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GUIDES 2021**

The Legal 500 Country Comparative Guides

Portugal

PATENT LITIGATION

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

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PORTUGAL

PATENT LITIGATION



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

Patent litigation generally takes place before the Intellectual Property Court ("IP Court") which is a specialised state court, with jurisdiction at a national level and is competent to handle all actions concerning industrial property in all forms as provided in law, including both patent enforcement and invalidation proceedings. The IP Court is composed of 3 judges, who generally do not have a technical background, although they are usually assisted during the final hearing by technical advisors, designated by institutions in the relevant technical field of the matter in dispute.

In actions related to reference and generic medicines, according to Law no. 62/2011, of 12 December ("Law 62/2011"), as amended by Decree-Law 110/2018, of 10 December ("DL 110/2018"), the IP holder has 30 days upon the publication, by the relevant medicines agency, INFARMED, of the marketing authorization ("MA") application for a generic product to submit the case to voluntary arbitration proceedings, with the agreement of both parties, or to file a legal action before the IP Court.

Patent infringement is considered a criminal offence, so criminal proceedings are also available and are conducted before the criminal courts, although this route is not usual.

For alternative dispute resolution in patent cases, please see our answer 19.

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

Validity and infringement (combined or not with damages) main actions may be litigated at the same time.

A patent lawsuit in the IP Court, with minor procedural issues, usually takes one and a half to three years to obtain a first-instance decision, but the duration will

always depend on the complexity and the number of the matters involved. Typically, proceedings take longer if, for example, the case involves foreign companies, the parties request for a technical expertise to be carried out and new documents [technical or other] are attached by the parties during the course of the proceedings.

Preliminary injunctions ("PI") may take eight months to a year and a half to be decided in the first instance.

Arbitral main actions typically take one to two years from the filing of the statement of case to the decision at 1st instance (but see above regarding factors that may cause delay).

Objections to the jurisdiction of arbitral tribunals to decide on patent invalidity were commonly raised by the defendants in patent arbitral proceedings under Law 62/2011. The matter is still under discussion. For this reason, since separate challenges can be brought on the same matter, the timeline may vary. Some arbitral panels have decided to stay the arbitral infringement case pending the revocation action before the IP Court against the asserted patent.

Due to the scarcity of criminal patent infringement cases, a timeline is hard to provide.

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

All court decisions are in principle subject to appeal in one or two degrees. The appeal to be lodged against a decision of the IP Court will be filed to the Lisbon Court of Appeal (judicial second-instance court, "LCA"), both on matters of fact and of law. A decision can be expected within one to two years. The decision of the LCA may be subject to a further appeal to the Supreme Court of Justice ("SCJ"), depending on the circumstances of the case, which can be decided within two to four years. The SCJ decides only on matters of law. In the LCA and SCJ, the appeal is assessed by a panel of three judges and, in principle, the appeal does not have a suspensive effect. Should any unconstitutionality arise,

appeals may be filed to the Constitutional Court subject to some formal requirements being met.

Most interim decisions are appealable along with the final decision, although some interim decisions may be subject to an autonomous immediate appeal in certain cases expressly provided in the law.

PIs follow the same regime, although it is generally not possible to appeal to the SCJ, except in very special and rare cases.

In pharmaceutical arbitral cases brought under Law 62/2011, the appeal to the SCJ is admissible only on the very special circumstances that govern also the appeal for PI. Whether this is also true for judicial cases initiated under the same law (so before the IP Court) is still under discussion.

4. Which acts constitute direct patent infringement?

The Industrial Property Code (“IPC”) provides that “the patent confers upon the holder the exclusive right to exploit the invention anywhere in the Portuguese territory”, so the patent holder is entitled to prevent any unauthorized third parties from carrying out any activity which may be considered as an “exploitation of the invention”, notably the manufacture, offer, store, market or use of the patented product, or the importation or possession thereof, for any of the mentioned purposes, without his content.

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 patent holder has the right to prevent any third parties that supplies or offers to supply a person who is not entitled to exploit the patented invention with any of the means, relating to an essential element of the invention, for putting the invention into effect, when he or she knows or should know that those means are suitable for putting and intended to put the invention into effect (with the same exception of Article 26(2) of the Agreement on a Unified Patent Court).

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

The relevant IPC provision that determines a patent scope of protection is tailored on Article 69 of the European Patent Convention – “EPC”), so patent claims

are generally interpreted under this legal criterion. There is no provision of the Portuguese law that provides for ‘equivalents’ for determining the extent of protection by a patent. However, that doctrine has been invoked in patent litigation cases and has been considered and applied by the courts and arbitral tribunals, although not in a harmonized way.

The prosecution history may also play a role in determining the scope of patent protection, notably whenever the doctrine of equivalents is argued, but also in invalidity matters (although the majority of scholars reject its application).

The briefs and documents filed with the Patent Office also play a role in determining the scope of a patent.

7. What are the key defences to patent infringement?

Non-infringement and patent invalidity are the most common defences to patent infringement. Although rarely applied in practice, the interested parties can also invoke (apart from general procedural objections): a) legal limitations of the rights conferred by a patent; b) exhaustion of rights; c) unenforceability due to prior use; or d) the existence of a licence.

8. What are the key grounds of patent invalidity?

In accordance with IPC, patents shall be totally or partially null:

- if its object does not meet the requirements of novelty, inventive step and industrial application;
- when any essential formalities for the grant have been disregarded;
- when public policy rules have been breached;
- when the protected subject matter is not patentable;
- the title and summary of the patent relates to a subject matter different from the invention; and
- the invention has not been described in a sufficient manner for it to be carried out by a skilled person.

In general, patents shall be totally or partially annulable if the holders are not entitled to them, namely:

- if the right does not belong to them; or
- if they were granted with disregard for the rights set forth in the procedural rules set out

in the IPC.

Added matter is not listed as a specific ground for revocation, rather for rejection.

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

The state of the art shall be held to comprise everything made available to the public before the priority date, by means of a description, by use or in any other way, and the content of patent and utility model applications filed prior to the patent application, to be effective in Portugal but not yet published, provided that they are published on the same date or after the priority date.

The Portuguese courts and tribunals generally follow the EPO case law when discussing prior art.

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

Patents can in fact be amended only through limitation (i.e. the amended claims shall not extend the protection of the patent as granted), provided that such limitation does not affect the elements of the patent that are essential and characteristic thereof. Patents may be limited either via the administrative route before the Patent Office or the judicial route before the IP Court in the midst of patent litigation (although this latter is uncommon in Portugal). An amendment application cannot be opposed but any third party who might be "directly and effectively affected" by the Patent Office's decision may appeal the decision.

The IPC does not expressly provide for the requirements that need to be examined. The Patent Office will assess and decide on whether the amended claims reduce the scope of protection of the patent as granted and whether the amended claims are clear, supported by the description and do not add matter beyond the application as filed. A decision by the Patent Office takes approximately two to five months. If the limitation is granted, the Patent Office publishes a notice of the alteration of the claims. The IPC does not provide for a deadline for third parties to oppose the limitation application but any third party who might be "directly and effectively affected" by the Patent Office's decision may appeal the decision within two months of the respective publication (or the date of the respective certificate requested by the appellant, if made earlier). If the amendment is not granted, the Patent Office only communicates the decision to the applicant. The patentee may appeal this decision to the IP Court, within two months from the date of reception of the

communication of the decision denying the limitation.

11. Is some form of patent term extension available?

The duration of a patent is 20 years from the date of application. An extension may be granted to pharmaceutical and phytopharmaceutical products that have been authorised by regulatory authorities by means of a supplementary protection certificate ("SPC"), under the general applicable European law and case law (notably and respectively Regulation no. 469/2009 and Regulation no. 1610/96).

The SPC applications can be opposed before INPI and granted SPC can be judicially challenged on the same terms as patents, typically for not meeting the requirements of the corresponding SPC Regulations.

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

Expert witnesses may be appointed to provide evidence before the court: the questioning of expert witnesses is generally conducted in person at the hearing or by means of teleconference, by the parties and generally also by the judge and the technical adviser assisting the judge, with cross-examination permitted but limited to the clarification of aspects that the witness has already responded to when examined by the party who listed him/her. During the hearing expert witnesses need to take an oath, they shall be independent and have no direct or indirect interest in the dispute. Their oral declarations during the hearing are recorded.

Written testimonies (affidavits) and expert opinions can also be submitted in first instance as evidence and discussed during the final hearing.

Technical advisors to assist each of the parties during the final hearing may be appointed: they assist the lawyers and have the same powers granted to the lawyers during the hearing (notably they can ask questions to the witnesses). It is also common for the judge to be assisted by technical advisors during the final hearing: they are appointed by the court, usually upon the recommendation of the Portuguese public institution agreed between the parties to that effect, based on a discussion on the characteristics that he or she should have and in order to assist the court in technical matters ; they may ask questions to any witnesses during the hearing.

One or more expertise(s) may be determined: ex officio by the judge or upon request by any of the parties. It is

usually conducted by a team of three experts (two competing experts and one court appointed), although it may be conducted by a single expert. The expert(s) must give answers to direct questions and facts by means of a technical report and may be required to attend the final hearing to provide any oral clarifications on the written report provided.

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 phase in judicial proceedings in Portugal.

However, the IPC contemplates measures and procedures that correspond to articles 6 and 7 of the Enforcement Directive.

There is no significant case law in Portugal that could give an indication about the level of the evidence of the infringement or of the prospective infringement that would be necessary to succeed on an application for those orders.

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

Yes, there is a reversal of the burden of proof for process claims / process patents for new products in patent enforcement proceedings (main proceedings and PIs).

Furthermore, please see reply to 13 above (where the court may order the submission of evidence which may include a process description).

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

The IPC transposed Directive (EU) 2016/943 and the confidentiality measures provided therein are now expressly provided for in the IPC (since 1 January 2019).

There is still no relevant case law on the matter.

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

No, the Patent Office's decision granting a patent can only be appealed before the IP Court. Such appeal can be filed by the party that has submitted the opposition at the patent office against the patent application and/or anyone "directly and effectively affected" by INPI's decision to grant the patent.

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

Although not binding, at least some weight will be given by Portuguese Courts to decisions in other member states (particularly in in parallel proceedings).

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

Apart from cases in which the parties have reached an agreement to settle an infringement dispute in arbitral proceedings, the court with jurisdiction to hear patent actions (infringement and validity) is the IP Court.

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?

The parties are entitled to seek alternative means of dispute resolution such as mediation or voluntary arbitration in patent cases. However, this route is almost never used in for patent disputes. However, the parties often manage to reach an alternative solution to litigation by executing an agreement either before or during pending proceedings.

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?

Cease and desist letters may be sent, although not procedurally required.

Nullity can be argued at any time.

Annulment actions must be filed within a five-year period after the grant of the patent.

There is no time limit to file injunctions. Although there is no urgency requirement, it is advisable to file for PIs as soon as possible.

To claim damages, the general civil time limit of three years applies (as from when the IP right holder became aware that he or she was entitled to them). A longer time limit may apply under specific circumstances and pursuant to requirements in the Civil Code, whenever the act also constitutes a crime.

In pharmaceutical patent cases, an agreement with the generic to submit the dispute to arbitration proceedings must be achieved within 30 days from the publication of the MA application by INFARMED or an action should be brought before the IP Court within the same period (Law 62/2011).

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

Patent holders have legal standing to sue. Licensees or sublicensees also have standing to enforce a patent, alone or together with the patentee, since they enjoy all the powers of the patent holder except otherwise provided in the (sub-)licence agreement, which must be registered with the Patent Office in order to be enforceable against third parties.

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

The Public Prosecutor's office or any interested party (which is usually demonstrated by the fact that they intend to exploit the invention) are entitled to bring an invalidity action.

23. Are interim injunctions available in patent litigation proceedings?

Whenever an IP right is being infringed (actual infringement), or there is a justified threat that another party may cause serious and difficult to repair harm to an IP right (threat of infringement), the court may grant

the appropriate injunction to avoid an imminent future violation or order that the infringement ceases.

The IP right holder must demonstrate that he or she holds an IP right (and is common for the courts to assess the validity of the rights if the defendant raised the argument that it is not valid) which is being or will be infringed. If the injunction is applied for on the basis of threat of infringement, the IP right holder must also demonstrate the irreparable harm.

Ex parte PI are available but from our experience they are very unlikely to be granted.

The chances of success in PI proceedings depend largely on the amount of evidence produced by the parties. The level of evidence that is required (notably during the hearing) is similar if not the same as main hearings.

In the IP Court, a decision takes six to eight months to be taken. In the arbitral tribunals, takes three to six months.

The provision of a bond is not required for a PI to be granted but can be fixed by the courts (although it is not that common).

According to a recent decision of the LCA, the liability for ungrounded PI should be considered a strict liability (i.e. the fault of the PI applicant must be established).

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?

Main (final) injunctions are the most typical claims formulated by patent holders (namely, for the infringers to be ordered not to exploit the invention, for instance by practising any of the expressly prohibited conducts) and these can be claimed on the basis of actual infringement (reactive action) or threat of infringement (pre-emptive action).

The Court may also order the infringer to pay a recurring penalty payment and corrective measures, such as the ones provided in Article 10 of the Enforcement Directive.

Other remedies may include damages.

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

In determining the amount of compensation for losses

and damages, the court shall consider the profits obtained by the infringer, the resulting damages and lost profits suffered by the injured party, the costs borne with the protection of the right in question, the investigation and termination of the harmful conduct, the revenue resulting from the infringer's unlawful conduct.

The court can also take the moral damages caused by the infringer's conduct into account.

Usually, the evidence in this regard is produced by means of expert evidence with the necessary inspection of the parties' commercial accounts.

If it is impossible to quantify the losses effectively suffered by the injured party, the court may, provided this is not opposed by the latter, define a fixed amount on the basis of equity (based, as a minimum value, on the payment that the injured party would have received if the infringer has been authorized to use the intellectual property rights in question, as well as the costs borne in the protection of the intellectual property right and the investigation and termination of the harmful conduct).

In the absence of specific evidence for the purpose of calculating the damages or regarding the total extent thereof, the decision may also determine that the damages be ascertained during the phase of enforcement of the decision against the infringer.

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

The most relevant patent-related case law comes from the pharmaceutical litigation, which until recently was being discussed in the administrative courts (initially) and after 2012 before ad hoc arbitral tribunals. Now that the mandatory arbitral regime that had been enacted by Law 62/2011 was revoked by Decree-Law 110/2018, the majority of patent litigation takes place before the IP Court.

From the limited number of decisions on the merits issued by the IP Court, the judges tend to address validity and to consider foreign decisions relating to the validity of the same patent. If they decide the case in favour of the patentee, they typically grant the requested injunction.

The balance of interest / proportionality considerations will (in principle) not play a role in the decision of whether to grant or refuse a PI, according to the Portuguese IPC.

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

While non-infringement declarations are procedurally possible, these are extremely scarce.

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?

Several aspects shall be considered in what concerns predictable costs:

- the value of the proceedings: typically set at € 30.000,01 in cases where patent rights (as immaterial rights) are at stake. In such case, each party will have to pay € 612,00 (main action) and the judicial fee of the appeal is of € 306,00. However, the court may set a different value for the case, considering different aspects, for example, the amount of pecuniary interest of the claimant and the complexity of the case, which may lead to a substantial increase of the costs. It is, therefore, hard to predict which will be the costs of the patent lawsuit as these depend on the value of the case to be fixed.
- the amount that each party shall pay at the end of the proceedings: according to Portuguese civil procedural law, at end of the proceedings, the court will fix the responsibility of the parties for the costs to the extent to which the action was unsuccessful, being the due amount paid by the losing party directly to the court (whenever the initial judicial fees are insufficient) and the reimbursement to the winning party (see our response to question 29), the amount depending on the proportion that is defined by the Court in terms of responsibility.
- Other administrative costs: translators, advisors to the court and experts.

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

The winning party may ask the losing party to proceed with the payment of all the judicial fees paid by the winning party, plus 50% of all judicial fees paid by all the

parties as a fictional compensation for the attorney's fees, as well as some costs incurred in with translations, witnesses' travel expenses, the court's advisor, experts (when ordered by the court) and certificate fees (when ordered by the court).

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

Pharmaceutical and electronics/software.

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

Second medical use patents, SPCs, effects of patent

limitation on pending infringement proceedings, damages and evidence productions (particularly, with regard to the protection of related trade secrets).

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

The limited number of judges in the IP Court and their limited previous experience in IP litigation and the administrative procedure for patent grant.

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

The Unified Patent Court, artificial intelligence, trade secrets and data protection.

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