
EU Commission Publishes Major IP Package: Guidance Given on the EU Approach to SEPs and on the EU IP Enforcement Directive

DECEMBER 4, 2017

Last week, the EU Commission published a number of important documents on IP. The full text of the announcement is [here](#). The documents include (i) a communication paper “Setting out the EU approach to Standard Essential Patents,” and (ii) a communication paper giving “Guidance on certain aspects of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights.” The communication paper relating to Standard Essential Patents (SEPs), in particular, contains some important statements and announcements, and is likely to have a significant practical effect.

Standard Essential Patents

The Communication on Standard Essential Patents was long-awaited and heavily lobbied. It is highly relevant to those concerned with FRAND license negotiations and is likely to be widely cited. Among other things, the EU Commission (i) calls on Standard Developing Organizations to improve the quality and accessibility of their databases so as to increase transparency; (ii) suggests measures to encourage review by patent holders of essentiality declarations at the time of adoption of the standard, and at the time of the grant of the patent; (iii) states that there should be scrutiny of essentiality (possibly by patent offices), and that it will launch a pilot project to facilitate this; (iv) sets out general principles that licensors and licensees should follow in FRAND license negotiations (including taking into account the present added value of the technology but not value resulting from being included in a standard, and avoiding royalty stacking); (v) states that a license to a global portfolio can be compatible with FRAND; and (vi) elaborates on the logistical steps set out by the Court of Justice of the European Union in *Huawei v. ZTE* that licensors and licensees should take during negotiations, including the provision of proper information by the patent holder.

The IP Enforcement Directive

The EU Commission has issued detailed guidance on many aspects of the IP Enforcement Directive, which it has decided not to seek to amend. The guidance, which is not legally binding but

will, at most, be treated as persuasive, covers a wide range of issues relating to the Directive, in particular where the Commission has identified divergences in national approaches to its implementation. It also serves as a useful summary of the limited amount of Court of Justice case law that there has been to date on the Directive. The guidance may help inform courts of practice elsewhere in the EU. However, as the Directive is largely concerned with relief, which is a matter for procedural rather than substantive law, courts might feel less pressure to harmonize their approach.

Notably, with regard to injunctions, the Communication states that:

- Injunctions must be proportionate and respect applicable fundamental rights.
- Injunctions should have the minimal scope necessary to be effective.
- Injunctions need not lead to a complete cessation of infringement; it can under certain circumstances be sufficient that they make the infringing acts difficult or seriously discourage them.
- The addressee of the injunction should not be required to make unbearable sacrifices.
- Injunctions must take account of the position of third parties.
- Decisions as to the grant of injunctions should always be taken on the specifics of the case at hand.
- A proportionality assessment needs to be done carefully on a case-by-case basis.

Other aspects of the guidance to note include:

- Discovery provisions being interpreted, where appropriate, to require a diligent search of documents held by the party to the litigation and its subsidiaries.
- Acceptable approaches to calculating damages and to the level of legal fees and costs that can be recovered.
- Support for the confidentiality regimes of some countries that limit information to the court and independent third parties i.e. completely exclude the parties to the litigation.
- A requirement that the level of security offered as a precondition for provisional or protective measures should take into account the economic capacity of the applicant and the potential effects, bearing in mind that the risk of losing the case is a deterrent to enforcing IPRs for SMEs.
- Support for the use of protective briefs against *ex parte* relief.

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