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Spain

PATENT LITIGATION

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This country-specific Q&A provides an overview of patent litigation laws and regulations applicable in Spain.

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SPAIN

PATENT LITIGATION



1. What is the forum for the conduct of patent litigation?

Civil patent litigation cases are examined in first instance by the Commercial Courts specialized in IP-related matters located in Madrid, Barcelona, Valencia, Bilbao, Granada, Las Palmas and La Coruña (the “**IP Courts**”). The sole judges of the IP Courts have some degree of technical knowledge as a consequence of them being the only ones in Spain dealing with IP matters, so they end up handling many IP proceedings.

In second instance, the Courts of Appeal of the aforementioned provinces deal with the appeals. Madrid and Barcelona’s Courts of Appeal have specialized sections which handle IP-related matters, including patent cases.

As regards the territorial forum, as a general rule and according to Article 118 of the Patent Act 24/2015 (*Ley 24/2015, de 24 de julio, de Patentes*) -the “**Spanish Patent Act**” or “**SPA**”-, the plaintiff has to file the claim with the IP Court located in the Autonomous Community where the defendant or the authorized representative to act on its behalf in Spain are domiciled (infringement and invalidity cases), or in the IP Court of the Autonomous Community where the infringement took place or where the effects of the same were revealed (only infringement). In the absence of any IP Courts in those Autonomous Communities, the plaintiff shall be free to choose any Spanish IP Court to handle the proceedings.

Patent litigation may also involve criminal offences stated in Article 273 *et. seq.* of the Criminal Code (*Ley Orgánica 10/1995, de 23 de noviembre, del Código Penal*). This matters are handled by criminal non-specialised courts and the penalties for this type of offences are mainly fines or even imprisonment.

2. What is the typical timeline and form of first instance patent litigation

proceedings?

The proceedings in the first instance may take 18-24 months, approximately. Patent litigation proceedings in Spain are divided into three different stages:

1. written stage, including the brief of claim by the plaintiff and statement of defence by the defendant (and counterclaim and reply to the counterclaim, if applicable);
2. case management conference, and
3. trial.

Written stage

The first stage begins with the plaintiff filing a brief of claim, which is followed by the defendant’s statement of defence. In line with the so-called preclusion rule, the plaintiff is required to exhaust in the brief of claim the factual and legal arguments of the relief sought against the defendant, including potential auxiliary requests, and to submit along with the brief of claim all documents, relevant prior art, empirical evidence, expert reports and declarations evidencing the factual background of the case that may support its position. Thus, the Spanish system is a so called front-loaded system.

The deadline to submit the statement of defence is two (2) months since the court has admitted the claim and served it on the defendant. When filing the statement of defence, in the same brief, the plaintiff can also file a counterclaim (usually challenging the validity of the alleged infringed patent). The initial plaintiff will also have a two (2) month period to reply the counterclaim.

Case management conference

The second stage of the proceedings is the case management conference (*audiencia previa*), which takes place before the trial. Its objective is to, among others, ask the parties if they are willing to settle the conflict, and if not, to resolve the formal and procedural matters as well as organize the trial (identify the evidence to be practised during the trial, set the trial’s date, etc.).

Trial

The purpose of the trial, is to cross-examine the parties' representatives, witnesses and experts and to allow the parties' attorneys to make their closing statements orally, summarizing the evidence practiced throughout the proceedings and, in particular, the conclusions reached after having heard the statements of witnesses and experts. Trials usually take one or two sessions (days) although depending on the subject matter's complexity the number of necessary sessions may be higher.

After the trial the IP Court issues the judgement on the infringement and/or the validity of the patent.

3. Can interim and final decisions in patent cases be appealed?

Yes, interim and final decisions can be appealed. For the sake of clarity, final decisions do not mean decisions not subject to appeal but decisions terminating main proceedings (*i.e.* judgments) or other ancillary proceedings (*i.e.* court orders).

Ordinary appeals allow for a full review of the case by a higher court made up by several judges (the Courts of Appeal). However, it is not possible to modify the facts and legal grounds which defined the subject matter of the dispute in the first instance. Additional evidence is only admitted in very restricted cases, linked to the unavailability or the impossibility to produce such means of evidence during first instance proceedings. Exceptionally, a hearing can take place but most of the appeals are decided based on the parties written pleas.

Decisions can be appealed in a 20-business-day period and the other party will have a 10-business-day period to oppose or counter-appeal (in this last case, the original appellant shall reply in a 10-business-day period). Then, the Court of Appeal decides on the appeal.

In certain exceptional cases, the judgement deciding about the appeal is subject to an extraordinary appeal before the Spanish Supreme Court. However, this appeal is not a third instance and it is limited to those cases in which the procedural rules have been breached (due process of law) or in the event that the second instance judgment has infringed the established case law, or when the existing case law is contradictory or even inexistent due to the newness of the relevant legal provisions.

4. Which acts constitute direct patent

infringement?

Pursuant to Article 59.1 of the Spanish Patent Act, the following acts constitute direct patent infringement:

1. manufacturing, offering for sale, putting on the market or using the product that is the subject matter of the patent or importing or possessing the product for one of the above-mentioned purposes;
2. making use of a process that is the subject matter of a patent or offering such use when the third party is aware, or the circumstances make it obvious, that use of the process without the consent of the patent's owner is prohibited; and
3. offering for sale, putting on the market or using the product directly obtained by the process that is the subject matter of the patent or importing or possessing the said product for any of the above-mentioned purposes.

5. Do the concepts of indirect patent infringement or contributory infringement exist? If, so what are the elements of such forms of infringement?

Yes, the concept of indirect patent infringement exists under Spanish law. According to Article 60.1 of the Spanish Patent Act, indirect infringement takes place when a third-party supplies or offers to supply to unauthorized persons elements related to an essential part of the invention to be used for putting the invention into effect, when the third party knows, or the circumstances make it obvious, that such elements are capable of putting the invention into effect and are to be used for that purpose.

However, Article 60.2 of the Spanish Patent Act provides that there is no infringement when the elements referred to are products commonly found on the market, unless the third party incites the person concerned to commit the prohibited acts by virtue of Article 60.1.

6. How is the scope of protection of patent claims construed?

The scope of protection of patent and patent applications under the Spanish law is defined in Article 68.1 of the Spanish Patent Act, which establishes the claims as the pivoting mechanism for determining their scope of protection, with the description and drawings serving to interpret the claims. This is in line with Article

69 (1) of the European Patent Convention (the “EPC”).

Spanish case-law has laid down, in accordance with the Protocol on the Interpretation of Article 69 (1) EPC, that the interpretation of the wording of the claims must not be literal, but must seek the true meaning of the content of claims, which does not preclude that the result of the interpretation can restrict the scope of their literal wording (see, for instance, Judgement 598/2014 of the Supreme Court, of 7 November 2014).

Moreover, it is generally agreed by the doctrine and case-law that the characteristics of the invention that are reflected only in the description and the drawings but not in the claims, cannot extend the scope of protection of the patent.

The comparison between the patent and the challenged device or process must be done element by element. When all the elements of the patented invention are replicated by the challenged device or method, it can be concluded that the patent has been infringed. This is called the rule of simultaneity of all the elements and gives rise to literal infringement.

Article 68.3 of the Spanish Patent Act expressly provides that, in order to define the scope of protection of the patent, account has to be taken of all possible equivalent elements to those indicated in the claims. Therefore, the doctrine of equivalents is applicable under the Spanish law. In this regard, whilst not territorially binding, the Spanish courts have used as a guide the “Catnic” test conducted in the British jurisdiction in order to determine if there is an equivalent infringement, thus raising three questions:

1. Does the variant significantly alter the functioning of the invention? If it does, there is no equivalence; otherwise, the second question shall be made.
2. Would the variant have been obvious for an expert in the field that has he read the patent on its publication date? If it was obvious, the last question shall be made.
3. Would the expert in the field that had read the patent have understood, taking into account the wording of the claims, that the patentee wanted their strict interpretation to be an essential requirement of the invention? If so, the variant is not equivalent; otherwise, there is an equivalent infringement.

Finally, the Supreme Court, in its recent Judgement 389/2019 of 3 July 2019, has acknowledged the importance of prosecution history estoppel in order to determine the scope of protection of a patent, expressly asserting: “*However, we cannot agree with such*

considerations, if we look at the history of application and grant of the patent, as we will explain below, since all the waivers and limitations made before the patent offices, as well as any other act carried out by the applicant, can be alleged and taken into account to determine the scope of protection of the patent”.

7. What are the key defences to patent infringement?

The principal key argument to be raised in patent infringement proceedings by the defendant refers naturally to the fact that the allegedly infringing product or process does not fall within the scope of the claims comprised by the plaintiff’s patent and/or that there is neither a relationship of equivalency between one another.

In a wider approach, other key defences to patent infringement are:

Statutory defences

Article 61.1 of the Spanish Patent Act provides limits to the rights conferred by the patent, which shall not affect:

1. Acts performed in a private sphere and for non-commercial purposes.
2. Acts performed for experimental purposes relating to the subject matter of the patented invention.
3. The performance of studies and tests required to obtain marketing authorization for medicines in Spain or outside Spain, and the consequent practical requirements, including the preparation, obtaining and use of the active ingredient for these purposes
4. The preparation of medicines carried out in pharmacies extemporaneously and per unit in execution of a medical prescription, and the acts relating to the medicines thus prepared.
5. The use of the patented invention on board ships of countries of the Paris Convention for the Protection of Intellectual Property, in the body of the ship, in the machinery, in the equipment, in the apparatus and in the other accessories, when those ships temporarily or accidentally enter Spanish waters, provided that the subject matter of the invention is used exclusively for the needs of the ship.
6. The use of the patented invention in the construction or operation of means of transport, whether by air or land, belonging to countries members of the Paris Convention for the Protection of Intellectual Property, or of accessories thereto, where such means of

transport temporarily or accidentally enter Spanish territory.

7. The acts provided for in Article 27 of the Convention on International Civil Aviation, done at Chicago on December 7, 1944, when those acts relate to aircraft of a State to which the provisions of the said Article apply.

Exhaustion

Article 61.2 and 3 of the Spanish Patent Act excludes that the patentee can succeed in an infringement action provided that the rights conferred by the patent have exhausted. This applies to acts relating to a product that has been put on the market in the European Economic Area by the patentee or with his consent, unless there are legitimate grounds for the patentee to oppose further commercialisation of the product.

Prior use

Article 63 of the Spanish Patent Act provides that patentees cannot prevent those who, in good faith and prior to the priority date of the patent, have been exploiting in Spain what turns out to be the subject matter of the patent, or have made serious and effective preparations to exploit that subject matter, from continuing or starting to exploit it in the same way as they had been doing until then or for which they had made preparations, and to the extent necessary to meet the reasonable needs of their business.

In such a scenario, the rights conferred by the patent are also exhausted in connection with those acts related to it, after the product in question has been placed on the market by those enjoying the right of prior use.

Invalidity

Since issues related to infringement and invalidity can be heard together in Spain, the defendant can file together with its statement of defence a counterclaim seeking the invalidation of the patent.

Statute of limitations

Article 78.1 of the Spanish Patent Act stipulates a maximum period of five years within which the patentee can institute civil proceedings against an infringer, since the moment that he could have brought them. Therefore, if the five-year period has elapsed the defendant will be able to easily overcome the infringement action.

Consent by the proprietor

Last but not least, logically the defendant may argue as

a means of defence that he has been authorized by the patentee to carry out the allegedly infringing activities (e.g. under a license agreement).

8. What are the key grounds of patent invalidity?

The following are the key grounds of patent invalidity in accordance with Article 102 of the Spanish Patent Act:

1. If the preconditions for patentability are not met, which mostly refer to lack of (i) novelty, (ii) inventive step, or (iii) industrial applicability. This ground also applies to cases where a patent might have been unlawfully granted because of it falling within the exceptions to patentability (*g.* processes for cloning human beings).
2. If the invention is not sufficiently, clearly and completely described for a person skilled in the art to execute it (insufficiency).
3. If the subject matter exceeds the content of the patent application as filed (added matter).
4. If the protection conferred by the patent has been broadened after grant.
5. If the patentee had no entitlement to the patent because of him not being either the inventor or the inventor's lawful successor.

9. How is prior art considered in the context of an invalidity action?

In order for an invention to meet the novelty requirement, its subject matter cannot be in the state of the art. The state of art comprises everything that has been made available to the public worldwide before the date of filing (or priority) of the patent application by written or oral description, by use or by any other means (Article 6.2 of the Spanish Patent Act). The state of art definition is in line with the Article 54 EPC.

The state of the art includes, *inter alia*, the contents of Spanish patent or utility model applications, European patent applications designating Spain and PCT international patent applications that have entered the national phase in Spain, as originally filed, with a filing date earlier than the filing date of the patent application, which had been published in Spanish on that date or on a later date (Article 6.3 of the Spanish Patent Act). The state of art definition is in line with the Article 54 EPC.

Please note that, in general terms, Spanish Courts usually follow the criteria of the EPO Guidelines and Case Law of the EPO Boards of Appeal when assessing patentability.

10. Can a patentee seek to amend a patent that is in the midst of patent litigation?

Yes. It is possible for a patentee to amend the contested patent in the course of invalidity proceedings, either belonging to the defendant or to the plaintiff in infringement cases where the defendant files a counterclaim or legal exception seeking a declaration of invalidity to avoid infringement. If the patent is licensed or encumbered by any financial or legal charges whatsoever, the consent of the third party affected by the amendment is required to amend the patent.

If the patentee wants to amend the patent –by narrowing the scope of the claims– must provide the new set or sets of claims and their justification at the time to reply to the invalidity action, to the counterclaim or to the exception of invalidity. The patentee who has brought an action for infringement shall reason and, if appropriate, prove, within the deadline to reply to the counterclaim or the exception, how the proposed amendments affect the infringement action brought against the defendant.

The Judge will then serve the application for amendment with the party seeking the declaration of invalidity, who will have two months to maintain or modify –in view of the proposed amendment– the brief of claim or counterclaim.

11. Is some form of patent term extension available?

Under Spanish law, patents have a fixed duration of 20 years from the date of application, counted from the day following the filing date. However, under certain circumstances, it is possible to obtain a Supplementary Protection Certificate (the “**SPC**”) for medicinal products and plant protection products.

The SPCs are governed by the Regulation (EC) No 469/2009 of the European Parliament and of the Council, of 6 May 2009, concerning the supplementary protection certificate for medicinal products and the Regulation (EC) No 1610/96 of the European Parliament and of the Council, of 23 July 1996, concerning the creation of a supplementary protection certificate for plant protection products (the “**SPC Regulations**”). In brief, in order to be granted the SPC must fulfill the following requirements:

1. The medicinal/plant protection product is protected by a basic patent in force.
2. A valid authorization to place the product on the market as a medicinal/plant protection product has been granted.

3. The product has not already been the subject of a SPC.
4. The authorization referred to in point (ii) is the first authorization to place the product on the market as a medicinal/plant protection product

The scope of protection conferred by the SPC is identical to the one conferred by the basic patent but limited to the authorized product, and its duration shall be equal to the period which elapsed between the date on which the application for a basic patent was lodged and the date of the first authorization to place the product on the market in the Community, reduced by a period of five years (with a maximum duration of five years).

SPC’s may be challenged by third parties on the grounds set forth in Article 15 of the SPC Regulations: (i) the SPC does not meet the conditions for granting (by far the most common ground in invalidity proceedings), (ii) the patent has expired before its lifespan has elapsed, or (iii) the patent has become null or has been amended in a way that the SPC is no longer included in the claims.

12. How are technical matters considered in patent litigation proceedings?

Technical matter are essential to patent litigation proceedings. Both in infringement and invalidity cases, the expert reports are essential. The reason underlying the filing of expert reports with the court is that, whilst the courts that handle intellectual property proceedings are specialized bodies, the Judges still lack an optimal technical background to assess patent disputes.

For the experts’ written opinions to have full probative value, the parties must expressly summon them so that they can attend the trial, orally defend the report and be cross-examined. Not only the parties may ask questions to the experts about their reports, but the judge may also request them to clarify some aspects that could help him to assess the controversy.

The parties may also request the court to appoint a so-called court expert, who shall be randomly selected from a list of experts provided in the month of January each year by the relevant professional association, college, academic and scientific institutions...While independent, the court expert does not always have the best knowledge of the subject matter, when this is very complex or specific, so parties rarely rely on petitions for their appointment by the court.

Furthermore, in invalidity proceedings the court, either *ex officio* or upon request by any of the parties, can order the Spanish Patents and Trademarks Office to

provide a written opinion on possible contradictory statements in the expert reports submitted by the parties. The author of this written opinion may be summoned to appear at the trial like the parties' experts.

In any event, the Judge is not bound by the opinions contained in the technical reports submitted by any experts, regardless if they have been hired by the parties for the purpose of the proceeding or if they have been appointed by the court. The Judge shall conduct his reasoning and issue his judgement following his own criteria (healthy criticism).

13. Is some form of discovery/disclosure and/or court-mandated evidence seizure/protection (e.g. saisie-contrefaçon) available, either before the commencement of or during patent litigation proceedings?

There is no discovery/disclosure in Spain, which is in line with the civil law system. However, the Spanish legal system provides means to seize/secure evidences and to request information from the other party, either before or during the course of the proceedings.

Since, in practice, patentees may sometimes not obtain evidence on the infringement of a patented invention directly from the marketplace, and for those cases where the evidence on the infringement requires access to the alleged infringer's premises and/or internal sources of information, Spanish civil procedural Law provides several alternative tools to give the patentee access to the sources of evidence by means of:

1. An application for inquiries intended to the verification of facts (*Diligencias de Comprobación de Hechos*) regulated in Article 123 *seq.* of the Spanish Patent Act;
2. An application for preliminary inquiries (*Diligencias preliminares*) regulated in the Article 256 *seq.* of the Procedural Act; and
3. An application for the preservation of evidence (*Medidas de aseguramiento de la prueba*) regulated in the Article 297 *seq.* of the Procedural Act.

Application for inquiries for the verification of facts

In the event that a patentee suspects that a particular embodiment manufactured or imported or method used by a third party might infringe its patent, but before bringing the infringement action the patentee does not

have access from publicly available sources to all the technical features of the embodiment or process in question, Spanish Law provides a procedural instrument that enables the patentee to obtain a detailed technical description of machines, devices, products, methods, facilities and practices located in a place where its access requires the previous grant of a Court authorization. The premises will be visited by a Court Official and a court appointed expert, and the information will be kept confidential if the judge concludes that the evidence gathered does not support a claim for infringement.

Application for preliminary enquiries

The legal tool available under Spanish Law for a patentee seeking to file a patent infringement action to make effective the right of information set forth in the Directive 2004/48/EC of 29 April 2004, on the enforcement of intellectual property rights, is the so-called application for preliminary inquiries, as regulated in articles 256 to 263 of the Procedural Act. The API is filed before the competent Court seeking data on the origin and distribution networks of the goods or services which allegedly infringe a patent.

The information shall comprise the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers; information on the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.

Application for the securing of evidence

Lastly, in the event that there is a risk that a relevant piece of evidence may be destroyed, altered, manipulated or damaged during the proceedings, as a result of a human behavior or by natural means, Spanish Law - specifically articles 297 and 298 of the Procedural Act - enables the litigant interested in using that piece of evidence at trial to file an application for the preservation of evidence, either *ex parte* or *inter partes*.

The applicant shall (i) identify the piece of evidence to be preserved, (ii) express the reasons leading the applicant to fear that it will be damaged or altered if the APE is denied, (iii) propose the protection measures to be adopted and (iv) include the offering of a bond to cover the damages that the adoption of the preservation measures might imply. The aforementioned bond can be offered, at the option of the applicant, in cash or as a first call bank guarantee.

14. Are there procedures available which would assist a patentee to determine infringement of a process patent?

Yes. The inquiries for the verification of facts, the preliminary enquiries and the evidence securing tools (Question 13 above) are also available for process patent infringement cases.

In relation to process patents and the burden of proof, whilst the general rule according to Spanish Law applies to process patents the same way it does to product patents (this is, it lies with the patentee), Article 69.2 of the Spanish Patent Act provides the reversal of the burden of proof where any allegedly infringing products or substances has essentially the same features as those products or substances obtained through the patented process.

In such a case, the burden of proof will then lie with the defendant, who shall furnish evidence proving that the controversial process is different. Article 69.3 of the Spanish Patent Act provides that the legitimate interests of the defendant in the protection of his manufacturing and business secrets are to be taken into account when conducting any measures to that are necessary to prove that the processes are different.

15. Are there established mechanisms to protect confidential information required to be disclosed/exchanged in the course of patent litigation (e.g. confidentiality clubs)?

Yes. The general rule is that court decisions, as well as hearings, are public, and that the court records are accessible to any party with a legitimate interest in having access to such information.

That said, the Spanish system establishes specific provisions aimed at protecting confidential information disclosed within court proceedings, introduced by Article 15 of the Law 1/2019 of 20 February, on Trade Secrets (the "Trade Secrets Act"), which transposes Article 9 of Directive (EU) 2016/943 of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

In accordance with Article 15 of the Trade Secrets Act, judges and courts may, either *ex officio* or at the request of one of the parties, take specific measures to preserve the confidentiality of information that may constitute a trade secret and that has been submitted to a proceeding in which its consideration is necessary for a

decision on the merits. In any event, the adoption, content and circumstances of the measures to preserve the confidentiality of the information must take into account the legitimate interests of the parties and third parties and the damages that may be caused to them, and must respect the right of the parties to effective judicial protection and to a fair trial (the measures must be "appropriate and proportionate").

Finally, it is worth noting that the Commercial Courts of Barcelona gave a step forward in Spain as regards the protection of confidential information submitted by the parties, with the adoption on 19 November 2019 of a Protocol for the Protection of Trade Secrets by the Courts. This protocol provides specific protection measures applicable in each case in a more in-depth manner.

16. Is there a system of post-grant opposition proceedings? If so, how does this system interact with the patent litigation system?

Spanish Law provides indeed a system of post-grant opposition proceedings. According to Article 43.1 of the Spanish Patent Act, anyone may oppose the grant of the patent within six months from the day in which the grant was published, based on the following grounds:

1. non-compliance with the general patentability conditions;
2. the patent description is not sufficiently clear and complete for the invention to be executed by a person skilled in the art; or
3. the subject matter of the patent exceeds the application's content as submitted.

These grounds for opposition are identical to those established in Article 100 EPC (with an additional reference to added matter being also applicable to divisional applications).

Neither the Spanish Patent Act nor the EPC sets any mandatory rule on the stay of court proceedings while there is an opposition pending over a patent in dispute. Article 40 of the Royal Decree 316/2017, of 31 March, approving the Regulation on the implementation of the Spanish Patent Act, merely states that, provided that the existence of a judicial proceeding has been recorded in the patent file, the SPTO shall inform the court about the ongoing opposition proceeding, "for any relevant purposes".

According to relevant case-law, in the absence of an agreement by the parties to invalidity or infringement

proceedings as to their stay until a decision has been taken in the opposition proceeding, the court cannot order the stay (e.g. Judgement 196/2019 of the Court of Appeals of Madrid, 28th Section, of 10 April 2019, par. 13). Notwithstanding, it is usual that the parties seek the suspension, particularly by the defendant in an infringement proceeding, given that the patent basis of the action might be revoked if the opposition succeeds.

17. To what extent are decisions from other fora/jurisdictions relevant or influential, and if so, are there any particularly influential fora/jurisdictions?

The Spanish courts are not bound by the decisions from other fora/jurisdictions and are free to adopt a completely different approach, the consequence being that such previous foreign decisions will not necessarily have any effects in the outcome of the national proceeding in Spain.

That being said, the Spanish courts involved in patent disputes often accept and welcome that the parties submit court decisions rendered in parallel litigations in the same way that they accept that the parties can make quotes of texts written by legal writers or scholars. In both cases, the value of these is for reference purposes, for guidance only, and courts feel free to disagree with the opinion stated in those decisions. In connection with the issue at stake, a typical example of a foreign influential decision/doctrine is the “Catnic” test, related to the assessment of equivalent infringement, which has been often accepted and implemented by the Spanish courts, regardless of the fact that it is imported from the British jurisdiction (see Question 6).

The same apply to the EPO decisions. The Spanish court broadly accept the EPO case law and the EPO guidelines as tools for interpretation of the provision of the EPC when assessing the scope of protection and the patentability requirements of a Spanish patent or an European patent validated in Spain, but this does not mean that in two similar cases the Spanish court will necessarily issue a decision in the same sense that the EPO did (either be in examination, opposition or appeal proceedings).

18. How does a court determine whether it has jurisdiction to hear a patent action?

National matters

Following Question 2, the competent IP Court in Spain will be that located in the Autonomous Community

where the defendant or the authorized representative to act on its behalf in Spain are domiciled (infringement and invalidity), or in the IP Court of the Autonomous Community where the infringement took place or where the effects of the same were revealed (only infringement). In the absence of any IP Courts in those Autonomous Communities, the plaintiff shall be free to choose any Spanish IP Court to handle the proceedings.

Cross-border matters

Spanish IP Courts have exclusive jurisdiction when it comes to decide on the invalidity of Spanish patents or of the Spanish designations of European patents, as provided in Article 24 (4) of the Regulation (EU) No 1215/2012 of the European Parliament and of the Council, of 12 December 2012, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the “Regulation 1215/2012”). The IP Courts will accordingly reject their international competence should invalidity actions be filed against patents without effects in Spain.

In within relation to infringement, following Article 7 (2) of Regulation 1215/2012 an infringer may be sued in Spain in matters relating to tort (such as a patent infringement) even if he is not domiciled in the country, if the harmful event occurred or may occur in Spain. This may also happen when one of the co-defendants is not domiciled in Spain, but the other is, and the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings (Article 8 (1) Regulation 1215/2012). The specific competent IP Court within Spain shall be determined in cross-border matters the same way as in national matters.

On another note, the competent IP Court handling infringement proceedings will always be competent likewise to hear connected invalidity actions (e.g. by means of a counterclaim), as long as the patent whose validity is challenged is a Spanish patent or the Spanish designation of a European patent, thus complying with the rules on exclusive jurisdiction laid down in Regulation 1215/2012.

Finally, there are no provisions under Spanish law in connection with anti-suit injunctions and the figure is mostly unknown to the Spanish legal system.

19. What are the options for alternative dispute resolution (ADR) in patent cases? Are they commonly used? Are there any

mandatory ADR provisions in patent cases?

Article 136 of the Spanish Patent Act explicitly indicates arbitration and mediation as possible ways for settle disputes arisen in the context of exercising the rights granted therein. However, the matters related to (i) patent registration, (ii) opposition proceedings, as well as (iii) appeals in matters regulated by the Spanish Patent Act involving controversies on the requirements for registration, maintenance or validity of the patent, are excluded from arbitration and mediation.

A final arbitral award has the effect of *res judicata* under the Spanish Patent Act and the SPTO is obliged to carry out the necessary actions for its execution. In case of a mediation agreement, in order to convert it into an enforceable title, it is compulsory to have it sealed and stamped by a Notary Public or homologated by the Judge. The mediation agreement is communicated to the SPTO for execution too. The arbitration and mediation proceedings shall be carried out in accordance with the applicable laws on the matter (Act 60/2003 of 23 December 2003 on Arbitration, and Act 5/2012 of 6 July 2012 on Mediation in Civil and Commercial Matters).

There are also specific conciliation proceedings available to the parties before the SPTO, in relation to disputes concerning employee inventions. The case is heard by a Commission consisting of an expert designated by the SPTO and the experts designated by each of the parties. For the agreement proposal prepared by the Commission, express acceptance by both parties is required (Article 133 et seq. of the Spanish Patent Act).

Although stipulated in the Spanish Patent Act, ADR tools are not mandatory and are barely used in patent litigation in Spain. Even in the case management conference held during the course of court proceedings (usually the second stage of proceedings, see Question 2), in which the Judge has the duty to inform the parties about the possibility of settling the dispute amicably, it is a mere formality usually ignored by the parties.

20. What are the key procedural steps that must be satisfied before a patent action can be commenced? Are there any limitation periods for commencing an action?

The most relevant procedural step prior to patent litigation, in case that it may qualify indeed as a step, is the duty by the plaintiff to submit a Power of Attorney ("PoA") together with his initial writing filed with the court (either the main claim, any application for a preliminary injunction/information/verification of facts...),

granted in favor of the court agent who will represent it. The defendant must comply with this duty too, but since the patent proceeding has already commenced is not really a pre-procedural step.

Apart from the PoA issue, warning letters deserve to be discussed too. Under Spanish law, there is no legal requirement for the patentee or the exclusive licensee of a patent to file a cease and desist letter before filing an application for a preliminary injunction or instituting proceedings on the merits seeking an injunction.

However, sending a cease and desist letter to the alleged infringer prior to instituting court proceedings seeking a preliminary injunction or bringing an action on the merits is a requirement for the success of the action seeking compensation for damages, with only two exceptions under which the infringer's liability will be objective. Those exceptional cases where infringers will always be liable for damages even in the absence of a previous cease and desist letter are (i) infringers who, without the consent of the patentee or exclusive licensee, manufacture or import infringing goods or use the patented process; and (ii) infringers who have acted willfully or negligently (Article 72.2 of the Spanish Patent Act).

Regarding the statute of limitation, as established on Article 78 of the Spanish Patent Act, the infringement actions can be filed with the court during five years since the patentee (or exclusive licensee) knows or should have known without lack of diligence about the infringement. Pursuant to Article 103.2 of the Spanish Patent Act, invalidity proceedings may be brought throughout the entire lifespan of the patent and during the five years following expiry.

Moreover, when a patent has been granted to a legal or natural person not entitled to obtain it, according to Article 12 of the Spanish Patent Act the legitimate owner may bring an action claiming the entitlement to the patent and its transfer, before the Spanish Patent and Trademarks Office, subject to a statutory limitation of two years as of the date of publication of granting. This period shall not apply however if the illegitimate owner knew (at the time of the grant or acquisition of the patent) that he was not entitled to it.

21. Which parties have standing to bring a patent infringement action? Under which circumstances will a patent licensee have standing to bring an action?

As per Article 117 of the Spanish Patent Act, both the patentee and the exclusive licensee (unless otherwise

agreed in the license agreement) whose license has been recorded in the Register of the SPTO are entitled to sue for infringement, and both of them when they can prove that they have duly lodged an application for recording the right which is ground of the action, provided that the entry into the Register is effectively granted.

Unless otherwise agreed, non-exclusive licensees are only entitled to bring infringement proceedings against third parties if, within three months after having notified the licensor of the existence of an infringement or risk of infringement, the licensor refuses to file the infringement action on its own name.

In any event, the licensee who brings an action against a third party must notify the patentee by means of reliable notification and the patentee shall be entitled to appear as a party to the proceedings or as an intervener.

22. Who has standing to bring an invalidity action against a patent? Is any particular connection to the patentee or patent required?

According to Article 103.1 of the Spanish Patent Act, any interested party may file a brief of claim against a patentee seeking the declaration of invalidity of the concerned patent. The action seeking total or partial annulment of the patent is public and, thus, parties with direct and/or indirect interest on the nullification are entitled to file the invalidity action.

The only exception to the general rule is where the ground of invalidity refers to the patentee not being entitled to hold the patent (*i.e.* he is neither the inventor nor his successor in title). In these cases the invalidity action may be only brought by the party entitled to obtain the patent.

23. Are interim injunctions available in patent litigation proceedings?

Yes, interim injunctions are available in patent litigation proceedings under Spanish law. To this extent, Article 730.1 of the Procedural Act requests that the injunctive relief is filed jointly and simultaneously to the filing of the main patent infringement action, in separate sections of the same brief. Only if the applicant contends and justifies reasons of urgency or necessity in the grant of the preliminary injunction (“PI”) applicants are allowed to file their requests for injunctive relief before the filing of the main patent infringement action, as per article 730.2 of the Procedural Act.

To be granted a preliminary injunction in any civil matter governed by the Procedural Act (including patent litigation), the applicant must fulfill the established in article 728 Procedural Act:

1. Provide the court with indications of the success’ probability of the case (*fumus boni iuris*), as stipulated by article 728.1 of the Procedural Act. This requires the submission of *prima facie* evidence that he is entitled to interim injunctive protection by producing evidence of the existence of the patent or European patent and validation in Spain and its ownership by the claimant and the fact that it is in full force in Spain and that the alleged infringer may imminently infringe the patent, of that it has already carried out specific acts of infringement and there is a risk of continuation of such acts of patent infringement by the alleged infringer if the PI is not granted.
2. Show that there is a risk of irreparable harm for the applicant if its request for a PI is dismissed (*periculum in mora*). As set out in article 728.2 of the Procedural Act, the evidence to be produced by the applicant to meet this requirement is twofold: (a) adduce evidence that, if the PI is not granted to the applicant, the protection that would be granted by a favorable first instance judgment would be jeopardized or defeated if the PI is not provisionally granted at the early stages of the main procedure and (b) contend and demonstrate that he has acted diligently and without undue delay in applying for the preliminary injunction. Additionally, it must be noted that the risk of irreparable harm is not likely to be successfully invoked in the patent is not being exploited.
3. Offer a bank guarantee as cross-undertaking in damages to ensure compensation for any prejudice suffered by the defendant as a result of the grant and the enforcement of the PI, in the event that the PI is later revoked or lapses due to any act or omission by the applicant or where it is subsequently found that there has been no infringement or threat of infringement of the patent, as determined in article 728.3 of the Procedural Act.
4. Additionally, it must be evidenced the proportionality between the injunction and the seriousness of the consequences of the infringement, by adducing that the PI may not be substituted by a less intrusive measure, such as the posting of financial security by the defendant, without significantly jeopardizing

the effectiveness of a potential favorable judgment to be granted on the merits to the applicant.

24. What final remedies, both monetary and non-monetary, are available for patent infringement? Of these, which are most commonly sought and which are typically ordered?

Pursuant to Article 70 *et seq.* of the Spanish Patent Act, the following are the civil available reliefs that the patentee may seek against the infringer:

1. an injunction ordering the cessation of the acts of infringement or the prohibition to commence them;
2. compensation for damages suffered, including those that may affect the reputation of the patented invention;
3. seizure of the infringing objects produced or imported, as well as the means exclusively used for such production or for carrying out the patented process; at the infringer's cost,
4. whenever possible, assignment of the objects and means seized. In such cases, the value of the goods concerned shall be deducted from the compensation for damages. Where that value exceeds that of the compensation granted, the patentee shall pay the excess amount to the other party;
5. the adoption of the necessary measures to prevent the continuation of the infringement at the infringer's cost, in particular, the transformation of the objects or means seized, or their destruction when such is inevitable in order to prevent infringement of the patent;
6. exceptionally, publication of the judgment at the infringer's expense, by means of announcements and notification to the individuals or legal entities concerned.

Typically, patentees seek all the aforementioned remedies, with the exception of the claim of damages to the reputation of the invention, which does not take place too often.

If the court recognizes the claim, the court tend to grant most of the remedies sought by the plaintiff, except for the award of damages connected with a detriment to the reputation of the invention, which are barely accepted, and the publication of the judgement, which is not so uncommon but still requires that the patentee has proven its genuine necessity.

25. On what basis are damages for patent infringement calculated? Is it possible to obtain additional or exemplary damages?

Pursuant to Article 74 of the Spanish Patent Act (transposed from Article 13 of the Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights) damages stemming from direct or indirect patent infringement are calculated according to one of the following criteria, as per the injured party's choice:

1. The negative economic consequences, including the lost profits that the patentee would have foreseeably obtained from the exploitation of the patented invention if there had not been competition from the infringer (hereinafter, the "Lost Profit Criterion"); or alternatively, the profits that the latter has obtained from the exploitation of the patented invention (hereinafter, the "Infringer's Profit Criterion"). In the case of non-pecuniary damage, compensation shall be paid, even if the existence of economic damage has not been proven.
2. A lump sum that at least includes the amount that the infringer should have paid to the patentee for the grant of a license that would have allowed him to lawfully carry out his exploitation (the "Reasonable Royalty Fee Criterion"). According to the Spanish Patent Act, for its determination, it shall be taken into account to the economic importance of the patented invention, the remaining term of the patent at the time the infringement began, and the number and type of licenses granted at that time.

The burden of proof of the existence and amount of the damages caused to the patentee by the Infringer lies with the patentee.

Pursuant to Spanish law, the specific parameter for the assessment of the damages compensation due to direct or indirect patent infringement (Lost Profit, Infringer's Profit or Reasonable Royalty Fee) has to be chosen by the patentee when filing the brief of claim and may not be altered at a later stage. Extraordinarily, Spanish courts have accepted the practice consisting of selecting, in the brief of claim, "the higher amount" between two different criteria.

The Infringer's Profit Criterion

If the patentee chooses the Infringer's Profit Criterion for the assessment of the damages compensation, the

patentee will have to prove that it is exploiting the patent in Spain and, in addition, the steps to be taken are the following:

1. Step No. 1. To appoint an accountant or a chartered auditor as expert, with the assignment of fixing the total amount of the income obtained by the alleged infringer for the sale of products or services the exploitation of which is deemed to have infringed the patent.
2. Step No. 2. To carve out from the income the production and distribution costs, in order to set the overall profit made by the alleged infringer.
3. Step No. 3: To carve out from the overall profit made by the infringer those profits which do not derive from the infringement or, in other words, are not a direct consequence of the infringement. This would allow the defendant to exclude those sales, and profits, which derive from non-infringement uses.

The Lost Profit Criterion

If the patentee chooses the Lost Profit Criterion, the evidentiary challenge for the claimant is even higher, because in this case the patentee has the burden to prove that the sale of each infringing product by the infringer corresponds to a lost sale by the plaintiff or by one of its licensees of a product embodying the patent.

In other words, the selection of the Lost Profit Criterion by the patentee as the parameter for the assessment and calculation of the damages caused by the infringer requires the patentee to provide evidence of a cause-effect relationship (principle of causality) between the lost and the infringement. Spanish courts have emphasized that the applicability of this parameter as a means to calculate the damages caused for patent infringement requires an analysis of the specific influence and effect of circumstances different from the infringement in the amount and development of the patentee's profits, such as the changes in preferences of customers, technological evolution, the changes in the commercial strategy of the right holder, cuts on the investment on advertising and marketing, and other factors. This would require the disclosure by the claimant of sensitive commercial and financial information from its own accounts and books and makes it unlikely that the court grants damages based on the Lost Profit Criterion.

The Reasonable Royalty Fee Criterion

The only criterion for the assessment of damages in respect of which the Courts have the discretion to

modulate the amount of the damages to be awarded to the plaintiff by the Infringer is the Reasonable Royalty Fee Criterion. This is the result of the wording of the law, which:

1. On one side, sets forth expressly that the sum will at least include the amount that the infringer should have paid to the owner of the patent for the grant of a license that would have allowed the infringer to lawfully carry out his exploitation.
2. On the other side, it adds that for its determination, special account shall be taken of the economic importance of the patented invention, the remaining term of the patent at the time the infringement began, and the number and type of licenses granted at that time.

In practice, the preferred criterion selected by patentees when instituting patent infringement proceedings in Spain is the Reasonable Royalty Fee Criterion, because it never requires the plaintiff to establish a causal relationship between the defendant's infringing conduct and the end result.

Punitive damages

Punitive damages are expressly banned by Spanish patent law, in coherence with Recital 26 of the Directive 2004/48/EC.

26. How readily are final injunctions granted in patent litigation proceedings?

In Spain, following a finding of infringement the Judge will grant a final injunction. Public interest is irrelevant in this regard and has no influence in the decision to grant the injunction.

27. Are there provisions for obtaining declaratory relief, and if so, what are the legal and procedural requirements for obtaining such relief?

When listing the remedies that may be sought in patent litigation, Article 71 of the Spanish Patent Act refers to them as particular remedies. This means that other measures not expressly provided in the Spanish Patent Act may be requested by the plaintiff too.

In this regard, declaratory relief is included in Article 5.1 of the Procedural Act as one of the possible remedies to be sought in legal proceedings. In practice, patentees always seek together with the grant of final injunctions,

a previous declaration by the court acknowledging the infringement of their patent rights.

As far as concerns declarations of non-infringement, in accordance with Article 121 of the Spanish Patent Act, any interested party fearing to be subject to a patent infringement action is entitled to file, before the competent court, a Non-Infringement Declaratory Action ("NIDA") seeking a declaration by the Judge that a product or device does not infringe upon a patent .

Before filing the NIDA, the interested party has the legal burden of sending a letter to the patentee via registered mail or a Notary Public, for the patentee to express if it will challenge the use of the specific product or process that the interested party intends to use in Spain. If within the next month the patentee either refuses to reply or objects to the use of the product or process in question, the interested party shall be entitled to file the NIDA, which may be filed along with an invalidity action against the patent in question.

28. What are the costs typically incurred by each party to patent litigation proceedings at first instance? What are the typical costs of an appeal at each appellate level?

The main costs to be incurred by the parties to litigation proceedings refer to the following concepts: (i) court fees, (ii) attorney's fees, (iii) court agent's fees, and (iv) technical expert's fees. Other types of costs are usually incurred (private investigator's report, securing of evidence processes, execution of PoA before the Notary Public...) but the foregoing are the most relevant ones.

It is fair to say that patent litigation proceedings with a certain degree of importance and/or complexity involve substantial disbursements in first instance. The attorney's fees and the technical expert's fees are the concepts that entail more costs, while the court agent's fees and court fees are barely significant.

The appeal proceedings in second instance usually involve lower costs, as some of the costs of the first instance are not bearded again, as a general rule. This happens, for instance, with technical experts, whose participation in the proceeding is almost always constrained to the first instance.

29. Can the successful party to a patent litigation action recover its costs?

If the claim is only partially upheld, each party will bear

its own costs. However, if the claim is totally upheld the court will order to the losing party the reimbursement of the costs of the winning party, unless the case reveals that there were serious doubts as to the facts or the law.

Pursuant to Article 241 of the Procedural Law, the types of recoverable costs are the following: (i) (partial) attorney and court agent's fees; (ii) publication of any necessary edicts; (iii) deposits required for the filing of appeals; (iv) technical experts' fees; (v) copies, certifications, etc., that had to be submitted in accordance with the law; (vi) tariff duties; and (vii) the court fee for instituting the proceeding in the first place.

Other costs incurred by the parties are not strictly considered as such but as expenses instead. Expenses are recoverable too, and refer mostly to all other costs that were incurred with the purpose of the proceeding (e.g. travel and accommodation expenses or securing of evidence).

Regarding the typically proportion of recoverable costs, most of them can be recovered in whole upon complete success in the proceeding. However, specifically in which concerns attorney fees, their reimbursement must be proportionate to the economic amount in dispute and cannot exceed a third part of the economic value of the proceedings. In general terms, the potential amount to recover (or to pay) is far from the total expenses bearded by the winning party.

30. What are the biggest patent litigation growth areas in your jurisdiction in terms of industry sector?

In Spain most relevant patent litigation involved the pharmaceutical sector, mainly small molecules and, increasingly, biotechnology. But nowadays we see an increase in litigation in the telecommunications and software industries, and some important cases in the renewable energy areas.

31. What do you predict will be the most contentious patent litigation issues in your jurisdiction over the next twelve months?

Some recent cases raised the question of plausibility in the context of sufficiency of disclosure and of inventive step, it will be interesting to see how the judges assess this issue.

In the telecommunications sector, infringement of Standard Essential Patents and FRAND agreements are likely to bring new issues that will develop Spanish Case Law.

32. Which aspects of patent litigation, either substantive or procedural, are most in need of reform in your jurisdiction?

The current Spanish Patent Act entered into force in 2017. Due to its novelty, no major reforms are expected in the next years. Whilst this new legal framework is relatively up-to-date and reflects to a great extent the needs of the market agents, some points would however deserve a discussion for the next reform, whenever it takes place. Amongst them we can illustratively refer to the following:

1. Introduction of a legal definition of the requirements to be fulfilled in order to ascertain that an equivalent infringement has occurred, to avoid doubts on the applicability of foreign concepts such as the Catnic test.
2. Introduction of a reference to the relevance of the prosecution history estoppel in patent infringement proceedings.
3. Introduction of clear rules to regulate the relationships between infringement and post-grant-opposition proceedings, particularly as

to the circumstances under which the former may be stayed until a decision has been taken on the latter.

33. What are the biggest challenges and opportunities confronting the international patent system?

Harmonization of patent law both at EU and international level. Given the slow but continuous integration of the EU countries, and the success of the common market, it becomes urgent to have a European patent system which is truly uniform, with a unified European patent and a unified court system. In view of the problems of the latest proposal, the EU should take the initiative and develop a system similar to the Community Trademark, without convoluted schemes as the latest proposal which has proved to be a failure.

At international level further harmonization is needed between the IP five, which may set the basis for a system of validation based on the grant of a patent in one or more of these reference jurisdictions.

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