

UNIFIED PATENT COURT: OPT-OUT CONSIDERATIONS

A new Unified Patent Court (UPC) is scheduled to come into effect in Europe in 2023. The expected start date is currently 1 June 2023. The UPC will make it easier for owners of existing European patents to enforce their patents across multiple EU countries. At the same time, there will be a greater risk of European patents being centrally challenged at the UPC.

All existing European patents will fall within the jurisdiction of the UPC by default. However, owners of European patents will be able to 'opt-out' of the new system.

It is important that owners of existing European patents now consider whether or not they wish to opt-out of the UPC. Our general recommendation is that the decision to opt-out is made in good time before the new system comes into effect. This is because competitors will have the opportunity to challenge the European patent at the UPC as soon as its doors open.

We therefore strongly recommend that all owners of European patents review their European patent portfolios to decide whether they wish to opt-out any of their European patents. We would be very glad to help you with your review process: please contact us if you would like to discuss opting-out.

The new system also introduces a new Unitary Patent, which can be obtained upon grant of a European patent application, and which will have effect across multiple EU countries. Please see our separate information sheet entitled "**Unified Patent Court: The Unitary Patent**" for more information.

The Unified Patent Court

The UPC is a new central court for litigation of **new Unitary Patents** and **traditional European patents** in the 17 participating countries:

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

Other EU countries may join the system in the future. Some EU countries, including Spain, have not signed up to the agreement and are therefore not expected to join. Non-EU countries will not participate. This includes Norway, Switzerland and the UK.

Please note that **the UPC is separate to the EPO**. European patents can still be validated in the normal way and have effect in all of the same countries, including those not participating in the UPC. All European Patent Attorneys, including those based in the UK, will have full rights to represent clients before the EPO and the UPC.

What does this mean for existing European patents?

When granted, traditional European patents are effectively broken down into a number of national patents in one or more of the member states of the European Patent Organisation. This process is known as "validation". The European patent can only be enforced separately in each country in which it is validated.

When the UPC opens its doors (currently expected on 1 June 2023), all existing European patents will fall within the jurisdiction of the UPC by default. **Decisions of the UPC will have effect in all UPC-participating countries in which the European patent has been validated.**

This means that owners will be able to enforce their patents in multiple validated countries in a single action at the UPC.

Example: A European patent is validated in France, Germany, Italy and the UK. Traditionally, if the patent is infringed in more than one of the validated countries, an infringement action must be brought separately in each one. Under the UPC, the owner may bring infringement proceedings at the UPC and the resulting decision of the UPC will be effective in France, Germany and Italy (i.e. all of the validated countries that are participating in the UPC). The European patent would still need to be enforced separately in the UK, which will not participate in the UPC.

However, the same also applies for legal challenges to the validity of the patent. Competitors will have the option to seek revocation of the European patent at the UPC. If the patent is considered to be invalid and revoked, or has to be limited in scope, this will have effect in every validated country that is participating in the UPC.

Existing European patents will not become Unitary Patents. The European patent will only have effect in the countries it has been validated; it must also be renewed separately in each of those countries.

Can I opt my European patent out of the UPC?

Yes. Owners of European patents (and any published European patent applications) will be able to opt-out of the UPC during a 'sunrise period' beginning three months before the UPC opens (currently expected to start on 1 March 2023), and any time after that during an initial transition period of at least seven years.

Opting out will result in the European patent being treated in the traditional way: any infringement or revocation actions can only be brought in the national courts of the validated countries.

It will also be possible to withdraw an opt-out (i.e., to opt back in to the UPC) during the transitional period of at least seven years, provided that no actions have already been brought in the national courts.

What are the advantages to remaining in the UPC?

- The European patent can be enforced in multiple countries in a single action.
- During the transitional period, the owner also has the option to enforce in selected national courts.
- It is expected that the UPC will reach decisions much faster than the national courts: the target is for decisions to be issued within 14 months; decisions in the national courts can typically take a few years. The UPC could therefore provide greater legal certainty in shorter timescale.

What are the advantages to opting out of the UPC?

- Avoids the risk of revocation/limitation in multiple countries in a single action at the UPC. It means that the European patent is treated in the traditional way and is therefore the lowest-risk option.
- A national prior right in one UPC country could lead to revocation/limitation of the European patent across all UPC countries. This could make the European patent more vulnerable to challenge.
- Allows time to see how UPC case law develops.
- Opt-outs can be withdrawn, meaning that the European patent can be opted back in, if desired.

What factors should I consider?

The decision on whether or not to opt-out of the UPC will vary on a case-by-case basis. Some good questions to consider are:

- Are there any potential 'weaknesses' in the European patent? If so, the patent may be more vulnerable to being challenged and it may certainly be better to consider opting out.
- Could infringement advantageously take place in several countries simultaneously? If so, remaining in the UPC may make enforcement across several countries simpler, quicker and cheaper.

Multiple patents can be opted out in the same request. The cost for opting out will therefore depend on the number of patents included in the same request. Please contact us if you would like to discuss the costs for opting out.