



JONES DAY COMMENTARY

“YOU’RE TOO SLOW, EPO”: UK COURT STEPS IN TO HELP PATENTEES

Opposition Proceedings at the EPO are often not concluded until six or more years after a patent has granted. Throughout this period, the patentee is at the least plagued with some uncertainty about his rights and may, particularly in continental Europe, find himself prevented from enforcing them. A UK decision, *Unilin Beheer BV v Berry Floor NV*, significantly improves the patentee's position. Patentees can now litigate in the UK in the certain knowledge that if the patent is held valid and infringed, a subsequent EPO decision of invalidity will not affect a UK judgment. As the UK Court of Appeal put it:

...businessmen in [the UK] know they can use the rather speedy court system [in the UK] to get a conclusion one way or the other. If the patent is revoked, the way is cleared; if it is upheld and held infringed then compensation will be payable for past acts. And an injunction will run unless [and until] there is a later revocation by the EPO. Subject to the last point, the effect of all this is that one does not have to wait to find out who has won until the slowest horse in the race gets there.

The decision is grounded in commercial sense. Unlike other European jurisdictions, the UK courts have ever been mindful of just how long EPO oppositions can last and the effect that this lack of commercial certainty has on business. Previously, this has been evidenced by the fact that the UK court will not automatically stay a UK revocation action pending the outcome of a parallel EPO opposition. What is now clear is the relationship between a UK decision and an EPO decision: The UK court wins, and it has come down firmly in favor of a successful patentee.

Now, a successful patentee in a UK action need have no concern that a later finding of invalidity in parallel opposition proceedings in the EPO will affect damages won in the UK. Whatever the EPO finds, a final decision in the UK (*i.e.*, a decision from which there is no further right of appeal) is treated as *res judicata* as between the parties, and the patentee can enforce his costs award and proceed to recover damages or profits. The only effect of a later EPO finding of invalidity is that any injunction will fall away. In fast-developing markets, even this may be of limited practical effect.

THE BACKGROUND

Unilin is the proprietor of European patent 1 024 234, for which the UK is a designated state. The patent granted on 26 June 2002; on grant, Unilin sued Berry Floor in the UK for infringement. Berry Floor counterclaimed in the UK for revocation and started opposition proceedings in the EPO. The result: parallel revocation proceedings.

In the UK action, Unilin's patent was upheld as valid and found to be infringed by the court at first instance (2003) and the Court of Appeal (2004), with the House of Lords then refusing Berry Floor's petition for leave to appeal to it (2005). The final result in the UK: Unilin is entitled to payment of its legal costs and to an account of profits (which Unilin selected in preference to damages).

The EPO opposition started at the end of the nine-month opposition period in 2004. It is still going, and no decision has yet been made. If it is successful, the result will be that Unilin's patent will be treated as invalid *ab initio*—as if it had never been granted.

THE QUESTION

If the opposition is ultimately successful and Unilin's patent is revoked, does this mean that the UK decision is, effectively, null and void? Or is the UK decision *res judicata* as between the parties, leaving Berry Floor liable for Unilin's costs and the account of profits? Lord Justice Jacob posed the question thus:

If a patentee utterly prevails on infringement and validity and is held entitled to financial compensation in the Courts of England and Wales right up to the point where no further appeal lies, can all that be set at nought and utterly unravelled if the patent is later held invalid in the European Patent Office?

THE ANSWER

The UK decision stands. A later EPO decision invalidating a patent will cause an injunction to fall away but will not affect a patentee's right to damages won in the earlier case.

THE REASONS

The legal basis is sound. It has long been the position that a final decision on a UK national patent is treated as *res judicata* between the parties even if that patent is subsequently revoked in a later action. This principle has now been extended to the UK part of European patents, taking into account the EPO opposition procedure. But what shines through is the application of commercial principles to the decision and that the question to be resolved is viewed very much in its commercial as well as its legal context.

In short, the UK court has recognized that business needs to know where it stands and that a patentee should be entitled to enforce a patent on grant without the risk of it being undermined by the EPO possibly years later. If the EPO could trump the UK court, there would be greater uncertainty—a patentee would be left in limbo until the EPO made up its mind, quite possibly a number of years later. Put simply, there has been a fair fight in the UK and so the decision should be final, leaving businessmen able to get on with their businesses knowing what the position is.

THE CONCLUSION

The UK is a speedy jurisdiction, with first instance decisions generally taking about one year and appeal even quicker. So assuming that the case does not go to the House of Lords (they very rarely do), there is likely to be a final appeal decision in less than two years. It is a quick and effective forum for a patentee to assert its rights. Now a patentee can do so knowing that if he is ultimately successful, the threat of a contrary validity finding in the EPO has been removed and he will have a judgment that can be enforced. In short, the UK court has released a patentee from the fetters of lengthy EPO opposition proceedings.

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