and
- anticompetitive conduct exercised by the patent holder.

The terms of such licence would be determined on a case-by-case basis, complying both with the TRIPS Agreement and the Guatemalan Industrial Property Law.

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

Provided that all the outstanding documents are properly submitted at the time of the filing and that the invention is a patent-eligible subject matter complying with all the legal requirements, it takes approximately five years to obtain a patent.

The typical cost of obtaining a patent is US$2,000 to $3,000.

**Expedited patent prosecution**

32 | Are there any procedures to expedite patent prosecution?

There are currently no procedures to expedite patent prosecution.

**Patent application contents**

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The description must disclose and describe the invention in a sufficiently clear and complete manner so as to enable an expert skilled in the art to confirm that an applicant possessed the invention at the date of the submission of the application, or at least on the date of submission of the priority application. As standard practice, however, it is recommended that the description must expose the advantages thereof with respect to the closest prior art, including the best way known by the applicant to execute or carry out the invention by any means.

**Prior art disclosure obligations**

34 | Must an inventor disclose prior art to the patent office examiner?

The inventor need not disclose prior art; nonetheless, it is advisable. During the examination phase, the examiner may require the applicant to submit novelty and patentability search results obtained from patent offices from other jurisdictions.

**Pursuit of additional claims**

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

No. The only exception is the filing of a divisional application. In such cases, a patent applicant may file a divisional application at a later stage (and before entering the examination phase) if the invention does not comply with the unity of invention requirement.

**Patent office appeals**

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

It is possible to file an administrative appeal against an adverse decision by the Guatemalan Patents and Trademark Office filed against the Ministry of Economy, and the decision of the Minister of Economy may be appealed before a court of law for administrative subject matter cases. The court will review the juridicity (which examines the entirety of legal aspects) of the decision issued by the Minister of Economy.
Opportunities or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

No. Nonetheless, it does provide a mechanism for filing non-binding ‘observations’. The applicant does have the right, however, to file a response writ against third-party observations, although the applicant is not obliged to do so.

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The patent office does not have sufficient powers to decide priority disputes between different applicants directly. In any case, during the examination phase, a prevailing applicant is the one who demonstrates a prior filing date and time. A first-to-file rule is the standard to determine which application is novel and which application is not novel.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The patent office provides procedures for modifying the patent throughout the application process. The Guatemalan Patents and Trademark Office does not provide procedures for modifying, re-examining or revoking a patent.

Depending on the case, a court could decide to amend the patent claims by way of a judgment.

Patent duration

40 | How is the duration of patent protection determined?

The duration of the patent is 20 years after the filing date. If the patent is a Patent Cooperation Treaty National Phase application, the duration is determined, depending on the type of application, 20 years after the international filing date of the application (Chapter II).

UPDATE AND TRENDS

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

For the time being there are no significant developing or emerging trends regarding Guatemala’s patent law. The only significant advance that has been implemented is the electronic system for processing payments of official fees before the Guatemalan Patent and Trademark Office (PTO).

Coronavirus

42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

Emergency legislation was implemented during a relatively short time in 2020 to address the pandemic. Regarding the activities of the Guatemalan PTO, the emergency and temporary legislation was effective for a relatively short time (three months and two weeks). The effects of the emergency legislation was, in essence, the suspension of deadlines during the set period, and the granting of an ad hoc grace period (other than the grace period granted by the PCT/Paris Convention), in order to meet deadlines that have been affected during the state of emergency, which lasted from 18 March 2020 to 1 July 2020.

Currently, there is no current emergency legislation to specifically address the pandemic. We would advise clients to prepare and have ready as soon as possible the required certified or apostilled documents (eg, apostilled PoA, apostilled assignment documents, certified priority document) in order for them to be sent to the local agent as soon as available.

Clients should be aware that, unfortunately, the Guatemalan PTO is not considering the fact that emergency legislation and emergency measures may be affecting and causing backlogs in the public offices of foreign authorities in charge of issuing requested outstanding documents to be submitted in active matters prosecuted before the Guatemalan PTO. Consequently, no exceptions would be considered if any outstanding documents are not ready to be submitted within the legal deadline to do so.
**PATENT ENFORCEMENT PROCEEDINGS**

**Lawsuits and courts**

1. **What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?**

   Honduran law establishes two different types of proceedings to enforce patent rights against an infringer: civil and criminal claims. Both types of proceedings seek to stop the infringement and to compensate for damage caused to the patent holder. Each action is brought depending on the nature of the facts, circumstances and the desired results.

   **Civil claims**

   The holder of a patent has a cause of action against any party that infringes its patent rights. The patent holder may request the following:
   - an order requiring the defendant to cease the infringement;
   - revindicación to retrieve the right of an application in process, as well as the title or registration granted to the defendant;
   - compensation for damages;
   - garnishment of infringing objects or any other means with which the infringement is being caused;
   - the attribution of ownership of the seized objects or means, if possible (in which case, the value of the affected goods will be imputed to the amount of compensation for damages, and if it exceeds the amount of compensation granted, the patent owner must compensate the other party for the excess); and
   - any effective measure necessary to prevent the infringement from continuing or repeating itself, such as the destruction of the means employed to infringe.

   Any interested party may file a claim against the owner of an IP right, seeking a declaration from a competent judge declaring that a particular action does not constitute a violation of that patent.

   The judicial authorities have powers to impose sanctions, when appropriate, on a party that fails to comply with the valid orders issued by the authority.

   Importantly, before proceeding with the submission of a civil claim, a ‘conciliation stage’ must first be exhausted, according to article 525, of the Civil Procedure Code. Such evidence is, however, limited to seized products, test results, expert reports, documents, affidavits and live testimony.

   Cross-examination is permitted, pursuant to article 251, subsection a, of the Civil Procedure Code. Such evidence is, however, limited to previously approved written questions and no redirect or re-examination is allowed. Expert witness reports are commonly used in this type of proceeding. All disputed issues in all trials are decided by a judge. A trial may take between one to five years, exhausting all instances, assuming a normal development.

   Criminal cases may last more than two years, starting with the filing of a criminal violation report before the Prosecutor’s Office. After the report is submitted, a criminal investigation is conducted by the assigned prosecutor. The legal representative of the offended party may assist the prosecutor in obtaining evidence. Once the prosecutor has all the evidence to bring action against the accused, they can then begin with each phase, starting with the first hearing (where the accused is presented with the preliminary investigation proceedings before the judge), the intermediate phase of the preliminary hearing, and the final phase, finishing with the oral and public trial (articles 265 and 266 of the Criminal Procedure Code).

   **Proof requirements**

   3. **What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?**

   The general rule is that the burden of proof lies with the accusing party or complainant. In Honduras, the burden of proof rests on the owner of the patent. Conversely, the infringer has the burden of proving the facts that dismiss plaintiff’s allegations. The burden of proof is shifted to the defendant in cases where a product is manufactured by a patented method without the authorisation of the patent holder, in which case the defendant must prove with reasonable means that the product was not substantially manufactured on the basis of such a method, and provided that the product is new, applying article 34 from the TRIPS Agreement. The judge or the court must keep in mind the availability and ease of proof that corresponds to each of the parties in the dispute.
Standing to sue

4 Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The following parties may sue for patent infringement:

• the owner of the patent;
• a co-owner with the same rights as the owner of the patent, with unless otherwise agreed; and
• a holder of an exclusive licence.

In addition, a holder of non-exclusive licence of a patent may notify patent holder to file a judicial claim for infringement. If the owner of the patent refuses or fails to file the appropriate claim within a period of three months, the non-exclusive licensee may file the claim in his or her own name, requesting the necessary precautionary measures to protect the petitioner, pursuant to article 524 of the Civil Procedure Code.

In criminal proceedings, the accused party will be given the opportunity to provide evidence showing that no infringement has occurred, despite the obligation on the Prosecutor’s Office to rebut the presumption of innocence of the accused party.

In civil proceedings, the defendant would be given the opportunity to submit evidence to overcome the plaintiff’s infringement claims.

Inducement, and contributory and multiple party infringement

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

The Intellectual Property Act of Honduras does not specifically provide for liability for inducement, contributory or multiple party infringement. The law does establish, however, that the patent holder may pursue action against any person that directly infringes the patent within Honduran jurisdiction. There is no limitation on the degree of responsibility. It follows that, because anyone that infringes a patent may be sued by the patent holder, he or she who is directly involved, even regarding one patented step, would likely be found guilty.

Regarding criminal liability, the Criminal Code establishes that criminal responsibility is found against all persons who are involved in committing a crime: those involved individually, and those acting in association with others, such as mediators, instigators or accomplices. Therefore, any person found liable will be sentenced according to the degree of their wrongful actions and participation.

Joinder of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Yes, any facts related to an infringement that involve more than one person will give rise to a cause of action in favour of the patent holder, although the law does not specifically regulate inducement and contributory infringement as such. The relevant issue is the involvement in an infringing activity. Under Honduran law, both for civil and criminal cases, specific procedural law provisions allow for various plaintiffs or defendants to join in the same proceeding, as long as the proceeding examines the same facts at issue, claims and interests. Not all infringers must be accused or sued in order to comply with the requirements of standing to sue.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Infringement must occur inside the jurisdiction of Honduras to support a claim of patent infringement. There is no exception, for example, as provided in the United States, where infringement occurs when a party “supplies . . . from the United States, for "combination" abroad, a patented invention’s “component” (35 USC, section 271(f)(1)). In Honduras, no statutory provision establishes that activities that take place outside the jurisdiction may support a claim of patent infringement.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

There are no judicial rulings or statutory provisions governing the scope of the doctrine of equivalents. Infringement by equivalents, if any, should be persuasively argued at trial so as to demonstrate that the patent right in question is the same in kind and effected to be the same in substance, for the actions to amount to an actual infringement.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

The judge can grant a seizure warrant of property and objects that may serve as evidence of the infringement or crime. The judge can also grant a warrant ordering a party to cease infringement. Injunctions customised to specific needs to effectively tackle an infringement are also available, and evidence from outside the country for proving infringement, damages or invalidity of the patent is also accepted.

Further, based on article 246 from the Civil Procedure Code, a special sworn declaration proceeding is available, provided that reasons of urgency or fear are shown. Its admission will depend on the type and kind of infractions. The special sworn declaration must be rendered by the potential defendant on an urgent basis, before the plaintiff brings an infringement suit against the infringer.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The conciliatory phase: Following the formal response to the claim, there is a preliminary hearing where the parties will have to appear. In that hearing, the parties will be given the opportunity to propose and provide evidence. Stages 1, 2 and 3 may take up to a year and a half.

The evidentiary hearing: In that hearing, witnesses and experts are summoned to appear before the court. During this hearing, parties are able to object to the participation of a specific expert witness. Stage 4 may take up to one year.

Final arguments and first instance ruling: After the evidentiary hearing concludes, the parties are summoned to provide final arguments. Afterwards, a first instance ruling is issued. Parties unable to reach a settlement, they will be given the opportunity to propose and provide evidence. Stages 1, 2 and 3 may take up to a year and a half.
will have 10 days to file an appeal and this period is not extendable. Stage 5 may take up to two years. 

The whole process may take two to five years.

**Litigation costs**

11 | What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs depend on the nature of the infringement, the technology of the patent and the type of evidence to prove the infringement claim, as well as the expert witnesses’ fees. The range of the costs are between USD4,000 to USD20,000.00 up to first instance. Additional fees must be considered for preparing appeals and other types of remedies or extraordinary injunctions.

Honduran law does not have specific provide for contingency fees. Attorney’s fees are agreed with the client, without charging any additional expenses not previously agreed on.

**Court appeals**

12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

In civil matters the available avenue of appeal is an appeal filed before the appellate court. Ultimately, a cassation recourse may also be brought against the Court of Appeals’ ruling or judgment. In criminal matters, an appeal is available against the intermediate stage resolution or decision, while in the final oral stage trial, a cassation recourse against a ruling may also be brought. For both proceedings, civil and criminal, evidence may only be submitted during the trial proceedings in the first instance.

**Competition considerations**

13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Unless a patent holder shows that there is no exhaustion of rights in any type of infringement case, a patent holder could be liable to pay damages and attorneys’ fees.

Competition considerations arise in cases of compulsory licence requests where semiconductor technologies are involved, provided that there is an anticompetitive conduct underlining the lack of exploitation of the patent.

Furthermore, while Honduran Competition Law addresses issues involving acts that may expose the patent owner to liability when enforcing the patent, the Industrial Property Act is the specific law governing patents. According to the Industrial Property Law, any person or competent authority may request the Patent and Trademark Office to revoke a patent, if the patent owner engages in any of the following conduct, among others, which would be deemed to amount to a case of abuse exercise of rights pertaining to a patent:

- acts seeking to control, restrict or suppress industrial or commercial activities, in such a way that affects the national economy;
- unjustified or abusive conditions imposed for the granting of a licence or a sublicence, seeking to unduly hinder or affect the establishment or growth of new businesses, as well as industrial or commercial activities, in Honduras;
- offering for sale products protected by a patent at unreasonably high prices, thereby amounting to an abuse of the rights conferred by the patent; and
- use of the patent to the extent that it would unjustifiably hinder, restrict or control an industrial or commercial activity related to products or processes not protected by the granted patent.

A request to grant a compulsory licence should have been previously submitted and granted. Further, the granting of a compulsory licence must not be sufficient remedy for the purposes of ceasing the unlawful effects caused by the abusive acts. After exhausting such proceedings, the patent rights can be revoked by the Patent and Trademark Office.

**Alternative dispute resolution**

14 | To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Voluntary mediation and arbitration proceedings are available. Valid arbitration clauses are binding. Regarding civil proceedings, a complaint will not be admitted if it is not accompanied by a certification from the director of the Registry of Industrial Property, recording the parties could not reach an agreement to avoid court proceedings during the conciliation stage. If the parties reach an agreement, the case is settled and therefore terminated.

In criminal proceedings, depending on the facts, a settlement agreement may be entered into before the accusation against the infringers is made by the prosecutor, provided that the terms of the agreement in question are accepted by the prosecutor.

**SCOPE AND OWNERSHIP OF PATENTS**

**Types of protectable inventions**

15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

According to the law, the following are not considered to be patent-eligible subject matter:

- theoretical or scientific principles;
- discoveries of something that already existed in nature, even if it was previously unknown to man;
- biological material existing in nature;
- schemes, plans, rules and methods to make mental acts, games or business plans;
- isolated consideration of computer programs;
- forms of presentation of information;
- aesthetic creations, artistic or literary works;
- surgical, therapeutic or diagnostic methods for treatment of the human or animal body; and
- the juxtaposition of features of already known inventions or mixtures of known products, their variation of form, dimensions or materials, unless in fact they are a combination or fusion in such a way that they cannot function separately or that the qualities or characteristic functions thereof are modified to obtain a non-obvious industrial result for a person skilled in the art.

**Patent ownership**

16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Ownership of a patent may vary, depending on different circumstances surrounding the inventors and the creation of the invention.

Where an employee, who was not obliged by an employment contract to engage in inventive activity, creates an invention in the employer’s field...
of activities, or by using means or data provided by or owned by their employer, access to which was only possible because of his or her job, the employer will have the right to claim the co-ownership of the patent and the inventor or employee is obliged to permit that co-ownership, equitably enjoying the profits caused by the exploitation of the invention; provided that within two months after the date the employer was notified by the inventor of the invention, or was aware of the creation of the invention by other means (whichever expires first), the employer informs the inventor about their interest in the invention. If the employer does not inform the inventor about its interest in the invention within the two-month term, the inventor will be the rightful owner of the invention. Any contractual provision less favourable to an inventor or employee who is not involved in inventive activities shall be considered void ipso jure.

When the invention was made-for-hire or as a result of a work or services contract, the right to apply for and be granted a patent over the invention belongs to the person who contracted the work or hired the services, unless otherwise agreed.

When the value of the invention obtained as a result of a made-for-hire contract, or a work or services contract surpasses the reasonable expectations that both parties had when the agreement was executed, the inventor has the right to obtain a special remuneration from the owner of the patent. In the absence of agreement between the parties, the special remuneration will be fixed by a judge. Any contractual provision less favourable to the inventor on his or her rights to obtain a special remuneration shall be considered void ipso jure.

DEFENCES

 Patent invalidity

17  How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The validity of a patent may be challenged on the following grounds:
• any person may request the invalidity of the patent but must demonstrate that the patent was granted in violation of some of the provisions of the Honduran Industrial Property Law; and
• regarding the subject matter eligibility requirement, if a granted patent does not comply with the requirements established by law, any third party may challenge the grant of the patent.

There is no special court or administrative tribunal to bring these claims. The lawsuit must be brought before a civil district court.

 Absolute novelty requirement

18  Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

For an invention to be patentable it must be novel, involve an inventive step, and have an industrial application. The law imposes an absolute novelty requirement for patentability. Certain disclosures are considered to not affect the novelty of the patent, namely those made by the applicant one year prior to the filed date of the patent. Regarding the priority date, the facts must be assessed depending on the particulars of each case.

 Obviousness or inventiveness test

19  What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The standard is that of a person skilled in the art and specifically whether such a person may readily put the invention in question into practice based on the closest prior art, in which case the patent will be denied. On the contrary, if the examiner determines that the invention meets with this patentability requirement, the patent will be granted. The examiner will conduct the examination, and can request or accept the collaboration of public or private, national or foreign entities for information purposes, (depending on whether a collaboration agreement is signed before the Patent and Trademark Office and other equivalent entities), in order to establish whether the patent application complies with this requirement.

 Patent unenforceability

20  Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

The law states that where a patent has been applied for, or obtained by, someone who did not have the right to obtain the patent, or to the detriment of another person who also had the right to obtain the patent, the affected parties can initiate a claim before a competent court to obtain the transfer of the patent or a declaration of their rights as co-owners.

 Prior user defence

21  Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

The accused infringer may allege and show that before the patent was applied for and granted (prior to the filing date or the claimed priority date) the patented product or process was already being manufactured or applied by the accused infringer. A successful prior user defence strategy should entail showing that the accused infringer would have the right to continue manufacturing the plaintiff’s patented product or using plaintiff’s patented process.

Assignment or transfer of the rights acquired by the accused infringer who succeeds in alleging a prior user defence is possible, provided that the company where the plaintiff’s products are manufactured or the protected process is being executed (the subject matter of the dispute) is also transferred or assigned, in a single act and at the same time.

The prior user defence strategy will not be applicable if the accused party acquired knowledge of the invention as a result of any act of bad faith.

REMEDIES

 Monetary remedies for infringement

22  What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Damages awards seek to provide fair compensation to the patent owner. Compensatory damages shall include the following:
• the patent holder’s lost profits caused by the violation of the protected patent rights;
• the benefits obtained by the infringer as a consequence of the violation;
• the price that the infringer should have paid to the owner for obtaining a licence that would have allowed its use pursuant to the law; and
• 1 per cent of the turnover made by the defendant when commercialising the patented product or using the patented process and in exercising that right, the patent holder will not have to provide further evidence other than to determine defendant’s turnover.
To establish the amount of damages suffered, a patent owner is entitled to request the exhibition of documents belonging to the person responsible.

**Injunctions against infringement**

23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Temporary injunctions can be sought to cease actual infringement and avoid future infringement. The plaintiff may request the adoption of cautionary measures aimed at ensuring the effectiveness of the claims, in compliance with articles 44 and 50 of the TRIPS Agreement. Depending on the case, an injunction may be effective against the infringer’s suppliers.

**Banning importation of infringing products**

24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The specific proceeding to effectively block the importation of infringing products into the country is by filing a criminal complaint. Seizures, garnishments of infringing goods that materially perpetrate the infringement are allowed, as well as the suspension of the importing or exporting of the infringing goods, provided that plaintiff submits the bill of lading, container or customs corresponding declaration.

Honduras does not have specialist courts for intellectual property matters.

**Attorneys’ fees**

25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

Each party absorbs the fees and costs caused by the proceedings. Although the plaintiff has the right to request the judge to order the defendant to pay the fees and costs of the proceedings, the judge is not obliged to grant plaintiff’s request. The judge will decide the request when issuing the first instance decision and the fees and costs will be determined by the same court.

**Wilful infringement**

26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

No, Honduran law does not differentiate between acts committed by a deliberate infringer or a wilful infringer. Nonetheless, good faith plays a very significant role in assessing cases, sometimes even constituting the determinant factor in findings of infringement.

**Time limits for lawsuits**

27 | What is the time limit for seeking a remedy for patent infringement?

Assuming patent validity, the time limit for seeking a remedy for patent infringement is two years after the owner became aware of the infringement or five years after the last time the infringing act was committed, whichever comes first.

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**Patent marking**

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

The law does not contemplate the obligation or requirement to mark patented products.

**Licensing**

**Voluntary licensing**

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

According to the law, the licence must be registered in the Honduran Patent and Trademark Office in order to affect third parties.

Regarding co-ownership of a patent, the exploitation of the patent or the granting of exclusive use licences shall be granted by the co-owners if they reach a common agreement. Each co-owner may assign rights but they must compensate the other co-owners equitably if the others would not have exploited the patent or granted the exploitation or use licence thereof. In this situation, compensation can be set by the competent court.

**Compulsory licences**

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Any person who shows an ability to exploit a patented invention is entitled to request a compulsory licence if the patent holder has not exploited the patented invention four years after the filing date of the patent application or three years as from the date of grant of the patent, whichever expires later. The Honduran Patent and Trademark Office may grant the licence, depending on the reasons for why the patent holder has not exploited the patent, such as reasons corresponding to those established by the law, ‘Acts of God’ or force majeure, or circumstances beyond the patent owner’s will or control that prevented the exploitation of the patent. However, the lack of economic resources and economic viability cannot justify a failure to exploit the patent.

Prior to granting a compulsory licence, the Patent and Trademark Office will give the patent holder the opportunity to exploit it within a two-year non-extendable deadline.

**Patent Office Proceedings**

**Patenting timetable and costs**

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

Provided that all outstanding documents are properly submitted in due time and that the invention concerns eligible subject matter complying with all the legal requirements, it would normally take four to five years to obtain a patent.

The typical cost of obtaining a patent is between US$1,700.00 to US$2,300.00.

**Expedited patent prosecution**

32 | Are there any procedures to expedite patent prosecution?

Honduras does not have procedures, such as the Patent Prosecution Highway, to expedite the process.
Patent application contents

33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The applicant must disclose any other patent application or other title of protection that he or she has filed or been granted in a foreign country that totally or partially refers to the same invention.

The application must describe the invention in a sufficiently clear and complete manner, so that it can be examined by a person skilled in the art. The description of the invention must include the following information:

- the name of the invention;
- the technological field to which the invention applies;
- the prior technology known by the applicant that may be considered useful for understanding and examining the invention, including references to related documents and publications;
- a description of the drawings;
- the best description known by the applicant for the execution of the invention, using examples and references to the drawings; and
- the way in which the invention is susceptible of industrial application, namely the way it can be produced and used by a person skilled in the art.

Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

It is not necessary for an inventor to disclose the prior art in a patent application; however, the examiner will always consider all material prior art when analysing the patent application, the inventive level, the industrial application and the novelty of the patent.

Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

No. The only possibility to submit later related applications arises if an examiner determines that one or more divisional applications must be submitted to comply with the 'unity of invention' principle. In that scenario, applicant may be able to submit as many divisional applications as necessary to comply with that principle.

Patent office appeals

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

An administrative appeal is available against the final resolutions issued by the Patent and Trademark Office.

An appeal for reversal is available against the administrative appeal’s decision and can be submitted before the Secretary of Economic Development.

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

After the application is published, any interested person may submit an opposition against the application, by way of written arguments (referred to as ‘observations’), as well as information affecting the patentability of the invention.

Prior art disclosure obligations

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The patent office does not rely directly on a mechanism for resolving disputes between different applicants. The law establishes that where several people come with independent inventions, the patent will be granted to the right holder who first files the patent application or claims the priority of the earliest date.

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The law provides the option to modify a patent as long as the application is active.

Any modification may not amount to an extension of the disclosure contained in the application.

If the modification involves alteration of the substance of the application, the Patent and Trademark Office Director may order a re-examination. Except for that scenario, the law does not allow for re-examining the patent application.

A granted patent may be revoked by the Patent Trademark Office, at the request of any interested person or competent authority, for reasons concerning abuse of the acquired patent right.

Patent duration

40 How is the duration of patent protection determined?

Patents confer 20 non-extendable years of protection, counted from the date of filing.

Annual fees or annuities must be paid to keep a patent or a pending patent application in force.
**Key developments of the past year**

41. What are the most significant developing or emerging trends in the country’s patent law?

At the moment, no legal amendments have been passed to the Industrial Property Law, nor have other laws related to the patent field been enacted.

**Coronavirus**

42. What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

After the lockdown in Honduras, public institutions were closed and this event caused the suspension of periods or deadlines for eight months (almost a year) and the legal processes were delayed for a year. The periods and deadlines in Honduras were established by the Patent and Trademark Office (PTO) on 30 November 2020.

To return to normality and re-establish the suspended legal processes, all public institutions in Honduras were forced to use electronic means to continue operating. This includes the Honduran PTO, which now has most of its processes digitalised, documents must be scanned and are accompanied by digital signatures, as for registrars, analysts, examiners and for attorneys.

Currently, due to the pandemic, a new way of carrying out the processes called Digital Government has been implemented. With this, the use of digital signatures has been gradually demanded for processes such as trademark applications, patent applications and especially for appeals on this matter. All of the above are in accordance with the Regulation on Electronic Government, Executive Decree PCM-086-2020.
Patent enforcement proceedings

Lawsuits and courts

1 | What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

**Legal proceedings**

At present, the civil courts have exclusive jurisdiction to entertain and decide issues concerning patent infringement. Under the Patents Act 1970 (the Act), the court of first instance for a patent infringement action is the District Court. Where in an infringement action, the defendant opts to challenge the validity of the suit patent, the Act requires the suit to be transferred to a High Court. Further, the High Courts of Delhi, Bombay, Calcutta, Madras and Himachal Pradesh exercise original jurisdiction for patent infringement actions subject to the pecuniary jurisdiction as prescribed under the respective Rules. This implies that an infringement action may be directly brought before these specific High Courts provided the pecuniary limits are satisfied.

The Commercial Courts, Commercial Appellate Courts, Commercial Division and Commercial Appellate Division of High Courts (Amendments) Act, 2018 has come into effect from 3 May 2018. The intent of this Act, collectively known as ‘Commercial Courts Act, 2015’ is to establish a specialist court for adjudicating commercial disputes including Intellectual Property Rights in India and adopted best practices to reduce the lifespan of a commercial dispute action. The Commercial Courts Act, 2015 empowered the state government to set up ‘Commercial Courts’ equivalent to district courts in the jurisdiction of original civil jurisdiction and ‘Commercial Appellate Courts’ at the district level in areas where High Courts do not have original jurisdiction. In the territories where the High Courts have original civil jurisdiction (High Courts of Delhi, Bombay, Calcutta, Madras and Himachal Pradesh), ‘Commercial Divisions’ are to be constituted within these High Courts by appointing one or more benches of single judges. In all other 24 high court’s jurisdiction, the state government may set up ‘Commercial Appellate Divisions’ in all 24 High Courts. Thus, the ‘commercial disputes’ of a ‘specified value’, i.e., Indian Rupees 3 lacs and above, must be entertained by the Commercial Courts Act 2015. Based on the pecuniary jurisdiction the dispute can be addressed before the appropriate forum, such as Commercial Courts or Commercial Appellate Courts or Commercial Division of High Courts or Commercial Appellate Division of High Courts. For instance, the pecuniary jurisdiction for the Delhi High Court is Indian rupees 2 crore.

The High Court of Delhi has adopted the provision of the Commercial Act, 2015 to fullest extent. The majority of patent infringement actions have been instituted before the High Court of Delhi in the recent past and, as a result, the court has seen a marked transition in judges becoming more conversant and gaining expertise in the realm of patent law. On a general note, patent enforcement actions come within the scope of regular litigation before civil courts.

**Administrative proceedings**

The Patent Office is the main administrative authority to deal with the patent issues, administrative and quasi-judicial proceeding, in addition to a High Court.

**Trial format and timing**

2 | What is the format of a patent infringement trial?

Proceedings against infringement of a patent are initiated by filing a civil suit either in the district court, or in some jurisdictions, directly before the High Court.

Once such a suit is listed before court, summons will be issued to the defendant. If the defendant fails to appear despite having been served through various means, he or she will be proceeded ex parte.

**Interim stage**

In every suit, the plaintiff can file a petition seeking interim relief. The court may grant an interim injunction against the defendant, if the plaintiff satisfies the following criteria: it is a prima facie case; there has been irreparable harm; the patent is valid and infringed; and the balance of convenience is in favour of injunction.

Ex parte injunctions (where no notice is served on the defendants) will be granted where it appears that the object of granting the injunction would be defeated by the delay of giving notice to the defendants. However, in patent infringement cases, ex parte injunctions are usually declined as the complex issues involved in these cases often require a consideration of the defence raised by the defendant.

The High Court of Delhi has granted ex parte and interim injunctions in cases where the defendant’s product was yet to be launched in the market (quia timet actions). For instance, such ex parte orders have been passed in Bristol-Myers Squibb and Anr v JD Joshi and Anr, Bristol-Myers Squibb and Anr v Dr BPS Reddy, Ors Yuhan Corporation v Ajanta Pharma Ltd, Vilor (International) Ltd v Symed Laboratories Pvt Ltd, Novartis v Ranbaxy and Dong-A Pharmtech Ltd v Emcure Pharmaceuticals Ltd.

The Delhi High Court (DHC) has held that manufacturing in India is not a prerequisite for grant of injunction. The DHC by its decision dated 9 March 2017 continues to bar Cipla Ltd from selling copies of Novartis AG’s drug Onbrez in India. An appeal was filed to set aside the interim injunction granted by the DHC, dated 9 January 2015. The appellants submitted that the respondents do not manufacture the patented drug in India; therefore, they are not entitled to the injunction. The court considered all the submissions and held that there was no credible challenge to the patent. The court stated that the provisions of section 83 (relating to working requirements) do not curtail or circumscribe the rights of the patentees under section 48. The court also noted that even
though the question of public interest may be a factor in considering the grant of an injunction, it is only one of the factors that need to be kept in mind. Therefore, the Court dismissed the appeal.

In another case, the plaintiff Bayer sued BDR Pharmaceuticals for an injunction restraining infringement of Product Patent No. IN225529 and Process Patent No. IN188419 and for other reliefs. Previously, Bayer sued Ajanta for an injunction restraining infringement of the same patents. Justice Gauba of the DHC in the Ajanta suit held that Bayer did not merit injunctive relief as the patent in question is a non-working patent, and exports by Ajanta generated employment and tax revenue for the state, and it was therefore in the public interest to allow them to continue. In the BDR case, a hearing was held on 14 February 2017, and BDR cited Justice Gauba’s order in the Ajanta case to argue that an injunction was not merited in its case either. Justice Endlaw rejected the Ajanta order’s precedential value being an ad-interim order and ordered the case to be listed in two days. The court also held that if such parameters are to be adopted, then in each case of a non-working of patent, infringement of the patent would be allowed. The court also noted that the drug is not a lifesaving drug.

**Trial in patent infringement suits**

If the defendant wishes to contest the suit, it will be obliged to file a written statement to the plaint.

The defendant may also file a counterclaim seeking revocation of the patent at any stage, either with the written statement or later. Where the suit is instituted before the district court and a counterclaim of revocation is filed, the suit and the counterclaim will be transferred for adjudication to the High Court under section 104 of the Patents Act 1970.

The plaintiff may then seek leave to file a replication to the written statement. The plaintiff is entitled to file a written statement where a counterclaim for revocation of the patent sought to be enforced has been filed by the defendant.

In a patent infringement case, it is open to the parties to file affidavits of technical experts to substantiate their case, at any stage up to the stage of trial.

When the pleadings are complete, the parties will be required to admit or deny each other’s documents filed in the proceedings. Ordinarily, all documents sought to be relied upon by the parties must be filed prior to admission and denial of documents. Documents admitted by a party may be read as part of the evidence led by the opposite party.

After admission and denial, issues are framed in the suit by the court. Issues are framed to list the matters of controversy between the parties. The evidence led by the parties will have to cover and be confined to the issues that are framed. Under section 115 of the Act, in any suit for infringement or any proceeding before a court, scientific advisers may be appointed by the court to advise in its inquiry or report upon any question of fact. More recently the courts have started accepting the importance of a scientific adviser or expert evidence in patent cases. Two significant decisions of the DHC in 2015, Merck v Glenmark and Roche v Cipla, relied heavily on expert evidence. In fact, in Aventis v Binish Hasmukh Chudgar (an infringement suit filed by Aventis Pharma SA against Intas for the drug cabazitaxel), the court appointed Dr HM Chawla and Dr SV Eswaran as independent scientific advisers with the consent of both parties. The scientific advisers had to assist the court in deciding on a specific technical aspect, ie, whether the compound cabazitaxel, as claimed in Aventis’s patent IN225928, was not new as regards what was known as per the prior arts Markush formula. This is being considered as a progressive move by courts in India and a step towards ‘hot-tubbing’ in patent disputes in India.

The suit then proceeds to the stage of trial. The parties will file a list of witnesses.

The parties were, in the past, required to examine their own witnesses before an officer of the court. However, this process of examination-in-chief has been substituted by filing an affidavit of examination-in-chief, by amendments to the Code of Civil Procedure 1908.

Upon filing the affidavit of examination-in-chief, witnesses will be cross-examined by counsel for the opposite party.

The trial process outlined above can take place before the court that is hearing the suit, or in the presence of the joint registrar of the court, or before a court-appointed local commissioner.

After examination and cross-examination, final arguments in the suit take place before court, after which the judgment will be delivered.

While filing the evidence of an expert, it should be noted that the same should not be beyond the pleadings. The plaintiff, F Hoffmann-La Roche Ltd, filed separate suits for infringement to restrain Natco and Dr Reddy’s from infringing its drug patent for Erlotinib. The plaintiff in these proceedings filed an affidavit of Dr Alexander James Bridges. The defendant filed an interim application to strike off the paragraphs of the deposition of Dr Bridges in the affidavit that go beyond the pleading of the plaintiff dealing with polarity and toxicity. In response, the plaintiff contended that Dr Bridges is an independent expert and although the plaintiff in its written statement to the counterclaim had given reasons to meet the challenge to the patent, Dr Bridges as an independent expert is always entitled to, on the basis of his own examination, research, experience and expertise, add reasons thereto. The court disagreed with the contention of the plaintiff and held that the opinion of the expert is only a proof of the pleading and no different. Just as only those facts that are pleaded can be proved in evidence, similarly expert opinion can only be given on a scientific fact pleaded. Without the scientific fact having been pleaded and if controverted, having issue framed thereon, no evidence thereof in the form of expert opinion in proof thereof can be adduced. The court also understood that such issue arose due to absence of procedure and rules in this regard and, therefore, the court did not deprive Hoffmann of an opportunity to defend the patent in its favour on the grounds urged for the first time in the deposition of Dr Bridges and allowed the defendant, Natco, to cross-examine Dr Bridges on the aspect of polarity and toxicity.

The Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act 2015 has also introduced strict timelines to ensure prompt resolution of disputes; however, as the disputes covered are large, the effectiveness will only be tested with time. The projected timeline of litigation under the new Act is given below. According to calculations, the lifespan of a commercial dispute action could be as short as 12 months:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Timelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of summons</td>
<td>One to 10 days</td>
</tr>
<tr>
<td>Completion of pleadings</td>
<td>30 to 120 days (plus time taken for completion of service)</td>
</tr>
<tr>
<td>Inspection of documents</td>
<td>30 to 60 days (from date of filing the written statement)</td>
</tr>
<tr>
<td>Admission-denial (through affidavit)</td>
<td>15 days (from date of filing the written statement)</td>
</tr>
<tr>
<td>First case management hearing</td>
<td>Four weeks (from date of filing affidavit of admission-denial)</td>
</tr>
<tr>
<td>Conclusion of trial and final arguments</td>
<td>Six months (from date of first case management hearing)</td>
</tr>
<tr>
<td>Pronouncement of judgment</td>
<td>90 days (from conclusion of arguments)</td>
</tr>
</tbody>
</table>
Proof requirements

3 What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

Burden of proof (infringement)
The burden of proof of establishing infringement rests on the plaintiff. However, where the subject matter of infringement is a process patent relating to a new product and there is a substantial likelihood that an identical product has been made by the same process by the defendant and the plaintiff has been unable to discover, the burden of proving that the process by which the defendant prepared the substance rests on the defendant (section 104A of the Act).

The standard of proof in a patent infringement action as well as an invalidity action is based on a balance of probabilities. This means that the plaintiff must present evidence that shows that infringement is more probable than not. It is pertinent to note that Indian patent law does not recognise the concept of presumption of validity of a granted patent as has been held by the Supreme Court in Bishwanath Prasad v Hindustan Metal Industries (1979 2 SCC 511). However, recently, in Telefonaktiebolaget LM Ericsson (Publ) v Mercury Electronics & Anr, it was clarified that section 13(4) as interpreted in Bishwanath Prasad v Hindustan Metal Industries talks about presumption of validity of a patent only to the extent that no liability shall be incurred by the central government or any other officer in connection with the grant of patent.

Also, division bench comprising Justice BD Ahmed and Justice Sanjeev Sachdeva of the DHC passed an order granting an injunction in a patent matter involving 3M Innovative Properties Ltd (plaintiff) and Venus Safety & Health Pvt Ltd (defendant). The court in the order hinted at a presumption of validity of the patents holding that the grant of the patent by the Indian Patent Office and the US Patent Office heightens the burden for establishing a credible challenge.

In the case of invalidity, the standard of proof required might be higher.

Also, in F Hoffmann-La Roche v Cipla, the single judge of the DHC held that the onus of proof in the revocation proceedings is akin to the principle of onus of proof involved in civil cases, which is on the balance of probabilities.

Burden of proof (invalidity and unenforceability)
A patent may be invalidated on any of the grounds mentioned in sections 25(2) or 64 of the Act. Under section 25(2), a notice for post-grant opposition can be filed before the controller within one year from the date of publication of the grant of patent. A petition for revocation under section 64 may be filed with the appellate board or on a counterclaim in a patent infringement suit with the High Court by any interested person or the central government. In an invalidity action, the burden of proof to establish invalidity lies with the petitioner.

An interested person is one who has a direct, present and tangible commercial interest that is injured or affected by the continuance of the patent only to the extent that no liability shall be incurred by the central government or any other officer in connection with the grant of patent. The concept of contributory infringement has not been incorporated within the statute and, hence, each person or entity taking part in the act of infringement shall be individually liable. However, the concepts of vicarious liability, abetment and contributory infringement are common law principles, which a court, if it deems fit, may import into patent infringement law.

Joiner of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

All such persons or entities who are considered necessary and proper parties in order for the proper and final adjudication of the suit may be added as parties thereto.

Addition and deletion of parties during the course of litigation is permitted under Indian law. However, such addition and deletion can only be made after obtaining permission from the court.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Being a territorial right, a patent is infringed only if the rights of the patentee, as defined in section 48 of the Act, are infringed. Section 49 of the Act clarifies that the use of a patented invention in foreign aircraft or vessels or land vehicles registered in a foreign country, which temporarily or accidentally happen to be within India or its territorial waters, is not deemed to be an infringement.

This exemption does not extend to vessels, aircraft or land vehicles of persons ordinarily resident in a foreign country, the laws of which do not recognise the concept of presumption of validity of a granted patent.
not confer corresponding rights with respect to the use of inventions in vessels, aircraft or land vehicles owned by persons ordinarily resident in India while in the ports or territorial waters of that foreign country.

Infringement by equivalents

To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Indian courts have tacitly recognised the doctrine of equivalents. In Raj Prakash v Mangat Ram Chowdhry [1978] AIR Delhi 1, the DHC held that the pith and marrow of the invention claimed has to be looked into and courts were not to be weighed down in the detailed specifications and claims made by parties. The court also held that the title of the specifications of an invention does not control the actual claim. Under Indian law, one cannot avoid infringement by substituting an obvious equivalent for an inessential integer, or by some trifling or inessential variation or addition, while, on the other hand, one cannot be held to have taken the substance of a patented invention if one omits or substitutes something else for an essential integer.

Further, in Ravi Kamal Bali v Kal/Tech and Ors (38) PTC 435 (Bombay), the doctrine of equivalents was discussed to settle a dispute relating to the infringement of a patent relating to tamper-proof locks or seals.

Discovery of evidence

What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Discovery is permitted after the institution of the suit and may be conducted by the plaintiff or the defendant in a suit. For this purpose, the party seeking discovery may file an application requesting the court to direct the other party to provide the requisite information or materials to the applicant. In addition, a party can also seek inspection and discovery of any document relied upon by the opposite side by sending a notice under the Civil Procedure Code 1908. Further, a party may also make an application to court seeking leave to deliver interrogatories in writing to the opposite party. These interrogatories are answered by the opposite party, by an affidavit within 10 days or within such time that the court may allow.

Anton Piller orders

The Anton Piller process in India has been fine-tuned over the years and, on account of the judicial enthusiasm to protect intellectual property, now includes additional safeguards like lock-breaking powers and the freedom to have police assistance if violence is anticipated. Anton Piller orders may also include Norwich Pharmacal-type provisions where the court directs not only the defendant, but also third parties such as customs and excise departments, to disclose relevant details (for example, details of sources or customers) to the court-appointed commissioner.

Recently, the DHC has even granted John Doe orders that allow court-appointed commissioners to enter the premises of any suspected party who may not even be named in the suit and collect evidence of infringement. Although previous practice was to specify a defendant and location to a particular local commissioner, courts have recently made provision in Anton Piller orders for roving commissioners, permitting the court commissioner to visit any location where the commission of infringing acts is suspected. This ensures optimisation of the ex parte injunction.

The John Doe process has been supplemented by orders granting additional powers to court commissioners. These range from the power to witness a trap purchase, as in IBM v Kamal Dev, to lock-breaking powers in several cases involving clothing manufacturer Levi Strauss. Additionally, courts have also issued directions to local police to assist in the enforcement of a civil court order.

When it was suspected that a counterfeiter was monitoring the High Court for a possible lawsuit, in one instance the applications for injunction and the grant of Anton Piller orders were heard in camera by the DHC.

Discovery from the defendants or inspection of records or the defendant’s machinery (Graf + Cie AG v Perfect Equipment Pvt Ltd & Anr, a DHC decision (unreported)) is also available.

Litigation timetable

What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

A patent infringement suit typically used to last for two to three years. With the enactment of the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act 2015, this average timeline is expected to be reduced further to one to two years. The courts in India, especially the High Court of Delhi, have warmed to the idea of fast-track litigation in intellectual property matters. This trend of fast-track litigation is becoming increasingly common in patent litigation in view of the relatively lower chances of obtaining an interim injunction as well as the limited term of exclusivity available under the patent regime.

In fact, there have been several cases, such as the following, in which direct IP cases were disposed of within a few months:

- Bajaj Auto Limited v TVS Motor Company Limited (2009), where the Supreme Court directed the lower court to dispose of the suit within two-and-a-half months from the date of the order;
- F Hoffmann-La Roche Ltd & Anr v Cipla Limited (2009), where the direction was to conclude the trial as expeditiously as possible;
- B Braun v Rishi Baid (2010), where the direction was to dispose of the suit within four months and a schedule was laid down; and
- Bristol-Myers Squibb v Ramesh Adige (2011), where parties were directed to complete recording of evidence within a maximum period of four months from the first date fixed before the Local Commissioner.

Recently, in 2016, Pfizer Inc’s suit against SP Accure Labs Pvt Ltd and Accure Labs Pvt Ltd and an online pharmacy, Modern Times Helpline Pharma, to restrain from infringing the patent that covers its anti-cancer drug Sunitinib, was decreed against the defendants and a decree of permanent injunction was passed. In the instant case, the defendants submitted their written statement 229 days after service of summons. The DHC held that the delay of 229 days in filing the written statement is contrary to the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act of 2015. Consequently, the court refused to take on record the written statement of the defendants.

It is possible to agree on a timeline for deciding a lawsuit through a court regulated process. Appeal proceedings generally last between six months and two years.

Litigation costs

What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The typical range of costs in a suit for patent infringement would be:

- for the filing of a suit, approximately US$50,000 to US$60,000 not including stamp duty and court fees, which will be based on the amount of damages sought by the plaintiff;
• during the trial, the fee may range between US$150,000 and US$300,000, depending on the complexity of the case and the fee of the senior advocate engaged; and
• for an appeal to the Supreme Court, the fee may range between US$350,000 and US$650,000.

The fees mentioned above may vary depending on the complexity of the case and the number of court appearances.

The Bar Council of India prohibits advocates from charging fees to their clients contingent on the results of litigation or paying a percentage or share of the claims awarded by the court.

**Court appeals**

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

An appeal may be referred to a single judge of the High Court from an order of the District Court. An appeal against an order of the single judge of the High Court may be referred to a larger bench of the High Court. An appeal may be referred on the following illustrative grounds: incorrect appreciation of fact or law; or violation of principles of natural justice.

Further, an appeal from the division bench (consisting of two judges) of the High Court lies with the Supreme Court.

The aggrieved party can refer the first appeal to final adjudication in a suit as a matter of right. The second appeal from a decision is admissible at the discretion of the court.

The courts have, in a number of civil cases (the Supreme Court in A Andisamy Chettiar v A Subburaj Chettiar), held that additional evidence can be produced at the appellate stage of any proceedings, under three cases as has been mentioned under rule 27 of Order XLI of the Code of Civil Procedure 1908:

• the court from whose decree the appeal is preferred has refused to admit evidence that ought to have been admitted;
• the party seeking to produce additional evidence establishes that notwithstanding the exercise of due diligence, such evidence was not within his or her knowledge or could not, after the exercise of due diligence, be produced by him or her at the time when the decree appealed against was passed; or
• the appellate court requires any document to be produced or any witness to be examined to enable it to pronounce judgment, or for any other substantial cause, the appellate court may allow such evidence or document to be produced, or witness to be examined.

Whenever additional evidence is allowed to the produced, by an appellate court, the court shall record the reason for its admission.

**Competition considerations**

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Recently, a judgment has dealt with the highly complex issue of the Competition Act versus the Patent Act. The judgment, in the cases of Ericsson v Micromax and Ericsson v Intex, has clearly demarcated the boundaries between the Competition Act 2002 and the Patents Act 1970.

Ericsson had filed a patent infringement suit against Micromax and Intex alleging that eight of the SEP holders (also covered by various patents) were being infringed by Micromax. In November 2013, Micromax and Intex filed a complaint with the Competition Commission of India (CCI) alleging that Ericsson was abusing its dominant position in the market by not adhering to fair, reasonable and non-discriminatory (FRAND) terms and extracting an exorbitant amount of royalties in spite of being bound by ETSI Property Rights Policy. A writ petition was filed by Ericsson in the DHC against an order of the CCI under section 26(1) directing the Director General to investigate the allegations of anticompetitive practices levied on Ericsson by Micromax and Intex. Ericsson alleged that the CCI has no jurisdiction over the allegations on royalty as the matter falls under the Patents Act 1970. Ericsson argued that there are adequate mechanisms available to prevent any abuse of patent rights under the Patent Act itself. Therefore, the CCI, which gets its powers from the Competition Act 2002, is outside its jurisdiction when it is investigating Ericsson on the charge of abuse of dominant position in the market of technology patents. The DHC judgment dated 30 March 2016 in Ericsson v Micromax held that the CCI can carry out its investigation into Ericsson’s apparent anticompetitive practices. The court reasoned that patent law and anti-trust law are not mutually exclusive as both may offer redressals, albeit fundamentally different, for the same grievance.

The order clearly lays down the fact the CCI (general statute) cannot be ousted of its jurisdiction just because the case also comes into the domain of special statute, the Patents Act. However, in the event of any irreconcilable inconsistency between the two legislations, the special statute would override the general statute, even though the earlier general statute contains a non-obstante clause.

In the recent judgment for suit for infringement filed by Koninklijke Philips NV, with regard to whether the plaintiffs, along with various other members of the DVD forum, are misusing their position with a view to creating a monopoly and earning exorbitant profits by creating patent pools, the court held that the remedies as provided under section 27 of the Competition Act for abuse of dominant position are materially different from the remedy available under section 86 of the Patents Act, so the remedies under the two enactments are not mutually exclusive; in other words, grant of one is not destructive to the other.

**Alternative dispute resolution**

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Alternative dispute resolution mechanisms have become an integral part of resolving disputes. The DHC, in particular, has an effective mediation and conciliation centre through which mediation mechanisms are explored. The court quite frequently refers matters for resolution through mediation, even though very few patent matters have been so referred. Courts also take into consideration arbitration agreements.

However, arbitration is not available to assess invalidity, as the Patent Office does not recognise arbitral awards in this respect.

**SCOPE AND OWNERSHIP OF PATENTS**

**Types of protectable inventions**

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Although section 2(1)(j) of the Act states that any new product or process involving an inventive step and capable of industrial application is patentable, sections 3 and 4 (under chapter 2) of the Act define inventions that are not patentable. Section 3 includes:

• an invention that is frivolous or that is contrary to well-established laws;
• an invention of which the primary or intended use or commercial exploitation would be contrary to public policy or morality or that would cause serious prejudice to human, animal or plant life or health, or to the environment;
the mere discovery of a scientific principle or the formulation of
an abstract theory or the discovery of any living or non-living
substance occurring in nature;
- the mere discovery of a new form of a known substance that
does not result in the enhancement of the known efficacy of that
substance or the mere discovery of any new property or new use for
a known substance or of the mere use of a known process, machine
or apparatus unless such known process results in a new product
or employs at least one new reactant (according to the explana-
tion to this clause, ‘salts, esters, ethers, polymorphs, metabolites,
pure form, particle size, isomers, mixtures of isomers, complexes,
combinations and other derivatives of known substances shall be
considered to be the same substance, unless they differ signifi-
cantly in properties with regard to efficacy’);
- a substance obtained by a mere admixture resulting only in the
aggregation of the properties of the components thereof or a
process for producing such substance;
- the mere arrangement or rearrangement or duplication of known
devices, each functioning independently of one another in a
known way;
- a method of agriculture or horticulture;
- any process for medical, surgical, curative, prophylactic, diagnostic,
therapeutic or other treatment of human beings or any process for
a similar treatment of animals to keep them free of disease or to
increase their economic value or that of their product;
- plants and animals in whole or any part thereof other than
micro-organisms but including seeds, varieties and species and
essentially biological processes for the production or propagation
of plants and animals;
- a mathematical or business method or a computer program per se
or algorithms;
- a literary, dramatic, musical or artistic work or any other aesthetic
creation whatsoever including cinematographic works and televi-
sion productions;
- a mere scheme or rule or method of performing mental acts or
method of playing games;
- a presentation of information;
- topography of integrated circuits; and
- an invention that, in effect, is traditional knowledge or that is an
aggregation or duplication of known properties of a traditionally
known component or components.

Section 4 includes inventions relating to atomic energy. In 2016, in a deci-
sion given by the Kolkata Patent Office, a patent application by Merck
Eprova AG was refused for falling within the ambit of section 4 (relating to
the field of atomic energy as prescribed by section 20 of the Atomic Energy
Act) of the Patents Act. The Controller of Patents refused the application
based on a letter from the Department of Atomic Energy, which stated
that the invention relates to atomic energy and should be refused.

**Patent ownership**

16 Who owns the patent on an invention made by a company
employee, an independent contractor, multiple inventors or
a joint venture? How is patent ownership officially recorded
and transferred?

A company employee or an independent contractor’s right to apply for
and own a patent is governed by the terms of the agreement between
employee and employer or contractor and the contracting party.

A patent may be owned by an individual, a group of individuals
or a legal entity (eg, a company). A firm may also apply for a patent
as an assignee. (Shinning Industries v Shri Krishna Industries, AIR
1975 ALL 231).

A patent may be jointly filed and owned by two or more parties. An
application may be filed by the inventor or assignee, or a legal represent-
ative of deceased persons who were entitled to make such an application,
immediately before their death. A patent applicant may be a legal entity
and need not necessarily be a natural person.

In the case of jointly owned rights in a patent, unless there is an
agreement to the contrary, each of the co-owners shall exercise his or her
rights to his or her own benefit without accounting to the other owners.
A licence under the patent shall not be granted and a share in the patent
shall not be assigned by a co-owner without the consent of the other
co-owners (section 50 of the Act).

The rights in the invention can be assigned to any person or legal
entity either during the pendency of the application or after the patent
is granted. Section 68 of the Act states that assignment, mortgage, licence
or creation of any other interest in the patent shall not be valid unless it
is in writing, outlining the terms and conditions governing the rights and
obligations of each party.

Where persons become entitled by assignment, transmission or
operation of law to a patent or to a share in a patent, they have to apply
to the controller for the registration of their title in the register of patents
(section 69 of the Act).

The Patent Office maintains a register wherein all information
pertaining to a patent, including names and addresses of the grantees,
their assignees, notifications of such assignments and of transmissions of
patents, licences under patents and amendments, extension and revoca-
tion of patents, is recorded (section 67 of the Act).

In Order No. 252 of 2013 in NTT DoCoMo Inc v Controller of Patents,
the IPAB clearly held that the applicant for a patent has to substantiate
or establish the proof of right to make an application irrespective of
the nature of the application, namely, convention, non-convention, national
phase or a divisional application.

Section 7 of the Indian Patents Act read with Rule 10 of the Indian
Patent Rule, 2003 requires an Applicant to submit ‘Proof of Right’ for filing
of the application. The Applicant can file a Form 1 executed by the inven-
tors or a worldwide assignment, confirmatory assignment or employment
contract etc. The IPAB in Dow Agrosciences LLC vs Controller of Patents,
order dated 17 October 2021, OA/63/2020/PT/DEL concluded that the legal
requirement of filing of the proof of right is met by filing declaration
under Rule 4.17(i) in respect of national phase applications.

**DEFENCES**

**Patent invalidity**

17 How and on what grounds can the validity of a patent be
challenged? Is there a special court or administrative tribunal
in which to do this?

The following defences are available to an alleged infringer:
- challenges to the title of the plaintiff – defendants may argue that the
  plaintiff is not entitled to sue, due to reasons such as defective title;
- grounds for revocation – all the grounds available to challenge
  the suit patent’s validity are available as grounds for defending an
  infringement action;
- Gillette defence – the defendant may prove that the act complained
  of was merely what was disclosed in a publication that could
  be relied on against the validity of the patent, without any substantial
  or patentable variation having been made. (See Hindusthan Lever
  Ltd v Godrej Soaps Ltd [1996] 1 Cal 367 and Raviraj Gupta v Acme
  Glass Mosaic Industries [1994] 56 DLT 673);
- Bolar provision – under Indian law, the act of making, constructing,
  using, selling or importing a patented invention solely for uses
  related to the development and submission of information required
  under any law in force in India will not amount to infringement;
• Bayer recently filed a writ petition, seeking mandamus to the customs authorities to seize the consignment for export containing the patented product Sorefanib Tosylate (sold as ‘Nexavar’ by Bayer). Natco has been granted a compulsory licence under section 84 of the Patents Act with respect to the same drug, and therefore Bayer contended that Natco is not entitled to exercise the rights under Balar provisions of section 107A. Natco, on the other hand, argued that the rights in section 107A are statutory rights available to all non-patentees, and Natco for the reason of having been granted the compulsory licence under section 84 of the Patents Act, cannot be deprived of the said statutory rights. The court was of the view that Natco as a non-patentee cannot be deprived of making, constructing and selling by way of export a patented invention for purposes specified in section 107A;

• parallel import – the import of patented products, by any person from a person who is duly authorised under the law to produce and sell or distribute the product, is not considered to be an infringement;

• innocent infringement – though the fact that the defendant was an innocent infringer would not be a factor in determining liability, it would play a role in determining whether an account of profits and damages should be granted in favour of the plaintiff: the Act expressly states that damages or accounts of profits will not be granted against a defendant who proves that he or she was not aware and did not have reasonable grounds to believe that the patent existed, on the date of infringement; and

• experimental use – any use of the patented invention merely for the purposes of experimentation or for carrying on research, including imparting education, is not considered an act of infringement.

Absolute novelty requirement

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

New invention or novelty has now been defined in the Patent (Amendment) Act 2005 and has been restricted in scope from relative to absolute novelty. Thus, for any invention to be considered novel, it should not have been anticipated by publication in any document used in the country or elsewhere in the world before the date of filing of the patent application.

The absolute novelty test has been defined by section 2(1)(l) of the amended Act. For the grant of a patent, the relative novelty test is applied for determining anticipation under section 13.

The courts will therefore need to harmonise these provisions of the Act.

Exceptions to anticipation have been provided by sections 29 to 33 of the Act.

Obviousness or inventiveness test

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

Under section 21(1)(l), inventive step is now defined by the amended Act to mean a feature of an invention that involves a technical advancement as compared to the existing knowledge or that has economic significance, or both, and the invention must not be obvious to a person skilled in the art.

Such a definition is more or less well accepted internationally and in all probability the term economic significance might be interpreted as being synonymous with industrial application.

On the question of obviousness, the division bench in the recent Roche v Cipla appeal held that ‘to test obviousness’, the first test required to be applied is to see who is an ordinary person skilled in art and its characteristics. The features of a person skilled in the art are:

• that of a person who practises in the field of endeavour;

• belongs to the same industry as the invention;

• possesses average knowledge and ability; and

• is aware of what was common general knowledge at the relevant date.

The Division Bench crafted the steps to determine obviousness or lack of inventive step in the nature of following queries:

• to identify an ordinary person skilled in the art;

• to identify the inventive concept embodied in the patent;

• to impute to a normal skilled but unimaginative ordinary person skilled in the art what was common general knowledge in the art at the priority date;

• to decide whether those differences, viewed in the knowledge of alleged invention, constituted steps that would have been obvious to the ordinary person skilled in the art and rule out a hindsight approach.

Patent unenforceability

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

A valid patent must be worked in the country. There are no provisions in the Act for post-grant opposition or revocation of a patent due to misconduct by the patent owner, but certainly a patent can be revoked on the ground of misrepresentation and fraud. The main mechanism for invalidating a valid patent is by revocation as laid out in sections 25(2) and 64 to 66 of the Act.

Prior user defence

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Enterprises that have made significant investments and were producing and marketing the concerned product covered by a patent application under the old Act (before 1 January 2005) will continue to manufacture the product even after the grant of a patent and no infringement proceedings will be instituted against such enterprises. A patent holder shall only be entitled to receive a reasonable royalty from the enterprises. This provision is applicable until the patent applications that were made prior to 1 January 2005 are disposed of by the Patent Office. There is, however, no prior user defence available.

REMEDIES

Monetary remedies for infringement

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

A patentee may claim damages as well as litigation costs from the patent infringer. Costs were awarded to the patentee from the infringer by the DHC in the recent Roche v Cipla case (appeal decided in 2015) and Merck v Glenmark.

Further, no damages have been awarded in Merck v Glenmark. However, in Roche v Cipla, Cipla would be liable to render accounts concerning the manufacture and sale of its infringing product, Erlorip;
the matter would be then listed before the joint registrar, who would record evidence pertaining to the profits made by Cipla concerning the offending product. Thereafter the report of the joint registrar would be placed before the single judge for appropriate orders.

Persuant to the Commercial Courts Act, the court has wide powers to impose costs in favour of the successful party and may take into account the frivolity of the case, refusal to mediate, raising frivolous counterclaim or claim for damages or otherwise wasting the court’s time. The costs may include attorney fees and the fees and expenses of the witnesses in the case.

Although there is no precedent for ascertaining the basis likely to be used for determining liability, it is likely that it will be calculated by considering the reasonable royalty, lost profits and the account of profits.

Damages, both punitive and exemplary, have been granted by courts in India in cases of infringement of intellectual property rights. The basic method followed to calculate damages takes into account:

- the time period of business of the defendant;
- sales made during the said period by the defendant;
- the percentage of royalty in the concerned industry;
- the profit earned by the defendant on the aforesaid sale at the said royalty;
- the actual or prospective loss caused to the plaintiff; and
- factors to enhance the aforesaid damages, namely, punitive and exemplary damages and loss of reputation.

In the case of patent infringement actions, there is no precedent. However, it is most likely that this trend will also be followed in actions for patent infringement.

Though contested patent infringement cases have not yet been finally decided by Indian courts, punitive damages have been granted in intellectual property cases. Accordingly, it is likely that the trend will also be followed in patent litigation.

There are no laws specifically meant for or guiding royalty determination or FRAND terms in India.

In 2012, the Controller General of Patents granted a compulsory licence to NATCO Pharma to manufacture sorafenib tosylate (patented by Bayer). On observing that reasonable requirements of the public were not satisfied (the drug was accessible only to a little above 2 per cent of eligible patients), the drug was not ‘reasonably affordable’ to the public (-priced at 280,000 rupees for a month’s treatment) and non-working of the patent (working of patent was construed as local working, namely, manufactured to a reasonable extent within the territory of India), a compulsory licence was issued under section 84 of the Indian Patent Act. The case was appealed at the Patent Office and the Intellectual Property Appellate Board (IPAB), which broadly confirmed the impugned order. However, the IPAB increased the royalty rate by 1 per cent, making the royalty 7 per cent in comparison with the royalty fixed by the Controller at 6 per cent.

Bayer’s contention was that terms and conditions of the compulsory licence were fixed arbitrarily, violating the mandatory requirements of section 90. In particular, it raised objections against the 6 per cent margin that the inventor gets as royalties. The board concurred with the Controller in holding that ‘royalty shall be paid on the 6 per cent margin that the inventor gets as royalties. The board concurred with the Controller by 1 per cent to meet the ends of justice’.

In different patent litigations, involving FRAND issues before various courts in India, different interim royalty rates arrangement have been set by the court depending on the facts of the case:

<table>
<thead>
<tr>
<th>Suit</th>
<th>Interim arrangement rates</th>
</tr>
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<tbody>
<tr>
<td>Ericsson v Micromax</td>
<td>0.8 to 1.3% of the net selling price</td>
</tr>
<tr>
<td>Ericsson v Gionee</td>
<td>1.25 to 2% of the net selling price</td>
</tr>
<tr>
<td>Ericsson v Intex</td>
<td>0.8 to 1.3% of sale price</td>
</tr>
<tr>
<td>Ericsson v Xiaomi</td>
<td>0.8 to 1.3% of the net selling price</td>
</tr>
<tr>
<td>Dolby v Oppo+ Vivo</td>
<td>34 rupees/unit sold/manufactured/imported</td>
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In the recent judgment for suit for infringement filed by Koninklijke Philips NV, the court ordered the defendants to pay royalties to the plaintiff on the plaintiff’s terms, as no evidence had been submitted by the defendants to rebut the charge that rates were not FRAND terms.

**Injunctions against infringement**

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

The following reliefs are available under the Act against a patent infringer:

- permanent injunction;
- damages or an account of profits;
- seizure, forfeiture or destruction of infringing goods, or materials and tools predominantly used to create the infringing goods; and
- litigation costs.

On 7 October 2015, Mr Justice AK Pathak granted the first ever permanent injunction in a patent infringement suit under the Patents Act 1970. The detailed judgment of 133 pages is in relation to the patent infringement action by Merck against Glenmark with respect to patent number IN209816, which covers the type-II diabetes drug sitagliptin.

The judgment restrains the defendant by permanent injunction from making, using, selling, distributing, advertising, exporting, offering for sale or deadline in sitagliptin phosphate monohydrate or any other salt of sitagliptin in any form, alone or in combination with one or more other drugs. The plaintiff was also entitled to actual costs of the proceedings under the order.

In another landmark judgment by the DHC towards expounding and interpreting patent law in India, F Hoffmann-La Roche v Cipla (2015), the court not only upheld the validity of the suit patent but also ascertained that the patent was being infringed. However, keeping in view the fact that Roche’s IN196774 patent would expire in March 2016, the Division Bench of the DHC did not grant an injunction against Cipla. Importantly, the Division Bench directed Cipla to render accounts concerning manufacture and sale of Erlproc for the calculation of damages.

Therefore, the grant of a permanent injunction does not necessarily follow a finding of patent infringement and a court does have judicial discretion to deny the grant of a permanent injunction notwithstanding a finding of patent infringement. However, there are no specific rules for a particular subject matter in this regard.

The grant of a permanent injunction may be broader and the order granting injunction need not necessarily be limited in scope to particular items alleged to be infringing the patent. The effect of the injunction is limited to the patent infringer and will be effective against a third party only if it is made party to the action.
It is possible to recover costs from the losing party. In *Austin Nichols and Co and Seagram India Pvt Ltd v Arvind Behl CS (OS) No. 177/2005*, decided on 29 November 2005, the DHC awarded costs of 1,885,000 rupees in favour of the plaintiff. Further, in the matter of *F Hoffmann-La Roche Ltd & Another v Cipla Ltd*, the DHC, while dismissing the plaintiff’s appeal against an order refusing the grant of interim injunction, imposed costs of 500,000 rupees on the plaintiff.

In the recent judgment for suit for infringement filed by Koninklijke Philips NV, the court held the defendants to be liable to pay punitive damages of 500,000 rupees. A decree of actual costs incurred by the plaintiff, including lawyers’ fees, the amount spent on court fees and the local commissioner’s fee, was also passed in favour of the plaintiff and against the defendants.

**Wilful infringement**

26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Punitive damages would be an additional remedy available against a wilful infringer.

There is no case in India where opinions of counsel have been used as a defence to a charge of wilful infringement. However, it should be possible to use the same as defence. The onus in this case would be on the plaintiff to prove wilful infringement, which requires him or her to show ‘objective recklessness’ on the part of the respondent. Under this higher standard, the plaintiff must show:

- that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent;
- that the objectively defined risk was known or should have been known to the infringer.

**Time limits for lawsuits**

27 | What is the time limit for seeking a remedy for patent infringement?

Section 40 of the Limitation Act 1963 provides that the limitation period for intellectual property matters is ‘for compensation for infringing copyright or any exclusive privilege: three years from the date of the infringement’.

In the case of *M/s Bengal Waterproof v M/s Bombay Waterproof Manufacturing Co & Another*, AIR 1997 SC 1398, the Supreme Court of India stated that a fresh cause of action would accrue with every subsequent act of infringement. It was a case of passing off as well as infringement of a registered trademark. The court also cited section 22 of the Limitation Act as an indicator of its thought process. The section states ‘in the case of a continuing breach of contract or in the case of a continuing tort, a fresh period of limitation begins to run at every moment of the time during which the breach, or the tort as the case may be, continues’.

Clearly, since every instance of infringement would give rise to a fresh cause of action, the limitation clock would not start if the infringement was continuing.

**Patent marking**

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

It is not mandatory to mark the patented invention with the patent number. In view of section 111(1) of the Act, which states that a person shall not be deemed to have been given notice that a patent exists merely by the presence of the words ‘patented’ or ‘patent granted’ on the patented products, it is desirable to also mention the patent number.
This would prevent cases of innocent infringement where, if the defendant proves that at the date of infringement he or she was not aware and had no reasonable grounds for believing that the patent existed, the court will not grant damages or accounts of profits for infringement.

Patent marking for patented articles in India may be done by indicating the term ‘patent’ or ‘patented’ or ‘patent applied for’ or ‘patent pending’. When applied, these terms are deemed to refer to a patent in force in India or to a pending application for a patent in India, as the case may be, unless there is a clear indication that the patent has been obtained or applied for in any country outside India. Marking of a patented article with respect to the patent is not compulsory to take an action in the event of infringement. To obtain damages or an account of profit for infringement, the infringer is supposed to be aware of the existence of the patent. Marking of the patented article, unless accompanied by the patent number, does not make the infringer deemed to be aware of the existence of the patent.

In cases of unauthorised claim of patent rights, namely, false representation, the penalty for such false marking can extend up to 100,000 rupees. In cases where the marking is made along with the patent number, and the patent is expired, abandoned or revoked, it is advisable that the said marking is removed. However, if such marking is not removed, unintentionally or by mistake, it is likely that the penal provision would not apply. For unmarked patented articles, the awareness of the existence of the patent may be provided to a third party by way of advertisement, publication, websites and even notices. Wilful infringement does increase the chances of higher damages being awarded. However, as mentioned earlier, patent marking itself, unless accompanied by the patent number, is not considered to bring awareness of the patent to the infringer.

**LICENSING**

**Voluntary licensing**

**29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?**

A voluntary licence is a contract between two or more parties and, therefore, respects the principles of privity of contract. The licence granted may be sole, exclusive or non-exclusive.

Section 140(1) of the Act makes it unlawful to insert certain restrictive covenants in any contract relating to a patented article or process. Such covenants will be void.

**Compulsory licences**

**30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?**

Chapter XVI of the Patents Act 1970 governs the procedure for the grant of compulsory licences for patents in India; section 84 of the Patents Act broadly deals with the conditions under which a compulsory licence may be granted. Under this section, any time after the expiry of three years from the date of grant of a patent, any person interested may make an application for the grant of a compulsory licence on any one of the following grounds:

- that the reasonable requirements of the public with respect to the patented invention have not been satisfied;
- that the patented invention is not available to the public at a reasonably affordable price; or
- that the patented invention is not worked in the territory of India.

Further, under section 92 of the Act, the government may, by notification in the Official Gazette, declare that compulsory licences should be granted in respect of any patent in circumstances of national emergency, extreme urgency, or public non-commercial use.

A revision has been effected to section 90 by the amended Act. While settling the terms and conditions under which a licence is to be granted, the controller, among other things, permits a licence to be granted with the predominant purpose of supply of the product to the Indian market and also the export of the patented product.

Also, under section 90(1)(viii) of the amended Act, if a licence is granted to remedy an anticompetitive practice, as determined by judicial or administrative process, the licensee is permitted to export the patented product.

A compulsory licence may also be obtained for the manufacture and export of patented pharmaceutical products to any country that have insufficient or no manufacturing capacity in the pharmaceutical sector, for the concerned product to address public health problems in such a country, provided that a compulsory licence has, for such country, by notification or otherwise, permitted the import of the patented pharmaceutical product from India under section 92A. In 2008, two compulsory licence applications made under section 92A by NATCO on patents of Roche and Pfizer relating to Tarceva and Sutent were disposed of. The Patent Office in these two compulsory licence applications for the first time applied the principles of constitutional law and provided the patentee a right to be heard even though the Patents Act was silent on this aspect. Section 90 of the Patents Act provides indicators for settling the terms and conditions for the grant of a licence under section 84.

To date, very few compulsory licences have been granted. In 2012, the controller general of patents granted a compulsory licence to NATCO Pharma to manufacture soralenib tosylate (patented by Bayer). On observing that reasonable requirements of the public were not satisfied (the drug was accessible only to a little above 2 per cent of eligible patients), the drug was not ‘reasonably affordable’ to the public (priced at 280,000 rupees for a month’s treatment) and non-working of the patent (working of patent was construed as local working, namely, manufactured to a reasonable extent within the territory of India), a compulsory licence was issued under section 84 of the Indian Patent Act. The case was appealed at the IPAB, which broadly confirmed the impugned order. However, the IPAB increased the royalty rate by 1 per cent, making the royalty 7 per cent in comparison with the royalty fixed by the Controller at 6 per cent.

A compulsory licence application was filed by Lee Pharma with respect to AstraZeneca’s patent covering the anti-diabetes drug saxagliptin. The Controller General of Patents issued a notice stating the applicant’s failure to establish a prima facie case. The Controller General, after hearing the applicant on establishment of a prima facie case, rejected the compulsory licence application for failure to establish the grounds for obtaining a compulsory licence under section 84 of the Patents Act. On the issue of reasonable requirements of the public being met, the Controller held that currently there are four key glibptins available in the market to treat type 2 diabetes, namely, linaglpti, sitagliptin, saxagliptin and vildagliptin. In the absence of data, there is no way to understand the requirement of saxagliptin in the market or to decide whether its reasonable requirement is being met. Regarding availability to the public at a reasonably affordable price, the Controller held that the applicant failed to establish the number of people being denied access due to pricing of the patented drug. Further, since the information regarding number and type of patients in the market is not available, availability and affordability cannot be predicted. On the issue of working of the patented inreation in the territory of India, the Controller held that manufacturing in India is not a prerequisite to establish the working of the patent in India. The need for manufacture in India has to be determined on a case-by-case basis. Since the applicant failed to show the exact requirement of saxagliptin or whether it is in short supply, it is very difficult to conclude whether manufacturing in India is necessary.
**Patenting timetable and costs**

31 How long does it typically take, and how much does it typically cost, to obtain a patent?

A basic overview of the timeline of the patenting process is as follows:

<table>
<thead>
<tr>
<th>Timeline of patenting process in India</th>
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<tbody>
<tr>
<td><strong>Filing</strong></td>
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<tr>
<td>Publication</td>
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<tr>
<td><strong>Pre-grant</strong></td>
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<tr>
<td>opposition after</td>
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<tr>
<td>publication of grant</td>
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<tr>
<td>Request for substantive examination</td>
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<tr>
<td>Issuance of first examination report</td>
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<td>by the Patent Office</td>
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<tr>
<td>Response submitted</td>
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<tr>
<td>Further examination report</td>
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<tr>
<td>Post-grant opposition within one year of notification</td>
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</table>

The period for the grant of a patent in India is about five to seven years.

A revised fee structure has been provided for filing of patent application as well as other proceedings before the Patent Office by the recently amended Patent Rules. A third category of applicant for patent has been introduced in the form of ‘small entity’, and the fees charged to them have been fixed in between the fees for a natural person and for all persons other than natural persons (except a small entity). The amended rules also provide for a 10 per cent additional fee when the applications for patent and other documents are filed through the physical mode, ie, in hard copy format as opposed to the online mode.

**Expedited patent prosecution**

32 Are there any procedures to expedite patent prosecution?

The Indian Patent Office is in the process of modernising and expanding and has recruited a large number of examiners. This is expected to reduce the period for the grant of a patent from about five to seven years to an average of two to five years.

The application is published after the expiry of 18 months from the date of filing or priority date, whichever is earlier. The publication of the application can be accelerated by filing a request to the controller with the requisite fee.

The Patents Rules 2003 were amended in 2016 and have been effective since 16 May 2016. The new Rules brought major procedural changes in patent prosecution, for expediting the prosecution of patent applications, some of which are as follows:

- Examination of applications: the reply to the Examination Report has to be filed within six months (instead of 12 months) from the date of issuance of the first statement of objections. This period can be extended by three months provided the request for extension is filed before the expiry of the six-month period.
- Expedited examinations of application provision are available.
- Hearings: hearing submissions have to be filed within 15 days of the date of the hearing. A hearing adjournment request should be made at least three days before the date of hearing. No party will be given more than two adjournments and each adjournment shall not be for more than 30 days.

The Ministry of Commerce and Industry, Department of Promotion of Industry and Internal Trade published the Patent (Amendment) Rules 2019, which came into force on 17 September 2019. The rules were amended to expand the eligibility criteria for expedited examination. The expedited examination was earlier available for applicants who had selected India as an International Searching Authority (ISA) or as an International Preliminary Examining Authority (IPEA) in the corresponding international application, or if the applicant is a start-up. The definition has been expanded to also include applications from the following:

1. a small entity;
2. a natural person or in the case of joint applicants, where all the applicants are natural persons, if the applicant or at least one of the applicants is female;
3. a government department;
4. an institution established by a central, provincial or state Act, which is owned or controlled by the government;
5. a government company as defined in clause (45) of section 2 of the Companies Act 2013 (18 of 2013);
6. an institution wholly or substantially financed by the government;
7. an applicant whose application pertains to a sector that is notified by the central government on the basis of a request from the head of a department of the central government; and
8. an applicant whose application is eligible under an arrangement for processing a patent application pursuant to an agreement between the Indian Patent Office and a foreign patent office and in this regard the patentability of patent applications filed under this clause will be in accordance with the relevant provisions of the Act.

For point 8 above, the cabinet has approved the PPH (Patent Prosecution Highway) programme and the Indian Patent Office has initially started accepting requests under the PPH pilot programme in relation to the Japan Patent Office.

The PPH programme commenced on 5 December 2019, as notified on 4 December 2019. After scrutiny of 100 requests received, 56 requests were accepted by the Indian Patent Office (IPO) and the applicants were allowed to file a request for expedited examination on Form 18A.

Thereafter the IPO has twice notified acceptance of Form 5-1 under Chapter 5 of the PPH Guidelines from 9 March 2020 and 10 August for remaining slots. After scrutiny of requests received in response, 39 requests had been accepted by IPO and the applicants were allowed to file a request for expedited examination on Form 18A. Further, IPO will again start accepting the PPH request for the remaining five slots from 2 November 2020.
Patent application contents

33  What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

Under section 10 of the Indian Patents Act, every complete specification should fully and particularly describe the invention and its operation or use and the method by which it is to be performed. It should also disclose the best method of performing the invention that is known to the applicant and for which he or she is entitled to claim protection.

Finally, the specification should end with a claim or claims defining the scope of the invention for which protection is claimed and be accompanied with an abstract to provide technical information on the invention.

With regard to the disclosure of prior art under section 10(4) of the Indian Patents Act in the patent specification, the Patent Office and the Intellectual Property Appellate Board (IPAB) in the Novartis case did recognise that under the law (section 10(4)) disclosure of prior art is not mandatory, but held that, despite there not being any specific provision under Indian law, the relevant prior art including the closest one ought to be disclosed in the patent specification, and the applicant cannot be considered to have discharged his or her duty or obligation unless the prior art is disclosed so that the invention can be sufficiently distinguished over the prior art.

Prior art disclosure obligations

34  Must an inventor disclose prior art to the patent office examiner?

The Act contains no provision that makes it mandatory for an inventor to disclose prior art, although to meet the requirement of sufficiency of description, it is important to distinguish the invention over prior art as was also held by the IPAB in Novartis v Ranbaxy and Others. It is, however, mandatory to provide information of the corresponding applications filed in other countries under section 8 of the Act within six months of their filing; and to provide search and examination reports in the corresponding application to the Patent Office examiner. Failure to do so is a ground for pre-grant opposition, post-grant opposition and revocation of the patent. Patents have recently been revoked by the IPAB on grounds of non-compliance with obligations under section 8 (Uniryoal v VRC Ltd, Hindustan Unilever v Tata Chemicals, etc).

A recent order by the Division Bench of the DHC has helped elucidate the legislative intent behind section 8 of the Indian Patents Act. The Division Bench held that:

- the power to revoke a patent under section 64(1) is discretionary and not automatic;
- the court is to first examine whether omission to furnish information is deliberate, intentional, accidental, clerical or on account of bona fide error;
- the court will have to examine the evidence for wilful suppression of information and cannot revoke a patent immediately on the grounds of non-compliance with section 8; and
- it will also have to be determined if the omission of the information or part of the information was material to the grant of the patent, which can be answered only at the conclusion of the trial.

Pursuit of additional claims

35  May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

A patent applicant can file either a divisional application under section 16 of the Patents Act or a patent of addition under section 54 to pursue additional claims. There is no limitation on the number of claims. However, the fee for each claim in excess of 10 is US$20 or US$5 per claim.

The divisional application has to be filed any time prior to the grant of a patent on the ground of unity of invention, and a patent of addition can be filed any time during the life of the main patent.

The Intellectual Property Appellant Board has recently, in its judgment in LG Electronics Inc v Controller of Patents, adjudicated on the maintainability of divisional application under section 16 of the Indian Patent Act. In the order, the IPAB held the following with respect to voluntary filing of divisional applications:

- the applicant can file one or more divisional applications if the invention disclosed in the parent application does not relate to a single invention or to a group of inventions forming a single inventive concept; and
- the divisional application should not include any claim already claimed in the parent application (to avoid double patenting).

Further, in a decision dated 17 July 2013, in the matter of Indian Patent Application No. 3273/KOLNP/2008 of Genetech Inc, the Controller held that a divisional application of a divisional would be considered as a divisional of the original parent application provided the same is filed during the pendency of the original application.

Patent office appeals

36  Is it possible to appeal an adverse decision by the patent office in a court of law?

It is possible to appeal an adverse decision by the Patent Office. Under the Act, an appeal against an order or directions of the controller lies before the IPAB. The board, under section 116 of the Act, was constituted on 2 April 2007. Thus, at this time, all such appeals lie to the High Court, as was the case before the Patents Act 1970 was amended by the 2002 amendment.

In a recent decision of the IPAB, it held that the decision of the Controller in a review petition is not appealable and that the appeal is restricted to certain provisions and not available against an order in a review petition passed under section 77(1)(l).

However, although the Indian Patents Act does not provide for an appeal against the order of the Controller in a pre-grant opposition proceeding, a recent decision of the DHC held that an applicant is entitled to file an appeal against the order of a controller in a pre-grant opposition proceeding, as an order under section 25(1) it is to be treated as being an order under section 15 of the Indian Patents Act, which order is appealable.

In two landmark cases, the IPAB treated orders issued under non-appealable provisions of sections 11B(4) and 77(1) as appealable.

The first such order was issued under section 11B(4) treating an application for patent as ‘deemed withdrawn’ for failure to file the request for examination within the prescribed time period of 48 months from the date of priority of the application. Statutorily, orders passed under section 11B(4) are not appealable but the appellant’s attorneys argued that since the applicant had filed the request for examination in a timely fashion, the said order should be taken as an order under section 15 of the Indian Patents Act, which bestows upon the applicant a right
to appeal. The IPAB agreed with the submissions of the appellant and allowed the appeal. In the second case, an order issued in a pre-grant opposition, which was treated as a review petition under orders of the DHC to correct a procedural irregularity that had ensued due to a patent being granted without processing of a pre-grant opposition, was treated as appealable by the IPAB. The IPAB held that the order issued in the review petition under section 77(f) was in effect an order in a pre-grant opposition that was being treated as a review petition under directions of the High Court, and since orders in pre-grant oppositions are appealable, the order in this case was also held to be appealable.

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

The Act provides for pre-grant opposition and post-grant opposition.

After the patent application has been published in the official journal, and at any time before the grant of a patent, any person may submit a written opposition to the controller on the grounds listed in section 25(1) of the Act.

Also, post-grant opposition can be filed by any interested person before the expiry of one year from the date of publication of grant of the patent.

The grounds of pre-grant opposition, post-grant opposition and that of revocation are quite similar.

Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

Section 11 of the Act contains the rules for fixing the priority dates. Different priority dates may be allotted to separate claims to settle the disputes between different applicants for the same invention.

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

A patent application may be amended by filing an application for amendment to the controller, before or after the grant of the application, insofar as the amendment is within the scope of the disclosure by way of disclaimer, explanation or correction. An amendment may also be effected for change of name, address, nationality or address for service (section 58 of the Act, subject to section 59).

The High Court, in any proceedings before it for revocation of a patent, allows patentees to amend their complete specification, subject to the terms as to costs and so on. Also, instead of revoking a patent, the High Court can allow the specification to be amended.

The nature of amendments that are permissible to the complete specification:

- are those by way of disclaimer, correction or explanation;
- must be for the purpose of correcting an obvious mistake;
- should not claim or describe matter not disclosed in substance in the specification before amendments; and
- should fall wholly within the scope of the specification before the amendment.

There is no provision under the Indian Patents Act for re-examining a patent once granted, except that any person interested may approach the Patent Office in a post-grant opposition or the IPAB in a revocation petition to invalidate the patent.

Patent duration

40 How is the duration of patent protection determined?

The duration of patent protection is 20 years and it is determined from the date of filing the application. If a provisional application has been filed followed by a complete specification, the term of the patent is counted from the date of filing the provisional application.

In the case of national phase applications under the Patent Cooperation Treaty, the term is calculated from the international filing date. On being granted a patent, the patentee shall have privileges and rights from the date of publication of the application except in the case of postal applications, where the rights and privileges will accrue from the date of grant of a patent.

UPDATE AND TRENDS

Key developments of the past year

41 What are the most significant developing or emerging trends in the country’s patent law?

Simplifying Working Statements (Form 27)
The stakeholder meeting in relation to the issue of working statements was held on 6 April 2018. Thereafter, the central government has further revised the Patents Rules, 2003 and these rules would be called the Patents (Amendment) Rules 2020. The Rules have been amended particularly with regard to the requirements relating to working statements (Form-27). Some important changes are as follows:

- The workings would now have to be furnished once in respect of every financial year (not calendar year), starting from the financial year commencing immediately after the financial year in which the patent was granted, and shall be furnished within six months from the expiry of each such financial year (ie, the due date would be 31 September and not 31 March).
- Further, Form 27 is also revised and now one Form 27 may be filed in respect of multiple patents, provided all of them are related patents, wherein the approximate revenue or value accrued from a particular patented invention cannot be derived separately from the approximate revenue or value accrued from related patents, and all such patents are granted to the same patentees.
- The revised form also does not require any statement from the patentee or licensee relating to the public requirement of the patented invention, and if the same has been met adequately or not.

Defining ‘Any Person’ in the context of pre-grant opposition:
The IPAB bench in its order in Pfizer vs Controller of Patents, OA/2/2016/PT/MUM addresses the issue of delay in the protection of the valid invention. Section 25 of the Indian Patent Act, Benami opposition provides two layers of procedure for filing oppositions. The first one is the subsection (1) of section 25 where ‘any person’ may file the opposition before the grant of the patent when the application for a patent has been published on the grounds available under this provision (ie, (a) to (k)). Further, subsection 2 of section 25 stipulates that any time after grant of patent but before the expiry of a period of one year from the date of publication of the grant of a patent, any ‘person interested’ may give notice of opposition to the controller in the prescribed manner, as per grounds available (a) to (k).

The IPAB bench takes note of the cognisance that the pre-grant opposition has used as a tool to abuse the law and lately seen that in many cases to delay the process of registration, pre-grant oppositions are being filed by the imposter for fraudulent gain. The IPAB bench has taken a view that the practice of filing of Benami opposition by the Benami opponent and crooked imposter has to be stopped. The bench has directed the Controller of Patent that such persons may not
be allowed to take the advantage of multiple layers of opposition. The opposition filed under section 25(1) or 25(2), which is bogus and without any merit, the same is to be thrown out at the earliest with heavy costs and penalty. Only the genuine oppositions are to be entertained.

The IPAB held:

- that there should be no delay in the protection of valid inventions particularly given the fact that the term of the patent is limited;
- the law provides that till such time the patent is granted, it cannot be enforced;
- that there are several stages for challenging the validity of patent including opposition and several years of the term of the patent are consumed before a patent is granted;
- the law provides that patents need to be granted as expeditiously as possible; and
- pre-grant oppositions are being filed by imposters for fraudulent gain to delay the process of legislation and termed such filings as Benami opposition.

The IPAB bench rejected the pre-grant opposition filed by the strawman in this case. The order of the IPAB was challenged before the Bombay High Court in Dhaval Diyora v Union of India & Ors. A two-bench judge endorsed the view taken by the IPAB in relation to Benami opposition. The Bombay High Court further held that the credentials of pre-grant opponents have to be established and Opponents who are habitual front men cannot be allowed to abuse the process of law whose sole intention is to delay the grant of patent.

The Bombay High Court affirmed the IPAB order in relation to Benami oppositions being filed by strawman. It further held that ‘Any person’ under section 25(1) is not anyone and everyone. The Court held that ‘any person’ under section 25(1) is not intended to create individual right as such but to provide access to any person to assist the controller in taking a correct decision and that the legislature has not conferred this right to be abused. The Court further held that credentials of a pre-grant opponent need to be examined and looked into while entertaining pre-grant oppositions.

The Hon’ble High Court further held that in a pre-grant opposition, the locus standi of any person filing the opposition include researchers, non-government organisation, etc, in the interest of society. Upon reading of the High Court order what clearly emerges is that a pre-grant opponent clearly needs to demonstrate a tangible interest with technical domain knowledge of the subject matter to which a patent application relates for it to be entitled in opposing the said application.

The Bombay High Court held that:

the legislative intent to widen the locus standi under the amended Section 25(1) is not to create individual right as such but to provide access to any person to assist the controller in taking a correct decision. The legislature has not conferred this right to be abused. The obvious question is how the Petitioner has intricate knowledge of pharmaceutical compounds when he is a businessman engaged in the diamond business. We have not been informed about the educational background of the Petitioner. The Petitioner has made no statements on oath. It is argued that the Petitioner has employed a team of researchers. Particulars of these researchers and who pays the team are not given. The credential of the researchers are not informed. That the Petitioner has filed multiple oppositions does take his case further. It can also mean that he is habitual. Considering the totality of the circumstances, we have serious doubt about the credentials of the Petitioner and find merit in charge of Respondent no.4 that the Petitioner is a habitual frontman put up by those who intend to only delay the grant of patents.

Guidelines to curb Benami oppositions filed by fictitious persons

The IPAB in Novartis v Controller of Patents, OA/1/2021/PT/Del, has provided guidelines to dispose of the serial/multiple pre-grant oppositions. The relevant observations and directions passed by IPAB include:

- In the case of multiple pre-grant oppositions, IPAB has directed that all the opposition shall be heard consecutively one after another within a span of 15 days.
- The IPAB has directed that the Controller shall hear all the oppositions filed in one go and shall pronounce the order even if some pre-grant opposition is filed between the date on which the order is reserved and the judgment is announced.
- In the case of subsequent pre-grant opposition, the controller shall examine whether any ground has been raised and any supporting evidence is there to maintain such ground to be maintainable. The Controller is directed to invoke its power under 55(3) leaving its opinion on the maintainability of the pre-grant opposition.
- A direction has been issued to dispose of all the pre-grant opposition strictly within three months.

Designs (Amendment) Rules 2021

The Designs (Amendment) Rules 2021, have come into force on 25 January 2021 after almost over a year since its introduction on 18 October 2019. The main features of the Amendment Rules are as follows.

Inclusion of startups

Startups have been recognised as a category of applicants.

- For claiming the status of a start-up, an Indian company has to produce a certificate of recognition from the Department for Promotion of Industrial Policy and Internal Trade.
- In the case of foreign entities, the entity has to fulfill the criteria for turnover and period of incorporation or registration as per the Startup India Initiative and submitting a declaration to that effect. Further, an affidavit as evidence of eligibility along with supporting documents needs to be filed.

Locarno classification system

The Amendment Rules pave the way to adopt the Locarno Classification published by WIPO.

Two-tier fee structure

Earlier, the fee structure was a three-tier structure, depending on whether the applicant was a natural person, a small entity, or a large entity. However, under the present Rules, this has been simplified to a two-tier system, wherein the official fee for all natural persons, small entities and startups is the same.

Service by email and phone

The Amendment Rules now direct to provide an Indian cell phone number and email address in application Form 1 at the time of filing the application.

The difference in fees to be paid in cases of transfer rights

If an application processed by a natural person, startup, or small entity is fully or partly transferred to a large entity, the difference, if any, in the scale of fees between the fees charged from the natural person, startup or small entity and the fees applicable for the new entity are to be paid by the new applicant along with the request for transfer.

Notably, in cases where a startup or small entity ceases to be a startup or a small entity due to the lapse of the period during which it is recognised by the competent authority, or its turnover subsequently crosses the financial threshold limit as notified by the competent authority, no such difference in the scale of fees shall be payable.
However, the relevant section also includes a proviso that registration of any design would be subject to the fulfillment of provisions of the Act, specifically 2(a) and 2(d).

Draft Rules Governing Patent Suits, 2020 published by Delhi High Court

The High Court of Delhi (DHC) is in the process of framing rules under section 158 of the Patents Act. A draft of the proposed High Court of Delhi Rules Governing Patent Suits 2020 has been published for comments or suggestions of the members of the Bar. Over the past 10-15 years, the Delhi High Court has witnessed high growth in the number of patent infringement actions filed before it related to various scientific and technological fields including pharmaceuticals, diagnostics, mechanical engineering, telecommunications, electrical or electronics, wind technology, etc. The need for the present Rules has been felt due to the complexities that have arisen in dealing with patent suits and actions. The Delhi High Court Patent Rules 2020 proposed to govern the procedure for adjudication of all patent suits. The substantive provisions governing patent suits are contained in The Patents Act 1970. Patent suits being civil in nature are also governed by The Code of Civil Procedure 1908 (CPC) as amended by The Commercial Courts Act 2015. Under section 129 of the CPC, the High Court is empowered to make rules to regulate the exercise of original civil jurisdiction. In the exercise of the said power, the Delhi High Court has notified the Delhi High Court (Original Side) Rules, 2018, which apply to all original side suits. The present Rules are in addition to and not in derogation to the provisions of the Code of Civil Procedure 1908 and the Commercial Courts Act 2015 as may be applicable to Patent suits and actions. The present Rules shall govern all patent suits and actions and the procedure set out in these Rules shall prevail over the Delhi High Court (Original Side) Rules 2018, insofar as they are inconsistent with the Delhi High Court (Original Side) Rules, 2018.

Government Disbanded The Intellectual Property Appellate Board (IPAB)

The Intellectual Property Appellate Board has been disbanded with the publication of The Tribunals Reforms (Rationalization and Conditions of Service) Ordinance, 2021 on 4 April 2021. The IPAB was the forum to address the appeals arising out of the Controller and revocation and rectification petitions. In view of the ordinance, all the proceedings before the IPAB shall now lie before the High Court or the Commercial Court, as the case may be. (An ordinance is sanctioned by the President of India upon the recommendations of the Union Cabinet and has the same effect as a law passed by the Parliament. Ordinances can be issued only when the Parliament is not in session. An ordinance shall cease if the Parliament doesn’t pass the ordinance within six weeks from the commencement of the next session or if disapproving resolutions are passed by both the houses of Parliament.)

The Government has notified the bill through an ordinance for clients? What best practices are advisable

Coronavirus

42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The covid-19 pandemic did not disturb the patent filing and prosecution activities at the Indian Patent Office. However, the contentious proceeding, such as pre-grant and post-grant opposition proceedings are greatly affected. The Indian Patent Office before the covid-19 pandemic has adopted the electronic mode of operation and physical hearings were almost replaced with the videoconference method of hearing. Further, the Indian Patent Office has taken a series of steps to facilitate the normal functioning of the patent office during the covid-19 pandemic.

Steps taken by the Indian patent office in view of the covid-19 outbreak

In view of the advisory issued by the Ministry of Health & Family Welfare, government of India and concerns raised by stakeholders regarding covid-19 outbreak, the Indian Patent Office notified that:
• All in-person hearings in patents and designs matters scheduled on or before 15 April 2020 will be done through videoconferencing (VC).
• Further, regarding condonation of delay, an extension of timelines to file responses, and other timelines, the patent office has clarified that such delay in transmitting or resubmitting documents to the Patent Office will be condoned or timeline be extended by the Controller on a petition for such condonation of delay or extension of time made not later than one month from the date when such covid-19 outbreak ceased to exist (as per sub-rule (6) of Rule 6 of the Patents Rules).

Extension of timelines by Indian patent office in view of extended lockdown

India was in a complete lockdown from 25 March 2020 to 3 May 2020 (lockdown 1 and 2) and the Indian patent office was closed until 3 May 2020. To curtail the spread of covid-19, the Indian government on 1 May 2020 decided to extend the nationwide lockdown (lockdown-3) until 17 May 2020.

In view of the recent lockdown 3, the Indian Patent Office (IPO) issued a notification on 4 May 2020, according to which all deadlines and timelines prescribed under the IP Acts and Rules that fall due during the period of lockdown will automatically get extended to the date lockdown 3 ends (ie, 18 May 2020).

However, the IPO by the order of the Ministry of Home Affairs dated 15 April 2020, started functioning from 20 April 2020 with a full staff of the rank of Assistant Controller and above and one-third staff strength up to the rank of Assistant Controller on all workdays.

IPO to act according to the Supreme Court’s direction while extending deadlines during lockdown

Delhi High Court has suspended the public notices issued by the Indian patent office with regard to the extension of due dates in view of the lockdown in India and directed the Indian Patent Office (IPO) to act according to the Supreme Court’s direction.

In the matter of Suo Motu Writ Petition (Civil) No(s). 3/2020, Titled In Re: Cognizance For Extension of Limitation, the Supreme Court ordered that period of limitation in all proceedings, irrespective of the limitation prescribed under the general law or special laws whether condonable or not shall stand extended with effect from 15 March 2020 until further orders are passed by the Court.
Extension of limitation under covid-19 comes to an end on 15 March 2021

The Supreme Court in view of the onset of the covid-19 pandemic, Supreme Court by an order dated 27 March 2020 extended the period of limitation prescribed under the general law or special laws whether compoundable or not with effect from 15 March 2020 until further orders. The Supreme Court takes into consideration that the lockdown has been lifted and the country is returning to normalcy and therefore the extension of limitation should come to an end.

Accordingly, by an Order dated 8 March 2021, the Supreme Court has directed that in computing the period of limitation for any suit, appeal, application, or proceeding, the period from 15 March 2020 to 14 March 2021, shall stand excluded.

The Supreme Court issue the following directions:

- In computing, the period of limitation for any suit, appeal, application, or proceeding, the period from 15 March 2020 till 14 March 2021 shall stand excluded. Consequently, the balance period of limitation remaining as of 15 March 2020, if any, shall become available with effect from 15 March 2020.
- In cases where the limitation would have expired during the period between 15 March 2020 and 14 March 2021, notwithstanding the actual balance period of limitation remaining, all persons shall have a limitation period of 90 days from 15 March 2021. In the event, the actual balance period of limitation remaining, with effect from 15 March 2021, is greater than 90 days, that longer period shall apply.
- The period from 15 March 2020 till 14 March 2021 shall also stand excluded in computing the periods prescribed under sections 23 (4) and 29A of the Arbitration and Conciliation Act 1996, section 12A of the Commercial Courts Act 2015, and provisos (b) and (c) of section 138 of the Negotiable Instruments Act 1881 and any other laws, which prescribe periods of limitation for instituting proceedings, outer limits (within which the court or tribunal can condone delay) and termination of proceedings.
Lawsuits and courts

| 1 | What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought? |

There are no specialised courts in which a patent infringement lawsuit may be brought and redress may accordingly be sought against infringers by filing suit with the relevant district court.

Trial format and timing

| 2 | What is the format of a patent infringement trial? |

Similarly to other civil actions, patent infringement proceedings comprise the following stages: the filing of statements of arguments by the litigants, engaging in preliminary discovery proceedings, the filing of evidence (usually in the form of written expert opinions or affidavits presenting factual evidence, including experiments), holding a cross-examination hearing (during which all witnesses, including expert witnesses, are subject to cross-examination) and the submission of summations. Effective 1 January 2021, new Civil Procedure Regulations (CPR) have come into effect. According to the new CPR, the default procedure with respect to witnesses and summations is for them to be heard orally, although the court may order that they be submitted in writing instead. It is yet unclear whether the new default will, in practice, be embraced in patent litigation or whether judges will prefer to defer and order the submission of written affidavits and summations.

One or more pretrial hearings are usually conducted, largely to identify the disputed issues and make the trial process more efficient. According to the new CPR, the parties must attend a pretrial meeting to examine the possibility of resolving the dispute through an alternative dispute resolution mechanism and, if impossible, at least agree on steps to be taken in order to make the legal proceedings more efficient.

Proof requirements

| 3 | What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent? |

In general, the burden of proof for establishing infringement in patent infringement suits lies with the patentee, while the burden of proof for establishing invalidity and unenforceability, lies with the defendant. An exception to that applies to process patents, where in certain circumstances the defendant will need to prove that the patented process was not used to manufacture an identical product. The standard of proof to which both parties are subject is the balance of probability.

Standing to sue

| 4 | Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation? |

Infringement proceedings may be initiated by the patentee, an exclusive licensee or any joint owner of the patent. A potential defendant may apply to the court as a protective measure, seeking a declaratory judgement that its exploitation of an invention does not amount to patent infringement (a declaration of non-infringement), provided that they first contacted the patent owner who refused to provide such a declaration or failed to provide same within a reasonable period of time. Such proceedings are conducted before the district court under the presumption that the patent is valid. No arguments challenging the validity of the patent may accordingly be raised. Prior to seeking redress from the court, the potential defendant should contact the patent owner, disclose fully the details of the product or process they intend to use and request the identical declaratory relief that they now seek to obtain from the court.

Inducement, and contributory and multiple party infringement

| 5 | To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements? |

Liability may be imposed on a person who is found to have collaborated with the direct infringer in realising the infringement. According to the Supreme Court judgment in CA 1636/98 Rav Bariach v Havashush Car Accessories Trading House (1987) Ltd [2001] IsrSC 55 (5) 337 (Rav Bariach), establishing liability as joint tortfeasors requires showing direct infringement as well as concerted action between the tortfeasors in attaining the common goal of infringement. The Supreme Court later ruled that the company’s organs may be liable with the company as joint tortfeasors, if said requirements are fulfilled.

In addition, the contributory infringement doctrine, which was adopted by the Supreme Court in Rav Bariach, provides broader applicability. The following requirements for establishing contributory infringement were set:

- the components used by the indirect infringer constitute a material part of the invention;
- the indirect infringer knew, or should have known, that the components had been specially made or especially adapted for use in the infringement of a patent; and
- the components are not staple products that can be used substantially in a non-infringing manner.

The Supreme Court did not clarify whether direct infringement must occur within Israel for liability to become operative.
Joiners of multiple defendants

Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

In general, any person or entity who is necessary to enable the court to address the lawsuit fully and effectively may be added as a party to a litigation, provided that the factual or legal questions that arise from the lawsuit are common to all the parties. If the plaintiff is uncertain as to who is the proper defendant, then the suit may be filed against multiple defendants, and the question of liability and its extent with respect to each defendant will be examined in court.

In addition, if the patent owner or any of the joint owners or an exclusive licensee has not joined the lawsuit as an additional plaintiff, then they must be joined as additional (formal) defendants in the lawsuit.

Infringement by foreign activities

To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

In general, a patent is a territorial right. However, in one case the district court deviated from the principle of territoriality and noted that activity conducted in Israel involving, or resulting in, exportation of the patented invention may constitute patent infringement, if it is on a commercial scale or of a commercial nature and interferes with the exclusive right of the patentee to exploit the invention in Israel (DCA 814/05 (Jer) & CC 7076/05 (Jer) Orbotech Ltd v Camtech Ltd(2005)).

Infringement by equivalents

To what extent can `equivalents' of the claimed subject matter be shown to infringe?

Infringement may be established where the invention is exploited in a manner similar to that described in the claims and use is made of the essence of the invention. The Supreme Court adopted the doctrines of equivalents or variants (or ‘pith and marrow’) and noted that a product or process that replaces components or omits immaterial components of a patent may still be considered infringing, as long as the product or process functions in substantially the same way, and substantially achieve the same result as described in the patent (CA 345/87 Hughes Aircraft Company v The State of Israel [1990] IsrSC 44(4) 45).

Discovery of evidence

What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Within the context of the preliminary proceedings, each party is required to discover relevant documents, provide copies thereof for inspection by the other party, and reply to questions forwarded to it by way of interrogatories. All answers must be provided in the form of an affidavit. Disagreements regarding discovery and inspection may be brought before the court. Costs may be imposed on a non-complying party. In some cases, non-compliance may further result in striking of the claim or defence.

In addition, according to the new CPR, a pretrial meeting between the parties must be held, during which each party is required to allow the other party to inspect documents and respond to questions to the extent the documents and answers are required to clarify and possibly limit the scope of the matters in dispute.

Another possibility for obtaining and preserving evidence is by means of an Anton Piller order, which allows entry to the premises of the defendant and search and seize all relevant documents and evidence, although an order to such effect is rarely applied in patent infringement proceedings. A temporary receiver over any property may be appointed by the court, and an inspection of any property or article in relation to which a question has arisen in the action may be ordered.

The manner for obtaining evidence from third parties is limited. However, it may be possible to compel a third party to produce certain evidence or documents relevant to the suit (eg, by summoning them to attend the trial and produce the sought evidence as a witness).

There are various mechanisms for obtaining evidence from abroad, including taking evidence by a person appointed by the court or by video conference. In addition, procedures are available for seeking assistance from foreign authorities for the purpose of taking evidence in their jurisdictions, either in reliance on the Hague Convention on the Taking of Evidence Abroad in Civil and Commercial Matters or in accordance with the Legal Assistance Between States Law 1998.

Litigation timetable

What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The average duration of a patent infringement suit is two to four years before the trial court and if the lower instance's decision is appealed, two years before the appellate court (the Supreme Court). The duration may vary based on the complexity of the case. The new CPR may also affect the duration of such cases.

Litigation costs

What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

Costs are difficult to estimate and may vary significantly, depending on the complexity of the case, the parties involved and the legal representation. Legal fees may range between US$200,000 and US$800,000 for the main claim and US$100,000 to US$300,000 for interim injunction proceedings. In appeal proceedings, the legal fees may range between US$50,000 and US$150,000.

Court appeals

What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

An adverse decision rendered by the trial court may be appealed to the Supreme Court either by way of right (where the decision of the lower court concludes the dispute brought before it) or by obtaining special leave to appeal (eg, decisions in interim proceedings).

As a rule, the appeal is based on the trial transcript as well as the pleadings and evidence submitted in the lower instance. The appellate court generally refrains from interfering with the factual findings of the trial court and instead tends to focus on the legal issues; it may nonetheless be more inclined to allow the submission of new evidence in patent cases, as opposed to other civil cases.

Competition considerations

To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

The Economy Competition Law, 1988 (the ECL) exempts arrangements whereby the owner of an Israeli registered patent imposes restrictions on the use of its patent. Notwithstanding this, the Competition Tribunal has held that such exemption would not apply to a patent owner who...
abuses his monopolistic position. Therefore, ownership of a patent does not necessarily establish immunity from scrutiny under the ECL, if the patent owner is a dominant player in the relevant market sector. The settlement of patent infringement disputes may also be subject to the ECL.

Generally, a bona fide attempt to enforce a patent would not impose liability on the patentee (save for costs that the court is authorised to order should the claim be dismissed). However, in a precedential decision rendered by the Central District Court (CC 33666-07-11 Unipharm v Sanofi (2015)), it was held that misleading the Registrar of Patents (the Registrar), intentionally or as a result of gross negligence, in an attempt to obtain a patent, constitutes abuse of a dominant position or unjust enrichment, thereby entitling the plaintiff to claim all or part of the patentee’s profits under the Unjust Enrichment Law, 1979. The decision may also infer that a patentee may be found liable under the ECL for threatening or commencing litigation to enforce a patent that the patentee knew was invalid, or against a defendant whom the patentee knew was not infringing the patent. Interestingly, in a subsequent case (CC 38568-10-11 Unipharm Ltd v Glaxo SmithKline plc (2018)) a contradictory decision was rendered. Appeals on both decisions are currently pending before the Supreme Court.

Abuse of a dominant position by a patent owner may also lead to the grant of a compulsory licence by the Registrar. However, in practice, very few applications seeking a compulsory licence have been filed.

Alternative dispute resolution

To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Patent disputes can be referred to arbitration as an alternative dispute resolution mechanism. Nonetheless, the outcome of the arbitration award is limited to the parties and has no in rem effect. Patent infringement disputes can thus be brought before an arbitrator; however, the arbitrator’s findings are binding only on the litigants.

Mediation is also available as an alternative means for resolving patent disputes.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

According to the Patents Law, 1967 (the Patents Law), patents will not be granted to protect computer programs as such, methods for the therapeutic treatment of the human body or new varieties of plants or animals, save for microbiological organisms not deriving from nature. Business methods are similarly not patentable as such, since they fall within the field of commerce and, therefore, are not considered susceptible of industrial application.

The assignment of ownership rights in patents or inventions may be done in writing or according by virtue of law. The assignment agreement must be recorded with the ILPO. A joint owner may assign his or her rights without the consent of the co-owners, unless agreed otherwise and subject to the co-ownership agreement having been recorded with the ILPO.

DEFENCES

Patent invalidity

How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The validity of a patent can be challenged directly, by filing an application for its revocation with the Registrar of Patents (the Registrar) or indirectly. An indirect attack is when a defendant in a pending infringement suit argues that the patent at issue is invalid. In addition, with a pre-grant opposition regime applying in Israel, it is possible to oppose a patent application within three months of publication of its allowance.

The grounds for challenging the validity of a patent (or patent application) include the following: not a patentable subject-matter; lack of novelty; obviousness; inutility; insufficiency of disclosure; and covetous claims (namely, the claims are not fairly based on the description). Misleading the Israel Patent Office (ILPO) or withholding information by the patent owner or applicant in the examination may also lead to invalidation of the patent or application.

Absolute novelty requirement

Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

‘Absolute novelty’ is one of the requirements for patentability in Israel. However, the Patents Law, 1967 (the Patents Law) provides that an existing publication does not detract from the novelty of an invention in specific circumstances, such as where the invention was made public without the permission of the inventor or where the invention is exhibited in an exhibition or lecture hall. The patent application must be filed within a reasonable time after the publication became known to the applicant or within six months at most.
Obviousness or inventiveness test
19 | What is the legal standard for determining whether a patent is 'obvious' or 'inventive' in view of the prior art?

Obviousness is assessed through the eyes of a person skilled in the art who does not possess any inventive skills. Inventive step may be negated based on multiple publications. However, their combination ('mosaic') must be obvious to a person skilled in the art. Another test applied in the context of inventive step is the 'obvious-to-try' test; namely, assessing whether a person skilled in the art would have been motivated, based on the prior art, to undertake the route taken by the patentee with a reasonable expectation of success.

Objective evidence (eg, evidence of commercial success, long-felt need, failure of others and unexpected results) may give an indication as to the non-obviousness of the invention.

Patent unenforceability
20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

The Patents Law allows, in certain circumstances, for the imposition of sanctions against patent owners or applicants who mislead the ILPO. The court or the Registrar may revoke a patent, disallow its registration, reduce the patent term or licence its exploitation, if:
- the applicant, in response to the examiner’s demand to supply certain information or material, submitted misleading material; or
- the applicant knowingly failed to update the Registrar of any material change in the list of publications or references relied upon by foreign examination authorities.

Prior user defence
21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

The defendant may have a prior use defence based on prior exploitation or actual preparation for exploitation in Israel in good faith on the date the application was submitted or the date of the priority application. The exploitation or preparation should be on a commercial scale and of a commercial nature.

REMEDIES

Monetary remedies for infringement
22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

A patent owner may be entitled to monetary remedies for infringement. When awarding damages, the court will consider the infringing act and the plaintiff’s position as a consequence. The court may also consider, among other things, the following:
- the direct damages caused to the plaintiff;
- the extent of the infringement;
- the profits derived by the infringer from the infringement; and
- reasonable royalties that the infringer would have had to pay had he been granted a licence to exploit the patent to the extent so infringed by him or her.

The court may order the defendant to provide an account of the extent of its infringement and the profits reaped therefrom, or award compensation based on an assessment.

Once a patent is granted, the patentee is entitled, retroactively, to full damages for any unauthorised exploitation of the invention that occurred after allowance of the patent application by the Israel Patent Office (ILPO) (ie, after examination and prior to grant). The Patents Law, 1967 also provides that once a patent is granted, the patentee will be retroactively entitled to damages in the form of reasonable royalties for any unauthorised exploitation of the invention that occurred between the date of publication of the patent application and its date of allowance.

Punitive damages may be awarded in certain circumstances, but in practice the courts have yet to exercise their authority in this regard.

Injunctions against infringement
23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

A motion for an interlocutory injunction (preliminary injunction) is often filed simultaneously with the submission of a statement of claim in a patent infringement suit. Its purpose is generally to preserve the status quo until the court renders a decision in the main action. Only in extreme and urgent circumstances, will the court be willing to grant an interlocutory injunction prior to the filing of the main claim.

The discretion of the court in preliminary injunction proceedings is governed by several principles and considerations and, primarily, whether the immediate intervention of the court is essential in order to prevent irreparable harm. The applicant must provide securities in case the action is ultimately denied and consequential damage is caused to the defendant.

In general, interim relief proceedings are heard in the presence of both parties. In some cases, it is possible to obtain the sought relief unilaterally. During preliminary injunction proceedings, the court may determine that, instead of hearing an application for a preliminary injunction, the main action will be expedited. Such determination enables plaintiffs to expedite the enforcement process.

If a plaintiff is successful in his suit, the court will usually grant a permanent injunction to prevent future infringement of the patent by the defendant. As a rule, permanent injunctions remain in effect until the patent expires. The question as to whether a post-expiry injunction may be granted where the infringement was committed to obtain a springboard into the market after the patent’s expiry, still remains open.

The question whether an injunction is effective against the infringer’s suppliers or customers was not directly raised, and it is doubtful.

Banning importation of infringing products
24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Israeli law has in place a procedure for blocking the importation of products that infringe intellectual property rights. This procedure does not essentially apply to patent infringing products, however, in one case an attempt was made to rely on this procedure with respect to patent infringing products.
Attorneys’ fees

25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

As a rule of thumb, a successful litigant is entitled to reimbursement of its real out-of-pocket costs and attorneys’ fees, but other considerations should also be taken into account. In practice, the level of costs determined by the courts is usually lower than the costs actually incurred. It remains to be seen whether the new Civil Procedure Regulations 2018 affect this practice.

Wilful infringement

26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Punitive damages may be awarded in a patent infringement suit, where the infringement occurs after the patentee or exclusive licensee warned the infringer about the infringing activity. In such case, the amount of punitive damages cannot exceed the sum of the actual damages. However, an award of punitive damages has yet to be rendered by the courts.

Time limits for lawsuits

27 | What is the time limit for seeking a remedy for patent infringement?

In general, like other civil claims, the ability to file suit for patent infringement is subject to the seven-year statutory limitation period, which begins to run from the date of establishment of the cause of action. However, as each act of infringement constitutes a new cause of action with its own period of limitation, an injunction may be filed even where the infringement commenced more than seven years beforehand (in rare cases, the action may be subject to laches). Damages, on the other hand, cannot be sought for a period surpassing the statutory seven-year limitation period.

Patent marking

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

A patent owner need not mark its patented products.

Licensing

Voluntary licensing

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

A licence to exploit an invention may be granted by a patent owner or applicant. In the case of joint ownership, the consent of all joint owners will generally need to be obtained, but the court may, upon application by a joint owner, order the other joint owners to grant the sought licence.

The rights to use the licence may be exclusive or non-exclusive. If the rights are non-exclusive, the relevant licensee may exploit the invention only to the extent, and according to the conditions, prescribed in the licence; where the rights are exclusive, the relevant licensee may act as if it were the owner of the patent and the patent owner is prohibited from exploiting the invention in Israel. In either case, the licence must be given in writing and registered with the Registrar of Patents (the Registrar) for it to be effective on third parties.

Compulsory licences

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

If the Registrar is convinced that a patentee is abusing his monopoly, he may grant a compulsory licence to a person seeking to exploit the patented invention, provided that the application is filed after the expiration of three years from the date of grant of the patent, or four years from the date of filing the patent application, whichever is the later. The purpose for granting a compulsory licence will be mainly to satisfy the needs of the domestic market, and subject to the payment of royalties to the patent owner as shall be determined by the Registrar.

A compulsory licence may also be granted to enable exploitation of a patented invention that otherwise would have been deemed as infringing an earlier patent, provided that the later invention demonstrates important and valuable technological progress with respect to the earlier invention. Where the inventions under both patents serve the same industrial purpose, the owner of the later invention may be required to grant a similar licence to the owner of the earlier invention.

In addition, according to sections 104 and 105 of the Patents Law, 1967, the state may permit the exploitation of an invention by government departments or by other persons acting on the state’s behalf, if such exploitation is necessary for ensuring national security or for maintaining essential supplies and services. Once a permit of this nature is issued, royalties must be paid by the state of Israel.

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

Patent applications are filed with the Israel Patent Office (ILPO). According to the annual report published by the ILPO for 2019 (the Annual Report), after the patent application is filed, it usually takes a few years (roughly 24 to 35 months) until examination commences. The actual examination period has significantly shortened over the years, and, according to the Annual Report, varies between 13 and 22 months on average (depending on the field of the invention). The costs for obtaining a patent may range between US$3,000 and US$9,000 (depending on the professional fees and the complexity of the matter).

The above time frames and costs do not take into account the length of time for conducting opposition proceedings as well as the associated costs, which can be substantial.

Expedited patent prosecution

32 | Are there any procedures to expedite patent prosecution?

It is possible to request abbreviated examination, eg, based on a corresponding foreign patent granted in certain jurisdictions (eg, the European Patent Office or the US Patent Office). Several bilateral Patent Prosecution Highway (PPH) and PCT-PPH agreements with different national offices were signed by the ILPO, which permit usage, under certain circumstances, of the search and examination results maintained by such offices.

In addition, expedited examination may be sought, for example, on the basis of the age or medical condition of the applicant or inventor, the public good or if there are other reasons justifying it. A third party may also request expedited examination under certain circumstances.
Patent application contents

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The specification of a patent application must include the title of the invention, enabling its identification; an introduction explaining the designation of the invention together with a concise description of the state of the art in the professional field of the invention; and a description (with drawings) of the manner in which the invention can be performed, enabling a person skilled in the art to perform it.

Prior art disclosure obligations

34 | Must an inventor disclose prior art to the patent office examiner?

The patent applicant is under a duty to act in good faith and thus must provide the ILPO with full disclosure. Specifically, the patent applicant must provide the examiner with a list of references relied upon by patent offices in other jurisdictions during the examination of corresponding patent applications, as well as a list of publications known to the applicant that were published prior to the application date and directly relate to the invention. The applicant may be required to supply additional information upon the examiner’s request. In addition, until the patent is permitted, the applicant must keep the ILPO informed of any changes in such a list of references upon becoming aware thereof.

Pursuit of additional claims

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

A patent applicant may file a divisional patent application, which should be filed prior to allowance (or otherwise abandonment or refusal) of the original patent application, and claim the same priority date as the original application. In addition, an owner of a second invention, which constitutes an improvement or modification of an invention for which a patent has already been granted (the main patent), may request that a patent for the second invention be granted as a patent of addition (provided that the application for a patent of addition was filed after the filing of the application for the main patent). The second invention need not involve inventive step beyond the invention covered under the main patent. The patent of addition remains in effect for so long as the main patent is in effect, and may remain in force even after its revocation.

Patent office appeals

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

The district courts of Jerusalem and Tel Aviv hear appeals on decisions given by the Registrar of Patents (the Registrar) (eg, decisions in opposition and revocation proceedings). Appeals may be filed either by way of right (where the decision of the Registrar concludes the dispute brought before him or her) or by requesting special leave with respect to other decisions (eg, decisions in interim proceedings).

In addition, it is possible to object to any decision or conduct of an examiner and request that the matter be brought before the Registrar. The Registrar’s decision in this regard can similarly be appealed to the district court.

Oppositions or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

The existence of a pre-grant opposition regime in Israel permits anyone to challenge grant of the requested patent by filing an opposition to a patent application within three months of publication of its allowance. Opposition proceedings comprise the following stages: the submission of statements of arguments by both the opponent and the applicant, the submission of evidence (usually in the form of written affidavits and expert opinions), holding a cross-examination hearing and the submission of summations (which are usually submitted in writing, but in some cases are presented orally). The burden to prove the validity of the patent during opposition proceedings rests upon the patent applicant.

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

In cases where more than one applicant is seeking patent protection for the same invention, the patent shall be granted to the applicant who is ‘first to file’. In addition, it is possible to oppose a patent application, or request the revocation of a patent, on the ground that the opponent or revocation applicant is the true owner of the invention and not the patent applicant or owner of the patent on record.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Once examined and accepted, the Registrar (or, the court in a case before him or her) may permit an amendment of the claims of the patent application or patent only for clarification purposes; for correcting an error in the specification; or for restricting the claims. The amendment may be allowed only if it does not broaden the scope of the claims or add anything to the specification that was not already included from the outset. In addition, an amendment may be allowed or ordered upon conclusion of the proceedings by the Registrar or the court to ensure that the true invention as claimed in the patent (or patent application) is duly protected.

Revocation proceedings are available and may be initiated by any person, at any time while the patent is in force. Revocation proceedings are conducted before the Registrar and are essentially similar to opposition proceedings, except that in the former case, the parties are required to submit their arguments together with supporting evidence (usually by way of affidavits and expert opinions). In addition, the burden of proof in revocation proceedings lies with the revocation applicant. Re-examination proceedings are not available in Israel.

Patent duration

40 | How is the duration of patent protection determined?

Patents in Israel are granted for a period of 20 years from the date of filing. Patent term extension may be granted to patents protecting either a pharmaceutical product, a substance (being an active ingredient in a pharmaceutical product), a process for the manufacture or use of such product or substance, or a medical device for which marketing authorisation is required in Israel.
UPDATE AND TRENDS

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

1 In CC 70241-05-18 (TA) Millennium Pharmaceuticals Inc et al v Teva Pharmaceutical Industries Ltd et al (published on Nevo, 11 May 2020), the Tel Aviv District Court dismissed a patent infringement action concerning Israel Patent No. 219853 (the Patent) relating to an industrial-scale process for manufacturing Bortezomib. Millennium asserted that the defendants are infringing the patent by exploiting the ‘essence of the invention’. The court held that determining the ‘essence of the invention’ should be based on the claims, as construed against the background of the specification, and in the context of the relevant prior art. It emphasised that certainty is a fundamental principle in this respect and that the wording of the claims is of considerable importance. In light of the above, the court held that it would refrain from construing the claims broadly. The court remarked that only new components, which provide a substantial contribution to the invention and impart on it the unique advantages obtained by the invention, should form part of the ‘essence of the invention’. Specifically, the court held that in large-scale processes, a person skilled in the art would have understood that each and every element in the process is essential and crucial to its success.

2 The Israel Patents Office (ILPO) has proposed an amendment to the Patent Regulations (Office Practice, Rules of Procedure, Documents and Fees) 1968, offering applicants the option of filing a less-costly preliminary ‘temporary’ application for a patent, similar to the process for filing a provisional patent application that is prevalent in the US. In addition, the Israel Ministry of Justice has announced that it considers various amendments to the Patents Law 1967 (the Patents Law).

3 In view of the growing public health challenge posed by the covid-19 pandemic, the Israeli Health Minister unprecedentedly exercised his power under sections 104 and 105 of the Patents Law and issued an order permitting the importation into Israel of a generic version of a patented antiretroviral drug, due to the patentee’s inability to meet the demand of Israel’s public health system for the product.

4 New Civil Procedure Regulations, termed the Civil Procedure Regulations 2018, entered into effect on 1 January 2021. The new regulations generally encompass all civil proceedings, including infringement proceedings and appeals on decisions rendered by both the Registrar of Patents and the district courts.

Coronavirus

42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

In view of the growing public health challenge posed by the covid-19 pandemic, the ILPO announced, in April 2020, that patent applications aimed at the diagnosis, treatment, prevention or otherwise eradication of the coronavirus will be classified as ‘green inventions’ and their examination will commence within three months of the classification date. A patent applicant seeking ‘green’ classification with respect to a patent application will need to explain how the invention described in the patent application advances the diagnosis, treatment or prevention of the coronavirus.
## PATENT ENFORCEMENT PROCEEDINGS

### Lawsuits and courts

1. **What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?**

   Civil courts have jurisdiction to hear patent infringement claims and offer the most effective approach to enforce patents. Occasionally, patents are enforced in criminal courts by filing a complaint with the public prosecutor. Customs authorities may also enforce patents following their registration in accordance with EU Regulation No. 608/2013 by detaining goods suspected of infringement. Patent enforcement lawsuits must be brought before the specialised IP division operating in 21 out of 136 tribunals.

### Trial format and timing

2. **What is the format of a patent infringement trial?**

   Patent enforcement proceedings essentially use a written procedure. The matter is presented by way of written submissions with limited opportunities to make oral submissions to the judge. The proceedings can be divided in four distinct phases.

   The first phase starts with the service of the summons, followed by the filing of the answer, including any counterclaim and third-party notice, and the case management hearing, when the judge decides any preliminary plea, such as jurisdiction, venue and standing, and sets the dates for the completion of the gathering of evidence phase.

   The second phase consists of the filing of documentary evidence and requests to hear witnesses of or to take other evidence by way of disclosure of information from the other party. Once all evidence is in front of the judge, the proceedings will move to the third phase. The judge will appoint an expert of his or her choice – usually an European Patent attorney with a background in the patent technology – to assist the judge in understanding the underlying technology and in deciding the questions of the patent’s infringement and validity.

   As soon as the court-appointed expert submits his or her report, the case will move to the fourth and final phase, where each party makes its final written submissions and rebuttal. Only at the end of this phase, there is an oral hearing where each party may answer questions asked by the court and focus on the main issue of the dispute in a short oral presentation.

   Given the written nature of the procedure, documentary evidence has a prominent role. However, written declarations cannot be used to prove facts, but only to present opinions (such as those of the experts). When a fact can only be proved by way of testimony, this must be given orally before the judge. There is very little room for cross-examination. The list of questions concerning the examination of the witness are submitted in advance to the judge who decides which question is relevant and therefore admissible. The cross-examination is limited to obtaining details or clarifications on the answers already given.

### Proof requirements

3. **What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?**

   The burden of proof rests on the party making the claim. The patentee must prove the facts supporting the claim for infringement and the alleged infringer the facts supporting the claim for invalidity of the patent. The judge decides the case based on the evidence presented by the parties that must be assessed in accordance with Rules of Civil Procedure.

### Standing to sue

4. **Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?**

   The patent owner and exclusive and non-exclusive licensees have standing to sue for infringement, unless the licence agreement states otherwise. The party accused of infringement whether in writing or orally has standing to sue for a declaration of non-infringement. The accusation does not need to be detailed, it is sufficient that it identifies the patent allegedly infringed – even indirectly. There is still an open question – and contradictory judgments – as to whether the party that contacts a patent owner to inform the owner of his or her intention to offer on the market a product that in the party’s opinion does not infringe, and requesting a confirmation that no action shall be taken has standing to sue in the event no answer is given.

### Inducement, and contributory and multiple party infringement

5. **To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?**

   Any party inducing or contributing to the patent infringement committed by another is liable for patent infringement. However, there is a distinction between inducing infringement and contributing to infringement. While the party inducing to infringement is generally liable, the party contributing to infringement is liable if two conditions are met, namely that the component supplied is essential for working the patent invention and that the supplier is aware, or could have been aware by using average diligence, that the component infringes the patent.
Joiner of multiple defendants

6 | Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

The patent owner can sue all parties involved in the infringement of the same patent or patents together on condition that they concur in the same infringement. For example, the producer, distributor and retailer of the same infringing product can be sued together even if they are unrelated businesses and their place of business is located in the jurisdiction of separate courts. On the contrary, the producer of an alleged infringing product and the distributor of a different alleged infringing product cannot be generally sued together even if they infringe the same patent and are related businesses.

Infringement by foreign activities

7 | To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Activities that take place outside the jurisdiction can support a charge for patent infringement only if such activity is capable of creating a profit in the jurisdiction and that profit is an expected or predictable consequence of such activity. For example, a party producing and selling a product in a jurisdiction where there is no patent protection becomes liable for infringement of a patent in another jurisdiction if it promotes sales in that jurisdiction or if it supplies the product to a party that will predictably export the product in that jurisdiction.

Infringement by equivalents

8 | To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Article 52 of the IP Code determines the scope of protection granted to patents and specifies that one must take into account any features of the alleged infringing product (or process) that are equivalent to a feature of the claims. In order to determine whether a certain feature of the product or process, albeit non-identical, is equivalent, the courts take two distinct approaches. They apply either the triple test copied from US law (assessing function, means and results) or the obviousness test. The obviousness test consists of comparing the feature of the product or process accused of infringement with that of the patent claim and if the substitution appears obvious to the skilled person, then there is infringement by equivalents.

Discovery of evidence

9 | What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

The options available to force the opponent or a third party to produce evidence during litigation are limited. As a general rule, during the litigation, each party is responsible for producing evidence that support its case and the possibility to force opponents or third parties to produce evidence is limited to those cases where the evidence under the control or possession of the other party is necessary for the decision and cannot be obtained otherwise. The request must clearly identify each document or thing to be produced and any request for the production of categories of documents or things is inadmissible. In addition, the patent owner may also seek to gather evidence before filing the infringement lawsuit by applying to the court for an order for description. The order enables the applicant to obtain access – usually without notice – to the premises of the alleged infringer and make copies of documents or things (which must be described, hence the use of the term description). The enforcement of this order enables the applicant to obtain access to categories of documents and things, and it is often used in disputes relating to patents covering processes, as it may be otherwise difficult to obtain the necessary evidence to prove infringement.

Litigation timetable

10 | What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The overall duration of a lawsuit for patent infringement, which always includes a counterclaim for invalidity of the asserted patents, is about four years. The fastest courts will decide the case in about three years, the slowest in five.

Litigation costs

11 | What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The Italian procedure is mainly a written one without distinction between the pre-trial and trial phases of the lawsuit. The global cost depends on the number of patents involved and the area of technology. Assuming only one patent is involved, costs vary from €100,000 for a relatively simple mechanical case to €600,000 for a complex pharmaceutical or telecommunications case. Contingency fees arrangements are permitted, but uncommon for two reasons: Italian law does not contemplate the grant of damages other than compensatory damages; and because the prevailing party is entitled to recover its legal fees. Although the legal fees awarded are in the area of 30 per cent to 50 per cent of the actual cost, this has further discouraged the popularity of contingency fees arrangements.

Court appeals

12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

The aggrieved party may file an appeal within 30 days with the appellate court having territorial jurisdiction over the tribunal that issued the judgment. The appeal stage is a full review of the first instance proceedings (both facts and law) with, however, limited possibility to produce new evidence. In particular, during the appeal, the parties can produce only the evidence that it was not possible to produce during the first instance proceedings for reasons beyond the control of the party producing it.

Competition considerations

13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Patent enforcement can expose the patent owner – or the licensee – to liability for breach of competition law, if the enforcement is based on a patent that is known to the owner to be invalid. In a landmark decision issued by the Supreme Administrative Court (Council of State 12 February 2014, No. 693), the Court held that even the acquisition – not just the exercise – of a patent in the absence of the requisites of entitlement may amount to an abuse. If the patent owner enjoys a dominant position, the patent abuse may result in an abuse of a dominant position under article 102 of the Treaty on the Functioning of the European Union.
Alternative dispute resolution

14 | To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Alternative dispute resolution methods, such as mediation and arbitration, are available but rarely relied upon in patent disputes.

**SCOPE AND OWNERSHIP OF PATENTS**

Types of protectable inventions

15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Business methods and medical procedures are not patentable. Software per se is not patentable, but Italy follows the European Patent Office approach, according to which software may be patentable if it has a technical character. In order to have a technical character, a computer program must produce a further technical effect when run on a computer. A further technical effect is a technical effect going beyond the normal physical interactions between the program (software) and the computer (hardware) on which it is run. On the contrary, computer-implemented inventions are patentable, provided the other legal requisites are met.

Patent ownership

16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Inventors are entitled to apply for a patent covering their inventions; however, that rule suffers from a number of exceptions. If an employee makes the invention during the performance of his duty, the invention belongs to the employer, even if the carrying out of an inventive activity is not among his duties. If the employee makes an invention during his free time, but the invention relates to the business of the employer, the employer has a right of first refusal to acquire the invention. If an independent contractor under commission makes an invention, the invention belongs to the principal. In the latter two cases, there is no need to record a change of ownership because the invention belongs to the employer or the principal by operation of law.

Change of ownership in a patent is recorded by applying to the Italian Patent and Trademark Office and providing a copy of the executed assignment agreement.

DEFENCES

Patent invalidity

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

A patent can be challenged on any grounds provided in the law and on no other. A patent can be challenged for lack of novelty, lack of inventive step, insufficiency, lack of industrial application, non-patentable subject matter and contrariness to accepted principles of morality.

There is a specialist IP chamber in 21 tribunals that have exclusive competence to hear a claim for invalidity. There is no separate court for invalidity claims and, in general, the same court decides infringement and validity together.

Absolute novelty requirement

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Patentability requires absolute novelty, namely that the invention is not part of the state of the art. The state of the art is made of any disclosure either in writing, in oral statements or by way of public use of the invention made anywhere in the world. The state of the art also includes unpublished national patent applications and unpublished European applications designating Italy. To be part of the state of the art, it is sufficient that the publication that destroys novelty is accessible to the public. It is irrelevant that no one at the date of the filing of the patent application had actually known it. However, any disclosure made in the six months preceding the filing of a patent application is not taken into account if it is the consequence of a tort committed against the inventor or his successor in title.

Obviousness or inventiveness test

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

An invention is inventive if it does not appear obvious to the skilled person in the light of the state of the art. The state of the art of the obviousness test does not include unpublished Italian patent applications or unpublished European patent applications designating Italy. To determine inventiveness, Italian courts have adopted the European Patent Office problem-solution approach. The test consists of three stages, namely determining the closest prior art, establishing the objective technical problem to be solved, and assessing whether or not the claimed invention, starting from the closest prior art and the objective technical problem, would have been obvious to the skilled person. Although the closest piece of prior art has already been identified, the court should not exclude alternative prior disclosures that, if used as a starting point, may lead to invalidity, even if other prior disclosure qualify as closest prior art.

Patent unenforceability

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

There are no specific grounds. However, it is a general principle of Italian law that no right can be enforced for the exclusive purpose of damaging another party and this applies to patent rights too.

Prior user defence

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

The private use of an invention prior to the filing of a patent gives to the private user the right to continue to use the invention also after its grant within the limits of the prior use. Therefore, the private use defence is admissible and can be raised in relation to any type of patent, but has the effect of freezing the quantity and quality of the permitted use to what the prior user was doing on the date of the filing of the application.
Consequently, while attorneys’ fees awarded for valuable patent cases can be in the area of several hundred thousand euros, the fees and costs awarded for the average patent litigation are in the region of €50,000 to €100,000. Courts have some degree of discretion in awarding only part of the costs if the prevailing party has won only on some of the counts or if it has raised frivolous claims or requests that have unnecessarily increased the cost of litigation.

**Wilful infringement**

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

There are no additional remedies in civil courts against wilful infringement. However, wilful infringement is a crime and the opinion of an external counsel – or of an internal qualified counsel – is a defence against an indictment for patent infringement in a criminal proceedings.

**Time limits for lawsuits**

27 What is the time limit for seeking a remedy for patent infringement?

There is no specific time limit for starting an action for patent infringement. However, the statute of limitation of five years applies in respect of a claim for damages. Infringement is sometimes considered an on-going or permanent unlawful act, which, therefore, should not be affected by a statute of limitations as long as the claim for damages is made within five years from the last infringement. In that case, the patent owner can seek an award for damages from the beginning of the ongoing infringement, even if it started more than five years before the filing of the lawsuit.

**Patent marking**

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

There are no marking requirements. However, an administrative fine of up to €516 is imposed on those affixing a false marking.

**LICENSING**

**Voluntary licensing**

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

There are no specific restrictions on the contractual terms of a patent licence agreement other than those relating to the application of anti-trust provisions and, primarily in Commission Regulation No. 772/2004 of 27 April 2004 (the Technology Transfer Regulation). While a review of the Technology Transfer Regulation would exceed the scope of this chapter, clauses fixing the price of licensed products, partitioning geographical markets or, if the agreement is entered into between two competing undertakings, limiting the output of the licensed products, are unlawful. In addition, if the combined market share of the parties to the technology transfer transaction exceeds the thresholds of article 3 of the Technology Transfer Regulation, the patent licence cannot benefit from the exemption provided in article 2 of the Technology Transfer Regulation.
Compulsory licences

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Although it is possible to obtain a compulsory licence, the system is rarely used. An application for a compulsory licence can be made after three years from the grant of the patent or four years from the filing of the application, if the patent owner has not put in practice the patented invention or if he or she is doing so in a manner that is seriously insufficient for the demand of the national market. The application can be made only after the patent owner has refused to grant a licence. In addition, the application for a compulsory licence cannot be made by an infringer. The Patent and Trademark Office determines the terms of the compulsory licence – usually upon indication by the perspective licensee. However, the patent owner can object to the terms of the compulsory licence within 30 days and, in such a case, the terms are determined by a board of three arbitrators, one each appointed by the parties and the third arbitrator appointed by the President of the Board of Appeals of the Patent and Trademark Office.

Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

There is no specific procedure for filing an application to pursue additional claims to an invention disclosed in an earlier application. The only way to do so is by filing the subsequent application claiming priority from the previous application.

Patent office appeals

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

The party aggrieved by an adverse decision of the Patent and Trademark Office can file an appeal with the Board of Appeals. Board of Appeals decisions are subject to legal review by the Italian Court of Cassation, which is the court of last instance.

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

No, there are no procedures for opposing or objecting to the grant of a patent.

Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The decision is made by the courts of law and not by the Patent and Trademark Office. The fundamental rule is that the patent that is the first to be filed has priority, unless the first filer acted in bad faith, for example, by unlawfully obtaining the information relating to the invention.

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The Patent and Trademark Office cannot re-examine or revoke a patent. However, before the grant of the patent, a patentee can modify the application by supplementing it, adding further embodiments or limiting the description and claims. After the grant, the patentee can only restrict the scope of the claims of a patent. During a lawsuit, the patent owner can submit to the court a restricted list of claims if he or she thinks that the original claims would be held invalid in the light of the prior art. The court may also limit the scope of the patent by issuing a judgement declaring the patent partially invalid.

Patent duration

40 How is the duration of patent protection determined?

The patent is protected for 20 years from the date of filing.

Patent application contents

33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The general rule is that the application must contain enough information to enable the skilled person to work the invention. Further, it must describe the invention to distinguish it from the prior art and must describe in full details at least one specific embodiment – not necessarily the best embodiment.

Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

No, there is no obligation to disclose the existing prior art.
**UPDATE AND TRENDS**

**Key developments of the past year**

What are the most significant developing or emerging trends in the country’s patent law?

There have been no significant developments over the past 12 months.

**Coronavirus**

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

While there have been no changes relating to substantive law on patents, the rules of procedure have been amended to provide for remote court hearings by video call. Hearings with the physical presence of the lawyers and parties are very rare and take place only when holding a remote court hearing might compromise one party’s right of defence or the effective management of the hearing, for example, when examination of a 3D object is required.

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Lawsuits and courts

There are two types of civil proceedings: the main lawsuit, by which a patentee may seek both a permanent injunction order and compensation for damages; and a proceeding for preliminary injunction, by which a patent owner may seek a preliminary injunction order. Which court has jurisdiction depends on the defendant’s domicile or place of manufacturing or sale. The Tokyo District Court has jurisdiction over the eastern part of Japan, and the Osaka District Court has jurisdiction over the western part of Japan. Both courts have specialised divisions dealing with cases relating to intellectual property. In addition to civil liability, the Patent Act has provisions on criminal sanctions for patent infringement; however, these provisions are rarely enforced. Moreover, a patentee can seek an injunction at a customs office against the importation of patent infringing products.

Trial format and timing

The infringement proceeding begins with the filing of a complaint for a main lawsuit or petition for a preliminary injunction. Live testimonies can be used under the Civil Procedure Code, however, judges usually prefer to dispense with live testimonies and rely on documents for patent infringement cases. As for experts, affidavits of experts may be submitted to prove important technical facts. Further, for the purpose of establishing the amount of damages, a court may appoint a chartered public accountant as an expert upon the request of a patentee. The proceedings for a preliminary injunction typically take several months, and the proceedings for a main lawsuit typically take one to one-and-a-half years at the district court level and another year at the high court level.

Proof requirements

A patentee has the burden of proof to establish by preponderance of evidence that the accused products fall within the scope of the patent’s claims. Regarding the invalidity defence, the alleged infringer has the burden to prove by preponderance of evidence that there is a reason for the invalidity of the patent in order to make the patent unenforceable.

Standing to sue

In law, only registered owners and registered exclusive licensees of patents have the standing to file patent infringement suits in court. Exclusive licensees who are not registered with the Japan patent office (JPO) in accordance with the Patent Act do not have standing to seek injunctive relief; however, several lower court cases have admitted the standing of unregistered exclusive licensees with respect only to their claims to seek damages. Further, an accused infringer has standing to file lawsuits to seek a declaratory judgment in certain situations, for example, where it has received a cease-and-desist letter from a patentee.

Inducement, and contributory and multiple party infringement

The following acts shall be deemed to constitute patent infringement:

- the manufacturing and sale, etc., of articles to be used exclusively for manufacturing the patented product or the use of the patented process; and
- the manufacturing and sale, etc., of articles to be used for manufacturing the patented product or the use of the patented process (excluding those that are generally distributed in Japan) and that are indispensable for solving the problems through the invention concerned, knowing that the invention is patented and that the articles are to be used for the exploitation of the invention.

Joinder of multiple defendants

Multiple parties can be joined as defendants in the same lawsuit. If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties can be joined as defendants in the same lawsuit provided that they are making, using or selling substantially similar methods or products and are accused of infringing the same patents.
Infringement by foreign activities

7 | What extent activities that take place outside the jurisdiction support a charge of patent infringement?

Activities taking place outside of Japan cannot support a legal charge. However, regarding patents over a method of producing products, the importation or distribution of products produced using the patented method will constitute patent infringement even if the products are produced outside Japan.

Infringement by equivalents

8 | What extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

There is no statutory provision, but a decision of the Supreme Court of Japan dated 24 February 1998 stipulated that patent infringement can be found under the doctrine of equivalents. Even if an accused product or process does not satisfy an element of a claim, patent infringement may still be found as ‘equivalents’ if the following conditions are satisfied:
- the element is not essential to the invention;
- equal function and effect can be gained, even if the element is replaced with the corresponding part of the accused product or process;
- the idea of replacement is obvious to those skilled in the art at the time of manufacturing of the accused product or use of the accused process;
- the accused product or process was not anticipated or obvious in light of prior art at the time of filling the patent; and
- the accused product or process was not intentionally excluded from the scope of the claim during prosecution.

Discovery of evidence

9 | What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Unlike the United States, there is no extensive ‘discovery’ system in Japan and each party has to collect its own evidence. However, article 104-2 of the Patent Act stipulates that an alleged infringer must disclose relevant information of the accused product or process when the alleged infringer denies the patentee’s allegation.

In addition, an amendment to the Patent Act became effective on 1 April 2020 to introduce a new inspection system. Under the inspection system, a court may appoint neutral technical experts and allow them to visit an accused infringer’s site, such as a factory, to conduct an inspection necessary to prove patent infringement and to submit a report to the court. This system can only be used after a patent infringement suit has been filed.

Further, under the Civil Procedure Code and the Patent Act, each party may file a court petition for an order of document production against an adversary party or a third party if:
- the requesting party can, to certain extent, identify the document to be produced;
- there is a necessity to obtain an order for document production; and
- the adverse party or the third party has no statutory grounds of immunity from or justifiable reason to refuse production.

To obtain evidence from third parties outside the country, a party should request a foreign court through a Japanese court to provide judicial assistance and obtain evidence in accordance with the Convention Relating to Civil Procedure or bilateral international agreements.

Litigation timetable

10 | What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The proceedings for a preliminary injunction typically take several months, and the proceedings for a main lawsuit typically take one to one-and-a-half years at the district court level and another year at the high court level.

Litigation costs

11 | What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The fee to be paid to a court upon filing depends on the economical scale of the case. For example, if a patentee seeks ¥100 million as damages, it has to pay ¥320,000 to the district court and, if it appeals, ¥480,000 to the high court. To determine the fees to be paid to the court in a claim for a permanent injunction, the claim must have a certain economic value when calculated in accordance with rules of a court. As for attorney fees, there is no legally binding standard in Japan. Usually, attorneys representing foreign clients charge on an hourly basis and their rates vary from ¥25,000 to ¥75,000 per hour, although some attorneys charge certain amounts as initial and contingent fees. There is no legal provision or public policy prohibiting contingent fee agreements in patent infringement cases.

Court appeals

12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

Judgments of the Tokyo District Court and the Osaka District Court can be appealed to the Intellectual Property High Court (IP High Court). Errors in a factual finding or in the application of law by the first judge are grounds for appeal to the IP High Court. The Supreme Court will hear appeals from the IP High Court only in cases involving an error in the interpretation and other violations of the constitution. In addition, violations of civil procedure rules such as an error in jurisdiction, lack of reasoning, etc., will also give rise to a right of appeal to the Supreme Court. Further, a system of petitions to the Supreme Court has been introduced that gives the Supreme Court discretion to accept cases if the judgment being appealed is contrary to precedent or contains significant matters concerning the interpretation of laws and ordinances.

New evidence is allowed at the appellate stage with respect to infringement litigation, provided, however, that the judges have discretion to dismiss new evidence that is not introduced in a timely manner and may delay the proceeding. As for litigation for revocation of the JPO decision on a trial for invalidation, the IP High Court takes a restrictive approach to new evidence. New evidence may not be allowed to bring new arguments to the IP High Court, and is only allowed to support the previous arguments made in the JPO.

Competition considerations

13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

In practice, the risk is not substantial at the moment, although this may change in the future. On 21 January 2016, the Japan Fair Trade Commission revised its Guidelines for the Use of Intellectual Property under the Antimonopoly Act and stipulated certain guidelines regarding enforcement of the standard essential patents for which fair, reasonable and non-discriminatory (FRAND) declarations were made.
Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Arbitration is available in Japan if both parties agree to arbitrate disputes in writing. The Japan Commercial Arbitration Association (www.jcaa.or.jp) and Japan Intellectual Property Arbitration Centre (www.ip-adr.gr.jp) administrate arbitration proceedings regarding disputes related to intellectual property. Further, in October 2019, the Tokyo District Court and the Osaka District Court implemented arbitration procedures for intellectual property disputes. However, the number of arbitration cases relating to intellectual property is small (except for domain name disputes) and is far smaller than the number of litigated cases. The benefits of arbitration are that the parties may agree to conduct proceedings in English, confidentiality can be preserved, and the decision is easier to enforce in foreign countries, etc. The risk of arbitration is that no appeal is available. Further, mediation is also available if both parties agree. The benefit of mediation is that the parties may agree to conduct proceedings in English, confidentiality can be preserved, and the decision is easier to enforce in foreign countries, etc. The risks are that it is very difficult to locate good and experienced mediators and the proceedings may become redundant as the mediation is not binding.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

A patent may be granted for computer software as either an invention of a product or an invention of a process, providing that it involves hardware control or process-using hardware. The mathematical algorithm itself is not patentable. Business methods themselves are not patentable, however; a patent may be granted for business methods that are combined with computer systems or other devices. Methods of medical treatment and methods of diagnosis for humans are not patentable; however, a patent may be granted for business methods that are combined with computer systems or other devices. Methods of medical treatment and methods of diagnosis for humans are not patentable, although Swiss-style claims are allowable. With respect to biotechnology, the mere discovery of micro-organisms that occur naturally or their components, such as a DNA sequence or protein, is not treated as a patentable invention that is industrially applicable, but if it is artificially isolated from its natural source or has mutated, and, further, if its utility is found and disclosed, it will be recognised as a patentable invention. Thus, genetically altered cells, plants and animals, and methods of producing them can be patented.

Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Only a natural person can be the inventor. For an invention created by an employee, the right to obtain a patent may be assigned to an employer or even originally acquired in accordance with rules established by the employer, and the said employer may file the patent application as the applicant. The employer who acquired or is assigned the invention made by its employee shall compensate its employee in accordance with the rules of the employer; provided, however, that if said rules are found to be unreasonable in terms of the process for establishment, disclosure or application of the rules, the court may decide the compensation in light of the profits arising from the exclusive right to the invention and the employer’s own contribution to the invention (article 35 of the Patent Act). The right to file a patent application on an invention made by an independent contractor is held by the contractor, but is automatically transferred to other companies if the agreement between the parties provides for such a transfer. In the case of multiple inventors, the right to file a patent application is jointly held by all of them, and a patent application for such invention needs to be filed by all of them. The transfer of ownership of a registered patent becomes effective when such a transfer is recorded in the Japan patent office (JPO).

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

Patent invalidity based on a lack of novelty, inventive step or utility, as well as an inadequacy in the description requirements, such as a lack of clarity, enablement or support requirements, constitutes a defence for an alleged infringer. If the judges dealing with infringement litigation find that the patent should be invalidated in a trial for invalidation before the Japan patent office (JPO), such judges will not allow the enforcement of the patent and dismiss the patentee’s claims even before a final and binding decision of the JPO is handed down. Thus, an alleged infringer often not only files a petition for a trial for invalidation with the JPO, but also raises patent invalidity as a defence to infringement litigation in court. In response to the raising of the defence of patent invalidity by the alleged infringer, the patentee may argue that the patent will be held valid, for example, due to a correction of claims requested by the patentee and filed with the JPO. It is possible that the conclusion of the district court in respect to patent invalidity will be inconsistent with a decision of the JPO. However, appeals of both decisions will be heard and judged by the same panel of judges of the IP High Court as long as both cases are pending simultaneously, and thus it is to be expected that there will not be any inconsistencies in decisions at an appellate court level.

Absolute novelty requirement

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

There is a novelty requirement that the invention is not identical to another invention that was publicly known, publicly worked or described in a publication in Japan or in a foreign country prior to the filing or relevant priority date of the patent application. A six-month grace period is available after an inventor or its assignee first discloses an invention by publication and, in the case of a patent application filed after 1 April 2012, public use, including sales of patented products, provided, however, that the intention to claim such a grace period is declared at the time of filing a patent application and that evidence that supports eligibility for the grace period is filed within 30 days of filing the patent application. Further, there is another requirement that the invention is not identical to an invention that was invented by different inventors and described in either the claims, or specifications and drawings of a patent application that was filed earlier by another person in Japan and subsequently laid open, and, also, not identical to an invention that was described in the claims of an issued patent that was filed earlier by the same applicant in Japan.
**Obviousness or inventiveness test**

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

There is a requirement of inventive step, that the invention could not have been made easily based on other inventions that were publicly known, publicly worked or described in a publication in Japan or in a foreign country prior to the filing of the patent application by a person ordinarily skilled in the art of the invention. Normally, the issue here is whether or not the invention can be easily developed based on the combination of two (or more) publications or the combination of a publication and common technical knowledge. Recently the IP High Court and the JPO have tended to use a test similar to the teaching, suggestion or motivation test for examining an inventive step.

**Patent unenforceability**

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

Japan does not have a concept of inequitable conduct as in the US. However, a defence based on prosecution history estoppel is available. Further, once a patentee or its licensee has sold a patented product in Japan, the use and resale of such products does not constitute patent infringement under the theory of patent exhaustion. As for repaired or recycled patented products, such as refilled ink cartridges, the patent is enforceable if such products are found to be a new product produced by the repairing or recycling activity in light of the nature of the products, content of the patented invention, aspects of processing and replaced parts, etc. Although the importation and distribution of products sold by a patentee or its licensee outside Japan does not generally constitute patent infringement, they do constitute patent infringement if importation into Japan was prohibited as a condition of the first sale taking place outside Japan and such a prohibition was expressly described for such products. Experimental use of a patented invention is immune from liability for patent infringement. The use of a patented invention for the purpose of clinical trials necessary for obtaining approval for generic drugs is found to fall within the scope of experimental use.

**Prior user defence**

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

If an alleged infringer used the patented invention in its business or completed the preparation for such a business prior to the relevant priority date of the application for the patent, then the alleged infringer is vested with a statutory licence for the patent and is not held liable for patent infringement. This defence covers all types of inventions, but covers only the business conducted or prepared prior to the relevant priority date.

**REMEDIES**

**Monetary remedies for infringement**

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Under the Patent Act, three types of damage calculation are available:
- the patentee’s lost profits;
- the profits of the accused infringer; and
- reasonable royalties.

The damages calculated based on the patentee’s lost profits and the profit of the accused infringer are available when the patentee has been competing with the accused infringer in the relevant business.

Damages start to accrue upon the issuance of the patent and the start of the infringing activities. Each of the three calculation methods is intended to provide fair compensation for infringing activities. The Japanese legislature and courts have denied the grant of punitive damages. In addition, if an applicant has sent a warning letter enclosing the Official Gazette’s listing of the application, he or she can claim compensation in the amount of a reasonable royalty for the activities exploiting the invention prior to the issuance of the patent.

In many patent infringement cases, the courts apply a 2 to 7 per cent royalty rate depending on the category of industry or business, or on the type of product. In pharmaceutical infringement cases, much higher rates may be awarded.

Further, an amendment to the Patent Act became effective on 1 April 2020. It is said that after the amendment it is likely that a court would award more compensation for damages.

**Injunctions against infringement**

23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

A preliminary injunction is available, if the court finds a prima facie case of infringement, and also that the patentee would be likely to incur irreparable harm without the issuing of the order. Moreover, the court typically requires that a petitioner post a bond in order to compensate for damages that may be incurred by an accused infringer in the event the order turns out to be erroneous. The preliminary injunction order typically directs the infringing products to be kept by a judicial execution officer until the final injunction is rendered. A final (permanent) injunction is available, if the court finds infringement and if the defendant commits or is likely to commit infringing activities. A claim to destroy infringing products can be made together with a claim of injunction. Both a preliminary injunction and a final (permanent) injunction are effective against the named defendant or respondent only. Therefore, a plaintiff or petitioner must sue suppliers or customers if he or she wishes to obtain an injunction against each of them.

**Banning importation of infringing products**

24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The importation, manufacture and distribution of infringing products may be subject to a preliminary or permanent injunction, or both, by the courts. In addition, border enforcement of a patent can be requested...
by a patentee by filing a complaint with a customs office. The customs office usually appoints three experts, consisting of practitioners and academic scholars, and relies on their opinions as to whether a patent is infringed.

**Attorneys’ fees**

**25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?**

The courts can order costs to be paid by one party to the other (typically, from a losing party to a winning party) but that does not cover attorneys’ fees. The judge assesses the costs after either party makes a petition to fix the amount of costs. The costs will cover the official filing fee paid to the court, and other costs, such as those for the translation of documentary evidence written in foreign languages and for court-appointed experts, allowed under the rules of the court, but it will not cover the actual costs borne by the parties. In patent infringement cases and other tort cases, the plaintiff can add a certain portion of attorney fees as part of the damage that it has suffered. In practice, the court may allow around 10 percent of actual damages to cover attorneys’ fees.

**Wilful infringement**

**26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?**

No additional remedies are available against a deliberate or wilful infringer. There has been legislative discussion about the introduction of punitive damages for deliberate or wilful patent infringement, but no agreement has been reached yet. Therefore, opinions of counsel would not affect the amount of damages to be awarded, though it is still recommended to obtain them.

**Time limits for lawsuits**

**27 | What is the time limit for seeking a remedy for patent infringement?**

Injunctive relief is available from the issuance of a patent to its expiration. On the other hand, a patentee can claim for monetary relief, that is, damages and unjust enrichment, even after the expiration of the patent. Patent damages, as one type of tort, are subject to a 20-year statute of limitation from the occurrence of the event giving rise to the claim and to a three-year statute of limitation, for which the clock starts at the time of knowledge of the damage and of the identity of the responsible party. The shorter of these limits applies for tort claims. An unjust enrichment claim is subject to a five-year statute of limitation.

**Patent marking**

**28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?**

Although a patent holder should make an effort to mark its patented products, there is no civil or criminal sanction for failing to do so. However, false or confusing marking is prohibited and subject to criminal penalties under the Patent Act, and, further, may constitute an unfair competitive act under the Unfair Competition Prevention Act.

**LICENSING**

**Voluntary licensing**

**29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?**

Under the Patent Act and the Civil Code, there is no restriction on the contractual terms by which a patent owner licenses a patent. The Antimonopoly Act, however, renders some contractual terms illegal. For example, a grant-back or assign-back of an exclusive licence clause, are considered likely to violate Antimonopoly Act. In this regard, parties to the licence agreement regarding Japanese patents are advised to refer to the Guidelines for the Use of Intellectual Property under the Antimonopoly Act issued by the Japan Federal Trade Commission. English texts can be downloaded at www.jftc.go.jp.

**Compulsory licences**

**30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?**

When one desires to use a certain patented invention, and the invention has not been made available by the patentee, it is worth considering a request to the patentee or the registered exclusive licensee to hold consultations for the grant of a non-exclusive licence thereon. If an agreement is not reached, the person seeking a licence may request the director-general of the JPO for an arbitration decision. However, this procedure has rarely been used and there have not been any arbitration decisions. Indeed, there have only been a few requests for an arbitration decision. In addition, the Patent Act provides for a non-exclusive licence in connection with dependent inventions and a non-exclusive licence based upon public interests; however, no arbitration decision has been rendered under these provisions.

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

**31 | How long does it typically take, and how much does it typically cost, to obtain a patent?**

To initiate the substantive examination, a request for examination must be filed with the Japan patent office (JPO) within three years from the filing date, including the international filing date, of the application. In 2019, a first office action (OA) was, on average, issued within 9-and-a-half months of a request for examination. A response to the OA has to be filed within three months of the mailing date of the OA (for foreign applicants, this is extendable up to six months by filing a petition prior to the initial due date). The subsequent OA (non-final rejection, final rejection, or notice of allowance) is usually issued within six to 12 months of the response. The final rejection may be appealed to the board of patent appeals (BPA) at the JPO, which usually takes around two years before reaching conclusion.

The official filing fee is ¥14,000, a fee for request for examination is ¥138,000 plus ¥4,000 multiplied by the ‘actual’ number of claims and the issue fee (including first to third annuities) is ¥2,100 plus ¥200 for each ‘actual’ claim.

On top of the above fees paid to the government, a patent applicant must pay fees to attorneys, if he or she hires them. It typically costs some thousands of US dollars per application, which varies greatly depending on the contents of applications and the attorneys. There is no standard for attorney fees for patent prosecution.
Expedited patent prosecution

Are there any procedures to expedite patent prosecution?

Accelerated examination

A patent applicant may request an accelerated examination under certain circumstances, such as if an applicant has filed a corresponding application with a foreign patent office, is undertaking marketing in Japan or is a university or small entity. In each of these cases, the fact must be established in writing. No official fee is required. The applicant may be asked to submit materials to help the examination, for example, cited references in a corresponding foreign application and brief comments thereon.

Patent Prosecution Highway

The Patent Prosecution Highway (PPH) programme is available for a Japanese patent application for which the first application was filed in Argentina, Austria, Australia, Brazil, Canada, Chile, China, Colombia, the Czech Republic, Denmark, Egypt, the European Patent Office, Estonia, Finland, Germany, Hungary, Iceland, Indonesia, Israel, Korea, Malaysia, Mexico, New Zealand, the Nordic Patent Institute, Norway, the Philippines, Peru, Poland, Portugal, Romania, Russia, Singapore, Spain, Sweden, Taiwan, Thailand, Turkey, the UK, the US, Vietnam and the Visegrad group. No official fee is required.

Patent Prosecution Highway-Mottainai

The enhanced PPH programme (PPH-Mottainai) is available for a patent application for which the first application was filed in Argentina, Austria, Australia, Brazil, Canada, Chile, China, Colombia, the Czech Republic, Denmark, the European Patent Office, Estonia, Finland, Germany, Hungary, Iceland, Israel, Korea, Malaysia, Mexico, New Zealand, the Philippines, Norway, Peru, Poland, Portugal, Romania, Russia, Singapore, Spain, Sweden, Taiwan, Turkey, the UK and the US. Prosecution history of an application filed with any of these patent offices may serve as the basis for PPH regardless of first filed or not. No official fee is required. In all of the above cases, a first OA would be expected to be issued within one to four months of such a request (the average time in 2015 was 2.3 months).

Patent application contents

What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

A patent specification must sufficiently describe ‘how to make’ and ‘how to use’ the claimed invention in such a manner that those skilled in the relevant art can easily carry it out. Also, the specification must describe the claimed invention in such a way as to reasonably convey to one skilled in the relevant art that the inventors, at the time of the application was filed, had possession of the claimed invention.

Regarding the inventions of which the effects are not predictable from their structures, for example, chemical compounds, working examples showing the effect of the invention must be disclosed in the specification as filed. Working examples should be commensurate with the scope of the claims.

Especially, with respect to patent applications directed to therapeutic uses (i.e., pharmaceutical composition claims or Swiss-style claims), the JPO strictly requires that the ‘specification as filed’ discloses the results of the relevant in vitro or in vivo tests that demonstrate feasibility in the treatment. In this regard, the JPO will not accept any late submission after the filing of the application if the specification as filed does not disclose any test results and only describes prophetic examples.

Prior art disclosure obligations

Must an inventor disclose prior art to the patent office examiner?

Patent applicants are required to disclose any prior art references known to the applicants before the priority date. This requirement will be met if the applicant lists the prior art references in the specification. In the case of insufficient disclosure, however, the examiner may issue an OA and ask the applicant to submit additional prior art references. Failing to respond to the OA may result in a final rejection. However, once a patent is issued, the violation cannot be grounds for invalidity.

Pursuit of additional claims

May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

It is possible to file later applications before the earlier filed application is laid open to the public, namely, the issuance of patent application publication, which is usually 18 months after the priority date, provided that the applicant or the inventor has not disclosed the invention elsewhere.

That is, even though the Patent Act has a similar provision to the European Patent Convention, article 54 (3), the Japanese provision will not apply to the later applications filed by the same applicant or in the name of the same inventors as the earlier filed application. However, the applicant (or all the applicants in the case of joint applicants) of the later applications must be exactly the same entity as those of the earlier filed application at the time of filing the later applications, or the inventor (or all the inventors in the case of joint inventors) must be exactly the same as those of the earlier filed application.

Additionally, within one year from the filing date of the earlier application, domestic priority in later applications can be claimed. One or more divisional applications can be filed within certain periods, namely, before the issuance of a first OA, the due period for responding to OA, within 30 days from receiving notice of allowance from the examination division or the due period for filing notice of appeal from final rejection by examination division.

Patent office appeals

Is it possible to appeal an adverse decision by the patent office in a court of law?

Final rejection by the examination division may be appealed before the BPA at the JPO. Where the BPA renders a decision to reject an application, the applicant can appeal the decision to the IP High Court, which is the relevant court of law. Regarding the JPO’s decision for an invalidity action or correction of claims, which are made after the issuance of the patent, the party who received an adverse decision from the JPO can appeal to the IP High Court.

Oppositions or protests to patents

Does the patent office provide any mechanism for opposing the grant of a patent?

Any party may file an opposition within six months after issuance of an Official Gazette for the patent. The grounds for opposition include:

- lack of novelty or inventive step;
- interference with another patent application having earlier priority date;
- violation of claim clarity, enablement or written description requirements; and
Key developments of the past year

An amendment to the Patent Act became effective on 1 April 2020. The amendment introduced a new inspection system. Under the inspection system, a patent infringement court may appoint neutral technical experts and allow them to visit an accused infringer’s site, such as a factory, to conduct the inspection necessary to prove patent infringement and to submit a report to the court. The amendment also changed the provisions in the Patent Act relevant to damage calculation. After the amendment, it is clear that a patent infringement court may order an accused infringer to compensate for damages based on lost profits of the patentee as well as a reasonable royalty if there are any circumstances where the patentee cannot sell the same amount of products as the infringing products sold by the infringer. Further, the amendment has made it clear that a patent infringement court may consider an ‘infringement premium’ to set a reasonable royalty rate higher than the average royalty rate in the market.

Coronavirus

On 7 April 2020, Prime Minister Abe issued the first emergency declaration for seven prefectures (ie, Tokyo, Kanagawa, Saitama, Chiba, Osaka, Hyogo and Fukuoka), and on 16 April, the scope of declaration was expanded to cover all the prefectures in Japan. The first declaration was completely lifted on 25 May 2020. Under the period of the first emergency declaration, most court hearings for patent infringement cases before the Tokyo District Court, Osaka District Court and IP High Court were postponed, and the court procedures were substantially delayed.

On 7 January 2021, Prime Minister Suga issued the second emergency declaration for four prefectures (Tokyo, Kanagawa, Saitama and Chiba), and the scope of the declaration was expanded to cover additional seven prefectures. Until 7 March 2021, the declaration remained effective in 10 prefectures, and it would remain effective to cover Tokyo, Chiba, Saitama and Kanagawa prefectures until 21 March 2021. However, unlike under the first declaration, court procedures have not been substantially affected as the courts hold court hearings on a regular basis.

The Japan Patent Office kept up normal operations even under the emergency declaration for four prefectures (Tokyo, Kanagawa, Saitama and Chiba), and on 16 April, the scope of declaration was expanded to cover all the prefectures in Japan. The first declaration was completely lifted on 25 May 2020. Under the period of the first emergency declaration, most court hearings for patent infringement cases before the Tokyo District Court, Osaka District Court and IP High Court were postponed, and the court procedures were substantially delayed.

On 7 January 2021, Prime Minister Suga issued the second emergency declaration for four prefectures (Tokyo, Kanagawa, Saitama and Chiba), and the scope of the declaration was expanded to cover additional seven prefectures. Until 7 March 2021, the declaration remained effective in 10 prefectures, and it would remain effective to cover Tokyo, Chiba, Saitama and Kanagawa prefectures until 21 March 2021. However, unlike under the first declaration, court procedures have not been substantially affected as the courts hold court hearings on a regular basis.

The Japan Patent Office kept up normal operations even under the first and second emergency declaration.
**Lawsuits and courts**

Currently, there are no specialist IP courts in Kazakhstan in which a patent infringement lawsuit can be brought.

Patent infringement disputes are handled before civil courts. Civil cases are considered and resolved by district (city) and equivalent courts as well as by specialised, inter-district commercial courts. At the request of the patent holder, patent infringement is to be stopped, and the infringer is obliged to compensate the patent owner for the incurred losses. As an alternative, the patent holder can recover the income that the infringer received as a result of infringing activities.

Since 2014, administrative legislation does not provide for administrative liability for patent infringement. Instead, Kazakhstan introduced a new category of criminal offence – a misdemeanour, which is an action or inaction that does not constitute a ‘great public danger’, and that causes relatively minor harm or only poses a threat of harm to an individual, organisation, society or state. Misdemeanors are punished by a fine, arrest or correctional or community service. Since 2015, minor, less severe patent infringements began to be regarded as a misdemeanour.

If a criminal action has to be initiated, the patent holder should lodge a complaint with the police or the Economic Investigation Service (a law enforcement authority), who will then carry out a preliminary or pre-trial investigation, after which the case is considered by the district, city or regional (and equivalent) court.

**Trial format and timing**

While preparing a case for a trial, the judge considers the issues relating to documents, affidavits, live testimony and invites witnesses to the court. Cross-examination of witnesses is permitted. At the request of a party or on its own initiative, the court can appoint an expert and a translator.

Cases (civil and criminal) are decided by a single judge in the first instance, while cases reviewed by appellate or cassation instance courts are decided by a panel of at least three judges. The panel must include an odd number of judges. However, minor crimes can be considered by only one judge at the appellate or cassation stage, as well.

Civil cases are typically considered and resolved by the court within two months after the trial preparation was completed. However, depending on the circumstances of each case, the court can suspend or prolong a trial.

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**Proof requirements**

- **What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?**

  To establish patent infringement, or invalidity and unenforceability, each party has to provide relevant and sufficient evidence for its claims and objections within the time period established by the judge.

**Standing to sue**

- **Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?**

  The patent holder or an exclusive licensee may sue for patent infringement. The alleged infringer may file a counterclaim against the patent holder within the same proceedings.

**Inducement, and contributory and multiple party infringement**

- **To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?**

  Patent legislation provides no provisions on inducement of infringement or contributory patent infringement. Generally, the Kazakh legislation includes provisions relating to joint liability. When considering a case against several defendants, the court may either indicate which actions each of the defendants must perform in favour of the plaintiff, or indicate that they are jointly liable. A joint obligation arises from an agreement, or if it is established that the joint obligation is indivisible. In practice, joint liability can be applied when obtaining compensation for damages or collecting the infringer’s profit obtained as a result of patent infringement.

**Joinder of multiple defendants**

- **Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?**

  A lawsuit may be brought jointly by multiple plaintiffs against one or multiple defendants. Each of the plaintiffs or defendants in the lawsuit acts independently concerning the other side. Multiple defendants may be joined in the same lawsuit if:
  - the general rights and obligations of multiple defendants are the subject of the same dispute;
  - the rights and obligations of multiple defendants have a common basis; and
  - the matter in the dispute relating to the rights and obligations of multiple defendants is identical.
Infringement by foreign activities
7 | To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Activities that take place outside Kazakhstan can support a charge of patent infringement if the evidence or activities are recognised by the court as relevant, which is evaluated on a case-by-case basis.

Infringement by equivalents
8 | To what extent can ’equivalents’ of the claimed subject matter be shown to infringe?

There are no clear provisions in Kazakh law or judicial decisions that may support the doctrine of equivalents. However, the Supreme Court’s practical manual on IP disputes provides that the establishment of clear rules for the validity of a patent and the proof that the rights are infringed by a particular defendant are crucial in determining patent infringement. The scope of rights of the patent holder is determined by the claims. Patent rights are infringed if each feature of the invention included in an independent claim, or a feature equivalent to it, is used in a manufactured product or method.

In order to determine the equivalence between the claimed invention and the infringing invention, the court may appoint experts knowledgeable in the subject matter.

Discovery of evidence
9 | What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Unlike in common law jurisdictions, in Kazakhstan there are no pre-trial procedures in a lawsuit, such as discovery of evidence.

When submitting the statement of claim, the plaintiff can file a motion with the court asking it to order the defendant or other parties possessing the information or evidence to provide it. If the defendant or the third party fail to submit the evidence within a specified time period for reasons recognised by the court as disrespectful, the court will conclude that this evidence is directed against the interests of the opponent or the third party and they may incur administrative or criminal liability.

If it is difficult for the parties and other persons participating in the case to present evidence, or when the evidence is outside the country, the court of first instance assists the parties in collecting evidence upon their request.

Litigation timetable
10 | What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

Typically, civil cases are considered and resolved by the court of first instance within two months from the date of completion of preparation of the case for trial. The preparation of civil cases for trial should be carried out no later than 20 working days from the date of adoption of the statement of claim. The final decision must be made no later than five working days from the announcement of the operative part of the decision.

Cases in courts of appeal are considered within two months from the date of the case’s receipt by the court. However, it should be noted that the terms can be changed, suspended or prolonged by a court decision depending on the circumstances of each case.

Litigation costs
11 | What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The typical range of costs of a patent infringement lawsuit is, on the average, €10,000 to €50,000 in the first instance (pre-trial and first instance), and for an appeal it ranges from approximately €5,000 to €20,000. Contingency fees are allowed, but this is subject to agreement between the lawyer and client before trial. These are only average amounts to expect and a lot will depend on the time spent on case analysis – this usually is the most time-consuming part and usually falls under the pre-trial phase.

Court appeals
12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

In a patent infringement lawsuit, first instance decisions that are not final may be appealed in appellate courts. First instance decisions that are final and decisions of the specialised judicial board of the Supreme Court may be appealed in cassation before the Supreme Court.

New evidence that has not been submitted to the court of first instance is allowed at the appellate stage if it is proven that it was impossible to submit it to the court of first instance, which may be due to:
• the person in question not being involved in the first instance case; or
• the petition for the investigation or reclamation of the evidence being dismissed at first instance.

Competition considerations
13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Generally, Kazakh law provides for sanctions against unfair competition acts. Enforcement of a patent can expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort only if such actions lead or may lead to the restriction or elimination of competition. In practice, such cases have been rare.

Alternative dispute resolution
14 | To what extent are alternative dispute resolution techniques available to resolve patent disputes?

According to the patent law, arbitration or mediation can be used to resolve the following:
• violation of the exclusive right to use the patented invention;
• the conclusion and execution of licence agreements;
• the employee inventor’s remuneration; and
• compensation issues.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions
15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

A patent for an invention is granted for technical solutions, in any field, related to a product (a device, substance, microorganism strain, plant or animal cell culture) or a method, as well as for the use of a known product or method in a new way, or a new product for a specific purpose. However, the following are not recognised as inventions:
Patent invalidity

• discoveries, scientific theories and mathematical methods;
• methods of economic organisation and management;
• symbols, observations and rules;
• rules and methods for performing mental acts and playing games;
• computer programs per se and algorithms;
• projects and plans for structures, buildings and territories;
• aesthetic effects of products; and
• inventions contrary to public order or the principles of humanity and morality.

The same restrictions apply to utility models, which in addition cannot cover diagnostic, therapeutic and surgical methods for treating humans or animals.

Patent ownership

16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

The patent rights to an invention made by an employee in the course of employment or in connection with a specific task assigned by the employer belong to the employer unless otherwise specified in the employment agreement.

The ownership of rights to an invention created by an independent contractor, multiple inventors or a joint venture is determined by an agreement between the parties involved.

DEFENCES

Patent invalidity

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

A patent may be challenged during the whole period of its validity and invalidated either fully or partially on the following grounds:
- it does not comply with the patentability requirements;
- it extends beyond the content of the application as originally filed;
- it was not granted in accordance with the Patent Cooperation Treaty (PCT) or Eurasian Patent Convention rules; and
- the grant of a patent violates rights of a third-party inventor or patent holder.

The validity of a patent can be challenged by filing a civil action at a district, city or regional court. A patent can be invalidated either fully or partially only by a court decision and it should be revoked from the patent application filing date. If a patent is partially invalidated, a new patent will be granted or issued for the remaining part of the protected subject matter.

Absolute novelty requirement

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Yes, a patent can be granted for an invention that is novel, involves an inventive step and is industrially applicable. However, public disclosure of information related to the invention, including the display of the invention at an international exhibition organised in a state party to the Paris Convention for the Protection of Industrial Property, will not affect its patentability, provided that the patent application is filed no later than six months from the date of public disclosure. The burden of proof lies with the applicant.

Obviousness or inventiveness test

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The law states that an invention has an inventive step if it is not obvious to a person skilled in the art.

The assessment of inventive step involves identifying:
- the closest analogue to the claimed invention;
- the characteristics that distinguish the claimed invention from the closest analogue; and
- solutions from the prior art with characteristics that match the claimed invention’s distinguishing characteristics.

Patent unenforceability

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

The legislation does not set out any grounds on which a patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner. However, if a patent holder does not file a lawsuit against an infringer within three years from the infringement, he or she may lose the right to enforce the patent.

Additionally, any person who began using the invention or carrying out the necessary preparatory work for using it between the date of termination of the validity of the patent and the date of publication of the information on the reinstatement of patent rights retains the right to use it, provided that the scope of such use is not expanded (the right of subsequent use). In this case, the patent would be deemed unenforceable.

Prior user defence

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

The patent law separates prior use defence into the use before and after the patent filing date. The defence covers all types of inventions.

A person who, prior to the patent filing date, has conscientiously used an identical solution created independently of the inventor or made the necessary preparations for this use in the territory of Kazakhstan, retains the right to use it free of charge without expanding the scope of the use.

A person who started using the method or device after the priority date, but before the patent publication date, is obliged to stop further use at the request of the patent holder. However, the person is not obliged to compensate the patent holder for losses incurred as a result of the use.

REMEDIES

Monetary remedies for infringement

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The law provides for the following monetary remedies against a patent infringer:
- compensation for lost profits and non-pecuniary damages, from the patent publication date;
- recovery of the infringer’s profits instead of compensation for losses, from the patent publication date; and
• compensation of approximately €280,000, instead of the first two options, with the amount of compensation determined by the court.

Royalties are typically calculated in view of the current market situation.

Injunctions against infringement

23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

When considering the plaintiff’s application for an injunction, the court has the right to apply an injunction that is consistent with the declared claim. If a claim was made for the recognition of rights or for the restoration of the situation that existed before the infringement, the judge may, for example, prohibit the defendant from taking any actions to distribute the infringing product. If a claim was filed for any type of monetary remedy, the judge has the right to seize the infringer’s property.

Banning importation of infringing products

24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The customs authorities can prevent the importation of infringing goods into the country if the importation violates the local legislation or if the violation is the basis for a criminal case. Such cases are considered in district, city or regional courts. Currently, the regulation on maintaining a unified customs register of intellectual property rights of the Eurasian Economic Union is applicable for copyright, neighbouring rights and trademark rights, but not for patent rights.

Attorneys’ fees

25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

A successful litigant can recover all costs and attorneys’ fees if the claim is fully satisfied and if the litigant provides evidence on all incurred expenses. If the claim is partially satisfied, the costs are awarded to the plaintiff in proportion to the part of the claim that has been satisfied and to the defendant in proportion to the part of the claim that the plaintiff is denied.

Wilful infringement

26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Kazakh law does not provide for additional remedies applicable specifically against a deliberate or wilful infringer. There is no approved test or standard to determine whether an infringement is deliberate.

Time limits for lawsuits

27 | What is the time limit for seeking a remedy for patent infringement?

The total time limit for patent infringement lawsuits is three years from the date of knowledge of patent infringement.

Patent marking

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

The law does not oblige patent holders to mark their patented products, but it is stated that the patent holder may mark do so. However, the law does not establish any rules on how the products should be marked or set out any consequences for the failure to mark patented products.

Voluntary licensing

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

There are several rules that apply to licence agreements:
• they must be concluded in writing and registered with the Intellectual Property Office;
• if the validity term is not specified in the agreement, it will be five years from the date of registration;
• the agreement terminates when the patent expires; and
• clauses that prevent the parties from giving permission to other parties to use the patent must be included (eg, the licensor of an exclusive licence cannot licence the patent to other parties).

Compulsory licences

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

If the patent has not been used for three years after its publication date and the patent holder refuses to conclude a licence agreement with acceptable commercial terms within 90 days from the date on which the agreement is requested, any person has the right to request from the court to grant him or her a compulsory non-exclusive licence. If the patent owner does not provide a legitimate reason for non-use, the court grants the licence and determines the scope of use, the term of use and remuneration.

A compulsory non-exclusive licence may also be issued if:
• the use of the patent is in the interest of public health, state defence, and other public interests; or
• the patent holder abused his exclusive rights or enabled the abuse of his exclusive rights.

The court will cancel a compulsory non-exclusive licence if the circumstances that were the reason for its issuance are terminated.

Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

It usually takes up to one-and-a-half to three years to obtain a patent for an invention and up to one year to obtain a utility model certificate. The total cost to prosecute an application for an invention (including official and patent agent fees) with one independent claim, 10 claims in total and 35 pages of specifications and claims (additional independent or dependent claims and additional pages will involve extra fees) ranges from €1,500 to €3,500 and from €1,500 to €2,500 for a utility model. Translation costs are not included in this estimate.
Expedited patent prosecution

32  Are there any procedures to expedite patent prosecution?

The expedited examination is reserved for inventions with favourable patenting conditions and entails an additional official fee. The list of such inventions is determined by the Ministry of Justice and currently includes the inventions in the field of:

- renewable energy sources (solar energy, wind energy, hydrodynamic energy and geothermal energy);
- anthropogenic sources of primary energy (biomass, biogas and other fuels from organic waste) aimed at reducing emissions of pollutants into the environment and used to produce electrical or heat energy (or both); and
- information and communication technologies.

The expedited examination is carried out within six months, provided that the requirements of the formal and substantive examination are met.

Patent application contents

33  What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

A patent application must include:

- a description of the invention, which discloses it in a manner sufficiently clear and complete for it to be performed by a person skilled in the art;
- claims which define the scope of protection and the subject matter of the invention;
- a formula that is clear, accurate and based on the description;
- drawings and other materials, if necessary, for understanding the subject matter of the invention; and
- an abstract, which is a short summary of the invention and includes the title, the characteristics of the technical field to which the invention relates and the subject matter of the invention if it is not clear from the title.

If the application does not meet these requirements, the Intellectual Property Office (IPO) will notify the applicant and suggest they submit the missing or corrected documents or information within three months from the notification date. If the applicant fails to submit the requested documents or information within the established time period, the application will be deemed not submitted.

Prior art disclosure obligations

34  Must an inventor disclose prior art to the patent office examiner?

An applicant must disclose information about the claimed invention’s closest analogues (prototypes) known to the applicant in the ‘prior art’ section of the patent application. If prior art is disclosed in the text, the following should also be noted: bibliographic data of the source of information and the features characterising the prior art, highlighting those that coincide with the subject matter of the claimed invention, as well as reasons known to the applicant that impede the achievement of the required technical result.

For instance, if the invention relates to a method for producing a mixture of an unknown composition with a specific purpose or type of biological activity, a method for producing a mixture with the same purpose or the same biological activity should be indicated as an analogue.

If the invention relates to a method for producing a new chemical compound, information about the method for producing its known analogue should be disclosed.

If the invention relates to the use of a known product or method for a new purpose, then its prior art should include known products or methods for the same purpose.

In applications relating to a group of inventions, information about analogues of each individual invention should be provided.

Pursuit of additional claims

35  May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

If there is a violation of the unity requirement in an application filed for a group of inventions, the applicant may inform the IPO, within three months from the notification date, which of the inventions should be considered. The remaining inventions from the initial application may be submitted as divisional applications, whose priority date will be the same as that of the initial application.

Patent office appeals

36  Is it possible to appeal an adverse decision by the patent office in a court of law?

The applicant may file an objection to the IPO’s refusal decision within three months from the decision notification date. The objection must be considered by the Board of Appeals of the IPO within four months of the date of its receipt. For utility models and design patents, the objection must be considered within two months from the date of receipt. The consideration of all objections is mandatory. The Board of Appeals is a collegiate body under the Ministry of Justice for pretrial consideration of applicants’ objections. The Board of Appeal’s decisions may be appealed in a court.

Oppositions or protests to patents

37  Does the patent office provide any mechanism for opposing the grant of a patent?

The IPO does not provide any mechanism for opposing the grant of a patent. It is not possible to file an opposition against a pending application. The IPO publishes information on the grant of a patent, after which anyone has the right to familiarise themselves with the application and the search report prepared by the IPO and file an objection with the court.

Priority of invention

38  Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

If identical inventions have the same priority date, priority will be given to the applicant who can prove the earlier date of submitting their application. If these dates coincide, priority will be given to the application that has an earlier IPO registration number.
Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Patent law provides a procedure for amending a patent application – during the examination, the applicant may, on his or her own initiative or at the IPO's request, correct, clarify or change the application materials, but without changing the subject matter of the invention. Additional materials or information that change the subject matter of the invention are not considered within the same application.

Before the IPO's decision to grant a patent, the applicant can also change applicant information in the application as a result of transferring the patent rights to someone else.

Patent legislation also includes provisions allowing applicants and patent holders to revoke patent applications and patents by filing a revocation request with the IPO.

Patent duration

40 | How is the duration of patent protection determined?

A patent for an invention is granted for 20 years from the application filing date. For inventions relating to medical products and pesticides, the use of which requires a marketing authorisation, the duration of patent protection may be extended at the request of the patent holder for up to five years from the initial application date, and for up to 20 years for divisional applications.

A utility model is valid for five years from the application filing date. Its validity may be extended for three years at the request of the patent holder, providing additional fees are paid.

Design patents are valid for 15 years from the application filing date. Their validity may be extended for an additional five years at the request of the patent holder providing additional fees are paid.

UPDATE AND TRENDS

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

Kazakhstan ratified the Protocol on the Protection of Industrial Designs to the Eurasian Patent Convention on 12 January 2021. The Protocol will enter into force on 12 April 2021. The Protocol introduces the Eurasian system of protection for industrial design patents, along with the already existing regional protection for inventions. It was adopted by the Eurasian Patent Organization (EAPO) member states on 9 September 2019. According to the Protocol, Eurasian design patent applications will be filed with the EAPO either directly or through an EAPO member state's national patent office. All applicants will follow uniform examination requirements, use only the official language of the EAPO – Russian – and pay a uniform procedural fee. Once granted, Eurasian design patents will be valid for five years, counting from the application filing date. They will be renewable for additional five-year periods up to four more times so that the maximum term of protection does not exceed 25 years from the application filing date.
Malaysia

Bong Kwang Teo and Siau Kee Pua

Wong Jin Nee & Teo

**PATENT ENFORCEMENT PROCEEDINGS**

**Lawsuits and courts**

1 | What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Patent rights are only enforceable by the patent owner by way of a civil action. There are presently no administrative proceedings available for the enforcement of patent rights.

There is a specialised Intellectual Property High Court in Kuala Lumpur and most civil actions for patent infringement are filed here. However, there is no legal prohibition for a patent owner to institute a civil action in high courts in other states of Malaysia if the parties reside outside Kuala Lumpur.

**Trial format and timing**

2 | What is the format of a patent infringement trial?

The format of a patent infringement trial is the same as any general civil suit trial. Due to the nature of patent infringement, where substantial dispute as to facts is inevitable, a civil action is generally brought by way of a writ of summons together with a statement of claim setting out the material facts of the claim and the remedies sought. Malaysia adopts the common law system of pleadings where the parties are required to exchange pleadings within the prescribed time frame. After being served with the statement of claim, the defendant must file his or her defence and counterclaim (if any) within the prescribed period, followed by a reply by the plaintiff if necessary. Where the defendant disputes the validity of the patent, he or she must include the particulars of objections, setting out the grounds of objections clearly in his or her defence.

There is no trial by affidavit in Malaysia. Parties are required to prove their case by calling witnesses who state their cases in the first stage of trial, namely examination in chief, by way of written witness statements. However, all witnesses must be present in court during the trial for cross-examination.

Experts are invariably called to assist the court during a patent suit. In fact, expert opinions on the issues of novelty and inventive steps are indispensable in a patent trial.

Malaysia does not have a jury system, hence disputed issues are decided by a judge (or judges). A trial will typically last between one and two weeks, depending on the complexity of the matter and the issues in dispute.

**Proof requirements**

3 | What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The burden of proof in a patent infringement suit is the civil burden of balance of probabilities. This same burden of proof applies to the issues of infringement, invalidation and unenforceability.

In order to make out a case for infringement, the following need to be proved:

- that each and every essential integer or feature of the plaintiff's patented claim is taken by the defendants; and
- the defendants' product works the same way as the plaintiff claims in his or her patent.

**Standing to sue**

4 | Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The owner of the patent (section 59, Patents Act 1983), licensee and beneficiary of the compulsory licence (section 61, Patents Act 1983) have the right to sue for patent infringement.

The issue of the right of a licensee to bring an infringement action was discussed in a recent decision of the IP High Court of Kuala Lumpur, Kingtime International Ltd & Anor v Petrofac E&C Sdn Bhd [2018] MLJU 1840. In this case, the second plaintiff was a licensee of the first plaintiff. The defendant challenged the right of the licensee to be named as a co-plaintiff in a patent infringement action. The High Court agreed with the challenge and held that the licensee's right to sue is only applicable in two limited circumstances stipulated in section 61 of Patents Act 1983, namely:

- if three months upon receipt of the request from the licensee to file a patent infringement action, the owner of the patent has refused to do so or failed to do so; or
- if the licensee is able to prove that immediate action is required to avoid damage to the patent licensee, the licensee may apply for an injunction to restrain a patent infringement.

The court decided that based on the facts of the case, the second plaintiff had no right to file a patent infringement action against the defendant as the first plaintiff had already filed the action.

An accused infringer can bring a lawsuit against the owner of the patent to obtain a declaration from the court that committing the act in question does not constitute an infringement of the patent. However, if the act in question is already the subject of an infringement action, and the accused infringer is already a defendant to that suit, the claim for a declaration of non-infringement is not allowed (section 62 PA).

An accused infringer can also bring a lawsuit against the owner of the patent for the invalidation of the patent (section 56 PA).
Inducement, and contributory and multiple party infringement

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

There is no provision for indirect or contributory infringement under the PA. To prove infringement, each and every essential integer or feature claimed by the patented invention must be present in the defendant’s product or process. In a process or method patent, the defendant must be shown to have taken every step of the patented process. Thus, it is not possible to make the defendants jointly liable if they merely carried out part of the patented claim.

However, it is possible to sue based on the tort of conspiracy to injure, if the parties are acting in concert to injure the interests of the plaintiff.

Joinder of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties can be joined as defendants in the same lawsuit with the leave of the court or if separate actions are brought against each of the defendants, where there are some common questions of law or fact that would arise in all the actions, and all rights to relief claimed in the action (whether they are joint, several or alternative) are in respect of or arise out of the same transaction or series of transactions (see Order 15, Rule 4 Rules of Court 2012 (ROC 2012)).

Because of the requirement of commonality of issues of law and fact, it appears that all of the defendants have to be accused of infringing all of the same patents. Where it appears to the court that the joinder of causes of action or of parties may embarrass or delay the trial or is otherwise inconvenient, the court may order separate trials or make such order as may be expedient (see Order 15, Rule 5 ROC 2012).

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Only committing an infringing act within Malaysia would constitute an act of patent infringement (see section 58 PA).

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

The court does recognise infringement by way of the ‘equivalents’ of the claimed subject matter. An assessment of the same would be done by way of a purposive interpretation of the claim set out in the widely accepted case of Catnic Components Ltd v Hill and Smith Ltd [1982] RPC 183. This approach has been accepted in the Court of Appeal’s decision of Cadware Sdn Bhd v Ronic Corporation [2013] 6 MLJ 19 where the Court of Appeal adopted the purposive construction doctrine laid down in the Catnic case as well as applying the Improver test (as expounded in the case of Improver Corp v Remington Consumer Products Ltd [1990] FSR 181) when considering whether there is infringement of patent.

Related to the issue of infringement by equivalents is the issue of how Malaysian courts decide on whether there is a patent infringement. The Malaysian courts have adopted a combination of tests in determining whether there is an infringement of a patent. This is evident from the decision of the High Court in Kingtime International Ltd & Anor v Petrofac E&C Sdn Bhd [2018] MLJU 1840. The learned judge considered three tests:

- the ‘Essential Integers’ test (as propounded in the UK House of Lords case of Rodi & Wienenberger AG v Henry Showell Ltd [1969] RPC 367;
- the Improver test (as propounded in the UK High Court case of Improver Corp & Ors v Remington Consumer Products Ltd & Ors [1990] FSR 181); and
- the Actavis test, as propounded in the UK Supreme Court case of Actavis UK Ltd & Ors v Eli Lilly and Co, and other appeals [2018] 1 All ER 171, which reformulated the Improver test.

Applying all three approaches, the court found that the defendant has infringed the plaintiff’s patents.

Kingtime was the first Malaysian court decision to adopt the Actavis test. Subsequently, the following two High Court decisions have adopted the Actavis test: Mohammad Mubde Absi & Ors v Hyat Collections Sdn Bhd & Ors [2019] MLJU 1355 and Emerico Sdn Bhd v Maxviga Solution Sdn Bhd [2020] MLJU 340.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Discovery of evidence is limited to the issues that had been raised by the particulars of infringement and particulars of objection to the validity of the patent (in a counterclaim). This may be done through the processes of discovery of documents or by interrogatories.

The Court may at any time order any party to a cause or matter to give discovery by making and serving on any other party a list of the documents that are or have been in his or her possession, custody or power, and may at the same time or subsequently also order him or her to file an affidavit verifying such a list and to serve a copy thereof on the other party. The documents where discovery may be ordered include documents on which the party relies or will rely; documents that would adversely affect his or her own case; adversely affect another party’s case; or support another party’s case (see Order 24, Rule 3 ROC 2012).

Where discovery is by way of interrogatories, a party to any cause or matter may apply to the court for an order giving the party leave to serve on any other party a list of the documents that are or have been in his or her possession, custody or power, and may at the same time or subsequently also order him or her to file an affidavit verifying such a list and to serve a copy thereof on the other party. The documents where discovery may be ordered include documents on which the party relies or will rely; documents that would adversely affect his or her own case; adversely affect another party’s case; or support another party’s case (see Order 24, Rule 3 ROC 2012).

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

Depending on the complexity of the matter, a patent infringement lawsuit typically takes about nine to 18 months for the decision of first instance to be handed down. Proceedings in the appellate court may take about six to 12 months.

Litigation costs

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs of a patent infringement suit are dependent on many factors, primarily the law firms and legal personnel involved, the complexity of issues involved and the time taken in prosecuting the case. The costs of the expert may be significant as well and vary from one case to another.
A typical range of legal costs of a patent infringement lawsuit is approximately as follows:

- pre-trial costs, which will include the settling of pleadings, case management, preparation for trial (eg, preparation of witness statements and expert reports), but excluding interlocutory applications such as application for injunction: 150,000 to 300,000 ringgit;
- trial proper: 200,000 to 500,000 ringgit for a three-to-five day trial and the preparation of written submissions; and
- appeal (to the Court of Appeal): 100,000 to 250,000 ringgit.

Contingency fees are prohibited under the Legal Profession Act 1976.

**Court appeals**

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

A patent infringement lawsuit, which invariably includes a claim for permanent injunction, must be brought in the High Court. An appeal from the High Court can be made to the Court of Appeal as of right. There is a second chance for appeal to the apex court, namely the Federal Court. However, an appeal to the Federal Court is not automatic. The would-be appellant must first obtain leave from the Federal Court. Leave will be granted if there is a question of law that is of general application and not previously decided by the Federal Court or, alternatively, if it is a question of importance upon which further argument and decision of the Federal Court would be to public advantage. In the Federal Court decision of Spind Malaysia Sdn Bhd v Justrade Marketing Sdn Bhd and Anor [2018] 4 MLJ 34, the apex court of Malaysia held that the appeal should be confined only to the questions of law as determined by the Federal Court and other grounds which are necessary to decide on those questions.

New evidence is not allowed at the appellate stage, unless the Court is satisfied that the new evidence was not available to the party previously or reasonable diligence would not have made it so available, and the new evidence, if true, can reasonably be assumed to have had a determining influence upon the decision of the High Court.

**Competition considerations**

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

A patent owner is granted the exclusive rights to ‘exploit’ the patented invention, to assign or transmit the patent, and to conclude licence contracts.

‘Exploitation’ of a patented invention is defined to include, among other things, the making, selling or using the patented product. Besides that, the owner of a patent is expressly given the right to institute court proceedings against any person who has infringed or is infringing his or her patent.

In enforcing a patent by way of infringement action, there is generally no risk of being liable for unfair competition or any tortious liability except when a case for ‘unlawful interference with trade’ is made out. The essential requirement for unlawful interference is that the claimant must prove ‘a deliberate interference with the claimant’s interests by unlawful means’. Case law has established that to enforce an IP right, even if the same is subsequently invalidated, is generally not to be regarded as unlawful. In view of this, it is generally believed that a claim for unlawful interference is hard to maintain based solely on the institution of an infringement action.

In enforcing a patent by way of concluding licence contracts or other agreements, a patent owner may be liable if the following two broad circumstances are proved:

- if the agreement has the object or effect of significantly preventing, restricting or distorting competition in any market for goods or services; or
- if the patent owner is engaging in, whether independently or collectively in any conduct that amounts to an abuse of a dominant position in any market for goods or services.

The above-mentioned dual prohibitions of anticompetitive conduct are clearly provided under the Malaysian Competition Act 2010 (CA 2010), which came into force on 1 January 2012. However, there is an express exception laid down in the CA 2010 whereby it is clearly stated that the prohibition against abuse of dominant position does not apply to the relevant enterprise in a dominant position in ‘taking any step which has reasonable commercial justification or represents a reasonable commercial response to the market entry or market conduct of a competitor’ (section 10(3) of CA 2010).

Recognising the need to address the increasing tension between the protection of intellectual property (IP) rights and anticompetitive conduct, the Malaysian Competition Commission (MyCC), a statutory body that is empowered to implement and enforce the provisions of the CA 2010, introduced the Guidelines on Intellectual Property Rights and Competition Law (the Guidelines) on 6 April 2019. The Guidelines outline some approaches adopted by the MyCC with respect to any competition issues under the CA 2010 relating to IP rights. The Guidelines, among others, address the interaction between IP rights and competition law and offer some guidance for acceptable contractual arrangements involving IP rights. Intellectual property owners, especially patent owners, may refer to the Guidelines to ascertain the scope of their IP rights and to protect themselves against anticompetitive activities.

**Alternative dispute resolution**

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

The court will generally propose the option of mediation during the stage of pretrial case management. Mediation may be carried out in the following ways:

- by way of a judge-led mediation;
- by way of a mediation to be carried out at the Asian International Arbitration Centre;
- by way of a mediation to be carried out at the Malaysian Mediation Centre; or
- by other mediators agreeable by both parties.

On 30 June 2016, the Chief Justice of Malaysia issued Practice Direction No. 4 of 2016 (Practice Direction on Mediation), directing that all judges of the High Court and the deputy registrars and all judges of the Sessions Court and magistrates and their assistant registrars may, at the pretrial case management stage, give such directions that the parties facilitate the settlement of the matter before the court by way of mediation. IP cases are listed as examples of cases that are easy to settle by mediation. In practice, mediation of a patent lawsuit rarely happens, possibly because the issue of infringement is normally keenly contested and it is factually and legally complex.
SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

An invention is only patentable if it is new, involves an inventive step and is industrially applicable (see section 11 PA). An invention is regarded as ‘new’ if it is not anticipated by ‘prior art’ and ‘prior art’ is defined to mean everything disclosed to the public anywhere in the world by written publication, by oral disclosure, by use or in any other way, prior to the priority date of the patent application claiming the invention.

However, the following are excluded as patentable subject matters:

- discoveries, scientific theories and mathematical methods;
- plant or animal varieties or essentially biological processes for the production of plants or animals, other than man-made living microorganisms, microbiological processes and the products of such microorganism processes;
- schemes, rules or methods for doing business, performing purely mental acts or playing games; and
- methods for the treatment of human or animal body by surgery or therapy, and diagnostic methods practised on the human or animal body.

This does not include products used on any such methods (see section 13 PA). Based on the above, business methods and medical procedures are not patentable subject matters. Although software is not specifically mentioned, the Guidelines for Patent Examination Manual issued by the Intellectual Property Corporation of Malaysia state that a computer program by itself or as a record on a carrier is not patentable, irrespective of its contents. The situation does not change when the computer program is loaded into a known computer. The computer program will, however, qualify for patentability when the subject matter as claimed makes a technical contribution to the prior art.

Patent ownership

16 | Who owns the patent on an invention made by a company, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

An invention made by an employee or pursuant to a commission shall be deemed to accrue to the employer or the person who commissioned the work in the absence of any provisions to the contrary in the contract of employment or for the execution of the work (see section 20 PA). Thus, if an independent contractor is engaged to research and come up with a new invention, and there is no express reservation of rights, the rights to the invention will be deemed accrued to the person engaging him or her.

Generally, the rights to a patent shall belong to the inventor. Where there are multiple inventors, the rights to the patent shall belong to them jointly (see section 18 PA).

A patent may be assigned or transmitted. Such assignment or transmission must be officially recorded and no such assignment or transmission shall have effect against third parties unless so recorded in the Register of Patents. Application to record an assignment or transmission must be effected by way of an application to the Registrar in the prescribed manner together with the payment of the prescribed fee. Further, in the case of an assignment, the application to record it must be accompanied by an assignment agreement signed by or on behalf of the contracting parties (see section 39 PA).

With regard to joint ownership of patents, it is clearly provided in the PA that in the absence of any agreement to the contrary between parties, such joint owners may separately assign or transmit their rights in the patent application or patent, among others (see section 40 PA).

DEFENCES

Patent invalidity

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The validity of a patent can be challenged through an application by an aggrieved person for the invalidation of the patent. The application must be made with the High Court. The High Court will invalidate a patent upon proof of any of the following grounds:

- that what is claimed as an invention in the patent is not an idea that, in practice, the solution to a specific problem in the field of technology, or is excluded from protection as it:
  - falls under the category of non-patentable inventions;
  - is contrary to public order or morality;
  - is not patentable because it does not comply with the requirements of being a new invention involving an inventive step, that is industrial applications;
- that the description or the claim does not comply with the prescribed requirements for application, particularly on the issue of sufficiency of disclosure of the invention;
- that any drawings that are necessary for the understanding of the claimed invention have not been supplied;
- that the right to the patent does not belong to the person to whom the patent was granted; or
- that incomplete or incorrect information has been deliberately provided or caused to be provided to the Registrar at the time of filing a request for a substantive examination by the person to whom the patent was granted or by his or her agent (see section 56 PA).

There is an Intellectual Property High Court established in Kuala Lumpur. However, it is not the only court with the sole jurisdiction where an action for invalidation must be filed. In fact, all civil High Courts in Malaysia are seised with jurisdiction to hear injunction applications as well as any disputes over granted patents. There is, however, no administrative tribunal empowered to hear disputes involving the validity of patents.

One of the vexed issues related to the issue of proof of infringement and invalidity is whether there is a necessity to examine the validity of the dependent claims when the independent claim is found to be invalid. The issue arose because of the decision of the apex court in SKB Shutters Manufacturing Sdn Bhd v Seng Kong Shutters Industries Sdn Bhd & Anor [2015] 6 MLJ 293 (SKB Shutters), which ruled that once an independent claim is shown to be invalid, the dependent claims will fall automatically. Fortunately, this issue has been clarified by another apex court decision in Merck Sharp & Dohme Corp & Anor v Hovid Bhd [2019] 12 MLJ 66; [2019] 9 CLJ 1. The facts of this case were not out of the ordinary. It was a standard infringement action with an expected counterclaim to invalidate the subject patent.

The plaintiffs, Merck Sharp & Dohme Corp and its related companies (the appellants in the appeal), brought a suit against the Malaysian defendant (the respondent) for the infringement of Malaysian Patent No. MY-118194-A (194 Patent). The invention related to the use of a pharmaceutically acceptable salt (alendronate) as a medicament for inhibiting bone resorption in humans. The 194 Patent comprised one independent claim (claim 1) and 21 dependent claims. The defendant denied the alleged infringement and counterclaimed for a declaration that the 194 Patent was invalid.
The High Court dismissed the plaintiffs’ infringement claim against the defendant and allowed the latter’s counterclaim for invalidation of the 194 Patent. The High Court declared that the 194 Patent was invalid on the ground of obviousness and went on to hold that all dependent claims related to the 194 Patent fell as the independent claim was invalid. The plaintiffs’ appeal to the Court of Appeal was dismissed unanimously.

The dismissal led to the present appeal before the apex court of Malaysia, the Federal Court. The issues posed before the Federal Court were whether the dependent claims would automatically be rendered invalid following the invalidation of the independent claim, without the need for the court to consider separately the validity of each and every dependent claim, as held in SKB Shutters.

The Federal Court in a three-to-two majority ruled that each dependent claim must be assessed separately and would not automatically fall merely on the finding that the independent claim is invalid.

In arriving at its decision, the Federal Court categorised dependent claims into two types:
- type 1: dependent claims that are subsets of a broad and general independent claim; and
- type 2: dependent claims that refer to an independent claim but include additional features not in the independent claim.

If the dependent claims are of type 1 and the basis of the challenge relates to the lack of an inventive step or novelty, the majority in the Federal Court explained that the invalidation of the independent claim may lead to the invalidation of the dependent claims. That invalidation is, however, not automatic and can only be declared after the trial court has heard and considered evidence to this effect with the assistance of a person skilled in the art.

For type 2 dependent claims and when the basis of challenge relates to prior art, upon the invalidation of an independent claim, the dependent claims must be treated separately to determine their validity as the dependent claim may have additional features that are not anticipated by the prior art.

On other bases of challenges in an invalidation action, for example, insufficiency of disclosure and ambiguity, the court is required to undertake the evidential process to consider the language and structure of all claims in order to determine the scope and validity of each claim.

By construing sections 56(3), 57(2), and 79A(3) of the Patents Act 1983 together, the Federal Court further held that in the event of partial invalidity, an application to amend a dependent claim may be permitted during court proceedings and made after proceedings. This is to ensure that the invalidity of the independent claim would not affect all other dependent claims. Therefore, the conclusion drawn in SKB Shutters, namely that amendments under the Act were prohibited was not entirely accurate.

The issue of whether a defendant could be liable for infringing activities that took place before the actual grant of a patent was brought up in the recent case of Kingtime International Ltd & Anor v Petrofac E&C Sdn Bhd [2018] MLJU 1840. The relevant facts of the case were that the plaintiffs brought a suit against the defendant for infringement of claim 1 of Patent 898 as well as claims 1 and 13 of Patent 5004. The two patents are owned by Kingtime International Ltd (the first plaintiff), while the second plaintiff, Gryphon Energy (Asia-Pacific) Sdn Bhd is a co-owner of Patent 898.

The defendants are the co-owners of Patent No. MY-153705-A in relation to a pre-wrapped headscarf known as Bokitta Hijab (Patent 705), commenced action against the defendants for infringing Patent 705 by distributing and selling their own product (the Hyat Hijab). The defendants counterclaimed to invalidate Patent 705 on several grounds, including Patent 705’s lack of novelty and inventive step.

In assessing the validity of Patent 705, the High Court held that the ready-to-wear and pinless headscarf is an ‘invention’ within the literal meaning of section 14(1) of the Act. In this regard, the Court stated that the term ‘technology’ in that provision has a wide meaning and encompasses ideas regarding ready-to-wear and pinless hijabs. Patent 705 further provides a solution to the problems arising from traditional hijabs that require a longer time to wear, more amount of fabric and the usage of pins to secure the scarf.

The High Court also held that the invention of the Bokitta Hijab is novel within the meaning of section 14(1) of the Act for the following reasons:
- There is no evidence that the essential integers reflected in claim 1 of Patent 705 were publicly known or available before the filing date of Patent 705. Such prior evidence is referred to as prior art.
- There is no evidence that a person skilled in the art is able to design the Bokitta Hijab based on prior art.
- Applying the ‘reverse infringement test’, there is no proof that any prior art would constitute an infringement of Patent 705.

The court was also satisfied that the Bokitta Hijab involves an inventive step pursuant to section 15(1) of the Act by applying the four-step test laid down in the UK Court of Appeal case of Windsurfing International Inc v Tabur Marine (Great Britain) Ltd [1985] RPC 59. The defendants have therefore failed to discharge the burden under section 56(1) of the Act to prove that the claims in the Patent 705 lack novelty and inventive step. The defendants’ counterclaim was dismissed.

On the issue of infringement, the court found that the defendants’ Hyat Hijab infringed Patent 705 as it contains all the essential integers of the relevant claims of Patent 705 (ie, the Essential Integers test). In arriving at its decision, the court has also applied the Improver test as well as the Actavis test.

Emerico Sdn Bhd v Maxvigo Solution Sdn Bhd [2020] MLJU 340
The plaintiff brought a suit against the defendant for infringement of a utility innovation, namely No. MY-163405A (UI) in respect of a notepad protective sleeve. The plaintiff is the owner of the UI, while the defendant manufactures notepad protective sleeve products known as ‘SMARTPAD’ and ‘MAT’ (the infringing products). The defendant denied the alleged infringement and counterclaimed to invalidate the UI. The defendant contended that the registration of the UI did not comply with procedural requirements and the UI was not novel.

The High Court held, among other things, that section 56 of the Patents Act 1983 provided for five distinct statutory grounds to invalidate a utility innovation. Given that procedural non-compliance is not expressly covered by section 56 of the Act, the defendant’s contention that the UI was invalid on that ground was unsustainable. In any event, the plaintiff’s application for division of its original patent application and conversion to a utility innovation were both filed within good time.
and complied with the procedural time frame. The court also held that the Defendant’s expert witnesses lacked independence and thus, their evidence was treated with circumspection particularly when they varied with the opinion of the plaintiff’s expert witnesses; and the UI was novel as it was not anticipated by any prior art. Thus, the defendant’s counter-claim was dismissed. On the issues of infringement, the court held that the infringing products incorporated each and every claim feature and integer of the UI’s claim. Accordingly, the defendant had infringed the UI. In arriving at its decision, the court has applied the Actavis test.

**Absolute novelty requirement**

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Yes, Malaysia practises an ‘absolute novelty’ requirement for patentability. The only exception where a disclosure may be disregarded is where:
- such a disclosure occurred within one year preceding the date of the patent application, and if it was by reason or in consequence of acts committed by the applicant or his or her predecessor in title;
- such a disclosure occurred within one year preceding the date of the patent application and if it was by reason or in consequence of any abuse of the rights of the applicant or his or her predecessor in title; and
- such a disclosure is by way of a pending application to register the patent in the UK Patent Office as at the date the PA came into force (see section 14 PA).

**Obviousness or inventiveness test**

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

An invention is considered as involving an inventive step where, having regard to any matter that forms part of the prior art, such an inventive step would not have been obvious to a person having ordinary skill in the art (see section 15 PA). The test to apply to determine whether an invention lacks inventive step (or is obvious) or not is set out in the art (see section 15 PA).

1. identify the inventive concept embodied in the patent in suit;
2. the court has to assume the mantle of the normally skilled but unimaginative addressee in the art at the priority date and to impute to him or her what was, at that date, common general knowledge in the art in question;
3. identify what, if any, differences exist between the matter cited as being ‘known or used’ and the alleged invention; and
4. the court has to ask itself whether, viewed without any knowledge of the alleged invention, those differences constitute steps that would have been obvious to the skilled man or if they require any degree of invention.


**Remedies**

**Monetary remedies for infringement**

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Upon a successful claim against a patent infringer, the court may award monetary remedies in the form of an account of profits or damages. Account of profits is not awarded as of right. There must be some justification, such as on equitable grounds, for the court to order an account for profit. The court will also award reasonable costs against the patent infringer. Damages are at large and normally cover three types: loss of business profits, loss of opportunity and damage to goodwill. Damages start to accrue from the first date of infringement that is proven. The burden is upon the plaintiff to prove its losses. Damages are generally compensatory and not punitive in nature. There are two broad bases for assessing damages: upon the proof of loss of business profit, and on a royalty basis (if the patent owner is customarily in the business of granting licences). There is no fixed method for calculating royalties, it is a matter of contractual agreement between a licensor and licensee.

**Injunctions against infringement**

23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Interlocutory injunctions and final injunctions are possible remedies to be obtained against future infringements. The courts are generally less inclined to grant an interlocutory injunction pending trial due to the severe implications the injunction may have on the business of the
There is presently no provision under the Patents Act 1983 to prevent the importation of infringing products into Malaysia. Parties who wish to do so would have to obtain a court order to be served on the customs officials.

Attorneys’ fees

Under what conditions can a successful litigant recover costs and attorneys’ fees?

The award of costs to a successful party is a matter of right. However, the amount of costs to be awarded is a matter within the discretion of the court. Attorney fees are normally not recoverable as cost per se. The costs awarded to the winning party may represent only part of the legal costs actually incurred.

Wilful infringement

Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

There is no provision for additional remedies provided under the PA against a deliberate or wilful infringer.

Time limits for lawsuits

What is the time limit for seeking a remedy for patent infringement?

Five years from the act of infringement (section 59 PA).

Patent marking

Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

There is no provision for patent marking in Malaysia. However, it is an offence to falsely represent that any product for sale is a patented product or process. Upon conviction, a person is liable to a fine not exceeding 15,000 ringgit or to imprisonment for a term not exceeding two years, or to both (see section 64 PA).

The mechanism and conditions for securing a compulsory licence are laid down in sections 48 to 54 of the PA. The gist of these provisions is that any person, who made efforts to obtain authorisation from patent owners on reasonable commercial terms and conditions, but was unsuccessful within a reasonable time period, may apply to the Registrar for a compulsory licence any time after the expiration of three years from the grant of a patent or four years from the filing date of the patent application, whichever is later, under any of the following circumstances:

- where there is no production of the patented product or application of the patented process in Malaysia without any legitimate reason; or
- where there is no product produced in Malaysia under the patent for sale in any domestic market, or there are some but they are sold at unreasonably high prices, or do not meet the public demand without any legitimate reason.

The other ground upon which one may apply for compulsory licence is the so-called ‘interdependence of patents’ ground. This is when the invention claimed in a later patent cannot be used in Malaysia without infringing an earlier granted patent, but the invention claimed in the later patent constitutes, in the opinion of the Malaysian Intellectual Property Office (MyIPO), an important technical advance of considerable economic significance. In these cases, MyIPO may grant a compulsory licence to the owner of the later patent when requested to the extent necessary to avoid infringement of the earlier patent.

When applying for a compulsory licence, the applicant shall set forth the amount of royalty, the conditions of the exploitation of the patent and the restrictions of the rights of the licensor or the licensee, as the case may be, and a request of the said licence.

MyIPO shall fix the scope of the compulsory licence upon granting the same to specify, in particular: the period for which the licence is granted; the time limit within which the beneficiary of the compulsory licence shall begin to work the patented invention in Malaysia; and the amount and conditions of the royalty due from the beneficiary of the compulsory licence to the owner of the patent.

LICENSING

Voluntary licensing

Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Parties are generally free to decide on the terms of their licence agreements provided that they are in compliance with the general law relating to formation and legality of contracts and do not breach section 45 of the PA. Section 45 clearly states that any clause or condition in a licence contract shall be invalid in so far as it imposes upon the licensee, in an industrial or commercial field, restrictions not derived from the rights conferred under the Act on the owner of the patent, or unnecessary for the safeguarding of such rights. There is, currently, no case law that touches or expounds on this section. We believe one of the examples that may fall within the section 45 prohibition is the tying-in provision.

Compulsory licences

Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

The other ground upon which one may apply for compulsory licence is the so-called ‘interdependence of patents’ ground. This is when the invention claimed in a later patent cannot be used in Malaysia without infringing an earlier granted patent, but the invention claimed in the later patent constitutes, in the opinion of the Malaysian Intellectual Property Office (MyIPO), an important technical advance of considerable economic significance. In these cases, MyIPO may grant a compulsory licence to the owner of the later patent when requested to the extent necessary to avoid infringement of the earlier patent.

When applying for a compulsory licence, the applicant shall set forth the amount of royalty, the conditions of the exploitation of the patent and the restrictions of the rights of the licensor or the licensee, as the case may be, and a request of the said licence.

MyIPO shall fix the scope of the compulsory licence upon granting the same to specify, in particular: the period for which the licence is granted; the time limit within which the beneficiary of the compulsory licence shall begin to work the patented invention in Malaysia; and the amount and conditions of the royalty due from the beneficiary of the compulsory licence to the owner of the patent.
**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

The timeline for securing a patent in Malaysia is dependent on the type of application filed. A straightforward local patent application or a Patent Cooperation Treaty national phase entry application with no objection will typically take four to six years from the Malaysian filing date to be granted.

The total estimated legal cost to obtain a straightforward local patent (with less than 10 claims) would be within the range of 5,000 to 7,000 ringgit. The official filing fees to obtain a straightforward local patent (with less than 10 claims) from filing through to registration would be 1,550 ringgit (excluding professional fees, service tax and disbursements). The official filing fees are provided on the MyIPO website at the following link: www.myipo.gov.my/en/patent-form-fees/?lang=en.

**Expedited patent prosecution**

32 | Are there any procedures to expedite patent prosecution?

There are provisions for filing a request for an expedited examination of a patent application based on any of the following grounds:

- it is in the national or public interest;
- there are infringement proceedings taking place or evidence showing potential infringement with regard to the patent being applied;
- the applicant has already commercialised the invention or plans to commercialise the invention within two years from the filing date of a request for expedited examination;
- application for grant of the patent is a condition to obtain monetary benefits from the government or institutions recognised by the Registrar of Patents;
- the invention relates to green technologies that will enhance the quality of the environment or conservation of energy resources; or
- there are other reasonable grounds that support the request.

In addition, MyIPO has also launched a Patent Prosecution Highway (PPH) pilot programme with the cooperation of the Japan Patent Office (JPO), European Patent Office (EPO), China National Intellectual Property Administration (CNIPA) and the Korean Intellectual Property Office (KIPO). PPH is an initiative which provides a means to accelerate the examination of the application if the examination work has already been conducted by the above-mentioned patent offices. If the applicant has a corresponding application that has been found to be acceptable by the JPO, EPO, CNIPA or KIPO, he or she may proceed to request for an accelerated examination under the PPH. There is no official fee prescribed for a PPH request.

**Patent application contents**

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

A patent application shall contain: a request for the grant of a patent; a description, a claim or claims; a drawing or drawings as required; and an abstract. It is further clearly provided that the descriptions shall, among other things, disclose the invention in such terms that it can be understood, and in a manner sufficiently clear and complete, for the invention to be evaluated and to be carried out by a person having ordinary skill in the art, and state any advantageous effects of the invention with reference to the background art.

In addition, the claims of the patent shall be clear and concise and fully supported by the description; and the number of the claims shall be reasonable taking into consideration the nature of the invention. Where the application contains drawings, the technical features mentioned in the claims shall, wherever possible, be followed by Arabic numerals to such features and placed between parentheses.

There are a number of standard application requirements, such as all application documents must be of a high enough quality as to allow direct reproduction by photography, electrostatic processes, photo offset and microfilming and shall be on white, matte, durable A4 paper (measuring 29.7cm x 21cm).

There is also, however, a requirement imposed by the Malaysian Patents Regulations, that in the application, every fifth line of each sheet of the description and the claims shall be numbered in Arabic numerals placed to the left of the relevant lines but to the right of the margin.

**Prior art disclosure obligations**

34 | Must an inventor disclose prior art to the patent office examiner?

There is no legal obligation to disclose the prior art to the patent office. However, it is a requirement imposed by the Regulations that the description of the patent shall indicate the background art, as far as is known to the applicant, which can be regarded as useful for the understanding, searching and examination of the invention; and, wherever possible, cite the document reflecting such art. It is understood that these requirements are merely advisory.

**Pursuit of additional claims**

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

It is permissible for an applicant to file one or more ‘divisional applications’ to pursue additional claims to an invention disclosed in its earlier filed application provided that each divisional application shall not go beyond the disclosure in the initial application. This is the ‘no added new matter’ limitation. Procedurally, in accordance with Regulation 19A of the Patents Regulations 1986, a voluntary request for divisional application must be filed within three months from the date of the mailing of the Examiner’s first report.

**Patent office appeals**

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

Any person aggrieved by any decision or order of the Registrar may appeal to the court (see section 88 PA).

**Oppositions or protests to patents**

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

The Patent Office does not provide for any mechanism for opposing the grant of a patent in Malaysia. However, the Patent Office does accept observations made by any third parties.
Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The Patent Office does not provide any mechanism for resolving priority disputes between different applicants for the same invention. The Malaysian Patent Office recognises the ‘first to file’ principle. The only way to resolve such disputes would be to file a civil suit seeking a declaration of right in the High Court or through voluntary arbitration proceedings between the parties.

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The Registrar may, upon an application made by the owner of a patent, amend the description, the claim or claims or the drawings of the patent, or amend any other document associated with the patent for the purpose of correcting a clerical error or an obvious mistake, or for any other reason acceptable to the Registrar. However, no amendment should be allowed if the amendment would have the effect of disclosing a matter that extends beyond that disclosed before the amendment or if the amendment would have the effect of extending the protection conferred at the time of the grant.

The Malaysian Patents Act does not have similar provisions to that in the UK, which allows a court to amend the patent claims during a lawsuit. It has, however, recently decided in the Federal Court case of Merck Sharp & Dohme Corp & Anor v Hovid Bhd (2019) 12 MLJ 66, [2019] 9 CLJ 406, that in the event of partial invalidity, an application to amend a dependent claim may be permitted during court proceedings, and made after proceedings. In another words, the Federal Court has in the Merck case overruled its previous decision of SKB Shutters Manufacturing Sdn Bhd v Seng Kang Shutter Industries Sdn Bhd & Anor (2015) 9 CLJ 406, which ruled that amendments of patent claims during a lawsuit were prohibited under PA.

Patent duration

40 How is the duration of patent protection determined?

The duration of the 20-year patent protection is determined from the filing date.

UPDATE AND TRENDS

Key developments of the past year

41 What are the most significant developing or emerging trends in the country’s patent law?

Further to its collaboration with the Japan Patent Office (JPO), European Patent Office (EPO) and China National Intellectual Property Administration (CNIPA), the Intellectual Property Corporation of Malaysia (MyIPO) has launched the Patent Prosecution Highway (PPH) programme with the Korean Intellectual Property Office (KIPO) effective 1 December 2020. The programme with the KIPO will run for a trial period of three years until 30 November 2023. This will enable applicants from Korea and Malaysia to obtain patents more quickly and efficiently through an accelerated examination process, thereby boosting business and innovation in both regions.

In addition, the newly enacted Patents (Waiver of Fee) Regulations 2020 (the PT Regulations) came into operation on 1 January 2021 as a measure of reducing the impact of the covid-19 pandemic on individuals and businesses. The PT Regulations provide that an owner of a patent or utility innovation (UI) may apply for a waiver of fees on the surcharge imposed upon the late payment of annual fees if they are affected by the control or prevention measures pursuant to the Prevention and Control of Infectious Diseases Act 1988 intended to control or prevent the spread of covid-19.

Coronavirus

42 What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

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The requirements for such an application are as follows:

1 the term of the patent or UI expires between 1 January 2021 to 30 June 2021 and the application for waiver of fees is made within the six-month grace period following the expiration of the patent or UI;
2 the application for waiver of fee is made in the form as determined by MyIPO and accompanied with payment of the annual fee; and
3 the application must be accompanied with documentation that supports that:
   · if the owner of the patent or UI is an individual, such owner:
     · is in the B40 group (ie, Malaysian citizens in the bottom 40 per cent household income range) and receives the government aid, namely the Bantuan Sara Hidup or Bantuan Prihatin Nasional; or
     · has lost his or her job and income, or his or her income is affected by the control and prevention measures;
• if the owner of the patent or UI is a body corporate or unincorporated, such body:
  • has obtained approval for the extension of moratorium or any flexibility for repayment from any financial institution;
  • has cash flow problems affected by the control or prevention measures; or
  • has pecuniary indebtedness and problems on repayment of debts due to the control or prevention measures.

In the case of a patent or UI that has more than one owner, it would suffice if one of the owners satisfies the requirements listed in subparagraph (3) above.
**Mexico**

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Uhthoff, Gómez Vega & Uhthoff SC

**PATENT ENFORCEMENT PROCEEDINGS**

**Lawsuits and courts**

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Mexico is a civil law country, without discovery, and has a unique, unified system wherein both infringement and invalidity actions are filed before the same government agency (which is dependent on the authority of the President) that grants patents: the Mexican Institute of Industrial Property (IMPI). Decisions issued by IMPI (concerning both infringement and validity actions) can be challenged before a federal specialist court – in other words, the Specialist Chamber for Intellectual Property matters (SEPI) of the Federal Tribunal of Administrative Affairs (TFJJA). Moreover, sentences rendered by SEPI-TFJJA can be challenged by means of a constitutional appeal (known as an *amparo* trial) tried before a Federal Collegiate Circuit Tribunal, where the magistrates examine if the sentence was issued within constitutional parameters and, in some very rare cases (ie, only when a transcendental constitutional rights issue is left undecided or the direct interpretation of a constitutional principle is at stake), an *amparo* revision recourse can be filed so that the Mexican Supreme Court is able to review that constitutional case.

**Trial format and timing**

2. What is the format of a patent infringement trial?

Mexico has no jury trial for patent litigations, and every case is decided by bench trial, first as an administrative procedure (before IMPI) that is carried out in a very similar manner to a trial before a court (Federal Procedure Law describes them as ‘trial-like procedures’) further appeals are handled by a federal court (TFJJA or Circuit Tribunal). Because patent matters are industrial property (IP) issues, they are only handled by federal-level courts, the exception being the civil claims concerning the recovery of damages of losses that can be tried by local (state) courts in each of the 32 Mexican states after a firm and definitive ruling has been handled by federal authorities.

Considering that in Mexico the majority of proceedings are done in writing, most evidence is documentary, while some affidavits may be allowed in their written form, and no deposition nor cross-examination is permitted. Expert witness opinions are indeed routinely used, but their opinions are limited to their written form only.

In the first instance, the administrative procedure for patent infringement usually takes between 18 and 36 months, depending on the complexity of the actual case.

**Proof requirements**

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

First, under Mexican law there are only infringements and invalidity (nullification) causes, and there is no ‘unenforceability’ cause foreseen in law. Considering this, the burden of proof is on the side of the plaintiff almost exclusively (with just one exception concerning process patents, which we mention ahead), in which said party has the obligation to credit each and every part of the claimed infringing conduct, by means of documents, expert witness opinions, etc.

The only exception to this rule is established under article 335 of the Federal Law for the Protection of Industrial Property (LFPPI http://www.diputados.gob.mx/LeyesBiblio/ref/lfpipi.htm), but this exception only is also subject to the burden of proof considering the term ‘signific-ant probability’ foreseen in this chapter and has to be credited via the evidence apportioned by the plaintiff.

As mentioned in previous answers, it is worth mentioning that witness depositions and confessional statements are not allowed according to the LFPPI.

**Standing to sue**

4. Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Any patent owner or their recorded licensee is legally entitled to file the corresponding infringement before the IMPI, and such authority is legally empowered to issue a provisional or preliminary administrative order (similar to a preliminary injunction) intended to immobilise and secure infringing products at the place where the infringing articles are located (including customs offices in the case of imported items).

Because the IMPI is obliged to examine legal standing to admit the infringement claim, the alleged infringer could file an extraordinary amparo federal appeal before a district court to combat the decision of IMPI to admit the infringement claim as a result of the recognition of the legal standing of the plaintiff.

It should be mentioned that witness depositions and confessional statements are not allowed according to the LFPPI.
Inducement, and contributory and multiple party infringement

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Under Mexican law, there is only direct infringement as there are no provisions to consider contributory infringement, inducement. If several parties are infringing, each of them has to be sued independently by the plaintiff according to the actual direct infringement cause foreseen in the different sections of article 386 of LFPPPI.

Joinder of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Contrary to the practice in the United States and in other jurisdictions, under Mexican law and practice, each infringement claim should be directed to only one alleged infringer and the conduct foreseen as infringements, under Mexican law and practice, each infringement claim should be examined, under the penalty of being subject to both provisional evidence and data that the agency requires in a written and duly notified administrative resolution, or a nullity petition that is tried before the TFJA. The sentence issued by IMPI; thus, in most cases it is preferable to directly file a nullity trial, during trial and for an appeal? Are contingency fees permitted?

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

A typical patent infringement lawsuit could last from 24 to 48 months in the first stage, plus another 24 to 48 months in the following stages (nullity claim appeal and amparo trial), but the time frame largely depends on the complexity of the matter and the number of parties involved in the process.

Litigation costs

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

While the actual figure heavily depends on the complexity of the matter, the fees charged by the counsel, the cost involved in obtaining evidence such as certified copies and translation fees (as all evidence must be submitted in Spanish). As regards government fees, those are around US$600, plus other costs such as certified copies that can vary widely depending on the specific matter. Contingency fees are not expressly forbidden or foreseen in Mexican courts, thus they are permitted only as a private arrangement between plaintiff and attorney in which the responsibility of payment lies with the plaintiff (or the person or entity who hired the attorney and entered into such agreement), as the courts could not validate or repeal a private agreement that is not related to the patent infringement per se.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Following the same line of thought, any activities taking place outside Mexican territory are required to have a direct and clear impact on any of the conducts foreseen by Mexican law as infringements, for example, a clear example of a cause of patent infringement would be to import a product that is either protected by a patent or is a result of the use of a procedure that is patented.

Infringement by equivalents

8 To what extent can 'equivalents' of the claimed subject matter be shown to infringe?

Under Mexican law and practice, there are no ‘equivalents’ when dealing with a patent infringement, namely, the alleged infringing conduct must conform exactly to the claims contained in the patent title that is considered as being infringed.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Mexican law establishes different mechanisms that could be deemed as having a similar function to what is called ‘discovery’ in other countries, as follows:

- every person or entity is obliged to provide IMPI with the information and data that the agency requires in a written and duly notified manner, and failure to comply with this obligation constitutes an infringement in itself; and
- in the course of infringement procedures, IMPI has the legal power to require the counterpart to provide any evidence that is directly under its control and is related and relevant to the case being examined, under the penalty of being subject to both provisional measures ordered against such a party or penalties if it fails to comply with what it is required to produce or inform.

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Court appeals

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

Any party can opt to file either an administrative reconsideration recourse, which is examined by the same authority that issued the administrative resolution, or a nullity petition that is tried before the SEPI-TFJA. It is worth pointing out that the vast majority (95 per cent) of resolutions to reconsideration recourses confirm the first resolution issued by IMPI; thus, in most cases it is preferable to directly file a nullity petition before the TFJA.

TFJA resolutions can be challenged via a constitutional amparo federal appeal tried before federal circuit courts. The sentence pertaining to the amparo appeal is final and definitive.

Unless extraordinary circumstances arise (ie, there are new facts that occurred after the original infringement procedure ended), new evidence is not allowed, as all evidence should have been filed with the infringement claim.

Competition considerations

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Under Mexican law, the owner of a patent is the rightful owner of a monopoly that is permitted directly by the Constitution. Therefore, no argument could be successfully produced involving competition issues. In the same regard, unfair competition is usually construed as actions performed with the aim of unlawfully profiting or taking advantage of any right (including a patent), prestige or good reputation of an actor within the same relevant market. However, any legal action to enforce a patent is an extension of the patent owner’s right under the patent, and any challenge to the enforcement of the patent based on competition violation, unfair competition or a business-related tort would not prosper.
Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

As per a new chapter contained in the recently published LFPPI (this law entered into force on 5 November 2020), the IMPI has been granted new powers and responsibilities, by means of which such authority is to seek to conciliate interests of conflicting parties. This allows the authority to proactively act to mediate between plaintiff and defendant, but is subjected to the willingness of both parties and, furthermore, the negotiations between parties do not suspend the formal administrative procedure (infringement or invalidation).

Finally, if no agreement is reached, both administrative and judicial authorities still have the primary obligation to resolve the disputes between parties as this is part of the rights recognised by the Mexican Constitution (ie, essential right to an effective access to justice).

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Mexican legislation foresees the possibility of protecting any type of invention that is new, the result of an inventive step and susceptible of industrial application, with some exceptions that cannot be protected in the country (article 46 of the Federal Law for the Protection of Industrial Property (LFPPI)) and also other matters that are not considered as inventions in Mexican legislation (article 47 of the LFPPI). The list of exceptions and matters not considered an invention in Mexican legislation are as follows:

- exceptions are essentially biological processes for obtaining, reproducing and propagating plants and animals, biological and genetic material as found in nature, animal breeds, the human body and the living matter constituting it and plant varieties; and
- not considered as an invention are theoretical or scientific principles, discoveries that consist in making known or revealing something that already existed in nature even though it was previously unknown to man, schemes, plans, rules and methods for carrying out mental processes, playing games or doing business and mathematical methods, computer programs, methods of presenting information, aesthetic creations and artistic or literary works, methods of surgical, therapeutic or diagnostic treatment applicable to the human body and to animals and the juxtaposition of known inventions or mixtures of known products, or alteration of the use, form, dimensions or materials thereof, except where, in reality, they are so combined or merged that they cannot function separately or where their characteristic qualities or functions have been so modified as to produce an industrial result or use not obvious to a person skilled in the art.

In addition to the above, article 49 of the LFPPI foresees specific exceptions to what is considered ‘patentable matter’, as follows:

1.- Inventions whose commercial exploitation is contrary to public order or contravenes any legal provision, including those whose exploitation must be prevented in order to protect the health or life of persons or animals or plants, or to avoid serious damage to the environment. In particular:
   a) The procedures of cloning of human beings and their products;
   b) The procedures of modification of the germinal genetic identity of the human being and its products when these imply the possibility of developing a human being;
   c) The use of human embryos for industrial or commercial purposes, or
   d) Procedures for the modification of the genetic identity of animals, which involve suffering for them without substantial medical or veterinary utility for man or animal, and the animals resulting from such procedures;
2.- Plant varieties and animal breeds, except in the case of microorganisms;
3.- Essentially biological processes for obtaining plants or animals and the products resulting from these processes.
4.- The methods of surgical or therapeutic treatment of the human or animal body and the diagnostic methods applied thereto, and
5.- The human body in the different stages of its constitution and development, as well as the simple discovery of one of its elements, including the total or partial sequence of a gene.

Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Invention made by an employee

If an employee is hired to perform research or work focused on improving proceedings on behalf of an employer, the property of the inventions created during his or her job pertain to the employer. In this case, inventions have to be created using the employer’s resources and during working hours.

If an invention is created by an employee who is not expressly hired to do research and development for the employer and the invention is created using the employer’s resources, then the invention will pertain to the employee, but the employer will have a preferential right to acquire the right to acquire the property of the invention or the right to use it in the same terms as the employee could offer to a third party.

Invention made by an independent contractor

The property of the invention will pertain to the inventor, except if, in the agreement entered with the contractor, there is an express provision to determine that the property of the invention will pertain to the party that entrusted the invention development.

Multiple inventors

The property of the invention will be split into equal shares among the inventors, except if, through agreement, they agree to distribute the property among them in a different form.

Joint venture

The parties in the joint venture agreement will have to determine what will happen with the ownership of patents developed during the term of the business relationship.

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

Under Mexican law, cancellation or invalidation of a patent is foreseen in article 154 of the Federal Law for the Protection of Industrial Property (LFPPI), which reiterate that the lack of any of the essential requisites
to grant a patent (novelty, inventive step and industrial application) produces the invalidation of such. Concerning the procedural requisites to validly file a cancellation or invalidation action, the applicant must prove that he or she has a direct and legitimate interest to challenge the validity of the patent. Thus, there is no provision to file anonymously or without crediting a valid legal interest. In addition to the above, IMPI can begin an invalidation process ex officio if there are evident and notorious causes that merit it (a public utility cause, etc), but this is extremely rare, so much that in our experience has only happened on a handful of occasions in the past several years.

Similar to other procedures, a typical patent cancellation or invalidation lawsuit could last from 18 to 36 months in the first stage, plus another 24 to 48 months in the following stages (nullity claim appeal and amparo federal appeal), but the time frame chiefly depends on the complexity of the matter and the number of parties involved in the process. Invalidity claims are tried, just as infringements, before IMPI. Further appeals to the resolution issued by the Institute of Industrial Property (IMPI) can be filed before the SEPI-TFJA and, as a last recourse, federal amparo appeals before the federal circuit courts.

Absolute novelty requirement
18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Yes, it is a compulsory requirement for obtaining a valid patent in Mexico to comply with absolute novelty for any kind of invention or design. However, Mexican legislation (article 52 of LFPPI) foresees an exception of novelty through a prior disclosure of the invention if and when the same is made by the inventor or his or her successor in title in a direct or indirect manner within a term of 12 months prior to the filing date of the patent application or of the recognised priority. In order that this novelty exception can be applied in Mexico, it is necessary that, when filing the patent case, all evidentiary documentation be submitted in the Mexican filing petition papers.

Additionally, it is important to consider that publications of a pending or granted patent issued by a foreign patent office cannot be considered as an exception to the novelty requirement and, therefore, the same will affect or destroy the novelty of an invention.

Obviousness or inventiveness test
19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

Mexican legislation considers that the meaning of ‘inventive step’ is the result of the creative process that is not obviously deductible from the state of the art by a person skilled in the relevant art. In other words, the legal standard in Mexico for determining if a patent is protectable in view of any prior art is novelty, obviousness (the result of an inventive activity) and capability of industrial application.

Patent unenforceability
20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

Under Mexican law there are no ‘unenforceability’ causes, as the equivalent concepts are what are called ‘exceptions and defences’, which are examined as an integral part of a defence filed against an infringement claim.

Prior user defence
21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Mexican law (LFPPI) does foresee a prior user defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent. The defence covers all types of inventions. The defence is limited to uses carried out solely by the prior user and, of course, it is a matter of proving the fact.

REMEDIES

Monetary remedies for infringement
22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

One of the most important changes to the newly enacted Mexican IP Law or the Federal Law for the Protection of Industrial Property (LFPPI), is that unlike what was the norm before, nowadays it is not necessary to obtain a final and definitive infringement resolution to exert an action intended to recover damages and losses, as the patent owner could opt to either file an ‘incident’ (ie, a separate motion within the frame of a larger trial) within the same administrative procedure (infringement) so that the Institute of Industrial Property (IMPI) is able to examine and determine if there were any damages or losses or, entering a separate and parallel procedure before a civil court in which the intention would be to claim damages and losses.

It is important to point out that, while statutory damages and loss of profits, should be no less than 40 per cent of the public selling price of each infringing product from the first date of non-authorised use of the patent, these new dispositions (the one allowing IMPI to examine damage and losses) are very recent and thus we are yet to see the actual implementation of the novel legal dispositions and the results they may bring in both the administrative (IMPI) arena and before the civil judges in each of the 32 Mexican states.

Injunctions against infringement
23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Any patent owner or recorded licensee is legally entitled to file diverse actions to stop the manufacturing, distribution, transportation, importation and sale of an alleged infringing product, by requesting IMPI to issue a provisional or preliminary administrative order (similar to a preliminary injunction) intended to immobilise and secure infringing products at the place where such infringing articles are located (including customs offices in the case of imported items). Conduct considered as patent infringements is established in article 386 of the LFPPI; for instance, sections V of the mentioned legal provision establish that ‘offering for sale or bringing into circulation goods protected by a patent or by a utility model or industrial design registration, without the consent of the owner of the patent or registration or without the appropriate licence’ is an infringement.

Further, provisional measures are set forth in article 344 of the LFPPI, which also foresees the power of securing (seizing) and immobilising offending products.
In this sense, according to article 345 of the LFPPI, to determine the implementation of provisional orders, IMPI will require the petitioner to:

- demonstrate the corresponding ownership of rights and any of the following conditions:
  - the existence of a violation of its trademark rights;
  - the violation of rights is imminent;
  - the existence of the possibility of irreparable damage being suffered;
  - the existence of a well-founded concern that evidence may be destroyed, concealed, lost or altered;
  - post a suitable guarantee that is sufficient (in amount) to cover for the possible damages that may be caused by the order to impose said provisional measures; and
  - provide the necessary information for the identification of the infringing goods.

Likewise, the defendant could request the release of the provisional measures by posting a counter-bond.

The party requesting the provisional measures is liable for the payment of damage caused to the person against whom they have been carried out when the final decision declares that there was no violation nor threat of violation to the complainant’s rights, or when the provisional measures were requested and the complaint or the trademark infringement action was not filed before the competent authority or IMPI, regarding the merits of the case, within a period of 20 days from the day on which the measures are imposed, according to article 349 section II of the LFPPI.

**Banning importation of infringing products**

24. To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Part of the provisional measures (similar to the injunctions of other jurisdictions) include the temporary detention of merchandise that is to be imported at customs offices, and to exert these measures a patent owner must follow the same procedure described below, with the difference that such measures are to be exerted in a determined customs office.

According to article 345 of the LFPPI, to determine the implementation of provisional orders, IMPI will require the petitioner to:

- demonstrate the corresponding ownership of rights and any of the following conditions:
  - the existence of a violation of its trademark rights;
  - the violation of rights is imminent;
  - the existence of the possibility of irreparable damage being suffered;
  - the existence of a well-founded concern that evidence may be destroyed, concealed, lost or altered;
  - post a suitable guarantee that is sufficient (in amount) to cover for the possible damages that may be caused by the order to impose said provisional measures; and
  - provide the necessary information for the identification of the infringing goods.

**Attorneys’ fees**

25. Under what conditions can a successful litigant recover costs and attorneys’ fees?

While in the previous law, this was not possible because administrative procedures were limited to declaring the existence or not of an infringement matter, plus the imposition of fines as one of the penalties for the infringement, with the entering into force of the LFPPI a whole new chapter is opened for this to happen (ie, the request to cover attorneys’ fees could now be included in either one of the options provided by the new LFPPI, that is, include the attorney’s fees as part of the claim – either in the administrative procedure or after a resolution is issued – to recover damages and losses: as long as it is within reason and there is sufficient evidence to support this, either IMPI or a civil court could may very well decide to award this to the prevailing party, provided there is sufficient evidence to sustain it; notwithstanding this and as previously explained, these new dispositions (the one allowing IMPI to examine damage and losses and giving the same power to judges without the need to obtain a final and definitive resolution) are very recent and thus we are yet to see the actual implementation of the novel legal dispositions and the results they may bring both in the administrative (IMPI) arena and before the civil judges in each of the 32 Mexican states.

**Wilful infringement**

26. Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Mexican law does not make a distinction concerning deliberate or wilful infringers, as the resolution declaring the infringement only determines if there is an actual infringement. The intent, deliberate or willing condition of the infringement may only be examined in the arguments produced by the authority to support any penalty (mainly fines) imposed on the infringer. The opinion of counsel is irrelevant if the conduct is foreseen by Mexican law as an infringement; in other words, if the infringer’s counsel is guilty of malpractice the defendant may take action against the counsel, but it would be independent and irrelevant regarding the infringement case.

**Time limits for lawsuits**

27. What is the time limit for seeking a remedy for patent infringement?

Patent infringements are considered to be ‘ongoing and continued’ actions, thus all provisions are drafted in the present time. Considering this, it should be noted that there is no specific time limit (statute of limitations) concerning the infringement of a patent but there is a general statute of limitations of two years after the infringement has taken place or the owner was aware of the infringement, subject to evidence that can support that this general time limit has not been exceeded.

**Patent marking**

28. Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

Marking products is an obligation on the patent holder, which consists in notifying the general public that the product is under protection of a granted patent, since the articles quoted above establish the obligation to comply with this requirement to enforce preventive measures (such as seizure of products) and, eventually, be able to start a procedure to claim damages.

However, to provide notice to the public there are two options:

- to mark the product with the patent number or to state there is a pending application related to the product and providing the application number; and
Voluntary licensing

The only restriction in matters of the patent licence agreement established in the Federal Law for the Protection of Industrial Property (LFPPI) refers to the term of the licence. A patent licence cannot be granted by the patent owner for a term longer than the term of the patents concerned.

Compulsory licences

A compulsory licence is not granted automatically by IMPI by just showing the lack of use of the invention. It is necessary to initiate a proceeding before the Institute of Industrial Property (IMPI) for obtaining a compulsory licence to enable it to use the invention in Mexico.

A compulsory licence is not granted automatically by IMPI by just showing the lack of use of the invention. It is necessary to initiate a formal proceeding before IMPI in which the patent owner will have the right to defend its interests.

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

Concerning the prosecution process of a patent application in Mexico, the application is divided into five stages, which are:

- the filing of the patent application;
- the development of the substantial or formal examination by the patent office (this stage normally occurs between the three and six months from the Mexican filing date);
- the publication of the patent application (the publication of a patent application should occur 18 months from the Mexican filing date or from its recognised priority (in Patent Cooperation Treaty (PCT) cases the publication usually occurs once the formal examination has already finished, since the 18 months should be counted as from the international filing date);
- the development of the technical or in-depth examination (this stage normally starts between two-and-a-half to three years from the Mexican filing date); and
- the final resolution on the acceptance or refusal on the granting of the patent (this last stage normally occurs between three and four years).

An estimate of the involved fees from the filing date until the granting of a patent application in Mexico is about US$6,000, including filing, prosecution and granting of the same, and will depend on several aspects, such as the size of the specification text, number of official actions.

Expedited patent prosecution

The patent office has a procedure to expedite patent prosecution of pending patent applications and this is a programme involving other foreign patent offices, known as the Patent Prosecution Highway (PPH). At this time, the Mexican patent office has signed up to the PPH’s programme with the Chinese patent office, the Japanese patent office, the Korean patent office, the Spanish patent office, the Austrian patent office, the Canadian patent office, the Portuguese patent, the Singapore patent office, the European patent office, the Colombian patent office, the Chilean patent office, the Peruvian patent office and the United States patent office (USPTO). These PPH programmes have proved to be a success in pending Mexican patent applications, since the prosecution time has been reduced considerably by up to around one month when a request is made at the Mexican patent office.

The favourable results of the international PCT (eg, written opinion) may be used for promoting an application under PPH, specifically, the favourable results from the USPTO or the European Patent Office.

Patent application contents

The specification text of a patent application that is being filed before the patent office must include a detailed description of the invention, which must be sufficiently clear and complete to be fully understood and, where appropriate, to serve as a guide for a person with average skill in the art to make it. It also must mention the best method known to the applicant for carrying out the invention when this is not clear from the description thereof. It is also necessary to include, when necessary, a set of drawings for the better understanding of the description, sequence listings in the case of genetic material, a copy of the deposit of biological material (microorganisms, cells, fungi or plants), a set of claims that must be clear and concise and may not exceed the contents of the description and an abstract of the invention, which shall serve solely for the publication thereof and as an element of technical information.

Prior art disclosure obligations

In reference to prior art disclosure obligations, it should be noted that Mexican legislation does not foresee a duty of the inventor to disclose prior art affecting his or her invention to the patent office as in other countries, such as the United States.
Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

Mexican legislation does not accept the filing of additional or new matter different from that originally sought in the specification text of a pending patent application, either by submitting a new set of claims in the corresponding patent application or by filing a divisional patent application with a new set of claims. In this respect, it is important to consider that the only amendments that can be made in a pending Mexican patent application or when filing a divisional case will refer to a set of claims that do not include new matter as otherwise the matter will be objected to by the patent office.

However, if the set of claims to be submitted in either a pending patent application or when filing a divisional case only include matters that was originally claimed and described in the specification text of the former patent application, such a set of claims will be acceptable.

Patent office appeals

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

Yes, it is possible to do so before the Specialist Chamber for Intellectual Property matters (SEPI) of the Federal Tribunal of Administrative Affairs (TFJA).

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

Article 109 of the Federal Law for the Protection of Industrial Property provides a mechanism for third parties submitting information before the patent office in order to make the examiner aware of relevant prior art or subject matter that may not be within patentability requirements. The information is solely permitted to be entered into the examination process and the examiner will have the final decision on the matter. The ‘observation procedure’ will have to be filed within two months of the issuance of the publication of the patent application in the Official Mexican Gazette.

Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

There is no provision in Mexican law to resolve such a dispute, as the only procedures available are post concession.

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

There is no provision in Mexican patent law for re-examining or for actually revoking a patent. The patent office only provides a procedure for conducting a cancellation action against a patent. Such an action must be requested by a third party with legal interest.

A court may not amend the patent claims during a lawsuit; however, partial nullity is contemplated in Mexican law and, therefore, where partial nullity of a patent is determined, the nullified claims will be omitted from the patent.

Patent duration

40 How is the duration of patent protection determined?

The validity or patent duration of a patent of invention in Mexico is 20 years counted as from the Mexican filing date if and when the annuity payment (maintenance fees) are affected in real time. In PCT cases, the 20 years will be counted from the PCT’s international filing date.

UPDATE AND TRENDS

Key developments of the past year

41 What are the most significant developing or emerging trends in the country’s patent law?

As a result of the recent commercial agreement (otherwise known as USMCA) entered into between Mexico the United States of America and Canada, there are several provisions that have been amended or reformed, specifically concerning the extension of validity of certain patents, a whole chapter dealing with data protection and further provisions to improve the available means and remedies to enforce IPR’s in general, changes that now have been brought into the recently enacted (and entered into force) of the Federal Law for the Protection of Industrial Property (LFPPI).

Further to the above, there are several important issues that were modified in the LFPPI concerning patents, industrial designs, utility models and divisional patent applications. These changes could be summarised as follows:

• In regard to industrial designs, utility models and divisional patent applications, all pending applications related to these patent figures would need to be published in the official Mexican Gazette during the prosecution process.

• Two new concepts for industrial designs were defined in the Law (ie, ‘independent creation’ and ‘degree of significant difference’), related as elements to determine whether a design can be considered ‘new’.

• The term for industrial designs changed from 15 years to five years renewable for five consecutive five-year terms, giving a total of 25 years of validity.

• For patents of invention, the third-party observation term established in article 109 has been reduced from six to two months counted as from the publication of the Official Mexican Gazette.
There is a new chapter in the LFPPI wherein a new patent figure is incorporated. This new figure known as a ‘complementary certificate’ could be applied by the applicant when a patent is granted after unreasonable delays during the prosecution process of a patent application that are directly attributable to the Mexican Patent Office. This complementary certificate could only be required if the term of the prosecution process was more than five years from the Mexican filing date of the patent case through the granting of the same.

Coronavirus

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

Unfortunately, other than the mandatory suspension of activities that have entered into effect for several months and again for the both Mexican Institute of Industrial Property and several local and federal courts as a result of the covid-19 pandemic, in Mexico there are no special programmes or mechanisms devised to tackle or lessen the effects of this health crisis and because of this one of the most immediate foreseeable consequences for the patent and IP owners is the delay in processing applications, procedures and trials that have by now take a serious hit and possibly will continue to be impacted in the months to come.
Lawsuits and courts

1 | What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Civil proceedings may be brought before the courts, and are by far the most practically important, providing several different remedies against an infringer, including injunctive relief (both temporary and permanent), the latter requiring an ordinary court case with a final judgment, monetary remedies, a court order to withdraw or destroy the infringing products, or even transferring the infringing products to the patent owner, and finally a public declaration of the court decision to the industry at the infringer’s cost.

In addition, criminal proceedings may be initiated (though this is highly unusual) and the infringer will, in such a case, risk fines or imprisonment for up to three years.

There are no specialised (or administrative) courts that handle patent infringement. However, claims of patent invalidity may be submitted to the Norwegian IP Office (NIPO), which, in addition to granting patents, also handles invalidity cases as an administrative process. NIPO’s administrative procedure will not prevent a court case regarding the same subject matter, that is, the case may be brought before the courts while the administrative process is ongoing, and in such cases the court case will be in lieu of the administrative process, which will be put on hold.

Patent enforcement against an infringer must be carried out by bringing legal proceedings before the Oslo District Court, this being the mandatory legal venue for (nearly) all patent-related cases. It should be noted that the Norwegian Supreme Court in a recent ruling clarified that Oslo District Court is not the mandatory legal venue for proceedings regarding patent ownership where the reason for the objection to the patent ownership is not that NIPO has granted the patent to the wrong person. Thus, as long as the patent is granted to right person under the Patent Act (the inventor or the inventor’s successor), ownership disputes to a granted patent follow ordinary rules about the legal venue.

Trial format and timing

2 | What is the format of a patent infringement trial?

The trial format is generally the same as any other court case that raises issues of a technically complex nature. Thus, the proceedings start with a writ of summons from the plaintiff, which is then followed by a statement of defence from the alleged infringer, and usually several follow-up written pleadings containing arguments and documentary evidence, as well as notifications about witnesses (all evidence to be used must be submitted or notified before a preclusive deadline set by the court). Oral preparatory hearings may occur, and the case will sometimes be split, so that the question of whether an infringement exists (and liability for said infringement) is dealt with first in a separate case, leaving the consequences (damages) of the alleged infringement for a later case.

The case will, however, be decided not upon the above preparatory phase with written arguments. Instead, the case will be decided by an ordinary judge and two expert judges in the first instance, and by three ordinary judges and two or four expert judges at the Court of Appeal, all based on the direct, oral presentation of the case (this means that affidavits are only allowed provided that the author, often an expert witness, is available for questioning).

Trial length will depend on the extent and complexity of the case, as more complex cases will need court sessions lasting one to two weeks. Owing to the time needed to process the case in the courts, there will often be between 10 and 18 months between the first writ of summons and the court decision. The same time frame may also apply in the Court of Appeals.

Proof requirements

3 | What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

There are no special rules in this regard for patent cases. Norwegian courts must decide the matter on the basis of the facts found to be most likely (balance of probabilities). Naturally, the party making a positive claim (that there is an infringement) must show the grounds on which the positive claim is based are more likely than not, and may in this regard be said to have ‘the burden of proof’. However, in the presence of grounds in favour of the claim having been shown, the burden of proof may be said to shift, in the sense that the other party must disprove said grounds, and in this regard carries a burden of proof.

Standing to sue

4 | Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Access to the courts as a claimant is granted based on a legal standard according to which any physical or legal person may sue who has an actual substantive claim or legal position, which under the prevailing circumstances establishes a real need for the court’s judgment against another physical or legal person.

This includes both the owner of the patent and any licensees (even if there is not an exclusive licence), as all such persons will have a substantial legal position in relation to a patent. However, distributors, resellers, etc (ie, persons who merely sell products bought from the patent owner or a licensee), do not exercise any right based on the patent, as the patent rights are exhausted with regard to the physical products that are bought for resale.
Inducement, and contributory and multiple party infringement

To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Contributory patent infringement may occur both under special rules concerning intermediate or indirect patent infringement and under ordinary rules governing contributory actions to an illegal act.

Intermediate or indirect infringement is a separate category of infringement, whereas contributory infringement requires both a primary infringer and a contributory infringer.

Intermediate or indirect patent infringement may consist in selling parts specifically made for a patented process. Thus, ordinary sales of more generic goods fall outside the scope of intermediate patent infringement provisions.

A practical category of contributory infringers are the infringer’s contractual parties. Both the infringer’s customer, and the infringer’s suppliers, cooperation partners, etc., may be deemed to have contributed to the infringement. Contribution to an intermediate infringement is also possible, as an intermediate infringement is a separate category of infringement.

With respect to injunctions (both interim and permanent), multiple parties may be held liable in the sense that the multiple parties may be sued with a claim for an injunction. This applies regardless of the subjective fault or intent of each contributor. The requirement is that the contribution objectively leads to a result that infringes the patent.

With respect to monetary remedies, there is a requirement of subjective fault or intent of each contributor. The requirement is that the contribution objectively leads to a result that infringes the patent.

Infringement by foreign activities

To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Norwegian legislation on patent protection is limited to Norwegian jurisdiction, and likewise, no foreign patent is binding in Norway. However, importation of a product, or commercial activities in Norway in relation to a product made in a foreign jurisdiction but patent-protected in Norway, may constitute an infringement provided the connection to Norwegian territory is sufficient. It is unclear whether a very limited commercial activity is sufficient, for example, the mere offering for sale from Norway of a product that is never moved into Norwegian territory may fall outside the scope of Norwegian patent protection.

Infringement by equivalents

To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Norwegian courts recognise the doctrine of equivalents. The courts consider infringement by equivalence as an alternative to literal infringement of a patent claim, which means that for the purpose of determining the extent of protection conferred by a Norwegian patent, due account shall be taken of any element that is equivalent to an element specified in the claims. The current practice for establishing infringement by equivalence requires all of the following criteria to be met:

- the alleged infringing device or method has to solve the same problem as the patented invention;
- the modification from the patented invention has to be obvious for a person skilled in the art; and
- the alleged infringing device or method cannot belong to the available prior art.

Note that ‘available’ here means prior art that is both publicly available and free to use.

Discovery of evidence

What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Norwegian civil procedure stipulates an obligation for any party in a pending case to disclose all information relevant to the matter, even if the information is to the party’s disadvantage. This may be enforced by a specific court decision granting access to the premises of said party. If a foreign party is the opponent, this will apply towards a foreign opponent (enforcement may, however, be an issue in some jurisdictions).

For third parties that are not opponents in a lawsuit, Norwegian procedural law allows for securing evidence if the patent owner is able to show reasonable grounds for a potential claim in a future lawsuit.

Joinder of multiple defendants

Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Yes, either by way of a class action against a group of infringers, or by way of procedural rules allowing for several independent defendants (instead of one group).

The requirements for class action lawsuits (which are less practical) are that there are similar factual and legal grounds for the claims against all group members, that the same procedural rules apply (including rules on how the court is constituted), that one party represents the group and that a class action is deemed beneficial by the court. The requirements for joining of multiple independent defendants are that all claims are governed by Norwegian law, that the court is the correct legal venue for at least one of the claims, that the same procedural rules apply (including rules on how the court is constituted), and that all parties agree or there is a sufficiently close connection between the claims to make joint process prudent. Finally, there is a requirement that the joint treatment of claims will not impede due process.

The requirement of a sufficient connection between the claims means that both legal and factual grounds must be connected. This will typically require some sort of commercial relationship between the joined defendants, as this will be a requirement for a common legal position in relation to either injunctions, liability, damages or compensation. This also means that all defendants must, as a main rule, be accused of infringing the same patents, but not necessarily all of the same patents.
against the third party (which is a requirement of less than 50 per cent likelihood). As with opponents, there may be issues related to enforce-
ment in some jurisdictions.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

Depending heavily on the scope and complexity of the case, a typical duration between the writ of summons and a decision in the court of first instance will range from 10 to 18 months. For the appeal court, a typical duration from the appeal to a judgment will be similar.

Litigation costs

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The typical costs in the first instance, which depend heavily on the scope and complexity of the case, will typically be anywhere between €40,000 and €200,000, wherein approximately 40 per cent of the cost is pretrial. A full appeal will typically amount to the same. A more limited appeal will amount to between 60 per cent and 80 per cent of the costs of the first instance. Contingency fees are not allowed.

Court appeals

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

Appeals follow the ordinary court hierarchy above the Oslo District Court: first the Borgarting Court of Appeals and then the Supreme Court. New evidence is allowed.

Competition considerations

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

The basic starting point recognised under Norwegian law is that the patent owner’s ‘monopoly’ is legitimate and prevails as a specific exception over more general competition law. Norwegian law implements EU competition law through the EEA, and specific exceptions may in principle apply, for example, with respect to abuse of a dominant position through certain licensing arrangements (which could be unfair competition, especially if the arrangement covers a substantial area, such as the entire Norwegian territory, and illegitimately limits competition), unreasonable price levels, arbitrary denial of granting a licence to certain companies when there is otherwise a willingness to grant licences, etc. However, this would only apply in extraordinary cases. In Norway, the Regulation of 4 December 1992 No. 964, implementing Regulation (EC) No. 772/2004, provides a framework for when a licensing arrangement is legal. With respect to business-related torts, the primary sanctions under Norwegian competition law are fees and fines, in addition to ordinary liability at law for damages.

Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Oslo District Court is the mandatory legal venue for nearly all patent-related disputes, both infringement and invalidity. Further, the principle of party control over the subject matter of the case has limited application in patent cases, so that the court to a large degree must decide the case based on the law, not on agreement between the parties. However, if the parties do not wish to involve the courts at all, they are free to solve the matter in strictly private negotiations. Furthermore, even if legal proceedings are brought, Oslo District Court offers court mediation, which may be used insofar as the parties have control over the subject matter (which will not be the case with respect to, for example, invalidity). A court settlement will have the same binding effect as a judgment.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Certain types of inventions are excluded from patentability according to the Norwegian Patents Act. Inventions excluded from patentability include anything that merely consists of a business method, a medical procedure, a program for a computer, and inventions that the commercial exploitation of which would be contrary to public order and morality. When it comes to substantive patent law, including the assessment of patent eligibility and patentability, the Norwegian patent law strives to harmonise with the European Patent Office’s implementation of the European Patent Convention, and Directive 98/44/EC of the European Parliament and of the Council on the legal protection of biotechnological inventions has been implemented in Norway.

Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

The initial position is that the inventor owns the invention and the right to apply for a patent. An inventor remains always a natural person, and is never a legal person (eg, a company). The right to apply for the patent (and any subsequent right to a patent application or granted patent) can be transferred from the inventor to another person, for example, the employer (a company). Patent ownership is recorded in the official patent register administered by the Norwegian IP Office.

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

A granted patent may be deemed invalid or partially invalid on any of the following grounds:

1 the patent has been granted despite the conditions laid down in sections 1 and 2 of the Patents Act not being fulfilled. These conditions include the requirements as to what constitutes patent eligible subject matter, requirements for an invention to be novel and have an inventive step, and requirements relating to the entitlement of the applicant to be granted a patent (whereby it is the inventor or their successor in title who has the right to be granted a patent);

2 the patent relates to an invention that is not disclosed in a manner sufficiently clear as to enable a person skilled in the art to carry out the invention on the basis of the application;
the patent contains subject matter that extends beyond the content of the application as filed;
4 the scope of patent protection has been extended after grant of the patent; and
5 the patent has been amended after a request for limitation such that the scope of patent protection has been extended.

During the first nine months after the patent has been granted, the validity of the patent may be challenged by filing an opposition (restricted to grounds 1 to 3). At any later point in time, the validity may be challenged by way of an administrative review (restricted to ground 1, and entitlement cannot be raised).

Validity can also be challenged by bringing legal proceedings before the Oslo District Court (on any ground). Legal proceedings before the court can be brought at any time after the first nine months except in relation to the ground of entitlement where certain time limits apply, depending upon the circumstances.

Absolute novelty requirement
18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Yes, the Norwegian patent process operates with an absolute novelty requirement, and no grace period allowing for pre-filing disclosures is available for patents. The only exception is that a patent may be granted despite the fact that the invention has been made available to the public within six months prior to the filing of the application through:
• evident abuse of the application; or
• display of the invention at an officially recognised international exhibition falling within the terms of the Convention on International Exhibitions of the Paris Convention from 1928.

Obviousness or inventiveness test
19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The Norwegian Patents Act requires that the invention is novel and ‘differs essentially’ from what was known prior to the date of filing in the patent application. Though the expression ‘inventive step’ is not used in the Norwegian Patents Act, the Norwegian IP Office, as well as the courts, strive to harmonise with the practice of the European Patent Office (EPO). The assessment of whether the invention ‘differs essentially’ from the prior art effectively corresponds, therefore, with that of the assessment of inventive step at the EPO, where an invention is considered to involve an inventive step if, in regard to the state of the art, it is not obvious to a person skilled in the art. Furthermore, the assessment is based on the problem-solution approach, which the EPO also uses to assess inventive step. It should be noted, however, that the Norwegian courts are adjusting to this way of assessing inventive step, and over the last couple of years there have been cases where the court diverged slightly from the problem-solution approach and took a more pragmatic view. This introduces some unpredictability, which may not be present in the courts of other European countries, where the number of patent-related cases handled each year is significantly larger.

Patent unenforceability
20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

There are no provisions relating to unenforceability of patents under Norwegian law, except in exceptional cases where there is an abuse of right or passivity towards an infringer for a very long period of time.

Prior user defence
21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Yes, anyone who, at the time when the patent application was filed, was exploiting the invention commercially but not publicly in Norway, may, notwithstanding the patent, continue the exploitation, while retaining its general character, provided that the exploitation does not constitute an evident abuse in relation to the applicant or his or her predecessor in title. Such right of exploitation shall also, on similar conditions, be enjoyed by anyone who had made substantial preparations for commercial exploitation of the invention in this country. This prior use defence covers all types of inventions.

‘Retaining its general character’ in this regard implies that the commercial use may not be increased or altered.

REMEDIES

Monetary remedies for infringement
22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The patent owner may choose the highest of either a reasonable licence fee (market level), damages, account of profits and, in cases of gross negligence, twice the ordinary market licence fee.

Injunctions against infringement
23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Both temporary and final injunctions may be granted. The injunction will be binding towards the parties in the case, which may include suppliers and customers depending on whether they are jointly liable for actions contributing or partaking in a patent infringement.

Banning importation of infringing products
24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

It is possible to block importation of infringing products. The customs will handle this in practice. The customs actions will be based on the legal grounds provided by way of an injunction (interim or permanent) lawsuit before Oslo District Court.

Attorneys’ fees
25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

The main rule under Norwegian law is that the party substantially winning the case may recover reasonable attorney’s fees.
Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

In cases of gross negligence or wilful infringement, twice the ordinary market licence fee may apply. Wilful infringement may lead to criminal liability. Opinions of counsel may be used as a defence, but will not be decisive in and of itself.

Time limits for lawsuits

27 What is the time limit for seeking a remedy for patent infringement?

For injunctions, there are no formal limitations (except, obviously, the duration of the patent of 20 years), but for temporary injunctions there will be a burden of proof for the patent owner that time is of the essence, which in practice will serve as a time limit. Further, for permanent injunctions, very long passivity, which may appear as implicit consent to the infringer’s use, may lead to a loss of the right to enforce the patent.

With respect to monetary claims, there is a limitation of three years from the point in time when the patent owner had sufficient information about the infringement and the damages to set forth a claim.

Patent marking

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

There is no requirement to mark products. However, if a mark is used when the patent is at the application stage, there may be an obligation to disclose an otherwise confidential patent application. False marking will be a violation of the marketing control act and may result in fines.

LICENSING

Voluntary licensing

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Through the EEA, Norwegian law recognises competition law limitations, such as abuse of a dominant position, illegitimate limitation of competition, etc.

Compulsory licences

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Compulsory licences may be granted by the court or by Norwegian competition authority. Compulsory licences are available on the grounds of non-use, use of the invention being necessary for the use of another patented invention, important public interests, the patent holder significantly limiting competition, and in some instances prior use or substantial preparation for exploitation of the invention. The terms of the compulsory licence are decided by the court or the Norwegian competition authority granting the licence.

31 How long does it typically take, and how much does it typically cost, to obtain a patent?

The average time from filing to grant for patents granted in 2017 was 4.6 years, but this excludes international Patent Cooperation Treaty (PCT) applications entering into Norway in the national phase, where prosecution time has been shown to be longer. The costs vary widely. The average cost is approximately €10,000, including costs for drafting, filing, prosecution, and grant. Annuities are additional, and must be paid in advance both on applications and patents from the third year from filing. The annuities are progressive and start at approximately €75 for each of the first three years, and increase gradually up to approximately €700 for the 20th year of the patent term.

Expedited patent prosecution

32 Are there any procedures to expedite patent prosecution?

A request for accelerated processing of an application may be submitted to the Norwegian IP office at any time during the application process. Arguments in support of the need for accelerated processing should also be provided, since the request is granted at the discretion of the Norwegian IP Office.

Norway is a part of the global Patent Prosecution Highway (PPH) agreement, meaning that a positive or partly positive search or examination report from one of the other 21 members (per January 2017) of the global PPH agreement, gives the applicant the right to accelerate the prosecution of the application before the Norwegian IP Office. It should be emphasised that upon invoking the global PPH agreement, the Norwegian IP Office is not obliged to accept the conclusions of the other global PPH member, but rather to exploit the work of the other member.

Patent application contents

33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The basic requirement is that the invention should be disclosed in a manner that is sufficiently clear and complete to enable it to be carried out by a person skilled in the art.

The skilled person should be able to perform the claimed invention, over the full breadth of the claim, and to be able to do so ‘without undue burden’. The patent application does not need to describe the invention in all of its embodiments or all of its features to every last detail. It may be expected that the notional reader, in order to work out how to perform the invention, be capable of carrying out some routine experiments or other basic enquiry of their own.

Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

There are no formal requirements for disclosing prior art to the Norwegian IP office.
Pursuit of additional claims
35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

One or more divisional applications may be filed from an earlier pending patent application. Such a divisional application must be filed before the patent office has reached a final decision on the earlier application. The divisional application cannot be identical to the original application, but may relate to claims that were abandoned during prosecution of the parent application. This may allow patent protection for subject matter that was disclosed in the earlier application but was not claimed.

In addition, a Norwegian patent should normally only relate to one invention or one unified group of inventions. Claims directed towards different inventions or different groups of inventions should, therefore, be the subject of separate applications. A divisional application may be filed to pursue non-unified inventions disclosed in the earlier application.

Patent office appeals
36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

Adverse decisions of the Norwegian IP Office may be appealed to the Norwegian Board of Appeal for Industrial Property Rights (KFIR), which is an independent tribunal under the Norwegian Ministry of Trade, Industry and Fisheries. The KFIR will hear appeals from decisions of the Norwegian IP office, including decisions relating to patent cases.

Decisions of the KFIR may be appealed to the courts. The appeal lies to Oslo District Court and the time limit for filing the appeal is two months from the date on which the KFIR’s decision was handed down.

Oppositions or protests to patents
37 | Does the patent office provide any mechanism for opposing the grant of a patent?

Observations may be filed by a third party before the grant of a patent, where reasons may be put forward as to why the patent application does not fulfil the requirements for grant. The patent office may then consider the observations in the pre-grant procedure. The observations can, in principle, be filed anonymously and the third party does not become a party in the proceedings.

Questions as to whether the applicant is entitled to be granted a patent may also be filed at the patent office before a patent is granted, but the patent office may refer such a question to the courts depending upon its nature and complexity.

After grant of a patent, an opposition may be filed requesting revocation of the patent. The opposition must be filed in writing at the Norwegian IP Office within nine months from the date of grant of the patent. The opposition can be based on one or more of the following grounds:

• The patent has been granted despite the conditions laid down in sections 1 and 2 of the Patents Act not being fulfilled. These conditions include requirements as to what constitutes patent-eligible subject matter, requirements for an invention to be novel and have an inventive step, and requirements relating to the entitlement of the applicant to be granted a patent (whereby it is the inventor or their successor in title who has the right to be granted a patent).
• The patent relates to an invention that is not disclosed in a manner sufficiently clear so as to enable a person skilled in the art to carry out the invention on the basis of the application.
• The patent contains subject matter that extends beyond the content of the application as filed.

Any person may file an opposition to a granted patent, except in relation to the ground of the patent being granted to a person not entitled, where such a ground can only be raised by the person claiming to be entitled.

Priority of invention
38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The Norwegian patent process provides a first-to-file system whereby the applicant who files the earlier patent application will have priority over applications filed later. Hence, the right to the invention is determined by the first-to-file system, and the risk of priority disputes is low.

A nine-month opposition period runs from the date of grant of the patent during which an opposition may be filed at the Norwegian patent office. The opponent can request revocation of the patent based on the grounds of invalidity, including entitlement (provided the request is made by the person claiming to be entitled). The decision of the patent office can be appealed. The patent office may defer decisions to the courts on entitlement.

In addition, an administrative review procedure is available through the Norwegian IP Office by which revocation of the patent can be requested. The administrative review procedure has some resemblances to an opposition. Revocation by administrative review may be requested based on the grounds that the patent has been granted in contravention of the requirements in sections 1 and 2 of the Norwegian Patents Act, but cannot be based on insufficiency of disclosure, subject matter extending beyond that contained in the application as filed, extension of the scope of protection, or lack of entitlement. Generally speaking, this means that the administrative review procedure is available only for challenging the patent on matters of patent eligibility, novelty and inventiveness.

A request for administrative review may only be filed after the nine-month opposition period has expired, and after any oppositions filed in this period have been finally decided upon. Anyone may request the administrative review.

The patent holder may file a request for limitation of the patent at the Norwegian patent office. Any such request may only be filed after the nine-month opposition period has expired, and after any oppositions filed in this period have been decided upon.

In the opposition or administrative review procedures, requests can be based on the patent being partially invalid. The patentee is afforded an opportunity to amend the patent, and the patent office may potentially decide that a patent can be maintained in amended form if revocation in full does not succeed.

The courts may allow the patentee to amend the patent claims during a lawsuit. However, the Norwegian courts have been very reluctant to overrule decisions from the Norwegian IP Office, though there have been exceptions.
The patent term is 20 years from the date of filing. A supplementary protection certificate may be granted upon request, and enters into force after the patent on which it is based has expired, to give up to a five-year extension to the term for protection for human or veterinary medicaments and plant protection products.

**UPDATE AND TRENDS**

**Key developments of the past year**

What are the most significant developing or emerging trends in the country's patent law?

Norway entered the European Patent Convention in 2008. This means that there are now several routes to obtaining a patent in Norway:

- by a direct Norwegian national filing;
- by the entry of a Patent Cooperation Treaty (PCT) application into Norway; or
- by filing a European patent application at the European Patent Office, which upon grant is validated in Norway. Any such application can be filed claiming priority under the Paris Convention.

In 2015, Norway entered the London Agreement concerning the translation requirements applicable to European patents. As a result, if a European patent is granted in English, only the claims of the patent have to be translated into Norwegian to validate the patent in Norway, thus providing potential cost savings for patentees. For European patents granted in German or French, a translation of the full patent text into Norwegian is still required.

In mid-March 2021, the Norwegian IP Office reported a small reduction of 3.1 per cent in the total number of direct Norwegian national patent filings and PCT applications entering Norway, compared to the same period in 2020. The total number of direct Norwegian filings and PCT applications entering Norway in 2020 was 1,486, down from 1,675 in 2018 and 1,570 in 2019. The reason for this decline remains to be found, but historically the number of patent filings in Norway has been shown to be inversely proportional to the price of oil and gas. Between 2015 and 2017, when the price of oil was relatively low, there was a steady increase in the number of patent filings, while in 2018 and 2019, when the price of oil increased quite significantly, an opposite effect in the number of patent filings was observed. The number of European patents validated in Norway has been increasing steadily over recent years, but experienced a small drop of about 5 per cent to 7,764 in 2020.

**Coronavirus**

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

Most cases, except for serious criminal cases, were postponed during the spring of 2020. When ‘normal’ courts proceedings were resumed in May 2020, strict rules were introduced for distancing between participants when proceedings could not be held by video conferencing. Most IPR cases have been held physically.
**PATENT ENFORCEMENT PROCEEDINGS**

**Lawsuits and courts**

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

The patent right holder of a product or process patent can enforce his or her right against making, using, offering for sale, selling or importing the product or the product obtained from the patented process, as the case may be, if such act is done without his or her consent. The holder of a patent can bring a suit for infringement before the Intellectual Property Tribunal (IP Tribunal) of the relevant jurisdiction under section 60 of the Patents Ordinance 2000 (the Ordinance), which has exclusive power to entertain and decide such cases pertaining to infringement of intellectual property laws. Subject to the provisions of Intellectual Property Organization Act 2012 (the Act) the IP Tribunal has all the powers vested in a civil court under the Code of Civil Procedure 1908 (Act V of 1908) and in a Court of Session under the Code of Criminal Procedure 1898 (Act of 1898) respectively.

In relation to the import or export of infringing patented goods, the patentee can take action through the customs authorities under section 15 of the Customs Act 1969 and the Custom Rules 2001.

**Trial format and timing**

2. What is the format of a patent infringement trial?

The format of patent infringement trial is that pleadings are drafted on the basis of law, facts and evidence and filed along with interlocutory injunction application together with affidavits. After the preliminary hearing, either an interim injunction application is granted restraining the infringer to use the patent or notice is issued to the defendant for appearing in a court or tribunal. After the decision on the injunction application, the main suit proceeds and issues are framed and then parties record their evidence relying upon the evidence submitted at the time of filing of pleadings and defence. The plaintiff and defendant appear themselves along with their witnesses, if any, they are cross-examined by the respective counsel. Thereafter, the case is fixed for final arguments and a court or tribunal passes the decision. However, if the interlocutory application seeking an injunction is allowed or refused by the court or tribunal, then the aggrieved party may prefer an appeal. The court has the power to appoint an independent expert to assist it or to investigate any question relating to some scientific matter or fact and produce a report before the court or tribunal.

Since there is no jury in Pakistan, the disputed issues are decided by a judge.

The trial of a single patent typically takes around two to five years in Pakistan.

**Proof requirements**

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

According to Qanun-e-Shahadat 1984 (Evidence Act), the burden of proof rests on the person pursuing the relevant cause of action (ie, infringement must be proven by the right holder and invalidity must be proven by the party seeking revocation).

**Standing to sue**

4. Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Under section 60, a patentee or under section 64 of the Ordinance an exclusive licensee can sue for infringement of a patent and may prevent third parties not having the owner's consent from the acts of making, using, offering for sale, selling or importing an invention. An accused infringer may bring a lawsuit on the basis of groundless threat under section 66 of the Ordinance for declaration under section 66 of the Ordinance that the threats have been unjustifiable or obtain an injunction in the case of continuance of threats or damages sustained by him or her. A person may bring a lawsuit to obtain a declaration of non-infringement under section 67(1) of the Ordinance, to show that the plaintiff had applied in writing to the patentee or licensee together with the process or article and that the patentee or licensee refused or neglected to give an acknowledgement.

**Inducement, and contributory and multiple party infringement**

5. To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

According to section 60 of the Patents Ordinance 2000, to prove infringement, the product or process against which infringement action is taken needs to satisfy all of the essential features of a patented invention.

However, even if the infringed product or process in question does not satisfy all of the essential features of a patented invention but it manifests a part of the patent that is not claimed in claims but is a part of the disclosure of invention, it would amount to contributory or indirect infringement pursuant to section 60 of the Ordinance. Hence, any person can be found liable for contributory infringement if he or she offers to import or put on sale any of the components protected under the patent. Multiple parties can, therefore, be liable for contributory infringement.
Joinder of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

The Civil Procedure Code 1908 (CPC) allows multiple parties to be joined as defendants in the same lawsuit. Order 1, Rule 3 thereof provides that all persons may be joined as defendants against any right to relief in respect of, or arising from, the same act or transaction or series of acts or transactions whether jointly, severally or in the alternative and if separate suits were brought against such persons any common question of law or fact would arise. In this regard all the defendants must be alleged for infringement of the same patent in question as joined parties; either they are alleged for using, making or selling a whole patented product or a product obtained from a patented process or liable for partial or contributory infringement.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

A patent right granted in Pakistan can be extended within the territorial boundaries of Pakistan.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

There is neither any statutory provision in the Ordinance nor any judicial rulings from superior courts that govern the scope of infringement by applying the doctrine of equivalent in Pakistan.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

There is no mechanism by which a party can obtain relevant information and evidence from another party or third parties or from any opponent outside the country.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

There is no fixed time frame for a patent infringement lawsuit in the trial and appellate court, whereas a preliminary injunction takes approximately two to six months but final order takes around two to five years or more.

Litigation costs

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The typical range of costs of a patent infringement lawsuit before trial, during trial or for an appeal depends on the nature of the case and on various factors, including amounts involved and complexity of the patent invention. The range varies from case to case and attorney to attorney, ranging from US$7,000–US$30,000. A contingency fee is not allowed.

Court appeals

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

As per section 19 of the Act, any person aggrieved by the final judgment and order of the Tribunal may, within 30 days of the final judgment or order of the Tribunal, refer an appeal to the High Court with jurisdiction over the Tribunal. If an appeal is filed against any order passed by the Tribunal, it will be heard by a single judge and if the appeal is filed against any judgment or decree it shall be heard by a division bench of the High Court.

Any judgment, decree or order passed by the High Court can be challenged in the Supreme Court of Pakistan.

Admissibility of new evidence may be allowed according to Order 41 Rule 27 of CPC on the basis that either the lower court refused to admit evidence that is required to be admitted, or if the appellate court requires any document or any witness examined to enable it to pronounce judgment, or for any other substantial cause.

Competition considerations

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

If the federal government determines and is satisfied that the patentee or his or her licensee is anticompetitive and that the exploitation of the invention would remedy such practices, then the federal government under section 58 of the Ordinance, even without the consent of the owner of the patent, may allow a government agency or a third person designated by the federal government to exploit a patented invention.

Moreover, if the licence agreement or any other contract between the patent owner and any third party contains any anticompetitive clause, permission from the Competition Commission of Pakistan is required under section 5 of the Competition Act 2010.

Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

An alternative dispute resolution mechanism is available in Pakistan. Section 89(A) of CPC provides for alternative dispute resolution and, if the court considers it necessary with regard to the facts and circumstances of the case, with the consent of the parties it may adopt an alternative dispute resolution method such as mediation or conciliation. This provision, together with Rule 1A (iii) Order X, gives that the court may adopt any lawful procedure within the provisions of CPC, and with the consent of parties may opt for an alternative method of dispute resolution, including mediation, conciliation or any such other means. After the said mediation, if any issue arises for the enforcement of settlement the court will play its role to enforce the decision of the mediator.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Patent under the Ordinance covers any new and useful product or process, in any field of technology, and includes any new and useful improvement of either of them but software, business methods and
methods of medical treatment are excluded from patentable subject matter. Non-patentable subject matter is given in sections 7(2) and 7(4) of the Ordinance, which includes the following categories:

- discovery, scientific theory or mathematical method;
- literary, dramatic, musical and artistic works;
- scheme, rule, method of performing mental act, game or doing business;
- presentation of information;
- inventions contrary to law or morality or prejudicial to health and environment;
- substances that exist in nature or are isolated therefrom;
- plants and animals and essentially biological processes for the production of plants or animals;
- methods of medical treatment including diagnostic, therapeutic and surgical methods for humans or animals;
- new or subsequent use of a known product or process; and
- mere change in physical appearance of a chemical product if it does not meet the criteria of patentability.

**Patent ownership**

16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

The right to the patent for an invention made by an employee during the course of his or her employment in the area of activity of the employer belongs to the inventor in the absence of any contractual obligation to the contrary except when the employer proves that the invention could not have been made without the use of the employer’s facilities, equipment and the like necessary for the invention.

In the case of multiple inventors or a joint venture, unless an agreement to the contrary is in force, each of the persons is entitled to an equal undivided share in the patent.

The right to a patent is recorded in the Register of Patents maintained in the Patent Office and this right may be assigned to any person or legal entity during the pendency of application or after the patent is granted.

**DEFENCES**

**Patent invalidity**

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The validity of a patent can be challenged by way of revocation, and the reason for a revocation may be any one or more of the grounds upon which the grant of the patent can be opposed, such as:

- the applicant for the patent obtained the invention or any part thereof from the person who is the legal representative, assignee, agent or attorney;
- the invention is not a patentable invention under the direction of the Ordinance;
- the specification does not disclose the invention in a manner clear and complete enough for it to be carried out by a person skilled in the art;
- the claims are not clear or extend beyond the scope of the disclosures in the complete specification as originally filed; and
- the complete specification claims an invention other than that described in the provisional specification and that such other invention either forms the subject of an application made by the opponent for a patent that, if granted, would bear a date in the interval between the date of the application and the leaving of the complete specification, or has been made available to the public by publication in any document in that interval.

There is no special court or administrative tribunal for challenging the validity of a patent. An application for revocation of a patent can be filed with the High Court under section 46 of the Patents Ordinance 2000, or with the Controller of Patents under section 47, or by the federal government under section 48.

**Absolute novelty requirement**

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

According to section 8 of the Ordinance, there is an absolute novelty requirement that an invention shall be considered new if it does not form part of the state of the art. Section 8(2) describes the state of the art to comprise everything disclosed to the public anywhere in the world, by publication in tangible form or by oral disclosure, by use or in any other way before filing and priority date of application. It also includes publication of inventions under section 21 and traditionally developed, or existing knowledge available or in the possession of a local or indigenous community.

The only exception is that if an article is exhibited at an official or officially recognised international exhibition within 12 months preceding the date of filing of an application for grant of a patent, disclosure of a patentable invention in respect of goods shall not constitute ‘state of the art’.

**Obviousness or inventiveness test**

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The legal standard to consider the invention having inventive step is given in section 9 of the Ordinance, which sets out that an invention shall be considered as an involving inventive step if it has not been obvious to a person skilled in the art prior to the date of application for a patent.

**Patent unenforceability**

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

According to section 48 of the Ordinance, a valid patent can be revoked and deemed unenforceable by the federal government on the grounds that if a patent or the mode in which it is exercised is mischievous to the state or generally prejudicial to the public, or it is obtained through concealment or misrepresentation in the application. Further, after the compulsory licence is granted, if it is found that it does not sufficiently work or it does not begin within two years of the grant of such a licence, the federal government, after giving the patentee an opportunity to be heard, makes a declaration to that effect in the Patents Journal, and thereupon the patent shall be deemed to have been revoked.
Prior user defence  
21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Use of and acting in good faith may not be considered an infringement under provision of section 30(5)(d) read with section 30(6) of the Ordinance. Therefore, if a person was doing or had made effective and serious preparation to do before filing or priority date of application that person may continue to do the act notwithstanding the grant of patent and this defence may apply in all type of inventions and is not limited to commercial use.

REMEDIES

Monetary remedies for infringement  
22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The reliefs that a court may grant in any suit for a patent infringement can be an interim injunction followed by a permanent injunction subject to such terms, if any, as the court thinks fit and at the opinion of the plaintiff, either damages or account of profits. In the case of damages, the amount of compensation awarded by the courts takes into account certain factors including damage caused by infringement and commercial valuation of the patent. Pakistani courts are generally reluctant to award heavy damages, hence the amount in terms of damages remains nominal in nature.

However, under section 62 of the Ordinance, damages shall not be awarded against an infringer who proves that at the date of the infringement he or she was not aware, and had no reasonable ground for supposing, that the patent existed.

There is no law or regulation that ascertains the amount of royalties to be paid to a patentee.

Injunctions against infringement  
23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Temporary injunctions followed by the final injunctions are generally not granted against future infringement.

Banning importation of infringing products  
24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Under section 30 of the Ordinance, a patentee can prevent third parties importing the product without his or her consent where the patent is a product, and likewise from importing the product obtained directly by that process. A suit can be filed under section 60 of the Ordinance in an IP tribunal.

Importation of infringing products can also be restricted under section 15 of the Customs Act 1969, whereby a patent holder may get the infringing articles seized, confiscated or detained at the border to prevent the product from entering Pakistan.

Attorneys’ fees  
25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

It is possible to recover costs from the losing party if the successful party claims the cost in the prayer of its plaint and if the court thinks it may give direction to the losing party as it thinks fit.

Wilful infringement  
26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

There are no additional remedies available against deliberate or wilful infringer specified in the Ordinance.

Time limits for lawsuits  
27 | What is the time limit for seeking a remedy for patent infringement?

Under the Limitation Act 1908, the claim of compensation for infringement is limited to a three-year period from the date of infringement. Therefore, any action of patent infringement brought after a lapse of a three-year period shall be barred under the law.

Patent marking  
28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

It is not mandatory for a patent holder to mark its patented product. However, as per section 62 of the Ordinance in the case of infringement proceeding if the defendant proves that the patent number was not mentioned on the patented article the court will not award damages against the defendant. False patent marking is punishable under section 73 of the Ordinance.

LICENSING

Voluntary licensing  
29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

There are no restrictions on the contractual terms by which a patent owner may license a patent.

Compulsory licences  
30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

According to section 59 of the Ordinance, on a request made to the Controller of Patents after the expiration of a period of four years from the date of filing of the patent application or three years from the date of the grant of the patent, whichever period expires last, the Controller may issue a non-voluntary licence. However, if the patentee satisfies the Controller that circumstances exist that justify the non-exploitation or insufficient exploitation of the patented invention in Pakistan then such a licence will not be issued.

In his or her order for a compulsory licence, the Controller will fix the scope and function of the licence, time limit within which the
licensee must begin to exploit the patented invention and the amount of remuneration to be paid to the owner of the patent together with the conditions of payment.

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

Once the application is filed, it is examined and usually an examination report is issued within the year and prosecution takes two to three years depending on the complexity of the subject matter. Once the invention meets patentability criteria, the application gets accepted. After acceptance of the application by the Controller of Patents, the application is published in the Patents Journal for opposition purposes. If no opposition is filed within four months, a sealing fee is paid and a Letters Patent Document is issued. The official fee from filing to granting with two official actions would be US$100 approximately; however, the attorney fee may vary from case to case.

**Expedited patent prosecution**

32 | Are there any procedures to expedite the prosecution in law at the moment?

There is no procedure to expedite the prosecution in law at the moment.

**Patent application contents**

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The guidelines for contents of the specification are given in section 15(3) of the Ordinance, which requires every complete specification shall fully and particularly describe the invention and the method by which it is to be performed with sufficient disclosure of invention and end with a claim of concisely defining the scope of the invention for which protection is claimed.

However, according to section 15(4) of the Ordinance, the claims of invention shall relate to a single invention, must be clear, succinct and shall be fairly based on the matter disclosed in the specification.

The Patent Office has provided the guidelines to draft a specification in a manner that meets the standard required by the Patent Office and it can be viewed on the official website of the IPO Pakistan www.ip.gov.pk.

**Prior art disclosure obligations**

34 | Must an inventor disclose prior art to the patent office examiner?

It is not an obligation on the applicant or inventor to disclose prior art. However, as per section 17 of the Ordinance, during the examination of an application the Controller may ask for a reference to other patents to avoid substantial risk of infringement of other patents. Furthermore, to have a speedy prosecution it is important to include prior art in the specification to distinguish novel features of the invention and its non-obviousness over prior art in the international context and technological developments in that area of technology whereas failure to mention the same may result in the issuance of multiple examination reports and delay in the acceptance of the application.

**Pursuit of additional claims**

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

Since unity of an invention is a strict condition, divisional application may be filed at any time before acceptance of the application, which is examined and accepted together with the parent application. A patent of addition can also be filed for improvement or modification of an invention for which a patent has already been applied for or granted.

**Patent office appeals**

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

According to section 69(3) of the Ordinance, an appeal shall lie with High Court against any decision, order or direction of the Controller or, as the case may be, the federal government under any of the provisions of the Ordinance and it shall be made within three months from the date of the decision, order or direction of the Controller.

**Oppositions or protests to patents**

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

After acceptance, a patent application is advertised in the Patents Journal and within four months of advertisement any person may give notice of opposition against the grant of the patent to the Controller of Patents. Notice of opposition comprises grounds and a statement setting out fully the nature of the opponent’s interests and facts along with prescribed form and fees under Rule 18 of the Patents Rules 2003.

**Priority of invention**

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

There is no mechanism given in the Ordinance except that the Patent Office follows the first to file rule unless there is a priority claim in an application.

**Modification and re-examination of patents**

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Improvement or modification of an invention for which application for patent is being filed or has already been filed or a patent has been granted and upon a request by the applicant the Controller may grant a patent of addition by virtue of section 39 of the Ordinance. This patent of addition application is examined in the same manner as its basic application. However, under the provision of section 41 of the Ordinance, patent of addition is not to be refused on the ground of inventive step.

Further, in the case of an invention being an improvement in or modification of another invention is the subject of an independent patent and the patentee in respect of that patent is also the patentee in respect of the patent for the main invention, under section 39(2) of the Ordinance the Controller may upon request of the patentee revoke the patent for the improvement or the modification and grant to the patentee a patent of addition in respect thereof, bearing the same date as the date of the patent so revoked.
According to section 43 of the Ordinance, in any proceeding for revocation of a patent before the High Court, the High Court may allow the patentee to amend his complete specification and if in any such proceedings for revocation the High Court decides that the patent is invalid, it may allow the specification to be amended instead of revoking the patent.

**Patent duration**

**40 | How is the duration of patent protection determined?**

The total term of a patent in Pakistan is 20 years from the filing date of the application and in the case of a convention application the date of such earliest application filed in the convention country from which priority has been claimed. The duration of patent protection is not extendable.

**UPDATE AND TRENDS**

**Key developments of the past year**

**41 | What are the most significant developing or emerging trends in the country’s patent law?**

There has been no significant development in the Pakistan Patents law during the past year; however, during 2019 the IPO Pakistan drafted Patent Rules, which are currently pending approval.

**Coronavirus**

**42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?**

With the support of the World Bank, a research initiative entitled RAPID Research and Innovation Fund programme has been taken that aims to mobilise the research capacities of universities in support of national efforts to address the covid-19 crisis. Under the initiative, a rapid assessment and review mechanism has been established to analyse research and innovation proposals urgently.

All IP Offices, such as the Trademark Registry, Patent & Design Office, Copyright Office, their branch offices and IPO-Pakistan Regional, were closed for public dealing from 24 March 2020 to 10 May 2020 as a precautionary measure against the covid-19 pandemic. All statutory deadlines falling within the lockdown period for any applications claiming conventional priorities before the Patent Office were postponed till the first working day the work resumes after lifting of the lockdown. Also, all hearings scheduled in relation to trademarks, patents, designs and copyright matters were postponed from 25 March 2020 to 10 August 2020. Moreover, as per the order passed by the Hon’ble High Court of Sindh on 22 April 2020 in CP No. D-2176/2020, all scanned and unstamped documents were to be accepted for the time being subject to the filing of the signed version of the same documents as and when available.

The situation is subject to change, thus for the latest information one may refer to the IPO website https://ipo.gov.pk/.
PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts
1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Patent litigation generally takes place before the Intellectual Property Court (IP Court), which is a specialist state court, with jurisdiction at a national level, and is competent to handle all actions concerning industrial property in all forms as provided in law, including both patent enforcement and invalidation proceedings.

In actions related to pharmaceutical patents and generic medicines, according to Law 62/2011, of 12 December, amended by Decree-Law 110/2018, of 10 December, the patent holder has 30 days upon the publication, by the relevant medicines agency (INFARMED), of a marketing authorisation application for a generic product, to submit the case to voluntary arbitration proceedings, with the agreement of both parties, or to file a legal action before the IP Court.

Patent infringement is considered a criminal offence, so criminal proceedings are also available and are conducted before the criminal courts, although this route is not usual.

Trial format and timing
2. What is the format of a patent infringement trial?

Disputes are decided by a single judge in the first instance, who conducts the entire trial. The IP Court is currently composed of three judges.

The parties or their representatives, if they wish to, may be present as well.

Technical advisors to assist each of the parties during the trial may be appointed: they assist the lawyers and have the same powers granted to the lawyers during the hearing (notably, they can pose questions to the witnesses).

It is also common for the judge to be assisted by technical advisors during the trial: they are appointed by the court, upon the recommendation of the Portuguese public institution agreed between the parties to that effect, based on a discussion between the parties on the characteristics that he or she should have in order to assist the court in technical matters.

The following acts are conducted during the trial phase:
- the parties’ deposition (if it was requested by any of the parties);
- clarifications of the experts about the written report provided (if an expert review was conducted and clarifications about the final report were requested by the parties or ordered by the judge); and
- the questioning of witnesses and expert witnesses, which is generally conducted in person at the hearing or by means of teleconference, by the parties and generally also the judge and the technical adviser assisting the judge, with cross-examination permitted but limited to the clarification of aspects that the witness has already responded to.

Documents, affidavits, legal opinions and expert opinions can also be submitted in first instance as evidence and be discussed during the trial. Exceptionally, documents conveyed by the witnesses during the trial may be attached to the proceedings.

At the end, lawyers are invited to present orally their final pleadings. Taking into consideration the evidence that was produced in the proceedings, lawyers of both parties convey their conclusions, factual and legal. Each lawyer may reply to the opposing side’s submissions only once. It is very common for the parties to jointly request and have the judge accept the submission of the final pleadings in writing in complex patent cases.

A trial typically lasts between two days and two weeks, depending on the court’s agenda and on the number of witnesses appointed by the parties and heard at the trial. If any of the witnesses are foreign and require an interpreter, this may delay the trial.

Proof requirements
3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

For establishing infringement, the burden of proof lies with the claimant patent holder. There is a reversal of the burden of proof for process claims and process patents of a new product in patent enforcement proceedings (both in the main proceedings and in proceedings for preliminary injunctions).

For the invalidity and unenforceability of a patent, the burden of proof lies with the party that alleges the facts that underlie the invalidity and unenforceability.

In short, the civil rule is that whoever seeks to enforce a right must provide evidence proving the facts that establish those rights, and whoever invokes a fact aiming at preventing, modifying or extinguishing a right must prove that fact. The civil law provides, however, for some general regimes on the reversal of the burden of proof.

Standing to sue
4. Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Patent holders have legal standing to sue. Licensees or sub-licensees also have standing to enforce a patent, alone or together with the patentee, since they enjoy all the powers of the patent holder except as otherwise provided in the licence or sub-licence agreement, which must be registered with the national patent office.
A potential infringer may bring a declaratory non-infringement action, which could give him or her the advantage in obstructing any infringement action from the patentee, as it could be considered by the court as *lis pendens* (assuming that the grounds in both cases would be the same), before or after a patent infringement action has already been brought against him or her.

**Inducement, contributory and multiple party infringement**

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

According to the Industrial Property Code (IPC), the patent holder has the right to prevent any parties that supply or offer to supply a person who is not entitled to exploit the patented invention with any of the means, relating to an essential element of the invention, for putting the invention into effect, when he or she knows or should know that those means are suitable for putting the invention into effect and aim at putting the invention into effect (subject to the same exception of article 26(2) of the Agreement on a Unified Patent Court for means that are ‘staple commercial products’).

Apart from this specific provision included in the IPC, the general civil and criminal law may apply on contributing or facilitating the infringement, as well as the regime applicable to more than one defendant having taken part on the infringement.

**Joinder of multiple defendants**

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties can be joined as defendants in the same lawsuit under different civil mechanisms (which have different requirements), depending on the exact facts that support the infringement and on the claims being made.

**Infringement by foreign activities**

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

According to the IPC, a patent confers its owner with the right to prevent third parties, without the consent of the patentee, from exploiting the protected invention, notably manufacturing, offering, storing, putting on the market or using an infringing product, or importing or possessing it, for any of the mentioned purposes, in the Portuguese territory, while the patent rights are in force.

Any activities that take place outside Portugal may support a charge of patent infringement in Portugal if any of the above-mentioned acts, which would constitute an infringement of the patent, take place in Portugal.

**Infringement by equivalents**

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

There is no provision of Portuguese law that provides for ‘equivalents’ for determining the extent of protection by a patent. However, that doctrine has been invoked in patent litigation cases and has been considered and applied by the courts and arbitral tribunals, although not in a harmonised way.

**Discovery of evidence**

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

There is no discovery phase in judicial proceedings in Portugal. However, the IPC contemplates measures and procedures that correspond to articles 6 and 7 of the EU Enforcement Directive.

There is no significant case law in Portugal that could give an indication about the level of the evidence of the infringement or prospective infringement that would be necessary to succeed on an application for those orders.

**Litigation timetable**

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

Main actions on validity and infringement (combined or not with damages) may be litigated at the same time.

A patent lawsuit in the IP Court, with minor procedural issues, usually takes one-and-a-half to three years to obtain a first-instance decision, but the duration will always depend on the complexity and the number of the matters involved. Typically, proceedings take longer if, for example, the case involves foreign companies, the parties request for a technical expertise review to be carried out and new documents (technical or otherwise) are submitted by the parties during the course of the proceedings.

A preliminary injunction may take eight months to a year-and-a-half to be decided in the first instance.

In the appellate courts, a decision can be expected within one to two years.

Arbitral main actions typically take one to two years from the filing of the statement of case to the decision at first instance (but see above regarding factors that may cause delay). Objections to the jurisdiction of an arbitral tribunal to decide on patent validity were commonly raised by the defendants in patent proceedings brought under Law 62/2011 before an arbitral tribunal. The matter is still under discussion. For this reason, since separate challenges can be brought on the matter, the timeline may vary. Some arbitral panels have decided to stay the arbitral infringement case pending a revocation action before the IP Court against the asserted patent.

**Litigation costs**

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

Several aspects shall be considered in what concerns predictable costs:

- The value of the proceedings: typically set at €30,000.01 in cases where patent rights (as immaterial rights) are at stake. In such a case, each party will have to pay €1,224 (in different phases of the proceedings and the judicial fee of the appeal is of €306). However, the court may set a different value for the case, considering different aspects, for example the amount of pecuniary interest of the claimant and the complexity of the case, which may lead to a substantial increase of the costs. It is, therefore, hard to predict which will be the costs of the patent lawsuit.

- The amount that each party shall pay at the end of the proceedings: according to Portuguese civil procedural law, at end of the proceedings, the court will fix the responsibility of the parties for the costs to the extent to which the action was unsuccessful, being the due amount paid by the losing party directly to the court.

- Other administrative costs: translators, advisors to the court and experts.
Furthermore, the winning party may ask the losing party to proceed with the payment of all the court fees paid by the winning party, plus 50 per cent of all judicial fees paid by all the parties as a fictional compensation for the attorney’s fees incurred, as well as the costs incurred with translations, witnesses’ travel expenses, the court’s advisor, experts (when this is ordered by the court) and certificate fees (when ordered by the court).

**Court appeals**

12 **What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?**

All court decisions are, in principle, subject to appeal in one or two degrees. The appeal against a decision of the IP Court (first instance) is to be filed to the Lisbon Court of Appeal (LCA), both on matters of fact and of law. The decision of the LCA may be subject to an appeal to the Supreme Court of Justice (SCJ), depending on the circumstances of the case. The SCJ only decides matters of law. In the LCA and SCJ, the appeal is assessed by a panel of three judges and, in principle, the appeal does not have a suspensive effect.

Should any issue of unconstitutionality arise, appeals may be filed to the Constitutional Court subject to some formal requirements being met.

Most interim decisions are appealable along with the final decision, although some interim decisions may be subject to an autonomous immediate appeal in certain cases expressly provided in the law.

Preliminary injunctions follow the same regime, although it is generally not possible to appeal to the SCJ except in very special and rare cases.

In pharmaceutical arbitral cases brought under Law 62/2011, the appeal to the SCJ is admissible only on the very special circumstances that govern also the appeal for preliminary injunctions.

Generally, new evidence at the appellate stage is not allowed.

**Competition considerations**

13 **To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?**

All these matters could be argued by a defendant in a patent lawsuit and these will be decided by the IP Court.

**Alternative dispute resolution**

14 **To what extent are alternative dispute resolution techniques available to resolve patent disputes?**

The parties are entitled to seek alternative means of dispute resolution such as mediation or voluntary arbitration in patent cases. However, this route is almost never used for patent disputes. However, the parties often manage to reach an alternative solution to litigation by executing an agreement either before or during pending proceedings.

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### SCOPE AND OWNERSHIP OF PATENTS

#### Types of protectable inventions

15 **Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?**

The Portuguese Industrial Property Code does not provide for substantively different exceptions to patentability from the international standards on patent law. Specifically, it is not possible to protect, as a patent right:

- computer programs or software as such with no technical contribution;
- schemes, rules or methods of doing business;
- methods for performing purely mental acts or playing games; and
- methods for the treatment of the human or animal body by surgery or therapy, as well as diagnostic methods.

#### Patent ownership

16 **Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?**

The rule is that the rights to a patent belong to the inventor or his or her successors in title.

However, if an invention was made during the performance of an employment contract in which inventive activity is provided for, the right to the patent belongs to the company. The same happens with research and development activities; the patent ownership belonging to the public entity.

If two or more persons, including joint ventures, have made an invention, any of them may apply for a patent on behalf of all.

Patent ownership is officially recorded at the Patent Office and transferred by a contract which must also be recorded at the Patent Office and shall be published in the Industrial Property Bulletin.

#### DEFENCES

**Patent invalidity**

17 **How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?**

In accordance with the Industrial Property Code (IPC), patents shall be totally or partially null:

- if its object does not meet the requirements of novelty, inventive step and industrial application;
- when any essential formalities for the grant have been disregarded;
- when public policy rules have been breached;
- when the protected subject matter is not patentable;
- the title and summary of the patent relates to a subject matter different from the invention; and
- the invention has not been described in a sufficient manner for it to be carried out by a skilled person.

In general, patents shall be totally or partially annulable if the holders are not entitled to them, namely:

- if the right does not belong to them; or
- if they were granted with disregard for the rights set forth in the procedural rules set out in the IPC.

Added matter is not listed as a specific ground for revocation, rather for rejection.

**Absolute novelty requirement**

18 **Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?**

Yes, there is an absolute novelty requirement for patentability.

The following shall not prevent the novelty of an invention:

- a disclosure in official or officially recognised exhibitions falling within the terms of the Convention of International Exhibitions if the application for the patent is filed in Portugal within six months; or...
• a disclosure resulting from evident abuse of any kind in relation to the inventor or his or her successor in title or publications made unduly by the National Industrial Property Institute.

**Obviousness or inventiveness test**

19 | What is the legal standard for determining whether a patent is 'obvious' or 'inventive' in view of the prior art?

The Portuguese courts and tribunals generally follow the European Patent Office’s case law, notably using the ‘problem-solution’ approach for inventiveness.

**Patent unenforceability**

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

Yes. The IPC provides for the exhaustion of rights and the unenforceability due to prior use.

**Prior user defence**

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

It is, according to Article 105 of the IPC, which establishes that ‘the rights conferred by a patent are not enforceable in the Portuguese territory before the application date or, if claimed, the priority date, against those who, in good faith, have learned of the invention by their own means and used it or made effective serious preparations with a view to use it’.

The defence covers all type of inventions and is not limited to commercial uses.

**REMEDIES**

**Monetary remedies for infringement**

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

In determining the amount of compensation for losses and damages, the court shall consider the profits obtained by the infringer, the resulting damages and lost profits suffered by the injured party, the costs borne in the protection of the right in question, the investigation and termination of the harmful conduct and the importance of the revenue resulting from the infringer’s unlawful conduct.

The court should also take the moral damages caused by the infringer’s conduct into account.

If it is impossible to quantify the losses effectively suffered by the injured party, the court may, provided this is not opposed by the latter, define a fixed amount on the basis of equity (based, as a minimum value, on the payment that the injured party would have received if the violator had been authorised to use the intellectual property rights in question, as well as the costs borne in the protection of the intellectual property right and the investigation and termination of the harmful conduct).

Damages start to accrue from the beginning of the infringement, assuming that a right was granted or that the patent applicant benefits from provisional protection if the patent application was published in the Industrial Property Bulletin or, before that, once the infringer was notified of such application and having received the 'necessary elements on the record of the case'.

No punitive damages can be claimed.

The case law on the calculation of royalties is not plentiful. But these are usually calculated based on the average amount of the royalties received by the claimant in the position of a licensor, in a licence contract, or on the average amount of royalties practised in the industrial or commercial sector at stake.

**Injunctions against infringement**

23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

With respect to preliminary injunctions, whenever an IP right is being infringed (actual infringement), or there is a justified threat that another party may cause serious and difficult-to-repair harm to an IP right (threat of infringement), the court may grant the appropriate injunctions to avoid an imminent future violation or order that the infringement ceases. The IP right holder must demonstrate the he or she actually holds an IP right (and it is common for the court to assess the validity of the right if the defendant raises the argument that it is not valid) which is being or will be infringed. If the injunction is applied for on the basis of threat of infringement, the IP right holder must also demonstrate the irreparable harm.

Main (final) injunctions are the most typical claims formulated by patent holders (namely, for the infringers to be ordered not to exploit the invention, for instance by practising any of the expressly prohibited conduct) and these can be claimed on the basis of actual infringement (reactive action) or threat of infringement (pre-emptive action).

The injunction will be effective against the infringer’s suppliers or customers if these are also parties in the injunction proceedings and therefore specifically covered by the court’s injunction decision.

**Banning importation of infringing products**

24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

One of the rights conferred by a patent is the right to prevent or cease the importation of infringing products aiming at practising any of the prohibited conduct, which has to be exercised in a patent lawsuit before the IP Court.

An alternative way to prevent or cease the importation of infringing products is an application for customs intervention, which tends to be more effective if a trademark is also asserted or if the patent relates to a product.

**Attorneys’ fees**

25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

According to Portuguese law, the court shall, if the interested party so requests, fix a reasonable amount aimed at covering the duly documented costs borne by the injured party in investigating and bringing to an end the violation of its rights.

However, there is (as yet) no relevant case law supporting the effective recovery of attorneys’ fees. This matter is governed by the general civil procedural rules, which determines a very limited recovery of attorney’s fees, calculated according to a pre-determined basis, unless the amount calculated in accordance with such rules is lower (the sum of the total amount of judicial fees paid by all the parties, divided by two). The judicial fees, as well as the costs incurred in with translations, witnesses’ displacement, the court’s advisor, experts (when ordered by the court) and certificate fees (when ordered by the court) can also be recovered.
Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Certain acts that amount to patent infringement are also considered criminal offences. The standard to assess wilful infringement is to determine whether the defendant considered the existence of an illicit act and wilfully pursued it or accepted it.

However, criminal complaints concerning patent infringement are quite rare.

Counsel’s opinion cannot be effectively used as a defence to a charge of wilful infringement.

Time limits for lawsuits

27 What is the time limit for seeking a remedy for patent infringement?

There is no time limit to file for injunctions. Although there is no urgency requirement, it is advisable to file for preliminary injunctions as soon as possible.

To claim damages, the general civil time limit of three years applies (as from when the IP right holder became aware that he or she was entitled to them). A longer time limit may apply under very specific circumstances and pursuant to requirements in the Civil Code, whenever the act also constitutes a crime.

Patent marking

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

A patent holder is not obliged to mark its patented products and, therefore, there are no legal consequences from not marking the patented products.

LICENSING

Voluntary licensing

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

No, but formal conditions must be met; for example, licence contracts must be drawn up in writing and duly recorded at the Patent Office in order to be enforceable against third parties.

Compulsory licences

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

The IPC provides for three reasons for a patent to be compulsory licensed:

- The patent holder must exploit the invention, directly or under a licence, within four years as from the patent application or three years as from its grant and must ensure that the exploitation meets national needs. If the patent holder fails to exploit the invention within those time frames, a compulsory licence may be requested. The compulsory licence may, however, not be ordered if the patent holder has a justified reason (technical reasons, for instance, but not economic or financial complications) or a legal basis for not having exploited the invention.

- In the case of dependent patents, if they have different industrial purposes, the licence on the first patent will only be granted if the invention is essential to the exploitation of the second. If both patents have the same industrial purpose, licences can be granted for both and the two licences can co-exist.

- Public interest: if the commencement or increase of the exploitation of the invention or its more widespread exploitation, or the improvement of the conditions on which that exploitation is being carried out, is of the utmost importance for public health or national defence, or if the exploitation is lacking or is insufficient in terms of quality or quantity and that entails a serious obstacle to economic or technological national development, a compulsory licence can be granted by an order of a government entity that is materially competent.

All compulsory licences except those granted on the basis of public interest must be requested from the Patent Office. The licence applicant submits their arguments together with the application, which must demonstrate that he or she has made serious efforts to obtain a contractual licence from the patent holder with acceptable commercial conditions and failed to obtain one within a reasonable time. The patent holder is notified to respond within two months. The Patent Office then has two months to decide on the case. If the Patent Office decides in favour of the granting of the compulsory licence, it shall give both parties one month to appoint an expert who, together with the expert appointed by the Patent Office, shall agree, within two months, on the conditions of the compulsory licence and the compensation to be paid to the patent holder. All these decisions are appealable.

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

31 How long does it typically take, and how much does it typically cost, to obtain a patent?

As from the filing of the patent application (or priority, if applicable) and the grant of the patent, it can take around two to three years. The costs – the Patent Office’s fees – are between €100 and €400.

Expedited patent prosecution

32 Are there any procedures to expedite patent prosecution?

Yes, it is possible to request for accelerated examination under the Patent Prosecution Highway Pilot Programme.

Patent application contents

33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

A patent application must contain the following:

- the title of the invention;
- the claims as to what is considered new and what characterises the invention, and it must define the object of the protection requested, be clear, concise, correctly written and based on a description, and contain:
  - an introduction mentioning the subject of the invention and the technical characteristics required to define the elements claimed, but that, in combination, form part of the state of the art; and
  - a description preceded by the words ‘characterised by’ and describing the technical characteristics in connection with the
characteristics indicated in the previous point, defining the extent of the protection requested.

- a description of the invention (providing a clear indication, with no provisos or omissions, of everything that constitutes the invention and containing a detailed explanation of at least one embodiment of the invention, so that the skilled person may carry it out);
- drawings required for a perfect understanding of the description; and
- a summary of the invention, intended for publication in the Industrial Property Bulletin, which:
  - consists of a brief overview of the description, claims and drawings and preferably shall not contain more than 150 words; and
  - is exclusively for technical information purposes and shall not be taken into consideration for any other purpose, such as determining the extent of the protection requested.

The specific formal requirements for a patent application are defined in guidelines available at the Patent Office website dating from 2014 (which are being reviewed) and also in Order No. 6142/2019.

Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

No.

Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

Yes, it is possible to file for a divisional application in cases where the initial application lacks the requirement of the unity of the invention and as long as the divisional application only contains elements that do not extend beyond the content of the initial application.

Patent office appeals

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

Yes, the following decisions may be appealed (before the IP Court):

- those granting or refusing intellectual property rights; and
- those regarding transfers, licences, declarations of expiry or any other acts that affect, alter or extinguish intellectual property rights.

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

Yes. It is possible to file oppositions before the Patent Office within two months (extendable) after the patent application is published in the Industrial Property Bulletin.

Third-party observations are also admissible during the patent application procedure.

It is possible to apply for a modification of a decision of the Patent’s Office. This is considered by a different, hierarchically superior, member of the Patent Office.

Finally, the Patent Office’s decisions granting or refusing a patent application may be appealed before the IP Court.

Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

No.

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Patents can be limited, provided that such amendments do not affect the elements of the patent that are essential and characteristic thereof. An amendment application cannot be opposed but any third party who might be ‘directly and effectively affected’ by the Patent Office’s decision may appeal the decision.

Patents may be limited (the amended claims shall not extend the protection of the patent as granted) either via the administrative route before Patent Office or the judicial route before the IP Court.

The Industrial Property Code (IPC) does not expressly provide for the requirements that need to be examined. The Patent Office will assess and decide on whether the amended claims reduce the scope of protection of the patent as granted, and whether the amended claims are clear, supported by the description and do not add matter beyond the application as filed. A decision by the Patent Office takes approximately two to five months. If the limitation is granted, it publishes a notice of the alteration of the claims. The IPC does not provide for a deadline for third parties to oppose the limitation application but any third party who might be ‘directly and effectively affected’ by the decision may appeal the decision within two months of the respective publication (or the date of the respective certificate requested by the appellant, if made earlier).

If the amendment is not granted, the Patent Office only communicates the decision to the applicant. The patentee may appeal this decision to the IP Court, within two months from the date of reception of the communication of the decision denying the limitation.

Although the patent holder is entitled to limit the claims before the IP Court, this is uncommon in Portugal.

The jurisdiction to revoke a patent lies only with the IP Court.
Patent duration

40 How is the duration of patent protection determined?

The duration is 20 years from the date of application.

UPDATE AND TRENDS

Key developments of the past year

41 What are the most significant developing or emerging trends in the country’s patent law?

The following are emerging trends in Portugal: second medical use patents, supplemental protection certificates, effects of patent limitation on pending infringement proceedings, damages and evidence production (particularly with regard to the protection of related trade secrets).

Coronavirus

42 What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

Since April 2020, all acts related to industrial property rights are to be performed exclusively through electronic means before the Portuguese Patent Office.

Legislative initiatives have been approved to increase the R&D investment to respond to the covid-19 pandemic.
Russia

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**PATENT ENFORCEMENT PROCEEDINGS**

**Lawsuits and courts**

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

When infringement of patent rights occurs, it is possible to initiate administrative, civil or criminal proceedings. In the case of administrative proceedings, the patent holder shall lodge a complaint with the police. The police officers shall draw up an infringement report and initiate an administrative court action. The police may also initiate an administrative court action on their own initiative if they find infringement. The plaintiff in the administrative court action will be the police.

The patent holder may also initiate an administrative case in the anti-monopoly body, which considers the case itself. Its decision may be appealed in court.

The patent holder may initiate a civil court action and be the plaintiff in court proceedings.

If a criminal action has to be initiated, the patent holder shall lodge a complaint with the police, who will initiate a criminal case in court. However, a criminal case will be considered by the court only if the damage suffered by the patent holder is considerable. The amount of damage will be evaluated by the court. If the court decides that the damage is not large, it will not consider the case.

In all civil or administrative infringement cases, the court of first instance and appeal instance will be local courts whose judgments may be appealed in the IP Court. Criminal cases are considered within the structure of common courts (first instance, appeal, and cassation).

If the patent holder is a natural person, any case will be considered by the common court.

**Trial format and timing**

2. What is the format of a patent infringement trial?

When a court action is initiated, the court sets a preliminary hearing followed by a substantive hearing. The court hearing may be adjourned if there are circumstances preventing the consideration of the case. The court accepts all kinds of evidence: documents, affidavits or live testimony. Cross-examination of witnesses may also take place. If the patent is complicated the court may appoint an expert to make a report. The conflicting parties may also petition for technical expertise. At the first instance court, there is normally one judge. Appeals are considered by a panel of three judges. Typically, the judgment at the first instance court is issued in four to six months. If the judgment is appealed in all court instances, the time span may be two or more years. If the case is complicated, it may take more time to be considered.

**Proof requirements**

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

In case of infringement (unenforceability), each participating party shall prove the circumstances on which it relies. If this is an invalidity issue, the case will be considered by the patent office where the burden of proof also rests with each of the parties. The decision of the patent office may be appealed in the IP Court.

**Standing to sue**

4. Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The patent holder or his or her exclusive licensee may sue for patent infringement directly. Other persons (e.g., a non-exclusive licensee) may sue the infringer on the basis of a power of attorney issued by the patent holder. The infringer may bring a counter suit against the patent holder within the frame of court proceedings.

**Inducement, and contributory and multiple party infringement**

5. To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Contributory infringement is not covered by the law. However, there have been some rare cases where the court examined contributory infringement applying systemic interpretation of the law and ruled in favour of the patent owner. Accordingly, wherever there is a fact of contributory infringement, it is advisable to initiate a court action.

**Joinder of multiple defendants**

6. Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties may be joined as defendants in a lawsuit. The law provides that the exclusive right for a patent covers import, manufacture, offer for sale, sale, storage of patented products and any other actions aimed at marketing the patented products. A lawsuit may, therefore, be brought against any number of defendants who are involved in the above actions. When a patent infringement occurs through the joint actions of several persons, those persons shall be held jointly liable with respect to the patent owner.
Infringement by foreign activities

7 | To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Activities that take place outside Russia do not provide any support or influence court proceedings in Russia.

Infringement by equivalents

8 | To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

A patent is considered to have been infringed if every feature given in the independent claims is used in the product or the method, or a feature equivalent thereto. A feature will be considered equivalent if it gives the same result as the patented feature in the independent claim. Equivalence is to be determined by the court or, more frequently, by an expert appointed by the court. The expert makes a conclusion as to whether there is equivalence. The scope of equivalence is not considered. It either exists or does not.

Discovery of evidence

9 | What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

When the plaintiff files a suit with the court, it gathers evidence itself. If any of the pieces of evidence cannot be obtained, the plaintiff may petition the court to order the defendant to provide the missing evidence. The same applies to third parties. If evidence located outside Russia is required, the court may ask the Ministry of Foreign Affairs to request appropriate bodies in the foreign country to provide such evidence. Whether there is a positive result to such a request will depend on the existence of bilateral agreements on legal assistance between Russia and other countries. Otherwise, this may depend on the goodwill of the foreign country.

Litigation timetable

10 | What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The typical timetable for examination of an infringement case by a court depends on the workload of the court. Normally, the court appoints a preliminary hearing one or two months after filing the suit. The substantive hearing will be appointed one month after the preliminary hearing. The judgment of the first instance court may be issued four months after filing the lawsuit. If the judgment is appealed, the hearing in the appellate court will be fixed within one or two months after filing the appeal. The appeal itself shall be filed within one month after issuance of the first instance court judgment. It should be noted the terms above are average and in certain circumstances the terms may be extended.

Litigation costs

11 | What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The typical range of costs of a patent infringement suit is US$35,000 including preparation of the documents and court hearings. Appeal proceedings costs will amount to approximately US$15,000 because many of the documents prepared for the court of first instance may be used in the appeal proceedings too.

Court appeals

12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

If an infringement patent suit is lost in the court of first instance, it may be appealed in the court of appeal. New evidence may be produced at the appellate court only if the party presenting new evidence proves that it did not have the opportunity to present it to the first instance court. Further, the case may be appealed at the IP Court and still further in the Supreme Court in its capacity as second cassation and supervisory instances.

Competition considerations

13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

In theory, abuse of right may be invoked, however, in practice these cases are not known.

Alternative dispute resolution

14 | To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Alternative dispute resolution is available; however, it is very rarely used to resolve patent disputes.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

A patent may be obtained for the following:

- a technical solution related to a product (in particular, a device, a substance, a micro-organism strain, or a culture of cells of plants or animals);
- a process, or use of product or process for a certain purpose, including first and second medical (as well as non-medical) use; and
- pharmaceuticals, chemical compositions and treatments of the human or animal body.

The following are not patentable:

- methods of human cloning and a human clone;
- methods of modification of the genetic integrity of cells of human embryo lines;
- the use of human embryos in manufacturing and commercial purposes;
- discoveries, scientific theories and mathematical methods;
- solutions relating only to an external appearance of products, rules and methods of games, intellectual or economic activity (eg, business methods), and
- computer programs and solutions consisting only of the presentation of information.
**Patent ownership**

16 | Who owns the patent on an invention made by a company, employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

As a general rule, the law provides that the right to obtain a patent for an invention shall belong to the inventor. In the case of an employee’s invention created in the course of fulfilment of labour duties or specific tasks by the employer, the law provides that this right shall belong to the employer unless the contract between the employee and employer provides otherwise. The law also stipulates that in the case of an invention created by an independent contractor the right to a patent shall belong to the performer (contractor) unless the contract provides otherwise. If several persons have the right to obtain a patent for the invention, they have to dispose of their rights jointly. Only one patent would be granted for a co-owned invention.

**DEFENCES**

**Patent invalidity**

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

A patent may be challenged and invalidated, either in full or in part, at any time during its period of validity, on the following grounds:

1. the invention does not meet the conditions of patentability;
2. the claims in the patent contain a feature that was not in the application on the filing date;
3. the patent was granted in breach of the prescribed procedure where there were several applications for identical invention having one and the same priority date; or
4. the patent was granted with wrong indication of the inventors or patent owners.

Invalidation actions on the basis of grounds 1, 2 and 3 shall be filed with the Russia Patent Office, Rospatent. The decision of Rospatent may be appealed in the IP Court.

Invalidation action on the basis of ground 4 shall be filed with the IP Court.

If the patent is invalidated in part, a new patent shall be granted.

**Absolute novelty requirement**

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

There is an ‘absolute novelty’ requirement for patentability. However, disclosure of an invention by the inventor, applicant or another person who obtained information on the invention directly or indirectly from the inventor or applicant shall not prevent patentability of the invention if the application has been filed within six months of such disclosure.

**Obviousness or inventiveness test**

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

According to article 1350(2) of the Civil Code, an invention is considered as involving an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art. Patent Regulations used by the Russian Patent Office provide that an invention is obvious to a person skilled in the art if it can be regarded as produced by a combination, alteration or simultaneous application of information contained in the state of the art or of the common general knowledge of a person skilled in the art.

**Patent unenforceability**

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

There is no ground or reason on which a valid patent can be deemed unenforceable. However, in a specific case the court may dismiss the patent owner’s claims if the court considers that the owner has abused his or her exclusive right. The court, at the defendant’s request, may also dismiss the case if the three-year limitation period has passed by the date of action (the term starts when the plaintiff found out or should have found that its rights had been infringed).

**Prior user defence**

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

An accused infringer may declare the prior use right as a defence. According to article 1361 of the Civil Code, any person who before the priority date of a patented invention (regardless of the type of the invention) was using in good faith (regardless of the purposes of such use) within the territory of the Russian Federation an identical solution, created independently of the inventor, or a solution that differs from the invention only by equivalent features, or made the preparations necessary for this, shall retain the right of further free use of the identical solution, provided that the scope thereof is not enlarged.

**REMEDIES**

**Monetary remedies for infringement**

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The patent owner is entitled to be awarded damages in full from the infringer. Damages may be direct or circumstantial. The plaintiff shall carefully prove the amount of damages to the court. As an alternative, the patent holder may claim compensation up to 5 million roubles, which does not have to be proved. The court will judge whether the claimed compensation is commensurate with the infringement and can moderate it if necessary. The patent holder may also claim double the amount of the right of use of the invention. The royalties are calculated on the basis of the market situation.

**Injunctions against infringement**

23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

It is possible to obtain a temporary injunction if non-appliance of such injunctive relief will make it impossible to enforce the final judgment. The plaintiff shall explain these circumstances to the court. The injunction may be sought at any stage but before the judgment is issued. It may be claimed against the respondent who may be the vendor, the supplier or other persons who undertake actions such as import, manufacture,
offer for sale, sale, storage of patented products and any other actions aimed at marketing the patented products. The final injunction is granted after the hearing on the merits within the scope of the plaintiff’s claims stated in the lawsuit only. A permanent injunction can be granted if the defendant’s product contains every feature of the independent claim of the patent owned by the applicant. Analysis of court practice shows that in most cases the patentee claims permanent injunctions only. The court may satisfy the claim on preventing the actions infringing the right or creating a threat of infringement. In addition, it may satisfy the claim to withdraw the infringing product from the persons who manufacture, import, store, transport, sell or from the persons who unfairly obtained the infringing product.

**Banning importation of infringing products**

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Customs does not normally monitor the transit of patented products across the border. However, if the patent owner learns that a patented product is going to cross the border, customs may (but is not obliged to) inform the patent holder of the incoming goods so that the patent holder could initiate a lawsuit before the goods are cleared by customs. There is no specific tribunal for such cases. A lawsuit should be brought to the commercial court in the same way as is done in other infringement cases.

**Attorneys’ fees**

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

A successful litigant may recover costs and attorneys’ fees in all cases. These expenses, however, should be properly documented. The attorneys’ fees should be reasonable and the court may compare the recovery sought with the market situation, namely the fee normally charged by other attorneys. The court may moderate the recovery claims.

**Wilful infringement**

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

There are no additional remedies against wilful or deliberate infringement. The remedies to be sought by a plaintiff are the same. Nevertheless, if compensation is claimed by a plaintiff instead of damages, the court may consider the wilful character of the infringement and award higher compensation. There are no standards to determine whether the infringement is deliberate.

**Time limits for lawsuits**

27 What is the time limit for seeking a remedy for patent infringement?

The general time limit of three years is applied to patent infringement.

**Patent marking**

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

There are no provisions in the law regarding patent marking. Nor does the law contain provisions regarding false patent marking.

**LICENSING**

**Voluntary licensing**

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

The licence contract must be in writing. The duration of a licensing contract shall not exceed the term of patent validity. If the licence contract is silent about the term of the licence, the licence shall be presumed for five years. In the case of an exclusive licence, the licensor cannot use the invention in the manner and scope that has been granted under the licence unless the contract provides otherwise. The free worldwide exclusive licence for the whole term of patent validity is prohibited between profit-making organisations.

The licence must be registered with the Patent Office otherwise the licence shall not be considered granted.

**Compulsory licences**

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

If an invention, without any good reasons, is not used or is insufficiently used for four years for an invention, and three years for a utility model that leads to insufficient offer of respective goods on the Russian market, a non-exclusive compulsory licence may be granted by a court decision, if the patent owner refuses to conclude a license contract on the terms meeting the prevailing practice.

In addition, in the event that a patent owner cannot exploit his or her patent without infringing the rights of the owner of another patent who refused to conclude a licence agreement on generally accepted terms, such patent owner may initiate a court action against the owner of the other patent to seek a compulsory non-exclusive licence to use that other patent, provided his or her own invention represents an important technical achievement and has significant economic advantages over the invention of the owner of that other patent.

The terms and conditions of a compulsory licence are determined by the court. The total amount of the payment for such a licence shall be established in the court decision and not be less than licence prices in comparable circumstances.

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 How long does it typically take, and how much does it typically cost, to obtain a patent?

It typically takes one-and-a-half to two years to obtain a patent, provided a request for substantive examination is filed without delay. The costs associated with filing and prosecution of an average application and grant a patent are approximately US$3,500 to US$6,000 including official fees and patent agent fees.

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Expedited patent prosecution

32 | Are there any procedures to expedite patent prosecution?

There is no expedited examination procedure in the Russian Patent Office. However, if the applicant files a separate request for a prior art search along with the substantive examination request, the search report and the report on the preliminary examination will be submitted to the applicant within six months of the search request.

In addition, the Patent Office participates in the global Patent Prosecution Highway (PPH) programme. Using the PPH can reduce the term of patent prosecution by an average of four months. No extra fees are required for the use of PPH benefits.

Patent application contents

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

There is a requirement in article 1375(2) of the Civil Code that a description of the invention in the patent application must disclose the invention in sufficient detail for the invention to be carried out by a person skilled in the art. Patent rules applied by the Patent Office further prescribe that, in the application, means and methods should be described by means of which the claimed invention can be carried out and the technical result of the carrying out of the invention indicated in the application be achieved. There is no requirement to disclose in the application the ‘best mode’ of making or practising the invention. This requirement – sufficiency of disclosure – does not imply anything different from what is required by the Patent Cooperation Treaty (PCT) or in the majority of foreign patent offices. Therefore, the applications drafted to fit the requirements of the PCT or those patent offices can be expected to successfully pass the sufficiency of disclosure verification of the Russian Patent Office.

The description of the invention shall first state the title of the invention and shall contain the following parts:

- the technical fields to which the invention relates;
- the state of art known to the applicant;
- the summary of the invention in which the essential features of the invention, technical problems and the technical results that can be obtained due to the invention should be demonstrated;
- a brief description of drawings (if any); and
- the detailed description of the invention disclosing how to carry out the invention to achieve the purpose thereof preferably by means of examples and with reference to the drawings as well as confirming the possibility of obtaining the technical result mentioned in the summary of the invention.

In the case of an invention in the microbiological field, a culture of the micro-organism concerned must be deposited before the filing or priority date with an institute that has the status of International Depositary Authority under the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure. The description must contain a characterisation of the method of generation of the micro-organism. If that characterisation is insufficient to implement the invention, the data on the deposit, including the name and the address of the institute with which the deposit was made and the deposit number must be given.

Prior art disclosure obligations

34 | Must an inventor disclose prior art to the patent office examiner?

According to the rules applied by the Patent Office, the description of a patent application must contain the ‘prior art’ section where the applicant must disclose information on analogues known to him or her and specify the analogue among others that is most similar to the claimed invention in respect of the combination of its essential features (the prototype). The description of each of the analogues shall contain bibliographical data on the source of information disclosing the analogue, features of the analogue including those that coincide with the essential features of the claimed invention and also the reasons known to the applicant that prevent the attainment of the desired technical result.

If the invention relates to a process for producing a mixture of undefined composition having a concrete purpose or biologically active properties, then a process for producing a mixture with the same purpose or the same biologically active properties shall be indicated as an analogue.

If the invention relates to a process for producing a new individual chemical compound, including a high-molecular compound, then information on a process for producing a known structural analogue, or destination analogue, shall be presented.

Information on the produced substance shall be provided in the description of the most similar analogue of an invention relating to a strain of a micro-organism, a culture of plant and animal cells or a producer of a substance.

If the invention relates to the use of a device, process, substance or strain (culture) for a certain purpose, then known devices, processes, substances or strains (cultures) having the same purpose respectively are considered to be related to analogues of the invention.

Information on an analogue of each individual invention shall be provided in the specification of an application for a group of inventions.

Pursuit of additional claims

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

The applicant may file a divisional application for an invention disclosed in the parent application. The divisional application shall have as its filing date the filing date of the parent application and shall preserve the priority right, if any, provided the divisional application is filed before the date of registration of the allowed parent application into the State Register or before exhaustion of the right to file an appeal against an official decision of rejection of the parent application.

Patent office appeals

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

An applicant may appeal against:

- an official decision of rejection;
- an official decision of grant; and
- an official decision to withdraw the application.

An appeal against an official decision of grant may be filed, for example when the applicant does not agree with the allowable claims.

Any appeal shall be filed with the Patent Office within seven months from the date of the official decision. The appeal decision of the office may be further contested in the IP Court.
Oppositions or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

No opposition against applications is provided by law. However, after the information of the application is published, any persons may inspect the application documents and provide to the Patent Office their observations on patentability of the invention, which shall be considered during the examination of the application. The submission of such observations, however, does not give the person who has submitted them any procedural rights when considering the application.

A granted patent may be challenged and invalidated.

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

Article 1383 of the Civil Code provides the mechanism for resolving conflicts between different applicants for the same invention. It stipulates that if several applicants have filed applications for identical inventions, utility models or industrial designs, and these applications have the same priority date, a patent for the invention, utility model or industrial design will be granted only on one of these applications in the name of the person determined by agreement between the applicants. The applicants must inform the Patent Office of their agreement within the prescribed term. After that, in the case of a patent grant, all the authors indicated in the applications will be recognised as co-authors with respect to identical inventions, utility models or industrial designs. If the applicants fail to inform the Patent Office of their agreement within the prescribed time limit, the applications will be considered withdrawn.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Russian patent law does not provide a procedure for the amendment of the claims after the patent has been granted. Only clear mistakes and clerical errors may be corrected in the granted patent, including at the request of the patentee. It is, however, possible for the patent owner to renounce the patent partially, namely to renounce any inventions in the groups protected under the patent. The claims may also be amended or restricted in the course of an independent invalidation action initiated by a third party, if such amendment would remove the grounds for the invalidation action.

Patent duration

40 | How is the duration of patent protection determined?

The general term of protection is 20 years from the filing date (or international filing date for a patent granted on a Patent Cooperation Treaty international application). If the patent is granted on a divisional application, the 20-year term shall be counted from the filing date of the parent application. The validity term for patents related to pharmaceuticals, pesticides or agrochemicals, for the use of which a special approval (“marketing authorisation”) is required by law, may be extended for a period of up to five years.

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

As one of its main goals, the Patent Office considers the reduction of the time for examination of applications. For this purpose, the Patent Office uses modern information technologies, including online communication with applicants, consideration of appeals and invalidation actions in the format of video conferences; the use of artificial intelligence in examination; encouraging applicants to submit 3-D models of the claimed inventions. The Office also uses the results of an examination of similar applications in other patent offices (through the PPH Programme and Global Dossier service); the Office also plans to use the search reports and preliminary examination reports prepared by the third-party organisations on the applicants’ requests.

According to the latest report of the Patent Office (for 2020), the time of the office’s first action on the patent application is 3.1 months, and the average examination time of applications is 4.07 months.

Coronavirus

42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

During the period of restrictions caused by the spread of the coronavirus pandemic, the Russian Patent Office continued operation by extensively practising remote working for examiners and online communication with applicants, including electronic exchange of documents and video conferences when considering appeals and invalidation actions in the Chamber of Patent Disputes.

Besides, the government decided to extend, at the applicants or third parties’ request, deadlines for performing any actions before the Patent Office (filing documents, submitting additional materials, filing petitions, statements, objections and payment of official fees).
**PATENT ENFORCEMENT PROCEEDINGS**

**Lawsuits and courts**

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Enforcement is generally by way of bringing civil proceedings in the Singapore High Court. A single judge with expertise in IP is appointed to hear the proceedings.

It is also possible to request a determination of infringement by the Intellectual Property Office of Singapore (IPOS), subject to agreement between the patentee and the alleged infringer. Remedies for infringement are limited to damages and a declaration that the patent is valid and infringed. IPOS may decline to hear the matter and instead refer it to the High Court, if it is believed that the matter would more properly be determined by the Court.

**Trial format and timing**

2. What is the format of a patent infringement trial?

A patent infringement trial is held based on written and oral submissions and evidence adduced by the parties. Issues in dispute are decided by a judge. There are no jury trials for patent infringement.

The parties may appoint expert witnesses, as may the court. Experts must generally be available for cross-examination.

Patent infringement trials typically last between 18 and 36 months. Historically, trial hearings last at least two days but may be up to a month for complex cases.

**Proof requirements**

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The burden of proof for establishing infringement or invalidity is borne by the party seeking to prove its case. The standard of proof is the balance of probabilities.

The exception to this general rule is where there is a reasonable likelihood a product was made by a patented process. In this case, the burden can be shifted to the alleged infringer, who must show that the product was made by a different process.

**Standing to sue**

4. Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

A patent infringement suit may be brought by the patent proprietor (or co-proprietor) or by an exclusive licensee.

An accused infringer may make an application for a declaration that an act or a proposed act does not constitute an infringement of the patent.

If the accused infringer is being threatened with infringement proceedings and believes that the threats are groundless, the accused infringer may bring proceedings against the person making the threats. It may ask for a declaration that the threats are unjustifiable, obtain an injunction against the continuance of the threats and claim for damages in respect of any loss sustained by the threats.

**Inducement, and contributory and multiple party infringement**

5. To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

There are no statutory provisions relating to inducement or contributory infringement. A party may be liable for patent infringement under the torts of conspiracy or joint tortfeasorship. Joint tortfeasorship may occur when one party conspires with the primary party or induces the infringement, or when two or more persons participate in the common design pursuant to which the infringement occurs.

**Joinder of multiple defendants**

6. Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties can be joined as defendants in the same action if both of the following conditions are met:

- there is some common question of law or fact; and
- all rights to relief claimed in the action are in respect of or arise from the same transaction or series of transactions.

It is not necessary for all the defendants to have infringed the same patents.

If the defendants are making, using or selling substantially similar methods or products, it may not be possible to join them in the same proceedings since the plaintiff’s rights to relief against each defendant do not arise from the same transaction; however, it may be possible for the plaintiff to request a consolidation such that the cases are heard back to back by the same judge, especially if the different defendants...
Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Activity outside Singapore will generally not support a charge of patent infringement unless it ultimately results in an infringing act taking place within Singapore. To this end, the torts of conspiracy and joint tortfeasorship may come into play, and foreign parties may be joined as defendants where they cooperate with infringers in Singapore.

Infringement by equivalents

8 To what extent can 'equivalents' of the claimed subject matter be shown to infringe?

The doctrine of equivalents was recently expressly rejected by the Court of Appeal in Lee Tat Cheng v Maka GPS Technologies Pte Ltd. When assessing infringement, a court will adopt a 'purpose' construction of the claims, following the UK approach in Catnic Components Ltd v Hill & Smith Ltd and Improver Corporation v Remington Consumer Ltd. Under this approach, something that may not constitute an infringement under a literal interpretation of the claim may still constitute an infringement if:

1 it has no material effect on the way the invention works;
2 people skilled in the art would know point (1); and
3 people skilled with the art would also appreciate that strict compliance with the literal wording was not an essential requirement of the invention.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Discovery is the main mechanism for obtaining documentary evidence from an opponent. It generally takes place after the close of pleadings. Each party must disclose all relevant documents that are or have been in their possession, custody or power. The scope of 'relevant documents' is wide and includes documents that the party relies or will rely on, as well as documents that could adversely affect the party's own case, adversely affect another party's case or support another party's case. In addition to general discovery, either party may also make an application for specific discovery of particular documents subject to the requirements of relevance and necessity.

Pre-action discovery is also available against third parties prior to the commencement of a suit. Similar considerations as set out above under general discovery apply. The objective is to enable the potential claimant to ascertain whether there is a good or viable cause of action. However, the party seeking pre-action discovery of documents typically bears the costs for the third party's compliance with any order of court granted subsequent thereto.

A Singapore court may make an order for a person residing overseas to appear before a judicial person to make a deposition. In this regard, the court must issue a letter of request to the foreign judicial authority where the party resides to have the evidence of that person taken.

Notwithstanding the above, generally, all witness evidence is led by the witness's affidavit of evidence-in-chief (AEIC). AEICs contain sworn statements by the witness that stand as the witness's testimony at trial. Witnesses will be cross-examined on their AEICs during trial. If a witness resides outside Singapore, he or she will also be required to submit an AEIC that is notarised in his or her own country.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

It generally takes between one and one-and-a-half years from the time an action for patent infringement is commenced for the matter to proceed to trial. The timeline may be extended if interlocutory applications (e.g., applications for summary judgment, striking out, specific discovery, or further and better particulars) are made. Where an appeal is filed, it generally takes about four to six months for the appeal to be heard.

Litigation costs

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs of a patent infringement lawsuit vary greatly depending on factors such as the number of patents being asserted, the complexity of the patents involved, the scope of infringements alleged and the legal issues engaged by the dispute. A breakdown of the estimated costs of each stage of the proceedings is as follows:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Typical Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stages leading up to trial*</td>
<td>$150,000–$200,000</td>
</tr>
<tr>
<td>Trial</td>
<td>Typically $30,000–$50,000 per day</td>
</tr>
<tr>
<td>Closing submissions</td>
<td>$30,000</td>
</tr>
<tr>
<td>Appeal</td>
<td>$60,000–$100,000 depending on the number of issues under appeal</td>
</tr>
</tbody>
</table>

* Includes the drafting of pleadings, discovery, preparation of AEICs and drafting of written submissions. Does not include the costs of making or defending any interlocutory applications (e.g., an application for summary judgment or an application to strike out a claim).

Contingency fees are prohibited under Singapore law.

Court appeals

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

An adverse decision may be appealed from the High Court to the Court of Appeal. If an infringement suit is heard by IPOS, an adverse decision can be appealed to the High Court.

Additional evidence may be adduced on appeal in some circumstances. Generally, the following requirements apply when appealing a decision on the merits (the Ladd v Marshall test):

- non-availability: the evidence could not have been obtained with reasonable diligence for use in the lower court;
- relevance and materiality: the evidence would probably have an important influence on the result of the case, although it need not be decisive; and
- credibility or reliability: the evidence must be apparently credible, although it need not be incontrovertible.

These requirements may be relaxed where common sense or the interests of justice demand it. For example, if the new evidence reveals perpetration of fraud on the trial court, or the subject matter of the dispute is such that it is in the interests of justice to allow the new evidence, the court may not apply the Ladd v Marshall test strictly.

The Court of Appeal in Martek Biosciences Corp v Cargill International Trading Pte Ltd held that patent infringement suits may relate to the type of subject matter that justifies relaxation of the test as the existence of a patent affects public interest.
Competition considerations

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Generally, it is unlikely that a patentee, in enforcing its patent rights under the relevant patent legislation, would be liable for competition law violations, unfair competition or a business-related tort; however, the enforcement of a patent may raise competition law concerns where a patentee enforces a patent right in an attempt to extend the patentee's existing market power into a neighbouring or related market beyond the scope granted by the patent right.

Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

All manner of ADR mechanisms, including mediation, arbitration and neutral evaluation, are available in Singapore. For example, the Singapore Mediation Centre and the Singapore International Mediation Centre are equipped to administer mediation proceedings to resolve patent disputes. The World Intellectual Property Organization also runs a centre in Singapore that administers arbitration and mediation of patent disputes in Singapore.

The Singapore courts will generally be supportive of litigants' efforts to consider and attempt ADR, especially mediation, early on in the proceedings. Where any party unreasonably objects to at least attempting to mediate a dispute, this may result in adverse cost consequences for that party at the conclusion of the proceedings.

Singapore's arbitration laws have also been amended to clarify the acceptance of the arbitrability of intellectual property in general. This includes arbitration of issues relating to both Singapore patents and foreign patents, including issues pertaining to their infringement and validity.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

There are no statutory exclusions for software, mathematical methods or business methods.

The legal position is presently that a computer program or business method is, in principle, patentable subject matter; however, patent examiners may object that these do not meet the threshold requirement for there to be an invention. The examination guidelines provide a list of examples that will be objected to during examination on that basis:

- discoveries, scientific theories and mathematical methods;
- aesthetic creations;
- schemes, rules or methods for performing a mental act, playing a game or doing business;
- presentation of information; and
- isolated products from nature.

Methods of surgery, treatment or diagnosis practised on human or animal bodies are statutorily excluded from protection; however, substances or compositions invented for use in those methods are not excluded. As such, first medical use claims (eg, having the format 'Compound X for use in the treatment of disease Y') are allowable subject matter. Second medical use claims, such as Swiss-style claims, are also considered to be allowable subject matter.

Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

An employee's invention belongs to his or her employer, provided that it is generated in the course of the employee's normal duties or generated during activities that fall outside those duties but that are specifically assigned to the employee. In each case, there should be a reasonable expectation that an invention may result. Other circumstances in which the invention would belong to the employer would be where there is a special obligation on the employee, because of the nature of his or her duties, to further the employer's interests.

Ownership of inventions that are not made by employees is governed by contract. The same applies to inventions arising from a joint venture. Where there are multiple inventors employed by different entities, the respective employers are each entitled to an equal share of the patent, subject to contract.

Patent ownership is recorded on the register of patents. Where there is a change of ownership, whether this be by assignment or otherwise, a copy of a document evidencing the transaction should accompany a request to register the transaction. Assignments must be in writing and signed by or on behalf of the assignor.

Any change in ownership should be registered within six months of the transaction, instrument or event that led to the change. Any exclusive licence should also be registered within six months of its execution. Otherwise, the court may not award damages or an account of profits for infringing acts occurring prior to the date of registration.

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

Validity of a patent can be challenged by way of the following:

- an application for revocation at the Intellectual Property Office of Singapore (IPOS);
- a counterclaim to a claim of infringement;
- through an action for groundless threats of infringement proceedings;
- a declaration of non-infringement; or
- during a dispute referred to the court regarding government use of the patented invention.

Only IPOS has jurisdiction to hear an original application for revocation. A decision by IPOS may be appealed to the High Court.

The grounds for revocation are:

- the invention lacks novelty, an inventive step or industrial applicability;
- lack of entitlement to be granted the patent;
- insufficiency;
- added subject matter (including where subject matter has been added in a divisional application);
- an unallowable amendment or correction was made to the specification;
- the patent was granted pursuant to fraud, misrepresentation, or non-disclosure or inaccurate disclosure of search or examination results of corresponding applications, where these are relied upon during examination; and
- double patenting.
Absolute novelty requirement

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Absolute novelty applies in Singapore, with the following exceptions:

• unauthorised disclosures of matter obtained from the inventor or from a person to whom the matter was made available in confidence;
• disclosure at an international exhibition (as recognised under the 1928 Paris Convention on International Exhibitions);
• disclosure by or on behalf of the inventor describing the invention in a paper read before a learned society or published with the inventor’s consent in the transactions of a learned society; or
• any other disclosure made by the inventor or a person who obtained the disclosed matter from the inventor.

‘Grace period’ disclosures must have occurred in the 12 months immediately preceding the priority date.

To rely on those exceptions, the applicant must file written evidence in support of the exception by way of statutory declaration or affidavit. The evidence must be provided when submitting a request for examination or, where an intention to refuse the application has been issued, a request for examination review.

Obviousness or inventiveness test

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The test for inventive step is that set out in the UK case of Windsurfing International Inc v Tabur Marine (Great Britain) Ltd.

1. identify the claimed inventive concept;
2. assume the mantle of the normally skilled but unimaginative addressee in the art at the priority date who possesses, what was at that date, common, general knowledge of the art;
3. identify the differences, if any, that exist between the state of the art and the alleged invention; and
4. decide, without any knowledge of the alleged invention, whether those differences constitute steps that would have been obvious to a person skilled in the art or whether they require any degree of invention.

Identifying the ‘inventive concept’ requires identification of the core idea or principle of general application that entitles the inventor’s achievement to be called inventive (Generics (UK) Limited v H Lundbeck A/S).

Inventive step is normally considered in light of a single document in view of common general knowledge. When combining documents for an attack against inventive step, it must be shown that the combination would have been obvious.

The Singapore courts have applied various approaches in considering step (4) of the Windsurfing test outlined above.

• Is the invention ‘lying in the road’?
• Is it a mere workshop variation?
• Was there a technical prejudice against the invention?
• Does the invention overcome practical difficulties?
• Are there any secondary indicators, such as commercial success or long-felt want?

Patent unenforceability

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

A patent will not be rendered unenforceable for misconduct, although it may be rendered invalid by virtue of fraud or misrepresentation, or lack of entitlement.

A valid patent may be subject to restrictions on relief for infringement in some circumstances:

• no damages or account of profits may be awarded if the accused infringer proves that there was no knowledge, and no reasonable grounds for supposing, that the patent existed;
• relief may be denied in respect of infringement of any patent that lapsed owing to non-payment of a renewal fee but was later restored, where the infringement occurred in the period between the lapse and restoration; and
• relief may be denied where a specification has been amended, and the court or Registrar is not satisfied that the specification as published was framed in good faith and with reasonable skill and knowledge.

Where a transaction results in a change of ownership or grant of an exclusive licence, and this is not registered within the statutory six-month period, monetary relief may be denied for the period from the date of the transaction up until the date that the transaction is registered.

Prior user defence

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Where an otherwise infringing act was commenced in good faith, or effective and serious preparations to do the act were made before the priority date, the person responsible for the aforementioned has the right to carry out or continue to carry out the act. If this was done in the course of business, the business acquires the prior user right. The right cannot be licensed.

The prior user right covers all types of inventions and is not limited to commercial uses. Non-commercial and experimental uses (whether before the priority date or otherwise) are also exempted from infringement under the Patents Act.

REMEDIES

Monetary remedies for infringement

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

If infringement is found, the monetary remedy is either damages or an account of profits. The Patents Act does not provide for exemplary, nominal or punitive damages in respect of patent infringement; the remedies are intended to be compensatory in nature.

Damages accrue from the date of publication of the patent application and accrue for a limited period of up to six years prior to the filing of the suit. There is no fixed method of calculating royalties. Typically, expert evidence is used to assist in determining royalties.
Injunctions against infringement

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

It is possible to obtain a temporary injunction restraining alleged infringing conduct pending a final resolution of the dispute. The plaintiff must prove that there is a serious question to be tried and must show that the balance of convenience lies in favour of granting the injunction (ie, that damage or inconvenience to the defendant if the injunction is granted is less than the damage or inconvenience to the plaintiff if the injunction is not granted). It is also possible to obtain a final injunction. Generally, the injunction will be effective only against the person or entity that is made party to the proceedings. However, if the injunction is meant to restrain the infringer from importing infringing products, or selling the infringing product, this will impact supplier and consumer conduct as well.

Banning importation of infringing products

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

With the exception of interim or final injunctions, there are no legal or administrative measures to ban the importation of infringing products into Singapore. There is no specific tribunal or proceedings for this, nor any powers available to Singapore customs in relation to alleged patent infringement.

Attorneys’ fees

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

In general, costs of an action (including attorneys’ fees) are awarded to the successful litigant. However, any award of costs is at the discretion of the court and will almost never fully cover a successful litigant’s costs. Typical cost recovery by the successful party ranges between 40 and 60 per cent of the total litigation costs.

Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Additional damages are not available for deliberate or wilful infringement of patents.

Time limits for lawsuits

27 What is the time limit for seeking a remedy for patent infringement?

The time limit for bringing an action for patent infringement is six years from the date of the alleged act of infringement.

Patent marking

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

There is no requirement to mark patented products; however, failing to do so may mean that an accused infringer can employ an innocent infringement defence and thus not be liable for damages. The patent number should be applied to the patented product.

It is an offence to falsely claim that a product is patented, or that the product is the subject of a patent application, where there is no patent or application (or the patent has expired or the application has been refused, withdrawn or treated as having been abandoned). The penalty is a fine of up to S$10,000 or imprisonment of up to 12 months, or both.

Following expiry or lapse of a patent or application, the patentee or applicant is allowed a period that is ‘reasonably sufficient’ to take steps to ensure that any false representations do not occur or do not continue to occur. The exercise of due diligence to prevent commission of the offence is a defence to an accusation of false marking.

LICENSING

Voluntary licensing

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Any patent-related agreements executed on or after 1 December 2008 are subject to the provisions of the Competition Act. Licensing provisions may be subject to scrutiny if they have the object or effect of preventing, restricting or distorting competition within Singapore. Price-fixing, market sharing, output limitation, unequal treatment of licensees and tie-in provisions may all fall foul of the prohibitions in the Competition Act.

Licences that were granted before 1 December 2008 cannot impose:

- a condition requiring the licensee to acquire anything other than the patented invention (or a product thereof, where the invention relates to a process) from the licensor or his or her nominee; or
- prohibition of the licensee from using articles or processes that do not belong to the licensor.

Those conditions are void and can give rise to a defence to infringement if infringement happened while the licence containing the void conditions was in force.

A licence condition is not void if it reserves to the licensor the right to supply new parts of the patented product that are required to put or keep it in repair.

Where a licence signed before 1 December 2008 requires purchase of patented products, or payment of royalties, after expiry of the relevant patent, the licensee may terminate the agreement with three months’ notice at any time after the ceasing of the patent.

Compulsory licences

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

A compulsory licence can be granted by the High Court if:

- there is a market for the patented invention in Singapore that is either not being supplied or not being supplied on reasonable terms; and
- the Court is of the view that the patentee has no valid reason for failing to supply the market (directly or through a licensee) on reasonable terms.
A compulsory licence is non-exclusive and non-assignable, and it can be terminated if the Court is satisfied that the circumstances giving rise to the grant of the licence no longer exist and are unlikely to recur. The patentee is entitled to remuneration on grant of the licence. This may be by agreement with the licensee or by determination of the Court if no agreement is reached.

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31. How long does it typically take, and how much does it typically cost, to obtain a patent?

Patents are typically granted within two to three years of requesting examination. Examination must be requested by 36 months from the priority date.

The typical cost of obtaining a patent in Singapore (excluding drafting costs) is between US$4,000 and US$7,000.

**Expedited patent prosecution**

32. Are there any procedures to expedite patent prosecution?

If an application is filed in Singapore without a priority claim, it is possible to be fast-tracked if examination is requested at the same time, and there are fewer than 20 claims in the application. The Intellectual Property Office of Singapore (IPOS) operates the ‘SG IP Fast Track’ programme under which applications can be granted in as little as six months. This programme will run until 29 April 2022.

Even if the application is not accepted into the SG IP Fast Track programme, it may still enter the ‘12 Months File-to-Grant’ programme, which enables applications to be granted within 12 months, provided the applicant acts within shortened time frames, and the first action of the examiner during search and examination is a favourable search-and-examination report.

Singapore also participates in various Patent Prosecution Highway (PPH) programmes. IPOS is a participating office in the global PPH pilot programme and also has bilateral PPH pilot programmes with the patent offices of Brazil, China, Mexico and the European Patent Office.

Singapore is a participant in the ASEAN Patent Examination Co-operation (ASPEC) scheme. Under ASPEC, an applicant may use search and examination reports from any participating IP office of the Association of Southeast Asian Nations to accelerate examination in any other participating IP office. The ASPEC process is conducted in English, and there is no additional fee payable for making an ASPEC request.

**Patent application contents**

33. What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The patent application should disclose enough to meet the requirements of the Patents Act:

- it should disclose the invention in a manner that is clear and complete for the invention to be performed by a person skilled in the art (the sufficiency requirement); and
- the claims should be supported by the description.

Lack of support will only be raised as a ground of objection during examination. It is not a ground of invalidity.

**Prior art disclosure obligations**

34. Must an inventor disclose prior art to the patent office examiner?

If the applicant wishes to rely on search results from a corresponding application as the basis for examination, then the applicant must provide details of those when requesting examination. Other than that, there is no obligation to disclose prior art to the examiner.

**Pursuit of additional claims**

35. May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

It is possible to file divisional patent applications on a voluntary basis or in response to a unity objection raised during examination. There is no limit to the number of divisional applications, nor the number of generations of divisional applications, that can be filed. Any divisional application must be filed while the parent application is pending (i.e., not refused, withdrawn, treated as or taken to be withdrawn, or treated as abandoned or as having been abandoned) and before the grant fee is paid for the parent application.

**Patent office appeals**

36. Is it possible to appeal an adverse decision by the patent office in a court of law?

In general, an adverse decision by IPOS may be appealed to the High Court. The only decisions that cannot be appealed are:

- a decision by the Registrar to amend the abstract of the application;
- omission of subject matter from a specification that may be defamatory or that may be generally expected to encourage offensive, immoral or antisocial behaviour; and
- a decision to restrict publication of information, the publication of which may be prejudicial to the defence of Singapore or the safety of the public.

**Oppositions or protests to patents**

37. Does the patent office provide any mechanism for opposing the grant of a patent?

No opposition proceedings are available. Validity can only be challenged by way of a revocation action.

**Priority of invention**

38. Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

Singapore is a ‘first to file’ jurisdiction. Priority is determined strictly according to the priority date.

The Patents Act provides mechanisms to settle ownership disputes for pending applications and granted patents. A person may apply to IPOS to be named on an application or patent as sole applicant or owner, or co-applicant or co-owner. Any decision of IPOS in this regard may be appealed to the High Court.
Modification and re-examination of patents

Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The Patents Act provides for post-grant amendments and revocation actions at the patent office. There is no third-party re-examination procedure available.

The court or the Registrar has the discretion to allow the patentee to make claim amendments during any proceedings in which the validity of the patent is put in issue. The amendments must not add matter or broaden the scope of the claims. If an amendment is allowed, it is deemed to have had effect from the date of grant of the patent.

In exercising the discretion to allow amendment, the court or the Registrar will consider whether:

- relevant matters are sufficiently disclosed (eg, in relation to corresponding patent applications or litigation in other jurisdictions);
- there was any unreasonable delay in seeking amendments; and
- the patentee has gained an unfair advantage by delaying amendments that are known to be needed.

Patent duration

How is the duration of patent protection determined?

The normal term of a patent is 20 years from the filing date.

The term of a patent may be extended on the following grounds:

1. there was a delay by IPO during examination;
2. the patentee requested supplementary examination, and a patent-term extension was granted in relation to the foreign patent being relied upon for grant in Singapore; or
3. there was a delay in obtaining marketing approval for a pharmaceutical product that has as an active ingredient a substance that is the subject of the patent.

There is no limit to the extension available under points (1) and (2). A maximum extension of five years is available under point (3).

UPDATE AND TRENDS

Key developments of the past year

What are the most significant developing or emerging trends in the country’s patent law?

The supplementary examination route was removed as of 1 January 2020. All applications filed on or after that date must be substantively examined under Singapore law.

There is a transitional period in which it remains possible for new national phase applications to rely on supplementary examination as the filing dates of Singapore national phase entries of Patent Cooperation Treaty applications are deemed to be the international filing dates.

Significant changes to Singapore’s IP dispute resolution framework have recently been enacted. The main changes that are in force at the time of writing and that affect patents are that:

- IP disputes are arbitrable in Singapore, and any arbitral award only affects the parties undergoing arbitration; and
- the Registrar has wider discretion to refer patent (and patent application) ownership disputes to the High Court.

The following additional changes to patent dispute resolution procedures are not yet in force at the time of writing:

- introduction of a ‘fast track’, which will feature caps on damages and more rigorous case management, to cater for parties that do not have the resources available for a full High Court suit;
- introduction of third-party observations prior to grant; and
- a post-grant ex parte re-examination procedure.

At the time of writing, it is not known when these changes will take effect.

Coronavirus

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The Patents Rules have been amended to make it mandatory to submit all documents electronically, except where directed by the Registrar.

Amendments have also been made to provide the Registrar with the discretionary power to grant an extension of time to a pending deadline, where the Registrar is of the opinion that there are circumstances beyond the control of a concerned party, or other special circumstances, that warrant the extension.
South Africa

Marco Vatta and Herman van Schalkwyk
Spoor & Fisher

**PATENT ENFORCEMENT PROCEEDINGS**

Lawsuits and courts

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

South African patent law is governed by the Patents Act 57 of 1978 (the Patents Act). The Patents Act makes provision for infringement proceedings, which are held before the Court of the Commissioner of Patents, a specialist court of the Gauteng Division of the High Court of South Africa, Pretoria. No provision is made for any other form of legal or administrative proceedings for enforcing patent rights, and only the Court of the Commissioner of Patents has jurisdiction as court of first instance to hear patent enforcement matters.

Trial format and timing

2. What is the format of a patent infringement trial?

Patent enforcement proceedings may be brought in two ways, by motion proceedings and action proceedings. In motion proceedings, the evidence is contained in affidavits and, in the ordinary course of proceedings, no oral evidence is heard. The matter may, however, be referred to oral evidence where there is a dispute of fact.

The common approach for patent enforcement is by way of action proceedings, owing to the high likelihood of a dispute of fact. Evidence is given by expert and factual witnesses, in the form of oral evidence, and further evidence may also be by way of affidavit. Witnesses are examined, cross-examined and re-examined. The length of a trial depends on the complexity of the matter and may range from one or two days to five or six days, or even longer.

Judgment in both motion and action proceedings is made by the Commissioner of Patents (a High Court judge appointed to the Court of the Commissioner of Patents).

Proof requirements

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The patentee bears the onus of proving infringement on a balance of probabilities. Any person who challenges the validity of the patent bears the onus of proving invalidity on a balance of probabilities.

Standing to sue

4. Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

Only a patentee may sue for patent infringement. However, a licensee under a licence of right may also institute infringement proceedings, subject to certain conditions. A patentee must give notice to every licensee under the patent before instituting infringement proceedings, and any licensee is entitled to intervene as co-plaintiff.

In the event of joint ownership of a patent, then any joint patentee may institute proceedings for infringement and shall give notice thereof to every other joint patentee, and any such other patentee may intervene as co-plaintiff.

The accused infringer can file a claim in reconvention for revocation of the patent. This claim is heard at the same time as the claim of infringement.

Inducement, and contributory and multiple party infringement

5. To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Contributory infringement is recognised in South African common law as a delict, and more specifically as unlawful competition. Therefore, anyone who procures, induces, aids or abets another to infringe a patent will be liable under delict for unlawful competition. For contributory infringement to be established, there must be an actual act of infringement. The courts have not decided the issue of joint liability of multiple parties who each practice some of the elements or steps of a claim, and together practice all of the elements or steps of the claim. However, where the multiple parties have a common design to infringe the patent, they should be held to be liable under delict for unlawful competition.

Joinder of multiple defendants

6. Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties may be joined as defendants in infringement proceedings in respect of the patent or patents in question, provided substantially the same question of law or fact will arise.
Infringement by foreign activities

7 | To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

The act of infringement has to take place within South Africa. However, the product-by-process provision in the Patents Act could allow the exercising of a process for producing a product outside of South Africa to support a claim for infringement where the product is used, advertised or sold within South Africa. The Patents Act provides that a patent claim for a process or an apparatus for producing any product shall be construed as extending to such product when produced by the process or the apparatus claimed. Thus, if the product is sold in South Africa it will infringe the patent even though the product was produced outside South Africa, provided the process or the apparatus infringe the patent.

Infringement by equivalents

8 | To what extent can 'equivalents' of the claimed subject matter be shown to infringe?

The doctrine of equivalents is not part of South African law. A purposive construction of claims is applied in order to determine what are, and what are not, the essential integers of the claim. When interpreting the scope of the claim, the court will consider which of the integers are essential to the invention and which are inessential, and will then disregard the inessential integers in determining whether or not there is infringement.

Discovery of evidence

9 | What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Discovery may be requested under the Uniform Rules of Court of all relevant documents in respect of the matter in dispute. Confidential documents must be discovered but privileged documents need not be. If a party fails to make discovery, it may be compelled by the court after a successful application to the court by another party to do so.

In addition, inspection of a product may be called for to determine, for example, if it infringes a patent. The person who inspects the product is required to compile a report on the inspection. It is also possible to subpoena persons to give evidence and to bring relevant documents with them to court.

Reliance may also be had on an Anton Pillar order, which allows for the search of premises for documents and/or material as stated in the order, as well as the removal of the documents for safekeeping pending the discovery process and trial.

Litigation timetable

10 | What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

An infringement action is commenced by issuing a combined summons. Within 10 court days of the date of service of the combined summons on the defendant, the defendant must give notice of intention to defend the matter to the plaintiff. Within 20 court days of the delivery of the defendant’s notice of intention to defend, the defendant must deliver a plea setting out the defences and any counterclaim. Within 15 court days of the delivery of the defendant’s plea and counterclaim, the plaintiff must deliver a replication to that plea and a plea to the counterclaim. Within 10 court days of the delivery of the plea to the counterclaim, the defendant must file a replication in reconviction, if necessary. After the close of pleadings, a trial date can be applied for and preparation for trial is commenced, including the discovery of relevant documents. The period from issuing the combined summons to the hearing of the trial is typically between one and two years.

Appeal proceedings may take another one to one-and-a-half years.

Litigation costs

11 | What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs of any proceedings will be dependent upon such factors as the volume of evidence, the complexity of the matter and the length of the hearing before the Commissioner of Patents. Further, the seniority of counsel briefed affects the quantum of costs, and this may play a part in the decision as to whether both senior and junior counsel are engaged.

The cost of a trial can be between US$200,000 and US$500,000. An appeal can cost between US$100,000 and US$200,000. The losing party is generally ordered to pay the taxed costs, which can be between one-third and one-half of the costs actually incurred by the winning party.

Contingency fees, as regulated by the Contingency Fees Act, are permitted in South Africa but are not commonly used in patent litigation.

Court appeals

12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

The Patents Act makes provision for appeal against any order or decision of the Commissioner of Patents. An application for leave to appeal must be made, as there are no appeals as of right. If granted, the matter is usually heard before the Supreme Court of Appeal. However, leave to appeal to the full bench of the High Court may also be granted. It is also possible to appeal to the Constitutional Court where the matter relates to the application or interpretation of the Constitution.

New evidence is very rarely allowed in an appeal.

Competition considerations

13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Enforcement of a valid patent does not expose a patent owner to liability for a competition violation, unfair competition or a business-related tort.

Alternative dispute resolution

14 | To what extent are alternative dispute resolution techniques available to resolve patent disputes?

It is possible for parties to make use of alternative dispute resolution in patent disputes. In such cases, an arbitration agreement, for example, will need to include clauses that allow the parties to give effect to an arbitrator’s findings. For example, the arbitration agreement could include clauses to the effect that, if the arbitrator finds that the patent is invalid and there is no appeal, or if the patent is found to be invalid on appeal, then the patentee is required to surrender the patent.
SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

A patent may be granted for any new invention that involves an inventive step and is capable of being used or applied in trade, industry or agriculture. However, certain subject matter is explicitly excluded from being considered being inventions. These are:

- discoveries;
- scientific theories;
- mathematical methods;
- literary, dramatic, musical or artistic works, or any other aesthetic creation;
- schemes, rules or methods for performing a mental act, playing a game or doing business;
- computer programs; and
- the presentation of information.

However, these exclusions apply only to the extent to which the invention relates to the subject matter as such. At present, there is no case law in South Africa interpreting the meaning of these sections. For computer software and business methods, there is a general view that South African courts may follow a European-type approach requiring a ‘technical effect’, as laid down by the Boards of Appeal of the European Patent Office.

An invention of a method of treatment of the human or animal body by surgery or therapy, or of diagnosis practised on the human or animal body, is deemed not to be capable of being used or applied in trade, industry or agriculture, and therefore not patentable. Second medical uses of known substances are, however, patentable if claimed by way of Swiss-type claims. The law also provides that, in the case of an invention consisting of a substance or composition for use in such methods of treatment, the fact that the substance or composition is not new shall not prevent a patent being granted for the invention, if the use of the substance or composition in any such method is new.

A patent shall also not be granted for any variety of animal or plant or any essentially biological process for the production of animals or plants, but a microbiological process or the product of such a process is patentable.

Finally, a patent shall also not be granted for subject matter that is obviously contrary to natural laws, or subject matter that encourages offensive or immoral behaviour.

Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

An application for a patent in respect of an invention may be made by the inventor or by any other person acquiring from the inventor the right to apply, or by both the inventor and such other person when there has been a partial assignment of invention. If the applicant for a patent is not the inventor, then the applicant is required to prove its entitlement to apply for or be granted a patent. Proof of transfer may be in the form of a deed of assignment, an employment contract, a contract to do something or by operation of law.

An invention made by an employee that falls within the course and scope of the employee’s employment with an employer is owned by the employer. The Patents Act provides that any condition in an employee’s contract of employment that requires the assignment of an invention made by the employee outside of the employee’s course and scope of employment, or that restricts the employee’s right in an invention made more than one year after the termination of such a contract, will be null and void and is therefore not enforceable.

An invention made by an independent contractor requires an explicit written assignment of right to the party instructing the contractor for any right to the invention to be transferred. Without a written assignment, the invention made by the independent contractor is owned by the contractor.

In the absence of an agreement to the contrary, joint inventors may jointly apply for a patent, and will have equal undivided shares in the application. The rights in the application will be encumbered in that the individual co-applicants will not be allowed, without the consent of the other joint applicant or applicants, to deal in any way with the application except where proceedings are required to keep the application from being abandoned.

An assignment of a patent or patent application must be in writing, but no other formalities are prescribed or required. An assignment of rights can be recorded in the patent register, but there is no requirement for the assignment to be recorded to have effect between the parties. However, where such an assignment is not recorded, the assignment will only be valid between the parties thereto. An application to record an assignment must be lodged with the South African Patent Office within six months of the event entitling the recordal. A request is to be made for the condonation of the late recordal should the assignment not be recorded within six months of the effective date thereof.

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The Patents Act provides that any person may at any time apply for the revocation of a patent on a closed list of grounds. The most prominent of these grounds are that the invention is not new or that it is obvious. Other grounds include that the person who applied for the patent was not entitled to do so, that the invention cannot be performed or does not lead to the results and advantages as set out in the specification, that the disclosure in the patent is insufficient to enable the invention to be carried out by a person skilled in the field of the invention, or that the claims of the specification are not clear or are not fairly based on the disclosure in the specification. Invalidity may also be raised as a defence in infringement proceedings and a challenge on the validity of a patent is therefore not limited to revocation proceedings.

Revocation proceedings are heard before the Court of the Commissioner of Patents.

Absolute novelty requirement

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

In terms of South African patent law, there is an absolute novelty requirement for patentability. The Patents Act provides for two circumstances under which prior knowledge or publication of an invention may be excused.

The first of these exceptions is where a disclosure of an invention was made without the knowledge or consent of a patentee, subject to the conditions that the knowledge acquired or matter disclosed was obtained from the patentee, and upon learning of the disclosure the patentee applied for and obtained protection for the invention with all reasonable diligence.
The second exception is where an invention was disclosed to the public as a result of the invention being worked on in South Africa by way of reasonable technical trial or experiment by the patentee.

Obviousness or inventiveness test

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The Patents Act defines an inventive step to be one that is not obvious to a person skilled in the art, having regard to any prior art. The courts have interpreted this provision in a number of cases, and it has been held that the standard for obviousness is that it must be more than just obvious to try, but that it must be obvious to try with an expectation of success. The test involves comparing what is said to be the inventive step in the invention with the prior art to determine in what respect the step goes beyond or differs from the prior art, and then to determine whether such a development or difference would be obvious to the skilled person.

Patent unenforceability

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

There are no statutory or common law grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or patent owner. The Patents Act does, however, make provision for a restriction on recovery of damages for a patent in certain circumstances. Where an amendment of a specification has been allowed, the commissioner may, at his or her discretion, refuse to award damages in respect of any acts of infringement committed before the amendment was allowed. In exercising this discretion, the commissioner may take into consideration the conduct of the patentee in framing the specification and allowing it to remain in its unamended and invalid form.

Prior user defence

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Private prior use is not a defence. A defence of prior use is limited to use that is made available to the public and therefore forms part of the state of the art. However, secret use and on a commercial scale in South Africa is deemed to form part of the state of the art. The defence covers all types of inventions.

REMEDIES

Monetary remedies for infringement

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Damages awards are compensatory in nature, and punitive damages are not part of South African law. Damages are therefore limited to actual damages and calculated by determining the extent of infringement, what proportion of the infringing products the patentee could have sold but for the infringement and what profit the patentee could have made on selling that proportion.

An award of an amount calculated on the basis of a reasonable royalty that would have been paid by a licensee or sub-licensee in respect of the patent is available to the patentee, at his or her option, instead of damages.

Damages are calculated from the date on which the infringer was aware or had reasonable means of making him or herself aware of the existence of the patent. However, damages may not be claimed for any act of infringement performed more than three years prior to instituting legal proceedings.

Injunctions against infringement

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Temporary injunctions are usually granted pending the outcome of a final infringement action. To obtain a temporary injunction, there must be prima facie evidence that the patent is valid and is infringed, the balance of convenience is in favour of the injunction being granted, there is a well-grounded apprehension of irreparable harm and there is an absence of any other satisfactory remedy. Further, a degree of urgency must usually be shown in order to obtain a temporary injunction. If an act of infringement has not yet been committed but there is a well-grounded apprehension of future infringement, it is possible to obtain a temporary injunction.

Final injunctions are usually granted at the end of a successful infringement action. A clear right has to be established, and the patentee must prove a continuing act of infringement and the absence of any other satisfactory remedy. If there is a reasonable apprehension of future infringement, it is also possible to obtain a final interdict.

An injunction is effective only against the party against whom it is ordered.

Banning importation of infringing products

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

There is no specific tribunal or proceedings available to block the importation of infringing products into South Africa in terms of patent law. The only method available in patent law to do so would be to obtain an injunction against the importation in ordinary infringement proceedings before the Court of the Commissioner of Patents.

Attorneys’ fees

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

Generally, the successful party is awarded costs. Costs are normally awarded on a party-and-party costs basis. Attorney-own-client costs or costs de bonis propriis may be awarded if the court is dissatisfied with the conduct of the relevant party or its attorney. Costs may be recovered only where an order as to costs is given by the court, and are subject to taxation.

Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

There are no additional remedies available against a deliberate or wilful infringer in patent law.
**Time limits for lawsuits**

27 | What is the time limit for seeking a remedy for patent infringement?

There is no specific time limit for seeking a remedy for patent infringement. Damages may not be claimed for any act of infringement performed more than three years before the instituting of infringement proceedings. A temporary injunction does, however, have to be sought as a matter of urgency.

**Patent marking**

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

A patent holder is under no obligation to mark its patented products. However, it is advisable to mark a patented article with the word ‘patent’ or ‘patented’ along with the number of the patent, as this may be relied on to prove that an infringer was aware of the existence of a patent, which is a requirement for a claim for damages. Failure to mark the patented product in the appropriate manner has the consequence that the marking is deemed not to constitute notice of the existence of the patent for the purpose of a claim for damages.

Any person who falsely represents that any article is a patented article is guilty of an offence and is liable to a fine not exceeding 1,000 rand or to imprisonment for a period not exceeding 12 months.

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**Compulsory licences**

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Sections 55 and 56 of the Patents Act, as well as Regulation 96, govern the grant of rights to an entity without the authorisation of the patentee. In particular:

- section 55 deals with the grant of a compulsory licence to an applicant, where the working of a patent without infringing a prior patent is dependent upon the obtaining of a licence under that prior patent (a dependent patent situation);
- section 56 deals with the grant of a compulsory licence in the case of abuse of patent rights by the patentee; and
- Regulation 96 sets out the procedure for an application for a compulsory licence, namely that such an application will be made by way of notice of motion and shall be served on the patentee and any other person who appears from the patent register to have an interest in the patent.

In the case of dependent patents, the commissioner may grant a compulsory licence if the working of a patent (the dependent patent) without infringing a prior patent is dependent on obtaining a licence under that prior patent. There is presently no substantive examination of patent applications in South Africa. An applicant applying for a compulsory licence under this section should therefore supply evidence to show that the invention of the dependent patent is new and inventive, ie, that it is in fact a valid dependent patent (Atomic Energy Corporation of South Africa Limited v The Du Pont Merck Pharmaceutical Company 1997 BIP 90 (CP)). Furthermore, section 55 directs that the Commissioner shall not grant a licence unless the invention claimed in the dependent patent involves an important technical advance of considerable economic significance in relation to the invention claimed in the prior patent.

In the case of abuse of patent rights, section 56(2) sets out a number of grounds upon which the patentee’s rights will be deemed to be abused. Section 56(2)(a) provides that a patent shall be deemed to be abused if the patented invention is not being worked in South Africa on a commercial scale or to an adequate extent, after the expiry of a certain period and without any satisfactory reason for such non-working.

Section 56(2)(b) provides that a patent shall be deemed to be abused if the demand for the patented article in South Africa is not being met to an adequate extent and on reasonable terms.

Section 56(2)(c) provides that a patent shall be deemed to be abused if the trade, industry or agriculture of the country or any person in the country in which the invention is being prejudiced, or the establishment of a new trade or industry in the country is being prejudiced by reason of the refusal of the patentee to grant a licence or licences upon reasonable terms; and it is in the public interest that a licence should be granted.

In Sanachem (Pty) Limited v British Technology Group PLC 1992 BP 276 (CP), the court indicated that three requirements had to be established by the applicant, namely that:

- the respondent had refused to grant the applicant a licence on reasonable terms;
- the trade, industry or agriculture of the country, as well as the applicant, were being prejudiced by the refusal; and
- it was in the public interest to grant such a licence.

On the question of prejudice, it was held that the meaning of ‘public interest’ is to be construed in its widest meaning; namely, the interests of the community including every class that goes to constitute that body, the purchasing public, traders and manufacturers, the patentee and his or her licensees, and inventors generally.
Section 56(2)(d) provides that a patent shall be deemed to be abused if the demand for the patented article in the country is being met by importation and the price charged by the patentee (or his or her authorised agent) in South Africa is excessive in relation to the price met by importation and the price charged by the patentee (or his or her authorised agent) in another country where the patented article is manufactured by or under licence from the patentee (or his predecessor or successor in title).

The determination of reasonable licence terms is determined on the individual merits of the case. The Commissioner has wide powers to determine the conditions upon which a licence may be granted, except that where a compulsory licence is granted under section 56 of the Patents Act:

- it shall include a provision that the licence shall, on application by the patentee, be terminated if the circumstances that led to its grant cease to exist and, in the opinion of the Commissioner, are unlikely to recur; and
- it shall be non-exclusive and non-transferable (except to a person to whom the business or part thereof has been transferred).

It may also be possible to obtain a compulsory licence under competition law, especially if the patentee is dominant in the market in question and the patent is considered to be an ‘essential facility’ (defined in section 1 of the Competition Act 89 of 1998 as an infrastructure or resource that cannot be reasonably duplicated and without access to which competitors cannot reasonably provide goods or services to their customers).

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

A South African complete patent application and a convention patent application typically proceed to grant between 12 and 15 months from the date of filing the application. A national phase patent application typically proceeds to grant between 15 and 20 months from the date of filing the national phase application in South Africa. It is possible to delay and extend the acceptance of an application at the request of the applicant. This is usually done where the applicant is awaiting the outcome of examination of a corresponding application in an examining jurisdiction.

The cost of filing a convention patent application and a national phase patent application generally amounts to between US$1,000 to US$2,000. Renewals are payable annually from the third year after the South African filing date for a convention application or the international filing date for a national phase application.

**Expedited patent prosecution**

32 | Are there any procedures to expedite patent prosecution?

South Africa is not part of the Patent Prosecution Highway, but a patent application generally proceeds to grant relatively quickly due to the lack of substantive examination. It is also possible to apply to the Registrar of Patents to expedite the grant of a pending patent application. In such a case, provided the application meets all of the required formalities, the application will usually proceed to grant between two and four months from making an application.

**Patent application contents**

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The specification of a provisional patent application is required to fairly describe the invention. The specification of a complete patent application, such as a convention patent application and a national phase application, is required sufficiently to describe, ascertain and, where necessary, illustrate or exemplify the invention and the manner in which the invention is to be performed in order to enable the invention to be performed by someone skilled in the art. Such a specification is also required to end with a claim or claims defining the invention for which protection is claimed. The claims are required to be clear, to relate to a single invention and to be fairly based on the matter disclosed in the specification. South Africa is party to the Budapest Treaty, and where an invention relates to a micro-biological process or product derived therefrom, the deposit system in accordance with this treaty applies. No claim or page limits are applicable and multiple dependencies are allowable.

**Prior art disclosure obligations**

34 | Must an inventor disclose prior art to the patent office examiner?

An inventor does not have to disclose prior art to the South African Patent Office. However, in view of the duty on the applicant to ensure that the patent is maintained in an allowable form it is imperative that any invalidity that the applicant is aware of be cured by way of amendment.

It is a ground of revocation of a South African patent if ‘the declaration (in the Form P3) contains a false statement which is material and which the patentee knew or ought reasonably to have known to be false at the time that the declaration was made’. In this regard, the Form P3 states ‘to the best of my/our knowledge and belief, if a patent is granted on the application, there will be no lawful ground for the revocation of the patent’. It is thus imperative that if the applicant is aware of any invalidities in the specification or claims that these invalidities should be cured by way of amendment before grant. This is particularly relevant to the right of applying and being granted a patent for an invention and any adverse patentability opinions received in examining jurisdictions.

**Pursuit of additional claims**

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

It is possible to file one or more divisional patent applications stemming from a parent patent application prior to the acceptance of the parent application. A divisional patent application is made in respect of part of the matter disclosed in the parent application and is therefore limited to subject matter disclosed in the parent application.

It is also possible to file a patent of addition for any addition to, improvement in or modification of the invention of a granted patent. A patent of addition must be novel but may not be invalidated on the grounds that it does not contain an inventive step over the main invention. Unlike a divisional patent application, which is recognised as a fresh patent application that is independent of the parent patent application, a patent of addition is not severable from the patent of the main invention.
Patent office appeals

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

The South African Patent Office does not conduct substantive examination and a patent will accordingly be granted provided all of the formal requirements are met. A decision made by the registrar may be appealed or reviewed, but such action is limited to decisions relating to procedural or formal issues.

Oppositions or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

No mechanisms for opposing the grant of a patent in South Africa exist. However, any person may apply for the revocation of a patent any time after the patent has proceeded to grant.

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

South Africa follows the first-to-file principle, and the first applicant to have filed a patent application directed to an invention will therefore have the right to priority, irrespective of who was first to invent the invention. The South African Patent Office does not provide any mechanism for resolving priority disputes but does provide for mechanisms for resolving disputes that may arise between persons and their rights to apply for and be granted a patent.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

As there is no examination of the merits of a patent application in South Africa, a patent application will proceed to grant if no voluntary amendments are filed. However, there are provisions for the voluntary amendment of the patent application before or after granting the application.

Prior to the application being granted, any voluntary amendment may be made, provided:
- no new matter, or matter not in substance disclosed in the specification before amendment, is added; and
- any amended claim is fairly based on the matter disclosed in the specification before the amendment.

The same limitations apply to post-grant amendments. However, there is an additional limitation in that a post-grant amendment cannot result in a claim that does not fall within the scope of a claim prior to amendment. The scope of the broadest claim may accordingly not be broadened during a post-grant amendment.

South African law also provides for the amendment of a patent in the course of legal proceedings. Where legal proceedings are pending in a court in relation to a patent application or patent, then an application for the amendment of such patent application or patent must be made to that court. All the requirements for a normal post-grant amendment will apply.

The law provides a number of exhaustive grounds on which a patent may be revoked. A patent may be revoked on any one or a combination of these grounds.

Patent duration

40 | How is the duration of patent protection determined?

The duration of a patent is 20 years calculated from the date on which a complete patent application or a convention patent application is filed in South Africa, or 20 years calculated from the filing date of an international application (Patent Cooperation Treaty patent application) that has entered South Africa in the national phase.

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

The South African Cabinet approved the South African IP Policy on 30 May 2018. The IP Policy recommends key reforms. The major reforms being the introduction of substantive search and examination for patents and the implementation of the ‘utility model’ to support the registration of patents by resident small, medium-sized and micro-enterprises, historically disadvantaged individuals, and companies who are operating in the informal sector. A draft bill is expected later in the year.

Coronavirus

42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The state is bound by a patent, however, the Patents Act provides for opportunity for acquisition or use of a patent by the government. However, the South African government has never made use of these provisions. Section 4 of the Act states:

A patent shall in all respects have the like effect against the State as it has against a person: Provided that a Minister of State may
use an invention for public purposes on such conditions as may be agreed upon with the patentee, or in default of agreement on such conditions as are determined by the Commissioner on application by or on behalf of such Minister and after hearing the patentee.

In addition to section 4 of the Act, section 78 provides that: ‘the [Minister of Economic Development] may, on behalf of the State, acquire, on such terms and conditions as may be agreed upon, any invention or patent.’

It is clear from both sections 4 and 78 of the Act that the use of or acquisition by the state of a patent requires some form of negotiation between the state and the patentee, rather than a unilateral acquisition of rights to use or expropriate a patent by the state.

At present, South African legislation does not provide for the waiving of the negotiated acquisition in the case of a national emergency or other circumstances of extreme urgency or in cases of public non-commercial use, even though the South African legislation could include this in terms of article 31(b) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Despite the flexibilities granted in terms of article 31(b) of TRIPS, and the mention thereof in the South African IP Policy that was approved by the South African Cabinet on 30 May 2018, the provisions have not been used in the South African context (or many other countries), nor have they been adopted into South African legislation.

In addition to the non-use of the above-mentioned provisions that are available to the state, the state has also not legislated any emergency laws, nor amended any existing laws. The status quo therefore remains and proprietors of intellectual property are advised to continue seeking IP protection, and to continue with the enforcement thereof.
South Korea

Yoon Suk Shin and Gon-Uk Huh
Lee International IP & Law

PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

A patent infringement lawsuit for damages or an injunction may be filed in one of the following six specialised district courts according to jurisdiction: Seoul Central District Court, Daejeon District Court, Daegu District Court, Busan District Court, Gwangju District Court and Suwon District Court. Notwithstanding the foregoing, regardless of jurisdiction, the plaintiff may elect to have the case heard at the Seoul Central District Court.

However, a preliminary attachment or a preliminary injunction must be requested to one of the 59 district courts and their branches across the nation that has personal jurisdiction over the defendant.

When potentially infringing goods are being imported into Korea, a patentee may alternatively, or in addition, request that the Korea Trade Commission (KTC) institute an investigation of the potential infringement. The KTC proceedings differ from district court proceedings primarily as to the remedies that are available in the event that infringement is proven. A prevailing patentee in a court proceeding may be entitled to both monetary damages and an injunction against future infringement, whereas in a KTC proceeding the primary remedy is an order excluding future importation of the infringing goods into Korea and monetary damages are not available.

As a third option, a declaratory judgment of infringement is available at the Intellectual Property Trial and Appeal Board (IPTAB). The IPTAB is an independent administrative agency under the umbrella of the Korean Intellectual Property Office (KIPO). A declaratory judgment suit may be initiated with or without a co-pending infringement action before a district court for damages or injunction.

The Patent Court has been established since 1998 and hears all appeals from the IPTAB decisions, including the declaratory judgment of infringement, patent invalidity and the patent examiner’s final decision to reject patent applications. In addition, the Patent Court has jurisdiction over appeals of judgments in patent infringement lawsuits. However, appeals of preliminary attachment or preliminary injunction judgments are heard by appellate divisions at the district court if the preliminary attachment or preliminary injunction request was dismissed or the High Court in one of the six large cities within which the district court resides if the preliminary attachment or preliminary injunction request was granted.

Since patent infringement is also a criminal offence, criminal as well as civil proceedings are available, though criminal offences are prosecuted by the Public Prosecutors Office and are not common. In this chapter, our discussions are limited to civil actions.

Trial format and timing

2. What is the format of a patent infringement trial?

No jury trial is available in Korea for civil cases. Civil patent infringement cases are tried before a panel of three judges. The most senior judge of the panel presides at the trial and has the most influence on the outcome of the trial.

The primary vehicle for introducing evidence in an infringement trial is a motion for introducing evidence. Though documentary evidence is important and believed to be reliable, live testimony of witnesses is not unusual. The presiding judge usually leads the examining of the witness. Counsel for the party offering the witness is routinely allowed to question the witness to elicit direct testimony, after which counsel for the opposing party has the opportunity to cross-examine the witness on matters within the scope of the direct testimony. Typically, the offering party is thereafter permitted to re-conduct direct examination. The judge may additionally ask questions to clarify particular points of interest. Documents and other physical items, such as a sample of an allegedly infringing device, may also be received into evidence by a motion of a counsel.

Each party in a patent infringement case will usually present expert witnesses on technical matters. Experts are permitted to testify as to their opinions on matters within their recognised area of expertise.

A significant element in Korean patent trial practice is a declaratory judgment of patent infringement (or non-infringement) litigated before the IPTAB. Though the jurisdiction of the IPTAB on declaring patent infringement is not an exclusive one, IPTAB proceedings are frequently invoked especially when an action in a district court is not yet initiated.

 Trials in Korea are typically held with three- or four-week intervals if not decided after a one-day trial. The number of patent infringement trials varies, depending on the nature of the issues to be decided, from one trial to several trials. Since discovery process is not available under the Korean legal process for getting evidence, motion practice is widely used to get evidence that is not under the control of the plaintiff. Thus, the first or the second hearing date is used for raising motions to get evidence, as well as fixing the issues to be decided.

Proof requirements

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

A patentee bears the burden of proving the infringement of the patent, whereas a party challenging a patent bears the burden of proving invalidity or unenforceability. Although the Korean Patent Act does not specifically provide a presumption of validity, a patent claim granted after substantive examination by the examiner is presumed to be valid. As the district court has no power to declare patent invalidity, it may simply refuse to enforce the patent when a serious doubt has been raised as to a patent’s validity. A patent invalidity shall be litigated before the IPTAB, not a district court.
In limited circumstances, a patentee can be relieved of the burden of establishing infringement and a burden of establishing non-infringement is placed on the alleged infringer. This occurs in cases involving a patented process for making a product that has not been known to the public on the filing date of the subject patent application. This provision reflects implementation of both sub-paragraphs (a) of TRIPS article 34.1.

In addition, the accused infringer who denies the act of infringement which is claimed by a patentee or an exclusive licensee, can be required to produce his or her actual products or process.

**Standing to sue**

4 | **Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?**

An exclusive licensee, who is not necessarily a co-plaintiff with the patentee, as well as a patentee or any successors to title in the patent may sue for patent infringement.

An action for declaratory judgment of infringement may be brought before the IPTAB by a patentee or an exclusive licensee. On the other hand, an accused infringer can bring an action before the IPTAB for declaratory judgment of non-infringement without having to wait for the patentee to bring an infringement action. The requirement for a declaratory judgment action for non-infringement is lenient. The complainant for non-infringement could simply show the complaining party is in the same business area as the patent claim defines and has a plan to make, use or sell a related product. That party does not need to have engaged in activity that could constitute infringement or have made meaningful preparations to engage in such activity. An actual controversy between the parties at the time the action is initiated is not required. The requirement for a declaratory judgment for infringement is not as liberal as in the case of a non-infringement declaration. The plaintiff must specify the alleged infringing product or process to an extent that can be compared to the claims of the subject patent and show the defendant has a plan to exploit it. Assuming the conditions for bringing an action are met, the plaintiff may seek a declaratory judgment of non-infringement, invalidity or unenforceability or a combination of the above. A patentee facing a declaratory judgment claim will typically argue for infringement. Conversely, a party sued for infringement will typically initiate a declaratory judgment of non-infringement or invalidity.

**The Green List**

As an implementation of the Korea-US Free Trade Agreement, a list of patents (the Green List) covering approved drug products is available. Applications by the patentees and examination and approval thereon have been made before the Ministry of Food and Drug Safety. The owner of a listed patent may sue someone who applies for regulatory approval of the equivalent generic drug and request stay of sales of the generic drug within 45 days of the generic notification date. A generic applicant may file an action for declaratory judgment of non-infringement or invalidity in order to obtain a first generic exclusivity even before filing an application for regulatory approval of a generic drug.

The Korean Patent Act also provides an exemption from infringement claims for the use of a patented invention solely for experimental use including applying for an Abbreviated New Drug Application for a generic drug.

**Inducement, and contributory and multiple party infringement**

5 | **To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?**

A patent can be infringed when a person performs activities satisfying all the elements required as defined in a patent claim (the ‘all elements rule’). In addition, when a person performs activities satisfying some elements defined in a patent claim and the remaining elements of the patent claim are performed by another, and as a result the patented invention is performed by two (or more) persons, the two performers may be liable for a patent infringement as a joint tortfeasor.

The Korean Patent Act prescribes that one is liable for contributory infringement when making, offering for sale, selling or importing a product that may be used solely for manufacturing a patented device. When a patent claim defines a process or method, the same rule applies to a product that may be used solely for exploiting the patented process or method.

The above provisions of the Korean Patent Act are understood to exclude supplying staple products from contributory infringement by limiting the product as being used solely for manufacturing the patented device. It is not explicitly prescribed whether a direct infringement is a prerequisite to establishing a contributory infringement. This issue matters since the liability of patent infringement requires exploitation of a patent to be ‘commercial’ activity. When the patented product is employed for personal use, rather than for a commercial use, supplying the patented device is not liable as patent infringement. In addition, the Korean Supreme Court has held that in order to construct a contributory infringement, the production act in ‘solely for manufacturing the patented device’ is required to be performed domestically.

**Joiner of multiple defendants**

6 | **Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?**

Requirements for joinder of multiple defendants are quite generous under the Code of Civil Procedure: the defendants are liable based on the same legal reason of right or obligation or on the common factual bases. The result of a multiple defendants lawsuit need not be the same for all parties and may vary from one party to another.

To avoid any possible risk of putting all eggs in one basket, in Korean practice, plaintiffs prefer to file separate lawsuits first and later incorporate the lawsuits into one lawsuit, if allowable.

**Infringement by foreign activities**

7 | **To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?**

Infringement of a Korean patent generally requires making, using, offering to sell or selling a patented invention in Korea or importing a patented invention into Korea. In the case of a method patent, however, the patent laws can extend their reach to extraterritorial activity. Under the Korean Patent Act, a patented claim defining a method of making a product is deemed to extend to a product made by the patented process.

Thus, it is an act of infringement to import into Korea or sell or use within Korea a product made by the process patented in Korea even though the process might have been performed outside Korea.

Moreover, the Korean Supreme Court held that even if some components of the patented invention are assembled outside of Korea, the patented invention may still be infringed if it is determined that the
product of the patented invention is substantially produced in Korea. To be substantially produced in Korea, all or substantially all components for the product of the patented invention should be manufactured in Korea or most of the major processing should be done on the unfinished products; all or substantially all components or the unfinished products should be exported to a single entity for final assembly or processing, and the product can achieve the effect of the patented invention through trivial final processing on the unfinished product or simple assembly, combining the elements of the patented invention.

Infringement by equivalents
8  To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Korean courts recognise a rule that a product or process that does not literally include exactly the same elements as defined in a patented invention may still be found to infringe if the difference between the elements of the patented invention and the accused product or process is not substantial under the Doctrine of Equivalents (DOE). Infringement under the doctrine of equivalences requires that each element of a claimed invention be found in the accused product or process, either literally or by a substantial equivalent.

The traditional approach adopted in Korea to understand and evaluate a patented invention is based on three aspects: structure, function and effect of the claimed invention.

Since the doctrine of equivalents is invoked when the two elements, one as defined in the patented claim and the other as found in the accused product or process, are not identical (in structure), the comparison of the two elements tends to focus on the function and effect aspects, rather than structure aspect.

Finding infringement by equivalents is limited by certain rules. First, DOE is not applicable to a product that was known in the prior art or that is easily conceivable thereof by a person skilled in the art. Second, DOE is not allowed to reintroduce a device that has been intentionally excluded from the scope of patent claims during the patent prosecution process.

Discovery of evidence
9  What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

According to the Korean Code of Civil Procedure, when deemed that unless an investigation of evidence is conducted in advance, there will be a situation that may make it difficult to use the relevant evidence later, the court may, upon request of a party, investigate the evidence. If such a request is granted, the court will investigate the evidence even prior to the filing of a complaint of infringement lawsuit. The grant of the request is limited to cases where it would not be possible to investigate evidence later.

To prove patent infringement, the patentee usually relies on publicly available evidence at the time of filing complaints, since evidence controlled by the opponent is difficult to obtain before a lawsuit. Once a party shows a reasonable ground for the court to believe the opponent or a third party controls relevant information, the court may issue, upon the party’s request or ex officio, an order to the person who controls the evidence to submit it.

The Code of Civil Procedure provides a variety of mechanisms for obtaining evidence from adverse parties in a lawsuit. Mechanisms to collect evidence, via filing a motion with the court during the litigation procedures, include the live examination of witnesses, requests for production of documents and requests for inspections of premises. To facilitate a party's investigation with the opponent's written evidence, the party may file a motion asking the opponent to submit a list of related documents under his or her control or that are planned to be introduced as evidence by the opponent.

The most common mechanism for obtaining third-party discovery is material requests ordered by a court upon the motion of a party. But the motion must specify the material to be produced and the person or entity from whom such a discovery is sought.

According to the Korean Patent Act, if certain evidence is deemed necessary to verify an infringement or damages, the alleged infringer is not justified in refusing to submit such evidence by asserting that the evidence requested is a trade secret. The court will, however, attempt to prevent a trade secret from being disclosed as much as possible by limiting the scope of the evidence disclosed and persons accessible to the evidence. In addition, if the alleged infringer does not respond to the court’s order to submit evidence without a justifiable reason, the opposing party’s arguments regarding facts that can be proven based on the requested evidence may be deemed to have been proven.

Litigation timetable
10  What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

The average duration of a patent infringement suit from the filing of a complaint to entry of judgment varies, and depends upon the complexity of the case and the court at which the case is filed. The Seoul Central District Court has heard the largest number of patent cases and has developed institutional expertise in patent cases, and an infringement suit before that court can be resolved within 12 to 18 months. In addition, it takes about eight to 12 months for the Patent Court to determine a patent appeal case.

Litigation costs
11  What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs associated with patent infringement litigation vary widely depending upon many different factors, including the complexity of the technology, the parties, litigation strategy and the court to which the case is brought. For an infringement case of normal complexity, the estimated cost before trial ranges from US$10,000 to US$100,000, and the total estimated cost inclusive of trial is between US$50,000 and US$1 million. These amounts are only a rough estimation and many of the lawsuits naturally involve greater cost. This is especially true for cases involving multiple patents or cases involving very complex technology.

The Supreme Court held in Case No. 2015 Da 200111 (23 June 2015) that a contingency fee agreement in a criminal case is void against public policy or morality. Therefore, a contingency fee agreement is permitted only in civil cases.

Court appeals
12  What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

The Patent Court has jurisdiction over appeals of judgments in patent infringement lawsuits. However, appeals of preliminary attachment or preliminary injunction judgments are heard by appellate divisions of the district court if the preliminary attachment or preliminary injunction request was dismissed, or the High Court in one of the six large cities within which the district court resides if the preliminary attachment or preliminary injunction request was granted. For patent invalidity decisions as well as declaratory judgments made by the IPTAB, all appeals
are heard before the Patent Court. All final decisions rendered by the Korea International Trade Commission are subject to appeal at the Seoul Administration Law Court.

Appeals from decisions of the High Court or the Patent Court may be heard by the Supreme Court. The Supreme Court may decide to refuse to deliberate within four months from the date of lodging a notice of appeal to the Supreme Court.

The party can submit new evidence at the appellate stage. In this case, if the court determines that the party has submitted new evidence in bad faith or as a result of gross negligence to delay the appellate proceedings, the new evidence will not be considered. However, it is not possible to submit new evidence to the Supreme Court.

**Competition considerations**

13. To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

The Monopoly Regulation and Fair Trade Act provides a general exemption of patent enforcement from competition law. A patent gives its owner the right to exclude others from exploiting the patented invention without authorisation. However, in certain cases actions taken pursuant to enforcement of a patent can expose the patentee to competition law-based claims.

A patentee may face antitrust liability if an infringement suit is objectively baseless, such as where the patentee knows the asserted patent is invalid or unenforceable and is motivated to impose anticompetitive injury on the defendant. In relation to competition considerations of patent enforcement, the Fair Trade Commission has promulgated the Guidelines for Intellectual Property Enforcement and Competition Law.

Claims of unfair competition may be raised where a patentee sends a cease-and-desist letter or any other threatening notice of patent rights to customers of a competitor. Facts tending to support the bad faith include threatening infringement suits without any intention of filing a suit, sending indiscriminate infringement notices to all members of a trade and publishing a patent without a good-faith belief in its validity or enforceability.

**Alternative dispute resolution**

14. To what extent are alternative dispute resolution techniques available to resolve patent disputes?

The common forms of alternative dispute resolution for resolving patent disputes in Korea are mediation and arbitration. The Korean Intellectual Property Office (KIPO) has established and operates the Industrial Property Dispute Mediation Committee for patent, trademark and design rights. For arbitration, the Korean Commercial Arbitration Board has been established for various commercial disputes for internal and international trade disputes including patent infringement disputes. This institution does not specialise in patent disputes, but has been established for a long time.

Moreover, the revised Act on Persons Performing the Duties of Judicial Police Officers and the Scope of their Duties (Judicial Police Duties Act) came into effect on 19 March 2019. The Judicial Police Duties Act has greatly expanded the scope of duty of the Special Judicial Police (SJP) within the KIPO to conduct investigations in connection with violations involving trademark, patent and design infringement, and trade secret misappropriation. The SJP system authorises administrative officials to take the same role as general police officers in directly investigating a crime in a certain professional field or a crime occurring in a specific space. With this revision, it is expected that the KIPO will be able to more effectively enforce intellectual property rights.

**SCOPE AND OWNERSHIP OF PATENTS**

**Types of protectable inventions**

15. Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

A method for the medical operation, treatment or diagnosis of diseases in human beings, namely, a method relating to medical procedures, is deemed to lack industrial applicability and, therefore, is not eligible for patent protection. However, a medical instrument or medicine for use in the medical operation or diagnosis of diseases in human beings is deemed to be industrially applicable and patentable.

The Korean Patent Act does not explicitly prescribe whether a business method or software is patentable. Thus, a business method or software is patentable, as long as the statutory requirements for patentability (the nominal definition of what constitutes an invention, industrial applicability, novelty, inventive step, etc) are met. A business method or software is deemed to comply with the nominal definition of what constitutes an invention, that is, ‘a highly advanced creation of a technical idea using the laws of nature’, if information processing by software is implemented by hardware resources. Such implementation of information processing should be stated in the claim in order to be patent-eligible. In particular, software inventions can be protected by claims for a computer program (or an application) stored in a medium.

Further, claims directed to a program signal, a data signal or a computer program list and claims that involve human acts, economic rules, artificial decisions, mathematical algorithms or human mental processes are not allowable for patent protection.

**Patent ownership**

16. Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

According to the Korean Invention Promotion Act, an employee who has made an invention as an employee has a right to obtain a patent for the invention. When the employee acquires a patent right, the employer who hires the employee will be entitled to a non-exclusive licence for the patent right because of his or her contribution to the completion of the employee invention. The employer may require the employee to transfer the right to obtain a patent, the patent right, etc, in advance or to grant an exclusive licence for the patent right where there is a contractual agreement or employment regulations. Further, the employee will have a right to receive fair compensation, if he or she has agreed to transfer the rights of the employee invention to the employer or to grant an exclusive licence to the employer according to a contractual agreement or the employment regulations.

Where two or more persons jointly make an invention, they are entitled to jointly own the right to obtain a patent. If an independent contractor is an inventor, the right to the patent belongs to the independent contractor, unless there are any other contractual obligations.

In the case of a joint venture, if there is an agreement regarding patent ownership between the joint venture and the companies who established the joint venture, the ownership of the patent right will be determined according to the agreement.

Transfer of patent ownership through inheritance or other general succession will automatically take effect if the requirements prescribed under the law are met (no separate steps to record the transfer are required). However, a transfer of patent ownership through an assignment will only be effective upon recordal of such a transfer with the KIPO.
If a decision invalidating the registration of a patent becomes final and conclusive on the basis that the application was filed by a person that is not entitled to obtain a patent, a corresponding application filed by one entitled to obtain a patent within 30 days from the date the invalidation decision becomes final and conclusive shall be deemed to have been filed on the filing date of the application filed by the unentitled person. In addition, where an application filed by an unentitled person is granted a patent, a person who is entitled to obtain the patent can request the court to transfer the patent.

**DEFENCES**

**Patent invalidity**

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

To challenge the validity of a patent, an invalidation action can be filed with the Intellectual Property Trial and Appeal Board (IPTAB) of the Korean Intellectual Property Office (KIPO). Only an interested party or an examiner can request an invalidation trial. An invalidation trial can be requested for each patent claim.

A patent claim can be invalidated on any of the following grounds:
- where the claimed invention does not comply with the nominal definition of what constitutes an invention, or lacks industrial applicability, novelty or inventive step, or is not patentable under the first-to-file rule;
- where the claimed invention is liable to contravene public order or morality or to injure public health;
- where the specification does not describe the invention in a manner sufficiently clear and complete to enable a skilled person to readily carry it out;
- where the claim is not supported by the specification;
- where the claim does not clearly and concisely define the invention;
- where the patent application was filed by a person who is not the inventor or his or her successor;
- where the patent application was not jointly filed by co-owners, in the case that the patent is jointly owned;
- where the patent was acquired by an employee of the KIPO or the IPTAB during employment at the office or tribunal, other than in cases of inheritance or bequest;
- where the patent was granted in violation of the rules of the Treaty;
- where amendments were made to the specification or drawings beyond the scope disclosed in the originally filed specification and drawings; or
- where a divisional application or a converted application was filed beyond the scope disclosed in the originally filed specification and drawings.

A decision by the IPTAB can be appealed to the Patent Court, and a decision by the Patent Court can be appealed to the Supreme Court.

In addition, any person can request the cancellation of a registered patent to the IPTAB by submitting prior arts that were not cited during the examination, during the period from the registration date to six months after the publication of the patent.

**Absolute novelty requirement**

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

In Korea, absolute novelty is required for patentability.

However, inventions publicly known or worked in or outside Korea, disclosed in a publication distributed in or outside Korea, or made available to the public through telecommunication lines as prescribed by presidential decree may be deemed to have novelty if a patent application for the invention is filed within 12 months from such disclosure of the invention, claiming the benefit of the novelty grace period:
- at the time of filing the application;
- within the time frame for filing an amendment; or
- from the date of receipt of a Notice of Allowance to the earlier of three months thereafter or the payment of an issuance fee.

The 12-month grace period is also applicable where the invention is disclosed against the intention of a person with the right to obtain a patent.

**Obviousness or inventiveness test**

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

Where an invention could have been easily conceived by a person having ordinary skill in the art to which the invention pertains, based on the prior art publicly known or worked in or outside Korea, disclosed in a publication distributed in or outside Korea, or made available to the public through telecommunication lines as prescribed by presidential decree prior to the filing of a patent application for the invention, such an invention is deemed to be obvious in view of the prior art.

Obviousness is determined in consideration of whether the prior art teaches or suggests the invention claimed in a patent application, whether the prior art and the claimed invention are identical in terms of their objectives or functions or effects and whether the prior art and the claimed invention are identical or similar in terms of their technical fields.

Where the claimed invention produces a remarkably superior effect in comparison to the prior art, such an effect is positively considered in determining the inventive step of the invention.

**Patent unenforceability**

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

In Korea, a valid patent will be unenforceable under the good faith principle of the Civil Act if the enforcement of the patent is deemed as an abuse of the patent right. According to court decisions in Korea, when a patent is apparently deemed to lack novelty or an inventive step, the patent is unenforceable even before the invalidation of the patent is concluded.

If an act of working a patent falls under any of the unfair trade practices prescribed in the Fair Trade Act (eg, filing a patent infringement lawsuit while being aware of the invalidity of the patent), the patent enforcement will be restricted so as not to violate the Fair Trade Act, and the patentee will be liable to pay a fine levied by the Fair Trade Commission.

**Prior user defence**

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

An act of privately using an accused method or device is not a commercial use that may constitute a patent infringement. If an accused infringer has been commercially using the accused method or device prior to the filing of the patent, the accused infringer may assert the prior user rights defence to patent infringement.

Under the Korean Patent Act, a person, who, without knowledge of the content of an invention claimed in a patent application, made an invention identical to the said invention or learned the invention from a
person who made an invention identical to the said invention and has been working the invention or making preparations to work the invention in Korea at the time of the filing of the patent application, is entitled to have a non-exclusive licence [prior user right] on the patent right within the scope of the objective of the invention or the business related to the invention that the person is working or making preparations to work.

‘Preparations to work’ the invention mean substantial preparations to conduct business based on the invention, including purchase of a plant site or business facilities.

The prior user rights defence covers all types of inventions.

In the case where a patent based on an application filed by an unlawful person is transferred to the proper person upon a request, if a patentee, an exclusive licensee or a non-exclusive licensee before the transfer is practising or preparing to practise the patented invention in Korea without being aware that the application was filed by an unlawful person, he or she may be deemed to have a non-exclusive licence for the patent.

REMEDIES

Monetary remedies for infringement

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Monetary damages can be awarded to a patentee (or exclusive licensee) when its patent is found to be valid and infringed and the patentee loses its profits as a result of the infringement. The damages are intended to fairly compensate the patentee for losses suffered as a result of the infringement. A patentee is entitled to its lost profits on all lost sales resulting from the infringement if the patentee can show that, but for the infringement, the patentee would have made the sales that the infringer made. Accordingly, the patentee must show demand for the product in the market and sufficient capacity to make non-infringing products.

When the infringer’s sale of infringing products causes loss to the patentee and the actual lost profits cannot be proven easily, the amount of loss can be calculated by multiplying the number of sold infringing products by the profit per unit of the products that the patentee might have sold but for the infringement. In addition, according to the Korean Patent Act revision, effective as of 10 December 2020, a patentee may claim damages and request for a reasonable amount of royalties to the infringer even for (1) the number of sold infringing products exceed the amount obtained from subtracting the number of products actually sold by the patentee from the number of products that the patentee could have produced and (2) a given number of products that the patentee was unable to sell for reasons other than by the infringement.

The profits gained by the infringer as a result of the infringement shall be presumed to be the amount of damage suffered by the patentee.

The pecuniary amount of reasonable royalty to which the patentee is entitled must be objectively and reasonably calculated in consideration of various factors found prior to the conclusion of the case, such as the objective technical value of the patented invention, the terms and conditions of a licence agreement with a third party in connection with the patented invention, the terms and conditions of a previous licence agreement with the infringer in connection with the patented invention, an amount of royalty generally payable to the same type of invention as the patented invention in the art, the remaining patent term, the type of use of the patented invention by the patentee, the existence of a technique equivalent to the patented invention, the infringer’s profit earned, etc.

Nevertheless, if the nature of the facts of the case makes it difficult to provide evidence proving the amount of losses, the court may determine a reasonable amount on the basis of an examination of the whole circumstances.

Damages start to accrue from the time the infringement begins. When the alleged infringer knows or is notified of the published application prior to the issuance of a patent, a reasonable royalty may start accruing from the time of knowledge or notification of a patent application publication. The reasonable royalty can be claimed only after the issuance of the patent.

Regulations for ‘Punitive Damages’, applicable to patent infringements occurring after 9 July 2019, allow the courts to award punitive damages up to treble the actual damages for a wilful infringement of a patent right or an exclusive licence thereof, thereby strengthening the remedy of the damages caused by the infringement of a patent right or an exclusive licence. In determining whether to award punitive damages, the court would consider, among other things, whether the infringer was in a superior position, the degree of wilfulness, the duration and number of times the infringement took place, and the economic benefits obtained by the infringer owing to the infringements.

Injunctions against infringement

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

A patentee (or exclusive licensee) can request a preliminary or permanent injunction against a person who infringes or is likely to infringe on his or her own patent right. A patentee can demand the measures necessary to prevent the infringement.

To obtain a preliminary injunction, the patentee must show a likelihood of success on the merits for the validity of the patent and infringement. In deciding whether to grant a preliminary injunction, the court must also take into consideration the balance of hardships between the parties, the prospects of irreparable harm to either party, and the public interest.

Both preliminary and permanent injunction apply only to the defendant. Thus, an injunction is not effective against the infringer’s suppliers or customers.

Banning importation of infringing products

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The Korea Trade Commission (KTC) is a government agency that investigates unfair acts of importation, sale, exportation and manufacture for export of a product infringing on intellectual property rights and has the authority to issue temporary relief or corrective measures including a penalty. Patentees can file a complaint with the KTC claiming a patent infringement. The KTC will then undertake an investigation, which is generally completed within six months. In principle, the investigation is a documentary-based proceeding between the two parties, namely, complainant or patentee and respondent or accused infringer, and a
hearing for the investigation can be requested. Ex officio investigation is also possible.

A patentee who is injured or threatened with irreparable injury due to unfair international trade practices that are under investigation is allowed to apply for a provisional suspension of the unfair practices in question, or other measures to prevent the injuries.

At the conclusion of the investigation proceedings, the director general of the Office of Investigation issues an initial determination on whether there has been a violation of an intellectual property right and a recommended determination on what the remedy, if any, should be. These determinations are forwarded to the KTC, which issues a final decision as to whether there is a violation and imposes a remedy, if required. If a violation is found, the KTC can issue a temporary relief or corrective measure to interdict shipments of infringing products at ports of entry into Korea, or it could provide permanent relief by destroying the infringing products or imposing a penalty, or both.

An order for a corrective measure or penalty can be appealed to a Seoul administrative court, and is effective against third parties importing the same product as the infringing product, through a confirmation procedure.

Attorneys’ fees

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

Although the prevailing party in patent infringement litigation can ordinarily recover costs for the proceeding including court fees and attorneys’ fees from the losing party, the recoverable attorneys’ fees are limited to the amount calculated based on a statutory fee schedule, which is nominal. Litigation cost is determined in a separate proceeding.

Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

An additional civil remedy is not available against a deliberate or wilful infringer. However, a criminal remedy is available against a deliberate infringer. Meanwhile, in Korea, opinions of counsel may be used as reference in refuting wilful infringement, but are not legally binding.

Time limits for lawsuits

27 What is the time limit for seeking a remedy for patent infringement?

Damages in a patent infringement case cannot be claimed if they are not exercised by the patentee or other relevant rightholders within three years from the time when they first knew of the damages and the identity of the infringer. After the extinctive prescription of three years has passed, unjust enrichment can be claimed against the patent infringement. The 10 years of extinctive prescription for a claim of unjust enrichment will have elapsed from the time of the infringing act.

Patent marking

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

There is no obligation to mark patented products in Korea. However, if someone falsely marks a product as patented; assigns, leases or displays a falsely marked product; or indicates a product as patented on advertisements, signboards or tags when the product is not covered by the patent claims or the listed patent has expired, that person can be subject to a fine of no more than 30 million Korean won or imprisonment of no more than three years.

LICENSING

Voluntary licensing

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

In principle, the terms and conditions of licensing contracts are the responsibility of the contracting parties only and can be chosen by them. However, the terms of the contract have to comply with the Korean antitrust regulations. There are some restrictions on voluntary licences for patents. For example, the term of a patent licence cannot extend beyond the expiry dates of the licensed patents. Also, restrictions on price, restrictions on transaction of competing products and tying of non-patented products are impermissible. Further, the Korea Fair Trade Commission has added examples of patent misuse, for example, avoiding disclosure of related patent applications or issued patents in order to increase the likelihood of selection of a patent as a technology standard or avoiding pre-negotiation on the licensing terms and conditions of a patented invention, rejecting permission to license a patented invention widely used as a technology standard, filing a patent infringement action in order to harm another party’s competitiveness, knowing that the patent is invalid or agreeing to keep an invalid patent in force to delay a competitor’s entry into the market.

Compulsory licences

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

A compulsory non-exclusive licence can be granted by the Korean Intellectual Property Office (KIPO) in the following circumstances:

- when the patented invention has not been worked for more than three consecutive years in Korea, except for reasons of natural disasters, unavoidable circumstances or other justifiable reasons and a negotiation with the patent proprietor regarding a voluntary licence under reasonable terms has been unsuccessful;
- when the patented invention has not continuously been worked commercially or industrially in Korea on a substantial scale during a period of three years or more without justification, or the domestic demand for the patented invention has not been satisfied to an appropriate extent and under reasonable conditions and a negotiation with the patent proprietor regarding a voluntary licence under reasonable terms has been unsuccessful;
- when the patented invention is necessarily practised for the interests of the public;
- when the patented invention is necessarily practised to remedy a practice determined to be unfair after the judicial or administrative process; or
- when the patented invention is necessarily practised for exporting medicines to countries intending to import the medicines to cure diseases that threaten the health of the majority of its citizens.

Aside from compulsory licences, the Korean Patent Act provides a prior use right and an intervening right in certain circumstances. A person who has made an invention without prior knowledge of a patent application (or who has learned about the invention from such a person) and has been practising the invention commercially or industrially in Korea in good faith or has been making preparations to practise the invention, is entitled to a non-exclusive licence on the patent right for the invention.
under the patent application. The non-exclusive licence must be limited to the purpose of the inventors and the scope of the invention being practised, or for which preparations for practising are being made.

**Patenting timetable and costs**

31 | **How long does it typically take, and how much does it typically cost, to obtain a patent?**

In view of the current pace of examination at the Korean Intellectual Property Office (KIPO), it takes approximately 12 months to receive the examination results after a request for examination is filed. Accordingly, assuming that an office action, such as a preliminary rejection, is issued, it takes approximately 20 months to obtain a patent in Korea.

Legal fees for preparing and filing a patent application generally range from US$2,500 to US$7,000 in inbound cases depending on the amount of text to be translated, and from US$2,000 to US$3,500 in domestic cases, depending on the complexity of an invention. When filing a patent application with the KIPO, official fees, which include a basic fee of US$46 and additional fees of US$18 for each priority, must be paid. In addition, when filing a request for examination, official fees, including a basic fee of US$143 and additional fees of US$44 for each claim, must be paid.

After a notice of allowance is issued, in order to register a patent, the applicant must pay the first three years’ annuities in a lump sum, which range from US$2,500 to US$7,000 in inbound cases depending on the amount of text to be translated, and from US$2,000 to US$3,500 in domestic cases, depending on the complexity of an invention. When filing a patent application with the KIPO, official fees, which include a basic fee of US$46 and additional fees of US$18 for each priority, must be paid. In addition, when filing a request for examination, official fees, including a basic fee of US$143 and additional fees of US$44 for each claim, must be paid.

If any official notification is issued by the KIPO, legal fees for responding thereto will be additionally incurred.

**Expedited patent prosecution**

32 | **Are there any procedures to expedite patent prosecution?**

In Korea, a request for expedited examination may be filed concurrently with or after filing a request for examination of a patent application for the following patent applications:

- applications for an invention that has been commercially worked by a third party after the publication of the application;
- applications that require expedited prosecution as specified in the statute for which a party who would like to request expedited examination submitted a prior art search report to the KIPO (eg, applications for an invention relating to the fourth industrial revolution including artificial intelligence (AI), internet of things (IoT), autonomous vehicles, Big Data, 3D printing, cloud computing and cognitive robotics);
- applications that are eligible for requesting expedited examination under the Patent Prosecution Highway (PPH) programme between the KIPO and a corresponding foreign patent office; and
- applications for which a prior art search has been conducted by one of the institutes authorised by the KIPO and it is requested to submit the prior art search report to the KIPO.

The PPH programme enables patent applicants to request fast-track examination for applications, such that the examiners of the KIPO can use the work product from foreign patent offices. The IP5 patent offices, including the European Patent Office (EPO), the Japan Patent Office (JPO), KIPO, the China National Intellectual Property Administration (CNIPA), and the US Patents and Trademark Office (USPTO), initiated a new PPH pilot programme, and patent offices in 28 countries, including the JPO, KIPO and USPTO, initiated a Global PPH programme. The IP5 PPH programme and the GPPH programme replace any existing PPH programmes between the KIPO and the offices participating in the IP5 and global PPH programmes.

**Patent application contents**

33 | **What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?**

A patent application must accompany the specification, claims, drawings and abstract.

In the specification, a claimed invention should be clearly and sufficiently described to the extent that the invention could be easily practised by anyone with ordinary skill in the art.

The background art of the invention must be described in the specification. Non-compliance with such a requirement may serve as a basis for rejection, but not for invalidation.

The applicant may defer filing claims until 14 months from the earliest priority date or, if no priority is claimed, from the effective filing date of the patent application.

The applicant may submit the specification, claims and drawings in English when filing a Korean patent application in order to secure an effective filing date of the Korean patent application. A Korean translation of the specification, claims and drawings must be submitted within 14 months from the earliest priority date.

In addition, patent applications may be filed simply with invention disclosures such as scientific publications in Korean or foreign journals or research notes, without a need of complying with complex formal filing requirements. A specification can be drafted in English, which allows English publications to be filed directly, thereby making it possible to secure an earlier filing date. In this case, the Korean-language specification must be filed within 14 months from the earliest priority date.

**Prior art disclosure obligations**

34 | **Must an inventor disclose prior art to the patent office examiner?**

The background art of the invention must be described in the specification. The background art of the invention refers to conventional art that may be helpful in understanding a claimed invention and useful in conducting a prior art search or examination. Unlike the information disclosure statement system in the United States, such a requirement does not impose a duty on the applicant to disclose all the information known to individuals associated with the filing and prosecution of the patent application.

**Pursuit of additional claims**

35 | **May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?**

It is possible to pursue additional claims for an invention that is disclosed in a patent application in a divisional application, which would be deemed to have the same effective filing date as the parent application. Divisional applications may be filed within the scope of the originally filed specification, claims and drawings of the patent application and within the following time frames:
at any time prior to the issuance of a first office action;
within the time period for responding to an office action/a final rejection, if any; and
from the date of receipt of a notice of allowance to the earlier of three months thereafter or the payment of an issuance fee.

The patent term of a divisional application is 20 years from the effective filing date of its parent application.

**Patent office appeals**

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

The Patent Court has exclusive jurisdiction over all appeals of the decisions of the Intellectual Property Trial and Appeal Board (IPTAB) of the Korean Intellectual Property Office (KIPO).

If an appellant or appellee loses the appeal at the Patent Court, a final appeal at the Supreme Court may be requested.

**Oppositions or protests to patents**

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

Any person can request the cancellation of a registered patent to the IPTAB by submitting prior arts, which have not been cited during the examination, during the period from the registration date to six months after the publication of the patent. Since the cancellation procedure is an ex parte procedure between the patentee and the IPTAB, all proceedings will be based on written arguments once a request is made by a third party. Only the patentee can appeal the cancellation decision to the Patent Court and subsequently to the Supreme Court.

In addition, an interested party or an examiner may file an invalidation action to challenge the validity of a patent.

**Priority of invention**

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The Korean patent system is based on the first-to-file rule. In cases where two or more patent applications have been filed with respect to the same invention, only an application having the earliest priority date or effective filing date is eligible to obtain a patent for the invention. The first-to-file rule is applicable regardless of whether the two or more applications are filed by the same applicant or not. If two or more applications having the same priority date or effective filing date relate to the same invention, only one application that has been selected upon mutual agreement by the applicants, or that has been selected by the applicant, is eligible to obtain a patent for the invention. If the applicant fails to select one application, none of the applications will be granted a patent.

**Modification and re-examination of patents**

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The patentee may request a trial to correct the specification, claims and drawings at any time after the issuance of a patent. A trial for correction of a patent may also be requested while a lawsuit involving the patent is pending. In such a case, the lawsuit may be suspended at the discretion of the court until the trial for correction is completed. A trial for correction of a patent may not be separately requested if an invalidation action is in process before the IPTAB. However, a request for correction of the specification, claims or drawings may be filed within the prescribed deadline during the invalidation proceedings.

The scope of corrections that are allowable in a trial for correction or a request for correction is restricted to narrowing the scope of the claims, correcting clerical errors and clarifying unclear descriptions. Further, a correction to substantially expand or modify the scope of the claims is not permitted. The subject matter sought to be protected in the claims after correction should be deemed to have been patentable at the time the application was filed.

**Patent duration**

40 | How is the duration of patent protection determined?

The patent term is 20 years from the effective filing date of a patent application. However, the patent term may be extended to compensate for a period during which a patented invention could not have been worked due to a regulatory approval or registration, or a period during which the examination of a patent application is delayed by the KIPO.

**UPDATE AND TRENDS**

**Key developments of the past year**

41 | What are the most significant developing or emerging trends in the country’s patent law?

**KIPO plans for the Korean Discovery System**

In Korea, with the revision to the Patent Act in 2016, obligations of submitting evidence in a patent infringement action have been reinforced by allowing a court to order either party to submit materials necessary for proving patent infringement. If the requested party does not respond to the court’s order to submit evidence without a justifiable reason, the opposing party’s arguments regarding facts that can be proven based on the requested evidence may be deemed to have been proven. However, it has been very difficult for patentees to prove infringement or damages in Korea due to a lack of an effective evidence-gathering measure, such as discovery.

It is of the majority opinion that the discovery system will enhance efficiency in dispute resolution and ease the patentee’s burden of proof in patent infringement cases, and as a result, will settle patent disputes swiftly. In this regard, the Korean Intellectual Property Office (KIPO) plans to revise the Korean Patent Act to introduce the ‘Korean Discovery System’. After reviewing the discovery systems of major foreign countries such as the US, Germany and the UK, and hearing opinions from industries and legal experts, the KIPO will establish the Korean Discovery System, which enables effective gathering of evidence for patent infringement without excessive cost or time-consuming effort while being well fused with the existing patent litigation procedure.

**Enhanced damages for patent infringement in Korea**

The Korean Patent Act was revised as of 20 May 2020 with respect to the provisions for calculating damages for patent infringement.

Under the pre-revised Act, no damages could be claimed for infringing products in a quantity exceeding a patentee’s capacity to produce its patented products. However, according to the revision, effective as of 10 December 2020, it is now possible for a patentee to claim damages even for the infringer’s sale of infringing products exceeding the patentee’s production capacity.

- Pre-revised Act: Patentee’s Production Capacity × Profit per Unit Product.
- Revised Act: (Patentee’s Production Capacity × Profit per Unit Product × (Quantity Exceeding the Capacity × Reasonable Royalty Rate)).
For example, under the pre-revised Act, a patentee having a capacity of producing 100 products could only be awarded damages equivalent to 100 products. That is, even if an infringer sells 10,000 products infringing on the patentee’s right, the patentee could not be awarded damages for 9,900 products exceeding his or her production capacity.

Based on the revision, however, the patentee may claim damages and request a reasonable amount of royalties to the infringer even for the 9,900 products exceeding the patentee’s production capacity (100 products). It is expected that this revision will further enhance the protection of patent rights in Korea along with the punitive damages (treble damages), which went into effect on 9 July 2019.

**KIPO accepts digitally signed documents**

The KIPO established new criteria for submitting digitally signed documents to cope with the limited in-person transactions amid the ongoing spread of covid-19, which came into effect on 17 June 2020.

According to the criteria, a foreign applicant may submit a digitally signed power of attorney when appointing a local agent in Korea. However, such a document should be digitally signed by using an electronic signature system, such as DocuSign or the like, and a document with a simple synthesis of signature images generated using an image editing software will not be accepted.

In addition, the KIPO now permits remote online notarisations for documents, such as corporate nationality certificates that are needed to record a patent assignment. In the past, it was strictly required to submit the original notarised documents, and thus, foreign applicants had difficulty obtaining notarised documents as in-person meetings with notaries were restricted due to the covid-19 pandemic. Now, foreign applicants may submit documents notarised via remote online notarisation.

Such measures by the KIPO have reduced the burden for foreign applicants to prepare patent documents and simplified the agents’ document preparations.

**Coronavirus**

42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

In relation to the covid-19 pandemic, the Korean Intellectual Property Office (KIPO) adopted the following procedures in the examination or trial stage.

**Invention related to covid-19**

If a patent application related to covid-19 is filed for accelerated examination, such application is eligible for immediate examination. In addition, if a notice of appeal to a final rejection is filed before the Intellectual Property Trial and Appeal Board (IPTAB) for the application related to covid-19 subject to accelerated examination, such application is eligible for trial proceeding as fast track.

**Remedies for the procedural failure due to covid-19**

In the examination stage:

1. If an application is in non-compliance with the deadline for supplementing examination procedures, the deadline for requesting substantive examination or continued examination, and the grace period deadline for paying annuities (registration fee) due to covid-19, within one year from the deadlines and within two months from the date the cause lapses, such application may be revived from being abandoned based on non-compliance with the deadlines by submitting a petition for Remedies for Missed Deadlines.

   **In the trial stage:**

   1. The first to third extensions of deadline are granted without evidence showing reasonable causes, and additional extensions of deadline may be granted with such evidence.
   2. A request for changing the date for an oral hearing or suspension of a trial procedure is granted.
   3. If the deadline for filing a Notice of Appeal of a final rejection for an application has lapsed, and if an application is invalidated due to the missed deadline for trial proceedings, within one year of the deadlines and within two months from the date the cause lapses, such application can be revived by submitting a petition for Remedies for Missed Deadlines.
   4. For an inter partes case where IPTAB communications cannot reach an overseas applicant via mail or courier, the IPTAB may suspend the trial procedure ex officio.

Although some applications abandoned due to non-compliance with the deadlines may be revived under certain conditions, it would be most desirable to actively utilise the examination delay and deadline extension system to avoid the lapse of deadlines due to the pandemic.
**Switzerland**

**Dirk Spacek**  
CMS von Erlach Poncet AG

### PATENT ENFORCEMENT PROCEEDINGS

#### Lawsuits and courts

1. **What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?**

   From the outset, patentees have to instigate civil proceedings to enforce patent rights. The Swiss Federal Patent Court (FPC) has exclusive jurisdiction over patent infringement and invalidity actions of patentees (article 26(1)(a) of the Patent Court Act (PatCA)). The panel of judges at the FPC is composed of at least one judge with a legal background and one judge with a technical background. The judges of the FPC must have proven knowledge of patent law to be eligible. Appeals against decisions of the FPC are heard by the Swiss Federal Supreme Court (SFSC).

   According to article 81 of the Swiss Federal Act on Patents for Inventions (PatA), willful patent infringement is a criminal offence. Therefore, patentees can also instigate criminal proceedings against an infringer. Criminal proceedings may be instigated by the state (ex officio), if the infringer acts in a commercial manner.

   In addition, patentees may request border control measures from the custom authorities, such as seizure and destructions of infringing goods, subject to statutory requirements (article 86a et seq PatA).

#### Trial format and timing

2. **What is the format of a patent infringement trial?**

   The proceedings before the FPC are governed by the Swiss Code on Civil Procedure (CPC). The court decides as a panel of three, although in special cases it will be a panel of five (article 21 PatCA). For preliminary injunctions, a decision can be taken by a single judge unless the technical background of the case requires a panel of three, which is usually the case (articles 23(1)(b), (3) PatCA). Swiss law does not on the other hand provide for the carrying out of jury trials at the FPC.

   Different evidence is permissible in proceedings before the FPC. This includes live testimony, documents and expert opinion.

   The FPC panel must comprise at least one judge with a technical background. While, in theory, the court has the power to appoint external experts, it usually relies on a formal opinion of one of its own technical judges. This opinion is made available to the parties for comments (article 183(3) CPC and article 37(3) PatCA).

   Opinions by party-appointed experts do not generally qualify as evidence under the CPC. They are considered only to be a party’s allegations. Nonetheless, party-appointed expert opinions are often filed by a party to support its pleading.

   A Federal Patent Court decision on the merits is usually rendered within 12 to 24 months. The majority of cases before the Federal Patent Court (more than 50 per cent) are terminated by settlement (often at the preparatory hearing). The preparatory hearing usually takes place approximately six months after the statement of claim has been filed. An expedition of this process is not possible.

#### Proof requirements

3. **What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?**

   The general principle for the burden of proof states that the burden of proof rests with the person who derives rights from an alleged fact. This principle also applies in patent law (cf. BGer 4A_142/2014 from 2 October 2014 rec 5).

#### Standing to sue

4. **Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?**

   The proprietor is entitled to bring an action for an injunction or remedy, damages and a declaratory judgment. Additionally, any person who holds an exclusive licence, irrespective of the registration of the licence in the Register, is entitled to bring an action for injunction or remedy as well as an action for damages, provided this is not expressly excluded by the licence agreement.

   Article 74 paragraph 3 PatA provides the legal basis for an action for negative declaratory relief by an accused infringer to have a decision on whether an infringement has been committed by him or her.

   The accused infringer must show that he or she has an interest in a declaratory judgment, that there is uncertainty in the legal situation and that this uncertainty will continue unreasonably. An interest in declaratory judgment is regularly present when the patent proprietor accuses the plaintiff of patent infringement (BGE 129 III 295 rec 2.4). The Swiss Federal Supreme Court and the prevailing doctrine, however, deny an interest in a declaratory judgment if a performance claim is to be expected within a ‘short period of time’ because in that case an unreasonable continuation of the legal uncertainty is not given (BGE 131 III 319 rec 3.5).

#### Inducement, and contributory and multiple party infringement

5. **To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?**

   Article 66 litera d PatA expressly states that any person who abets any of the offences mentioned in article 66 litera a-c PatA, participates in them, or aids or facilitates the performance of any of these acts may be held liable under civil and criminal law.
Furthermore, Swiss civil law recognises the principle of joint liability. According to this principle, two or more persons who have together caused damage, whether as instigator, perpetrator or accomplice, are jointly and severally liable to the person suffering damage (article 50, paragraph 1 CC). Joint liability according to this article requires that several persons cause the damage in an adequate causal and joint manner. It is required that the persons cooperate, whereby each injuring party knows or could at least have known about the conduct of the other party. Therefore, it is possible for multiple parties to be jointly liable for infringement, if each practises some of the elements of a patent claim, but together they practise all the elements.

**Joiner of multiple defendants**

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Under Swiss law, multiple parties can be joined as defendants in the same lawsuit. The purpose of such a joinder of parties is generally to simplify procedures and avoid contradictory judgments.

There are three requirements. First, the rights and obligations to be assessed must be based on similar facts or legal grounds. The necessary similarity exists if the formation of a simple joinder of parties appears to be appropriate with regard to the subject matter of the proceedings, whether for reasons of procedural economy or to avoid contradictory judgments (cf BGer 4A_625/2015 rec 2.). Second, all individual cases must be subject to the same types of procedure under Swiss law (article 71 CPC). Lastly, there must be the same substantive jurisdiction for all actions. However, the same local jurisdiction is not a prerequisite for a simple joinder of parties.

**Infringement by foreign activities**

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Generally, activities taking place outside the Swiss jurisdiction are subject to the foreign jurisdiction where they take place. A Swiss court cannot order or enforce an injunctive remedy against activities outside of its jurisdiction. This would be considered an infringement of the territoriality principle. Damages claims alone can theoretically be addressed against the infringer in Switzerland if he or she is located in Switzerland. Nevertheless, this rarely happens as the foreign jurisdiction will usually assume both aspects of the dispute together (the injunctive remedy and the damages claims) and thereby create a lis pendens (meaning the Swiss court could no longer take over jurisdiction over the same damage dispute).

In terms of cross-border importations, the principle of unilateral regional exhaustion (ie, without agreement of a reciprocal right) in the European Economic Area (EEA) has applied in Switzerland since 2009. This means that the right of exclusion lapses as soon as the patent owner introduces the patented product on the market in an EEA country. In such a case, it may also be imported in parallel into Switzerland from the EEA without the owner’s permission. Contrarily, if it is first put on the market in a country outside of the EEA, parallel importation is not allowed unless there is corresponding consent. However, for patent-protected goods whose price is fixed by the government – this primarily applies to pharmaceutical products – national exhaustion in Switzerland applies (article 9a paragraph 5 PatA).

**Infringement by equivalents**

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

According to article 66 litera a PatA, the doctrine of equivalents applies to infringement actions in Switzerland. To extend the scope of protection beyond the strict literal meaning of the words of the claim, any element that is equivalent to an element specified in that claim is taken into account. Therefore, the scope of protection conferred by a patent claim is not limited to the identical use of the features of the construed claim by the defendant’s product or process, but it also extends to equivalent elements if the following conditions are met:

- the equivalent element has the same effect;
- it is obvious to the skilled person that it has the same effect; and
- the skilled person would have considered the equivalent element as having the same value.

**Discovery of evidence**

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

As the burden of proof lies with the party that alleges a fact, in this case the infringement, it is for the party itself to obtain the evidence. However, preliminary measures may be requested to preserve evidence or obtain a precise description of an allegedly infringing process (article 77 paragraph 1 PatA). Furthermore, a petitioner may request the taking of evidence at a pre-trial stage if this is required to assess a potential claim’s likelihood of success (article 158 CPC).

**Litigation timetable**

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

A Federal Patent Court decision on the merits is usually rendered within 12 to 24 months. The majority of cases before the Federal Patent Court (more than 50 per cent) are terminated by settlement (often at the preparatory hearing). The preparatory hearing usually takes place approximately six months after the statement of claim has been filed. An expedition of this process is not possible.

**Litigation costs**

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

Patent litigation costs include:

- the court fees and expenses;
- attorneys’ fees; and
- patent attorneys’ fees.

If a litigant loses the lawsuit, it must bear the court fees and expenses and will be ordered to pay the prevailing party compensation for attorneys’ and patent attorneys’ fees. The FPC determines the court fees and the adverse party’s attorneys’ fees on the basis of a statutory tariff. Parties may also demand compensation for the reasonable actual legal costs incurred to pay their attorneys and patent attorneys by furnishing proof of actual and reasonable costs.
Court appeals

12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

Patent office decisions are subject to appeal to the Swiss Federal Administrative Court (SFAC). The decisions of the SFAC are subsequently subject to appeal to the Swiss Federal Supreme Court (SFSC), Switzerland’s highest court.

Judgments of the FPC are subject to appeal to the SFSC. The right to appeal is granted by law and is not subject to a leave to appeal.

In an appeal to the SFSC, the losing party may raise only substantive legal questions. The Federal Tribunal will not review the FPC’s or SFAC’s factual findings unless they were due to obvious mistakes. New evidence is generally not allowed before the SFSC. Where the court of lower instance did not exhaustively establish the facts of the case, the Federal Tribunal will usually refer the case back to the lower instance so that it may complete the factual findings.

The deadline to file an appeal is 30 days from receipt of the FPC’s decision. Appeal proceedings usually take three to 12 months.

Competition considerations

13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Since patents grant exclusive rights, they may generally result in a restriction of economic competition which is, however, imposed by the law and not infringing per se. Nevertheless, the particular use of patents (eg, by imposing import restrictions, inadmissible patent licensing or distribution agreements, inadmissible conduct by market-dominant companies) may collide with competition law principles (article 3 paragraph 2 Swiss Cartel Act of 1995 (CartA)). The law does not cover restrictions of competition which result exclusively from legislation on intellectual property. On the other hand, import restrictions based on intellectual property rights are subject to assessment under this law.

Generally speaking, the mere assertion of injunctive relief based on a patent is considered legitimate. Additionally, articles 40a and 40c PatA each stipulate that under certain circumstances, compulsory licences may be ordered, but only after an anti-competitive practice within the meaning of the CartA has been established.

The enforcement of a patent against an infringer does not by itself constitute an act of unfair competition, unless a separate cause of action would arise in parallel to the patent (eg, a public defamation of the alleged infringer). The same applies for business-related torts: patent enforcement per se does not cause tort-based damage claims unless a separate cause of action would arise in parallel (eg, the patent infringement claims were obviously unfounded and caused market reputation damages to the defendant).

Alternative dispute resolution

14 | To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Patents can only be challenged in substance before the Swiss Federal Patent Court. However, patent validity issues are considered arbitrable in Switzerland. Thus, if a patent dispute would fall within the ambit of a validly established arbitration agreement, a party could challenge the patent in arbitration.

Parties are free to agree on mediation, arbitration or any other alternative dispute resolution mechanisms, if they can agree on the competence of an alternative dispute resolution body. Patent infringement and validity cases are considered arbitrable in Switzerland. However, arbitration proceedings are rarely used to resolve pure patent infringement and invalidity disputes alone. It is more frequent for parties to conclude arbitration agreements in patent licensing agreements. This also empowers an arbitral tribunal to decide on underlying patent infringement and validity issues. An arbitral award declaring a patent invalid will be recognised and enforced by the Swiss Federal Institute on Intellectual Property.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

According to article 1 of the Swiss Federal Act on Patents for Inventions (PatA), to obtain a patent, a technical invention must be novel, capable of industrial application, inventive and involve an inventive step. Inventions that are generally not of a technical nature are not patentable, for example scientific theories and discoveries, mathematical methods and rules of games, rules and methods to perform mental acts, organisational procedures and aesthetic creations or designs.

Software and computer programs are protected under Swiss copyright law. They are considered a set of instructions to perform orders (ie, programming code). This does not qualify as technical invention in the sense of the PatA. However, if software is used to solve a technical problem, (eg, a technical invention involving the use of a computer or where a computer program realises one or more features) it may be patentable as a ‘computer-implemented invention’.

Business methods are concepts facilitating or improving business procedures, namely organisational procedures. To the extent that they are only computer-based (ie, software), they are only protected under copyright and do not qualify as technical inventions in the sense of the PatA. To the extent that they are not computer-based, such methods may be protected as trade secrets (if they bear valuable commercial know-how adequately kept secret), but they are not considered patentable. Nevertheless, business methods may be patentable under Swiss patent law if they – as a whole – provide for a technical feature in the sense of the PatA.

If medical procedures qualify as technical inventions in the sense of the PatA, a patent can be obtained to cover them. However, inventions whose exploitation is contrary to human dignity, disregard the integrity of living organisms, or are in any other way contrary to public policy or morality (eg, procedures for cloning human beings) are not patentable under article 2, paragraph 1 PatA. Furthermore, methods for treatment by surgery or therapy and diagnostic methods practised on the human or animal body are excluded from patentability under Swiss law (article 2 paragraph 2 letter a PatA).

Patent ownership

16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

An invention generally belongs to the inventor (article 3 PatA: principle of the inventor). Inventors are always what is known as ‘natural persons’ (ie, individuals) who created an invention. Where several inventors have made an invention jointly, they are jointly entitled to the patent. All inventors have the right to be named inventor in the patent application. This applies irrespective of who owns the patent (ie, if another person acquires patent ownership, inventors remain named).
Under employment law, the employer is entitled to the work result produced by the employee (article 321b CC). This principle takes precedence over the default principle under patent law. However, a distinction is made between job-related inventions, occasional inventions, and inventions not related to work.

Job-related inventions are inventions that the employee has created during the employment relationship in the course of his or her official duties and in fulfillment of his or her contractual obligations. According to the principle of article 321b CC, job-related inventions originally belong to the employer. Divergent contractual agreements are possible.

An occasional invention is considered to be made when an employee makes an invention while performing his or her official duties but not in fulfillment of his or her contractual obligations. In principle, the employee is originally entitled to the invention. The employer can only acquire an occasional invention by derivative means, but may contractually secure the possibility of acquisition for all occasional inventions.

Inventions not related to work are made neither in the performance of official duties nor in fulfillment of contractual obligations and thus have no objective connection with the employee's contractual field of activity. According to the patent law principle of the inventor, the employee is entitled to those inventions.

It is always the owner of the patent who derives the benefit from the patent. He or she decides how to exploit it. The right to the patent as property right is unrestrictedly transferable and inheritable, even to legal entities (private and public) (article 33, paragraph 1 PatA). The transfer of the patent must be made in writing (article 33, paragraph 2 PatA). The contract of transfer must therefore bear the signatures of all persons who are bound by it. A registration in the Swiss Federal Institute of Intellectual Property is not mandatory, but only of a declaratory nature.

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

Within nine months of the publication of the entry in the patent register, any person may give notice of opposition to a patent (post grant) to the Swiss Federal Institute of Intellectual Property (IPI). Opposition may only be filed on the grounds that the subject-matter of the patent is not patentable. If the IPI finds in favour of the opposition, it may revoke the patent or maintain it as amended.

Absolute novelty requirement

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Yes. Only new inventions are patentable. An invention must not form part of the state of the art (also known as ‘prior art’). The state of the art includes all knowledge that has been publicly available anywhere in the world prior to filing the application for a patent. This includes printed and online publications, as well as public lectures and exhibitions. Even what the inventor himself makes known about his or her invention is generally considered to be state of the art – and the invention is no longer considered new. The invention must therefore be kept a secret before the application is filed. There are three exceptions.

The first exception are non-prejudicial disclosures: article 7b of the Swiss Federal Act on Patents for Inventions (PatA) excludes from the relevant state of art disclosures made by the patent applicant himself or by his or her predecessor in title (in particular the inventor) for two specific situations: where the disclosure is the result of an obvious abuse to the detriment of the patent applicant or his or her predecessor in title, and where the disclosure took place at a recognised international exhibition.

The second and third exceptions concern new uses of known substances. The second exception, ‘first medical use’, allows absolute patent protection for new chemical products (substances or mixtures of substances), irrespective of a specific manufacture or use, and the scope of protection of such a patent claim extends in particular to medical uses as a medicinal product, diagnostic agent or in surgery. The third exception supplements the second exception (first medical use) by explicitly allowing protection also for further medical uses of a substance where a first medical use is already known.

Obviousness or inventiveness test

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The invention must not be obvious to a person skilled in the art. In patent law, a ‘person skilled in the art’ is a hypothetical person who knows the prior art in his or her specialist field but is unimaginative. If the purpose of an invention is shown to a person skilled in the art and this person readily comes up with the same solution, then the solution is not inventive.

Patent unenforceability

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

As discussed earlier, a patent owner may act or behave in a way that infringes competition law principles. This may be raised as a defence by a defendant in a patent dispute and a judge could deny enforcement of a patent claim based on the individual (anti-competitive) constellation. This applies, in particular, to the parallel importation of patented goods, which a patent owner cannot impede once the principle of exhaustion applies.

Prior user defence

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

In general, acts undertaken within the private sphere for non-commercial purposes are not considered patent infringements, regardless of whether they are undertaken before or after the filing or publication date of the patent (article 9, paragraph 1 lit. a PatA). This defence covers all types of inventions.

Furthermore, a patent may not be invoked against any person who, prior to the filing or priority date of filing or priority, has already been commercially using the invention in good faith in Switzerland or had made special preparations for that purpose (article 35, paragraph 1 PatA). Any such person allowed to use the invention according to the aforementioned rule may even use the invention for the purposes of their trade or business (article 35, paragraph 2 PatA). This defence covers all types of inventions.

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Monetary remedies for infringement

What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The focus in Swiss patent infringement litigation is on obtaining permanent injunctive relief. Both preliminary and permanent injunctions are available. Monetary relief is also available on the basis that the claimant must be placed in a position it would have been in if no infringement had occurred. Monetary relief is always compensatory, but not punitive in nature. Therefore, a claimant can request damages, account of profits and surrender of any unjust enrichment deriving from the infringing act. However, the threshold to prove causation and loss for monetary relief is high.

Other available forms of relief are:

- declaratory relief (eg, concerning non-infringement (article 74 PatA); and
- an order:
  - requesting the defendant to disclose the origin and quantity of products in its possession that were unlawfully manufactured or placed on the market, and name the recipients and disclose the extent of any distribution to commercial and industrial customers (article 66(b) PatA);
  - seizing and destroying the infringing products and related manufacturing equipment (article 69 PatA); or
  - authorising the successful party to publish the judgment at the counterparty's expense (article 70(1) PatA).

A plaintiff's losses may encompass actual damage suffered and lost profits, which must be proven by the plaintiff, including the causality between the damages or lost profits and the patent infringement. The infringer may be required to surrender any unjust enrichment deriving from the infringing act. The calculation of lost profits based on a reasonable royalty rate is permissible only if it may be assumed that the patentee would have granted a licence to the infringer on request. This will usually be the case only if the patentee can show that it:

- granted non-exclusive licences to third parties; and
- would have been willing to grant a licence to the infringer based on the same or similar terms.

Injunctions against infringement

To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Preliminary injunctions are available in Switzerland based on article 261 of the Swiss Code on Civil Procedure (CPC) and article 77 of the PatA.

In order to obtain a preliminary injunction, a petition must credibly show (prima facie showing) that:

- the respondent has infringed or is likely to infringe the petitioner’s patent right; and
- the petitioner is threatened by harm that cannot be easily remedied.

In the case of special urgency and provided that the petitioner initiated the proceedings without undue delay, the Swiss Federal Patent Court (FPC) may order a preliminary injunction immediately and without hearing the opposing party first (ex parte preliminary injunction), which is, however, rarely granted in practice.

The court may make the interim measure conditional on the payment of security by the petitioner if it is possible that the measures could cause loss or damage to the opposing party.

Preliminary measures may also be requested to preserve evidence or obtain a precise description of an allegedly infringing process (article 77(1) PatA). A petitioner may also request the taking of evidence at a pre-trial stage if this is required to assess a potential claim's likelihood of success (article 158 CPC).

Permanent injunctions are granted if the plaintiff proves actual or impending patent infringement. No further requirement must be shown (eg, irreparable harm). The grant of permanent injunction is highly dependent on the substantial assessment of the patent infringement case at hand, but it is usually granted, if the court finds a patent infringed.

Banning importation of infringing products

To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The importation of infringing products for commercial use violates the right of exclusivity of the proprietor (article 8, paragraph 2 PatA). This provision allows, in principle, to intercept all infringing goods at the border (see articles 86a-86k PatA).

Yes, a specific proceeding is available to accomplish the blocking of the importation of infringing products. If the proprietor or a licensee of a patent that is valid in Switzerland has clear indications that goods which infringe that patent may imminently be brought into Swiss customs territory, he or she may request the Customs Administration in writing to refuse the release of the goods (article 86b, paragraph 1 PatA).

If the Customs Administration, as a result of an application under Article 86b paragraph 1 PatA, has grounds to suspect that certain goods intended to be brought into or taken out of Swiss customs territory infringe a patent valid in Switzerland, then it notifies the applicant and the declarant, holder or owner of the goods accordingly. Furthermore, it withholds the goods for a maximum of 10 working days from the time of notification, so that the applicant may obtain preliminary measures (article 86c, paragraph 1 PatA).

When making an application under article 86b, paragraph 1 PatA, the applicant may additionally submit a written request to the Customs Administration to destroy the goods (article 86f, paragraph 1 PatA).

Attorneys' fees

Under what conditions can a successful litigant recover costs and attorneys’ fees?

Yes, successful parties are usually awarded a certain compensation for attorneys’ fees (article 106(1) of the CPC). The successful party may also claim compensation for its patent attorneys’ fees (since attorney representing parties in patent litigation are usually assisted by patent attorneys).

Furthermore, the losing party is ordered to bear the court fees.

Wilful infringement

Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Additionally to the civil liability, the wilful infringer is also subject to criminal charges. Article 81, paragraph 1 PatA states that any person who wilfully commits a patent infringement specified in article 66 PatA
is, on complaint by the injured party, liable to custodial sentence not exceeding one year or to a monetary penalty. If the offender acts for commercial gain, he or she is prosecuted ex officio. In this case, the penalty is a custodial sentence not exceeding five years or a monetary penalty. Additionally, the custodial sentence is combined with a monetary penalty (article 81, paragraph 3 PatA).

According to article 12 Swiss Criminal Code (SCC), ‘whoever performs an act knowing and willing’ acts intentionally. Additionally, anyone who applies a patented invention commercially without being sure of the existence and scope of the corresponding patents deliberately accepts the possibility of an infringement and acts therefore with conditional intent (article 12, paragraph 2 SCC). Conditional intent means in this context that the infringer did not know with certainty that he or she was infringing a patent, but that he or she would have acted in the same way even if he or she had known about the infringement. In other words, that he or she accepted the infringement.

In civil trials, opinions by party-appointed experts (this includes opinions of counsel) do not generally qualify as evidence under the CPC. They are considered only to be the party’s allegations. According to the consistent practice of the Swiss Federal Supreme Court, this also applies in criminal proceedings.

Time limits for lawsuits

27 | What is the time limit for seeking a remedy for patent infringement?

The right to claim damages becomes time-barred three years from the date on which the person suffering damage became aware of the loss, damage or injury and of the identity of the person liable for it but in any event 10 years after the date on which the harmful conduct took place or ceased. If the person liable has committed a criminal offence through his or her harmful conduct, then the right to damages or satisfaction becomes time-barred at the earliest three years after notice of the judgment is given (article 73, paragraph 1 PatA in conjunction with article 60 CC). If the patent infringement was committed at least with conditional intent, the limitation period of criminal law applies (seven years; article 97 para- graph 1 lit c Swiss Criminal Code). With regard to the limitation period, it is not necessary that a criminal complaint has been filed nor does the offender need to have been punished for the offence, and no criminal complaint needs to have been filed.

However, an infringement claim can also be forfeited if the proprietor of the patent, being aware or negligently unaware of the infringer and the infringing act, waits for a long time before executing his or her rights, so that the infringer gains the trust that the rights will not be executed in the future. The infringer can only develop such trust if he or she must assume that his or her actions will provoke opposition because they are apparent to the entitled party. The legal consequence of forfeiture is the loss of the enforceability of the right against a specific infringer.

Patent marking

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

If a product is patented, it may be indicated on the packaging or the product itself. This can be a selling point and can also warn off potential patent infringers. However, the marking of the product is not mandatory. The marking may feature the patent mark on a product. This consists of the Swiss cross and the patent number. In addition, ‘+pat+ CH’ or ‘EP/CH’ followed by the patent number are frequently used signs (e.g. ‘CH689101’ for a Swiss patent or ‘EP/CH 1109604’ for a European patent that is valid in Switzerland). If products are brought to market and labelled before the patent has been granted, the signs ‘pat. pend.’ (patent pending) or ‘patent applied for’ may be used. The patent owner can require licensees of the patent to also use these signs.

Even though the use of the signs is optional, misusing them is a criminal offence (article 82 PatA).

LICENSING

Voluntary licensing

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

The only restriction is that in principle only valid intellectual property rights can be the subject of a licence agreement. The prevailing doctrine and case law assume the impossibility of a licence agreement in the case of the invalidity of all licensed rights.

In addition, it should be noted that licence agreements can be problematic from an antitrust law perspective. Article 5 to 7 of the Swiss Cartel Act of 1995 (CartA) thus form a substantive barrier to licence agreements. Apart from these two exceptions, there are no special restrictions on the contractual terms (see article 34 Swiss Federal Act on Patents for Inventions (PatA)).

Compulsory licences

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Yes. The Swiss Patent Act provides for compulsory licences in the following four fields:

- semiconductor technology (article 40a PatA);
- research tools (article 40b PatA);
- diagnostic tools (article 40c PatA); and
- the export of pharmaceutical products (article 40d PatA).

These licences are granted only if efforts by the applicant to obtain a contractual licence on appropriate market terms within a reasonable period of time have been unsuccessful (article 40e PatA). A compulsory licence is primarily granted for supplying the domestic market, and the scope and term of such a licence are limited to the purpose for which it has been granted. Additionally, the proprietor has the right to an appropriate remuneration. The court decides on the grant and revocation of licences, on their scope and duration as well as on the remuneration payable. In particular, the court revokes the licence if the circumstances that led to its being granted no longer apply and it is not expected that they will arise again.

Additionally, the Swiss Patent Act recognises further situations in which a claim to a licence may exist:

- A licence for the use of an invention that interferes with the subject-matter of a prior patent (article 36 PatA). Such a non-exclusive licence can be granted if a patented invention cannot be used without infringing a prior patent, provided that the invention represents an important technical advance of considerable economic significance in relation to the invention that is the subject-matter of the prior patent.
- If the proprietor of a patent has not sufficiently exploited the invention in Switzerland by the time of the action and cannot justify such a failure (article 37 PatA), an application for a compulsory licence can be filed three years from the date of the grant of the patent or at the earliest four years after filing the patent application. If the
grant of such licences does not suffice to meet the demand of the domestic market, any person with a proven interest may bring an action for the cancellation of the patent after a period of two years from the grant of the first of these licences (article 38 PatA).

- A licence in the public interest (article 40 PatA). Where a public interest so dictates, the person to whom the proprietor of the patent has, without sufficient reason, refused to grant the licence requested, may apply to the court for the grant of a licence to use the invention (article 40 PatA). This licence only comes into consideration if the invention is not carried out in Switzerland either by the patentee or by a licensee and if there is a public interest in its execution (eg, be a medicine against new threats such as covid-19).

### PATENT OFFICE PROCEEDINGS

#### Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

Swiss national patents are usually granted within three to five years from filing. However, applicants may request an expedited examination procedure (article 63 of the Swiss Federal Patent Ordinance (FPO)). The Patent Office does not examine novelty or non-obviousness (article 59 of the Swiss Federal Act on Patents for Inventions (PatA)).

The official fees for filing a patent are 200 Swiss francs comprising 10 patent claims. The Patent Office’s general examination fee is 500 Swiss francs. The fee for an expedited examination procedure is 200 Swiss francs. Annual renewal fees are beginning to be due four years after the filing of a patent. This fee amounts to 100 Swiss francs and then increases by 50 Swiss francs for each subsequent year.

Generally, additional, internal fees apply for the involvement of patent attorneys (to draft patent claims). Typically, the costs for preparing and filing a Swiss national patent may range from 5,000 to 12,000 Swiss francs, depending on the complexity of the patent and the patent attorney involved.

Finally, European patent applications designating Switzerland may usually take longer to be granted since – unlike Swiss national patents – novelty and obviousness is examined. Additional costs are likely involved for translations of a patent application into the national languages of the designated countries.

#### Expedited patent prosecution

32 | Are there any procedures to expedite patent prosecution?

With regard to the obtaining of a patent, applicants may request an expedited examination procedure (article 63 FPO).

The expedition of the judicial process in Switzerland is, however, not possible.

#### Patent application contents

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

In order to secure a filing date, only the description of the invention and the name of the applicant must be submitted. According to the PatA, the description must present the invention in such a way that a person skilled in the art can understand it and carry it out. The description must demonstrate at least one way in which the invention can be carried out. The problem being solved by the invention (the purpose of the invention) must be clearly defined and the solution presented in a way that it can be understood. All of the features necessary for the invention must be disclosed. If special embodiments of the invention or additional applications are also to be protected, the corresponding additional features must be presented in the technical documents. This is usually done through examples that are illustrated with technical drawings. Patent applications for chemical substances must describe at least one example of manufacturing. In addition, the substance must be identifiable by means of physical data. After the filing date, no new information may be added to the description of the invention. It is, therefore, important, that all necessary features are sufficiently described in the application from the outset, as the original technical documents determine what is protected. A precise and detailed description thus forms the basis for the legal interpretation of patent claims.

Within three months after the filing date, the following should be submitted to the IPI:

- at least one patent claim defining the invention;
- technical drawings of reproducible quality;
- an abstract; and
- a translation of the technical documents in one of the official Swiss languages if the documents are not being submitted in one of the official languages or in English.

Concise and clear patent claims are the most reliable way to avoid misunderstandings about the subject matter and scope of protection claimed.

Within 16 months after the priority date additional documents must be submitted to the IPI:

- a declaration of any international priority rights being claims as well as the priority documents;
- the names and addresses of all inventors involved;
- any waivers by individual inventors to being named; and
- a translation of the technical documents in one of the official Swiss languages if the documents have been submitted in English.

#### Prior art disclosure obligations

34 | Must an inventor disclose prior art to the patent office examiner?

The description in the application usually includes a description of the state of the art known to the applicant to the extent necessary for understanding the invention.

However, as there is no examination for the requirements of novelty and inventive step in the Swiss granting procedure, the state of the art must not be formally disclosed and proven to the patent office examiner. Nonetheless, it is strongly recommended to check the requirements of novelty and inventive step before applying for a patent, since in Switzerland a patent is granted without guarantee and can, therefore, subsequently be declared invalid if a third party appeals against it.

#### Pursuit of additional claims

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

The technical documents (including the patent claims) may be amended under certain circumstances. The patent office accepts amendments only if:

- the redefined subject matter was already included in the original documents; or
- the supplemented elements were already known at the time of the application, namely they belonged to the state of the art.

However, as mentioned before, after the filing date, no new information may be added to the description of the invention.
Patent office appeals

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

Yes.

Oppositions or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

Within nine months of the publication of the entry in the patent register, any person may give notice of opposition to the IPI to a patent that has been granted. Opposition may only be filed on the grounds that the subject matter of the patent is not patentable. If the IPI finds in favour of the opposition, it may revoke the patent or maintain it as amended.

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The party claiming nullity or the defendant in the infringement proceedings who raises the plea of nullity bears the burden of proof that the state of the art is contrary to the patent within the meaning of article 1, paragraph 2 PatA (inventive step) or article 7 PatA (novelty). In addition, this party in principle also bears the burden of proof in cases where the (in)validity of the priority is decisive that the priority is not validly claimed. However, article 20 PatA partially changes this allocation of the burden of proof.

Since neither the legitimacy nor the substantive validity of the priority is verified in the national examination procedure, article 20, paragraph 1 PatA provides that if priority is claimed and the validity of the priority is contested, the patentee shall bear the burden of proof of the existence of the right of priority. In order for the reversal of the burden of proof under article 20 paragraph 1 PatA to be effective, the opposing party, usually the party claiming nullity, must make sufficient allegations and prove an interest in the validity of the priority.

If the validity of the priority is disputed with the argument that the earliest priority application claimed is not the first application within the meaning of article 17, paragraph 1 (Union priority) or paragraph 1-bis (internal priority) PatA, the patentee benefits from the legal presumption that the application whose priority is claimed is a first application. This presumption is rebuttable. If the opposing party finds an earlier application of the applicant of the first claimed priority that discloses the same subject matter, this presumption can be overturned by the proof of the contrary. This exception from the reversal of the burden of proof is useful, since otherwise an unspecified negative fact would have to be proved, namely that there is no other earlier application with the same subject matter.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Yes. The proprietor of the patent may partially surrender the patent by requesting the IPI to revoke a patent claim or limit an independent claim by combining one or more patent claims, which are dependent on it or limit an independent claim in some other way (article 25, paragraph 1 PatA).

Furthermore, where a ground for nullity applies to only a part of the patented invention, the court can limit the patent accordingly (article 27, paragraph 1 PatA).

The effects of the granted patent are deemed not to have occurred from the outset insofar as the proprietor of the patent surrenders the patent or the court declares the nullity of the patent based on a nullity action (article 28a PatA).

Patent duration

40 | How is the duration of patent protection determined?

The maximum term of the patent is 20 years from the filing date of the application (article 14 PatA).

The IPI may grant on application a supplementary protection certificate for the active ingredients or combination of active ingredients of medicinal products (article 140a paragraph 1 PatA). The certificate takes effect on expiry of the maximum term of the patent for a period equal to the period that elapses between the date of filing under article 56 PatA and the date of the first authorisation of the medicinal product containing the product in Switzerland, minus five years (article 140e paragraph 1 PatA). However, the maximum duration may not exceed five years (article 140e paragraph 2 PatA).

UPDATE AND TRENDS

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

On 14 October 2020, the Federal Council opened a consultation procedure for the partial revision of the Swiss Federal Act on Patents for Inventions (FPA). According to the new draft revision, the Swiss Federal Institute for Intellectual Property (FIIP) will be tasked with examining whether an invention submitted for a patent application is new and inventive. This substantial examination is not required under the current Swiss patent system.

The idea behind the current patent system is that it is less costly and bureaucratic when granting patents while leaving it up to courts to decide in the event of a dispute whether a patent meets its substantial requirements.

By virtue of this system, the party causing an invalid patent will be required to bear the costs instead of generating huge administrative costs in advance for the granting of a patent. Consequently, in this system, only a dispute will reveal whether a patent is permanently valid or not. This is different from the EU patent system where the European Patent Office (EPO) examines the requirements of novelty and inventive steps in the application phase. As a result of these differences, European patents have been given greater weight than Swiss patents.

Swiss inventors, however, have the option to apply directly for a European patent instead of a Swiss patent and then choose the designated countries that the European patent will extend to.

Under the proposed partial revision of the FPA, the Federal Council would like to introduce a comprehensive substantial examination process for patent applications to the FIIP, which should create more legal certainty on the patent’s status, and make Swiss patents easier to enforce and resistant against nullity attacks in court.

Since these requirements will increase the hurdles for examining and granting patents, the Federal Council also wants to introduce a utility model (ie, a ‘small patent’) as a further protective instrument. The utility model would be granted without examining the substantial content of the invention submitted and would be faster and cheaper to obtain than a patent, but would offer a maximum protection term of only 10 years (ie, half of the 20-year protection term granted to full patents).

Such utility models have long been known in the EU.

The purpose of the partial revision of the FPA is to provide inventors with more opportunities to protect innovations. Furthermore, the
utility model can also be used in a patent box, which creates tax advantages almost identical to a normal fully fledged patent.

The consultation for this revision lasted until 1 February 2021 with interest building as to what stakeholder opinions will be, particularly since the revision has raised some controversy, such as the view that the introduction of a full-patent concept would create burdensome financial hurdles for small and medium-sized businesses. These critics suggest that the current Swiss patent system be maintained, but include opposition proceedings in the application stage where a third-opposing party could launch a validity examination (i.e., a full-patent examination) to have it rejected. In this way, the majority of patents could be filed in a straightforward manner (without substantial examination) while only opposed patents would be subject to substantial examination upon request.

**Coronavirus**

42 What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

During the first lockdown period in 2020 in Switzerland, court capacities were limited in allowing physical presence in courts and a freezing of statutory deadlines was temporarily enacted. However, since May 2020, courts and offices have resumed practices. Practices might work slower, but they operate normally and physical meetings are still restricted/limited.
Taiwan

Yulan Kuo, Frank Lu and Charles Chen
Formosa Transnational Attorneys at Law

**PATENT ENFORCEMENT PROCEEDINGS**

Lawsuits and courts
1 What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Taiwan established a specialised court (the IP Court) to adjudicate IP-related cases on 1 July 2008. The IP Court has jurisdiction over the first and second instances of civil actions, the second instance of criminal cases and the first instance of administrative litigation cases. Due to the success of the IP court, Taiwan’s Judicial Yuan has established the Intellectual Property and Commercial Court (IPCC), which will specifically handle Intellectual property and commercial issues. Most court proceedings will remain the same and patent litigation will be handled at the IPCC on and after 1 July 2021.

As the Patent Act has fully decriminalised all types of patent infringement in 2003, all legal proceedings in Taiwan for enforcing patents rights against infringers are civil actions, which are generally brought before the IP Court. However, the IP Court has only ‘prioritised’ rather than ‘exclusive’ jurisdiction; that is, in the event that a patent infringement case is brought to a common civil court, the civil court may decide to move the case to the IP Court. However, if the common civil court accepts the dispute and renders the decision on its own, such decision may not be revoked for lack of jurisdiction.

The Patent Act also provides administrative border control measures and patentees may apply for detention of infringing goods. A patentee or its exclusive licensee can file a request for detention at customs to stop the import of allegedly infringing products.

**Trial format and timing**
2 What is the format of a patent infringement trial?

In the past, a patent infringement trial was handled by judges who normally lacked technical backgrounds. There was no discovery, no jury trial and no separate hearings (such as Markman hearings in the US) for claim construction. Different from the previous practice, where the judges in the common courts often relied heavily on the opinions of outside patent verification institutes to conclude whether infringement existed in a given case, in most cases the IP Court reviews the technical issues (namely, validity issues and infringement issues) by itself with the support of technical examination officers. Documentary evidence, factual witnesses (who may be cross-examined) and experts (who are generally appointed by the courts) are all admissible in the proceedings.

In response to criticism that judges do not possess sufficient technical understanding of patent issues, the IP Court is staffed by technical examination officers who have expertise in science and technologies.

The technical examination officers not only sort out the controversies of both parties to clarify the disputes, but also provide to the judges reference opinions on technical issues.

Typically, a patent trial lasts one to two years at the first instance. The IP Adjudication Act (enforced on 1 July 2008) specifically prohibits judges from staying the civil proceedings adjudicating infringement issues and requires them to make a determination on the defence of invalidity, while judges previously agreed to stay the civil litigation pending the parties’ exhaustion of administrative remedial procedures for related invalidation actions. The problem of long stays of proceedings has thus been ameliorated.

**Proof requirements**
3 What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The burden of proof for establishing the existence of infringement, as well as an infringer’s intentional or negligent act, is borne by the patentee, while the burden to prove invalidity and unenforceability lies upon the alleged infringer. As commonly applied in any civil case, the party that bears the burden of proof must satisfy the burden by a preponderance of the evidence.

**Standing to sue**
4 Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The patentee has standing to sue for patent infringement. An exclusive licensee also has the same right, unless the licence contract provides otherwise, according to article 96.4 of the Patent Act. According to current court precedents, a non-exclusive licensee has no standing to sue in a patent infringement case. A distributor probably does not have standing to sue either, although there is currently no court precedent to give guidance on this issue.

An accused infringer may file a declaratory action under article 247 of the Code of Civil Procedure if it can illustrate the existence of its legal interests upon which a declaratory action is sought (eg, reasonable apprehension on being sued for patent infringement) and there is no other civil remedy available.
Inducement, and contributory and multiple party infringement

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

There is no concept of contributory infringement or inducement of infringement similar to that applicable in the US. If the patentee intends to sue multiple infringers, he or she may do so under the joint tort theory, where the aider and abettor are jointly and severally liable for civil liability together with the primary infringer.

If each party only practises part of the element of a patent claim, there will be no patent infringement. However, under the joint tort theory, the court has found in one judgment that a party can only be jointly liable as an aider or abettor if there is a direct tortfeasor. This means that without a party satisfying all of the elements of a patent claim as the direct tortfeasor, there cannot be an aider or abettor to such patent infringement. Therefore, it would be very difficult, if not impossible, for multiple parties to be jointly liable if no party’s action actually satisfies all elements of a patent infringement claim. Although the concept of joint infringement has been discussed in many scholarly articles and public conferences, it is still an unresolved issue according to current precedents.

Joiner of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Yes, according to the Taiwan Code of Civil Procedure, multiple parties can be joined as co-defendants if the rights or obligations of the claim are common to them; or if the rights or obligations of the claim arise from the same factual and legal grounds; or if the rights or obligations of the claim are of the same nature and arise from the same kind of factual and legal grounds, as long as the court has jurisdiction over all defendants. As a result, all of the defendants need not be accused of infringing the same patents. Nevertheless, it is very rare for a patentee to initiate litigation against multiple parties who infringe different patents.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

The Patent Act makes the manufacture, sale, offer for sale, use or importation for any of the foregoing purposes an infringement of a product patent, while the sale, use or importation of a product made through the direct use of a patented process constitutes infringement of a process patent. Generally, only behaviour taking place in Taiwan will constitute infringement of a Taiwan patent. However, the importation of infringing products manufactured outside Taiwan will constitute an infringement.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

The Guidelines for Patent Infringement Verification published by Taiwan’s Intellectual Property Office (TIPO) stipulate that the doctrine of equivalents shall apply, after verification by literal infringement fails. Judges have found infringement under the doctrine of equivalents where the claimed subject matter has the same functions, applies in the same ways and gets the same results as the literal reading of the claim, and in such cases, the subject equivalents will be liable for infringement.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Taiwan does not have US-like discovery proceedings. Instead, the Code of Civil Procedure allows a party to apply for an order requesting the other party to submit certain documents or evidence essential to resolution of the dispute during trial. If the judge so orders and the party ordered to produce evidence fails to comply without proper justification, the judge may uphold the applicant party’s assertion based upon the evidence. In addition, according to the Intellectual Property Case Adjudication Act, the IP Court can enforce such an order if the opposite party has no grounds to refuse the submission of the requested evidence.

The other mechanism with direct compulsory effect for evidence collection is the preservation of evidence proceeding. A party may file an application, before or after a civil litigation is initiated, for preservation of evidence on the ground that there is a risk that the relevant evidence might be concealed or destroyed. This is an ex parte proceeding and respondents will not become aware of the application until the judge arrives on site for execution with the ruling to be served.

If the parties feel that it is necessary to collect evidence outside of Taiwan, they must request the court to seek assistance from foreign authorities, Taiwan’s diplomatic agencies or other institutions or organisations.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

Typically, a patent trial lasts one to two years at the first instance, but varies with the complexity of the subject matter of the case. The appellate courts generally take a year to 18 months to complete proceedings at each instance.

Litigation costs

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The costs of a patent litigation infringement lawsuit mainly include:

- court fees, which are calculated at approximately 1.1 per cent of the value of the claims at the first instance and 1.65 per cent of the same at the appellate levels;
- bonds required for preliminary injunction, or civil litigation applicable only if the plaintiff has neither a presence nor assets in Taiwan;
- verification fees for court-appointed or party-retained institutes; and
- attorneys’ fees.

There is no specific rule that prohibits contingency fee arrangements in patent litigation. The client can request a contingency fee arrangement with his or her attorney.

Court appeals

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

The decision of the first instance in a patent infringement lawsuit made by one judge at the IP Court can be appealed to a panel of three judges of the same court, and the appellate decision by this panel of judges can in turn be appealed to the Supreme Court, provided that the value of the claim exceeds NT$1.5 million.
Under article 447 of Taiwan’s Code of Civil Procedure, no additional means of argument or defence is allowed at the appellate stage, except in cases where:

- such additional means of argument or defence were prevented from being presented as a result of the court of first instance acting in contravention of the laws and regulations;
- the occurrences giving rise to such additional means of argument or defence took place after the conclusion of oral arguments in the court of first instance;
- additional means of argument or defence are presented for purposes of supplementing those already presented in the first instance;
- the occurrences giving rise to such additional means of attack or defence are generally known or become known to the court in the course of performing its functions;
- the court should take evidence on its own initiative with regard to such occurrences;
- the party was unable to present such additional means of argument or defence due to reasons not imputable to him or her; or
- it would be manifestly unfair to prevent the party from presenting such additional means of argument or defence.

**Competition considerations**

13. To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Taiwan’s Fair Trade Act prohibits enterprises from engaging in unfair competition, such as by abusing market power or by cooperation among horizontal competitors. Taiwan’s Fair Trade Commission has published the Guidelines for the Review of Cases Involving Enterprises Issuing Warning Letters for Infringement of Copyright, Trademark and Patent Rights, and the Guidelines on Technology Licensing Arrangements. Patentees will expose themselves to civil liabilities or administrative sanctions or even criminal penalties if the enforcement of patent rights violates the Guidelines or the Fair Trade Act.

**Alternative dispute resolution**

14. To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Arbitration and mediation are both available as means to resolve patent disputes, but in practice, parties rarely opt for alternative dispute resolution techniques.

**SCOPE AND OWNERSHIP OF PATENTS**

**Types of protectable inventions**

15. Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Yes, a patent can be obtained to cover software or business methods (under modern computer software architecture, but not including only a business method). However, the following subject matters are not patentable:

- animals, plants and essentially biological processes for production of animals or plants (except for the processes used to produce micro-organisms);
- diagnostic, therapeutic or surgical operation methods for the treatment of humans or animals; and
- any invention that is contrary to public policy, morality or public health.

**Patent ownership**

16. Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Unless the contract provides otherwise, a company owns the patent application right and patent right of its employees’ inventions on works for hire, while the employee is entitled to ask for appropriate compensation and his or her name to be indicated as the inventor. The patent application right and patent right of an employee’s invention other than that as a work for hire shall be vested in the employee provided that, if the invention is made through utilisation of the employer’s resources or experience, the employer may, after having paid the employee a reasonable remuneration, put the same invention or utility model or design into practice in the enterprise concerned.

The patent application right and patent right for an invention made by an independent contractor shall be vested in accordance with the relevant agreement. In the absence of such an agreement, the patent application right and patent right shall be vested in the independent contractor, provided, however, that the fund-provider shall be entitled to put such invention into practice.

Multiple inventors jointly own the patent application rights and must file the patent application jointly.

There is no special rule in the Taiwan Patent Act regarding ownership of a patent on an invention made by a joint venture. Ownership of the patent on such an invention, in general, will be decided through contract.

The ownership and the transfer of patent rights is published by the Patent Official Gazette and recorded in the database of Taiwan’s Intellectual Property Office (TIPO). Unless registered with TIPO, any transfer, trust, licensing, or pledge of a patent cannot be asserted against a third party.

**DEFENCES**

**Patent invalidity**

17. How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The grounds on which a patent can be invalidated include:

- unpatentability;
- lack of novelty, inventive steps or utility;
- failure of enablement; and
- wrongful attribution of inventorship.

A patent can be invalidated (revoked) either by an invalidation action filed by any person to, or ex officio by, Taiwan’s Intellectual Property Office (TIPO), the decision of which may be appealed to the Ministry of Economic Affairs (MOEA), then to a panel of three judges at the IP Court, and finally to the Administrative Supreme Court. While the civil courts handling infringement cases shall review the validity of a defence on their own, such decisions on validity are binding only between the parties and do not affect TIPO’s decision on the invalidation action. In other words, the procedure for the invalidation is still the ultimate mechanism to determine the validity of a patent.

In order to improve the quality of review in the patent invalidation procedure, TIPO introduced a hearing procedure for a patent invalidations on 30 March 2018. Either party can apply for this hearing, or it may be held ex officio. For such hearings, a committee is established by three examiners to review the case, rather than only one examiner, as in a normal invalidation procedure. The committee will determine the issues and request all parties to exchange briefs asserting their
arguments before the oral hearing. The oral hearing is conducted similarly to a court hearing, and allows all parties fully to express and debate their arguments. The hearings also allow interested parties and a limited number of members of the public to be seated by prior application. The committee makes decisions soon after the hearings conclude, and such decisions can be directly appealed to the IP Court without review by MOEA.

**Absolute novelty requirement**

18 | Is there an 'absolute novelty' requirement for patentability, and if so, are there any exceptions?

Yes, there is an absolute novelty requirement for patentability. Prior art can be any information available to the public anywhere in the world. The Patent Act provides a 12-month grace period.

According to the latest amendment of the Patent Act passed by the Legislative Yuan on 30 December 2016, which took effect as of 1 May 2017, the grace period for invention patents and utility model patents is extended from six to 12 months. In addition, this amendment also raises the bar on the application of the grace period, whether the creation was disclosed with or without the intent of the applicant, and the applicant can claim the grace period (unless the creation was disclosed in the Taiwan Patent Gazette or the gazettes of foreign countries with the applicant’s consent). The applicant need not describe the fact or provide documents of proof at the time of filing.

**Obviousness or inventiveness test**

19 | What is the legal standard for determining whether a patent is 'obvious' or 'inventive' in view of the prior art?

An invention is obvious or lacks inventive step if it can be easily accomplished by a person having ordinary knowledge in the relevant technical fields based on prior art before the application for patent is filed. According to TIPO’s Examination Guidelines for Patents ("Examination Guidelines"), the determination of whether a claimed invention involves an inventive step must be made according to the following steps: Step 1: determine the scope of a claimed invention; Step 2: determine the content disclosed in relevant prior art; Step 3: determine the technical levels of a person ordinarily skilled in the art; Step 4: determine the differences between the claimed invention and the relevant prior art; and Step 5: determine whether a person ordinarily skilled in the art can easily accomplish the claimed invention based on the content disclosed in relevant prior art and common general knowledge at the time of filing.

**Patent unenforceability**

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

Taiwan does not have the concept of inequitable conduct similar to that which in the US renders a patent unenforceable owing to an omission or wrongdoing by the inventors, particularly during the prosecution. However, a patentee’s violation of the Fair Trade Act or relevant guidelines published by the Fair Trade Commission is a good defence against the enforcement of a valid patent.

**Prior user defence**

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Yes, the Patent Act provides that the right of a patent does not extend to the situation where, prior to filing for patent, the invention has been used in Taiwan, or where all necessary preparations have been completed for such purpose, except when the knowledge of the manufacturing process was obtained from the patent applicant within 12 months prior to applying for the patent and the patent applicant has made a statement concerning the reservation of his or her patent right therein (the 12-month aforesaid period has been extended only for invention patents and utility model patents, while the six-month period still applies to design patents). This defence covers all types of inventions and is limited to commercial uses. There is also a defence available where the accused infringer put the invention into practice for research, educational or experimental purposes only, with no profit-seeking acts involved. In addition, there is another defence available where the accused infringer has put the invention into private practice, with no commercial purposes involved. The latter two defences can be used whether the activity takes place before or after the application for the patent is filed.

**REMEDIES**

**Monetary remedies for infringement**

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The Patent Act stipulates three alternative ways to calculate damages resulting from a patent infringement. The first method calculates the actual damages plus lost benefits of the patentee. In the absence of proof to show the amount of damages, a patentee may subtract the profit earned through the practice of the patent, after the existence of infringement from the profit normally expected through the practice of the same patent, and take the balance as the amount of the damages. The second method calculates the profit that the infringer gained from the infringement. The third method calculates the reasonable amount of royalty that may have been collected from exploiting the invention patent under licence. Where the infringement downgrades the business reputation of the patentee, the patentee can claim additional damages. Damages start to accrue when the infringement activity takes place. The damage awards may be increased as punitive damages where the infringement is found to be wilful.

According to the Precautionary Matters on Handling Civil Procedure, the court, in the event of an intellectual property rights infringement case, may request the competent authority or other appropriate authorities to estimate the damages by ruling on the plaintiff’s motion, or refer to the amount calculated on the basis of reasonable royalties that may be collected from exploiting the invention patent being licensed, for purposes of determining the damages. Additionally, the court may order the defendant to submit documents or information for calculating damages, as the approved reference amount of damages.
Injunctions against infringement

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

A patentee may obtain a final injunction, which is a remedy at law, against future infringement if the judgment finding infringement becomes irrevocably final. Patentees can file a preliminary injunction, before or after a civil litigation is filed, if they can satisfy the following legal requirements: the existence of a disputed legal relationship determinable by followed-up civil litigation; potential irreparable harm or urgency unless the preliminary injunction is granted; and provision of a bond sufficient to compensate the respondent if the claim is later proved to be without merit. The IP Adjudication Act (in force on 1 July 2008) specifically requires that the judge take into account the ‘likelihood of success on the merits’, including on the issues of infringement and invalidity, and to consider and balance the applicant’s irreparable harm or urgency against the respondent’s burden or hardship and the public interest. Thus, it has lately become more difficult to obtain preliminary injunctions.

The injunction is effective only against the respondents of the ruling or execution orders. If the patentee wants to have the effectiveness apply directly against the infringer’s suppliers or customers, it must include them as respondents in the application or, at the very least, as respondents to execution orders.

Banning importation of infringing products

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The border protection measures were added to the Patent Act and were enacted on 3 January 2014 to strengthen patent protection. Subsequently, the Regulations Governing Customs Detaining Goods Suspected of Patent Infringement were promulgated on 24 March 2014. A mechanism for a ‘request to detain’ was introduced and a patentee may request customs to detain imported goods suspected of infringing the patent right by providing relevant material and depositing a security. However, customs will revoke the detention if:

• the patentee does not initiate infringement litigation within 12 days;
• the infringement litigation is finally dismissed;
• the request is voluntarily withdrawn; or
• the owner of the detained goods provides a counter-security.

Applicants who request the detention must compensate the alleged infringer for any damages caused by the wrongful detention in the event that non-infringement is ruled in a final judgment by a court.

In addition, in a patent infringement case where the goods in question are suspended from import or export by a provisional measure (namely, preliminary injunction) ordered by the judicial authority (namely, the IP Court), the customs authority will implement necessary measures after the patent owner (or exclusive licensee) provides the information required to identify the goods, such as the time of import or export of the goods in question, the location, the name of the carrier for import or export, and the flight number or declaration form number, unless the goods in question have already been released by the customs authorities.

Attorneys’ fees

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

Attorneys’ fees are recoverable only when the laws require the parties to be represented by attorneys-at-law for litigation. The parties are not legally required to be represented by attorneys at the first and second instances of a civil litigation, and thus attorneys’ fees are not recoverable there. Attorneys’ fees for an appeal to the Supreme Court are recoverable to the extent permitted under the Code of Civil Procedure because the parties are legally required to be represented by attorneys-at-law at the Supreme Court.

Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

On 29 November 2011, the Legislative Yuan amended the Patent Act and abolished the rule of punitive remedies under the Patent Act. On 31 May 2013, the Legislative Yuan again amended the Patent Act and adopted the rule of punitive remedies. Now, under the new Patent Act, if the infringement is found to be deliberate or wilful, the court may grant monetary compensation of an amount higher than the amount of damages estimated but no more than three times the amount of the actual damages. Any indication that the infringer had actual knowledge of the existence of the patent can be relied upon to rule deliberate or wilful infringement. For example, judges have found wilful infringement in cases where:

• the infringer previously had a licence agreement with the patentee but failed to pay the royalty and this intentionally resulted in termination of the licence, and the infringer filed several actions to Taiwans Intellectual Property Office (TIPO) to invalidate the patent in dispute; or
• the infringer previously purchased the patented products frequently from the exclusive licensee.

There is no specific rule as to whether the opinions of counsel are used as a defence to a charge of wilful infringement. Although there is a case in which a defendant relied upon opinions of counsel as a defence to a charge of wilful infringement, the court did not express its opinion on this issue in the judgment. As such, there is currently no authoritative precedent on this issue. In any event, this issue will be reviewed according to the evidence rules under the Code of Civil Procedure.

Time limits for lawsuits

27 What is the time limit for seeking a remedy for patent infringement?

The right to claim patent infringement is extinguished if not exercised within two years from the time the patentee becomes aware of the infringement and of the identity of the infringers, or within 10 years from the time of the occurrence of the infringement.

Patent marking

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

The patent certificate number must be indicated on the patented article. If such marking cannot be fixed on the patented article, the patentee may make such marking on the labels or packaging, or make such marking in a conspicuous way sufficient to draw people’s attention. Where no patent marking is made, evidence must be produced when claiming damages to prove that the infringer knows or has a reason to know that said article is protected by a patent.
False patent marking may constitute a violation of the Fair Trade Act and may also lead to criminal sanctions and civil liabilities. The Fair Trade Commission has rendered several judgments relating to false patent marking and ruled that such act is a violation of the Fair Trade Act, which may result in a prohibition of the act and an administrative fine. Moreover, under certain circumstances, false patent marking may also violate the provisions of the Criminal Code and lead to criminal sanctions such as imprisonment and criminal fines. In such event, as the false patent marking would also constitute a tort, the injured party might also sue for compensation in a civil proceeding.

**LICENSING**

**Voluntary licensing**

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

There are no specific restrictions on the contractual terms of a patent licence. However, the new Patent Act clearly defines two kinds of licences: exclusive and non-exclusive. An exclusive licensee shall, within the scope of the licence granted, exclude the patentee and third parties from exploiting the patented invention. A licence or transfer of a patent will be void if the agreement will give rise to unfair competition because it prohibits or restricts the assignee from using any specific article or process not furnished by the assignor or licensor, or requires that the assignee purchase products or raw materials of the assignor that are not protected by patent. In addition, the patentee must comply with the Fair Trade Act and relevant guidelines for licensing the patents.

**Compulsory licences**

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

A compulsory licence is available to deal with national emergencies or to make non-profit-seeking use of a patent for enhancement of public welfare or, in the case of an applicant’s failure to reach a licensing agreement with the patentee concerned under reasonable commercial terms and conditions within a considerable period of time, Taiwan’s Intellectual Property Office (TIPO) may, upon application, grant a right of compulsory licensing to the applicant to put the patented invention into practice, provided that such practising shall be restricted mainly to the purpose of satisfying the requirements of the domestic market.

However, if the application for compulsory licensing of a patent right covers semiconductor technology, such an application may be allowed only if the proposed practice is for the purpose of a non-profit-seeking use contemplated to enhance public welfare. In addition, TIPO may also, upon application, grant to the applicant a compulsory licence to practise the patented invention in the event that the patentee has imposed restrictions on competition or has committed an act of unfair competition, as confirmed by a judgment given by a court or a decision by the Fair Trade Commission. Further, for purposes of assisting countries with insufficient or no manufacturing capacities in the pharmaceutical sector to obtain pharmaceutical products needed in treating HIV/AIDS, tuberculosis, malaria and other epidemics, TIPO shall, upon request, grant a compulsory licence for the requester to exploit a patent concerned for the purpose of producing such pharmaceutical products and their export to eligible importing countries.

The grantee of the compulsory licence shall pay to the patentee appropriate compensation. In the case of dispute over the amount of such compensation, the amount shall be decided by TIPO.

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 How long does it typically take, and how much does it typically cost, to obtain a patent?

An invention patent typically takes approximately two years to be granted if no Office Action is issued. Typically, official fees from the filing of an application to the receipt of the patent certificate, where no additional office actions were encountered, would start at the basic fee of NT$14,000 (including the application fee, examination fee, certificate fee and annual fee for first three years), while attorneys’ fees for processing the prosecution vary. The application fee is a fixed fee of NT$3,500 and the examination fee is calculated based on the number of claims. The basic examination fee is NT$7,000, but Taiwan’s Intellectual Property Office (TIPO) will charge an additional fee if more than 10 claims are made (NT$800 for each further claim). Additionally, if the total number of pages of specifications, claims and drawings in the application exceeds 50 pages, TIPO will charge another additional fee (NT$500 for each page in excess of 50 pages). The annual fee to maintain an invention patent is NT$2,500 for the first three years, and this amount gradually increases over the years.

**Expedited patent prosecution**

32 Are there any procedures to expedite patent prosecution?

Yes, there are two procedures to expedite patent prosecution.

The first is the Accelerated Examination Programme. The applicant can apply for this procedure under the following three conditions:

- the application’s foreign counterpart has been granted under substantive examination by a foreign patent authority;
- the European Patent Office (EPO), Japanese Patent Office (JPO) or US Patent and Trademark Office (USPTO) has issued an office action during substantive examination but has yet to allow the application’s foreign counterpart; or
- the invention application is essential to commercial exploitation.

If the application is proceeding under the condition identified at the final bullet point, then a fee of NT$4,000 will be charged.

The second procedure is the Patent Prosecution Highway. Currently there are three patent authorities cooperating with TIPO: USPTO, JPO and Spanish Patent and Trademark Office. This programme enables an applicant whose claims are determined to be allowable and patentable in the Office of First Filing (OFF) to have the corresponding application filed in the Office of Second Filing (OSF) and advanced out of turn for examination, while at the same time allowing the OSF to exploit the search and examination results of the OFF.

**Patent application contents**

33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

According to the Patent Act, an applicant shall submit the application form, descriptions, claims, abstract and drawings to Taiwan’s Intellectual Property Office (TIPO). According to article 26 of the Patent Act, a description shall disclose the invention in a manner clear and sufficient for it to be understood and carried out by a person ordinarily skilled in the art. A claim shall define the claimed invention, and each claim shall be disclosed in a clear and concise manner and be supported by the description. An abstract shall clearly contain a summary of the disclosed invention. In addition, the manner of disclosure for description, claim, abstract and drawings shall be prescribed in the Enforcement Rules of the Patent Act.
TIPO has also issued the Substantive Examination Guidelines (Guidelines) according to which the TIPO reviews the applications received and decides whether a patent application should be granted. The Guidelines set forth were drafted based on the practices of the USPTO, JPO and EPO, and so their content is quite similar to the international patent prosecution practice. In short, the requirements of utility, novelty and inventiveness play important roles when TIPO reviews the applications. Moreover, the Patent Act clearly stipulates that the claims must be supported by the specification and drawings. If the claims contain features that are not disclosed in the specification or drawings, the application will not be allowed.

Prior art disclosure obligations

34 Must an inventor disclose prior art to the patent office examiner?

The Enforcement Rules of the Patent Act require an applicant to disclose prior art known to the applicant. According to TIPO, however, failure to disclose will not necessarily affect the validity of the patent, as long as it does not cause persons skilled in the art to be unable to understand the content and how to practise the invention.

Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

A patent applicant may supplement or amend the claims of an earlier filed application, provided that the content of the supplement or amendment does not exceed the scope of the specification or drawings disclosed in the original patent application, except for correction of translation errors.

If the supplement or amendment exceeds the scope of the specification or drawings, then the patent applicant must file a further application based on a prior application filed in Taiwan on which it can claim priority in respect of the invention described in the specification or drawings submitted along with its prior patent application, except in the following circumstances:

- where a period of 12 months has elapsed from the filing date of the prior patent application;
- where a claim for priority right upon a foreign application has been made in respect of the invention or utility model described in the prior patent application;
- where the prior patent application has been divided into divisional applications or has been converted;
- where the examination decision has been made with respect to the prior patent application; or
- where the earlier patent application has been withdrawn or dismissed.

Patent office appeals

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

An applicant for an invention patent or a design patent may apply for re-examination against a rejection decision within two months from the date on which TIPO’s decision is served. Unless the application is rejected on procedural grounds or on the ground of an applicant’s ineligibility, the re-examination proceeding is the prerequisite for a later appeal to MOEA, the panel of three judges of the IP Court, and then the Administrative Supreme Court.

Since 2004, this re-examination proceeding no longer applies to utility model patents, as a utility model patent now merely requires a formality examination by TIPO rather than a substantive examination. Thus, an applicant for a utility model patent may directly appeal to Ministry of Economic Affairs (MOEA) against an adverse decision within one month of the date on which TIPO’s decision is served. The MOEA’s decisions may be further appealed to a panel of three judges of the IP Court and finally to the Administrative Supreme Court.

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

No, the Patent Act has abolished the opposition procedure that previously allowed third parties to oppose a grant within three months after the application was published. Now, the only mechanism to protest a patent is to file an invalidation action after the patent is granted.

Priority of invention

38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

Taiwan utilises a first-to-file system, pursuant to the Patent Act. Therefore, when multiple applications are filed for the same invention, TIPO will only grant a patent to the first applicant to file.

Modification and re-examination of patents

39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

The Patent Act allows patentees to file an application to make amendments to the contents of the specification and drawings only in respect of the following matters: deleting the claims; narrowing the scope of the claims; correction of errors or translation errors; or explanation of obscure descriptions. Any amendment to be made cannot exceed the scope of content disclosed in the original specification or drawings when the patent application was filed, and cannot substantially expand or alter the scope of the patent claims. Upon approval of the amendments, TIPO will publish the cause of such amendments in the Patent Official Gazette. The effect of the amendments on the specifications or drawings shall, upon publication, be retroactive to the filing date of the patent application concerned. A patent can be invalidated (revoked) either by an invalidation action filed by any party to, or ex officio by, TIPO.

There is no re-examination proceeding in the sense that any person at any time may challenge the patentability of a patent on the basis of prior art. Rather, re-examination under the Patent Act is the prerequisite for an applicant applying for an invention patent or a design patent to go through the administrative remedial procedure (more information related to re-examination is described in “Patent office appeals”).

The court may not on its own amend the patented claims during a lawsuit.

Patent duration

40 How is the duration of patent protection determined?

The term of an invention patent is 20 years from the filing date of the patent application. In the event of invention patents covering pharmaceuticals, agrichemicals or processes for preparing the same, a patentee may apply for an extension of the patent term of no longer than five years if, pursuant to other acts or regulations, prior government approval must be secured to practise such patents, which are obtainable only after the publication of the patents. The term of a utility patent is 16 years, and a design patent is 10 years. After the term of a patent ends, anyone may make, use, or sell the patented invention or design in Taiwan.
model patent is 10 years from the filing date, while that of a design patent is 12 years from the filing date.

**UPDATE AND TRENDS**

**Key developments of the past year**

41 What are the most significant developing or emerging trends in the country’s patent law?

**Amendment of the Design Patent Examination Guidelines - Relaxation of the Legislation**

Taiwan’s Intellectual Property Office (TIPO) has announced amendments to the chapter on the Substantive Examination of Design Patents of the Examination Guidelines for Patents (the Amendment), which took effect on 1 November 2020. The key amendment relaxes the requirements for disclosing descriptions and graphs, adding examples of constructions and interior designs as the subject matter for patents, and adding examples of applications of computer program products.

**Computer-Generated Icon (CGI) and Graphical User Interface (GUI)**

This Amendment lifts the restriction that computer-generated icon (CGI) and graphical user interface (GUI) design patent applications must apply to an article. The requirements for the disclosure of a design patent application were also relaxed. These latest changes will enable software businesses to obtain design patent protection more easily and more comprehensively.

Under the previous design patent examination guidelines, no method was indicated for the examination of an icon generated by a projection means or a virtual reality icon appearing in the emerging technology. Considering computer-generated icons and graphical user interfaces (GUI) are generally produced by computer programs, the Amendments states that an icon or GUI must involve software or an app that is without a substantive shape. The carrier into which the software or App is loaded is not confined to a screen, a projector or a head-mounted display device. The written expression, stating the unclaimed part, is disclosed with dotted lines and can be omitted from the description of the design specification. A title of the icon or GUI design application will be changed, such as from a screen icon or a GIU of a display means, to an icon of a software program and a GIU of a software program, respectively.

**Interior design**

Whether interior designs can be protected by copyright is a long-lasting unsolved question in intellectual property for both practitioners and scholars. There are many critical issues involved, such as creativity, utility and intangibleness. In this Amendment, interior designs are explicitly accepted as subject matter for design patent protection, and the requirements relating to the disclosure of descriptions and drawings, as well as those governing divisional applications are relaxed.

This Amendment is expected to allow inventors or creators to obtain patents more flexibly and freely so as to obtain more comprehensive protection for their designs. The Taiwan Intellectual Property Office (TIPO) hopes that this Amendment will enhance development in the digital industries.

**Taiwan considers restructuring patent appeal system**

On 30 December 2020, TIPO published a proposed amendment to provisions of the Patent Act (Proposed Amendment) and is currently inviting comments from the public on the Proposed Amendment. Below are some of the items of note in the Proposed Amendment.

**New review board and hearings**

Under the Proposed Amendment, TIPO will establish a review board to hear and review patent appeal cases, including:

- ex parte proceedings: re-examination (where a patent applicant appeals against the rejection of its patent application); applications for patent extension; applications for post-grant amendments; any appeals against examiners’ rulings made during the patent application proceedings; and
- inter partes proceedings: invalidation actions and petitions to revoke granted extensions.

The board will have three or five members, who will be appointed by TIPO from those who have expertise in patent examination in the legal profession. The board members will perform their duties independent of TIPO’s supervision.

The board will hold hearings to hear oral arguments from both parties in inter partes proceedings and will hold hearings in ex parte proceedings only when necessary.

**Appeals**

According to the Proposed Amendment, a lawsuit against the ruling of the review board can be directly brought to the IP Court (or to the IPCC after 1 July 2021) by the parties suffering from the ruling. Rather than the current practice set forth by the Taiwan Administrative Appeal Act, parties will need to file administrative appeals with TIPO’s supervising agency, the Ministry of Economic Affairs, before filing a lawsuit to the IP Court.

In addition, the Proposed Amendment frees TIPO from being a party to administrative litigation at the IP court. Under the current practice, TIPO is a party in administrative litigation where any party disagrees with TIPO’s rulings and subsequently challenges the rulings before the IP Court, TIPO in such cases must defend its rulings at the litigation. In the future, if the Proposed Amendment is passed and becomes effective, the parties will be the patentee and the invalidation petitioner in the administrative litigation, and neither TIPO nor the review board will be involved in litigation conducted under the Proposed Amendment.

**IP Court handles disputes on ownerships of patents**

If the Proposed Amendment is passed and becomes effective, TIPO will no longer step into a dispute where the parties are arguing over ownership of a patent or an invention, and will instead only make a proper recordation according to the Court’s judgment.

The Proposed Amendment is now pending public review, where TIPO is calling for submissions of written comments on the proposed restructuring. TIPO will submit to Taiwan’s legislature an official draft amendment to the Patent Act after considering all of the comments received during the public review period. The Proposed Amendment, if passed by the legislature, will have a profound impact on Taiwan’s IP practice.

**Coronavirus**

42 What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The covid-19 outbreak has changed the world dramatically, as the pandemic is affecting every aspect of the global community in real time. Pharmaceutical companies are racing to combat the outbreak at this difficult time.

On 12 March 2020, TIPO published a list of Taiwan patents with respect to the clinical trial of covid-19 drugs. The list was published by TIPO for the public and the biopharmaceutical industry’s reference. On 27 November 2020, TIPO updated the list with the addition of
more drugs (see https://www.tipo.gov.tw/tw/dl-273500-bbecaa7ba-484ab68107a391086aaac0.html). These covid-19 drug patents can be divided into three categories, as below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (yellow)</td>
<td>Basically there is no patent protection in Taiwan now. Most of the drugs are products that have been on the market for years. Some are patented in foreign countries, but, not in Taiwan.</td>
</tr>
<tr>
<td>2 (blue)</td>
<td>No active ingredients (compound, antibody molecule) patented in Taiwan now. However, there are still patented substances, compositions or formulations, pharmaceutical use or methods of production.</td>
</tr>
<tr>
<td>3 (pink)</td>
<td>Active ingredients patented in Taiwan.</td>
</tr>
</tbody>
</table>

According to the Taiwan patent law, necessary acts to exploit the invention for research or experimental purposes do not constitute patent infringement. Further details of Taiwan patents can be found in TIPO’s patent database (https://twpat.tipo.gov.tw).

Also, under the Taiwan Patent Act, compulsory licensing is one of the tools that the government can use as an emergency resort during a period of emergency, such as the covid-19 public health emergency. In 2007, TIPO granted a compulsory licence for the generic production of Tamiflu, for the treatment of persons diagnosed with the avian flu to ensure that the country had sufficient quantities of the drug in anticipation of a foreseeable pandemic. To date, the covid-19 pandemic has been controlled very well in Taiwan and TIPO has not yet issued any compulsory licences, but, it would be a possible means to deal with extreme public health issues.

Last but not least, if a patent or trademark applicant fails to comply with a statutory time period due to the covid-19 outbreak, the applicant may file a request for reinstatement along with relevant evidence. The application will be reviewed leniently on a case-by-case basis.
Lawsuits and courts

Patent rights are enforced by an infringement action against the alleged infringers before the competent court. These rights can be enforced before the specialist IP courts. The specialist IP courts can handle IP-related lawsuits. However, IP courts exist only in larger cities (Istanbul, Ankara and Izmir). If there is no IP court in a city, the Third Chamber of the Civil Courts of First Instance (or the First Chamber where fewer than three chambers exist) can handle such lawsuits.

Infringement actions are generally started with a preliminary injunction claim and the discovery and determination of evidence, tools that are set out in the Civil Procedural Law. To seek preliminary injunctions, the proceedings generally start by using these tools, which are effective during infringement actions, to:

- reserve the final result that the plaintiff hopes to achieve; or
- collect evidence for complex patent cases.

These tools can be used either before or during trial.

Within the scope of an infringement action, right owners can claim damages or request:

- destruction of infringing products;
- confiscation of manufacturing tools; or
- publication of the judgment.

Trial format and timing

The procedure and format of the patent infringement trial are set in accordance with Civil Procedural Law No. 6100 (the CPL).

Civil proceedings are initiated by the plaintiff submitting a complaint brief to the court. If there is a preliminary injunction (PI) request, the court evaluates this request as a first step and generally schedules a hearing. After the evaluation, the court decides to schedule a hearing date to decide in the presence of both parties. The court may also decide to convene an expert panel to examine the details of the conflict further before granting a PI. This is to say, the court does not examine the PI request as a first step and leaves it to the investigation phase. During the preparation and PI examination, the exchange of petitions starts. The defendant responds to the complaint brief of the plaintiff and the plaintiff files its counter arguments. The defendant’s submission to the counter-statement concludes the ‘exchange of petitions’ phase.

After the exchange of petition phase, the preliminary examination phase starts. During the preliminary examination, the court examines the conditions of the conflict between the parties. This examination is considered as a preparation for the analysis of the merits of the case.

After the preliminary examination phase, the investigation phase starts. The court evaluates evidence that is submitted by the parties and investigates the accuracy of the facts alleged by the parties.

For the purpose of examining the accuracy of the submitted documents, the court confers with an expert witness.

After the expert witness report is delivered to the parties, the parties are entitled to file comments or objections against the report. Prior to the court’s decision, the court evaluates the report and the parties’ comments. If the court deems the report is sufficient, it does not ask for an explanation and concludes the investigation phase. However, if the report is not sufficient, further explanation can be requested from the expert, or other experts can be appointed.

After the investigation phase concludes, the judgment phase starts. During this final phase, the judge renders a decision after the examination of the accuracy of the claims.

The parties are free to submit any evidence to the court, unless a certain proof is required by law. There is no such limitation for patent infringement lawsuits. Therefore, expert opinions, witnesses or any documentation can be relied upon. The Turkish legal system does not recognise affidavits as evidence, but these can be considered as discretionary evidence. Site visits, discovery visits and determination of evidence proceedings are effective and commonly used tools to collect and preserve evidence either before or during the trial.

While cross-examination is not available, the court can, in principle, allow the parties to address questions to the counterparty through the Court. Additionally, one judge is appointed for each IP court. Jury trials do not take place in the Turkish legal system.

Proof requirements

As per article 190 of the CPL, the burden of proof belongs to the party that derives a right in its favour from the legal result linked to the alleged fact. In patent infringement, invalidity and unenforceability actions, this party is the plaintiff. Therefore, the burden of proof is on the plaintiff. However, this does not affect the responsibility of the defendant to rebut the arguments of the plaintiff and defend its position through filing its own evidence supporting its claims.

According to article 141/2 of the Industrial Property Law No. 6769 (the IPL), if the subject of a patent is related to a process for obtaining a product or material, the court may ask the defendant (instead of the plaintiff) to prove that the process used for obtaining the same product or material was different from the patented process.

As per article 150/3 of the IPL, before instituting a legal proceeding for compensation related to infringement of an industrial property right,
to determine the evidence or if a legal proceeding for compensation has been instituted, the right owner may, to determine the amount of damages, ask the court to order the person responsible for compensation to submit to the court the documentation related to the use of the industrial property right.

Standing to sue

4 Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The owner of the patent rights can bring a lawsuit for infringement. An exclusive licensee is also entitled to file an infringement action, unless otherwise agreed in the licence agreement. A non-exclusive licensee can request the patent owner to file an action against a patent infringement, unless it is stated otherwise in the agreement. If the patent owner does not take the requested action within three months, the non-exclusive licensee can file the action him or herself.

As per article 154 of the IPL, anyone who has an interest may request the right owner to provide his or her opinion about whether or not commercial or industrial activities being carried out or to be carried out or serious and actual attempts carried out for these purposes in Turkey would cause an infringement of his or her industrial property right. If no opinion is provided within one month after notification of this demand or if the opinion given is not accepted by the interested party, the interested party may institute a legal proceeding against the right owner for a decision on non-infringement. The claimant has to prove its legal interest for filing an action for a non-infringement declaration. The submission of an opinion by the right holder is not a prerequisite for the legal proceeding to be instituted.

Inducement, and contributory and multiple party infringement

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Indirect use is not explicitly defined as an infringing act in the IP Law. Article 141 does not list indirect use as an act of infringement. However, article 86 gives the patent owner the right to prevent such indirect use. Accordingly, the patent owner can seek protection against parties inducing or contributing to patent infringement.

Article 86 sets forth that:

The patent owner is entitled to prevent third parties from giving the elements and instruments related with a part of invention which enables the implementation of the invention which is subject to the patent and constitutes the essence of the invention, to persons who are not authorized in the use of the invention which is subject to the patent. It is necessary for the referred third persons to know that these elements or instruments are sufficient to implement the invention and that they will be used for these purposes or this condition should be sufficiently clear for this provision to be applicable.

The patent owner can seek protection against multiple parties jointly – provided that the situation meets the conditions in article 86 and the requirements of the procedural law.

Joiner of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

In accordance with article 57 of the Procedural Law, if the facts and the legal basis of the lawsuits are identical, multiple parties can be joined as defendants. Since the facts and the legal basis of the lawsuit must be identical, the defendants must be accused of infringing the same patent.

Therefore, separate actions will constitute separate facts for the lawsuits.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Activities that take place outside Turkey do not directly constitute patent infringement in Turkey. The principle of territority applies to patents too. Having said that, the patent right owner is entitled to prevent infringing products to be imported or exported. Third parties can have a significant role in the course of import and export activities depending on the extent of their involvement.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

The doctrine of equivalents is applied in Turkey. As per article 89/5 of the IPC, when determining the scope of protection, all elements equivalent to those defined in the claim are also considered. If an element performs the same function in the same way and provides the same result as the one specified in a claim, that element is accepted as equivalent.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Article 400 of the CPL describes the procedures for determination of evidence. In accordance with this article, either party is entitled to request the court to conduct a site visit, discovery visit, expert examination or hear a witness on the condition that the requesting party has a legal benefit in filing such a request. The condition of the legal benefit is met if the evidence may be lost or is very difficult to set forth unless it is immediately secured.

The determination of evidence is requested through a petition before or during the action. The determination of evidence is a preliminary measure and therefore conducted immediately. The counterparty has the right to oppose the determination of evidence decision of the court within one week as of the notification date of the decision. If the counterparty does not oppose it, the determination of evidence is performed. Generally, the experts are given one month to prepare the report on the evidence after determination. The report should not include any conclusions as to the merits of the case, but should simply state the existing situation. During the determination of evidence procedure, no evidence including the infringing products are seized.

Under article 288 et seq of the CPL, the court may decide to conduct discovery, ex officio or upon the request of one of the parties. The court may hear witnesses or experts during the discovery.

Moreover, according to article 150/3 of the IP Law, the right owner, before initiating a patent infringement lawsuit claiming compensation, can ask the court to request the documents regarding the use of the
patent to be submitted by the accused infringer, for the determination of evidence or to calculate the damages.

Because the jurisdiction of the Turkish courts is limited to the borders of the Republic of Turkey, the courts cannot directly order evidence to be seized or brought from abroad. However, Turkey is also a signatory of the Hague Evidence Convention on obtaining evidence from abroad. Therefore, certain evidence can be collected through the help of this convention and reciprocity principles.

The parties may also bring foreign official documents if the documents are legalised by the foreign government issuing the document.

**Litigation timetable**

10 | **What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?**

First-instance court judgments take approximately 18 months to two years in straightforward patent infringement cases. In complex patent cases, this procedure can take longer.

The decisions of the first instance courts can be challenged before the regional courts. The parties submit another set of petitions for the appeal phase. The regional court may invite the parties for a hearing if it deems it necessary. The decisions of the regional courts can be challenged before the Court of Appeals.

The appeal procedure before the regional court takes around one to one-and-a-half years.

The appeal procedure before the Court of Appeals also takes another one to one-and-a-half years. Consequently, civil actions take around three-and-a-half to five years until they are finalised.

**Litigation costs**

11 | **What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?**

Prior to initiating a lawsuit, the parties may choose to send cease and desist letters through public notaries. The official notary cost is approximately 600 Turkish lira.

In general, the plaintiff bears the litigation costs until the end, and if it is successful, the losing party then bears the official litigation fees and official attorney fees of the counterparty. In first instance, the official fees and expenses including the expert fee for patent actions without compensation damages are around €1,000 to €2,000. If there is more than one expert panel appointed in the file, the costs may increase. For appeals handled by the regional courts, the official fees and expenses are around €1,000. If an additional expert report has to be obtained before the regional courts, the costs may increase. For appeals handled by the Court of Appeal, the official fees and expenses are around €1,000. Professional attorneys’ fees may vary depending on the complexity of a case.

**Court appeals**

12 | **What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?**

First instance court decisions can be challenged before the regional courts.

The regional courts conduct a full review of the lawsuit, including legal and factual review. However, the parties cannot submit new evidence and cannot put forward new facts at this stage unless it is provided that the court has not considered the evidence or determined that it is not relevant, or the evidence has not been submitted earlier on for force majeure reasons.

The decisions of the regional court can be challenged before the Court of Appeal. The examination before the Court of Appeal is limited to the legal review of the case. Therefore, the Court of Appeal examines whether the law has been applied correctly to the case and new evidence cannot be submitted.

**Competition considerations**

13 | **To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?**

In principle, enforcement of a patent does not constitute a competition violation, since using a legal right cannot be considered as unlawful according to the Constitution. However, the patent owner can be liable in the case of an abuse of a right, which results in unfair competition and business-related tort.

If infringement actions are linked to abusive behaviours of market domination, then company competition violation issues will arise. Standard essential patent-based infringement actions may lead to competition violations.

**Alternative dispute resolution**

14 | **To what extent are alternative dispute resolution techniques available to resolve patent disputes?**

Arbitration, mediation and out-of-court settlements are possible alternative dispute resolution methods; however, they are not as effective as court proceedings. Moreover, mediation has become a prerequisite for filing lawsuits concerning commercial disputes with monetary claims. Therefore, before initiating a lawsuit including monetary claims, the parties must meet at mediation proceedings.

**SCOPE AND OWNERSHIP OF PATENTS**

**Types of protectable inventions**

15 | **Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?**

According to the Industrial Property Law (IPL), the following are not considered inventions:

- scientific discoveries and theories;
- mathematical methods;
- schemes, methods and rules for performing mental acts, playing games and doing business;
- computer programmes;
- literary, scientific and aesthetic works or creations; and
- presentations of information.

Further, under the IPL, the following inventions are considered non-patentable:

- inventions that are contrary to public order or morality;
- inventions concerning plant or animal varieties or essentially biological processes for the production of plants or animals, excluding the microbiological processes or the products thereof;
- diagnostic methods that are practised on humans or animals and all such treatment methods, including surgical methods;
- the human body at various stages of its formation and development and the discovery of one of its elements, including the sequence or partial sequence of a gene; and
- the use of human embryos for industrial or commercial purposes, including processes for:
  - cloning human beings;
• modifying the germline or genetic identity of human beings; and
• modifying the genetic identity of animals in ways that are likely to cause them suffering without any substantial medical benefit to humans or animals.

Article 82 of the IPL establishes that business methods or computer programs are not inventions. Therefore, inventions that only comprise software or business methods cannot be patented. However, inventions including business methods or computer programs together with the other patentable elements can be patented.

Patent ownership

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

As a rule, the owner of the invention is the person who invented the invention or his/her successors. If the invention is created by multiple persons or as a joint venture, the right to request a patent for the invention belongs to all inventors jointly. The inventor must always be a natural person. The right to request a patent for an invention may be transferred to third parties.

If the invention is made by a company employee, it should be determined first whether the invention is a ‘service invention’ or an ‘independent invention’. An invention is a service invention if it is created as a result of the duty undertaken by the employee or based on the experience and work of the employee, at the business or public agency where the employee has an employment relationship. Inventions not meeting these criteria are considered to be independent inventions.

The employee is obliged to notify the employer regarding a service invention. The employer may claim a full or partial right to the invention. All rights arising from the invention are transferred to the employer when the employer notifies the inventor-employee of the full claim on the invention. In this case, the employer is obliged to file a patent application and becomes the patent holder.

If the employer claims partial right on the invention, the invention becomes an independent invention. In such a case, the employer may use the invention based on the partial rights. The employee is entitled to file a patent application if the invention has become an independent invention.

Independent contractors are not considered to be employees. Therefore, the right to request a patent for their invention belongs to the contractors, unless otherwise agreed between the parties. As mentioned, the right to request a patent is transferrable.

The official record of the patent ownership is conducted based on the information included in the application. The transfer of the ownership of a patent is conducted through an assignment agreement that must be in writing and notarised. If the document is notarised by foreign offices, it should also be legalised by an apostille. Assignment agreements that have not been notarised will be invalid. Recordal of the assignment at the registry is not compulsory, but rights arising from assignments that are not recorded in the registry cannot be claimed against third parties acting in goodwill. Therefore, it is highly recommended and good practice to have the assignments registered.

DEFENCES

Patent invalidity

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

A patent can only be invalidated by competent IP courts (apart from the post-grant oppositions). Under article 138 of the Industrial Property Law (IPL), a patent is declared invalid by the court if the:

• patentability requirements are not met;
• invention has not been described in a sufficiently explicit and comprehensive way to enable a person skilled in the concerned technical field to implement it;
• patent exceeds the scope of the application or is based on a divisional application and exceeds its scope;
• holder of a patent does not have the right to a patent; and
• patent exceeds the scope of its protection.

Under the IPL, a court can partially invalidate a patent for one or more claims. However, a single claim cannot be partially invalidated.

Any party who has a legal interest, as well as Public Prosecutors and relevant establishments and institutions, are entitled to request the invalidation of a patent.

Further, post-grant opposition proceedings are set out in the IPL. Accordingly, opposition proceedings open as of the grant of a patent. Third parties may file an opposition within six months of the date of a patent being granted. An opposition can be based on the following grounds:

• the subject matter has no patentability criteria;
• the patent does not disclose sufficient details of the invention to enable a person skilled in the art to apply it in practice; or
• the patent’s subject matter extends the scope of the first version of the filing.

Absolute novelty requirement

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Yes, patents must have absolute novelty.

The exception to this requirement is set in article 84 of the IPL, which defines the types of disclosure made within 12 months before the application or priority date that do not affect novelty as follows:

• disclosure by the inventor;
• disclosures by an office authorised to receive patent applications if:
  • the disclosed information was in another application by the same inventor and the information was required to be disclosed;
  • a third party discloses information directly or indirectly obtained from an inventor without their approval or knowledge; or
  • disclosures by a third party that directly or indirectly obtains information from the inventor.

Obviousness or inventiveness test

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

There is no statutory provision on how to apply the obviousness test in the IP Law. However, as per case law, the obviousness criteria are not met if a hypothetical person who is an expert or skilled person in the field could expect reasonable success in reaching the invention subject to the patent by starting from the closest reference available in the state of the art and without conducting very complex or lengthy examination.
It is also seen that in certain cases, the 'problem-solution' approach is also used as in European Patent Office practice. If a skilled person would (not could) reach the solution by examining one or multiple documents on prior art to solve the problem, then the solution is recognised as obvious.

**Patent unenforceability**

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

No, there are no grounds regulated regarding whether an otherwise valid patent can be deemed unenforceable under the IP Law.

**Prior user defence**

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

As per article 87 of the IPL, the continuing or start of the use, in line with the measures adopted, of the persons who have been using the invention or have adopted significant and substantial measures for the use, in good faith, within the country, at the date of or before the application, cannot be prevented by the patent applicant or owner.

However, the continuation of the use of the invention subject to the patent or the use in line with the adopted measures is limited to the reasonable requirements of the establishment owned by the prior user. A right originating from previous use cannot be licensed and may only be transferred together with the establishment.

Additionally, actions regarding the products offered for sale by the prior user are out of the scope of patent protection.

**REMEDIES**

**Monetary remedies for infringement**

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damages tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

In patent infringement cases, moral, material or reputational damage can be compensated.

As per article 151 of the Industrial Property Law (IPL), actual damage and lost profits are covered by 'damages'. Actual 'damage' is the net decrease in the plaintiff's assets. The plaintiff may also ask for lost profits, which are calculated based on one of the following methods set out in article 152 of the IPL:

- the income that the patent owner would have generated if the infringing party's competition had not existed;
- the infringer's income; and
- the amount that the infringer would have paid as an appropriate licence fee had the parties entered into a licensing relationship.

Generally, plaintiffs are reluctant to request compensation, as the calculation of the compensation may be problematic, considering the unrecorded economy and not properly kept trade books. It is common that plaintiffs receive less compensation than they request. Thus, choosing the calculation method based on a licence is more common.

Punitive damages are not available under Turkish law. However, under article 150/2 of the IPL, where the IP right is infringed, additional compensation may be claimed if the reputation of the IP right suffers damage because the products or services forming the subject of the right are used or produced in an inferior manner; or such products produced in this way are made available or launched to the market in an improper manner.

**Injunctions against infringement**

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

As IP rights can be irreparably and irrecoverably damaged by third-party actions, injunctions play a significant role in litigation. Injunctions are effective tools in patent litigation to obtain the results that plaintiffs seek. The legal framework and criteria for injunctions in Turkey are outlined by the Procedural Law and the IP Law.

Injunctions can be obtained before or during a trial. To obtain an injunction, the requesting party must prove to the court's satisfaction that:

- irreparable harm will arise if the injunction is not granted; or
- the outcome that the requesting party seeks in its main action will be unlikely unless the injunction is granted.

The injunction can be effective against the infringer’s suppliers or customers only if the court renders the preliminary injunction decision against those parties as well.

The final injunctions can only be granted as part of the final judgment at the end of the litigation. These include:

- seizing the infringing products and the machinery, devices and other instruments to the extent that the production of the products that do not constitute infringement is not prevented;
- granting ownership on the seized machinery, devices and other instruments to the plaintiff; and
- transforming the shapes of or removing any trademarks from the seized machinery, devices, and other instruments, or destruction if it is necessary for preventing the infringement.

The decisions of courts including injunctions are enforced by Enforcement Offices. Decisions concerning IP rights must be finalised before being enforced.

**Banning importation of infringing products**

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

It is possible to block the importation of infringing products into the country. Also, in accordance with the IP Law and Customs Code No. 4458, IP rights are also protected in the customs areas. For the protection of IP rights at Turkish Customs, a single application is filed through the online system of the General Directorate of Customs. This application will cover importation or exportation of infringing products as well as transit trade and shipment at any Turkish free-trade zones.

Patent owners bringing an infringement lawsuit can also request from the competent court that the customs authority seize the infringing products or the products used in the manufacture of the infringing goods. However, unless the patent owner identifies the infringing goods, the customs authorities may not be able to detect a product infringing a patent right. Therefore, the seizure procedure of the customs authorities is more effective for trademark infringement.
Attorneys’ fees

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

The losing party bears the official litigation fees and official attorney fees of the counterparty. The minimum attorneys’ fee determined in line with the annual tariff declared by the Turkish Bar Union is in cases of invalidation actions and infringement actions without claims for damages. If there is a compensation claim, the official attorneys’ fees are calculated in percentages depending on the amount requested.

Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

No, additional remedies are not available.

Time limits for lawsuits

27 What is the time limit for seeking a remedy for patent infringement?

Patent infringements are considered as tortuous acts as per the Turkish Code of Obligations numbered 6098. Therefore, general rules on limitations apply to patent infringement matters.

The remedy for patent infringement can be sought within two years of the date of discovering the damage and the infringer by the patent owner provided that the claim is made within 10 years of the date of the infringement action. If the infringement is ongoing, the time limit starts again with every infringing action.

Patent marking

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

There is no requirement regarding patent marking in Turkish law.

LICENSING

Voluntary licensing

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

The contractual terms of a voluntary licence agreement are determined by the patentee freely. It is at the complete discretion of the patentee to limit or broaden the rights to be licensed on the patent. However, the moral rights on the patent cannot be transferred through a licence agreement. Competition Law requirements and special requirements on standard essential patents are reserved.

The licence agreements must be in writing.

Compulsory licences

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

A compulsory licence can be granted under six circumstances in accordance with article 129 of the IP Law:

• the patent is dependent on an earlier patent;
• public interest on the use or enhancement of the use of the patented invention;
• exportation of the patented invention due to the public health issues (in accordance with protocol amending the Trade-Related Aspects of Intellectual Property Rights Agreement);
• a plant breeder cannot develop a new plant variety without infringing a previous patent; and
• the patent owner engages in activities that prevent, distort or restrict competition while using the patent.

It is sufficient for one of the above-mentioned circumstances to occur for a compulsory licence to be granted. However, the list is exhaustive.

A compulsory licence is always granted by a public authority, such as the courts, President of the Republic or Competition Authority.

The terms of the compulsory licence are determined in accordance with the IP Law. A compulsory licence is granted non-exhaustively (except for certain conditions of public interest) and it is not allowed to subject the patented invention to exportation or importation (an exception may arise due to public health issues). The compulsory licence cannot be transferred or sublicensed. However, there is an exception if the public interest requires the patented invention to be imported, transferred or sublicensed.

The patent owner or the licensee can request the terms to be amended if the conditions have changed. The terms regarding a voluntary licence are applied to a compulsory licence provided that the terms do not contradict the articles regarding compulsory licences in the IP Law.

The licence fee is determined by courts in accordance with the economic value of the patent (except for the compulsory licence due to public health issues of foreign countries).

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

31 How long does it typically take, and how much does it typically cost, to obtain a patent?

In a smooth-running proceeding, obtaining a patent takes approximately 30 to 36 months after filing an application.

The cost will vary between €4,000 and €6,000 (including official fees). This cost does not include the application drafting.

The total costs and timing – from the filing of the patent application to the grant of the patent – depend on:

• the complexity of the invention or application;
• the number of prior art documents cited; and
• the length of the examination proceedings.

Expedited patent prosecution

32 Are there any procedures to expedite patent prosecution?

No specific procedures are available to expedite patent prosecution under the IP Law. However, currently a patent prosecution highway system is being established at the Turkish Patent and Trademark Office. Currently, the Patent Prosecution Highway is applied between the Japanese Patent Office and the Spanish Patent and Trademark Office as pilot offices.
Patent application contents

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The application is required to disclose or describe the invention sufficiently clearly and fully so that it can be applied by a person skilled in the art.

Claims are required to be built up in accordance with the description of the invention, and required to be clear and essential. Claims cannot expand the protection that is not covered by the description of the invention. Clear and reasonable information on the effects of the features of the invention is supportive for setting forth the inventive step.

Prior art disclosure obligations

34 | Must an inventor disclose prior art to the patent office examiner?

According to article 75/1(c) of the IP Regulation, the description of the invention must contain information related to the prior art that can be known by the patent holder for the purpose of examining and searching the application.

Pursuit of additional claims

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

Article 123 of the Industrial Property Law (IPL) allows an applicant to pursue additional claims while the main patent application is still being examined. These additional claims must perfect the subject matter invention or improve it, and they must also be in line with the subject of the main patent. An application for a supplementary patent can be filed until the publication of the granting certificate of the main patent application.

Patent office appeals

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

It is possible to object a decision of the Turkish Patent and Trademark Office (TPTO) within two months of the notification date of the disputed decision as per article 100 of the IPL. This opposition is evaluated by the Re-Examination and Evaluation Board of the TPTO.

Any final TPTO decision can only be challenged by a cancellation lawsuit before the Ankara Civil IP Courts within two months as of the notification date of the disputed decision. Clear and reasonable information on the effects of the features of the invention, and required to be clear and essential. Claims cannot expand the protection that is not covered by the description of the invention. Clear and reasonable information on the effects of the features of the invention is supportive for setting forth the inventive step.

Oppositions or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

Post-grant opposition proceedings are set out in the IPL. Accordingly, opposition proceedings start once the patent is granted. Third parties can file an opposition within six months as of the publication date of a granted patent. An opposition can be based on the following grounds:

- the subject matter lacks patentability criteria;
- the patent does not disclose sufficient details of the invention to enable a person skilled in the art to apply it in practice; and
- the patent’s subject matter extends the scope of the first version of the filing.

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The right to apply for a patent belongs to the person who is the first to file the application in respect of the invention as per article 109/3 of the IPL. If two or more persons have made the invention independently of each other, the right to apply for a patent belongs to the first to file the application provided that the earlier application has been published. As a rule, the first applicant is considered to be the holder of the right to apply for a patent unless otherwise is proven.

Also, it cannot be argued before the TPTO that the applicant is not entitled to apply for a patent. However, a lawsuit can be brought against the holder of the patent by the person who claims to be the true owner of the patent, before the competent IP courts.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Patent applications can be amended during the application process or upon opposition provided that the scope of the application is not exceeded.

When a patent application is filed, the TPTO issues the patent if the patentability criteria is met. If the TPTO finds that the application does not meet the patentability criteria, the applicant is given two months to either amend its claims or object to the TPTO’s report. The TPTO will consider the applicant’s objections or amendments and if the TPTO stands by its previous decision, the applicant is allowed another two months to make a second round of objections or amendments. The TPTO’s next decision on the matter is final.

Additionally, during the post-grant opposition procedure, the patent owner can file amendments within three months as of the notification of an opposition. The TPTO after examining the opposition can invalidate the patent, reject the opposition or request further amendments to be made.

The court cannot amend the claims of a patent.

Patent duration

40 | How is the duration of patent protection determined?

The maximum term of protection is 20 years from the filing date.

UPDATE AND TRENDS

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country’s patent law?

The implementation of some of the provisions adopted in line with the EPC has been a topic of discussion since the Industrial Property Law (IPL) entered into force in 2017. For example, the compulsory licence and rules on service inventions have been major discussion points. As the IPL has not been amended significantly since the adaptation, the implementation of certain points is left to case law. Notably, the remuneration methods for service inventions are raising debates.

Also, the law amending the Civil Procedural Law grants the possibility to obtain two weeks additional time to file objections to the expert report obtained during a court action. Before this amendment, the parties were required to file their objection following the notification; now they are entitled to ask for two weeks’ additional time (which...
prolongs the total time up to four weeks) meaning that it is ‘very difficult or impossible to prepare’ an objection brief.

Additionally, although it has been four years since the new IPL was adopted, the application of the law is still not unified between the specialised IP courts. This occurs mainly because of the different experience levels of the judges appointed at the IP courts. Therefore, expert reports are heavily relied upon. In 2021, it is expected that the unification of the IP Code’s application will be expedited.

Further, the Bolar exemption and its limits are still hot discussion points for Turkey’s patent law. Primarily in terms of infringement it is important to determine the timing – which is still being affected by the practice of the Bolar exemption.

**Coronavirus**

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

On 26 March 2020, the Law on Amending Several Laws No. 7226 was published in the Official Gazette No. 31080 to address the concerns of professionals about missing or meeting any legal deadlines during this pandemic. According to the law, to prevent any loss of rights amid covid-19 spread, all deadlines were suspended as of 13 March 2020 retrospectively until 15 June 2020 for all civil, criminal and administrative legal proceedings with limited exemptions. The suspension also covered the procedures before the Turkish Patent and Trademark Office.

As the seizure before the customs is ensured by a preliminary injunction decision from a civil court or a seizure decision from the criminal courts (classified as protective measure), the deadline for IPR holders continued running even during the suspension period foreseen by the Law.

Currently, the proceedings are ongoing as foreseen by the relevant legislation and no special precaution is in force.
Ukraine

Olga Kudoyar, Oleh Karpenko and Natalia Stetsenko
PETOŠEVIĆ

PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts

1. What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Ukrainian law provides for the following remedies for enforcing patent rights.

Civil or economic remedies

The patent holder can bring an action against an infringer in the civil (if the infringer is a physical person) or commercial court (if the infringer is an entrepreneur or legal entity) and seek to stop the unauthorised use of the patented invention and the withdrawal of the infringing products from the market and their destruction. The patent holder can also claim damages caused by the infringement, but the claimed damages have to be confirmed in an expert’s report that is submitted to the court along with the statement of claim.

Criminal remedies

Criminal proceedings can be initiated if wilful infringement causes a significant damage to the patent holder. The monetary damage threshold for criminal proceedings is equivalent to approximately €700 worth of damages. The criminal case is opened and investigated by the police based only on the rights holder’s complaint (ex officio investigation is not possible). Only an individual or a group of persons can be prosecuted in criminal proceedings. Legal entities cannot be held criminally liable. After a pretrial investigation and a public prosecutor’s submission of the indictment, the court proceeds with the trial. If found guilty, the infringer can face the following sanctions: a fine of approximately €115 to €1,700; up to two years of correctional labour; or up to six years’ imprisonment.

Administrative remedies

The Ukrainian Code on Administrative Offences contains provisions on administrative liability for patent infringement. Administrative proceedings are initiated if the minimum damage requirement to qualify for criminal proceedings has not been met. Other than fines in the amount of approximately €60 to €115, administrative sanctions include confiscation of infringing products, equipment and materials used for their manufacturing.

The specialised IP court, the Ukrainian High IP Court, emerging as a result of recent judicial reform, is in the process of formation. On 13 February 2020, the court was officially registered, but it is not operational yet.

Trial format and timing

2. What is the format of a patent infringement trial?

A patent infringement trial follows the general format of a civil litigation trial. Each party must submit the evidence (experts’ opinions, documents, material evidence, written testimonials, electronic evidence, etc) along with the statement of claim (plaintiff) and statement of defence (defendant). The duration of a trial prescribed by the rules of procedure is 90 days from the initiation of the proceedings (it can be prolonged for 30 days by the court or based on a party’s request). However, in practice, patent infringement trials can last much longer due to a number of factors, such as the involvement of court-appointed experts, the amount of evidence the court needs to review and the motions raised by the parties. On average, it takes six to eight months for the court of first instance to issue a judgment on the merits. Cross-examination of witnesses is permitted if inconsistencies in their testimonies have to be resolved. In the court of first instance, the case is heard by one judge. Appeals are heard by a panel of three judges.

Proof requirements

3. What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The rules of procedure provide that each party must submit evidence in support of its claims. The extent of the parties’ involvement in the evidential process varies depending on the type of proceeding and each particular case, but the general rule says that each party is required to support their arguments and allegations by presenting evidence.

Standing to sue

4. Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The patent holder or the licensee may sue for patent infringement. The licensee may act as the plaintiff only if the licensee has been granted the right to enforce patent rights under the licence agreement covering Ukraine. A third party can sue on behalf of the rights holder based on a power of attorney granting such rights. The infringer can file a counter-claim seeking patent invalidation.

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**Inducement, and contributory and multiple party infringement**

5. To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Ukrainian criminal law contains provisions on contributory infringement and each contributor is held liable according to the extent of his involvement in patent infringement. In economic or civil proceedings, this concept is generally not applicable because it is not clearly provided for in the law. However, if each party practises only some of the elements (or steps) of a patent claim, but together they practise all the elements or steps, multiple parties can be jointly liable for infringement and will act as co-defendants in legal proceedings.

**Joinder of multiple defendants**

6. Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Multiple parties can be co-defendants in the same proceedings if the claims against each defendant arise from the same grounds (facts). If different individuals or entities perform actions (such as the manufacture, importation and marketing of the same patented product) that require an authorisation from the patent holder, they can be joined as co-defendants in the same proceeding.

**Infringement by foreign activities**

7. To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

They can be used only as an additional argument demonstrating the scope of defendant’s activities or the global and international scale of the infringement. However, activities taking place outside Ukraine cannot substantially influence the proceedings, or contribute to the sanctions applied.

**Infringement by equivalents**

8. To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Under Ukrainian law, the scope of patent protection is not limited to the use of identical features covered by independent claims, but also extends to equivalent features, provided that the person skilled in the art will recognise these features as resulting in the same technical effects. The law reads that the use of each feature covered by an independent claim or its equivalent constitutes infringement. The interpretation of the patent claims, the technical problem and technical features attributing to the solution of the technical problem, as well as the assessment of equivalents is to be determined by a court-appointed expert.

The doctrine of equivalents is, therefore, applicable to Ukraine. The legal basis for applying it is article 28, paragraph 2 of the Patent Law. Furthermore, the Ukrainian Patent and Trademark Office provides interpretation of the doctrine of equivalents and its application in the assessment of novelty in its Methodical Guidelines for Examination of Inventions and Utility Models.

**Discovery of evidence**

9. What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Unlike in common law jurisdictions, in Ukraine there are no pre-trial procedures in a lawsuit, such as discovery of evidence. Each party is required to provide the court with all available evidence in support of their claims when submitting the statement of claim or the statement of defence. The parties or their representatives collect evidence by submitting requests to third parties and governmental agencies, ordering expert reports, gathering information from public sources and conducting test purchases before starting a court procedure. If there are any obstacles to collecting evidence, the plaintiff can file a motion with the court asking it to order the defendant or other parties possessing the information or evidence to provide it. The same mechanism is available for the defendant if the defendant can prove that the requested evidence could not be obtained outside the court. The court can request evidence from abroad by sending requests to competent state authorities in foreign jurisdictions through the Ukrainian Ministry of Foreign Affairs.

**Litigation timetable**

10. What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

A ruling on the initiation of legal proceedings is issued by the court within five days from the day of receipt of the statement of claim. Under the rules of procedure, the court has 60 days for a preparatory trial with a possibility of a single 30 days extension, if required. After the expiration of the preparatory trial period, the court has to proceed with reviewing the case on the merits and issuing a ruling within 30 days. Given that the court suspends the proceedings if a court expert is appointed (which is necessary in patent-related disputes), the timetable for a patent infringement lawsuit typically extends beyond the 125 days outlined by the rules of procedure. In practice, it takes on the average six to eight months for the court of first instance to issue the decision on the merits. The duration of the appeal hearing set forth by the rules of procedure is 60 days, but in practice the appeal review can take four to six months (the actual timeline often depends on the court’s workload). The appellate court ruling can be further appealed to the Supreme Court within 20 days from the date it was issued. The Supreme Court reviews the case within 60 days from the date of initiation of the proceeding.

**Litigation costs**

11. What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The total costs of a patent infringement lawsuit, including gathering evidence, preparation of all necessary documents and attending the hearings, varies, on average from €25,000 to €50,000 for the first instance and €10,000 to €20,000 for the appeal and cassation instances.

**Court appeals**

12. What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

Negative first-instance decisions can be appealed before the appellate court. Appellate court rulings can be further appealed before the Supreme Court. New evidence can be submitted only if the party presenting it can prove that it was not possible to present this evidence during first-instance proceedings.
Types of protectable inventions

15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

A patent can be obtained for a product (a device, a substance, a microorganism strain, or a culture of cells of plants or animals, etc.), and a process (method).

The following cannot be patented:
- plant varieties (sui generis protection is available) and animal breeds;
- essentially biological methods for the reproduction of plants and animals, as well as products obtained through such methods, as opposed to non-biological and microbiological methods and products obtained by these methods;
- topographies of integrated circuits;
- the results of industrial design;
- surgical or therapeutical methods of treatment of humans or animals, human or animal diagnostics methods;
- human germline genetic modification;
- use of human embryos for industrial or commercial purposes;
- processes of altering the genetic identity of animals that may cause their suffering without any significant medical benefit to humans or animals, as well as animals bred using such processes;
- a human organism at different stages of its formation and development, as well as a mere discovery of one of its elements, in particular a gene sequence or its part;
- a product or process involving a plant or animal, the use of which is limited to a particular plant variety or animal breed;
- a product or process related to natural biological material not separated from its natural environment, or that is not obtained by a technical process;
- discoveries, scientific theories and mathematical methods;
- gaming, competitions, auctions, exercising, intellectual activities, business activities, organisational activities, and commercial activities, methods, rules, schemes;
- computer programs;
- methods for providing information; and
- appearance or aesthetic features of a product.

Software and business methods per se cannot be patented. However, if a computer program is described as a method of performing actions with material objects by means of a computer program, or a system demonstrating a connection between certain devices by means of a computer program and intended to solve a technical problem, it can, in theory, be patented. The same logic applies to business methods, namely if it can be described not only as a mental process, but also as a method involving certain material objects that solves a defined technical problem, it can be patented.

Although methods of treatment are no longer a patentable subject matter, products (substances or compositions) used in diagnostics or treatment are not exempted from patent protection.

DEFENCES

Patent invalidity

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The validity of a patent can be challenged either before the Ukrainian Patent Office Board of Appeals, or before a court.

For inventions, invalidation actions can be brought before the Board of Appeals within nine months following the date of publication of the mention of grant. The validity of a utility model patent can be challenged at any time during the patent term and after its expiration.

A general three-year period of limitation is applied to patent invalidation actions before a court.

The grounds for an invalidation action before a court include the following:
- the invention does not meet the patentability requirements (novelty, inventive step, and industrial applicability);
- the invention claims contain features that were not present in the application materials as originally filed;
- a Ukrainian resident filed a patent application abroad without filing it first with the Ukrainian Patent and Trademark Office; and
- the patent grant is a result of a patent application infringing the rights of a third party.

An invalidation action before the Board of Appeals may be brought only on the grounds of non-patentability (lack of novelty, inventive step and industrial applicability).
There is no special IP court, nor a special administrative tribunal for challenging patent validity. The High IP Court is in the process of formation.

Absolute novelty requirement

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

‘Absolute novelty’ is one of the patentability requirements in Ukraine. At the same time, the law provides for a ‘grace period’ preceding the filing date, during which public disclosure of the invention by the inventor, or a person that directly or indirectly received information from the invention from the inventor, does not jeopardise its novelty. The novelty grace period is 12 months preceding the application filing date, or the priority date, if priority is claimed. A person interested in applying this provision is responsible for proving the disclosure.

Obviousness or inventiveness test

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

An invention is considered inventive if it is not obvious to a person skilled in the art and if it does not obviously derive from the prior art. A ‘person skilled in the art’ is a specialist in a particular field, having access to knowledge that became publicly available before the filing date, or, if priority is claimed, before the priority date. The term ‘knowledge’ covers books, manuals, monographs and other published studies in a particular field, as well as patent documentation, scientific articles, etc.

Patent unenforceability

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

The law does not provide for any grounds based on which the patent can be deemed unenforceable. In general, the presumption of patent validity applies, so challenging the patent’s enforceability would mean challenging its validity. The only circumstance under which a patent is unenforceable is if the three-year statute of limitation period has passed by the date on which a patent holder files an infringement action.

Prior user defence

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Any person who started using a patented technological or technical solution or has made preparations for using it in commerce before the application filing date or, if priority is claimed, before the priority date, has the right to continue using the invention for free. The prior use defence covers all types of inventions.

REMEDIES

Monetary remedies for infringement

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The patent holder can claim the actual damages suffered as a result of the infringement, including the costs required for the restoration of the situation that existed prior to the infringement as well as the lost profit. The law does not provide for punitive damages. In any case, the patent holder must prove the amount of damages sought.

Patent damages start to accrue from the date that the application is published. As of this date, temporary protection is provided to the invention, but the patent holder can seek damages only after the patent is granted.

There is no unified approach to the calculation of damages, but in general the amount of lost profit awarded by the court may not be less than the amount of profit obtained by the infringer. If there is no profit that derived from the infringement, the calculation of the actual damages suffered by the patent holder is generally based on the cost of licences granted in Ukraine. If the patent holder does not have a licence agreement covering Ukraine, the calculations are based on the cost of a ‘hypothetical’ licence. In that case, royalties are calculated in view of the current market situation. Court experts may be involved in the assessment of damages.

Injunctions against infringement

23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

A temporary injunction may be requested at any stage of the proceeding and can be obtained if the plaintiff proves that the absence of injunctive relief will make the enforcement of the final judgment difficult or impossible. Temporary injunctions may also be sought against third parties, such as defendant’s suppliers or customers.

At the same time, temporary injunctions may not include measures that would be considered a resolution of the case on the merits. They may not be the same as the final remedies sought. For this reason, temporary injunctions in patent infringement proceedings are rather uncommon. For example, prohibiting the sale or importation of products incorporating the patented invention cannot be obtained as a temporary injunction because the courts would treat these measures as a recognition of the fact of the infringement prior to hearing and deciding the case on the merits. However, the plaintiff may request measures such as freezing the infringer’s accounts and assets, and seizing the goods and property.

Final injunctions sought by the plaintiff are granted after hearing the case on the merits. They can include only those measures deemed by the court as due remedies against the committed infringement. Preventive claims against the infringer’s future actions that might create a threat of infringement are not accepted.

Banning importation of infringing products

24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Ukraine’s Customs Code provides for border measures against goods infringing intellectual property rights. The measures, inter alia, extend to patents for inventions. However, in practice, the Customs authority does not monitor the transit of goods incorporating patented inventions owing to the difficulty in identifying such infringement.
At the same time, if a patent owner becomes aware of an expected importation or exportation of infringing goods, he or she can notify the Customs authority and provide all the relevant details about the importer or exporter. In that case, once the declarations are submitted by the importer or exporter, the Customs authority will notify the patent owner about the detention. The notification triggers a 10-day term during which the patent owner must decide whether to release the goods or proceed with a lawsuit against the importer or exporter. This term can be extended for 10 additional days, after which the patent holder must submit a court ruling on the initiation of the legal proceeding and preliminary relief (the suspension of the customs clearance procedure) so that the Customs authority can suspend the clearance of goods that are suspected of infringing the patent for the duration of legal proceedings.

There is no specific tribunal to block the importation of infringing products into the country. Lawsuits are brought before civil or economic courts.

**Attorneys’ fees**

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

The winning party can recover the costs and attorney’s fees. Both parties to legal proceedings must submit their provisional cost calculations to the court. The plaintiff encloses the calculation sheet with the statement of claim, while the defendant submits his calculation with his response. This calculation is not final as each party can prove that the final costs are higher or lower than the initially calculated sum. However, if the actual final costs turn out to be considerably higher than the costs mentioned in the initial calculation, the party must prove that it could not predict this final amount. Otherwise, the court may reject the amount of compensation sought from the losing party or reduce the claimed amount. The court may also compare the amount of compensation sought by the winning party with the average attorney’s fees applicable on the market.

**Wilful infringement**

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

There are no additional remedies applicable specifically against a deliberate or wilful infringer in civil proceedings. There is no approved test or standard to determine whether an infringement is deliberate. This is assessed by the court on a case-by-case basis depending on the circumstances of each case.

**Time limits for lawsuits**

27 What is the time limit for seeking a remedy for patent infringement?

It is three years from the date on which the plaintiff has become aware or could have become aware of the infringement.

**Patent marking**

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

The law provides for the possibility of marking patented products or their packaging with patent numbers. Given that this is an option and not an obligation, there are no legal consequences for failing to mark a patented product.

The patent law itself does not contain provisions on the consequences of false patent marking, but this can qualify as a violation of the consumer protection, unfair competition and advertising laws.

**Voluntary licensing**

29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

There are no restrictions on the contractual terms, but the national legislation provides for the list of compulsory details that have to be provided in the licence agreement. The agreement must be in writing and may be granted only in respect of a valid patent.

The following information must be provided in the agreement:

- the parties to the agreement;
- the subject matter to be licensed;
- the patent number;
- the title of the invention or utility model;
- the scope of the rights to be transferred;
- the licence type (exclusive or non-exclusive);
- the term of the licence agreement;
- the territory of the licence agreement; and
- the addresses of the parties involved.

Registration of licensing agreements before the Patent and Trademark Office is not compulsory in Ukraine.

**Compulsory licences**

30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

If an invention or utility model is not used or is insufficiently used by its owner at the end of three years after the publication of a patent grant in the local IP bulletin or three years after the date the use was stopped, any person willing to use the patented invention or utility model may request a court to grant him or her a permission, provided that the patent owner refused to grant a licence. If the patent owner does not prove that there were substantial reasons for not using the invention or utility model, the court will rule on the grant of a permission to the third party and determine the scope of use, the term of use and the remuneration (licence fees).

A patent owner is obliged to grant a permission (licence) to use his or her invention or utility model to a patent owner of another patent granted later; if the later patent is aimed at resolving another technical problem or if it has a technical and economic advantage over the earlier invention and cannot be used without infringing the rights to the earlier patent. That licence must be limited to the scope of the use of the later patent.

The government of Ukraine acting in the interests of public health, state defence, environmental safety and other public interests may grant a permission for the use of the patented invention or utility model to a third party without the prior consent of the owner, provided that the latter has refused to license the invention without substantial reasons. The government sets forth the terms of use, particularly the term of the licence, the amount of the licence fee to be paid to the patent owner, the terms of payment and the name of a competent body that will monitor the use under the licence. A person interested in obtaining that licence must file a request explaining why this particular invention or utility model is important to public health, state defence or other public interests, show economic and technical benefits from such use, and indicate the amount of licence fees.
Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

It typically takes about two to four years to obtain a patent for invention and about one year to obtain a utility model certificate. The total cost (official fees and average service fees included) to prosecute an application with one independent claim, 10 claims in total and 15 pages of specifications and claims (additional independent and dependent claims and additional pages will involve extra fees) ranges from €1,500 to €2,500 for an invention and about €950 to €1,500 for a utility model. Translation costs are not included in this estimate.

Expedited patent prosecution

32 | Are there any procedures to expedite patent prosecution?

The Patent Prosecution Highway is not available in Ukraine. However, it is possible to expedite substantive examination, which is subject to additional official fees in the amount of €332 for one independent claim and €270 for every subsequent independent claim (the regular fee is €183 for each independent claim). In this case, the examination process takes about three months.

Patent application contents

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The requirements for patent specifications are set forth in the Rules on Application Drafting which provide general guidelines on the disclosure of each particular subject matter (substance, method, device, etc).

Prior art disclosure obligations

34 | Must an inventor disclose prior art to the patent office examiner?

There is no such requirement.

Pursuit of additional claims

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

It can be done by filing divisional applications before a positive examination result is granted to a parent application or by filing applications to claim priority from the earliest filed application. The later applications should be filed within 12 months from filing date of the first application.

Patent office appeals

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

An adverse decision of the Patent Office at the stage of examination can be appealed before the Board of Appeals within two months as of the date of its issuance. An adverse decision of the Board of Appeals can be further challenged before a court.

Oppositions or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

It is possible to file a pre-grant opposition against a patent application within six months following its publication. The current law also provides for a possibility of raising arguments on patentability issues, without paying the fee and without a specific deadline. Both procedures are still to be specified in relevant regulations expected in the near future.

A post-grant opposition in respect of a patent for an invention can be filed within nine months following the publication of the mention of grant.

Pre-grant oppositions are reviewed by the examiner in charge of the application, while post-grant oppositions are brought before the Board of Appeals.

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

Under the patent law, if several inventors independently created the same invention or utility model, the right to a patent belongs to the applicant whose application has the earliest filing date, or if priority is claimed, the earliest priority date, unless this application is considered or has been withdrawn, or a refusal to grant a patent has been issued for this application. Priority disputes are to be resolved in courts.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

After the patent is granted, it is possible to file a request with the Ukrainian Patent and Trademark Office to correct any mistakes in the specification and claims. A patentee can also file a request to limit the scope of the invention by deleting independent claims or independent claims with the respective dependent claims, or by amending features of independent claims, provided that these amendments narrow the scope of protection, or by introducing features from corresponding dependent claims in the independent claim.

A patent owner can surrender its rights to a patent in full or in part by filing a notice with the Patent and Trademark Office. The surrender becomes effective on the date of the publication of the notice in the official bulletin. Otherwise, a patent can be revoked if the patent owner fails to pay patent annuities on time. In that case, the patent is deemed to be revoked as of the first day of the year for which the annuity was not paid. The grace period for late payment of annuities is within 12 months of the expiration of the deadline.

The court does not amend patent claims during a lawsuit. If the patent owner wishes to amend the claims by reducing the scope of protection, it must file a request with the Patent and Trademark Office. At the same time, during invalidation proceedings, a court may rule on full or partial patent invalidation. If the patent owner files for a claim amendment that limits the scope of protection in the course of a pending invalidation proceeding, this may terminate the proceedings because the limitation can remove the ground for the claim.

There is no re-examination procedure for granted patents in Ukraine.
**Patent duration**

40 | How is the duration of patent protection determined?

Patent rights take effect on the day following the patent registration date (which is also the date of publication of the granted patent in the local IP bulletin) and last until the expiration of the 20-year period starting from the application filing date. The term of patents related to pharmaceuticals and agrochemicals that require a marketing authorisation may be extended by up to five years.

Provisional (temporary) protection is effective from the date of publication of a patent application in the local IP bulletin and expires when the patent is granted.

**UPDATE AND TRENDS**

**Key developments of the past year**

41 | What are the most significant developing or emerging trends in the country’s patent law?

Amendments to the Ukrainian Law on Protection of Rights to Inventions and Utility Models, aimed at the law’s harmonisation with the provisions of the Deep and Comprehensive Free Trade Area Agreement between the EU and Ukraine, were adopted on 21 July 2020 and entered into force on 16 August 2020.

New regulations are being developed and expected soon, particularly those related to pre-grant and post-grant opposition procedures and the operation of the Board of Appeals.

The High IP Court’s formation is still ongoing. The qualifying exams for candidate judges have been temporarily suspended after the dissolution of the High Qualification Commission of Judges and are to be resumed once the new Commission is established.

**Coronavirus**

42 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

In March to April 2020, to address the impact of the first lockdown on the operation of the judicial system, the Ukrainian parliament adopted revisions in the rules of civil and commercial procedures, providing for a possibility of extending procedural deadlines falling on the lockdown period. However, when lockdown was replaced by the regime of ‘adaptive quarantine’, courts have been operating as normal, ensuring that all procedural documents are filed within regular deadlines.

Despite the lack of any formal emergency regulations, the Patent Office has gradually shifted to a higher percentage of email correspondence, particularly allowing submission of various requests related to prosecution, oppositions, responses to provisional refusals, etc.
**PATENT ENFORCEMENT PROCEEDINGS**

**Lawsuits and courts**

1. **What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?**

Patents are usually enforced against an infringer by issuing a claim in one of two courts. Claims with a value of over £500,000 or that are technically or legally complex are generally brought in the Patents Court division of the High Court. Simpler claims worth less than £500,000 are generally brought in the Intellectual Property Enterprise Court (IPEC), which has a streamlined procedure designed to be more cost effective than the Patents Court. Parties to a claim can request that the case be transferred to the other court at which point the court will consider whether it appropriate to do so. Both courts have judges who are technically trained and have extensive experience working in patent law.

**Trial format and timing**

2. **What is the format of a patent infringement trial?**

Factual witness statements and expert reports are prepared and exchanged between the parties in advance of trial. These form the evidence-in-chief for the trial. Parties may be permitted to provide reports from more than one expert depending on the technical nature of the case. The parties then exchange skeleton legal arguments in the few days before trial.

Trial starts with opening legal oral submissions to the Judge. Cross-examination of witnesses and experts then takes place, usually undertaken by skilled barristers. The expert evidence is usually the most important part of a patent trial and takes up the majority of the time in court. Trial ends with closing legal oral submissions to the judge. The judge then decides all of the issues in the case alone.

Trials in the Patents Court commonly take between five to seven days per patent. In the IPEC, trials are limited to no more than two days in length.

**Proof requirements**

3. **What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?**

Any party seeking relief from the court has the burden of proof, whether that is for infringement, invalidity or otherwise. The standard to which that party must prove its case is on the balance of probabilities.

**Standing to sue**

4. **Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?**

A patent owner or an exclusive licensee of the patent can bring a claim for infringement against anyone it accuses of infringing. The accused infringer can defend the claim by arguing they do not infringe.

Any party, regardless of whether they have been accused of infringement or not, can bring a claim for a declaration of non-infringement in respect of any act, but only after they have first written to the patent owner, with full particulars of the relevant act, asking for an acknowledgement that such act does not infringe and the patent owner has not provided the acknowledgement sought.

Any party that has been aggrieved by a communication that reasonably indicates that another party intends to bring a claim for patent infringement, other than for making or importing a product for disposal or using a process, can bring a claim for unjustified threats. Merely giving notice of the existence of a patent is not an unjustified threat. An unjustified threats claim can seek an injunction and damages.

**Inducement, and contributory and multiple party infringement**

5. **To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?**

A party that supplies another party with anything (‘means’) relating to an essential element of the invention, for putting the invention into effect when they know or it is obvious to a reasonable person that such means is or are suitable for and intended to put the invention into effect in the UK is liable for secondary patent infringement.

If multiple parties act together to do an act that infringes a patent, even when no individual party carries out all of the elements of the patent claim, they are each jointly and severally liable for patent infringement as joint tortfeasors.

**Joinder of multiple defendants**

6. **Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?**

Multiple defendants can be included in the same claim. Related claims against related parties should be brought in the same claim or lawsuit. The court has discretion to hear separate claims together where it is convenient and to also separate unrelated claims where it is convenient.
Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

For a patent to be infringed in the UK the acts of infringement must take place in the UK. There are two exceptions to this. The first relates to products by process patents – where the process takes place outside the UK but the product is then imported into the UK, the acts in relation to the product in the UK will be infringing acts. The second is where a party outside the UK has directed or assisted an infringing act in the UK it may be liable for patent infringement as a joint tortfeasor.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

A doctrine of equivalents in the UK was established by the Supreme Court in the Actavis v Eli Lilly case in 2017 when considering the Protocol on interpretation of article 69 EPC. The test to be applied for patent infringement where the alleged infringement does not fall within the normal purposive interpretation of the patent claims is now:

- Does the variant achieve substantially the same result in substantially the same way as the inventive concept?
- If yes, would it be obvious to a skilled person who knew that it achieved substantially the same result that it did so in substantially the same way?
- If yes, there is infringement by equivalence so long as the skilled person would not consider that the patent requires strict compliance with the normal meaning of the claims.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Disclosure of documents can be ordered by the UK court. Parties then have a duty to conduct a reasonable and proportionate search for the relevant documents, which must include adverse documents. The courts commonly attempt to limit disclosure to only those documents that are directed to a real issue in the case. Alleged patent infringers usually produce and provide a product and process description of the relevant act in lieu of disclosure in relation to infringement. Disclosure in relation to patent validity is limited to two years either side of the claimed priority date.

If liability of the defendants is determined at trial, a damages (or account of profits) inquiry will follow. The same disclosure rules apply in this inquiry, which means that relevant financial documents will usually be disclosed.

Litigation timetable

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

Both the Patents Court and the IPEC seek to hold a trial within 12 months of the claim being issued. In practice trial usually takes between 12-18 months. If urgency can be demonstrated to the court cases can proceed to trial more quickly than 12 months.

The Court of Appeal usually hears appeals within 12 months of the first instance judgment. Expedition is also possible in the Court of Appeal.

Litigation costs

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

Patent cases in the IPEC usually cost a party between £100,000 and £200,000. The successful party is usually able to recover up to £50,000 of its costs in the IPEC.

In the Patents Court patent cases can cost around 5-10 times the cost of IPEC cases. A party that is successful in the majority of the aspects of the case is usually able to recover the vast majority (commonly 70-90 per cent) of its costs from the unsuccessful party or parties.

Costs in the Court of Appeal are commonly 20-30 per cent of the costs at first instance.

Contingency fee and conditional fee arrangements are permitted but they are not that common.

Court appeals

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

Appeals from the Patents Court and the IPEC are heard in the Court of Appeal. Permission to appeal must be granted either from the first instance court or directly from the Court of Appeal. Further appeals to the Supreme Court are possible for cases of public importance.

New evidence is not usually permitted on appeal.

Competition considerations

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Patent owners need to ensure that they comply with the relevant competition laws. Some exceptions apply to arrangements involved in the settlement of patent disputes but care needs to be taken to ensure that these are complied with.

In certain sectors (particularly those involving standard-essential patents, ie, telecoms), a declaration of essentiality by the patent owner may be accompanied by a requirement to provide FRAND licences. Failure to offer such a licence can be viewed as anticompetitive.

The making of a communication indicating an intention to bring a claim for patent infringement can, in certain circumstances, be an actionable unjustified threat.

Alternative dispute resolution

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Parties to UK litigation are required to consider alternative dispute resolution and the court encourages parties to try to resolve the dispute at every stage of the case whether by negotiation or by more formal procedures such as mediation.
SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

A patent for the UK can be obtained by two routes: either directly by filing at the UK Intellectual Property Office (UKIPO) or via a European patent application that designates the UK. A patent may be obtained for any invention that is new, involves an inventive step, and is capable of industrial application, except the following are not considered to be inventions to the extent the patent application relates to these things as such:

- a discovery, scientific theory or mathematical method;
- a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever;
- a scheme, rule or method for performing a mental act, playing a game or doing business, or a program for a computer;
- the presentation of information;
- methods of treatment or surgery for, or methods of diagnosis practised on, the human or animal body;
- the mere discovery of a gene sequence, unless the industrial application of that sequence is disclosed;
- the human body or one of its elements; processes for cloning human beings or modifying their germ line; the use of human embryos for industrial or commercial purposes; processes for modifying the genetic identity of animals where this is likely to cause suffering without substantial medical benefit;
- animal or plant varieties, or any essentially biological process for their production; and
- inventions whose commercial exploitation would be contrary to public policy or morality.

Computer programs and business methods as such cannot be patented, but if a computer-implemented invention involves a technical contribution (applying the UKIPO’s test) or technical effect (applying the European Patent Office (EPO) test) that goes beyond mere computer automation, then the invention may be patentable. Since a vast number of technical problems are solved using computer software, a correspondingly vast number of computer-implemented inventions are patentable at the UKIPO and at the EPO. However, software that has a business purpose – eg, marketing or advertising and financial applications – and text processing software is considered not to make a technical contribution or produce a technical effect and are not patentable. It therefore remains difficult in Europe to protect, for example ‘fintech’, software except where a design of improved drill bits was confirmed to be patentable in 2012. The UKIPO and the EPO are both granting some patents for computer-implemented inventions using AI technologies, with both patent offices planning to further on AI patenting in 2021.

With respect to medical methods – for example, treatments, diagnosis or surgery – it is possible to patent the use of substances or compositions (eg, drugs, pharmaceutical formulations, etc) for use in such methods, using appropriate claim language.

Patents for inventions concerning human stem cells that are not derived from human embryos, such as induced pluripotent cells and adult stem cells, may be granted. Thus, stem cells derived from parthenogenesis may be patentable on the basis that, according to current scientific understanding, they do not have the inherent capacity of developing into human beings.

Patent ownership

16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

In the UK, an invention made by a company employee in the normal course of their employment will be owned by the company. In addition, where an employee – for example, a senior member such as a director – has a special obligation to further the interest of the company, any patent will be owned by the company. Aside from this, the patent is owned by the inventor, unless an agreement is made to the contrary. Parties are free to agree ownership between them. Thus, an independent contractor, or each party to a joint venture, may or may not own the patent, depending upon what is agreed between them.

Where there are multiple inventors, the patent will be jointly owned by them unless the employment considerations noted above apply.

Patent ownership is recorded in the UKIPO patent register. Ownership may be transferred by assignment, and this must be in writing, and at least be signed by, or on behalf of, the party making the assignment.

DEFENCES

Patent invalidity

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

The grounds upon which a patent’s validity can be challenged are:

- that it is not a patentable invention (ie, lack of novelty, lack of inventive step, or lack of industrial application);
- that is, it is not disclosed sufficiently to enable it to be performed by a person skilled in the art;
- that matter has been added to the patent that was not disclosed in the original application;
- that the protection afforded by the patent has been impermissibly extended by amendment; and
- that the person to whom the patent has been granted is not entitled to it.

The validity of a patent can be challenged by any person (there is no standing requirement) by bringing revocation proceedings in the court or the Intellectual Property Office. Often revocation proceedings are brought as a counterclaim in infringement proceedings to be heard by the same court and at the same time as the infringement claim.
Absolute novelty requirement
18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

There is an ‘absolute novelty’ requirement for patentability in the sense that all matter that has been made available to the public anywhere in the world comprises the ‘state of the art’ by which a patent’s novelty is to be judged. The exceptions are that a disclosure made in the six months prior to the date of filing of the application shall not count if:
(1) it was obtained unlawfully or in breach of confidence owed to the inventor, or
(2) it was due to or made in consequence of the invention being displayed at an international exhibition by the inventor.

Obviousness or inventiveness test
19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

An invention will not be considered to have involved an inventive step if it was obvious to a person skilled in the art, having regard to any matter that forms part of the state of the art. The standard to which that party must prove this is on the balance of probabilities.

Patent unenforceability
20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

There may be restrictions on the remedies available to a patentee in certain situations, such as, for damages, if the patent has been amended and it was not framed in good faith or with reasonable skill and knowledge, or, for an injunction, if the patentee has made a declaration to a standard-setting organisation that it will grant a licence on fair, reasonable and non-discriminatory terms and the infringer is willing to take a licence on such terms.

Prior user defence
21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

A person who has, with good faith, done an act or made effective and serious preparations to do an act prior to the priority date of an invention may continue to do that act after the priority date notwithstanding that the act constitutes an infringement of the patent. The right is not limited to any particular type of invention or use.

REMEDIES

Monetary remedies for infringement
22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Damages suffered by the patentee or (at the patentee’s option) an account of profits made by the infringer are the monetary remedies available for infringement.

Damages (or an entitlement to profits) can start to accrue at the point the patent application is published but the patentee will need to wait until the patent is granted to bring proceedings.

Damages are intended to put the patentee back in the position it would have been in if the infringement had not occurred and are therefore compensatory in nature. They can be calculated by establishing lost revenue to the patentee or by attributing a royalty rate. Royalties may be calculated by reference to existing licence rates (if the patentee is in the business of licensing its patents), or (where the patentee does not grant licences) a reasonable royalty as would be expected between a willing licensee and willing licensor.

Injunctions against infringement
23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

Final injunctions are one of the usual granted remedies in successful claims for patent infringement and only exceptionally refused (for example, for reasons of public policy).

Interim (ie ‘temporary’ or ‘preliminary’) injunctions are normally granted on the basis that the patentee will suffer irreparable harm if it has to wait to obtain a final injunction, which usually means that damages will not be adequate to compensate the patentee. The court will consider a number of factors in the exercise of its discretion whether or not to grant an interim injunction (such as the balance of convenience and maintenance of the status quo). The court will usually require a cross-undertaking as to damages from the patentee by which the patentee undertakes to compensate the infringer if the interim injunction is later found to have been wrongfully granted (ie, on the merits there was found to be no infringement or patent invalid).

Injunctions do not usually bind those who are not parties to the litigation.

Banning importation of infringing products
24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Importation of infringing products into the country may be blocked by means of an interim or final injunction against the importer obtained in the usual way. No specific tribunal or proceedings are required, but it is possible (with or without an injunction) to notify the customs authorities of the patent so as to have suspected infringing products seized and notified to the patentee.

Attorneys’ fees
25 | Under what conditions can a successful litigant recover costs and attorneys’ fees?

The usual position is that a successful litigant will obtain a court order allowing it to recover a large proportion of its legal costs from the unsuccessful party. The court generally ascertains the party which is the overall commercial winner in order to avoid an ‘issue by issue’ approach to costs liability, but the recovery of legal costs is capped at £50,000 in the Intellectual Property Enterprise Court (for cases with claims to damages not exceeding £500,000).

Wilful infringement
26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

The intention of the infringer is not usually relevant (save that no damages can be awarded if an infringer was not aware of the patent and had no reasonable grounds for supposing it existed). While, in theory, exemplary damages could be awarded as an exercise of the
court’s common law discretion in specific circumstances (ie, when the defendant’s conduct has been calculated by them to make a profit for themselves, which may well exceed the compensation payable to the claimant) this is considered unlikely due to the availability of the remedy of an account of the infringer’s profits.

Time limits for lawsuits
27 ▶ What is the time limit for seeking a remedy for patent infringement?

There is an applicable limitation period which is six years from the date of the infringing act.

Patent marking
28 ▶ Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

No, a patent holder is not required to mark its products as patented. However, if a patent holder represents that its products are patented this may remove the infringer’s ability to avoid paying damages on the basis that the infringer was not aware of the patent and had no reasonable grounds for supposing it existed, so long as the patent number (or a relevant internet link) is included in any such representation. It is a criminal offence to falsely represent that a product is patented or patent pending.

Licensing
Voluntary licensing
29 ▶ Are there any restrictions on the contractual terms by which a patent owner may license a patent?

There are no specific restrictions on the contractual terms by which a patent owner may license a patent, but licences are contracts and are subject to the rules of contract law and other relevant laws, such as competition law.

Compulsory licences
30 ▶ Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Compulsory licences can be applied for at any time from three years after the grant of the patent. Application is made to the Comptroller of the UK Intellectual Property Office who will determine if the grounds are met. The specific grounds that may be raised depend upon whether the patent proprietor is a national of, domiciled in or has an industrial or commercial establishment in a World Trade Organisation country (a ‘WTO proprietor’). The terms of the licence will be determined on a case-by-case basis, but will ordinarily include royalty provisions so that the patentee receives adequate or reasonable remuneration (depending on whether the patentee is a WTO proprietor or not).

Patenting timetable and costs
31 ▶ How long does it typically take, and how much does it typically cost, to obtain a patent?

In the UK, it typically takes between three and four years from filing to obtain a granted patent based on a first-filed UK application, although acceleration options are available and can sometimes achieve patent grant in less than two years. Without acceleration, UK filings under the Paris Convention or PCT national phase may take five years from UK filing before being granted; the UK Intellectual Property Office (UKIPO) is working to reduce this. The UKIPO requires that a patent must be in order for grant within four-and-a-half years from filing (or priority), unless examination by the UKIPO has been delayed. Drafting and filing costs, including official and attorney fees, are typically between about £3,500 to £7,000 depending on complexity. Prosecution costs through to grant typically add between about £2,500 to £5,000, again depending upon complexity.

Expedited patent prosecution
32 ▶ Are there any procedures to expedite patent prosecution?

Yes, it is possible to accelerate at various stages of patent prosecution by requesting accelerated prosecution. No official fees are payable. There are three types of accelerated service at the UKIPO: combined search and examination, which causes an exam report to issue within the normal timeframe for a search; accelerated publication, which minimises the delay that is caused by grant being at least three months later than publication; and accelerated search or examination. The first two are available on request for UK first-filings, but accelerated search or examination generally requires a reason, for example, alleged infringement or to secure investment. In addition, if the invention relates to a ‘green’ technology, then accelerated search or examination will usually be available if requested via a UKIPO scheme known as the Green Channel. Where claims have been found to be allowable in the PCT phase, or by another intellectual property office, then acceleration is also available via the PCT (UK) Fast Track and the Patent Prosecution Highway (PPH). At the European Patent Office (EPO), acceleration is also available on request (via requesting entry into the EPO’s PACE programme) or via the PPH.

Patent application contents
33 ▶ What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

The invention must be disclosed in a manner that is sufficient for it to be carried out by a typical skilled person or team working in that technical field, and the claims defining the invention must be clear and concise and supported by the description. The extent of disclosure required has varied depending upon the technology, but is starting to be more harmonised. In the chemical and life science area in particular, it is generally important to include a range of examples to support the invention across the scope of the claims (whereas one detailed example was often accepted for simple mechanical inventions). Any claimed utility, for example, treatment of a disease or medical condition, must be shown to be plausible. It is often useful to include comparative data with respect to the closest prior art, although this can also be supplied during prosecution. The EPO’s assessment of sufficiency has recently been more consistent between different technologies, and slightly stricter for electrical or mechanical and software inventions.

Prior art disclosure obligations
34 ▶ Must an inventor disclose prior art to the patent office examiner?

There is no formal duty of disclosure at the UKIPO, so this is generally not required. During examination, the patent office examiner will frequently consult the search results produced by other intellectual property offices on corresponding applications, or may request the applicant to provide these.
Pursuit of additional claims

35  May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

Yes, it is possible to file one or more divisional applications with claims directed to inventions disclosed in an earlier application. In the UK, any divisional application must be filed before grant of the parent patent and three months before the end of the compliance period. The compliance period is set at four-and-a-half years after the earliest priority or filing date of the parent, or 12 months after the date of the first examination report on the parent. Any UK divisional application must be put in order for grant by the compliance period date, so it is advisable to file UK divisionals at an early stage. Divisional applications may also be filed out of European patents designating the UK. The European divisional must be filed before the date of grant of the parent case, but there is no time limit for putting the divisional European application in order for grant.

Patent office appeals

36  Is it possible to appeal an adverse decision by the patent office in a court of law?

Yes, adverse decisions of the UKIPO may be appealed to the Patents Court, a division of the High Court of Justice. Adverse decisions against European patent applications or patents may only be appealed to the relevant board of appeal of the EPO.

Oppositions or protests to patents

37  Does the patent office provide any mechanism for opposing the grant of a patent?

There is no formal opposition procedure in the UK for opposing a UK patent after grant. However, any person may file third-party observations during prosecution of an application, after its publication but before grant. Such observations may challenge the patentability of the invention based upon prior art found by the examiner, or may introduce further prior art. European patents (which may designate the UK) may be opposed after grant, up to nine months after the date of grant. Third-party observations may also be filed against European patents, both during prosecution of the application, or during any post-grant opposition or appeal proceedings, or both. However, the third-party does not become a party to any proceedings, so has no official standing unless they are also an opponent or appellant.

Priority of invention

38  Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The UKIPO operates a first to file system, so the applicant with the earliest priority date will normally be entitled to be granted the patent. However, it is possible for a person other than the applicant to dispute ownership and bring entitlement proceedings before the UKIPO (which are usually then transferred to the Patents Court). This may occur because that person believes, and has evidence to show, they made the invention first and are entitled to be granted the patent in place of the applicant. European patent applications (which may designate the UK) also operate according to a first to file system, as in the UK.

Modification and re-examination of patents

39  Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

It is possible to apply to the UKIPO to amend the specification of a patent after grant, although grant of any amendment is discretionary. Amendment of the patent claims may also be allowed by the UKIPO or the court during a lawsuit. European patents (which may designate the UK) may also be amended after grant under the central limitation procedure, upon application to the EPO. Any such amendments allowed by the EPO would apply to the UK part of the European patent.

There is no re-examination procedure before the UKIPO in respect of a granted UK patent. It is possible to request an opinion on the validity or infringement of a UK patent from the UKIPO, but any such opinion has no legal effect and does not lead to revocation of the patent, or an award of any remedy to the person requesting the opinion.

Revocation proceedings seeking to invalidate a patent may be brought by any person before the UKIPO or the court.

Patent duration

40  How is the duration of patent protection determined?

The term of a patent is 20 years from the filing date, provided the patent is kept in force by payment of renewal fees. A UK patent expires at midnight on the day before the 20th anniversary of the filing date.

Supplementary protection certificates (SPCs) are available in respect of qualifying medicinal or veterinary products, and may provide an additional term of protection for the product of up to five years. This is to compensate the patentee for delays that may occur during the regulatory approval process, which may delay marketing of the product. Medicinal products may also be further protected by a paediatric extension, which extends the lifetime of an SPC by a further six months. To qualify for this further extension, a paediatric investigation plan (PIP) needs to be submitted.

UPDATE AND TRENDS

Key developments of the past year

41  What are the most significant developing or emerging trends in the country’s patent law?

The requirement for sufficiency of disclosure in patents has continued to figure prominently in decisions of the English courts, with the UK Supreme Court (UKSC) giving judgment in the Regeneron Pharmaceuticals v Kymab Ltd case in June 2020. The UKSC held that for a patent claim to a range of products to be sufficient, the skilled person must have been enabled by the teaching of the patent to be able to make substantially all the types or embodiments of such products across the claim scope at the relevant date. This is the latest in a series of cases concerning sufficiency, which have raised the threshold for patentees to ensure their invention is sufficiently and plausibly disclosed.

The UKSC also gave its much-anticipated judgment in Unwired Planet v Huawei in relation to the issue of licensing patents on fair, reasonable and non-discriminatory (FRAND) terms. The judgment was favourable to patentees and owners of standard essential patents (SEPs), confirming that Unwired Planet were permitted to sue on one or more of their SEPs in the English courts, and that the national court had the power to grant a worldwide FRAND portfolio injunction.

At the EPO, in March 2021, the EPO Enlarged Board of Appeal gave a key decision in G1/19, confirming that the EPO’s established approach to the assessment of inventive step of computer-implemented inventions is the correct approach for computer-implemented simulation
methods. In particular, the Enlarged Board of Appeal held that a claimed computer-implemented simulation may solve a technical problem by producing a technical effect even if the claim lacks an output having a direct link with physical reality. The decision may have significant implications in view of the principles of previous simulation case law having been adopted for the EPO’s assessment of other computer-implemented inventions such as artificial intelligence (AI technologies) and in view of the increasingly important role played by AI simulations in areas such as drug discovery, medical diagnosis, image and speech processing and telecommunications.

Coronavirus

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

The UKIPO declared a period of interrupted days from 24 March 2020 to 29 July 2020, and most office deadlines for patents, supplementary protection certificates, trademarks and designs falling within this period were extended. To assist businesses, temporary fee changes are in place until at least 31 March 2021, with some fees relating to extensions and surcharges reduced to zero. It is, nevertheless, advisable to seek to meet all deadlines in the normal way. The London office of the UKIPO has been closed for filings by hand, but online filing services remain unaffected. The European Patent Office (EPO) has had similar ‘interruption’ measures in place, and has been flexible in allowing further extensions to deadlines in view of covid-19. Oral hearings at the EPO now take place almost exclusively by videoconference, and this is expected to continue indefinitely for examination matters beyond 2021. The trial period for EPO Oppositions by videoconference runs until September 2021, although this period could well be extended on review. The EPO provide a variety of online training resources for videoconferencing, and clients and their advisers are well advised to familiarise themselves with these.

The UK courts have become much more familiar with conducting remote video hearings and have even held trials and cross-examination of witnesses over video calls. Elements of this are likely to continue post pandemic, particularly with witnesses who may be out of the jurisdiction.
A patent owner can enforce its patent rights against an infringer in any federal district court that has personal jurisdiction over the defendant. A patent owner can also enforce its patent rights in an administrative proceeding before the US International Trade Commission (ITC). An action in the ITC is available only for potentially infringing goods being imported into the United States.

There are no specialised patent trial courts. However, appeals from both the ITC and federal district courts are heard exclusively by the Court of Appeals for the Federal Circuit. Appeals from the Federal Circuit are heard by the US Supreme Court.

**Trial format and timing**

2 | What is the format of a patent infringement trial?

A patent trial begins with the plaintiff filing a complaint alleging infringement of one or more patents. The defendant (accused infringer) files an answer, alleging non-infringement and asserting various defences. The parties proceed to fact and expert discovery, motion practice, pretrial briefing and trial. If money damages are sought, the trial is before a jury. However, a case is tried by a judge when only equitable relief is available.

Parties introduce evidence primarily through live testimony, including both fact and expert witnesses. After providing their direct testimony, the witnesses can be cross-examined by the opposing counsel. Documents are included in evidence to the extent that they are admissible and relevant to the dispute. Affidavits are generally not accepted into evidence.

Expert witnesses are almost always involved in patent litigation cases, with each party typically retaining its own experts. In addition, a trial judge can appoint an expert to advise the court (this is typically done only for bench trials).

Patent infringement trials in district court typically take one to two weeks, although it can be longer for complex or multi-patent cases.

**Proof requirements**

3 | What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The patent holder must prove infringement by a ‘preponderance of the evidence’. This requires proof that it is more likely than not that the defendant either directly infringed a claim of the asserted patent, contributed to another’s infringement or induced another to infringe. The patent holder also has the burden of proving monetary damages and must do so by a preponderance of the evidence.

Proof requirements

- **Direct infringement**: This occurs when the accused infringer makes, uses,卖给, offers to sell, or sells a product or service within the scope of the asserted patent. The patent owner must prove that the accused infringer’s infringing activity was intentional.

- **Indirect infringement**: This occurs when the accused infringer participated in the infringing activity of another. There are two types of indirect infringement: contributory infringement and inducement.

- **Contributory infringement**: This occurs when the accused infringer aids, induces, cooperates or conspires with another to infringe a patent. The patent holder must prove that the accused infringer knew or had reasonable grounds to know that the other party was infringing the patent.

- **Inducement**: This occurs when the accused infringer induces another to infringe a patent. The patent holder must prove that the accused infringer knew or had reasonable grounds to know that the other party was infringing the patent.

**Standing to sue**

4 | Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

A party suing for infringement must hold exclusive rights to the patent being asserted, such as a patentee or assignee. A licensee has standing to sue for patent infringement if it has received ‘all substantial rights’ in the asserted patent, such as an exclusive licensee. However, a non-exclusive licensee does not have standing to bring suit or to join a suit with the patentee because the licensee suffers no legal injury from infringement.

An accused infringer may file a declaratory judgment lawsuit if, based on the totality of the circumstances, there is a substantial controversy between the parties which is of sufficient immediacy and reality. This situation occurs typically when a patent holder sends a cease-and-desist letter or otherwise gives notice suggesting that the potential infringer may want to license the patent. Other categories of declaratory judgment actions include, for example: when a licensee disputes the validity of a licensed patent or that its products infringe the patent; and when a supplier files suit against a patentee who has threatened, or has sued, the supplier’s customers based on the supplier’s products or services.

**Inducement, and contributory and multiple party infringement**

5 | To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Indirect infringement occurs when the defendant does not itself commit the infringing activity, but instead causes another party to do so. Someone can be liable for inducing infringement if they are aware of the asserted patent and have the specific intent to encourage another’s infringing activity. The plaintiff has the burden of showing that the alleged infringer’s actions knowingly induced the infringing acts to occur. The knowledge requirement can be met by showing either actual knowledge or willful blindness (deliberate actions to avoid confirming
a high probability of wrongdoing). In general, if the defendant reasonably believes that there is no infringement, then there is no liability for induced infringement.

A party is liable for contributory infringement by offering to sell or selling in the US, or importing into the US, a component or material for use in a patented process that constitutes a material part of the patented invention, with knowledge that the component is especially made or especially adapted for use in an infringing manner. Moreover, the item must not be a staple or article suitable for a substantial non-infringing use.

Multiple parties can be jointly liable for infringement if each of the parties practises only some of the claim limitations, but together the parties perform all of them as part of a joint enterprise. A single party can be liable for infringement by practising only some of the claim limitations, if it directs or controls another party that practises the remaining claim limitations.

Joinder of multiple defendants

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Accused infringers may be joined as defendants in the same lawsuit if the allegations against the parties arise out of the same transaction relating to the making, using, importing into the US, offering for sale, or selling of the same accused product or process; and questions of fact common to all defendants will arise in the action. Thus, for example, if the parties have a commercial relationship to the accused products (eg, one of the parties sells a component and the other party uses the component), they could be joined in the same action.

Parties may not be joined as defendants in the same lawsuit based solely on allegations that they each have infringed the same patent-in-suit.

Infringement by foreign activities

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

There are several circumstances under which activities taking place outside the US result in patent infringement. For example, an apparatus claim can be infringed if control of the system is exercised and its benefit is obtained in the US, even if components (for example, a server) of the claimed system are located outside of the US.

Foreign activities can also be used to establish patent infringement of method claims. If a product is imported into the US or sold, offered for sale or used within the US, and if a process used to manufacture the product satisfies the claim requirements, such activity can support a finding of infringement.

Another example is ‘export infringement’, which occurs if all or a substantial portion (quantitative, rather than qualitative) of the components of a claimed invention are made and assembled in the US, but the components are combined outside the country. To infringe, a party must either induce making the combination outside the US or the components must be supplied knowing that they were especially made for use in a claimed invention, intending that the components will be combined outside the US in an infringing manner. Export infringement is only applicable to apparatus claims; not method claims.

Infringement by equivalents

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

Infringement under the doctrine of equivalents occurs when the accused product or process is similar, but not identical, to the patented invention. It is an equitable doctrine developed by the courts to provide a mechanism to avoid patent infringement for insubstantial variations to the claimed invention.

There are two tests for determining equivalence, with both based on the state of the art at the time of infringement. Under the more commonly applied function-way-result test, an accused element is equivalent to a claim limitation when it performs substantially the same function in substantially the same way to achieve substantially the same result. Alternatively, the insubstantial differences test inquires whether the differences between the claim limitation and the element in the accused product or process are insubstantial.

There are a number of legal doctrines that limit the applicability of the doctrine of equivalents, including prosecution history estoppel, the all-elements rule, and the public dedication rule.

Prosecution history estoppel prevents a patentee from using the doctrine of equivalents to recapture subject matter that was surrendered to the patent examiner to obtain the patent.

The all-elements rule requires that the doctrine of equivalents be applied to the claims on an element-by-element basis, such that the accused product or process must contain each claim limitation or its equivalent.

The public dedication rule prevents a patentee from relying on the doctrine of equivalents to capture subject matter that was publicly known at the time of invention. Thus, an accused infringer can practise the prior art and avoid infringement under the doctrine of equivalents.

Similarly, the public dedication rule prevents recapture of subject matter that is disclosed in the patent specification but not claimed.

Discovery of evidence

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Discovery of evidence in the US legal system is very broad, in that a party is entitled to information relevant to any claim or defence of any party in the lawsuit. This is achieved by requesting documents, seeking deposition testimony, asking written questions (interrogatories), and seeking to inspect the property of the opposing party and of non-parties. Typically, however, the range of documents that a non-party must produce is more limited than those that a party to the litigation is required to produce.

A number of courts have their own rules about discovery and case management practices that apply specifically to patent cases. For example, several courts require the parties to produce infringement or invalidity-related documents early in the case.

In addition, the identity of an expert witness who may provide testimony at trial must be disclosed during the discovery period, and the expert is required to provide the opposing party a written report that contains a complete statement of all opinions the expert will provide in the case and the basis and reasons for them.

An important limitation on discovery is attorney-client privilege, which can prevent the disclosure of confidential communications between a client and its attorney. Additionally, the work-product doctrine prevents the disclosure of an attorney’s thoughts and mental impressions prepared in anticipation of litigation.

Parties may take pre-trial discovery from non-parties outside the US if the party is in a country that is a signatory to the Hague Convention. Taking discovery under the Hague Convention is more
cumbre and time-consuming than doing so in the US. The requesting party must first ask the federal court in which the case is pending to issue a letter of request (also called a letter rogatory) to the appropriate authority in the foreign country that sets forth the discovery sought. The receiving authority will apply its own laws with respect to the discovery methods and procedures to be followed in obtaining the requested material.

**Litigation timetable**

**10. What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?**

The typical timetable for a patent infringement lawsuit varies depending upon the district court, and whether the case is governed by local patent rules designed to facilitate discovery and the case management schedule. The timetable is also affected by the number of other cases pending in the court; for instance, in 2020, the Western District of Texas was the most active in the US for patent filings, accounting for 21 per cent of all cases.

In 2020, the median time for a patent case to conclude – measured from the filing of the complaint to a termination by any mechanism – was 185 days. However, the median increases to 728 days for cases that end in a summary judgment determination and is 914 days for cases that reach trial. This year-over-year slowdown to summary judgment was due to pandemic-related shutdowns and changes to court procedures. More complex and multi-patent cases typically take longer to resolve.

The timetable for the Federal Circuit to decide a case is typically about a year from the date the appeal is docketed.

**Litigation costs**

**11. What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?**

According to the Report of the Economic Survey 2019 published by the American Intellectual Property Law Association, for an infringement case in district court involving a single patent where there is:

- less than US$1 million at risk, the median cost through to the end of discovery is US$250,000 and the total median cost through trial and appeal is US$730,000;
- between US$1 million and US$10 million at risk, the median cost through to the end of discovery is US$600,000 and the total median cost through trial and appeal is US$1.5 million;
- between US$10 million and US$25 million at risk, the median cost through to the end of discovery is US$1.23 million and the total median cost through trial and appeal is US$2.7 million; and
- more than US$25 million at risk, the median cost through to the end of discovery is US$2.38 million and the median cost through trial and appeal is US$4.0 million.

Cases involving multiple patents or cases involving very complex technology will tend to be more expensive. Contingency fees are permitted in patent litigation.

**Court appeals**

**12. What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?**

The Federal Circuit hears all appeals in patent cases. The US Supreme Court hears appeals from decisions of the Federal Circuit on a permisive basis, and only occasionally accepts paten cases for review.

An appeal is not a retrial or a new trial of the case, and thus new evidence is not allowed at the appellate stage. Instead, if the appellate court determines that an error occurred at the trial court then it may reverse the judgment and, if necessary, order a new trial to occur. Reversible errors are those that substantially affect the rights of the appealing party. Not all errors at the trial court are reversible. Some errors are deemed to be harmless such that they did not affect the case outcome.

**Competition considerations**

**13. To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?**

Antitrust concerns are more likely to arise when parties enter licences. However, enforcement of a standard essential patent (SEP) can give rise to an antitrust claim if the patent owner agreed to license the SEP on fair, reasonable and non-discriminatory (FRAND) terms, but then attempts to obtain an injunction against an accused infringer. In addition, asserting a patent that was procured through fraud or other illicit conduct may constitute an antitrust violation.

Some states have passed laws that protect against infringement allegations made in bad faith by the patent owner. Such a scenario can arise when a patent owner sends a cease-and-desist letter or other notice. Facts that may show bad faith include threatening an infringement action, asserting a patent that was procured through fraud or other illicit conduct, claiming unreasonable profits from the enforcement of a patent, or asserting invalid patents.

**Alternative dispute resolution**

**14. To what extent are alternative dispute resolution techniques available to resolve patent disputes?**

Arbitration and mediation are two types of alternative dispute resolution in patent disputes. In arbitration, a neutral arbitrator or panel of arbitrators will render a decision, which can be either binding or non-binding. In binding arbitration, the parties waive their right to a trial and agree that they will be bound by the arbitrator’s final decision; whereas in non-binding arbitration the final decision is not enforceable and either party can reject the decision and instead request a trial. Arbitration often involves a structured presentation of each party’s case by counsel through live witnesses, depositions, affidavits and documentary evidence.

Mediation is less formal than arbitration and involves a neutral mediator whose role is to help the parties settle their dispute. Typically, the parties provide written summaries of the dispute to the mediator in advance. The mediator often will alternately meet with each party in an effort to bring them together to a negotiated settlement. In contrast to arbitration, the mediator does not render a decision.

Because of the high costs involved in patent litigation, parties will sometimes proceed with alternative dispute resolution in parallel with litigation. In addition, many courts require the parties to engage in some form of ADR, usually mediation, prior to trial.

**SCOPE AND OWNERSHIP OF PATENTS**

**Types of protectable inventions**

**15. Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?**

The statutory requirements for patent eligible subject matter is broad, requiring only that the invention be a process, machine, manufacture or composition of matter. But not everything is patentable. The invention, without more, cannot claim a law of nature, natural phenomena or an abstract idea.
The US Supreme Court has established a two-step approach (Alice/Mayo test) for determining whether an invention is directed to patentable subject matter. First, are the claims as a whole directed to one of the categories of ineligible subject matter, such as an abstract idea? If yes, then step two considers whether other elements of the claim result in an ‘inventive concept,’ which are elements that ‘transform the nature of the claim’ into patent-eligible subject matter.

Thus, patents on software, business methods and medical procedures are allowed if they satisfy the Alice/Mayo test. Thus, for example, complementary DNA (DNA that is synthetically created from messenger RNA) is patentable subject matter. However, isolated genomic DNA (DNA taken from a part of the entirety of an organism’s hereditary information or chromosomes) is an unpatentable product of nature. Moreover, software or business method claims that simply perform mathematical calculations are not patent-eligible. Similarly, a medical procedure that merely performs a medical activity is not patent eligible.

**Patent ownership**

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

The inventor is the presumptive owner of a patent. However, most companies require their employees to assign their patent ownership to the company as a condition of employment. Even if the employer does not obtain patent ownership, it may still have a non-exclusive and non-transferable royalty-free licence (shop right) to use the invention if the employer’s facilities were used to conceive an invention or reduce it to practice.

In the absence of any agreement to the contrary, each of the joint owners of a patent may make, use, offer to sell or sell the patented invention within the US, or import the patented invention into the US, without the consent of and without accounting to the other owners.

Patent owners may assign or convey their patent rights through a written assignment, which is recorded in the United States Patent and Trademark Office (USPTO). Recording the assignment is important because an assignment is void against any subsequent purchaser, without notice, unless it is recorded in the USPTO within three months from its date or prior to the date of such subsequent purchase.

**DEFENCES**

**Patent invalidity**

17 How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

An accused infringer may raise patent invalidity as a defence in an infringement lawsuit. In addition, a party can bring a declaratory judgment lawsuit to obtain a ruling on invalidity before the patent owner files an infringement lawsuit.

The laws relating to patent invalidity changed with the passage of the America Invents Act (AIA), which applies to any patent application with at least one claim that has an effective filing date on or after 16 March 2013. The most significant change is that the AIA switched the US patent laws from a ‘first-to-invent’ to a ‘first-inventor-to-file’ system, which aligns the US more closely with existing patent regimes around the world. Since there are still many in-force US patents that have a pre-March 2013 priority date, both pre- and post-AIA patent regimes are still applicable.

A patent that has an effective filing date prior to 16 March 2013 (pre-AIA patents) can be invalidated on the following grounds:

- lack of utility (for a claim in a utility patent);
- claims subject matter not eligible for patent protection, such as laws of nature, physical phenomena and abstract ideas;
- the claimed invention was known or used by others in the US before the invention was made by the patent applicant;
- the claimed invention was patented or described in a printed publication in the US or a foreign country, before the invention thereof by the patent applicant;
- the claimed invention was in public use or on sale in the US more than one year prior to the date of the application for the patent in the US;
- the inventor abandoned the claimed invention;
- the claimed invention was first patented or was the subject of an inventor’s certificate by the inventor (or the inventor’s legal representative or assigns) in a foreign country prior to the date of the application for patent in the US on an application or inventor’s certificate filed more than 12 months before the filing of the patent application in the US;
- the claimed invention was described in a US patent granted on an application filed by another before the invention thereof by the applicant for patent, or in a US published patent application file by another before the invention thereof by the applicant for patent, or in a Patent Cooperation Treaty (PCT) application filed in the US by another before the invention thereof by the applicant for patent where the PCT application designated the US and was published in the English language;
- the inventor did not him or herself invent the subject matter of the claim;
- prior to the inventor’s date of invention, the invention was made in the US by someone else who had not abandoned, suppressed or concealed it;
- the claimed invention was obvious before the date of invention in view of the prior art;
- the patent specification does not adequately describe the invention so as to convey that, at the time the patent application was filed, the inventor had intellectual possession of the claimed invention; and
- the patent specification does not adequately describe the claimed invention so as to enable a person of ordinary skill in the art to make and use the claimed invention.

A patent that has an effective filing date that is on or after 16 March 2013 (post-AIA patents) can be invalidated on the following grounds:

- lack of utility (for a claim in a utility patent);
- claims subject matter not eligible for patent protection, such as laws of nature, physical phenomena and abstract ideas;
- the claimed invention was known or used by others in the US before the invention was made by the patent applicant;
- the claimed invention was patented or described in a printed publication in the US or a foreign country, before the invention thereof by the patent applicant;
- the claimed invention was in public use or on sale in the US more than one year prior to the date of the application for the patent in the US;
- the inventor abandoned the claimed invention;
- the claimed invention was first patented or was the subject of an inventor’s certificate by the inventor (or the inventor’s legal representative or assigns) in a foreign country prior to the date of the application for patent in the US on an application or inventor’s certificate filed more than 12 months before the filing of the patent application in the US;

An accused infringer may raise patent invalidity as a defence in an infringement lawsuit. In addition, a party can bring a declaratory judgment lawsuit to obtain a ruling on invalidity before the patent owner files an infringement lawsuit.

The laws relating to patent invalidity changed with the passage of the America Invents Act (AIA), which applies to any patent application with at least one claim that has an effective filing date on or after 16 March 2013. The most significant change is that the AIA switched the US patent laws from a ‘first-to-invent’ to a ‘first-inventor-to-file’ system, which aligns the US more closely with existing patent regimes around the world. Since there are still many in-force US patents that have a pre-March 2013 priority date, both pre- and post-AIA patent regimes are still applicable.

A patent that has an effective filing date prior to 16 March 2013 (pre-AIA patents) can be invalidated on the following grounds:

- lack of utility (for a claim in a utility patent);
- claims subject matter not eligible for patent protection, such as laws of nature, physical phenomena and abstract ideas;
- the claimed invention was known or used by others in the US before the invention was made by the patent applicant;
- the claimed invention was patented or described in a printed publication in the US or a foreign country, before the invention thereof by the patent applicant;
- the claimed invention was in public use or on sale in the US more than one year prior to the date of the application for the patent in the US;
- the inventor abandoned the claimed invention;
- the claimed invention was first patented or was the subject of an inventor’s certificate by the inventor (or the inventor’s legal representative or assigns) in a foreign country prior to the date of the application for patent in the US on an application or inventor’s certificate filed more than 12 months before the filing of the patent application in the US;
- the claimed invention was described in a US patent granted on an application filed by another before the invention thereof by the applicant for patent, or in a US published patent application file by another before the invention thereof by the applicant for patent, or in a Patent Cooperation Treaty (PCT) application filed in the US by another before the invention thereof by the applicant for patent where the PCT application designated the US and was published in the English language;
- the inventor did not him or herself invent the subject matter of the claim;
- prior to the inventor’s date of invention, the invention was made in the US by someone else who had not abandoned, suppressed or concealed it;
- the claimed invention was obvious before the date of invention in view of the prior art;
- the patent specification does not adequately describe the invention so as to convey that, at the time the patent application was filed, the inventor had intellectual possession of the claimed invention; and
- the patent specification does not adequately describe the claimed invention so as to enable a person of ordinary skill in the art to make and use the claimed invention.

A patent that has an effective filing date that is on or after 16 March 2013 (post-AIA patents) can be invalidated on the following grounds:

- lack of utility (for a claim in a utility patent);
- claims subject matter not eligible for patent protection, such as laws of nature, physical phenomena and abstract ideas;
- the claimed invention was known or used by others in the US before the invention was made by the patent applicant;
- the claimed invention was patented or described in a printed publication in the US or a foreign country, before the invention thereof by the patent applicant;
- the claimed invention was in public use or on sale in the US more than one year prior to the date of the application for the patent in the US;
- the inventor abandoned the claimed invention;
- the claimed invention was first patented or was the subject of an inventor’s certificate by the inventor (or the inventor’s legal representative or assigns) in a foreign country prior to the date of the application for patent in the US on an application or inventor’s certificate filed more than 12 months before the filing of the patent application in the US;
- the claimed invention was described in a US patent granted on an application filed by another before the invention thereof by the applicant for patent, or in a US published patent application file by another before the invention thereof by the applicant for patent, or in a Patent Cooperation Treaty (PCT) application filed in the US by another before the invention thereof by the applicant for patent where the PCT application designated the US and was published in the English language;
- the inventor did not him or herself invent the subject matter of the claim;
- prior to the inventor’s date of invention, the invention was made in the US by someone else who had not abandoned, suppressed or concealed it;
- the claimed invention was obvious before the date of invention in view of the prior art;
- the patent specification does not adequately describe the invention so as to convey that, at the time the patent application was filed, the inventor had intellectual possession of the claimed invention; and
- the patent specification does not adequately describe the claimed invention so as to enable a person of ordinary skill in the art to make and use the claimed invention.
The US Patent and Trademark Office (USPTO) also has a number of proceedings through which claims of an issued patent can be invalidated or revoked.

**Absolute novelty requirement**

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

There is no absolute novelty requirement for patentability. Although the US has moved to a first-to-file system, the law still allows the inventor a grace period to make certain disclosures before filing the patent application. Specifically, a public disclosure made one year or less before the effective filing date of the claimed invention is not prior art to the claimed invention if:

- the disclosure was made by the inventor or by another who obtained the information directly or indirectly from the inventor;
- the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or by another who obtained the information directly or indirectly from the inventor.

Additionally, disclosures in patents and patent applications filed any time before the effective filing date of the claimed invention do not constitute prior art if:

- the subject matter disclosed was obtained from the inventor;
- the subject matter disclosed had, prior to the effective filing date of the invention, already been publicly disclosed by the inventor or another who obtained the information from the inventor; or
- not later than the effective filing date of the claimed invention, the disclosed subject matter and claimed invention were owned by the same person or subject to an obligation of assignment to the same person.

**Obviousness or inventiveness test**

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

The legal standard for determining whether a patent is obvious is ‘if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious’ to one of ordinary skill in the art. The standard factors by which legal determinations of obviousness are made include the scope and content of the prior art; the differences between the prior art and the claims at issue; the level of ordinary skill in the pertinent art; and objective indicia of non-obviousness (secondary considerations), such as unexpected results, long-felt but unsolved need, failure of others, industry praise, and commercial success. However, the proponent of the objective indicia must establish a nexus between the evidence and the merits of the claimed invention.

While there is no rigid test for determining the obviousness of a claimed invention, the following situations have been accepted as being sufficient:

- combining prior art elements according to known methods to yield predictable results;
- simple substitution of one known element for another to obtain predictable results;
- use of known technique to improve similar devices (methods, or products) in the same way;
- applying a known technique to a known device (method, or product) ready for improvement to yield predictable results;
- ‘obvious to try’ – choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success;
- known work in one field of endeavour may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations are predictable to one of ordinary skill in the art; and
- a teaching, suggestion or motivation in the prior art that would have led one of ordinary skill to modify the prior art reference or to combine prior art reference teachings to arrive at the claimed invention.

**Patent unenforceability**

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

There are certain grounds in which all the claims of an otherwise valid patent will be deemed unenforceable. These categories can include: fraud in the procurement of the patent (inequitable conduct); patent misuse; an unreasonable or inexcusable delay in the filing of a lawsuit against the infringer (laches or equitable estoppel); and unreasonable delay in prosecuting the patent (prosecution laches).

A finding of inequitable conduct may occur if the patent was obtained by violating the duty of candour and good faith during the application process. This duty is imposed on all individuals involved in the prosecution of a patent application, including applicants and their attorneys and assigns. Inequitable conduct may arise from an affirmatively misrepresentative of a material fact, failure to disclose material information, or submission of false information, coupled with an intent to deceive the US Patent Office. A finding of inequitable conduct typically only occurs if the claims at issue would not have issued ‘but for’ the alleged misconduct. When these conditions are satisfied the entire patent is rendered unenforceable, and it may also cause related patents to be unenforceable if the inequitable conduct had an ‘immediate and necessary relation’ to them.

Patent misuse can also render a patent unenforceable. The purpose of this doctrine is to prevent harm to the market caused by a patent holder who extends the exclusionary rights of patent beyond what is legally allowed. This is rooted in antitrust principles and requires the alleged infringer to prove that a patentee has both ‘impermissibly broadened the physical or temporal scope of the patent grant’ and that this has caused an ‘anticompetitive effect’. A court will evaluate the existence of patent misuse by examining the behaviour though anti-trust’s per se and rule of reason standards of review.

Laches and equitable estoppel may also limit the way patents can be enforced or limit the resulting damages should infringement be found. Laches occurs when the plaintiff unreasonably delays filing the patent infringement lawsuit and the accused infringer suffers material prejudice (either financial or evidentiary prejudice) attributable to the delay. The presumption of laches exists if the plaintiff delayed filing suit for more than six years after becoming aware of the accused infringer’s alleged侵权行为. If laches is present, then damages resulting from pre-suit activities may be barred. Whereas equitable estoppel prevents complete enforcement of the patent and occurs when the patent holder indicates to the alleged infringer that no infringement allegation would be made by using the patented technology. Application of the doctrine requires proving three elements: misleading statements or conduct; that the accused infringer relies on that communication; and that there is resulting prejudice to the accused infringer if the patent holder is allowed to assert an infringement claim inconsistent with the earlier conduct.

Prosecution laches occurs when the patentee unreasonably delays prosecuting the patent and the accused infringer suffers prejudice by the delay. To establish it was prejudiced, the alleged infringer needs to prove that it worked on or used the claimed technology during the delay. Although prosecution laches applies only in ‘egregious cases of misuse of the statutory patent system’, when it applies it will render a patent unenforceable.
Prior user defence

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

For all patents issued after 16 September 2011, an accused infringer may assert the prior commercial use defence for subject matter consisting of a process, or consisting of a machine, manufacture or composition of matter used in manufacturing or other processes. It is also available for certain other uses: specifically, subject matter for which commercial marketing or use is subject to a pre-marketing regulatory review period during which the safety or efficacy of the subject matter is established; and by non-profit entities, such as universities and hospitals, for which the public is the intended beneficiary, and only for continued and non-commercial use by and in the laboratory or other non-profit entity.

There are certain limitations on the prior use defence. The accused infringer must prove by clear and convincing evidence (the highest standard in civil cases in the US) that it commercially used the invention in the US more than one year prior to the earlier date of the effective filing date of the claimed invention or its earliest public disclosure by the inventor.

The right to assert the prior commercial use defence may not be transferred to another unless it is acquired through a bona fide transfer of the entire enterprise or line of business to which the defence relates. And, even in cases where the defence may be transferred, it will only apply to those sites where the commercial use was in use before the effective filing date of the claimed invention or the date of the assignment or transfer of such enterprise or line of business, whichever was later.

There is a ‘university exception’ to the defence, which precludes an accused infringer from asserting it if, at the time the invention was made, it was owned or subject to assignment to an institution of higher education or a technology transfer organisation whose primary purpose is to facilitate the commercialisation of technologies developed by an institution of higher education.

REMEDIES

Monetary remedies for infringement

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Monetary damages begin to accrue from the time the infringement begins and can be recovered for the six years preceding the filing of the lawsuit assuming the patent was in force during that time. The six-year lookback window is meant to discourage patent holders from allowing damages to accrue while waiting indefinitely to assert infringement. However, not all past damages during this six year window are automatically available; rather, a party cannot begin collecting past damages until it provides sufficient ‘notice’ – either actual or constructive – to the accused infringer.

An award of monetary damages is intended to adequately compensate a patent holder for any losses incurred as a result of infringing actions, and under US law, shall be no less than that of a reasonable royalty. When damages are not determined by a jury, the court will assess them. In either scenario, the court may increase the damages up to three times the amount of damages awarded as a punitive measure, such as when the infringement was willful.

A reasonable royalty is calculated as a percentage of revenue generated by infringing sales and is determined from the point of view of a hypothetical negotiation between arms-length parties that would have occurred at the time the alleged infringement began. The testimony of financial experts are relevant to the royalty determination because it involves an economic analysis of supply and demand conditions related to the value of the patented invention. This analysis typically takes into account the 15 factors set forth in Georgia-Pacific, which include, among other things: royalties received by the patentee for the licensing of the patent in suit; rates paid by the licensee for the use of other comparable patents; the nature and scope of the licence; the licensor’s established policy and marketing programme; the commercial relationship between the licensor and the licensee, such as whether they are competitors; the duration of the patent and the term of the licence; and the established profitability of the patented product.

To recover lost profit damages, the plaintiff must prove that, ‘but for’ the infringing activity, it would have made the infringer’s sales. To obtain an award of lost profits, the plaintiff must prove the following four factors, which are commonly referred to as the Panduit test:

• marketplace demand for the patented product;
• a lack of acceptable non-infringing substitutes;
• sufficient manufacturing and marketing capacity to make these sales; and
• the amount of profit that would have been made.

In cases where the patent covers a component of a product, such as a patented Wi-Fi chip contained within a wireless-enabled phone, the royalty base (the sales volume to which the reasonable royalty rate is applied) is determined by starting with the sales volume of the smallest saleable unit that embodies the patented invention, and then subtracting out the value of the unpatented elements. The royalty rate is then applied to this royalty base. The royalty rate is not applied to the sales volume of a product larger than the smallest patent-practising saleable unit unless it serves as the basis for the customer demand for the larger product.

Although it is rare, damages can be obtained for infringing activity that occurs between the time a patent application publishes in the US and when the patent issues. However, these provisions rights’ damages are only available if the defendant had actual notice of the published patent application and if the invention claimed in the publication is substantially identical to that claimed in the issued patent. Because the claims in a published application are typically amended during prosecution, it is uncommon to receive these damages.

Injunctions against infringement

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

An injunction is a remedy based in principles of equity to prevent a patent holder from being harmed by future infringement. It is possible to obtain a preliminary injunction, although they are not often granted. In determining whether to issue preliminary relief, courts weigh the following four factors: (1) the likelihood of success on the merits, (2) whether there will be irreparable harm should the infringement continue; (3) the balance of hardships between the parties; and (4) whether there will be harm to the public interest should the injunction be granted. While a court weighs each of these factors in its analysis, the plaintiff must prevail on the first two factors to be awarded the requested relief. In extraordinary circumstances, the court may grant a short-term temporary restraining order in an ex parte proceeding (without the alleged infringer’s participation).
At the close of trial, the court has the discretion to issue a permanent injunction against the infringing party. A court applies four factors in deciding whether to grant the permanent injunction: (1) is there irreparable harm to the patent owner; (2) are monetary damages adequate to compensate for the injury; (3) does a balancing of hardships of both parties favor an injunction; and (4) do public interest factors (ie, health and safety) preclude an injunction.

An injunction will be effective against customers, manufacturers and suppliers of the infringing products upon their notification of the court order. If an enjoined party violates the injunction, it could be found in contempt and subject to penalties or sanctions.

**Banning importation of infringing products**

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The International Trade Commission (ITC) can order the US Customs and Border Protection to block importation of infringing merchandise at all ports of entry.

An ITC investigation is a litigation-like proceeding before an administrative law judge (ALJ). The parties conduct discovery and then present evidence and legal arguments before the ALJ and ultimately before the ITC. The US Office of Unfair Import Investigations may also act as a party to the proceeding. To prevail, the complainant must both that the patent is infringed and that a domestic industry relating to the patent exists or is being established in the US. The respondent (accused infringer) may assert the same defences to patent infringement claims as in district court litigation, such as non-infringement, patent invalidity or unenforceability.

The ALJ presides over discovery, and at the close of discovery holds a hearing, after which the ALJ makes an initial determination, which includes findings of fact and conclusions of law. The timeframe for an ITC action is very quick, especially when compared to district court patent litigation.

The ALJ’s findings are then passed on to the ITC commissioners, who render the final decision. If a violation is found, the ITC can issue an exclusion order instructing US Customs and Border Protection officers to stop covered articles from entering US ports. A general exclusion order stops all articles from certain named parties. The ITC can also issue cease-and-desist orders, which are directed at named US entities, such as to stop sales from existing inventories, servicing of articles already sold or advertising for further sales, among other things. In deciding what type of order to issue, the ITC considers issues relating to the public interest.

Final determinations may be appealed directly to the Federal Circuit, and are also subject to modification or disapproval by the President of the United States (within 60 days).

**Attorneys’ fees**

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

The US rule is that litigants are responsible for covering their own costs and attorneys’ fees, except that the prevailing party is allowed to recover certain limited costs from the unsuccessful party, such as transcription fees, filing fees, etc. In ‘exceptional cases’, the prevailing party may be able to recover attorneys’ fees from the losing party. An ‘exceptional’ case is one in which a district court judge decides stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.

**Wilful infringement**

26 Are additional remedies available against a deliberate or willful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

A patentee may be able to recover enhanced damages for wilful infringement, which covers behaviour that is particularly egregious and detrimental. Courts have discretion in determining the amount of the enhanced damages up to three times the compensatory amount awarded.

A willfulness determination requires proof that the infringer actually knew or should have known that its actions constituted an unjustifiably high risk of infringement of a valid and enforceable patent. In determining willfulness, all facts surrounding the alleged infringement (the ‘totality of the circumstances’) are considered, which may include, among other things:

- whether the accused infringer intentionally copied the claimed invention or a product covered by the patent;
- whether the accused infringer exercised due care to avoid infringing the patent [evidence of design-around];
- whether the accused infringer investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed (opinion of counsel);
- whether the accused infringer presented a substantial defence to infringement; and
- whether the patent is in or has undergone re-examination.

An opinion of counsel obtained prior to litigation expressing non-infringement or invalidity of the asserted patent is a factor considered in a willfulness analysis. However, this requires a strategic choice since disclosure during litigation will waive attorney-client and work-product protection on this subject matter, resulting in the production during discovery of all the facts surrounding the opinion. Failure to obtain an opinion of counsel with respect to any allegedly infringed patent, or the alleged infringer’s decision not to disclose it in the lawsuit, may not be used to prove willful infringement.

**Time limits for lawsuits**

27 What is the time limit for seeking a remedy for patent infringement?

A US patent is enforceable from the time it issues to the time it expires. Although even after expiration a patent holder may seek damages for infringement that occurred while the patent was still in force, provided the infringing activities took place within six years prior to the filing of the lawsuit.

A patent owner must not delay filing suit, as doing so may place a limit on the period of infringement for which damages may be collected or may even prevent recovery of damages altogether. In deciding whether a delay was unreasonable or inexcusable, a court considers the length of the delay and the prejudice or harm to the accused infringer arising from that delay. A delay of six years or more creates a rebuttable presumption that the patentee knew or should have known of the infringement, and provides the alleged infringer with a defence of laches.
Patent marking

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

Although a patent holder is not required to mark products with the asserted US patent number, failure to do so may limit the recovery of monetary damages. If instead of marking the product, a party was provided actual notice of the patent and continued to infringe thereafter, damages may be recovered only for infringement occurring after such notice.

To satisfy the marking provisions, the product (or, where the product cannot be marked, the packaging) should include the word ‘Patent’ or the abbreviation ‘Pat.’ together with the patent number or an internet address that associates the patent with the product. The marking provisions are not applicable if the patent includes only method or process claims.

There are consequences for false marking. Persons who have suffered a competitive injury as a result of a false patent marking can bring a civil cause of action seeking damages to compensate for the injury. The US government may sue for statutory penalties (up to US$500 for every such offence) for falsely marking a product.

Voluntary licensing

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

There are certain restrictions on contractual terms in patent licence agreements, for example, those relating to patent misuse, patent exhaustion, or terms that go against public policy. Patent misuse renders the patent unenforceable and occurs when a patent owner abuses or misuses the exclusive rights that result from an issued patent. For example, a ‘tying’ arrangement that contractually requires a licensee to also purchase a separate good or component that is unrelated to the patented invention.

Application of the patent exhaustion doctrine cannot typically be avoided through contract. Patent exhaustion occurs if the patent holder (or a party licensed or otherwise given permission) has authority to sell or use a device that substantially embodies a patent at issue. This activity ‘exhausts’ the patent holder’s right to control the purchaser’s use of that device thereafter, including being sued for patent infringement. However, contractual terms that limit what constitutes an ‘authorised’ sale or use limitation can avoid application of the exhaustion doctrine.

Compulsory licences

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

There are certain circumstances under which a compulsory licence may be obtained. For example, compulsory licences may be issued under the Atomic Energy Act, the Clean Air Act and the Plant Variety Protection Act. Additionally, the US government has the ability to use patented inventions without seeking patent holder consent to do so. When that occurs, patent owners are required to seek their ‘reasonable and entire compensation’ for any such use or manufacture of their inventions in an action against the United States at the Court of Federal Claims.

If a patent is considered to be ‘essential’ to a technological standard created by a standards-setting organisation, a patent owner may be required to offer a licence under fair, reasonable, and non-discriminatory (FRAND) terms. This often arises with communications standards; for example, if a certain patented technology is essential for a Wi-Fi-enabled device to communicate over a network, then it must be offered to market participants under FRAND terms.

Finally, when a court denies a prevailing party an injunction and instead awards patent damages in the form of a reasonable royalty, this is effectively a compulsory licence to the infringer. When this occurs, the judge determines the terms of the licence.

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

As of January 2021, the average time to the date of final disposition (eg, patent being issued or abandoned) at the US Patent and Trademark Office (USPTO) was 22.8 months. However, the time it takes for a patent to issue varies based on many factors, such as the subject matter, the complexity, and if there is a backlog in unexamined applications. As of January 2021, there were 606,000 patent applications at the USPTO that had yet to be examined, resulting in an average time of 15.7 months from when the application was filed to the date of the first office action (the first response from the patent examiner to the patent applicant).

The costs associated with obtaining a patent consist of statutory fees and the amount paid to prosecute the application. Filing fees vary depending on the number of claims and application type. The regular filing, search and examination fees for a non-provisional utility application begin at US$1,820 for applications with up to a total 20 claims and up to three independent claims. These fees can be reduced by 50 per cent if the patent applicant qualifies as a small entity (fewer than 500 employees) and has not licensed the invention to a large entity, or by 75 per cent if it is a micro-entity (an individual inventor with limited pending applications and earning less than a threshold income). Once an application is approved, an issue fee of US$1,200 is due. And after the patent issues, periodic fees (US$2,000 at 3.5 years, US$3,760 at 7.5 years and US$7,700 at 11.5 years after issuance) must be paid to maintain the patent.

The costs related to preparing and filing a utility patent depends on the subject matter and complexity of the subject matter. The cost for preparation and filing of an application ranges from approximately US$7,500 to US$10,000 for a relatively simple invention, to US$12,000 to US$17,000 for more complex inventions and to US$25,000 or more for very involved biotechnology or software inventions. If patent drawings are prepared by a professional technical draftsperson, costs range from approximately US$75 to US$120 per drawing sheet.

Expedited patent prosecution

32 | Are there any procedures to expedite patent prosecution?

As of January 2021, patent applications filed with the USPTO had an average total pendency of 22.8 months. However, there are numerous ways that a patent applicant can expedite patent prosecution.

Track One programme

The USPTO offers a Track One programme for prioritised examination of utility and plant patent applications. The USPTO’s goal for prioritised examination is to provide a final disposition within 12 months. A utility or plant patent application is eligible if it contains no more than four
independent claims, 30 total claims, no multiple dependent claims, and
the applicant pays, in addition to the ordinary filing fee, a US$4,200
prioritised examination fee. In 2020, the average time between filing and
the first office action in a Track One application was 3.1 months, and, on
average, a final disposition was within 10.8 months. The current yearly
limit on the number of prioritised examination requests that may be
accepted is 12,000.

**Petition to make special**

Under these procedures, the USPTO will advance an application out of
turn for examination if the applicant files a grantable ‘petition to make
special’. An applicant may be granted expedited review with no addi-
tional fee if, for example, the inventor is aged 65 or older, in poor health,
or if the invention deals with energy, environmental quality or coun-
tering terrorism. A petition to make special on other grounds must be
accompanied by an additional fee.

**Accelerated examination**

The USPTO also offers ‘accelerated examination’, in which the time
from filing to disposition is also approximately 12 months. Although in
accelerated examination, the applicant pays only a nominal fee, there
are burdensome filing requirements, including conducting a search and
submitting an accelerated examination support document charac-
terising those search results. The application must contain three or
fewer independent claims and no more than 20 claims total. Because
of the extensive filing requirements, including the cost of conducting
the pre-examination search and preparing the accelerated examination
support document, the expected cost of prosecuting an accelerated
examination application can be high. The applicant also must charac-
terise the prior art before receiving any claim rejections, which can put
the applicant at a strategic disadvantage if the patent is later subject
to litigation.

**Patent Prosecution Highway**

The Patent Prosecution Highway (PPH) is yet another option for expe-
dited review that is intended to speed up the examination process for
corresponding applications filed in participating intellectual property
offices around the world. Under the PPH, participating patent offices
have agreed that when an applicant receives a final ruling from a first
patent office that at least one claim is allowed, the applicant may request
fast-track examination of corresponding claim in a corresponding patent
application that is pending in a second patent office. There is no fee
under the PPH programmes.

**Expedited examination (design patents)**

For design patent applications, the USPTO offers expedited examination.
In order to qualify for expedited examination of a design patent applica-
tion, the applicant must, for example, conduct a pre-examination search,
submit the results of the pre-examination search to the USPTO and pay
a fee to the USPTO.

**Pilot and other programmes**

There are also additional pilot programmes for increasing speed of
prosecution, including the ‘After Final Consideration Pilot Program’, in
which the applicant is provided the opportunity to amend pending
claims more substantially than generally allowed after a final rejection.
And the ‘Collaborative Search Pilot Program’, which allows examiners
in multiple patent prosecution offices to share references to help exped-
ite the examination process. Note that the ‘Full First Action Interview
Program’, in which the applicant had the opportunity to apply for an
early interview with the patent examiner, was discontinued at the end of 2020.

**COVID-19 Prioritised Examination Pilot Program**

In mid-2020, the USPTO launched the Covid-19 Prioritized Examination
Pilot Program for accelerating patent protection for covid-19 related
products. Limited to the first 500 applications, the program allowed for
small and micro-entity applicants to obtain free accelerated review for
applications covering a product or process related to covid-19 that is
subject to FDA approval for covid-19 use. The goal of this programme
was to provide a final disposition within 12 months.

**Patent application contents**

| 33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application? |

Under US law a patent specification must include the following disclo-
sures: a written description of the invention; the manner and process of
making and using the invention (theenablement requirement); and the
best mode contemplated by the inventor of carrying out the invention.
However, only the failure to provide adequate written description or lack
of enabling disclosure can form the basis for an invalidity determination.
To satisfy the written description requirement, the application
must convey to a ‘person of ordinary skill in the art’ that the inventor
had possession of the claimed subject matter at the time the application
was filed. The required level of detail varies depending on the nature and
scope of the claims and on the complexity and predictability of the rele-
vant technology. For broad, general ‘genus’ claims, the written description
requirement is satisfied by describing a representative number of species
by reducing to practice or disclosing identifying characteristics sufficient
to show that the applicant was in possession of the claimed genus.
A patent application must also be ‘enabled’ to ensure that the spec-
ification describes the invention in a meaningful way. The standard is
whether the disclosure enables one skilled in the pertinent art to make
and use the claimed invention without undue experimentation. Detailed
procedures for making and using the invention may not be necessary if
the description of the invention itself is sufficient to permit those skilled
in the art to make and use the invention. Enablement is determined from
the filing date of the patent.

A patentee must also set forth the best mode contemplated by the
inventor for carrying out the invention. The ‘best mode’ requirement
exists to prohibit inventors from applying for patents while at the same
time concealing from the public the most preferred embodiment of the
inventions. While disclosing the best mode is required for patentability,
the failure to disclose the best mode is no longer a basis on which any
claim of a patent may be cancelled or held invalid or enforceable.

**Prior art disclosure obligations**

| 34 | Must an inventor disclose prior art to the patent office examiner? |

All individuals involved in the patent filing and prosecution process
(including the inventors, the prosecuting attorneys, declarants, etc) are
subject to a duty of candour and good faith in their dealings with the
USPTO. This requires disclosure of all material information regarding
patentability. This duty exists with respect to each pending claim. The
USPTO will not grant a patent if it is found that the duty of disclosure
was violated through bad faith or intentional misconduct. The disclosure
obligation ends once the patent issues, including the need to submit
relevant prior art.

Violating the duty of candour and good faith, if accompanied by
an intent to deceive the USPTO, may lead to unenforceability of any
patent issued from the application (and any patent whose priority is
based on that application) and could result in an award of attorneys’
Pursuit of additional claims

35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

An applicant may file multiple applications based on the invention disclosed in the initial patent specification, including a continuation, divisional and continuation-in-part (CIP).

A continuation application has the same specification and priority date as the parent patent application, but it will have different claims. This type of application is often used when the Examiner rejected certain claims of the parent application or the applicant would like to claim different embodiments of the disclosed invention in multiple patents.

A divisional application is filed when a parent application attempts to claim more than one distinct invention. It has the same disclosure and priority date as the parent application and includes claims that were filed with—and restricted from—the parent application. Thus, a divisional application is used when the examiner issues a ‘restriction requirement’ (when an applicant attempts to claim multiple inventions in a single patent) and allows for ‘dividing’ the multiple inventions into one or more divisional applications.

A CIP includes additional subject matter that was not included in the parent application. In this type of application, claims that relate to the subject matter disclosed in the parent will have the same priority date as the parent but any claims relating to the new subject matter will only be entitled to the filing date of the CIP application. These applications are used when there have been advancements or new developments to the claimed subject matter during the pendency of the prosecution of the parent.

In all continuation applications, patentees must be careful to avoid ‘obviousness type double patenting’. This judicially created doctrine prevents the extension of patent term by prohibiting the issuance of claims in subsequent patents that are determined to not be patentably distinct from the claims of the first issued patent in the family (the parent). An examiner may raise an obviousness type double patenting rejection if:

- there is at least one common inventor, owner or joint research agreement linking the parent application and the continuation application;
- the subject matter claimed in the application at issue is obvious in view of the subject matter claimed in the parent application (or vice versa); and
- there must not have been a restriction requirement that resulted in the subject matter at issue being pursued in separate patent applications.

An obviousness type double patenting rejection may be overcome through the submission of a ‘terminal disclaimer.’ A terminal disclaimer dedicates to the public the entire term, or any terminal part of the term of a patent, that would extend beyond the term of the parent patent.

Patent office appeals

36 Is it possible to appeal an adverse decision by the patent office in a court of law?

An applicant whose patent claims have been rejected twice (or have received a final rejection) may appeal the decision of the primary examiner to the Patent Trial and Appeal Board (PTAB). The applicant files an opening brief, the examiner files a response, and the applicant then files a reply. The appeal is heard by a panel of three administrative patent judges who review the briefs and hear oral argument, if requested. If the PTAB enters new grounds of rejection, the applicant may request a rehearing. Once the PTAB appeal is complete, the application will return to the original examiner for further prosecution.

There are two options for judicial review of an adverse PTAB decision. The applicant may appeal directly to the Federal Circuit, or alternatively, the applicant may file a civil action against the director of the US Patent Trademark Office (USPTO) in the Eastern District of Virginia federal court. In an appeal to the Federal Circuit, the applicant may not rely on any new evidence. However, new evidence may be introduced if the lawsuit is filed in federal court.

Oppositions or protests to patents

37 Does the patent office provide any mechanism for opposing the grant of a patent?

Opposing a patent at the USPTO can be achieved either before or after the patent issues. Any member of the public may file a protest to the grant of a pending patent application, provided such a protest is filed prior to the date the application was published or a notice of allowance was mailed, whichever occurs first. The protestor does not participate further, and the examiner will decide whether and how to act upon the submitted material.

The America Invents Act (AIA) has created two post-grant mechanisms for opposing an issued patent. Inter parties review (IPR) can be used to challenge one or more claims of an issued patent. Any party other than the patent owner can file an IPR petition, and the only permissible grounds for challenging the patent are anticipation and obviousness based on written publications. IPR petitions can be filed at any time during the life of the patent, except in the context of a post-AIA appeal, in which case the IPR petition must be filed within nine months of the appeal. Moreover, if a patent is involved in litigation, a litigant wishing to file an IPR petition challenging the asserted patent must do so within one year after the complaint is filed. For an IPR to be instituted, the petition must demonstrate that it is ‘more likely than not’ that at least one challenged claim is unpatentable.

Another patent office mechanism for opposing a granted patent is referred to as post-grant review (PGR). To be PGR-eligible, a patent must have an effective filing date of 16 March 2013 or later, and the petition must be filed within nine months after the challenged patent is granted. A patent may be challenged on any ground of invalidity, such as patent eligible subject matter, obviousness, enablement, written description and indefiniteness. To be granted post-grant review, a requestor must demonstrate that it is ‘more likely than not’ that at least one challenged claim is unpatentable, or an important or unsettled legal question is raised.

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Priority of invention

Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

The AIA changed US patent law from a ‘first-to-invent’ to a ‘first-inventor-to-file’ system, which aligns the US more closely with existing patent regimes around the world. The AIA applies to any patent application with at least one claim that has an effective filing date on or after 16 March 2013. Under this system, the first inventor to file an application with the USPTO will be awarded the patent. However, unlike much of the rest of the world, there are exceptions to this rule. For example, the law still provides a one-year grace period before filing the patent application for the inventor’s own disclosures, or the disclosures of others who have derived the invention from the inventor. However, there is a risk of waiting to file an application since this grace period does not apply to third parties. This allows for an ‘inventor’ to obtain a US patent by being the second-to-invent but the first to file.

For patent applications filed before 16 March 2013, the US will continue to use the first-to-invent system. In this regime, an applicant who is second-to-file may be awarded the patent if he or she can prove an earlier date of invention and thereby establish priority. Priority is generally awarded to the applicant who can show an earlier date of reduction to practice (where the filing of a patent application is considered ‘constructive’ reduction to practice); however, the later party can win priority under this system by showing an earlier conception date.

To resolve priority disputes, the USPTO conducts interference proceedings before the Patent Trial and Appeal Board. These will become less frequent as the new first-to-file procedures begin applying to more patents. Federal courts have jurisdiction to resolve priority disputes regarding two issued patents.

Modification and re-examination of patents

Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

A patent may be corrected or amended in multiple ways, including by: reissue, the issuance of a certificate of correction which becomes a part of the patent, disclaimer, inter partes review (IPR), post grant review (PGR), covered business method review, re-examination and supplemental examination. For example, a patentee may seek to reissue a patent that is deemed wholly or partly inoperative or invalid by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent. The reissue claims must be for the same invention as that disclosed in the original patent; no new matter is allowed. And a reissue will not be granted to recapture subject matter that was surrendered to obtain the original patent. A reissued patent cannot expand the claim scope of the original patent unless applied for within two years of the original patent grant.

The America Invents Act (AIA) has created additional post-grant mechanisms for modifying or revoking an issued patent. For example, IPR can be used to challenge one or more claims of an issued patent. Any party other than the patent owner can file an IPR petition, and the only permissible grounds for challenging the patent are anticipation and obviousness based on written publications. IPR petitions can be filed at any time during the life of the patent, except in the context of a post-AIA appeal, in which case the IPR petition must be filed within nine months of the appeal. Moreover, if a patent is involved in litigation, a litigant wishing to file an IPR petition challenging the asserted patent must do so within one year after the complaint is filed. For an IPR to be instituted, the petition must demonstrate that it is ‘more likely than not’ that at least one challenged claim is unpatentable. There are strategic issues to consider before filing an IPR. Specifically, a petitioner in an IPR that results in a final written decision from the Patent Trial and Appeal Board is estopped from raising in a district court litigation, the US Patent and Trademark Office (USPTO), or in an International Trade Commission proceeding ‘any ground that the petitioner raised or reasonably could have raised during that inter partes review.’

PGR is another USPTO mechanism for modifying or revoking an issued patent. PGR eligibility requires that a patent have an effective filing date of 16 March 2013 or later, and the request must be filed within nine months after the challenged patent is granted. A patent may be challenged on any basis for invalidity. To be granted post-grant review, a requester must demonstrate that it is ‘more likely than not’ that at least one challenged claim is unpatentable, or an important or unsettled legal question is raised. As with IPRs, if the PGR advances to a final written decision, then estoppel applies to the petitioner as to the invalidity positions that were raised or that reasonably could have been raised in the PGR proceeding.

Ex parte re-examination allows a requester to submit to the USPTO prior art that raises a ‘substantial new question of patentability’ to the issued patent. Anyone can request re-examination and the requester may remain anonymous, if desired. If the request for re-examination is granted, the patentee may file a responsive statement, and then, within two months, the requester may file a reply. However, besides this reply, the requester does not participate in the re-examination procedure. Prior art considered during re-examination is limited to prior art patents and printed publications.

Supplemental examination provides a patent owner with a mechanism to request that the Office consider, reconsider, or correct information believed to be relevant to an issued patent. The information is not limited to patents and printed publications, like it is in ex parte reexaminations. Rather, it may include any information (audio or video, sales receipt, written publication, etc) that the patent owner believes to be relevant. In addition, the information submitted as part of the supplemental examination request may involve any ground of patentability. If the USPTO determines that a ‘substantial new question of patentability’ was demonstrated, then patent will be subjected to re-examination. While supplemental examination has been available since 2012, it is rarely used; only around 30 requests per year have been filed.

Patent duration

How is the duration of patent protection determined?

A patent term begins on the date the patent is issued by the US Patent and Trademark Office (USPTO). For utility and plant patent applications filed on or after 8 June 1995, the patent term expires 20 years from the filing date of the earliest related application or, where there are no earlier applications, the filing date of the application at issue. Design patents granted on applications filed before 13 May 2015 have a term of 14 years, or, if filed after this date a term of 15 years. Regardless of the filing date, the term for design patents is measured from the issue date of the patent.

When determining the expiration date of a patent, it is important to check the prosecution history to determine if the patent is subject to a terminal disclaimer or other modifications. For example, there are circumstances under which a patent term may be extended, such as when the USPTO failed to act promptly in prosecuting the patent, there was a proceeding that delayed the issue of the patent (such as an interference), or when a patent is directed to a product (for example, a pharmaceutical) that was subject to regulatory delays.

The USPTO offers a ‘patent term calculator’, available on the USPTO website, to help determine the expiry date of a US patent.
UPDATE AND TRENDS

Key developments of the past year

What are the most significant developing or emerging trends in the country's patent law?

The total number of patent cases filed in the US past year (4,060 cases) increased for the first time since 2015. After changes a few years ago to venue requirements briefly shifted the majority of new case filings to Delaware and away from the historically popular Eastern District of Texas, the pendulum has now swung back. But this time it is the Western District taking on the 21 per cent cases in 2020. And, despite the pandemic, a record-breaking US$4.7 billion in patent infringement damages were awarded last year.

The Alice/Mayo test, which is used to determine whether an invention is an abstract idea ineligible for patenting, remains a source of confusion for litigants and judges. Alice/Mayo offers defendants an early chance to invalidate asserted patents because the judge need not empanel a jury nor consult evidence beyond the patent itself to apply the test. But patent owners and challengers alike struggle to apply the test, which rejects patents 'directed to' abstract ideas, laws of nature, and natural phenomena unless the patent claim as a whole contains a sufficiently 'inventive concept' to confer patent eligibility. Amid stalled legislative proposals and calls for reform from the outgoing USPTO Director, the Supreme Court may soon step in to overrule or clarify its own test from Alice and Mayo and decide whether courts must wait to rule until litigants have presented evidence. Until then, parties must look to a mounting body of appellate precedent to better define the contours of the test.

The Patent Trial and Appeal Board (PTAB), which the 2011 America Invents Act created within the USPTO, remains a viable option for those who wish to challenge patents and a danger to those who own them. The PTAB employs administrative judges, appointed by the Secretary of Commerce, with the power to cancel patent claims after a compressed trial procedure. Currently, these judges cancel around 6,000 claims each year, but a pending Supreme Court case may soon limit their reach. The PTAB has survived past challenges, but this is the first such challenge since Justice Barret joined the Court. Given the administrative judges’ power, the Court may hold their non-Presidential appointments unconstitutional, and if it does, the remedy could range anywhere from a minor procedural adjustment to striking the entire America Invents Act.

Coronavirus

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

There were a number of pandemic-related procedural and regulatory changes that were put in place last year affected patent law. At the USPTO, emergency examination rules subject to the CARES Act waived various fees, extended deadlines, prioritised applications related to covid-19 treatment or prevention, and encouraged early publication of covid-related disclosures. The USPTO also launched its Patents 4 Partnerships platform, which applicants can use to find potential licensees to bring covid-related technologies to market.

Patent litigators should also be aware of the modified procedures that were implemented during the pandemic. Many courts adopted telephonic hearings, suspended in-person patent trials, and extended various deadlines, though the details and practical effect vary by jurisdiction. The Patent Trial and Appeal Board (PTAB) switched to remote administrative hearings, but because of statutory obligations, the PTAB lacks the flexibility enjoyed by its judicial counterparts to extend case timelines. Covid-19 also affected appellate practice at the Federal Circuit, which granted fewer requests for oral arguments after the courtroom went remote. Clients should consider the impact these procedural measures may have on their broader case strategy, especially with respect to timing and venue decisions.
Uzbekistan

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PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts
1 | What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

At the moment, enforcing patent rights in commercial or civil courts in Uzbekistan is the only viable option for patent owners. The patent owner can bring a lawsuit against an infringer before a civil court (if the infringer is a natural person) or a commercial court (if the infringer is an entrepreneur or a legal entity) and seek to stop the unauthorised use of the patent, withdraw the infringing products from the market and destroy the products. The patent owner may also seek damages and a ban on the importation, storage and distribution of infringing products by the infringer and third parties.

Administrative liability for patent infringement was introduced in 2019, but administrative fines are somewhat low (approximately €100 to €580). The action can be brought by filing complaint with the Agency for Intellectual Property under the Ministry of Justice of Uzbekistan. The Code on Administrative Liability does not provide for the seizure and destruction of infringing products for patent infringement.

Criminal liability for patent infringement is not available in Uzbekistan.

The relative lack of experience of local courts and enforcement authorities in the IP field make it challenging to enforce patents in Uzbekistan. There are no specialised courts for patent-related lawsuits in Uzbekistan.

Uzbekistan has recently revived its World Trade Organization accession process, so the situation is expected to change for the better in the coming years.

Trial format and timing
2 | What is the format of a patent infringement trial?

Documentary evidence and expert testimony are of crucial importance. Each party has to provide relevant and sufficient evidence in support of its position in the case. Evidence can be introduced in the form of documents, oral testimony and physical objects, etc. Expert witnesses and reports play a vital role because judges are mostly lawyers who do not usually possess scientific or technical expertise. However, the courts are more inclined to take into account the opinions of experts from relevant state bodies, institutions or state-owned companies rather than the opinions of independent experts from private companies.

Cases are decided by a single judge in the first instance, by a panel of three judges at appellate or cassation instance, and by a panel of five judges in the case of a repeat cassation at the Supreme Court.

Proof requirements
3 | What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The general principle of the court procedure in Uzbekistan is that each party to a dispute has to provide relevant, acceptable and sufficient evidence in support of its position in the case.

Standing to sue
4 | Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

The patent owner or an exclusive licensee can sue for patent infringement. The alleged infringer can at any time challenge the disputed patent before the Board of Appeal. The Board of Appeal’s ruling can then be challenged before an administrative court. The legislation in force does not allow for challenging patents directly before courts.

In 2019, the Board of Appeal of the Uzbek Intellectual Property Office (IPO) was brought under the jurisdiction of the Ministry of Justice. The Minister of Justice is now the Chairman of the Board of Appeal. This measure was likely introduced to minimise the IPO’s influence on the Board of Appeal’s rulings, and to ensure a more impartial review of appeals and observations.

Inducement, and contributory and multiple party infringement
5 | To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

It is possible to file a lawsuit against multiple defendants, where some of the defendants only induce or contribute to the patent infringement. However, in this case the final court injunction could only be obtained against the infringer who actually assembles, stores, sells or otherwise distributes the final product or process that infringes the disputed patent.
Joiner of multiple defendants
6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Yes, multiple parties can be joined as defendants in the same lawsuit. The multiple defendants in this case must be involved in infringing the patent directly, namely by manufacturing, importing, offering for sale, selling, distributing or storing an item with the aim of distributing the final patented product, including the product made by using the patented process.

Infringement by foreign activities
7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

Courts in Uzbekistan can accept any evidence of patent infringement, including the evidence related to the foreign activities of the infringer that contribute to the infringement in Uzbekistan.

Infringement by equivalents
8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

It is possible to bring a lawsuit against an infringer that uses equivalent features to those disclosed in a patent claim. The equivalence of a certain feature to the one in the patent claim is usually evaluated on a case-by-case basis based on written conclusions and expert evidence. However, there are no specific official guidelines, legislation or judicial decisions governing the scope of equivalents of a patent claim in Uzbekistan.

Discovery of evidence
9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

Unlike in common law jurisdictions, in Uzbekistan there are no pre-trial procedures in a lawsuit, such as discovery of evidence. Both the civil and the commercial procedure codes provide for the possibility of obtaining evidence from an opponent and from third parties in order to prove infringement, damages and invalidity by filing a specific motion with the court that can issue a relevant ruling. Obtaining evidence from outside the country is only possible if Uzbekistan has signed multilateral or bilateral agreements allowing the exchange of information and evidence between the relevant state bodies and providing for the enforcement of respective court rulings (eg, the Commonwealth of Independent States countries).

Litigation timetable
10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

On average, it takes around three to four weeks after filing a lawsuit for the first hearing to take place in a commercial court of first instance or in an appellate or cassation court after submitting an appeal. It usually takes two to three months to obtain the ruling of the first instance court or the appellate or cassation court. The first-instance ruling can be appealed within one month from the day the ruling was announced. A cassation appeal can be filed within one year from the day the appellate court’s ruling was issued or within one month from the date of cassation court’s ruling, whichever expires later. The repeat cassation stage itself can take up to three months.

Litigation costs
11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

Attorneys’ fees as well as other costs (eg, translations and court expert reports) will vary depending on the circumstances and complexity of the case.

If a patent owner wishes to claim damages, the court fees for filing a court claim will constitute 2 percent of the total amount of claimed damages. If no damages are claimed, the court fee will be approximately €250 for each non-material claim (claims that do not require compensation for losses if the ruling is in favour of the patent owner). Official fees for appeals will be 50 percent of the fees for filing the initial lawsuit.

On average, litigants should expect to pay between €10,000 and €30,000 to take a case through to a first-instance decision, and around the same amount for each of the appeal or cassation and judicial review stages.

Contingency fees are not prohibited by law in Uzbekistan.

Court appeals
12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

A decision of the first-instance commercial court can be appealed before a higher court. The ruling of an appellate court can be appealed before the Supreme Court by filing a cassation appeal. Request for repeat cassation can be also filed with the Presidium of the Supreme Court. New evidence is allowed at the appellate stage.

Competition considerations
13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

It depends on whether the patent owner has a dominant position or a monopoly in a market according to Uzbekistan’s Antimonopoly Committee, or if the patent owner otherwise violates the legislation in force.

Alternative dispute resolution
14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

Mediation can be attempted before the start of court proceedings. An out-of-court settlement during court proceedings is also acceptable as an alternative dispute resolution mechanism in Uzbekistan. Arbitration courts are available if a case involves a breach of patent-related contractual obligations and if the contract contains an arbitration clause.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions
15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Under the Uzbekistan Patent Law, the following cannot be patented as inventions or utility models:

- scientific theories and mathematical methods;
- methods of organisation and management;
- conventional symbols, schedules, and rules;
- rules and methods for performing mental acts;
• algorithms and computer programs;
• projects and plans for structures, buildings and land development; and
• solutions concerning only the outward appearance of products and aimed at satisfying aesthetic requirements.

Software per se cannot be patented. According to the Law on Legal Protection of Computer Programs and Databases, a program (algorithm) can be protected by copyright. However, if a computer program is described as a method of performing actions with material objects by means of a computer program, or a system demonstrating a connection between certain devices by means of a computer program, intended to solve a technical problem, it can be, in theory, patented.

Business methods per se cannot be patented. However, if a business method can be described not only as a mental process, but also as a method involving certain material objects that solves a technical problem, it can be patented.

Medical procedures can be patented, but they cannot be contrary to the public interest and principles of humanity and morality.

**Patent ownership**

16 The patent rights to an invention made by an employee within the scope of his or her duties, or as a result of a particular task, belong to the employer, but only if this is specified in an agreement between them. If the agreement does not include such clauses, the employee (inventor) can file an application to claim the ownership of rights. If the agreement includes the above-mentioned provision, the employer has to decide what to do with the invention (file a patent application, transfer the rights to a third party or inform the inventor that the invention will be kept secret) within four months after the employee informs him or her about the invention, in writing. If the employer fails to claim the invention and make a decision, the inventor (employee) can file a patent application and claim the ownership.

The ownership of rights to an invention created by an independent contractor, multiple inventors or a joint venture are determined by an agreement between the parties involved.

The patent owner is recorded in the letters patent and in the register of patents for inventions. To transfer the rights, the patent holder and the assignee have to sign an assignment deed and file it with the Uzbek Intellectual Property Office (IPO) if the documents meet the requirements for the transfer of rights, the IPO will publish information on the transfer of rights in the local IP bulletin and record the new patent owner in the register.

**DEFENCES**

**Patent invalidity**

17 A patent validity can be challenged only on the following grounds:
• the invention does not meet the patentability requirements (novelty, inventive step, and industrial applicability);
• the invention claims contain features that were not present in the application materials as originally filed; and
• the person indicated as the patent owner did not have legal basis to obtain the patent.

An invalidation action should first be filed with the Board of Appeal, whose decision can further be challenged before an administrative court, within six months from the date the decision was issued.

In 2019, the Board of Appeal of the IPO was brought under the jurisdiction of the Ministry of Justice. The Minister of Justice is now the Chairman of the Board of Appeal. This measure was likely introduced to minimise the IPO’s influence on Board of Appeal’s rulings, and to ensure a more impartial review of appeals and observations.

**Absolute novelty requirement**

18 Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

‘Absolute novelty’ is one of the patentability requirements in Uzbekistan. Nevertheless, the patent law provides for a ‘novelty grace period’ during which public disclosure of the invention by the inventor, applicant or a person that directly or indirectly received information on the invention, or utility model, from the inventor or applicant, does not affect patentability. The novelty grace period is six months preceding the application filing date. An applicant or inventor is responsible for proving the disclosure.

**Obviousness or inventiveness test**

19 What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

An invention is considered inventive if it is not obvious to a person skilled in the art and if it does not obviously or directly derive from the prior art.

**Patent unenforceability**

20 Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

A valid patent can become invalid if it was obtained by a person who had no legal basis to obtain it. Thus, if a patent owner is not the rightful owner (for instance, he or she infringed the intellectual property rights of a third party by filing an application for invention that does not belong to him or her) such a patent can become invalid.

**Prior user defence**

21 Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Any person who started using a solution identical to the patented one or made preparations for using it before the application filing date or before the priority date, has the right to continue using the invention free of charge and without extending the scope of the use.

The prior use defence covers all types of inventions. The patent law does not specify what is considered ‘use’, so the defence is not limited to commercial use.
**REMEDIES**

**Monetary remedies for infringement**
22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

The patent holder can claim all damages arising from infringement, but the amount of damages sought need to be proven by using documentary evidence, a valuation professional's written conclusions and any other relevant evidence. The law does not provide for statutory compensation for patent infringement. Instead of proving and seeking damages, the patent owner may request the recovery of the profits obtained by the infringer from sales of the infringing product or use of the patented process.

Damages start to accrue from the moment the infringement took place, provided that it took place after the date of publication of the patent application and that it does not fall under any of the exceptions (prior use, use on a transit vehicle, use for scientific purposes, etc). Damage awards tend to be nominal, in that the courts in Uzbekistan usually do not grant the full amount of damages claimed in patent-related cases, even if the amount is backed up by solid evidence.

Royalties are calculated on the basis of the Ministry of Justice's National Standard of Valuation of Property (No. 2371, dated 18 June 2012).

**Injunctions against infringement**
23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

It is possible to obtain both a temporary and a final, permanent injunction against the infringer. A preliminary injunction can be difficult to obtain, but the courts may issue it if enforcing the court's ruling is proved to be difficult or impossible. An injunction is effective only against specific entities or persons listed in the injunction as approved by the court and it does not automatically apply to all infringers, their customers and suppliers.

**Banning importation of infringing products**
24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

It is possible to block the importation of infringing products into Uzbekistan, but in such cases the State Customs Committee has to be sued along with the infringer. There is no specific tribunal or proceeding for such matters.

**Attorneys’ fees**
25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

A successful litigant must prove that all claimed costs, including attorneys’ fees, were relevant, reasonable and directly connected to the case in question. However, the successful party rarely recovers the claimed costs in full, especially the attorneys’ fees.

**Wilful infringement**
26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

There are no additional remedies applicable specifically against deliberate or wilful infringers.

**Time limits for lawsuits**
27 What is the time limit for seeking a remedy for patent infringement?

It is usually three years from the moment the patent owner learned about the infringement.

**Patent marking**
28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

Marking patented products is not required in Uzbekistan. The patent legislation itself does not contain provisions on the consequences of false patent marking, but this can qualify as a violation of the consumer protection and unfair competition laws and regulations.

**LICENSING**

**Voluntary licensing**
29 Are there any restrictions on the contractual terms by which a patent owner may license a patent?

The licence agreement must be registered with the Uzbek Intellectual Property Office (IPO) and must contain the following:

- the parties’ official names and addresses;
- registration number of the patent being licensed;
- the scope of the transferred rights (exclusive or non-exclusive, specific rights);
- the territory of the agreement;
- the duration and termination of the agreement; and
- the amount of remuneration.

There are no other requirements or restrictions related to patent licence agreements in Uzbekistan.

**Compulsory licences**
30 Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

If the patent has not been used or has not been sufficiently used in Uzbekistan for at least three years after its registration date, any interested person or entity can file a lawsuit with the court to obtain a compulsory patent licence, provided that the patent owner refused to issue a voluntary licence to that person or entity.
**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

A patent for an invention is usually granted within two to five years from the filing date and a utility model certificate within one to two years. A cost estimate is about €3,600 to €5,100 for an invention (depending on whether the application type is a national or a Patent Cooperation Treaty application) and about €3,500 to €4,500 for a utility model. This estimate covers official fees and average service fees for an application with one independent claim and up to 10 dependent claims, and up to 35 pages of specifications and claims. Additional independent and dependent claims and additional pages would involve extra fees. Translation costs and attorneys’ fees are not included in the estimates. Applicants are advised to obtain accurate cost estimates from the patent attorneys handling the prosecution of their application.

**Expedited patent prosecution**

32 | Are there any procedures to expedite patent prosecution?

The Patent Prosecution Highway is not available in Uzbekistan and neither is the expedited examination of patent applications. However, the Presidential Resolution dated 28 January 2021 envisages the introduction of an expedited examination procedure starting from 1 April 2021.

**Patent application contents**

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

Invention or utility models should be drafted according to the national rules on application drafting which give guidelines on the disclosure of each particular subject matter (substance, method, device, etc).

**Prior art disclosure obligations**

34 | Must an inventor disclose prior art to the patent office examiner?

There is no such requirement.

**Pursuit of additional claims**

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

If a patent application is questioned on the ground of a lack of unity of invention, the claims that are allegedly not related to one invention can be filed within a divisional application that retains its parent application’s filing date and the same priority. This is the only case where filing a later application to pursue additional claims is possible under the legislation in force in Uzbekistan.

**Patent office appeals**

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

The decision of the Agency for Intellectual Property under the Ministry of Justice of Uzbekistan should first be appealed before the Board of Appeal, within three months from the date on which the decision was sent to the applicant. The Board of Appeal’s decision can further be challenged before an administrative court, within six months from the date the decision was issued.

**Oppositions or protests to patents**

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

Any third party may challenge a pending patent application by filing an appeal with the Board of Appeal, at any time after the application is published and up to the patent grant. As a rule, the IPO publishes an application 18 months after the application’s filing date, but it may be published earlier at the request of the applicant. The Board of Appeal’s resolution can be contested in court within six months following the date the resolution was issued.

**Priority of invention**

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

Under the patent law, if several inventors independently created the same invention or utility model, the right to a patent belongs to the applicant whose application has the earliest filing date, or if priority is claimed, the earliest priority date. Priority disputes are to be resolved in courts.

**Modification and re-examination of patents**

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Modifying a patent is possible only if technical mistakes have been discovered after the patent was granted. Re-examining a patent is not possible, while revoking a patent is possible under the legislation in force. The court cannot amend patent claims during a lawsuit, as patents can only be challenged before the Board of Appeal, and if the Board of Appeal’s ruling is challenged before the court, the court can only oblige the Board of Appeal to correct its ruling, if it was unlawful, but not the patent itself.
**Patent duration**

How is the duration of patent protection determined?

Patent rights take effect on the date of publication of the granted patent in the local IP bulletin and last for 20 years starting from the application filing date.

**UPDATE AND TRENDS**

**Key developments of the past year**

What are the most significant developing or emerging trends in the country’s patent law?

In 2020, one of the positive developments was that the Agency for Intellectual Property started taking administrative actions based on complaints related to several IPRs, including patents, bringing infringers to administrative liability according to the Code on Administrative Liability. Another development, partially influenced by the covid-19 pandemic, was that the Agency started accepting purely electronic applications for trademarks, patents and other IPRs.

**Coronavirus**

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

Unfortunately, no specific legislation related to our practice area was adopted due to the pandemic in Uzbekistan.
Vietnam

Pham Vu Khanh Toan
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PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts

1 | What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

Under the Law on Intellectual Property of Vietnam (the IP Law 2005, amended in 2009 and 2019), a patentee is entitled to request the competent authorities to enforce its patent rights against an infringement in accordance with provisions of the IP Law and other relevant laws and regulations by means of administrative and civil actions (articles 198 and 199).

Administrative action is the best option for a patentee to stop an existing patent infringement quickly at a low cost. The action can be conducted against infringements that cause loss and damage to the author, rightholder, consumers or society (article 211). During administrative actions, competent authorities can search and seize infringing goods without notice to the infringer and, if an infringement is found, the authorities may issue a decision on administrative sanctions, which may include a monetary fine up to 500 million dong depending on the value of the infringing goods and the infringing act, removal of the infringing element, and destruction or confiscation of infringing goods.

Civil action is the main instrument for IP rightholders to defend their rights against infringements. By taking a civil action, a patentee can request provisional measures (injunctions) and claim for remedies available under the IP Law, which may include:

- ceasing the infringing act;
- public rectification and apology;
- performance of civil obligations;
- compensation of damages; and
- the destruction or disposal of infringing goods for non-commercial purposes.

There are no courts or judges specialising in the IP field in Vietnam. IP cases are normally settled by the economic courts.

Trial format and timing

2 | What is the format of a patent infringement trial?

To institute a lawsuit, a plaintiff has to submit a petition to the competent court.

The Code on Civil Proceedings of Vietnam does not provide for the particular extent of necessary documents and evidence to support a lawsuit. However, the Code provides specific types and sources of evidence acceptable to courts, namely:

- readable, audible and visual documents;
- material evidence;
- testimony from witnesses;
- examination conclusions;
- records of examination results from on-the-spot inspections;
- recognised local customs; and
- results of asset evaluations from recognised authorities or experts on prices.

Hearsay or the characteristics or habits of the defendant are not accepted as evidence; however, such information or materials can be used as references for the court in settling the case.

Cross-examination of witnesses is not practised in Vietnam; however, each party has an equal opportunity to cross-examine evidence presented by the other.

According to the IP Law, the court and both the parties have the right to invite experts, and written opinions of private experts appointed by the parties can be used as evidentiary documents. The court can also consult with the National Office of Intellectual Property (NOIP) or any expert organisations on questions regarding IP-related disputes.

Vietnam does not have a jury system. At the first instance, the panel consists of one judge and two appointed judges (persons appointed by the People's Committee to perform the function of judges at the first instance court) and, at the appeal instance, the panel consists of three judges. Normally, a trial lasts one year for each instance.

Proof requirements

3 | What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

The burden of proof of infringement initially lies with the plaintiff. However, in the case of infringement of a patented process, the burden of proof may switch to the defendant if the product made by the patented process is new; or is not new but the patent owner believes that the defendant’s product is made by the patented process and is unable to identify the process used by the defendant despite reasonable measures taken (article 203.4).

The burden of proof for invalidation and unenforceability lies on the person who made the claim. Claims for invalidation or unenforceability by a defendant are initially filed with the competent state management authority (namely, the NOIP), and in such cases the hearing shall be suspended until the NOIP issues its decision.

Standing to sue

4 | Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

A patentee, registered licensee, organisations and individuals suffering from any act of infringement shall have the right to institute a lawsuit against infringers.
An accused infringer may accuse the patentee of interference with duty and bring a civil action for damages caused by the plaintiff’s actions. The counterclaim of the defendant against the plaintiff shall be accepted for settlement by the court in the same case if the counterclaim for the obligation is to offset against the claim of the plaintiff; the acceptance of the counterclaim will result in the exclusion of all or part of the claim of the plaintiff; or there is a connection between the counterclaim and the claim of the plaintiff and, if they are resolved in the same case, the resolution of the case will be quicker and more accurate.

**Inducement, and contributory and multiple party infringement**

5 To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

Inducement, contributory infringement and multiple-party infringement are not provided for in the IP Law.

**Joinder of multiple defendants**

6 Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

Yes, multiple parties can be joined as defendants in the same lawsuit. As provided in article 188.1 of the Code on Civil Proceedings 2015, the plaintiff is entitled to initiate a legal proceeding against one or several defendants in relation to one or several legal matters, which are related to each other, for settlement in the same case. Several legal matters that are related to each other as interpreted in Resolution No. 02/2006/ND-HDTP (section I.3) can fall into the two following categories:

- resolution of one legal relation that requires a simultaneous resolution of the other legal relations; and
- resolution of several legal relations of the same type of dispute that involve the same parties.

Considering the foregoing, it is not necessary for all the defendants to be accused of infringing the same patents.

Besides, the court may consolidate two or more cases that have been accepted separately by the court to form one case for resolution if the consolidation and resolution in that one case is in compliance with the law (article 38.1 of the Code on Civil Proceedings). In this case, multiple parties can also be joined as defendants in the same lawsuit.

**Infringement by foreign activities**

7 To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

A patent registered in Vietnam is effective only within the territory according to the territorial principle. Therefore, no charge of patent infringement is applicable to activities that take place outside Vietnam, except in the case of importing products manufactured in foreign countries for use in Vietnam.

**Infringement by equivalents**

8 To what extent can ‘equivalents’ of the claimed subject matter be shown to infringe?

According to the IP Law, equivalents of the claimed subject liable for infringement cover both product and process. In particular, as defined in article 8 of Decree No. 105/2006/ND-CP (guiding the implementation of some provisions of the IP Law), an infringing element of an invention may take any of the following forms:

- a product or part (component) of a product is identical or equivalent to a product or part (component) of a product within the scope of protection as an invention;
- the process is identical or equivalent to a process that is protected as an invention; or
- the product or part (component) of the product is manufactured via a process that is identical to or equivalent to a process currently protected as an invention.

Article 1.1.1 of Circular 11/2015/TT-BKHCN dated 26 June 2015 clarifies the criteria to assess the equivalence of two technical features, namely:

- they are of the same nature or substitutable for each other;
- they share the same purpose of use; and
- the method to achieve the purpose of use is substantially the same.

**Discovery of evidence**

9 What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

For collecting evidence for proving infringement, damage or invalidity that is under the control of the other party, either the plaintiff or defendant has the right to request the court to compel the party to produce such evidence. In particular, article 203 provides that if a party to a proceeding against an infringement of intellectual property rights has specified that evidence relevant to substantiation of his or her claims is in the control of the other party and is therefore inaccessible, the former shall have the right to request the court to compel the latter to produce such evidence. There is no mechanism for collecting evidence from third parties or from outside the country available under Vietnamese law.

**Litigation timetable**

10 What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

A proceeding begins with the filing of the plaintiff’s complaint with a competent court within two years from the date on which the plaintiff is aware of the infringement of its legitimate rights. If the case involves foreign elements, the petition should be filed with the people’s court at provincial level.

A request for applying provisional measures may be submitted at the time of filing the petition or during the settlement of the case. Within three working days from the date of receiving a request for applying provisional measures, the court has to decide to accept or reject the request and notify the same to the requester.

Within five working days from the date of receipt of the petition, the court has to decide to carry out the procedures for acceptance and notify the applicant to proceed with payment of a court fee and officially accept the case when the applicant submits a receipt for the payment of the fee. After that, parties concerned have a right and obligation to lodge requested opinions and evidence with the court within 15 days from the date of receipt of the court’s notification. An extension is possible but may not exceed 15 days, as provided by law. The court may collect or request the relevant authorities collect evidence from concerned parties upon a request of either the plaintiff or defendant.

The time limit for preparation for the trial of IP-related cases ranges from two to four months. The court may decide to extend the time limit for preparation for trial, but it shall not exceed six months in any case.

During the period of preparation for trial at first instance, the court shall carry out conciliation to enable the parties to reach an agreement.
on the settlement of the case. If negotiation between the parties fails, the court shall issue a decision to bring the case to a hearing.

A first instance trial must be conducted within one month from issuing the decision to hear the case. A first instance panel consists of one judge and two people’s assessors. After conducting the interrogation and debate, the members of the panel shall discuss and make their judgment with specific remedies by way of majority voting.

A court’s judgment can be appealed to the Supreme People’s Court within 15 days from its issuance. A similar timetable is applicable for appeal proceedings.

A court’s judgment that has come into force can be challenged by the chief justice of the Supreme People’s Court or the chief procurator of the Supreme People’s Procuracy under the supervisory and review procedures if there is a mistake or violation of law found in the judgment, or new and important facts about the case that the litigants were unable to know are discovered.

**Litigation costs**

11 What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal are US$5,000 (for reviewing infringement claims, assessing evidence, bailiff actions if necessary, requesting expertise, etc.), US$5,000 and US$10,000 respectively, not including attorneys’ fees. Contingency fees are permitted, based on the contractual agreement between the attorney and the party, usually calculated as a ‘reasonable’ proportion of the client’s net recovery.

**Court appeals**

12 What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

A court’s judgment that has come into force can be challenged by the chief justice of the Supreme People’s Court or the chief procurator of the Supreme People’s Procuracy under the supervisory and review procedures if there is a mistake or violation of law found in the judgment or new and important facts about the case that the litigants were unable to know are discovered. New evidence is allowed at the appellate stage.

**Competition considerations**

13 To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

Provisions of the Trade Law are not applied to justifiable actions of the intellectual property rightholder.

**Alternative dispute resolution**

14 To what extent are alternative dispute resolution techniques available to resolve patent disputes?

As an alternative dispute resolution method, meetings with infringers aimed at reconciliation or mediation are used in Vietnam for settlement of IP disputes. Pre-hearing compromise, where the parties reach an agreement on the matters that must be resolved in the civil case, is also used.

Arbitration can also be chosen if agreed by the concerned parties.

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**SCOPE AND OWNERSHIP OF PATENTS**

**Types of protectable inventions**

15 Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

Under article 4.12, an invention is defined as ‘a technical solution, in form of a product or a process, to resolve a specific problem by utilising laws of nature’. In accordance with article 59, the following subject matter shall not be protected as inventions:

- discoveries, scientific theories;
- mathematical methods;
- schemes, plans, rules or methods for performing mental acts, training domestic animals, playing games, doing business;
- computer programs;
- presentations of information;
- solutions of aesthetic characteristics only;
- plant and animal varieties;
- processes of an essentially biological nature for the production of plants and animals other than microbiological processes; and
- disease prevention, diagnostic and treatment methods for human or animals.

It is clear that the IP Law explicitly excludes, inter alia, software, business methods and medical methods from protection. However, as recently provided in the new Examination Guidelines for Inventions, a computer program may be considered as a patent-eligible invention if the program is of a technical character and is truly a technical solution to resolve a technical problem by technical means. The program should have potential to bring about a further technical effect that goes beyond the normal physical interactions between the program and the computer. In particular, a computer program claim is acceptable if it is drafted in the form of ‘a computer-readable medium having a computer program embodyed therein’.

In respect of method-of-treatment claims, under the old patent law, in certain cases, such claims may survive if converted into the Swiss-type format. However, recently the National Office of Intellectual Property (NOIP) has raised objections to ‘use-type’ claims on the grounds that they relate neither to a process nor a product, and therefore cannot be regarded as a statutory subject matter. This viewpoint has caused a fierce debate among Vietnamese IP professionals, which has not yet come to an end.

**Patent ownership**

16 Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

Article 86 of IP Law provides that:

1. The following organisations and individuals shall have the right to registration of an invention, industrial design and layout design:
   (a) the authors who have created the invention, industrial design or layout design by his or her own efforts and expenses; or
   (b) the organisations or individuals who have invested funds and material facilities to the authors in the form of a job assignment or job hiring unless otherwise agreed by the parties and such agreements are not contrary to paragraph 2 of this article.
2. The Government shall provide for the right to the registration of inventions, industrial designs and layout designs created using funds and material and technical facilities from the state budget.

3. In case more than one organisation or individual have jointly created or invested in the creation of an invention, industrial design or layout design, those organisations or individuals shall have the right to registration and such right shall only be exercised with their consensus.

4. A person who has the right to registration as provided in this article may assign that right to other organisations or individuals in the form of a written contract, passing by inheritance. In accordance with the law, even when a registration application has been filed.

In line with the above provisions, the ownership of an invention made by a company employee or an independent contractor shall belong to the employer or the person who has invested funds and material facilities in the creation of the invention. If an invention has jointly been created by co-inventors or a joint venture, the ownership of the invention shall belong to the co-inventors or the individuals or companies choosing to enter the joint venture and such a right shall only be exercised with their consensus.

Patent ownership is recorded by the state by the grant of patent. The ownership of a granted patent can be transferred by an assignment agreement in written form (article 138).

DEFENCES

Patent invalidity

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

Article 96 of the IP Law provides that during the term of validity of a patent, a third party may take an invalidation action against the patent if:

- any of the requirements for patentability were not fulfilled at the time the patent was granted; or
- the person to whom the patent was granted was not entitled to apply for and be granted the patent.

There is no special court or administrative tribunal for patent matters. Any third party may file a request for invalidation of a granted patent with the National Office of Intellectual Property (NOIP). If it is not satisfied with the decision of the NOIP, the requester may appeal such a decision with the Minister of the Ministry of Science and Technology (MoST) or bring the case to the administrative court.

Absolute novelty requirement

18 | Is there an ‘absolute novelty’ requirement for patentability, and if so, are there any exceptions?

Under article 60 of the IP Law, the disclosure in any form, including by use, anywhere in the world shall destroy the novelty of the invention seeking protection. In other words, the novelty requirement for patentability is worldwide and absolute. There is, however, a grace period of 12 months (instead of six months before 1 November 2019) provided for an invention that is:

- disclosed by others without the authorisation of the persons with the right to file the patent application;
- published in the form of a scientific presentation by the persons with the right to file the patent application; or
- exhibited at a national exhibition of Vietnam or at an official or officially recognised international exhibition by the persons with the right to file the patent application.

Obviousness or inventiveness test

19 | What is the legal standard for determining whether a patent is ‘obvious’ or ‘inventive’ in view of the prior art?

Under article 61:

An invention shall be considered to involve an inventive step if, based on all technical solutions already disclosed by use or means of a written or oral description or any other form inside or outside the country, prior to the filing date or the priority date, as applicable, of the invention registration application, it constitutes an inventive progress and cannot be easily created by a person with ordinary skill in the art.

Circular 01/2007/TT-BKHCN, providing detailed guidelines for the implementation of the IP Law, provides in section 25, item 6, that the prior art relevant for the purposes of considering an inventive step shall include all the publications or uses that are publicly available anywhere in the world prior to the filing or the priority date of the patent application under examination. In the assessment of an inventive step, the examiner will define whether the essential technical features defining the invention in question have been disclosed in the prior art and whether the combination of the essential technical features of the invention would have been obvious to a person with ordinary skill in the art. An invention shall be regarded as involving an inventive step if it is a result of an inventive activity and is not general knowledge in the relevant art. In everyday practice, the NOIP applies the ‘problem and solution’ approach to assess inventiveness.

Patent unenforceability

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

Under article 7(2), ‘the exercise of intellectual property rights shall not infringe upon interests of the state, the public or legitimate rights and interests of other organisations, individuals and shall not violate other applicable provisions of relevant law’. Thus, an otherwise valid patent shall be deemed unenforceable if exercising the patent right would have infringed the rights and interests of the state or any third party, or violated the laws.

Prior user defence

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

Yes, a party can have recourse to prior use defence when accused of infringement on the condition that:

- prior to the filing date or the priority date of the patent application, the concerned party was using or had made substantial preparation toward the using of an invention or industrial design independently created but identical with the invention or industrial design in the patent application; and
- the concerned party (the prior user) does not enlarge the extent and volume of use, unless it is so permitted by the owner of the patented invention or industrial design.

As explained above, the prior use defence covers all types of invention and modes of uses.
REMEDIES

Monetary remedies for infringement

22 What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

Article 204 provides the rules for the determination of damages, which consist of material damage (ie, property loss, income and profit decrease, loss of business opportunity, etc) and emotional damage (ie, damage to honour, dignity, prestige and reputation, etc) caused by the infringement of intellectual property rights.

The burden of proving and calculating material damages lies with the plaintiff. The amount of material damages should be actual losses suffered by the intellectual property rightholders. If the plaintiff is unable to determine the rate of compensation, it shall be fixed by the court, but not exceed 500 million dong.

Compensation for emotional damages is available where the plaintiff succeeds in proving that the act of infringement of intellectual property rights has caused emotional damage to him or her. The amount of emotional damages subject to recovery ranges from 5 million to 50 million dong.

The damages start to accrue from the infringing date and they are intended to provide fair compensation.

Royalties are determined by one of the following methods:
• the amount payable if the patent owner and the infringer have freely agreed and signed a licensing contract; or
• the presumed licensing price that the patent owner and the infringer would have agreed upon by the time the infringement is committed; or
• based on licensing prices applied in the relevant domain and referred to in previous practice.

Injunctions against infringement

23 To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer’s suppliers or customers?

A temporary injunction (in the form of provisional measures) can be granted by a competent court, which may include seizure, enumeration, sealing, prevention of the transfer or disposal of infringing goods or facilities for producing infringing goods, if the patentee or registered licensee can prove that, in the absence of corresponding measures, there appears a likelihood of irreparable damages being sustained by rightholders due to the infringement or there is a risk that infringing goods or other material evidence pertaining to such alleged infringement will be destroyed or be untraceable (article 204).

A final injunction (in the form of a court judgment) may include removal of the facilities used for the act of infringement, revocation of business licences or other measures necessary to prevent infringement in the future.

The injunctions can be effective against the infringer’s suppliers or customers if the facilities are supplied or used exclusively for producing invented products or processes.

Banning importation of infringing products

24 To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

Border controls are deemed to be prompt and intermediate measures that IP rightholders can use to bar alleged infringing imports or exports and locate and gather evidence of infringement of their IP rights. Conversely, rightholders may be faced with the risk that their allegation is found to be groundless and, consequently, they may be attacked by counterclaims. According to article 216, IP rightholders have the right to request customs offices to suspend customs’ clearance of goods, whether imported or exported, across Vietnam’s borders.

After a request for border control has been filed by an IP right-holder, the customs offices will be obliged to control the flow of import or export of the concerned goods. If infringing goods are found, the customs offices shall notify the same to the IP rights owner, who has three days to submit a request for suspending clearance of the goods and 10 days, with a possible extension for a further 10 days, to initiate administrative, civil actions, or both, to deal with the goods. There are no specific tribunal or proceedings available to fulfil the border measures.

Attorneys’ fees

25 Under what conditions can a successful litigant recover costs and attorneys’ fees?

A plaintiff who gains a final court judgment in his or her favour may demand litigation costs, including reasonable attorneys’ fees, from the defendant. If the plaintiff fails, namely if the court concludes that the defendant did not commit acts of infringement, the defendant may request the court to force the plaintiff to pay him or her reasonable fees for hiring a lawyer.

Wilful infringement

26 Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

Additional remedies are not available in the case of deliberate or wilful infringement. Opinions of counsel can be used as a defence to a charge of wilful infringement.

Time limits for lawsuits

27 What is the time limit for seeking a remedy for patent infringement?

The statute of limitation for initiating a lawsuit against infringement is two years from the date on which the plaintiff is aware of the infringement of their legitimate rights.

Patent marking

28 Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

There is no marking requirement.

As provided in article 6 of Governmental Decree No. 99/2013/ND-CP dated 25 August 2013 on sanctions for administrative violation in the field of industrial property, violating the regulations on indications
about protection of industrial property rights, including patents, shall result in a monetary fine, up to 1 million dong and compulsory removal of the false indications. It provides:

1. A warning shall be imposed on, or a fine of between five hundred thousand dong and one million dong shall be applied to the organisations and individuals undertaking one of the following acts:
   (a) providing false indications about the subject matter or the element entitled to the protection of industrial property rights, the industrial property right holders, authors of inventions, industrial designs and layout designs;
   (b) providing false indications about the legal status and scope of protection of industrial property rights; or
   (c) providing false indications or failure to provide indications about the goods produced under a contract for using industrial property subject matter (licensing indications).

2. Remedial measures:
   (a) compelling elimination of the infringing element in the goods or business means applicable to the acts stipulated in clause 1 of this article;
   (b) compelling public correction with regard to the acts stipulated in clauses 1(a) and 1(b) of this article; and
   (c) compelling revisions or supplements to the indications with regard to the acts stipulated in clause 1(c) of this article.

**LICENSING**

**Voluntary licensing**

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

Article 144 provides that a licence contract shall not include provisions unreasonably restricting the rights of the licensee; in particular, provisions may not take away from the rights of the licensor, including:
- prohibiting the licensee from improving the industrial property object, except trademarks;
- compelling the licensee to grant a free licence or to assign to the licensor the right to industrial property registration or an industrial property right in respect of such improvements;
- directly or indirectly restricting the licensee from exporting goods produced or services supplied under the industrial property object licence contract to the territories where the licensor neither holds the respective industrial property right nor has the exclusive right to import such goods;
- compelling the licensee to buy all or a certain proportion of materials, components or equipment from the licensor or the persons designated by the licensor without aiming at ensuring the quality of goods produced or services supplied by the licensee; and
- prohibiting the licensee from complaining about the validity of the industrial property right or the right to license of the licensor.

**Compulsory licences**

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

According to article 145, compulsory licences or non-voluntary licences can be granted for use in the public interest or in the case of non-exploitation or insufficient exploitation of a patent, or based upon the interdependence of patents or if a patent is being used contrary to fair business practice.

On a request of any person or organisation, the Ministry of Science and Technology (MoST) or other relevant ministries may grant a non-voluntary licence if the exploitation of the patented invention is considered necessary to meet the demand of national defence, national security, disease prevention and treatment, nutrition for people or other urgent social needs.

The MoST or other ministries, as per a request of any person or organisation, may grant a non-voluntary licence if:
- the patented invention or utility solution has not been exploited or is insufficiently exploited in the country;
- the requesting person can prove his or her ability to exploit the patented invention or utility solution in the country; and
- the owner of the patent has received a demand from the requesting person to obtain a contractual licence, but the requesting person has been unable to obtain such a licence on reasonable terms and within a reasonable time without receiving justified grounds from the owner of the patent.

The MoST, upon the request of the owner of a later patent (or its registered licensee or the beneficiary of a non-voluntary licence), may grant a non-voluntary licence if:
- the invention or utility solution claimed in the patent cannot be exploited in the country without infringing a prior patent; and
- the owner of the earlier patent has received a demand from the requesting person to obtain a contractual licence, but the requesting person has been unable to obtain such a licence on reasonable terms and within a reasonable time without receiving justified grounds from the owner of the earlier patent.

Any person or organisation can seek a decision on a grant of a non-voluntary licence of a patented invention if the owner of this invention with a monopoly has undertaken anticompetitive conduct.

The IP Law does not provide a specific term for such licences, leaving it at the MoST’s discretion.

**PATENT OFFICE PROCEEDINGS**

**Patenting timetable and costs**

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

It normally takes three years from the date of filing or entering into national phase to obtain a patent. The waiting period may be shortened significantly if the applicant provides the National Office of Intellectual Property (NOIP) with information concerning the corresponding patent applications in other countries. On the other hand, the procedure of examination on the merits will be prolonged if the invention concerned belongs to the pharmaceutical or biotech field and there has been no examination conducted in the US, Japan, European countries, etc, to which the Vietnamese examiners may refer. It typically costs about US$2,500 to obtain a patent granted to a patent application, filed through the Paris Convention or Patent Cooperation Treaty routes, with 30 pages of specification and two independent claims.

**Expedited patent prosecution**

32 | Are there any procedures to expedite patent prosecution?

The applicants of a patent application may file with the NOIP a request for accelerated examination, subject to payment of extra fees. However, due to a backlog at the NOIP, such a request is rarely accepted. Regarding the Patent Prosecution Highway (PPH) programme, The NOIP has already signed the PPH programme with the Japanese Patent Office.
(JPO) and the Korea Intellectual Property Agency (KIPO). However, the number of PPH requests annually originating from JPO is only 200 and from KIPO is only 100.

Besides, submission of corresponding patents granted by US Patent and Trademark Office, JPO, KIPO or European Patent Office will greatly expedite the examination process.

Patent application contents
33 What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

Article 102 requests that the description of a patent application ‘sufficiently and clearly disclose the nature of the invention to the extent that such invention may be carried out by a person having ordinary knowledge in the art’ and ‘clarify the novelty, inventive step and susceptibility of industrial application of the invention’. In accordance with the IP Law, the scope of protection of invention shall be defined by the claims, in the form of a combination of those technical features necessary and sufficient to identify the scope of the rights to that invention, and must be in line with the specification of the invention and drawings. The claims must be fully supported by the description. The description typically contains the following subsections:
- title of the invention;
- technical field of the invention;
- background of the invention;
- summary of the invention;
- brief description of the drawings (if any);
- detailed description of the invention;
- examples (if necessary); and
- effect of the invention.

In cases where the invention concerns biological material that is not available to the public, and that cannot be described in the application, the name of the depository institution and the accession number of the deposit should be provided.

Prior art disclosure obligations
34 Must an inventor disclose prior art to the patent office examiner?

The IP Law encourages inventors to disclose prior art to the patent office but does not include any sanctions against inventors who deliberately hide the prior art known to them.

Pursuit of additional claims
35 May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

A patent applicant may file one or more divisional patent applications to pursue additional claims to an invention disclosed in its previously filed application, provided that such additional claims are fully supported by the description as originally filed. Divisional patent applications may be filed at any time during the processing of the parent patent application.

Patent office appeals
36 Is it possible to appeal an adverse decision by the patent office in a court of law?

Under law, if dissatisfied with an adverse decision from the NOIP, an applicant or any third party may file a petition to appeal such decision with the minister of the Ministry of Science and Technology or file an appeal before the competent administrative court.

Oppositions or protests to patents
37 Does the patent office provide any mechanism for opposing the grant of a patent?

Article 112 provides that, from the publication date of a patent application until before the date of it being granted, any third party may request the rejection of a patent application by submitting arguments and relevant documents and information in respect of the patent application.

Priority of invention
38 Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

In accordance with the IP Law, the priority right is to be determined on the basis of the first-to-file principle. In fact, under article 90, where two or more patent applications have been filed by several independent applicants for the same invention, a patent may only be granted to the patent application with the earliest filing date or priority date, where applicable. If more than one patent application has been filed by different applicants for the same invention and with the same priority conditions, namely with the same priority date, the NOIP shall invite all the applicants to jointly file a single patent application as co-applicants. If the applicants cannot reach such an agreement, all the patent applications will be rejected.

Modification and re-examination of patents
39 Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

During the term of validity of a patent, the patent owner may file a request to modify the patent by cancelling of one or more claims in the patent. Any third party may file a request for invalidation of a patent if the patent has been granted on an unlawful basis. The patent may be terminated if the owner no longer exists, fails to pay the maintenance fee or surrenders his or her patent. During a lawsuit, a court may hold a claim valid or invalid but may not amend the claims in a challenged patent. In accordance with article 117(4) of the IP Law and section 16 of Circular 01/2007/TT-BKHCN, re-examination may be requested only for pending patent applications. In particular, a patent application will be re-examined when a third party or the applicant opposes the NOIP’s notice of intention to grant or notice of intention to refuse to grant a patent, respectively.

Patent duration
40 How is the duration of patent protection determined?

The term of validity for a patent for invention is 20 years, while the term for a patent for a utility solution is 10 years, counted from the filing date.
**UPDATE AND TRENDS**

**Key developments of the past year**

41 What are the most significant developing or emerging trends in the country’s patent law?

Law No. 42/2019/QH14 of 14 June 2019 amending and supplementing some articles of the Law on Insurance Business and the Law on Intellectual Property, effective as of 1 November 2019. Regarding patent regulations, there are some amendments and supplements, as follows:

- an invention will not be considered to lack novelty or an inventive step due to public disclosure if the public disclosure is made by the patent applicant or by a person that obtained the information directly or indirectly from the patent applicant and the patent application is filed within 12 months of the date of public disclosure (previously this grace period was only six months);
- in connection with the grounds for claiming compensation caused by IP infringement, besides certain methods for calculating damages specifically set forth, it is possible for an IP right holder to claim compensation for infringement on any legal basis that he or she is able to prove; and
- the successful litigant in an IP lawsuit, whether the plaintiff or the defendant, is entitled to request the court to force the losing party to pay reasonable attorney fees.

**ePCT-Filing**

The National Office of Intellectual Property, in its capacity as receiving office, started to receive and process international applications in electronic form from 1 December 2019.

**Coronavirus**

42 What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

To support and share in solving financial difficulties with businesses, the Ministry of Finance (MOF) has issued Circular No. 11/2020/TT-BTC dated 29 December 2020 on adjusting the rate of a number of official fees and charges. Accordingly, in respect of protection of industrial property, the fees and charges of (1) filing an application for IP rights registration, (2) issuance of protection titles, registration certificates of IP rights assignment contracts, (3) maintenance, renewal, termination or invalidation of protection titles and (4) issuance, publication and recordal of industrial property representation service practice certificates will be reduced by 50 per cent compared with the current levels as specified in Circular No. 263/2016/TT-BTC dated 14 November 2016 on this. This regulation is applicable from 1 January to 30 June 2021. From 1 July 2021, the fees and charges mentioned above will return to the previous levels or there will be a further notice on this matter.