



OPT OUT OR STAY IN?

THE UNIFIED PATENT COURT - ONE DECISION WON'T FIT ALL




GOWLING WLG

CHOICES, CHOICES...

- Should you opt existing European Patents (EPs) out of the Unified Patent Court (UPC), or leave them in?
- Should you file/acquire nationals, EPs or the new Unitary Patents or a combination of these rights?
- As a patentee, where do you sue?
- As a defendant, what are your choices?
- Unitary relief or unitary risk?

SCOPE OF THE UPC AGREEMENT

- Regulation (EU) No.1257/2012 establishes the Unitary Patent (Unitary Patent Regulation).
- The Unified Patent Court Agreement establishes the pan-European court structure. The Unitary Patent will be effective in those EU member states which ratify the UPC Agreement (UPC Agreement states).
- There could be up to 24 states involved.
- There are 38 European Patent Convention (EPC) signatory states, but 13 of them cannot participate.
- The UK, Spain and Poland will not participate and others are yet to ratify (and will not be part of the system until they do).



Decisions made
now will affect
filing, licensing and
enforcement strategy
in the future.

CHOICES: FILING

National patents in selected EPC states

AND /
OR

An EP validated in designated EPC states (if application for Unitary Patent is not filed then this may include some or all UPC Agreement states, across which there will be unitary effect)

AND /
OR

The new Unitary Patent in UPC Agreement states – giving unitary effect (validity and infringement) across all UPC Agreement states

AND

Divisionals and utility models

CHOICES: UPC OR NATIONAL COURTS?

- The Unified Patent Court will have:
 - Exclusive jurisdiction for Unitary Patents
 - Jurisdiction for existing EPs during a seven year transitional period unless they have been opted out
 - Exclusive jurisdiction thereafter for all EPs.
- National courts will have:
 - Exclusive jurisdiction for national patents
 - Exclusive jurisdiction for opted out EPs during a seven year transitional period
 - No jurisdiction thereafter over EPs.

THE TRANSITION PERIOD

The UPC Agreement provides that in the first seven years you can bring proceedings in national courts in relation to an EP as an alternative to the UPC (unless UPC proceedings have already been commenced). The UPC will have jurisdiction across participating UPC Agreement states, the national court only nationally.

Patentees can opt-out EPs and Applications for EPs from the jurisdiction of the UPC by filing an opt-out with the registry, which is effective for the term of the patent. Opt-outs can only be filed if UPC proceedings have not been commenced. They can also be withdrawn if proceedings before a national court have not been commenced, but further opt-outs are not then possible.



WHAT MATTERS TO YOU?

Do you want to be able to enforce as widely as possible?

Are you willing to risk losing the patent in all UPC Agreement states through a single revocation action?

Are you willing to risk being limited to national actions and unable to use the UPC?

Do you want to do that to someone else?

What will the Unitary Patent cost?

Can you afford multiple rights?

Which courts will be most predictable?
Least expensive?

Do you want to have the option to sell/assign patent rights to different companies in different UPC countries?

Does the UPC cover your key markets and your competitors' markets?

Is the UP more cost-effective than multiple national patents?

SOME BENEFITS

- A unitary patent may be capable of being licensed across many more jurisdictions
- A non-opted out EP bundle allows enforcement across some or all UPC Agreement states with a single claim
- A unitary patent may be a more valuable asset or provide for greater return on investment
- A unitary patent will reach jurisdictions that the average EP bundle does not, allowing much wider enforcement
- A UPC action may be cheaper (especially if multiple national actions would otherwise be needed)
- A UPC action is likely to be quicker than many national actions and minimise the costs of coordinating parallel proceedings across multiple states
- The approach to validity may be more favourable in the UPC than in some national jurisdictions
- The scope for central revocation may mean that the costs of an EPO opposition can be foregone

SOME RISKS

- Unitary patents may be more expensive to maintain because they can only be renewed in their entirety
- Non-opted out EPs in UPC Agreement states can be revoked with unitary effect by a single application
- Opted out EPs in UPC Agreement states can be locked into national-only status by commencing a single national revocation action
- In the UPC, infringement and validity issues can be divided between a local/regional division (infringement) and the central division (validity), although this bifurcation is thought to be unlikely to occur in practice. The choice is made by the infringement court once the case is fully pleaded

MORE RISKS

- UPC rules and procedures are untried. It will take several years to achieve consistency between jurisdictions, and there may be early references to the ECJ on some fundamental aspects
- The quality of judicial decisions is untested, but note the court will have a three judge panel of mixed nationalities
- Language issues could add to expense and complexity in UPC proceedings
- The law of property which applies to unitary patents will be the law of the country of application if it is a UPC Agreement state, or German law by default (e.g. for US or Japanese applications); see our separate analysis on this

SOME SOLUTIONS

- Opt existing EPs out at earliest opportunity to protect against central validity attack. Risk – you may be locked out of UPC thereafter by a national attack
- Do you have existing EPs which can be left within UPC jurisdiction to save cost, and avoid lock-out risk?
- Adjust filing strategy: consider nationals, especially for "crown jewels"
- Consider a limited EP bundle (avoids all-or-nothing renewal cost)
- Ensure commercial arrangements address who controls the decision as to whether to apply for a Unitary Patent and the conduct of litigation in the UPC

MORE SOLUTIONS

- Try some unitary patents to assess the enforcement advantages
- Consider how to use divisionals in conjunction with the unitary patent
- File from a UPC Agreement state whose property law you understand
- Commence revocation proceedings before you are named as a defendant in UPC infringement proceedings, so ensuring the central division determines validity issues
- compare costs and determine potential cost savings by electing a UP over a traditional national validations with our UPCalculator™



WHAT NOW?

- Ratification and first cases – expected in April 2023
- Leverage on the opt-out “sunrise” period, starting 1 March 2023
- Review your portfolio and make decisions based on your business model: One “opt out/ in” decision definitely won't fit all
- Don't forget to identify others' patents you may wish to revoke if they are not opted out at commencement
- Check your licence agreements

NEED HELP?

The UPC represents a new forum. As a product of international cooperation based on the rules, experience and approaches of national patent courts across Europe (including the UK, Germany and France). With Gowling WLG, you benefit from experience of an international team that is familiar with all of these systems. This ensures that all angles are covered while navigating through opportunities and challenges of the new court system.

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Our dedicated UPC hub on gowlingwlg.com/upc as well as our regular blog on LoupedIn.blog provides updates and comprehensive information around the UPC and related development.



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