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Unitary Patents and the Unified Patent Court



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Introduction

A new system for patent protection and enforcement in Europe

A new system for patent protection and enforcement in Europe has arrived. On 1st June 2023 the Unitary Patent (UP) opened bringing with it new options for patent proprietors to protect their inventions and enforce their patents in Europe.

The Unitary Patent provides a single, unitary and indivisible patent right covering multiple European states. A new court system called the Unified Patent Court (UPC) has also been set up to have exclusive jurisdiction for most matters relating to Unitary Patents.

Under the pre-existing European patent system a European Patent (EP) is granted centrally and then validated to produce separate national patent rights in individual states. This results in multiple patents that are separately enforceable in individual

countries before different national courts and using different rules of procedure.

The new UP does not replace the current EP. Rather, it provides proprietors with the additional option of having a UP that has unitary effect in a large number of the states of the European Union (EU). The resulting Unitary Patent is enforceable as a single patent in the UPC potentially avoiding the need for litigation in multiple European jurisdictions.

With the advent of this new system patent proprietors need to choose how they wish to protect their inventions in Europe. On grant of their European patent application, proprietors now have the choice whether to obtain a UP or national validations of an EP or a combination of both. Patent proprietors also need to consider whether they wish their pre-existing and future EPs to fall under the jurisdiction of the UPC.

What is the unitary Patent?

The original aim of the Unitary Patent (UP) was to provide a single patent right that would cover all European Union (EU) Member States.

Currently, the EU Member States of Spain, Croatia and Poland have chosen to stay outside the system so, at least initially, the UP is not a true “EU patent”. However, the remaining 24 EU states have agreed to be covered by the new UP system.

A UP is a single, indivisible patent right that may only be renewed, limited, transferred, revoked, or lapse, in respect of all the Participating Member States.

A UP is obtained by filing a “request for unitary effect” at the European Patent Office (EPO) during the grant stage of a European patent application.

The pre-grant stage of a European patent application is unaffected by this new system and it is only after grant that a patent proprietor will need to register their European patent for unitary effect to obtain a UP.

Participating Member States

The European Union (EU) Member States that are party to EU Regulations 1257/2012 and 1260/2012 establishing the Unitary Patent. As of June 2023 the Participating Member States are all EU Member States except Spain and Croatia.

Contracting Member States

The EU Member States that are party to the Unified Patent Court Agreement (UPCA) establishing the Unified Patent Court (UPC). As of June 2023 the Contracting Member States are all EU Member States except Spain, Croatia and Poland.



Matthew Ridley, Partner

What is the Unified Patent Court?

The Unified Patent Court (UPC) is a single court for settlement of disputes relating to both UPs and EPs for the EU Member States taking part in the UPC.

While being legally a single court, the UPC has a mix of Central, Local and Regional Divisions hosted in different EU Member States that hear cases at first instance.

The UPC is a new judicial system separate from the national courts of the EU Member States. It has its own judges and Rules of Procedure.

The UPC has exclusive jurisdiction for most matters relating to UPs.

Also, the default position is that the UPC has jurisdiction over nationally-validated EPs. However, for a transitional period of at least 7 years it is possible for patent proprietors to opt-out their EP nationally-validated patents from the jurisdiction of the UPC.

The UPC promises the advantage of a single court for enforcement of patent rights in most of the EU. However, it must be recognised that the UPC also presents to third parties the opportunity to centrally revoke a UP in a single proceedings at any time during the life of the UP.



Which countries are covered by a Unitary Patent?

A UP can only cover Member States of the EU. As of June 2023, the following EU Member States have agreed to be Contracting Member States of the UP and UPC system:

Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Romania, Slovakia, Slovenia, and Sweden.

However, each UP is only effective for Member States that have also ratified the Unified Patent Court Agreement (UPCA) at the date when the request for unitary effect is registered. As of June 2023, the following EU Member States have completed their ratification of the UPCA:

Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, Germany, France, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovenia, and Sweden.

It is important to note that the geographical coverage of each UP is 'frozen' to the Contracting Member States that had ratified the UPCA at the date when the request for unitary effect was registered for that UP.

Therefore, at least in the early days of the UP system as more Contracting Member States ratify the UPCA, different UPs will have different geographical scopes.

EU Member States that have not ratified the UPCA as well as non-EU Member States that are part of the European Patent Convention (EPC), such as the UK and Switzerland, cannot be covered by a UP. However, these countries can still be covered by national validation of an EP as is currently the case

Unified Patent Court Agreement

An international agreement to establish a single court for Unitary Patents. It was signed in 2013 and was brought into force on the 1st June, 2023.



Nigel Tucker, Partner



Jonathan Taylor, Patent Assistant

What options will I have when my European patent grants?

After grant of a European patent the applicant has the following options for obtaining patent protection in the contracting member states of the European Patent Convention (EPC):

- obtain a UP only in the states that have at that time ratified the UPCA
- obtain a UP plus national validations of the EP in one or more states that are not within the UP system or who have not yet ratified the UPCA, or
- just obtain national validations of the EP.

It should also be remembered that applicants have the option of filing patent and utility model applications directly with national patent offices rather than using the European Patent Office (EPO). Such national applications are outside the UP and UPC system and can only be used to obtain national patents and utility models.

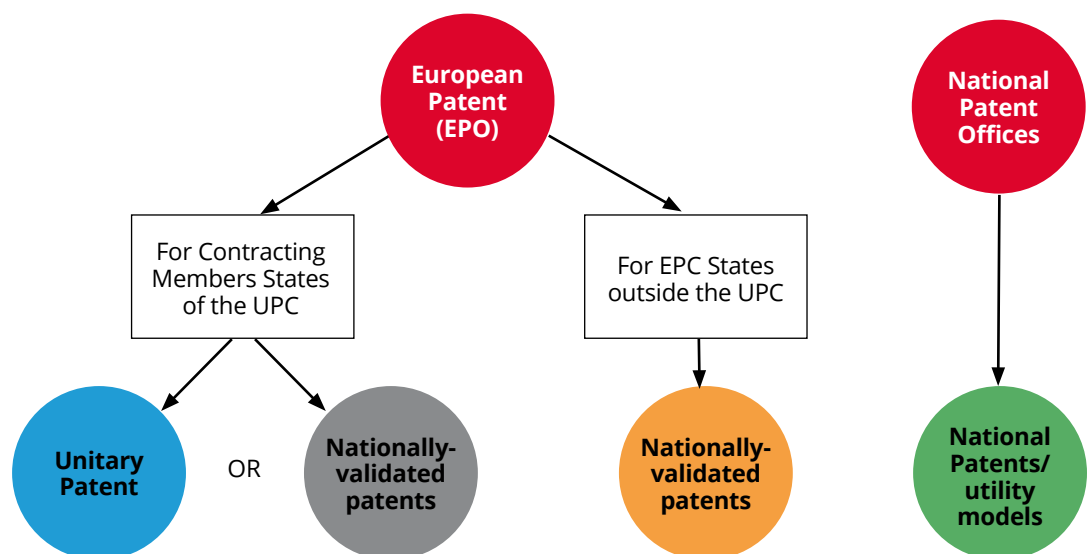
A European Patent (EP)


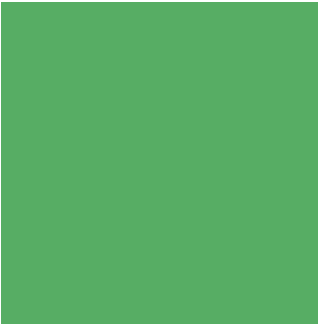
A European Patent that is granted by the European Patent Office and is then validated in individual states to produce separate patent rights, e.g. EP (UK) in the United Kingdom and EP (DE) in Germany.

A European Patent with unitary effect (UP)

A European Patent that is granted by the European Patent Office and is then registered to have unitary effect in the states that have ratified the Unified Patent Court Agreement. It is more commonly known as a Unitary Patent.

Options for obtaining patent protection in Europe





For example, an applicant seeking patent protection in Germany, France, UK, and Spain can:

- file a European patent application via the EPO and then after grant obtain a UP (providing coverage in Germany and France, amongst others) along with national validations of the EP in the UK (since it is not an EU Member State) and in Spain (since it is not contracted to the UP system),
- obtain separate national validations of the EP in Germany, France, UK and Spain after grant of the European patent, or
- file separate applications at the German, French, UK and Spanish patent offices and prosecute each through to grant.

While the last option of filing separate applications at national patent offices does avoid the patents falling within the competence of the UPC, the costs of filing and obtaining grant is significantly higher due to the duplication of examination effort and the need to provide full translations of the specification into German, French, English and Spanish on filing.

Finally, it should also be noted that the UP system does not affect the process of using a European patent application to obtain patent protection in the Extension States of Bosnia and Herzegovina and Montenegro or in the Validation States of Morocco, Republic of Moldova, Tunisia and Cambodia.

How do I obtain a Unitary Patent?

A UP is obtained by first achieving grant of a European patent application and then making an application to the European Patent Office (EPO) to register the granted patent as having unitary effect.

A UP is only available if all of the following requirements are met:

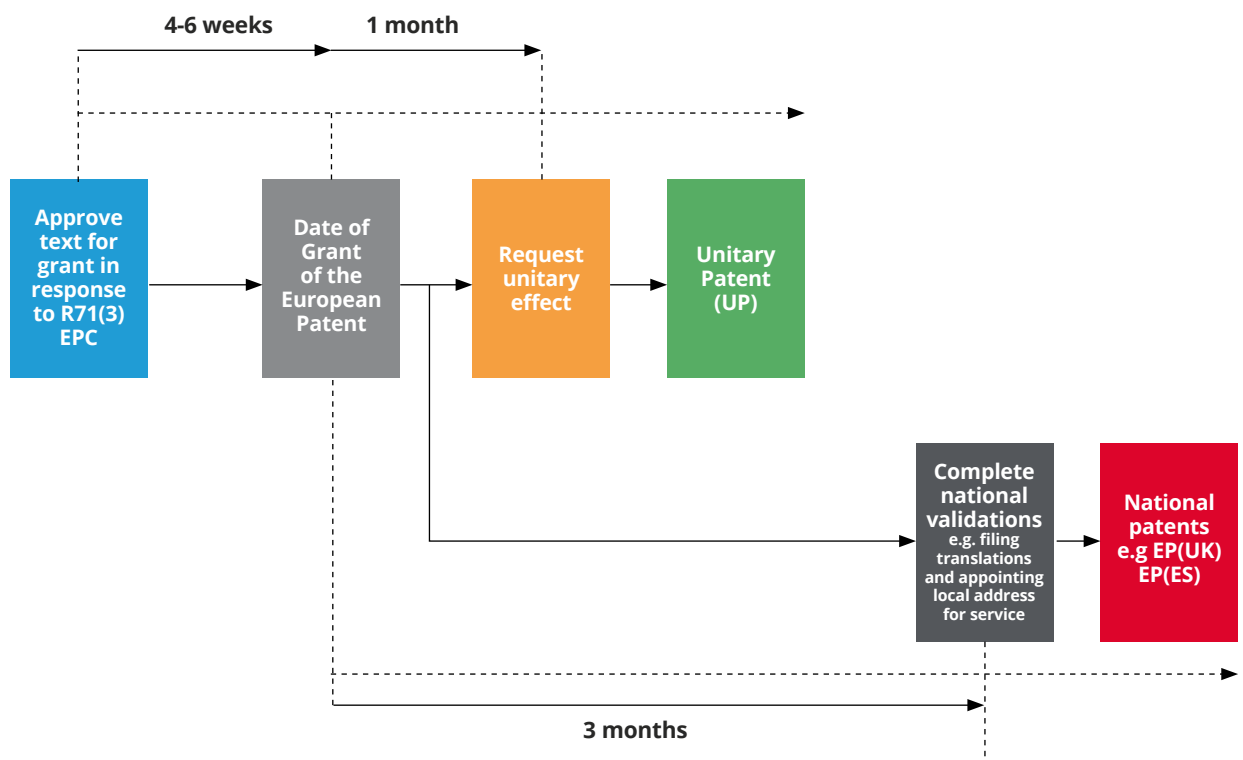
- the grant date of the European patent is after the UP system started
- the European patent designates all Participating Member States of the UP system,

and

- the granted claims are the same for all Participating Member States.

To register the European patent for unitary effect the patent proprietor must file a request within one month of the date of grant of the European patent. This compares to the current three month deadline for completing national validations.

Timeline of grant and validation of a European patent application





Emilia Davies, Patent Assistant

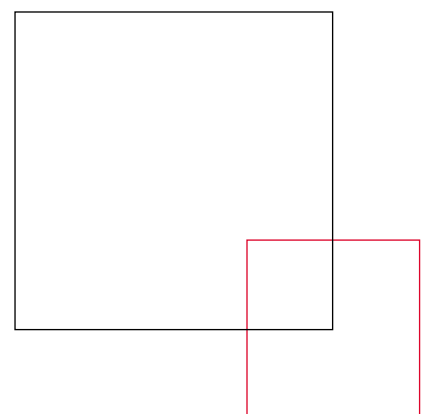
Where a European patent is owned by multiple proprietors they should ensure that they reach an agreement on whether to register the European patent for unitary effect or not.

There is no official fee for filing the request for unitary effect. However, during an initial transitional period of at least 6 years the request needs to be accompanied by a human-produced translation of the full patent specification into either English (if the language of proceedings of the European patent application was not English) or into another language of an EU Member State (where the language of proceedings was English).

The one month deadline for requesting unitary effect is not extendible. Therefore, patent proprietors need to consider and decide whether a UP is required early enough in the grant stage to allow the necessary translation to be obtained.

Applicants wishing to obtain a UP should consider the following points:

- ensure that no designation of a Participating Member State is withdrawn, and
- ensure that the same claims are maintained for all Participating Member States.



What are the costs of a Unitary Patent?

Leaving aside the cost of filing and granting the European patent application itself, there is no official fee for registering unitary effect of a European patent.

During an initial transitional period of at least 6 years there is also be the cost of filing a human-produced translation of the full patent specification into either English (if the language of proceedings of the European patent application was not English) or into another language of an EU Member State (where the language of proceedings was English). The cost of this will vary from case to case dependent of the length of the patent text and the language chosen.

Where a patent proprietor also wishes to validate their EP in one or more states not covered by the

UP, the cost of producing this translation can be offset by using a translation that is required for a national validation. For example, a proprietor wishing to nationally validate their EP in Spain can use the same Spanish translation for the national validation in Spain and to register unitary effect of the UP.

This full translation is in addition to the translation of the claims of the European patent into the other two official languages of the EPO that is required for grant.

A single renewal fee per year is payable to maintain a UP in force after grant. The renewal fees are payable to the EPO. As of June 2023, the published schedule of renewal fees (which may be subject to change) is:

Unitary Patent (UP) renewal fees

Year	Renewal Fee (€)	Year	Renewal Fee (€)
-	-	11	1,460
2	35	12	1,775
3	105	13	2,105
4	145	14	2,455
5	315	15	2,830
6	475	16	3,240
7	630	17	3,640
8	815	18	4,055
9	990	19	4,455
10	1,175	20	4,855

The year of the renewal fee is measured from the filing date of the European patent application.

The level of the renewal fees for a UP has been set so that it is broadly equivalent to the level of

renewal fees paid on an 'average' EP. In practice, the renewal fees are roughly equivalent to the sum of the renewal fees charged by the four most popular EP validated states that are participating in the UP system.



Sebastian Stephan, European Patent Attorney, German Patent Attorney



What is the structure of the Unified Patent Court?

The Divisions

The UPC is a single court comprised of a Court of First Instance, a Court of Appeal and a Registry.

The Court of First Instance comprises a Central Division as well as Local and Regional Divisions.

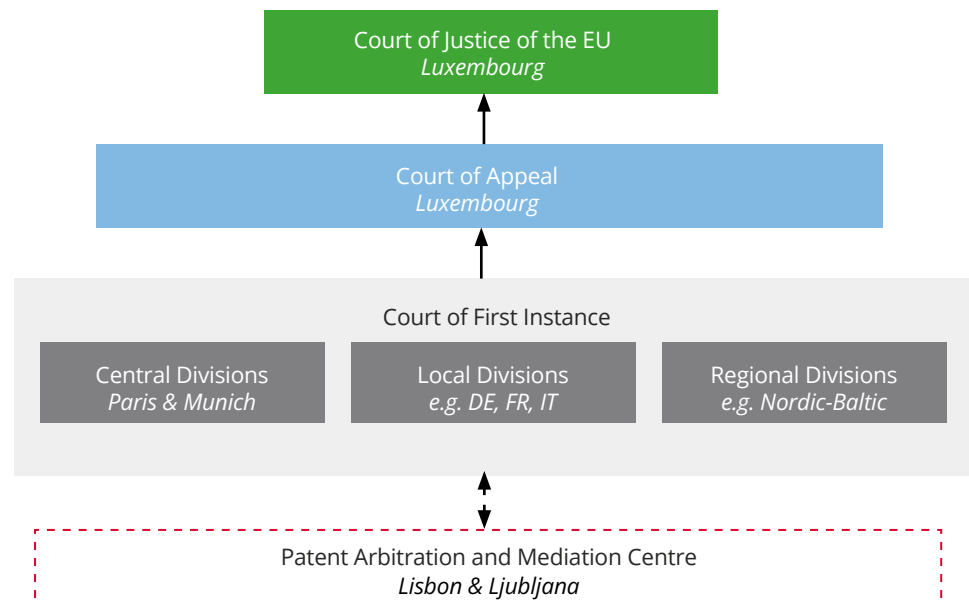
The Central Division in turn is split into two parts - one in Paris, France and one in Munich, Germany. An additional part is due to open in

Milan, Italy during 2024 (to replace one that was originally intended to be in London, UK, prior to the UK's withdrawal from the EU).

The Court of Appeal is based in Luxembourg. An Arbitration and Mediation centre is based in Lisbon, Portugal and Ljubljana, Slovenia.

Preliminary rulings on matters of EU law can be referred from the UPC to the Court of Justice of the European Union (CJEU).

Structure of the Unified Patent Court (UPC)



Every Contracting Member State is entitled to host a Local Division. However, a number of Contracting Member States have combined resources to host a Regional Division.

For example, Sweden, Lithuania, Estonia and Latvia have grouped together to form the Nordic-Baltic Regional Division.

Actions before the UPC

The UPC has exclusive competence, within the ratified Contracting Member States, to hear the following types of actions for both UPs and nationally-validated EPs:

- infringement actions
- actions for declarations of non-infringement
- actions for provisional and protective measures and injunctions
- revocation actions
- actions for damages or compensation derived from the provisional protection conferred by a published European patent application
- actions relating to rights based on prior use of an invention
- actions for compensation for licences of right.

The UPC also deals with counterclaims for revocation and other defences and hears actions against decisions which the EPO takes

when carrying out tasks related to Unitary Patent protection.

The UPC also deals with the infringement and validity of supplementary protection certificates (SPCs) issued for products protected by EPs or UPs.

The national courts of Contracting Member States remain competent for actions which do not come within the exclusive competence of the UPC, e.g. cases relating to compulsory licensing and entitlement. In addition, during the initial transitional period a proprietor is able to register to opt-out their EPs (but not any UPs) from the jurisdiction of the UPC.

For first instance proceedings, whether an action is heard in the Central Division (and if so in which section) or a particular Local or Regional Division will vary depending on the nature of the action, the identity of the parties, the location of the cause of action, and the subject matter of the UP.

For example:

Local/Regional Division will hear:	Central Division will hear:
<ul style="list-style-type: none"> • Infringement actions (with the specific Division determined by where the infringement takes place or where the defendant is based) • Counter-claims for revocation 	<ul style="list-style-type: none"> • Revocation actions • Declarations of non-infringement • Counter-claims for infringement • Infringement actions (where the defendant is not domiciled/has no place of business within the Contracting Member States of the UPC)



Farzana Miah, Patent Attorney

Cases before the Central Division are allocated based on the subject matter of the UP. Cases in international patent classifications A (Human necessities), B (performing operations, transport), D (textiles), E (fixed constructions), G (physics) and H (electricity) are heard in Paris, France. Cases in patent classifications C (chemistry including pharmaceuticals) and F (mechanical engineering) are heard in Munich, Germany. Milan, Italy will take over hearing cases in international patent classification A once it opens.

As noted above, a Local or Regional Division can choose to hear a counter-claim for revocation where an

infringement action is already pending before it. However, they will also have the option of referring the whole action to the Central Division or referring only the counter-claim for revocation to the Central Division (so-called 'bifurcation' of the action). In the case of bifurcation the Local/Regional Division can choose to carry on with the infringement action or stay the infringement claim pending the result of the revocation action in the Central Division.

In addition to the allocation scheme described above, the parties may mutually agree to bring an action before a Division of their choice.

What laws will be applied by the Unified Patent Court?

The UPC applies European Union law and this will take primacy over other sources of law.

The UPC will base its decisions on the following sources of law:

- The UPCA
- The EPC
- Other international agreements applicable to patents and binding on all Contracting Member States
- National Law.

The National Law referred to may be either the national law of Contracting Member States or the national law of third party states that are not signatories of the UPCA (such as the UK).

What languages will be used in the Unified Patent Court?

The language used in actions before the UPC varies from case to case:

- In the Central Division the language of proceedings is the language in which the UP was granted
- In the Local and Regional Divisions the language of proceedings is:
 - an official language of the Contracting Member State hosting the Division, or
 - one or more of English, French or German if the Division has designated this, or
 - the language in which the UP was granted if this is agreed to by all parties (including the Division) or where the Division themselves decide that this is convenient and fair for all parties.



Rules of Procedure of the UPC

The same Rules of Procedure are used in all Divisions of the UPC. The Rules of Procedure emphasise the importance of the written procedure ahead of short oral hearings that are intended to be set down for one day only.

The first instance proceedings are intended to be completed within 12 months of the start of an action.

The Rules of Procedure require claimants to provide detailed and particularised initial pleadings, including details of facts, evidence and witnesses that will be relied upon throughout the action.

It is noteworthy that the Rules of Procedure inherit aspects of law familiar from both common law and continental law jurisdictions in Europe. For example, the rules envisage both an adversarial approach, where the parties contest the facts, evidence and witnesses put forward by the other side, but also an inquisitorial approach where the Court itself may direct the production or preservation of evidence, and for evidence to be provided by expert witnesses, including court experts appointed by the Court.

Do I need to be represented before the Unified Patent Court?

Users of the UPC must be represented.

UPC representatives need to be:

- Lawyers authorised to practise before a court of a Contracting Member State, or
- European Patent Attorneys who hold an appropriate qualification such as a European Patent Litigation Certificate.

What are the costs of the Unified Patent Court?

The official fee at first instance for a revocation action is fixed at €20,000.

The official fee at first instance for an infringement action or a counter-claim for infringement is made up of a fixed fee of €11,000 plus a value-based fee dependent on the value of the claim. The value-based fee increases on a scale from €0 for claims up to and including €500,000 all the way up to a fee of €325,000 when the claim value exceeds €50M.

The official fees on appeal follow a similar pattern, for example with the official fee for an appeal pursuant to a revocation action being €20,000 and the official fee for an appeal pursuant to an infringement action being €11,000 plus the same value-based fee paid at first instance.

It should be noted that these fees relate to the official court fees only and exclude all fees charged by the representatives, e.g. attorney fees.

The successful party in a claim before the UPC is able to apply for an award of costs from the other party in respect of representative fees. Awards of costs are normally based on a scale of ceilings for recoverable costs. The scale increases from a recoverable cost ceiling of €38,000 for actions having a value of up to and including €250,000 to a recoverable cost ceiling of €2M for actions having a value of above €50M.

What are the powers of the Unified Patent Court?

The UPC has wide powers including:

- ordering the inspection of premises (similar to French Saisie orders) to obtain and preserve relevant evidence
- freezing orders to retain assets within the jurisdiction of the UPC
- preliminary injunctions to prevent imminent infringement pending the outcome of an infringement action
- permanent injunctions at the conclusion of an infringement action or counter-claim for infringement
- giving awards of damages and legal costs
- ordering delivery up and/or destruction of infringing articles

- partially or fully revoking a UP or EP (in the Contracting Member States) following a revocation action or counter-claim for revocation.

In terms of territorial scope, UPC decisions will cover, in the case of UPs, all of the territory of the Contracting Member States for which the UP has unitary effect. In the case of an EP, UPC decisions will cover all of the territory of the Contracting Member States for which the EP has effect.

The UPC may also choose to exercise a 'long-arm' jurisdiction beyond the territories of the Contracting Member States when assessing damages.

Is the Unified Patent Court replacing EPO oppositions?

No. The opposition procedures of the European Patent Office (EPO) remain available as alternative or parallel proceedings for contesting the validity of European patents.

EPO oppositions continue to offer a number of advantages compared to revocation actions before the UPC:

- Significantly lower official fees. The EPO opposition fee is €840 compared to the UPC revocation fee of €20,000
- A simpler procedure with lower representative/attorney fees, and
- Revocation of an EP patent at an EPO opposition will revoke the patent in all EPC contracting member states. By contrast, a revocation of a UP by the UPC is only effective in the states for which the UP has unitary effect. So for example revocation of a UP will not revoke the equivalent nationally-validated EP(UK) patent.

However, revocation actions before the UPC have some advantages not available in the EPO opposition system:

- A UPC revocation action can be started at any time after grant of the UP. By contrast, an EPO opposition must be filed within 9 months of grant
- The UPC has the full powers of a court. For example, the UPC may order the production of evidence, order inspections of premises and allow cross-examination of witnesses, none of which are powers available to the EPO.



Henning Erb, Partner

Should I choose a Unitary Patent or national validations of a European Patent?

The new Unitary Patent system provides additional choice to patent proprietors. Ultimately, the decision whether to choose a UP or national validations of an EP (or a combination of both) will vary between patent proprietors. Even for a particular patent proprietor, the decision may differ on a case-by-case basis depending on the perceived value and importance of individual inventions.

Having said that, there are some factors that patent proprietors should be aware of when making their decision.

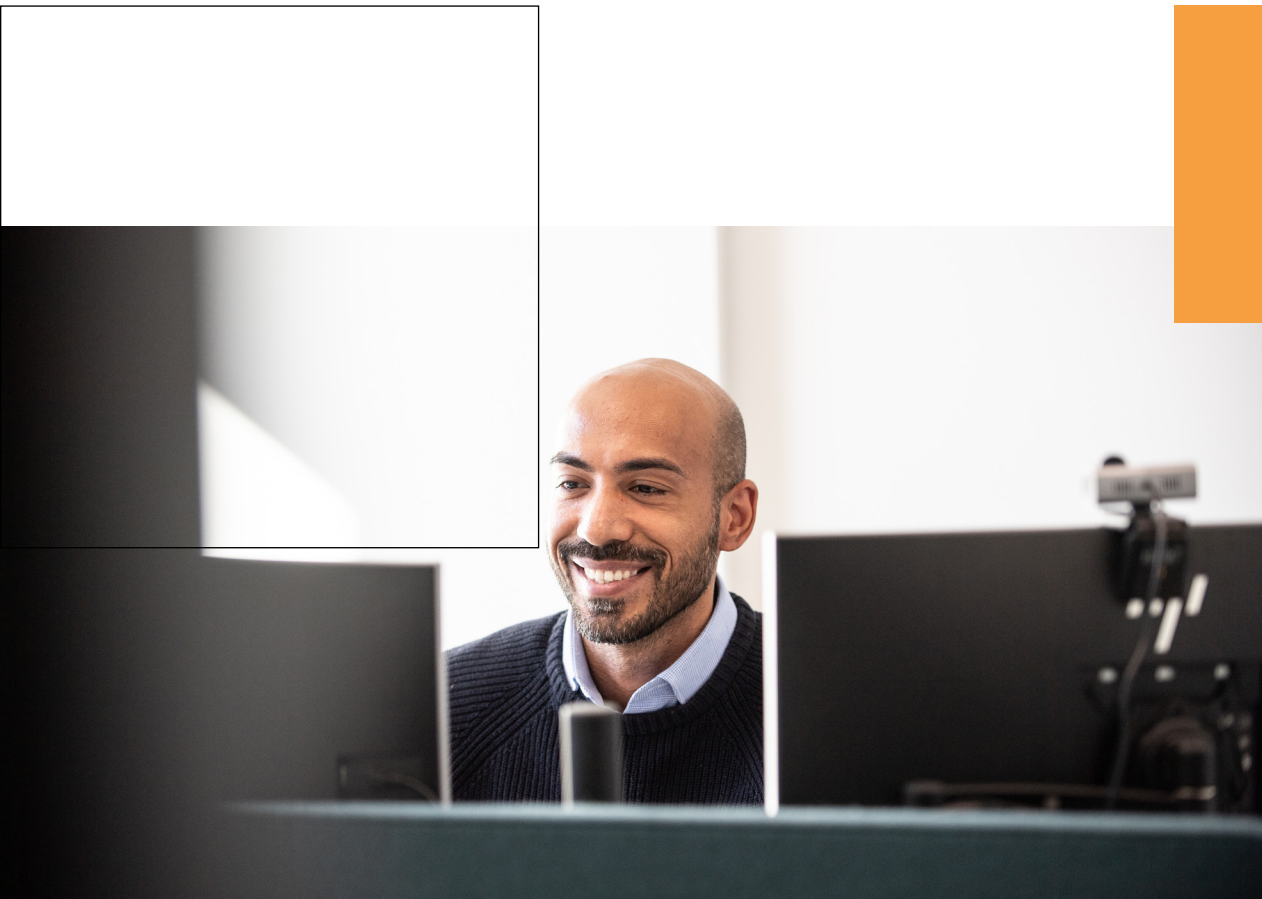
Some of the perceived advantages of the UP are:

- A UP has a wide geographical coverage
- Choosing a UP may result in lower translation costs after grant compared to national validations (but it must be remembered that during a transitional period of 6 years a single full translation of the patent is still required)
- Easier administration of renewal fees is possible since only a single renewal fee payment each year is required to the European Patent Office (EPO) for the states covered by the UP
- The UPC provides a single court system for settlement of disputes relating to UPs. It is hoped that this will lead to less divergence in case law and so enhance legal certainty

- The UPC is empowered to grant relief (e.g. damages, injunctions, etc.) that cover all the Contracting Member States for which the UP has unitary effect (and possibly beyond)
- Using the UPC for enforcement may avoid the need for parallel litigation in multiple European jurisdictions.

Some of the perceived disadvantages of the UP are:

- It is not possible to reduce the renewal fee cost over time since only a single renewal fee is payable. This can be contrasted with nationally-validated EPs where a proprietor can choose to stop paying renewal fees in some states to reduce costs during the patent term
- The UP renewal fees may be considered high by patent proprietors who only currently validate their EPs in a few states. For example, many European patents are validated in the UK, France and Germany only. The total cost, each year, of renewing an EP validated nationally in the UK, France and Germany will be around half the cost of paying a UP renewal fee plus a UK national renewal fee
- Choosing a UP ties a patent proprietor to the use of the UPC for settlement of disputes and exposes their UP to the risk of a central revocation action before the UPC that, if successful, would revoke the whole UP in one go



Sunny Qamar, HR Administrator

- Prior art against a UP will include national patent applications of a Contracting Member State that have an earlier priority or filing date and were published on or after the filing (or priority) date of the UP. Therefore, in theory, a UP could be revoked due to “novelty-only” prior art from just one country
 - Considering that the UPC is a new forum with new judges and new Rules of Procedure, this may lead to initial uncertainty in outcomes
 - The court fees of the UPC are relatively high. For example, the official fee alone for a revocation action is €20,000 and for an infringement action is €11,000 + an additional fee based on the value of the action
 - While the UPC is a single court, the presence of multiple Central, Local and Regional Divisions split across different countries still presents potential complications relating to language issues and forum-shopping
 - The Rules of Procedure of the UPC require claimants to provide detailed and particularised initial pleadings, including details of facts, evidence and witnesses that will be relied upon throughout the action. This is likely to result in front-loading of costs ahead of the launch of proceedings
 - Litigation in European countries outside the UPC system (e.g. UK) may still be needed.
- It should be remembered that where a European patent has multiple proprietors, or there are licensees, care should be taken to ensure that there is no contractual restrictions on whether the patent can be registered to have unitary effect as a UP.

What is the jurisdiction of the Unified Patent Court?

The default position is that the UPC has exclusive competence over:

- Unitary Patents
- European Patents (assuming they designate any Contracting Member State – and virtually all do)
- Supplementary Protection Certificates (SPC) related to the above.

However, during an initial transitional period (of at least 7 years) actions relating to EPs can also be brought in national courts at the choice of the parties. In addition, during the initial transitional period a proprietor is able to register to opt out their EPs (but not any UPs) from the jurisdiction of the UPC.

As a result, for the Member States that have ratified the UPCA:

- UPs always have to be litigated in the UPC for most actions. This includes all infringement and revocation actions
- EPs that have not been opted out may be litigated in either the UPC or the national courts during the 7 year transitional period
- After the end of the transitional period, EPs that have not been opted out will have to be litigated in the UPC
- EPs that have been opted out have to be litigated in the national courts unless the opt-out is withdrawn.

Opt-outs

What is an opt-out?

An opt-out is a declaration that is filed by, or on behalf of, a patent proprietor stating that they do not want their EP to be under the jurisdiction of the UPC.

Opting out is an active step that a proprietor can take to remove an EP from the jurisdiction of the UPC. Once opted out, the EP will remain (as now) under the jurisdiction of the national courts in the states where the

EP was validated. This means that the UPC will have no jurisdiction over the opted out EP. Therefore, once opted out, invalidity and infringement proceedings relating to the EP will only be able to be brought in the national courts (unless the opt-out is withdrawn).

It will only be possible to file a request for an EP opt-out up to one month before the end of the transitional period. The transitional period will last at least 7 years from the start of the UPC.



Susi Fish, Partner

Transitional period

An initial period of at least 7 years after the commencement of the UPC.

Once a particular EP is opted out the opt-out will be effective for the whole life of the EP unless the opt-out is withdrawn.

An opt-out will apply for all granted states of the EP, so it will not be possible to opt out only for particular states.

Pending (published) European patent applications and expired EPs can be opted out as well as granted EPs that are still in force.

Can I opt out a Unitary Patent?

No. Importantly, only EPs can be opted out of the jurisdiction of the UPC. It is not possible to opt out a UP from the jurisdiction of the UPC – UPs always fall under the exclusive jurisdiction of the UPC by definition.

Can I withdraw an opt-out?

Yes. It is possible for a patent proprietor to withdraw an opt-out at any time should they wish to do so unless the EP has been the subject of previous national litigation in a Contracting Member State. Due to this restriction, patent proprietors should be aware of two issues, in particular:

- If an EP is opted out that has already been the subject of national litigation in a Contracting Member State, then it will not be possible to withdraw the opt-out – the opt-out will be permanent, and
- While an EP is opted out, a third party may start litigation in a national court and this would prevent the opt-out being withdrawn and so prevent future use of the UPC for that EP.

Withdrawing an opt-out means that the EP would then fall within the jurisdiction of the UPC for any subsequent actions. Once an opt-out has been withdrawn it is not possible to opt out that EP again.

What are the effects of opting out my patent?

An opted out EP will remain under the jurisdiction of each competent national court where it has been validated. The UPC will have no jurisdiction. Therefore, once opted out, invalidity and infringement proceedings relating to the EP can only be brought in the national courts (unless the opt-out is withdrawn).

What if there is a Supplementary Protection Certificate (SPC)?

The status of an SPC is linked to the EP or UP on which it is based. Therefore, it is not possible to just opt out an EP and not its associated SPC at the same time. Likewise, it is not possible to opt out just the SPC while leaving the EP under the jurisdiction of the UPC.

It is not possible to opt out any SPC that is based on a UP since the UP itself cannot be opted out.

When opting out an EP the details of any SPC based on that EP must be provided as part of the opt-out application.

What are the costs of opting out?

There is no official fee for opting out but the process requires patent proprietors and their representatives to carry out some administrative checks so there is some administrative overhead and costs involved.

How do I opt out an EP?

The UPC provides a Case Management System to allow opt-outs to be recorded online. The opt-out can be registered by a UPC representative or another person duly authorised by the patent proprietor(s).

It is important to note that where an EP is owned by multiple proprietors, all of the patent proprietors need to consent to the opt-out (or subsequent withdrawal of an opt-out). Joint

proprietors of EPs should therefore ensure that they come to an agreement as to whether their EPs are to be opted out or not.

In addition, it is very important to note that the patent proprietor(s) who can make an effective opt-out or withdrawal of an opt-out are the persons legally entitled to be registered as the proprietor(s) under the law of each Contracting Member State in which the EP has been granted. This is true whether or not such person(s) is/are in fact recorded in the register of patents maintained in such Contracting Member State.

This means that, when making an opt-out or a withdrawal of an opt-out, one will need to check very carefully the true ownership position in each and every state where the EP has been granted.

These checks will be particularly important for EPs where:

- there has been an assignment or partial assignment after grant (especially if not recorded on the registers)
- there has been an entitlement action after grant that has changed the ownership position
- the proprietor(s) have undergone a change of name.

As part of the opt-out process, it is necessary to provide the names and contact details of all of the true owners.



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If an opt-out is later found out to be defective, for example because authorisation from an entitled proprietor of the EP was not obtained, then the UPC will retain jurisdiction over the EP.

Should I choose to opt out my EP?

If you do not want the UPC to have jurisdiction over your EPs, then you need to file an opt-out request.

For patent proprietors, reasons for wanting to opt out might include:

- Not wanting your EPs to be vulnerable to a central revocation attack in a single court that could result in revocation of the EP in all ratified states of the UPC
- Uncertainty regarding the new UPC forum – it uses new patent judges and there will be an initial lack of substantive and procedural case law, resulting in greater uncertainty in predicting costs, timescales and outcomes of any litigation
- The probability that litigation costs in the UPC will be higher than the equivalent costs of litigating in a single national court.

Are there advantages to not opting out?

If you are a patent proprietor wishing to enforce your EP in multiple jurisdictions covered by the UPC, then staying within the jurisdiction of the UPC may well be advantageous. Equally, if you consider that your EP is unlikely to be challenged, then the reasons for opting out may be significantly reduced.

If a proprietor also owns a national patent(s) in Europe for the same invention protected by an EP, they should note that opting out an EP may have a negative effect in some states (e.g. France and Germany) on the ability to simultaneously protect the invention using both the national patent and EP. If this applies, we recommend seeking additional advice before opting out.

If I decide to opt-out my EP, when should I do this?

The UPC provided a 3-month 'sunrise' period for filing opt outs. The sun-rise period has now ended. However, assuming that no UPC proceedings have yet started it is still possible to opt out an EP during the initial transitional period of 7 years.

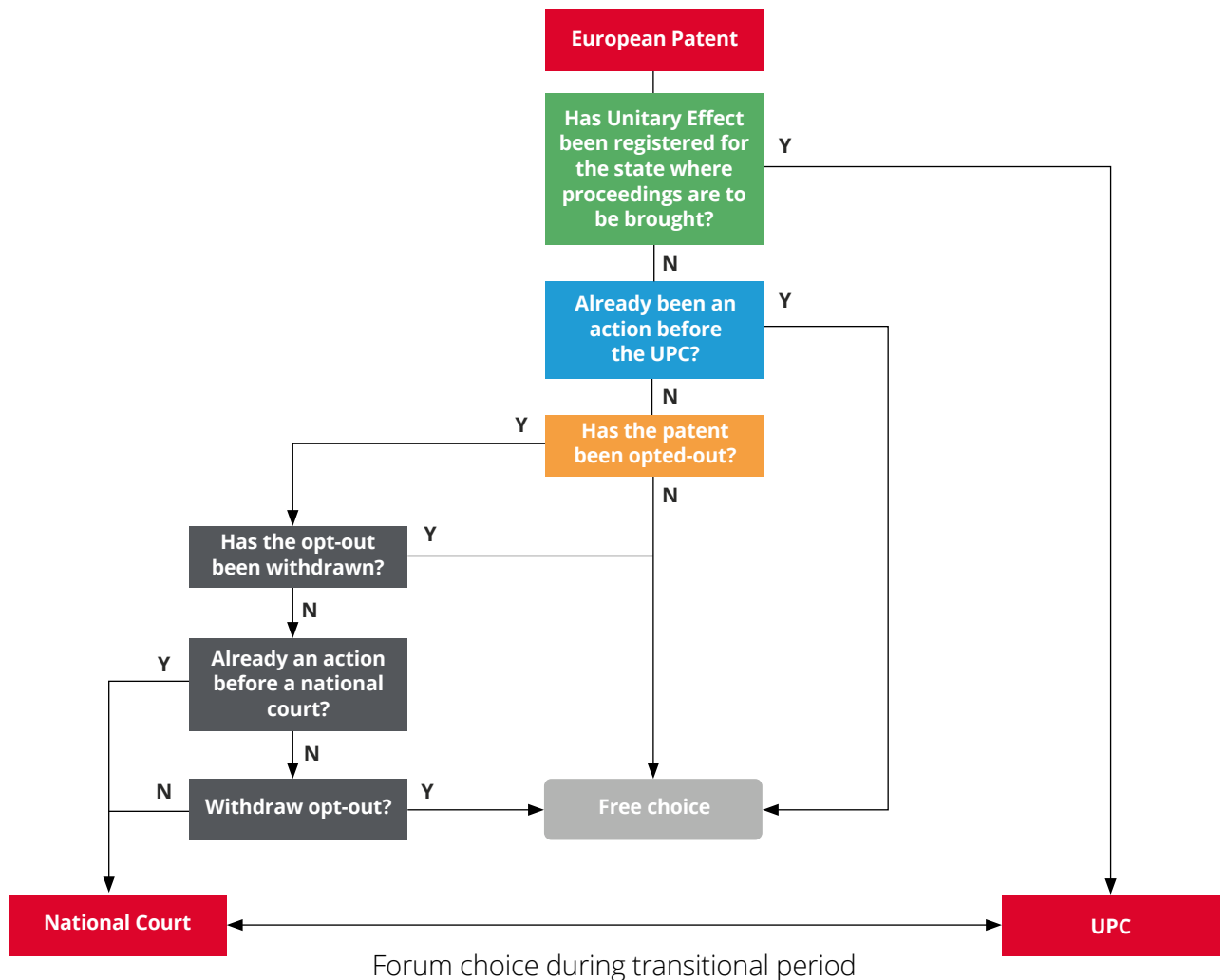
Forum choice during and after the transitional period

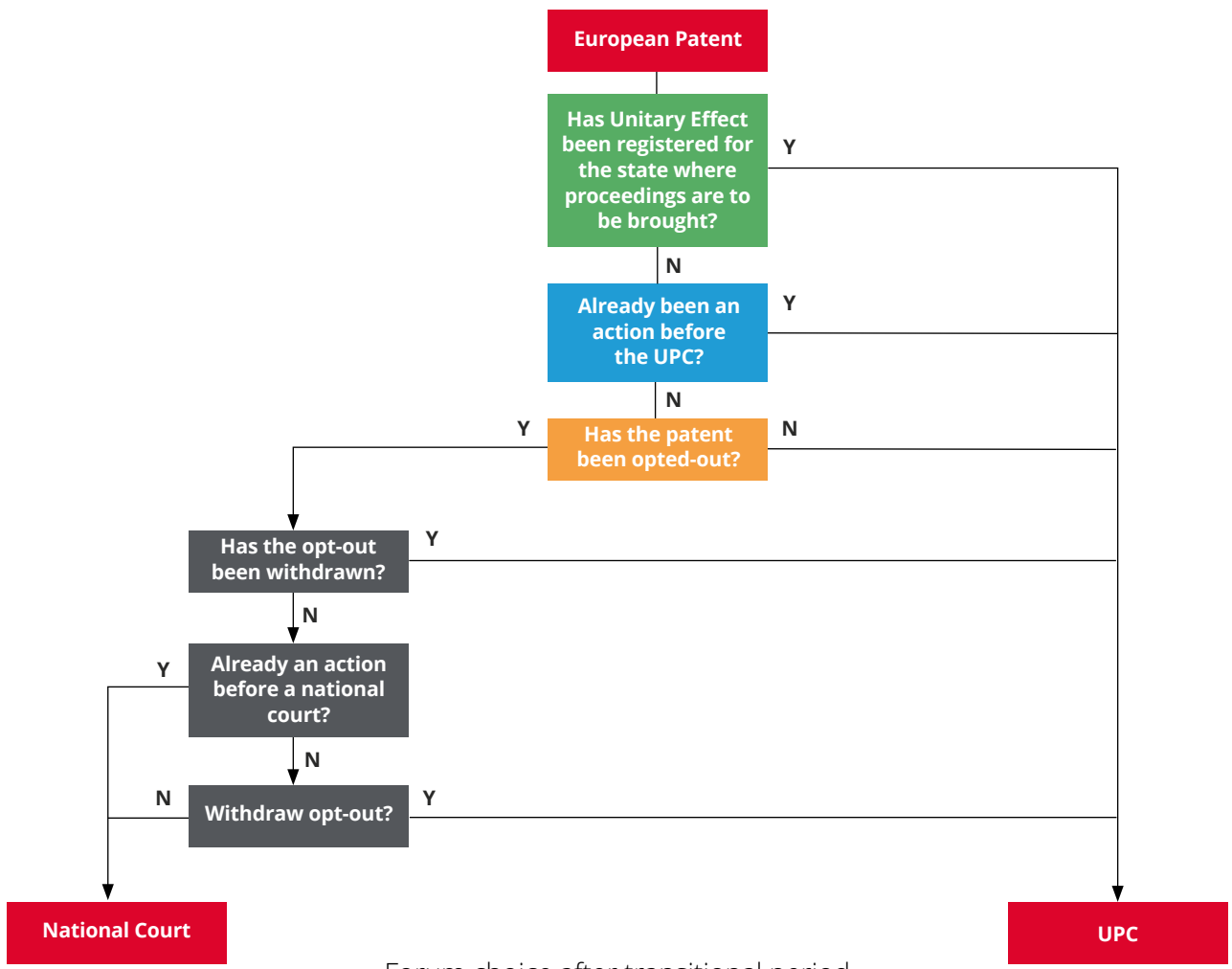
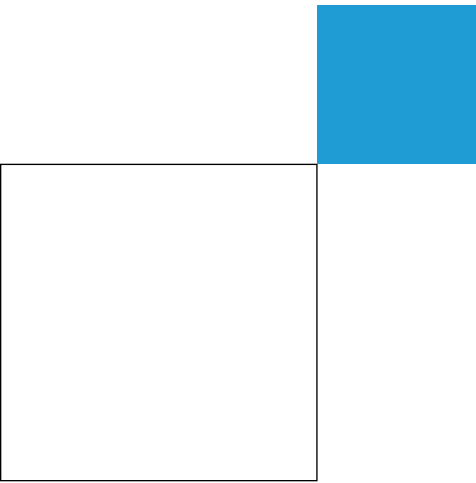
The choice of forum for an action depends on:

- Whether the patent is a UP or an EP
- If an EP, whether the EP is opted out or not
- Whether any previous opt-out has been withdrawn, and

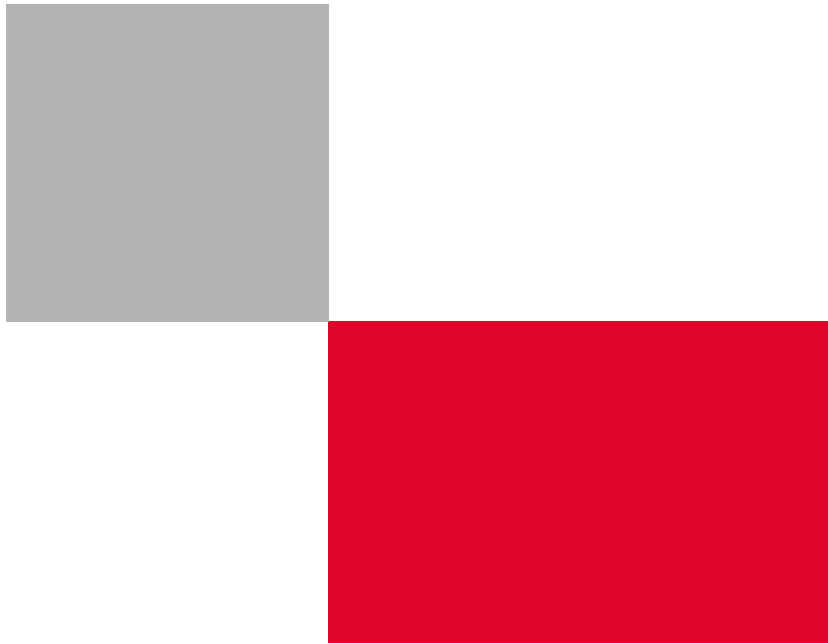
• For EPs, whether the transitional period is still running or has finished.

The following charts summarise the choices both during the transitional period and after the transitional period has finished.





Forum choice after transitional period



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