

**March 2nd, 2015****PORTUGAL - PATENT ENFORCEMENT**

Constitutional Court's Decision No. 123/2015, of February 12th, 2015: 30-day deadline to initiate mandatory arbitration is unconstitutional.

SUMMARY:

- 1) Mandatory arbitration preliminary injunction procedures for the enforcement of patents against marketing authorization (MA) holders should be deemed compliant with the Portuguese Constitution.
- 2) Mandatory arbitration procedures for the enforcement of patents should be allowed beyond the 30 days deadline established in the Law No. 62/2011. Any other reading of the Law is unconstitutional.

BACKGROUND:

The Law No. 62/2011, which created a system for settling disputes arising from industrial property rights regarding reference medicines and generic medicines, was published on December 12, 2011.

According to article 2 of the Law No. 62/2011, disputes arising from industrial property rights, including injunctions, related to reference medicines are subject to mandatory arbitration.

It is foreseen in article 3 of the Law No. 62/2011 that such arbitration should be initiated within 30 days, starting from the publication of the MA application of the generic medicine by the Infarmed (the Portuguese medicines agency).

A company filed a preliminary injunction at the Intellectual Property Court against another company, seeking the enforcement of certain patent rights. The Intellectual Property Court refused to judge the said preliminary injunction, based on the provisions of article 2 of the Law No. 62/2011, according to which disputes, including injunctions, are subject to mandatory arbitration.

THE APPEAL TO THE CONSTITUTIONAL COURT

After several steps of appeal, an appeal was finally filed to the Constitutional Court requesting that articles 2 and 3 of the Law No. 62/2011 be declared unconstitutional:

- a. Article 2 of the Law No. 62/2011: excluded the right to turn to public courts in disputes arising from patent rights for reference medicines, even in case of preliminary injunctions, and establishes that such disputes are subject to mandatory arbitration;
- b. Articles 2 and 3 of the Law No. 62/2011: establish a compulsory period of 30 days to initiate the mandatory arbitration foreseen above.

THE DECISION:

On February 12th, 2015, the Constitutional Court decided that:

1. Preliminary injunctions arising from patent rights for reference medicines being removed from the public courts' jurisdiction and subjected to mandatory arbitration is not unconstitutional: mandatory arbitration assures patent owners access to a judicial system and to a due process of law.
2. Articles 2 and 3 of the Law No. 62/2011, establishing a compulsory 30-day term to initiate mandatory arbitration procedures for the enforcement of patents, are unconstitutional, if interpreted in the sense that patent owners are not allowed to initiate procedures against the MA applicant beyond such deadline.

In short, the Constitutional Court emphasized that:

- Patent owners being required to keep permanent control over MAs publications, so that enforcement procedures be initiated in 30 days, is too burdening;
- MA applications for generic products contain very little information about the generic product, considering the scientific and technical complexity of patent disputes. Thus, 30 days does not allow enough time to assess the risk of infringement;
- Infringement may eventually occur after the 30 days deadline;
- There is risk that such deadline will prevent patent owners from accessing the judicial system and a due process of law to enforce their rights;
- This decision contains an in-depth analysis of a great number of legal issues and extensive reasoning.

In any case, this is definitely a very important decision. We believe that it is reasonably safe to anticipate that this decision will probably ease the pressure put on patentees to initiate patent enforcement arbitration procedures within the 30-day term established in the Law 62/2011.

BMA – March 2nd, 2015