

Unified Patent Court - Commencement from June 01, 2023

As of June 01, 2023 the Unified Patent Court (UPC) commences operation for determining matters of infringement, validity and other matters for European patents, European patent national phase patents, and supplementary protection certificates in the UPC participating states. The participating states of the Unified Patent Court are currently:

Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovenia and Sweden (17 UPC states).

It is expected that in the coming months and years, other states who are also members of the European Union will join the above states and ratify the UPC agreement.

Present National System for Determination of Rights in Granted National Patents

Under the present system, if there is a dispute concerning European national phase patents in any of the above individual states, for example an infringement action or a revocation action, the matter is determined in the national Court of the individual state.

The outcome of the litigation in one national state, for example an infringement decision, a decision to revoke the patent or a decision that the patent is only partially valid is not binding for the same patent in any of the other states.

Often, once a decision is made in one national court on a particular patent in issue, the procedure in other national courts will broadly follow that decision for the equivalent national patents in those other states, although it is not unknown to get conflicting decisions from different national courts in different states on the same issue of infringement or validity.

Each national Court only has the power to make decisions on damages, account of profits or other relief such as an injunction within their own territory, and so to obtain relief across a broad range of territories for the other national patents arising from the same European patent requires replicating the procedure in many national Courts.

New System - Unified Patent Court

From June 01, 2023, the Unified Patent Court (UPC) commences operation for the above participating countries. Further EU member states are already signatory to the UPC agreement and are likely to ratify and participate in the UPC system in the forthcoming months and years.

Under the new UPC system, European patents granted under the European patent Convention (EPC) and European patents having unitary effect (Unitary Patents) will come under the jurisdiction of the Unified Patent Court. This includes European national phase validation patents. It also includes supplementary protection certificates relating to the aforementioned.

The UPC is competent to determine matters of actual or threatened infringement, validity, declarations of non-infringement, revocation, declarations of invalidity, damages and compensation for infringement, actions relating to the use of an invention prior to the granting of a patent, actions for the right based on prior use of an invention and actions for compensation for licences.

The UPC will decide matters on European patents with unitary effect (Unitary Patents). The present European patent post-grant opposition system administered by the European Patent Organisation (EPO) is unaffected and remains in place.

The UPC does not have jurisdiction over national patent applications filed and prosecuted at the national patent office of the above UPC states, as these are not patents which have been granted under the European Patent Convention (EPC).

Any decisions taken by the UPC will apply equally across all other UPC participating states. For example, a decision on infringement of a European (DE) German patent will apply across any corresponding Dutch, French, and Italian European national phase patents for the same invention arising out of the same European patent.

The default position is that all European national phase patents in the above countries will be subject to the jurisdiction of the UPC as from June 01, 2023, unless an opt-out is filed.

Transitional period

Under article 83 of the UPC agreement there is a seven year transitional period (which may be extendable by a further seven years, the decision to be made at the five year stage) under which actions for infringement or revocation of a European patent national phase or an action for infringement or a declaration of invalidity of a supplementary protection certificate issued for a product protected by European patent national phase can still be brought before the national Courts or another national competent authority, for example a national patent office.

This means, that for the first seven year period the UPC does not have exclusive jurisdiction over European national phase patents and corresponding supplementary protection certificates in the UPC states but rather an action can be commenced either in a national court of a UPC participating state, or at the Unified Patent Court itself.

Possibility of Opting Out of the Unified Patent Court System - Transitional Period

It is possible to opt out your European national phase patents from the jurisdiction of the UPC. The opt out removes your patents from the jurisdiction of the Unified Patent Court, and you would continue under the same national Court jurisdiction system as at present.

Opting out means that if there is a dispute concerning your patent, it will continue to be handled under the old system, direct at the national Court.

The default condition is that all national patents of the above states will join the UPC system, and opting out of the UPC system requires a positive action to request opt out.

The opt out facility ensures that the litigation options presently available to patent holders using national courts will still be available to them provided they opt out of the UPC.

The possibility of opting out applies during the transitional period, also called the “Sunrise period” which lasts seven years from the date of commencement of the operations of the UPC from June 01, 2023. It may be extended by a further seven years according to the UPC agreement.

Factors to Consider in Opting Out of the UPC

- Opting out of the UPC is only available for national phase patents in UPC states resulting from a European patent.
- Opting out of the UPC is not available for a European patent having unitary effect (Unitary Patent) covering all UPC participating states. These must always be litigated in the UPC.
- Eventually after a seven-year period, (which may be extended by a further seven years) all European national phase patents of the above UPC states will be under the exclusive jurisdiction of the UPC, and the UPC will be the default forum for determining infringement and validity of those patents. By that time it is likely that more states will have joined the UPC.
- The legal costs of a single UPC action are expected to be significantly less than the cost of multiple individual Court actions in individual national states.
- The legal costs of a single UPC action are expected to be broadly comparable to the legal costs of a single court action in an individual national state.
- Opting out of the UPC system could make your European patent more costly and more difficult to attack by a third party, e.g. an infringer, because they would need to revoke your patent in one or multiple national Court or patent office actions. They would not have the option of a single centralised action in the UPC.
- Under the UPC system, the procedure for revoking your European patent in all participating states could be easier and less expensive, and if revocation of your patent was successful, it would have automatic effect in all of the UPC participating states where you have the equivalent European national patent.
- Remaining in the jurisdiction of the UPC system makes your European patent easier and less costly in legal fees for you to enforce against infringers compared to the present system of multiple national court cases, because a single UPC decision will have effect across all of the above participating states for the equivalent national patents arising from your European patent.
- If your European patent national phase patents are strong and valid, then accepting the jurisdiction of the UPC arguably makes your patent more formidable because it will cost you less to enforce it in multiple UPC countries compared to the present system of individual national enforcement.
- If your European patent national phase patents are potentially invalid or weak, then accepting the jurisdiction of the UPC arguably makes your patent easier and less expensive for a third party to revoke over the whole of the above UPC territories in which you have European national phase patents for the same invention.
- Opting out of the UPC is defensive and makes your patent harder to attack by a third party, but also could deny you the advantages of enforcement in the UPC if you have a patent which would be better suited for enforcement in that court.

The main differences between remaining in the UPC and opting out are:

- opting out of the UPC means your European patent can be enforced and attacked by conducting several parallel national Court cases under the present system; or
- accepting the default position of accepting the jurisdiction of the UPC means your patent can be enforced or attacked centrally at the UPC with the outcome applying automatically to all UPC participating countries, or alternatively in an individual national Court with the outcome applying automatically only in that national state.

Given that the large majority of European national phase patents are never enforced at all and their validity is never challenged in court, the above considerations may turn out to have practical significance in only a small percentage of European patent cases.

But companies continuously look at competitor's patents and whether a patent is under UPC jurisdiction or is opted out can be taken into account in whether a patent owner tries to enforce their patent, or whether and where a competitor seeks to invalidate a European patent.

Can you opt out of the UPC and then opt back in later?

Yes, you can. If you opt out so that your European national phase is under the sole jurisdiction of the national courts, and then later decide to opt back into the UPC, you can withdraw your opt out in order to restore the jurisdiction of the UPC. But you can only do this if there is no pending action already commenced in the national court for that European patent in any one of the UPC participating states.

Other European patent states not in the UPC system

Not all European patent states are party to the UPC system. For European national phase patents in the UK and other non-UPC states, there will be no immediate change. For non-UPC states, enforcement will continue in the national courts, and decisions of the UPC will have no automatic effect on patent infringement or validity for non-UPC states. The non-UPC states are:

Albania; Cambodia; Croatia; Cyprus; Czech Republic; Greece; Hungary; Iceland; Ireland; Liechtenstein; Monaco; Montenegro; Morocco; North Macedonia; Norway; Poland; Republic of Moldova; Romania; San Marino Serbia; Slovakia; Slovenia; Spain; Switzerland; Tunisia; Turkey; United Kingdom (27 non-UPC states).

Summary

The default condition is that as of June 01, 2023 your European national phase patents will come under the joint jurisdiction of the UPC and the national courts of the UPC countries.

If you wish to opt out your European national phase patents from the UPC system, then you can do so for up to 7 years from June 01, 2023.

If you opt out, you are then under the jurisdiction of the national court, not the UPC.

Once opted out, if you change your mind you can opt back in, but only if no national court actions have been commenced in a UPC territory for that patent in the meantime.

For the new European patent with unitary effect (Unitary Patent) covering all 17 participating UPC states, this cannot be opted out of the UPC. That will always be under the exclusive jurisdiction of the UPC.

All other European national phase patents which are not in UPC states are unaffected by the UPC. For these national phase patents, the present system of litigation in the national Courts continues, and there is no UPC option.

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