

Bird & Bird

The Unitary Patent (UP) & Unified Patent Court (UPC)

The Opt-Out Guide



Unified Patent Court: The opt-out

Unified Patent Court (UPC): Competence

- As a rule, the UPC has jurisdiction over infringement, invalidity and other matters for all Unitary Patents (UP) as well as for all “traditional” European Patents (EP) for most of the EU (i.e., for all member states of the Unitary Patent Court Agreement (UPCA)).
- For a transitional period of 7 years, possibly extending to up to another 7 years, jurisdiction of national courts over traditional European Patents (EPs) continues. Within this transitional period both the UPC and national courts have jurisdiction over traditional European Patents (EPs).
- However, within this transitional period it is possible to opt out EPs from the UPC system, which means that the UPC will not have jurisdiction over them: the jurisdiction exclusively remains with the national courts for the opted-out Eps

Opt-out: Essentials

- Applicable only to EPs (published applications, granted patents, expired patents). UPs cannot be opted out.
- Opt-out only possible as long as no action has been brought before the UPC.
- An application to opt out must be filed with the Registry of the UPC. The opt-out only becomes effective from the date of entry of the opt-out in the opt-out register. If certain information is missing or is incorrect in the opt-out application, a correction may be lodged with the Registry but the opt-out is ineffective until the date the correction is recorded in the Registry.
- Applications to opt out can be filed during the “sunrise period” of the UPC (starting three months prior to the actual start of the UPC) to ensure that the opt-out has been registered at the start of the UPC.
- An opt-out can be withdrawn– but only once. It is not possible to opt out for a second time.
- According to the UPC Preparatory Committee, an opt-out registered in the transitional period remains effective (subject to any withdrawal) after the end of the transitional period for the remaining lifetime of the patent.
- The application for opt-out must be filed by the patent proprietor (or applicant) or his representative. Where a patent is owned by two or more proprietors, all proprietors must lodge the application jointly. Where the proprietor is not recorded as the proprietor in the national or EPO registers, a declaration is to be filed that he is entitled to be registered in the national patent register.

Various options now for applicants and patent owners

UP	Traditional EP (without opt-out)	Traditional EP (with opt-out)	National patent
UP only available if the European patent is granted after the start of the UPC system.	Traditional EP without opt-out possible (i) for all European patents which have been granted before or after the start of the UPC system, and (ii) for all applications which are pending at the start of the UPC system or thereafter. <u>Note:</u> This is the default case for all European patents already granted at the start of the UPC system or thereafter.	Traditional EP with opt-out possible (i) for all European patents which have been granted before or after the start of the UPC system, and (ii) for all applications which are pending at the start of the UPC system or thereafter. However, only during the transitional period of at least 7 and up to 14 years.	National patent applications can still be filed in addition/parallel to European patent applications. Possible national double protection limitations to be considered, which vary by country.
Single application process and single right granted by EPO covering most of EU (currently 17 and up to 24 countries).	Single application process leading to grant decision by EPO for all EPC countries (38 in Europe), allowing applicant to validate in countries of choice.	As for traditional EP without opt-out.	Separate application process and grant decision in each country's own patent office.
Exclusive jurisdiction of the UPC.	Parallel jurisdiction of UPC and national courts during transitional period of 7-14 years. Thereafter exclusive jurisdiction of the UPC.	Exclusive jurisdiction of national courts during transitional period of 7-14 years. Thereafter opt out not possible anymore.	Exclusive jurisdiction of national courts.
Expected to be cheaper than validating an EP in many countries but commit to UP-scale of fees for life of patent.	Cost of validating in many countries more expensive than UP but can allow patents to lapse in countries that become unimportant over life of patent.	As for traditional EP without opt-out.	Cost of maintaining patent in many countries likely to exceed that of a UP.
Minimal translation requirements.	Translation requirements for validation vary by country.	As for traditional EP without opt-out.	Patents generally prosecuted and granted in national languages.

What must applicants and patent owners do now?

What to do with already granted EP patents and pending EP applications? Opting out or not?

Various factors to be considered for this decision:

- If the patent or patent application covers very important technology and/or is highly relevant for possible infringement actions, a UPC-wide decision on infringement could be obtained by using the UPC system at lower costs (compared to traditional multijurisdictional actions).
- However, in such a case there is also the risk of a UPC-wide revocation of the patent (which of course is also the case if an EPO opposition can still be filed).
- Uncertainty at present about how procedure and powers will be interpreted (no case law yet). The UPC might be a chance or a risk.
- Another important aspect is the strength of a patent. The stronger the patent from a validity perspective (for example after it survived an EPO opposition), the lower the risk might be for a revocation by the UPC.
- The opt-out can be withdrawn. Consequently, there is the option of opting out a patent first and withdrawing the opt-out only if an infringement action before the UPC is intended.
- **In summary:** It needs to be decided whether your portfolio is to be opted-out or not. Decision can be taken for the portfolio as a whole or on a case-by-case basis for each patent separately.

Further Considerations:

- In general, the more parallel protective rights exist (within the UPC regime and outside of the UPC regime), the more options are available for the patentee.
- If opt-out is intended:
 - getting consent of possible further co-applicants or co-proprietors
 - checking whether the correct applicants or proprietors are recorded in the national or EP registers
- If a licence for a patent exists (as a licensee or as a licensor): reviewing the licence agreement with respect to possible provisions on the UPC; agreeing with the licensee or licensor on a strategy for the patent (opt-out yes/no) if required.

What to do with newly granted EP patents: UP validation yes or no?

The cost aspect:

- The renewal fees of the UP correspond approximately to the sum of 4 national renewal fees, i.e., renewal fees can be saved if traditional validation of the patent is intended in more than 4 countries.
- Traditional EP allows patents to lapse in countries that become unimportant over life of patent (thereby saving renewals over the complete lifetime of the patent). For the UP, you are bound to the full fees for the life of patent.

Further Considerations:

- The UPC has exclusive jurisdiction over UPs. No opt-out possible. Accordingly, the same considerations in favour and against the UPC system as for considering opt out of EPs apply (see above).
- If a UP designation is intended for a patent application which is already now (in the first half of 2022) ready to grant (i.e., before the start of the UPC), a delay of the grant procedure might be considered in order to obtain a UP.

New or modified filing strategy in Europe?

Considerations regarding European patent applications:

- Filing of divisional applications to be considered: opting out the parent patent, while not opting-out the divisional application (double patenting prohibition according to the EPO to be considered (see e.g., decision G 4/19)).
- Branching-off national utility models, where possible.

Additional filing of national patent applications:

- National patent applications can be filed in addition to European patent applications.
- National court will keep exclusive jurisdiction over national patents – even after expiry of the transitional period.
- Additional costs when prosecuting EP patent applications and a set of parallel national patent applications.
- **In summary:** The applicants/proprietors can choose which court system (UPC vs. national courts) to be used – even after the end of the transitional period – but at the expense of additional costs for prosecuting and maintaining national patents/patent applications.

Lead UPC Contacts

We have 21 offices across the major economies of Europe and a presence in all major UPC division jurisdictions. Our team is here to guide you on the practical and commercial steps to future proof your IP for when the new system comes into force. Please get in touch with any of the team below if you need advice.

Christian Harmsen
Partner & Int. Head of
IP, Germany



Tel: +49 211 2005 6000
christian.harmsen@
twobirds.com

Boris Kreye
Partner, Germany



Tel: +49 89 3581 6000
boris.kreye@twobirds.com

Dr Claus Becker
Partner & Patent
Attorney, Germany



Tel: +49 89 3581 6000
claus.becker@
twobirds.com

**Anne-Charlotte Le
Bihan**
Partner, France



Tel: +33 1 4268 6000
Anne-
charlotte.lebihan@twobirds.com

Wouter Pors
Partner, The
Netherlands



Tel: +31 70 353 8800
wouter.pors@
twobirds.com

**Giovanni
Galimberti**
Partner, Italy



Tel: +39 02 3035 6000
giovanni.galimberti
@twobirds.com

**Domien Op de
Beeck**
Partner, Belgium



Tel: +32 02 282 6000
domien.op.de.beeck
@twobirds.com

Thank you



twobirds.com

Abu Dhabi • Amsterdam • Beijing • Bratislava • Brussels • Budapest • Casablanca • Copenhagen • Dubai • Dublin • Dusseldorf
• Frankfurt • The Hague • Hamburg • Helsinki • Hong Kong • London • Luxembourg • Lyon • Madrid • Milan • Munich • Paris
• Prague • Rome • San Francisco • Shanghai • Singapore • Stockholm • Sydney • Warsaw

The information given in this document concerning technical legal or professional subject matter is for guidance only and does not constitute legal or professional advice. Always consult a suitably qualified lawyer on any specific legal problem or matter. Bird & Bird assumes no responsibility for such information contained in this document and disclaims all liability in respect of such information.

This document is confidential. Bird & Bird is, unless otherwise stated, the owner of copyright of this document and its contents. No part of this document may be published, distributed, extracted, re-utilised, or reproduced in any material form.

Bird & Bird is an international legal practice comprising Bird & Bird LLP and its affiliated and associated businesses.

Bird & Bird LLP is a limited liability partnership, registered in England and Wales with registered number OC340318 and is authorised and regulated by the Solicitors Regulation Authority (SRA) with SRA ID497264. Its registered office and principal place of business is at 12 New Fetter Lane, London EC4A 1JP. A list of members of Bird & Bird LLP and of any non-members who are designated as partners, and of their respective professional qualifications, is open to inspection at that address.