The Intellectual Property Review

Editor

Robert L Baechtold

Law Business Research

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EDITOR'S PREFACE

It is not an overstatement to say that essentially all business is global, and the protection of intellectual property is the lifeblood of all business. The scope and implementation of that protection, however, varies from country to country.

It would be ideal if there were one universal set of laws, rules and procedures. But, while the efforts of many dedicated individuals have accomplished much in harmonising intellectual property protection, we remain defined as much by our differences as by what we have in common. It therefore is incumbent on all of us, as advisers to our clients, to be conversant with the individual practices in each of the economically significant countries.

The goal of this review is to provide that guidance. We have assembled a body of leading practitioners to explain the opportunities for intellectual property protection in their respective jurisdictions, together with the most significant recent developments and any aspects that are unique to their country. While we have striven to make the book both accurate and comprehensive, we must note that, in light of the limited pages available, it is necessarily a summary and overview, and we strongly recommend that the reader seek the advice of experienced advisers for application of the principles to any specific factual matter.

It is our hope that the reader will find this compilation a useful and often-consulted guide.

Robert L Baechtold
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New York
July 2012

Chapter 7

FRANCE

Stanislas Roux-Vaillard[1]

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Intellectual property protection and enforcement in France is deeply impacted by international treaties and multilateral agreements.

French law on intellectual property rights is the result of national statutory and regulatory provisions, statutory provisions implementing international and multilateral agreements and European regulations having direct effect in France as a Member State of the European Union.

In this respect, France is a party to the Paris Convention for the Protection of Industrial Property of 20 March 1883, which introduces key mechanisms such as the priority right. France is also a party to the Berne Convention for the Protection of Literary and Artistic Works of 9 September 1886.

Under these two main international conventions, France is a party to a number of special agreements. Some of these allow for an international filing of application for registered intellectual property rights. Among these, it is worth mentioning, as regards patents, the Patent Cooperation Treaty of 19 June 1970; as regards trademarks, the Madrid Agreement concerning the International Registration of Marks of 14 April 1891 and the Madrid Protocol of 27 June 1989.[2]

France is also a party to regional agreements. The substance of the Strasbourg Convention on the Unification of Certain Points of Substantive Law on Patents for Invention of 27 November 1963, drafted under the authority of the Council of Europe, is found in the Munich Convention on the Grant of European Patents of 5 October 1973, also known as the European Patent Convention and revised in the 'EPC 2000', which entered into force on 13 December 2007. Under these conventions, European patents administered at the European Patent Office ('EPO') may designate France and

1 Stanislas Roux-Vaillard is a senior associate at Hogan Lovells (Paris) LLP.

2 Other ratified conventions are as regards designs, the Hague Convention of 6 November 1925; as regards the filing of micro-organisms, the Budapest Treaty of 28 April 1977.

be enforceable in France. Since 1 May 2008, due to the entry into force of the London Protocol, a French translation of the description of the patent is no longer required, provided that it is available in one of three official EPO languages (German, English and French).[3]

As a Member State of the European Union, France implements and enforces EU legislation, for example Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community trademark, sets a unitary trademark protection for all the Member States. Directives also aim at harmonising national laws and in this respect, Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights has notably helped improve means of enforcement of intellectual property rights in France.

Under the World Trade Organization, France also implemented the Agreement on Trade-Related Aspects of Intellectual Property Rights ('TRIPS') signed on 15 April 1994.

The implementation of these international rules and the articulation of French law and notably French intellectual property law with these international rules is codified with French national substantive law in the French Intellectual Property Code ('CPI').

French law as codified in the CPI provides for specific provisions regarding several intellectual property rights, among which are utility patents, supplementary protection certificates for some utility patents, utility certificates, trademarks, designs, semiconductors, plant varieties, geographical indications, manufacturing secrets, authors' rights, neighbouring rights and database producer rights.

The intellectual property rights most commonly relied upon are utility patents, designs, trademarks and authors' rights.[4]

Subject to registration, utility patents allow for obtaining exclusive rights over a new invention showing the inventive activity of the inventor and allowing for industrial application. Utility patents are aimed at protecting technical features. National French patents and European patents designating France have effect in France from their date of application and for a period of 20 years.[5] The main counterpoise for granting exclusive patent rights to a patent holder is the disclosure of the content of the patent application and the granted patent to the public. After the 20-year term, the patent rights expire and the patent content falls in the public domain.

Subject to registration, designs allow for protecting new forms showing new and individual character. Designs aim at protecting the appearance of the whole or a part

3 The claims are still available in three official languages of the EPO.

4 Geographical indications, such as appellations of origin are also widely used almost exclusively for foodstuffs, given that the specificities of the land of their region of origin provide some of their characteristics.

5 According to the statistics made available in 2011 by the French patent and trademark office ('INPI'), 16,580 national French patents were applied for in 2010, among which 14,748 were applied for by French companies and individuals. During the same period, French entities were applying for 9,530 European patents (directly at the European Patent Office or through the PCT route) among the 150,961 European applications filed. Furthermore, among the 164,300 international applications filed under the PCT, 7,288 were filed by French entities. See www.inpi.fr/fileadmin/mediatheque/pdf/statistiques/Brevets_CC_2010.pdf.

of a product. Registered national, international and Community designs are protected for a period of five years as from the date of the filing of the application. The term of protection may be renewed for one or more periods of five years each, up to a total term of 25 years from the date of filing. Unregistered Community designs are protected for a period of three years from the date of first disclosure of said design. Registered and unregistered designs may also enjoy protection under authors' rights, given that they meet the specific requirements under authors' rights in France.

Subject to registration, trademark law allows for reserving a sign with distinctive character for identifying a good or a service. National, international and Community trademarks have effect in France and allow for reserving a right over a sign on their date of application and for a term of ten years renewable without limits. Trademarks may consequently remain valid and enforceable for an unlimited period of time. Trademarks may, however, become generic or be revoked for non-use.

There is no copyright *per se* in France, only authors' rights. There are no formalities of registration required with any French office to enable an author to protect his or her work and benefit from the exclusive rights over such a work. Authors' rights result solely from the creation of the work itself. The work must be an original work of authorship. Authors' rights combine both proprietary economic rights[6] and moral rights.[7] The proprietary economic rights last for the entire life of the author and end 70 years after the year of his or her death.[8] The moral right is imprescriptible. Authors' rights may be difficult to evidence due to the lack of formal requirement for their protection.

Beside these main intellectual property rights and other rights codified in the CPI, other valuable assets and information may be protected by civil and criminal law, as well as specific regulatory provisions.

Trade secrets are not subject to a legal definition under French law and no specific provisions relate directly to them[9] but it is often recognised and protected in court decisions under French civil or criminal law. The definition of know-how, such as provided by Article 1 of the Regulation (EC) No. 772/2004,[10] is a good guide to

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6 Notably the rights to perform, copy, display and adapt.

7 Mainly the right to disclose the work or right of withdrawal, the right to be named as the author, the right to have the work and its destination unaltered.

8 Since Law No. 97-283 of 27 March 1997.

9 With one exception, relating more specifically to the protection of secret manufacturing process as defined at Article L.152-7 of the French Labour Code: 'The fact of revealing or attempting to reveal a manufacturing secret by any director or salaried person of the company in which he is employed shall be punishable by imprisonment of two years and a fine of €30,000.

The Court may also order as an additional penalty for a period of not more than five years the prohibition of civic, civil and family rights provided for by Article 131-26 of the Penal Code.'

10 Article 1 of the Regulation (EC) No. 772/2004 notably reads as follows: ' "Know-how" means a package of non-patented practical information, resulting from experience and testing, which is:

(i) secret, that is to say, not generally known or easily accessible,

(ii) substantial, that is to say, significant and useful for the production of the contract products, and

(iii) identified, that is to say, described in a sufficiently comprehensive manner so as to make it possible to verify that it fulfils the criteria of secrecy and substantiality.'

determining which information is understood by French courts as eligible to protection as a trade secret in France.

Other specific regulations allow for protecting specific valuable data such as data found in marketing authorisations.[11] For medicinal products authorised by the French health authorities with application for authorisation submitted after 30 October 2005, Article 10.1 of Directive 2001/83/EC as amended by Directive 2004/27/EC and as implemented into French law grants the holder of the marketing authorisation of the reference medicinal product at least eight years of data exclusivity: protection over the results of his pre-clinical tests and clinical trials from the initial authorisation of the reference medicinal product which means that the applicant for a marketing authorisation of a generic product cannot rely on them until that period has elapsed.[12]

II RECENT DEVELOPMENTS

Intellectual property enforcement has been impacted by Law No. 2011-525 of 17 May 2011, which includes an Article 196 amending the provisions of the CPI. It notably relates to the rules of venue for civil actions involving intellectual property. The rule is now harmonised whatever the nature of the rights at stake, be they authors' rights (Article L 331-3 CPI), designs (Article L 521-3-1 CPI), trademarks (Article L 716-3 CPI), geographical indications (Article L 722-8 CPI), patents (Article L 615-17 CPI) or plant varieties (Article L 623-31 CPI). These provisions vest exclusive jurisdiction in the first instance courts for civil actions and requests over such rights even when they also address a related issue of unfair competition.

Law No. 2011–2012 of 29 December 2011 includes two provisions relating to intellectual property rights. First, the law includes a new Article L 5121-10-3 in the French Public Health Code providing that 'the holder of intellectual property rights protecting the appearance and texture of oral dosage forms of a *princeps* [...] cannot prohibit that oral dosage forms of generics which may be substituted for this *princeps* [...] from having an identical or similar look and feel.' These provisions will notably impact owners of figurative trademarks over the colour and shape of a pill. Secondly, the law adds a paragraph d *bis* in Article L 613-5 CPI. This complements the existing French *Bolar* provision. Under this new paragraph the rights conferred by a patent cannot extend to acts necessary for obtaining the authorisation required by the French Public Health Code for the dissemination of an advertisement for a medicinal product to members of health care professions, as issued by the French Health Authority.

A most notable case was the decision of the Court of Cassation of 20 September 2011, which, in a patent infringement case, took a decisive step at making the legal theory

11 The current regime on data exclusivity and market exclusivity in marketing authorisations is governed by Directive 2001/83/EC of the European Parliament and of the Council, of 6 November 2001, as amended by Directive 2004/27/EC of the European Parliament and of the Council, of 31 March 2004.

12 The same articles provide for a ten-year period of market exclusivity protection during which the generic product cannot be launched onto the market. The market exclusivity period can be extended to a maximum of 11 years under specific requirements.

of estoppel a normative principle of French law.[13] In France, estoppel is understood as 'the principle according to which a person may not contradict himself or herself to the detriment of another person'. This was the first time that the principle of estoppel was directly referred to in the part of the decision in which the Court of Cassation quotes the relevant statutory provisions and legal principles used as the basis for the decision.[14] In the case at hand, an alleged infringer had been dissolved in April 2000 but the patent holder nevertheless mistakenly brought an action against the dissolved company. The dissolved company was deprived of legal existence but this defence was not initially raised. After many procedural developments in France, in 2010 the successor company decided to claim that the infringement procedure was inadmissible since it had been brought against an entity that did not exist. The Court of Cassation held that the defendants could not first argue the merits for ten years before later alleging inadmissibility of the infringement claim for lack of legal existence. This contradiction meant the defendant was estopped from alleging inadmissibility of the claim.

III OBTAINING PROTECTION

Article L 611-10 CPI provides that inventions that are new, that show inventive activity and that are susceptible of industrial application are patentable. There is, however, no general positive definition of the 'invention' under French law.

In practice, products and processes that provide technical means for solving a technical problem are, as a general rule patentable. Nevertheless, some subject matters are excluded from patentability.

Article L 611-10, section 2 CPI provides a list of what are not inventions: discoveries, scientific theories and mathematic methods; aesthetic creations; plans, principles and methods applied to intellectual activities, games or business as well as computer programs; presentations of information. Article L 611-10, section 3 specifies that exclusion should apply only when the subject matter of the patent is one of the above *per se*. When the same is included in a larger array of patentable means, then the exclusion to patentability does not apply.

In this respect, pure business methods are not patentable in France. However, a larger process including a business method may be patented if the means other than the business method are claimed and patentable.

Similarly, computer software *per se* is excluded from patentability and is protected under authors' rights in an amended version as compared to literary and artistic works.[15]

13 Court of Cassation, 20 September 2011, Case No. 10-22.888, *Maviflex v. Nergeco*.

14 Other decisions of the Court of Cassation have already explicitly mentioned the 'estoppel' (e.g., Court of Cassation, 6 July 2005, *Golshani v. gouvernement de la République islamique d'Iran*, Bull civ I, No. 302) and the 'principle according to which a person may not contradict his/herself to the detriment of another person' (Court of Cassation, 27 February 2009, Case No. 07-19841) but the principle had not been formally recognised by the Court of Cassation as a normative principle of French law.

15 Law No. 85-660 of 3 July 1985 codified in the CPI allows the application of authors' rights protection to computer programs.

However, nothing precludes obtaining a patent for a process including the use of software or a programmed computer to enable its implementation.[16]

Article L 611-19 CPI excludes from patentability plant varieties that may be protected by a special title under Regulation (EC) No. 2100/94. Animal breeds are also excluded. Inventions involving plants and animals but not limited to a particular variety or breed are patentable. Furthermore, it is stated that processes involving micro-organisms and products obtained through such processes are patentable.

In the field of genetics, Article L 611-18 CPI[17] states, as a principle, that the human body itself or the mere discovery of a part of the same cannot be patented. Processes for cloning humans, processes for modifying the genetic identity of mankind, the commercial or industrial use of human embryos, and gene sequences cannot be patented. This nevertheless allows for patenting the vast majority of biotechnology-related inventions (both processes and products). As an example, a patent over 'cloned DNA sequences, hybridisable with genomic RNA of the LAV' has recently been held valid.[18]

As to methods for treating patients, Article L 611-16 CPI states that they are not patentable. The same Article makes it clear that products for implementing methods for treating patients are patentable.

As to the nature of the rights vested in the patent holder, it is a right to exclude others from doing a certain number of actions, among which manufacturing, importing and selling products or processes listed on the claims of the patent.[19]

Patent rights are granted for 20 years from their date of filing. However, in some limited cases, the protection conferred by the patent may be extended.

In this respect, under Regulation (EC) No. 469/2009 of 6 May 2009 patents over drugs are subject to a possible extension of protection in the form of a supplementary protection certificate ('SPC').[20] The past year allowed two decisions to be rendered by the Court of Appeal of Paris on appeal against preliminary rulings, interpreting Regulation No. 469/2009 on the specific issue of an SPC for a combination of active ingredients. In a first case,[21] the Court of Appeal of Paris, relying on Articles 4 and 5 of the Regulation No. 469/2009, confirmed the judgment, which decided that the basic patent for an active ingredient covers any product comprising this active ingredient, including a

16 As decided by the Court of Cassation: 'A process cannot be denied patentability on the sole basis that one or more of its steps are performed by a computer controlled by software.' Moreover, the court held that 'excluding the patent field processes involving the execution of a computer program would lead "to exclude the field of patentability most important recent inventions".' CA Paris 15 June 1981, PIBD 1981. 285, III, 175.

17 Article L 611-18 CPI mainly implements into French law Directive 98/44/EC of 6 July 1998 on the legal protection of biotechnological inventions.

18 Court of Cassation, 23 November 2010, Case No. 1194, *Institut Pasteur v. Chiron Healthcare & Novartis Vaccines & Diagnostics.*

19 Article L 613-3 CPI.

20 SPCs allow for compensating the time lost between the filing of a patent and the grant of a marketing authorisation needed to put the drug on the market (up to five years).

21 Court of Appeal of Paris, Division 1-3, 15 March 2011, *Mylan and Qualimed v. E.I. Dupont and Merck Sharpe & Dohme-Chibret.*

combination of said patented active ingredient and another product such as a diuretic. The court thus agreed that an SPC may cover a combination of active ingredients where the basic patent used to obtain the SPC covered only one active ingredient. In a second case,[22] another formation of the Court of Appeal of Paris decided this debated[23] issue differently, this time relying on Articles 1 and 3 of Regulation No. 469/2009. The court found that where the subject matter of the protection conferred by the SPC was a drug made of one active ingredient, its combination with another active ingredient must be understood as another product not covered by the SPC.[24] This latter case is now pending before the Court of Cassation, which will likely bring it in line with the later decisions of the CJEU[25] on this specific issue.

Beside the above tentative list of patentable subject matters, most inventions nowadays are improvements rather than pioneering inventions. In this respect, it is worth noting the decision of the Court of Appeal of Paris[26] holding that an improvement patent is the one reproducing an 'essential feature' of a prior invention.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

Patent enforcement in France is for courts to ascertain. Since 2 November 2009, the civil First Instance Court of Paris has exclusive jurisdiction over patent cases.[27] This should allow for some harmonisation of case law in patent cases at first instance level.

Actions for nullification of a decision of the French Industrial Property Office ('INPI') (an administrative decision) remain the exclusive jurisdiction of the Court of Appeal of Paris.

In theory, upon a showing of intent, patent infringement amounts to an offence,[28] allowing a case before criminal courts.

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22 Court of Appeal of Paris, Division 1-4, 16 September 2011, *Actavis v. Novartis.*

23 This issue was at the time highly debated both in France and abroad: on 26 August 2011, the England & Wales High Court referred questions to the Court of Justice of the European Union ('CJEU') for a preliminary ruling on the interpretation of Articles 4 and 5 of Regulation No. 469/2009 (C-442/11; *Novartis AG v. Actavis UK Ltd*).

24 These diverging approaches should now be reconciled under the authority of the CJEU.

25 See: *Medeva B.V. v. Comptroller General of Patents*, Designs and Trade Marks, CJEU, 24 November 2011, Case No. C-322/10; *Georgetown University c.s. v. Comptroller General of Patents*, CJEU, 24 November 2011, Case No. C-422/10.

26 Court of Appeal of Paris, Division 5-1, 30 March 2011, No. 09/06333, *Conté*, PIBD 2011, 940-III-340.

27 Decree No. 2009-1205 of 9 October 2009, entered into force on 1 November 2009, states that disputes regarding patents are now the exclusive jurisdiction of the First Instance Court of Paris and on appeal the Court of Appeal of Paris. (See Article L 615-17 and Article D. 631-2 CPI.)

28 See Article 615-14 CPI; however, this route is almost never used, mainly for two reasons: (1) a criminal case is not controlled only by the parties but also by the French state which is a party to the proceedings, independently deciding its own behaviour in the case and (2) criminal courts are not used to grant high damages in patent cases.

Since 1 January 2009 patent holders may voluntarily limit the scope of the claims of their title, notably post-grant.[29] The limited patent retroactively becomes the only patent having ever existed. The application for voluntary limitation has to be filed with the INPI. The INPI decides on the grant of the voluntary limitation within a few months.

When civil proceedings on the merits regarding the validity and possibly infringement of a patent as granted are pending, the initiation of a limitation procedure at the INPI does not automatically trigger a stay of the civil proceedings. However, the dual consideration of the retroactive effect of the limitation and the possibility of an appeal against the decision of the INPI on the limitation should, in most cases, lead judges to stay civil proceedings on the merits before ruling on validity. This is the line followed by the Court of Appeal of Paris,[30] which also made clear, in one of its first decisions on voluntary limitation post-grant, that despite statutory uncertainty, voluntary limitation application before the INPI is available both for national French patents and for European patents designating France.[31]

In three years, voluntary post-grant patent limitation has proved to be a valuable strategic tool for patent holders involved in litigations over the validity of their patent.

ii Requirements for jurisdiction and venue

Law No. 2011-525 of 17 May 2011 vests exclusive jurisdiction in the civil first instance courts for all civil actions and requests over patents even when they address a related issue of unfair competition.[32] As regards patents, since 2 November 2009 exclusive jurisdiction had already been vested specifically in the First Instance Court of Paris. Civil actions over patents include infringement actions, nullification actions and declaratory suits for non-infringement.

To sue for infringement, a patent holder must notably evidence that it has title, ownership and that the patent is enforceable by payment of maintenance fees.[33] To sue for patent nullification a third party must show that it has a personal interest in seeking patent nullification (e.g., being a competitor on the French market needing freedom to operate). To initiate a declaratory suit for non-infringement, a party must show that it is industrially using its invention in the European Union.[34]

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29 Voluntary limitation post-grant was introduced into French law by Act No. 2008-776 of 4 August 2008 which entered into force on 1 January 2009 and Decree 2008-1471 of 30 December 2008.

30 Court of Appeal of Paris, Division 5-2, 21 October 2011, *Ateliers LR Etanco SAS v. SFS Intec Holding AG.*

31 Stanislas Roux-Vaillard and Loïc Lemercier, 'Limitation of patents in France: three years on', Propriété Industrielle 2012, etude 2, p. 22; Emmanuel Py: 'Details on the voluntary limitation procedure of the patent: the case of the European patent designating France', Propriété Industrielle 2011, comm 70; Pierre Véron and Isabelle Romet: 'Patents: Strengthening by limitation – Voluntary limitation of granted French national patents is now possible', IIC, 31 December 2009.

32 See Article L 615-17 CPI.

33 See Article 615-2 CPI.

34 See Article 615-9 CPI.

iii Obtaining relevant evidence of infringement and discovery

Under French civil procedure, the burden of proof regarding the facts on which a claim is based lies on the claimant.

Infringement may be proved by any evidentiary means. This includes bailiff reports, bailiff purchases (i.e., purchases made by an independent party under the scrutiny of a bailiff reporting under oath on the actual sale on the market) and documentary evidence.

There is no equivalent to the US discovery or to the UK disclosure in France but, as regards intellectual property rights and specifically patents, French law provides for a specific means of obtaining evidence, the *saisie-contrefaçon* . The *saisie-contrefaçon* is an evidence-gathering mechanism where a patent holder suspecting an infringement of its rights applies *ex parte* for an order of the presiding judge of the First Instance Court of Paris authorising a bailiff and possibly an independent person knowledgeable in the art, to enter any premises where the evidence of the infringement could be found (notably the premises of a competitor) to seize the allegedly infringing product; or to describe, take pictures or videos and copy any information as listed in the presiding judge's order.

This evidence-gathering procedure is performed under the liability of the patent holder. Consequently any abuse will later be penalised, as was illustrated very recently by a judgment of the First Instance Court of Paris.[35]

Where the infringement-seizure takes place on the premises of a competitor, the latter will often have any information seized put in sealed envelopes, in order to protect confidentiality. However, confidential information may be held by a third party. This is the case with seizures of the open and closed (not publicly available) part of drug master files handed to the French health authorities for obtaining a marketing authorisation. In such a case, the Court of Appeal of Paris[36] has indicated that confidential information must remain accessible to the plaintiff willing and needing to evidence infringement but that 'it is necessary to reconcile the conflicting interests of the parties, i.e. the search for evidence of infringement and the protection of confidential information; there is a need to assess proportionality of the [evidence-gathering] measures taken with the necessary protection of confidentiality.' Consequently, if the French health authorities did not request that information seized on its premises be kept confidential awaiting a sorting ordered by a court, it remains possible for the competitor of the patent holder to seek in court the concealment of such evidence.

It is possible[37] to have the court order that an alleged infringer provide some information on the extent and origin of the infringement. The Court of Cassation has had the opportunity to decide that such right of information may be applied for and ordered before trial, while a case on the merits is pending and before trial regarding infringement.[38]

iv Trial decision-maker

In France, the third chamber of the First Instance Court of Paris specialises in intellectual

35 First Instance Court of Paris, 15 November 2011, *Bamford v. CNH France.*

36 Court of Appeal of Paris, 6 December 2011, *Cipla v. Astra Zeneca*, PIBD 957, III, 150.

37 See Article 615-5-2 CPI.

38 Court of Cassation, 13 December 2011, Case No. 10-28.088, *Puma v. Barnett.*

property and has exclusive jurisdiction in France for patent cases. The third chamber is divided into four sections of three judges. These judges do not have a technical background. There is no jury in French courts and fact-finding is for the judges to carry out.

At trial, patent cases will usually be heard by the three judges belonging to the section to which the case was assigned. If necessary, the court may, during the proceedings on the merits, appoint an expert from the court list of experts to clarify specific issues in a report filed before trial. This is not, however, often the case.

v Structure of the trial

Since the procedure in civil cases in France is mainly conducted in writing, judges will read the briefs filed by the parties to understand and decide a case. The trial is an opportunity for lawyers to emphasise and synthesise the key issues of the case. Judges will usually listen to the oral arguments of each party one at a time and ask little or no questions. Judges rely heavily on documentary evidence and information gathered during the *saisie-contrefaçon*. Witnesses are in practice never heard by French courts and party-appointed experts' affidavits are given relative weight and experts are never examined or cross-examined.

French civil procedure does not set specific standards of proof in patent cases. Patents are always presumed valid. In a patent nullification case, the Court of Appeal of Paris[39] has for the first time indicated, as regards evidencing insufficient disclosure leading to nullity, that it 'must be established beyond a reasonable doubt and that the a doubt should benefit the patent holder'. For the time being, this however remains an isolated decision.

vi Infringement

To correctly assess infringement, claims will first be construed. Claim construction is made in light of the description and drawings. Additionally, the Court of Cassation has had the opportunity to decide that even if there exist no 'file-wrapper estoppel' as such in France, limitations made during prosecution of the disputed patent should nevertheless be taken into account to assess the scope of the granted patent.[40]

French law lists acts that when performed without the consent of the patent holder amount to infringement, among which are manufacturing, importing and selling the patented products or processes.[41]

Infringement may be found by literally reading the claims of the patent or by applying the doctrine of equivalents. Indirect infringement also triggers the liability of the person offering essential means for implementing the invention.

Claim construction and infringement (and nullity counterclaims) are all dealt with and decided at the same time.

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39 Court of Appeal of Paris, 13 January 2012, Case No. 10/17727, *SAS Sandoz v. Eli Lilly & Company*.

40 Court of Cassation, 23 November 2010, *Institut Pasteur v. Chiron Healthcare*; see also: First Instance Court of Paris, 20 September 2011, Case No. 10/02548, *SEPPIC v. IMCD.*

41 Article L 613-3 CPI.

vii Defences

The most common defence to infringement is the invalidity of the patent, often resulting in a counterclaim for patent nullification. Nullity is most often sought for lack of inventive step and lack of novelty of the patented subject matter.[42] Lack of novelty requires a single prior art teaching the invention in its form and function for achieving the same result. A demonstration for lack of inventive step allows for combining several relevant pieces of prior art. However, it should also be demonstrated that the person skilled in the art assessing inventive step over the prior art had an incentive to combine the references selected.[43] In assessing inventive step, the Court of Appeal has followed the exact approach of the EPO, from the selection of the most relevant prior art to the 'could or would' approach.[44]

Under French law, ownership is not a defence to infringement.[45]

Other common defences are the personal prior use right developed independently earlier than the priority date of the disputed patent and patent rights exhaustion. As regards the latter, it occurs where the patented product has been put on the market with the, possibly implicit, consent of the patent holder. In a preliminary ruling,[46] the presiding judge of the First Instance Court of Paris found that due to the circumstances of the case, an agreement in mobile technologies where parties to the agreement had specified that the document should not be interpreted as a licence was actually a licence and had exhausted the rights of the patent holder.[47]

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42 However, other grounds for nullity can serve as defences against infringement, notably insufficient disclosure or undue extension of the granted patent as compared to the application.

43 Court of Appeal of Paris, Division 5-2, 13 January 2012, Case No. 10/17727, *SAS Sandoz v. Eli Lilly & Company* ; see also: First Instance Court of Paris, 20 September 2011, Case No. 10/02548, *SEPPIC v. IMCD.*

44 Court of Appeal of Paris, Division 5-2, 13 January 2012, Case No. 10/17727, *SAS Sandoz v. Eli Lilly & Company.*

45 A dispute over ownership of a French patent gives rise to a specific action for claiming back ownership (Article 611-8 CPI); lack of ownership of a European patent when filed is ruled by Article 138 paragraph 1(e) of the European Patent Convention which is applied by the Court of Cassation as being actionable only by 'the true owner of the patent or his successor' and not any alleged infringer. See Court of Cassation, 14 February 2012, Case No. 11-14288.

46 Order from the presiding judge of the First Instance Court of Paris, 8 December 2011, *Samsung v. Apple.*

47 Under this agreement, Samsung agreed not to assert its patent rights against Qualcomm and its customers when the technology covered by the Samsung patents was implemented in Qualcomm chips under the agreement and sold by Qualcomm to its clients. After analysing such agreement the judge noted that it expressly indicates that it should not be interpreted as a licence agreement. However, the judge considers that in view of the rights and duties set in the entire agreement, the patents non-assertion should be interpreted as a licence. Due to the agreement entered into by Samsung and Qualcomm (and benefiting Qualcomm's clients), the judge finds that the patent rights of Samsung over the patents at stake are exhausted towards Qualcomm and its customers for all Qualcomm chips implementing the patented technology and manufactured under the agreement to later be included in a device such as a smartphone.

viii Time to first level decision

It usually takes between 18 and 24 months to decide a patent infringement and validity case on the merits on first instance.

ix Remedies

Patent holders may choose to seek a preliminary injunction in *référé* (expedited *prima facie* case) before seeking a finding of infringement on the merits.

The requirements for a grant of a preliminary injunction[48] are that the patent holder shows the patent is granted, that it is enforceable at the time the preliminary injunction is sought, that there is some level of urgency, that there is a *prima facie* case of infringement or of clear threat of infringement and, in light of recent cases, that there exists some proportionality[49] between the existing or threatened loss and the consequences of the potential injunction.[50] Preliminary injunctions are usually requested in summary proceedings (*inter partes*) but may also be sought on *ex parte* petition as was recently the case.[51] Preliminary injunctions are decided within a few months and even within a few weeks where urgency commands it.

On the merits, patent holders will mainly seek a permanent injunction and compensatory damages. There are no exemplary or punitive damages in France.

Courts focus on the right-holder's economic loss to assess damages. Damages mainly amount to lost profits,[52] corresponding to a lost royalty[53] or the gross margin of the patent holder on the infringing turnover. Alternatively account of profits is available and has been awarded by a French court where it allows a greater compensation than lost margin or lost royalty.[54]

When given sufficient supporting evidence on costs, courts order that attorneys' fees be fully borne by the defeated party.[55]

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48 Article L 615-3 CPI.

49 Order from the Presiding Judge of the First Instance Court of Paris, First Instance Court of Paris, 8 December 2011, Case No. 11/58301, *Samsung v. Apple.*

50 Additionally, the presiding judge may order that the claimant place a bond to compensate the defendant for any undue negative consequence originating from the preliminary injunction, if the court ultimately finds in favour of the defendant.

51 Order from the presiding judge of the First Instance Court of Paris, 27 October 2011, Case No. 11/15302, *Novartis v. Sanofi.*

52 Courts have awarded damages for the 'springboard effect', which are included in the calculation of right holder's loss of profits. The springboard effect allows the court to take into account part of the turnover made by the infringer after the infringing situation stopped, due to the market share unduly gained during the infringement.

53 Due to the judicial context of the royalty determination, leaving the infringer with no room for negotiation, French courts usually increase the contractual rate by a few points.

54 First Instance Court of Colmar, 20 September 2011, No. 10/02039, *Sté MBI v. Sté Gyra et Sté Prodis.*

55 See Article 700 of the French Code of Civil Procedure in light of Article 14 of Directive 2004/48/EC. For example, Court of Appeal of Paris, Division 5-2, 13 January 2012, Case No. 10/17727, *SAS Sandoz v. Eli Lilly & Company.*

x Appellate review

The 5th Chamber of the Court of Appeal of Paris has two sections that specialise in patent cases. Each section has three judges. These judges do not have a technical background.

The appellate review in France is *de novo* on both facts and law. New evidence may consequently be added on appellate level but not new legal claims. Appeal decisions are usually rendered within 18 months.

xi Alternatives to litigation

Alternative dispute resolution is available to reach an outcome in patent litigations. *Ad hoc* mediation allows for reaching a settlement. Additionally, French patent law now clearly states that the exclusive jurisdiction of the First Instance Court of Paris 'does not preclude the use of arbitration'.[56] This was in practice already the case as regards patents, but the statutory change clarifies the situation.

V TRENDS AND OUTLOOK

In the coming year, patent practitioners in Europe and specifically in France will be looking forward to a vote from the European Parliament on the location of the seat of the Central Division of a future specific EU jurisdiction.

As a reminder, the establishment of a European patent with Community effects, which is a unique title for the entire Union, is a central project for the Member States of the EU. What had once been called the 'Community patent' under the Luxembourg Convention of 1978 which never entered into effect is now called the 'unitary patent'.[57]

As part of the work within the Council was also to develop a draft international agreement to be concluded between the Member States, the EU and third states to the EPC, creating a specific jurisdiction for European and Community patent litigation.[58] France,[59] Germany and the United Kingdom have all offered to host the seat of the Central Division of this future court. During the informal European summit of 29 June 2012 the Member States agreed that the seat of the Central Division will be located in Paris; 'thematic clusters' will be located in London and Munich.

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56 Law No. 2011-525 of 17 May 2011, which includes an Article 196 notably amending the provisions of Article L 615-17 CPI.

57 Due to the reluctance of Spain and Italy to enable the unitary patent, enhanced cooperation among other EU members was approved by parliament on 15 February 2011 and was authorised by the Council on 10 March 2011. These two European institutions consequently submitted a proposal for a Regulation implementing enhanced cooperation in the area of the creation of unitary patent protection; see www.europarl.europa.eu/meetdocs/2009_2014/documents/com/com_com(2011)0215_/com_com(2011)0215_en.pdf.

58 This draft was amended following the opinion of the CJEU dated 8 March 2011 indicating that the envisaged agreement in its current state was not compatible with the treaties of the European Union.

59 In France, professionals in the field of intellectual property (in-house IP managers, patent attorneys and patent litigators) have made a common statement (notably through organisations such as AAPI, ACPI, AFEP, AIPPI, APEB, ASPI, CNCPI, LES, MEDEF) indicating that they support the French candidacy.

Regarding trade secrets, the pending Carayon Bill was voted on by the French National Assembly on 24 January 2012 and is still to be discussed and voted on at the Upper Chamber of the Parliament; the Bill provides for the creation of a new criminal offence of 'violating the trade secret of companies'.[60] The provisions would specifically refer to trade secrets and their undue disclosure.[61] This French bill sheds light on the growing interest of French practitioners for trade secrets to complement protection by intellectual property rights. Incentives are also expected to come from the EU, the European Commission having been provided on 13 January 2012 with a pan-European 'Study on Trade Secrets and Parasitic Copying'.[62]

60 See www.senat.fr/leg/ppl11-284.html.

61 If passed, the bill would result in an Act creating a specific criminal offence at Article 325-2 of the French Criminal Code: 'The disclosure to an unauthorised person, without permission from the company or its representative, of any information protected under trade secret, to any person who handled or had knowledge of this information and the protection measures surrounding such information is punishable by three years imprisonment and a fine of €375,000.'

62 http://ec.europa.eu/internal_market/iprenforcement/docs/parasitic/Study_Parasitic_copying_en.pdf

Appendix 1

ABOUT THE AUTHORS

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Stanislas Roux-Vaillard specialises in industrial property litigation with an emphasis on patent law and trade secret law. In this respect, he is mainly involved in national and multi-jurisdictional patent litigations, representing international clients, notably in the field of life sciences, telecommunications and chemistry.

He also advises and assists clients on matters such as negotiating and drafting contracts related to intellectual property rights (licences, assignments, R&D, co-existence agreements, securities).

Stanislas Roux-Vaillard was admitted to the Paris Bar in 2002. He became a certified IP specialist of the Paris Bar in 2008. He is the author of a doctoral thesis on the comparison of US and French case law on patentability requirements (2001) and also holds a US LLM in Intellectual Property (2000). He regularly writes articles on intellectual property developments in France.

He worked for the Paris office of an American law firm from 2002 to 2004, then for a French boutique firm specialised in patent litigation from 2004 to 2006. Stanislas joined the intellectual property team of the Paris office of Hogan Lovells LLP in October 2006.

Stanislas Roux-Vaillard is an active member of IP-focused associations and notably AIPPI, APEB and EPLAW.

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