



February 2023

The Unitary Patent and Unified Patent Court

What is it?

We are facing the most far-reaching reform of the European patent system for decades. The majority of EU Member States have agreed to establish “unitary patents” (UPs), being single patents whose territorial scope will extend to all participating countries, and a Unified Patent Court (UPC), which will have exclusive jurisdiction over both UPs and, subject to a transitional “opt-out”, existing and future (non-unitary) European patents in force in the participating countries.

The new patent is provided for by an EU regulation (the UP Regulation). It will be obtained via a single designation following the grant of a patent application under the existing European Patent Convention (EPC). The new court is established by an international agreement between the participating countries, signed on 19 February 2013 (the UPC Agreement).

What countries will it cover?

The UP was intended to cover all the EU Member States and in time it may. However, Spain, Poland and Croatia have not to date joined up and, since the UPC Agreement was signed, the UK has left the EU and the UPC project. The 24 UPC signatory EU Member States are therefore currently: Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Portugal, Romania, Slovakia, Slovenia and Sweden.

However, signature of the UPC Agreement does not guarantee participation in the UP and UPC – ratification is required. As at 1 January 2023, 16 of the 24 EU countries have ratified, including France but Germany has not yet completed the process: Germany must deposit its instrument of ratification in order for the UPC Agreement to enter into force.

How does it differ from what we have already got?

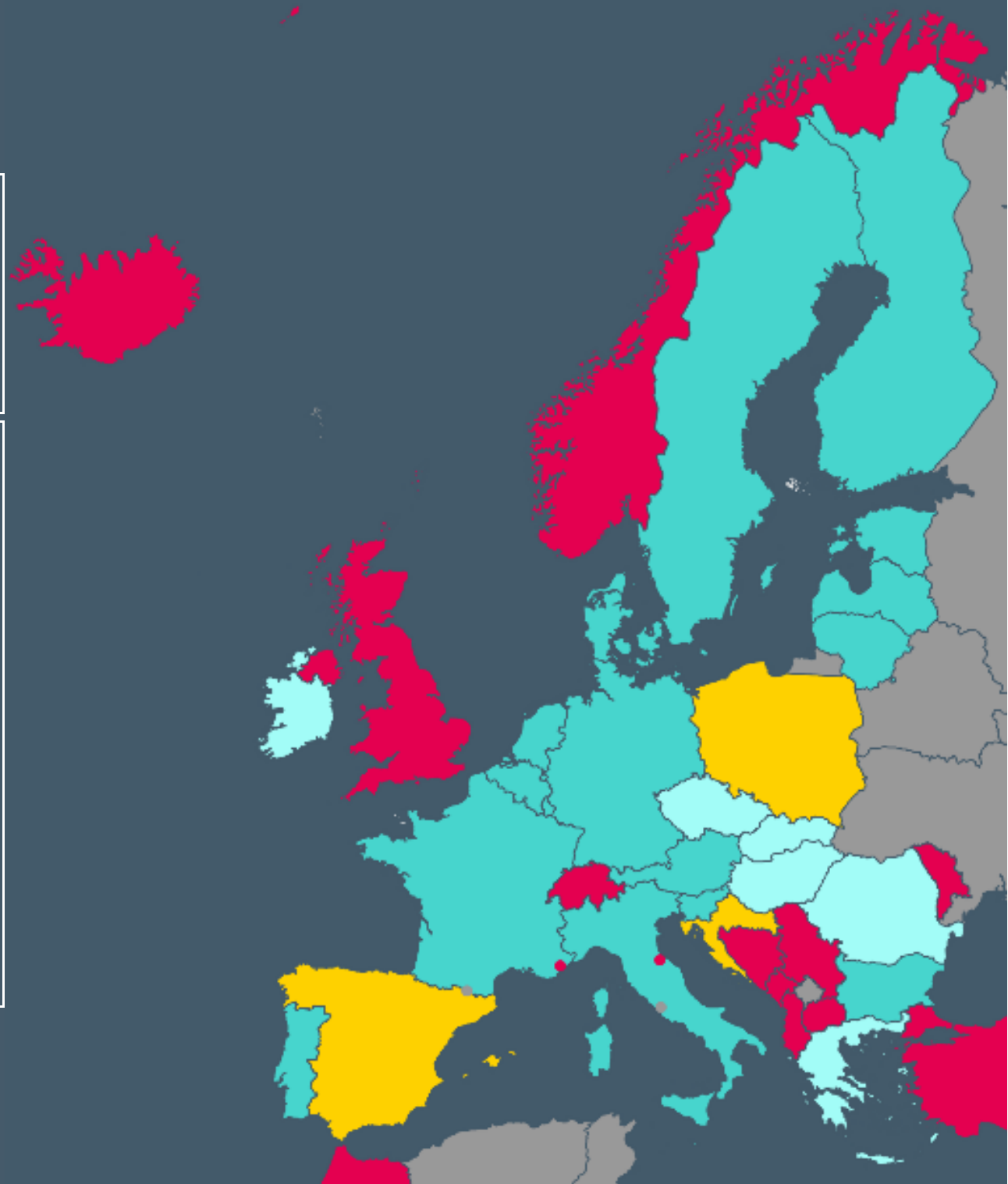
Assuming the participating Member States do all ratify, the UP Regulation will allow a patent granted by the existing European Patent Office (EPO) to cover as a single patent most of the EU. Such a patent will be enforceable and revocable throughout all of those participating Member States in a single action before a single court.

This differs from the current situation, in which the EPO grants a patent known as a European patent (EP), which takes effect as a bundle of individual national patents. Each of these national patents must usually be enforced and maintained individually and separately in each of the countries (both EU and non-EU) in which they are registered.

What is the purpose of these changes?

The aim of the EU legislators is to reduce the cost of obtaining broad patent protection in the EU. At present most European patents are only validated in a small number of countries, meaning that the patentee does not have protection in other countries. Secondly, a single lawsuit will be able to determine infringement and validity throughout the participating states, thereby further reducing costs.

fig 1. Status of EU Member States



When can we expect it to come into force?

A “provisional application period” came into effect on 19 January 2022, allowing for preparations for the new court to be completed. The UP/UPC regime will take effect in full after the deposit by Germany of its instrument of ratification of the UPC Agreement. This will be done once all the preparations are complete. The UPC has published a roadmap in which the UPC is projected to open its doors on 1 June 2023.

There will be a “sunrise” period for opting European patents out of the UPC system under transitional arrangements, which we explain in more detail below. According to the UPC roadmap the sunrise period is projected to start on 1 April 2023.

For simplicity, in the remainder of this note, it is assumed that all participating states will ratify.

A huge amount of preparatory work has already taken place. The Court and its Divisions are being set-up and the Court rules are almost complete. The legal and technical judges have been appointed and are being trained, and the IT systems, including standard court forms and filing practicalities, are being implemented and tested.

Separately, the European Patent Office has prepared its own detailed rules in order to implement the UP designation.

Can existing European patent applications become unitary patents?

UP protection may be, but does not have to be, requested for any EP granted on or after the date on which the UPC Agreement comes into force. Accordingly, pending EP applications filed before that date may take effect as UPs if their grant is delayed until the Regulation comes into force.

Will you still have a choice of what type of patent to have in Europe?

Yes. Patentees can still apply directly for national patents at the relevant national patent offices and alternatively/additionally for European patents at the EPO. The latter can be validated as a non-unitary bundle of European national rights (as is the case now) or as a UP plus national validations in non-UP states. These rights can co-exist, subject to double-patenting rules that may apply in particular countries.

Whereas it will be possible to enforce UPs and non-unitary EPs (insofar as they cover UPC-participant states) in the new UPC, national patents will always only be enforceable in the national courts.

What will the Unitary Patent cost?

Filing fees – The pre-grant procedure at the EPO will not change. The filing fees will therefore be the same as before the EPO now.

Prosecution costs (attorney fees) – The pre-grant procedure at the EPO will not change. Prosecution costs will therefore be the same as before the EPO now.

Translation costs – For at least six and potentially up to 12 years, all UPs will have their whole description (not just the claims) filed or translated into English, being the “language customarily used in the field of international technological research”. Most EPs are already filed in English. Those applications filed in English will need to be translated into one other EU language, but this does not need to be German or French: an applicant from Sweden might choose Swedish, for instance. In addition, the claims of all accepted applications must be translated into English, French and German before grant, as presently.

Validation fees – The UP dispenses with the traditional validation fees (i.e. the cost of preparing partial or complete translations of the granted patent for each country), save for those EPC countries that are not participating in the UPC regime. As well as the UK, these countries include, for example, Spain, Poland, Switzerland and Norway.

Renewal fees – The Select Committee of the Administrative Council of the EPO voted to adopt a fee proposal named “true TOP4”, which tracks the sum of the post-grant renewal fees that would be payable in the four most commonly validated countries over the entire patent term. It followed that the cost of a UP to a patentee will be cheaper overall than maintaining a large bundle of national rights, but would be more expensive to a patentee who validates only in a handful of countries and maintains only some of those to the full term.

At present over 50 per cent of all European patents are validated in three or fewer countries (including the UK). For these patents the “true TOP4” proposal means an increase in maintenance costs, plus the separate fee required for any UK validation, but considerably greater coverage.

For SMEs – All European patent applications have to be prosecuted in one of the three official EPO languages, English, French or German. There will be a compensation scheme to help SMEs with the costs of translating an EP application to one of these languages if the application has been filed in a different language. This scheme will not just benefit SMEs but also universities, natural persons (that is, real people rather than corporate entities) and non-profit organisations. In each case, the party seeking compensation must be resident or have its principal place of business in a Member State.

There will also be assistance with UPC fees.

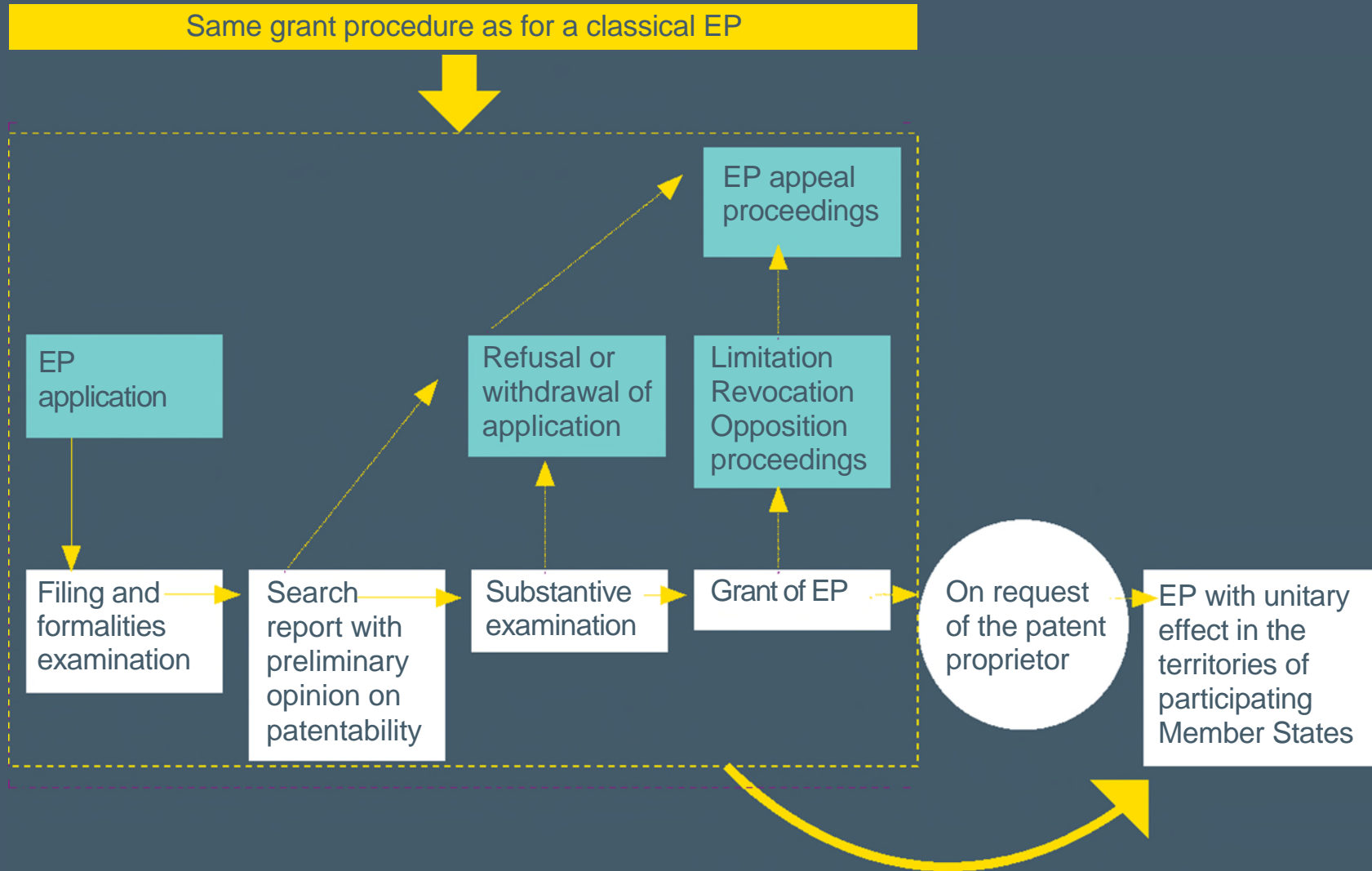
How will obtaining a unitary patent work?

A patent application will need to be filed with the EPO as now and prosecuted in the same way. On grant, the applicant will be able to validate the EP as a UP in the participating Member States as a single “UP” designation, and also separately validate as before in all other EPC states (including the so-called “extension states”).

Opposition procedures at the EPO for UPs will be the same as they are currently for any existing EP application.

National patent applications are wholly unaffected.

fig 2. UP grant procedure



The Unified Patent Court system

The new UPC will be established pursuant to the UPC Agreement. The UPC will have exclusive jurisdiction over both (1) UPs and (2) (non-unitary) EPs designating one or more of the EU Member States participating in the UPC Agreement. It is to be noted, that (2) also applies EPs granted before the UPC has come into force. However, non-unitary EPs are subject to the transitional provisions (see section on 'Transitional Provisions and Opt Out', below).

What is the structure of the UPC?

The UPC will comprise a Court of First Instance and a Court of Appeal. At first instance, the court will have Central, Local and Regional Divisions located geographically in participating states, Regional Divisions being for states that wish to share resources or judicial experience. All Divisions (Central, Local and Regional) will have multinational panels of judges.

The administrative "seat" of the Central Division will be located in France. Its work was originally intended to be split between three sections, located in the United Kingdom (London), France (Paris) and Germany (Munich), depending on the technical classification of the patent being litigated. The UK section would have heard a broad range of cases, including pharmaceutical, biotech, chemical, agricultural and medical devices; the German section mechanical and weapons cases, and the French section telecommunications, electrical and other cases. At present, it has not been decided where the cases that would have gone to London will now be heard. Italy has made a formal application. Another option, perhaps as an interim solution, is to split the work between Paris and Munich.

The UPC will refer questions of EU law to the Court of Justice of the EU, just as national courts in member states of the EU do now.

How do I choose the UPC Division that fits my needs?

A patentee claimant will have to bring their infringement action before a Local or Regional Division of a country where either (1) infringement has occurred or is threatened, or (2) the defendant (or one of the defendants) is resident or has a place of business. Furthermore, non-EU based defendants (i.e. defendants that are neither resident nor have a place of business within the participating EU Member States) can also be sued for infringement in the Central Division. If the country under (1) or (2) above does not participate in a Local or Regional Division (for example, Luxembourg or Malta), the case can again be brought in the Central Division. These rules have the potential to give a patentee claimant a wide choice of Divisions in which to bring proceedings, particularly in the case of pan-European infringements.

What happens in the event of a counterclaim for revocation?

The Local or Regional Division hearing the infringement action will have the discretion to (1) proceed with the infringement and revocation proceedings together, (2) proceed with the infringement proceedings but send the revocation counterclaim to the Central Division (this is the practice of "bifurcation") or (3) pause or "stay" the infringement proceedings (pending the resolution of the revocation proceedings) and send the revocation counterclaim to the Central Division. In addition, if the parties agree, the infringement action and revocation counterclaim can both be sent to the Central Division.

The ability to “bifurcate” is potentially heavily pro-patentee, if it leads to infringement actions of (possibly weak) patents being tried before validity is determined. It may also prejudice the stated aim of using a single court to determine infringement and validity to reduce costs. The Court may exercise its discretion over bifurcation, so it is unlikely to be in the parties’ control. However, the following provisions in the procedural rules are important and may “soften” the impact of this, in the interests of fairness between the parties to litigation:

- The UPC will have only a discretion to bifurcate, not an obligation to do so (unlike the present system in Germany, where validity and infringement proceedings must be brought in separate courts).
- Cases will typically proceed for many months (until the close of detailed written “pleadings”) before any bifurcation will be considered;
- The infringement court must also stay its own (infringement) proceedings if there is a “high likelihood” of revocation, either at the point it decides that validity should be determined by the Central Division, or when issuing its judgment on the infringement claim.

Anecdotally, it appears likely that most, if not all, Local and Regional Divisions will be happy to hear revocation counterclaims and are unlikely to bifurcate proceedings.

What if I want to bring an action for revocation first?

If action for revocation is brought before a corresponding action for infringement, the revocation action must be brought in the Central Division. A corresponding action for infringement may then be brought either (1) in the Central Division, or (2) in a Local or Regional Division as indicated above.

Where do I go if I want to obtain a declaration of non-infringement?

An action for a declaration of non-infringement must be brought in the Central Division, but if a corresponding infringement action is commenced (i.e. in a Local or Regional Division) within three months, the Central Division must stay the declaration for non-infringement action.

How are the proceedings structured?

Proceedings will follow three stages: a written procedure, interim procedure and oral procedure. During the written procedure the parties will exchange pleadings outlining and arguing their respective cases, with typically two pleadings on each side. In the interim procedure a judge – the “judge-rapporteur” – will make all necessary preparations for the final oral hearing and may call the parties to an interim conference to facilitate those preparations. The judge-rapporteur will also explore the potential for settlement. The oral procedure will be under the control of a presiding judge and will consist of the hearing of the parties’ submissions and, if ordered during the interim procedure, the hearing of witnesses and experts.

The intention is that the oral hearing should normally be completed within one day and that the first instance proceedings should be concluded in approximately a year, though in practice it may take longer.

Appeals:

Importantly, all appeals will be to a central Court of Appeal, located in Luxembourg. Procedural decisions can be “reviewed”. This will ensure harmonisation of substantive law and procedure across the Local, Regional and Central Divisions and is therefore of critical importance to the new system.

Enforceability:

The decisions of all Divisions of the Court of First Instance as well as decisions of the Court of Appeal should be enforceable in any participating Member State without the need for a declaration of enforceability from a national court.

fig 3. UPC typical timeline

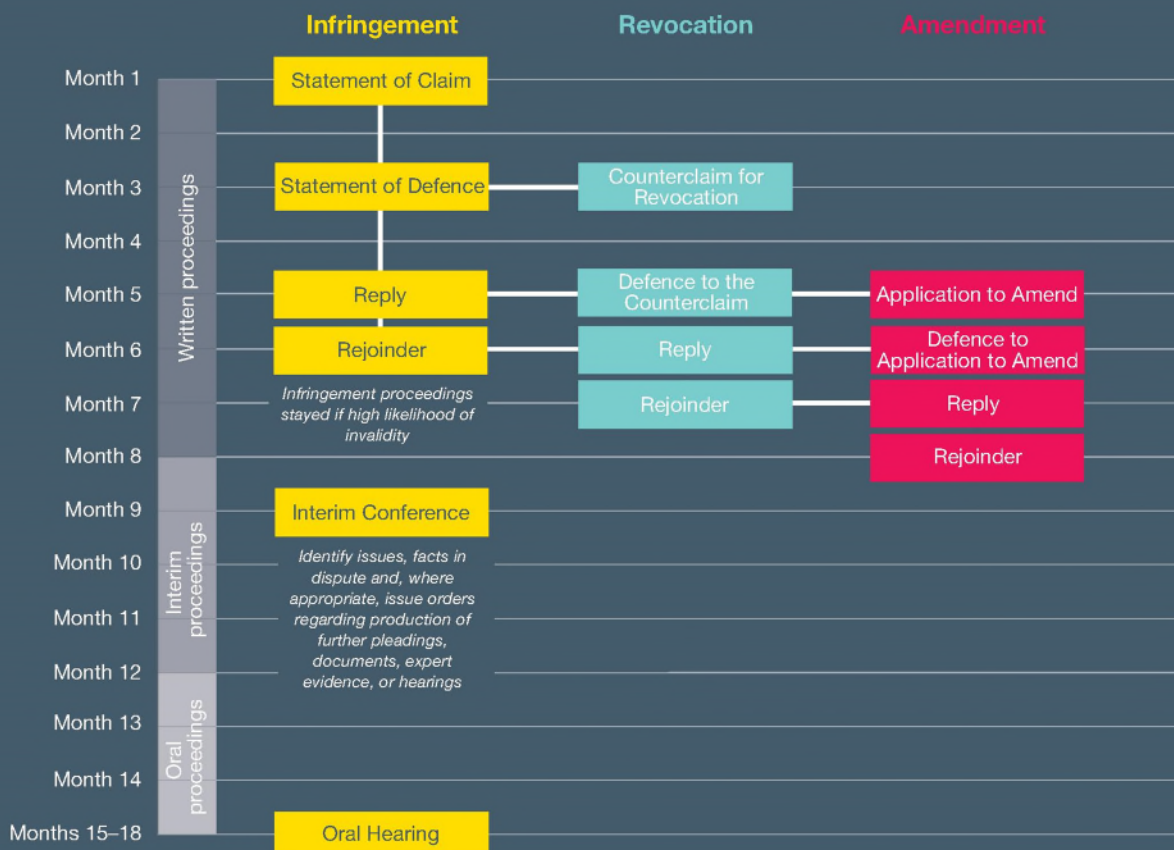
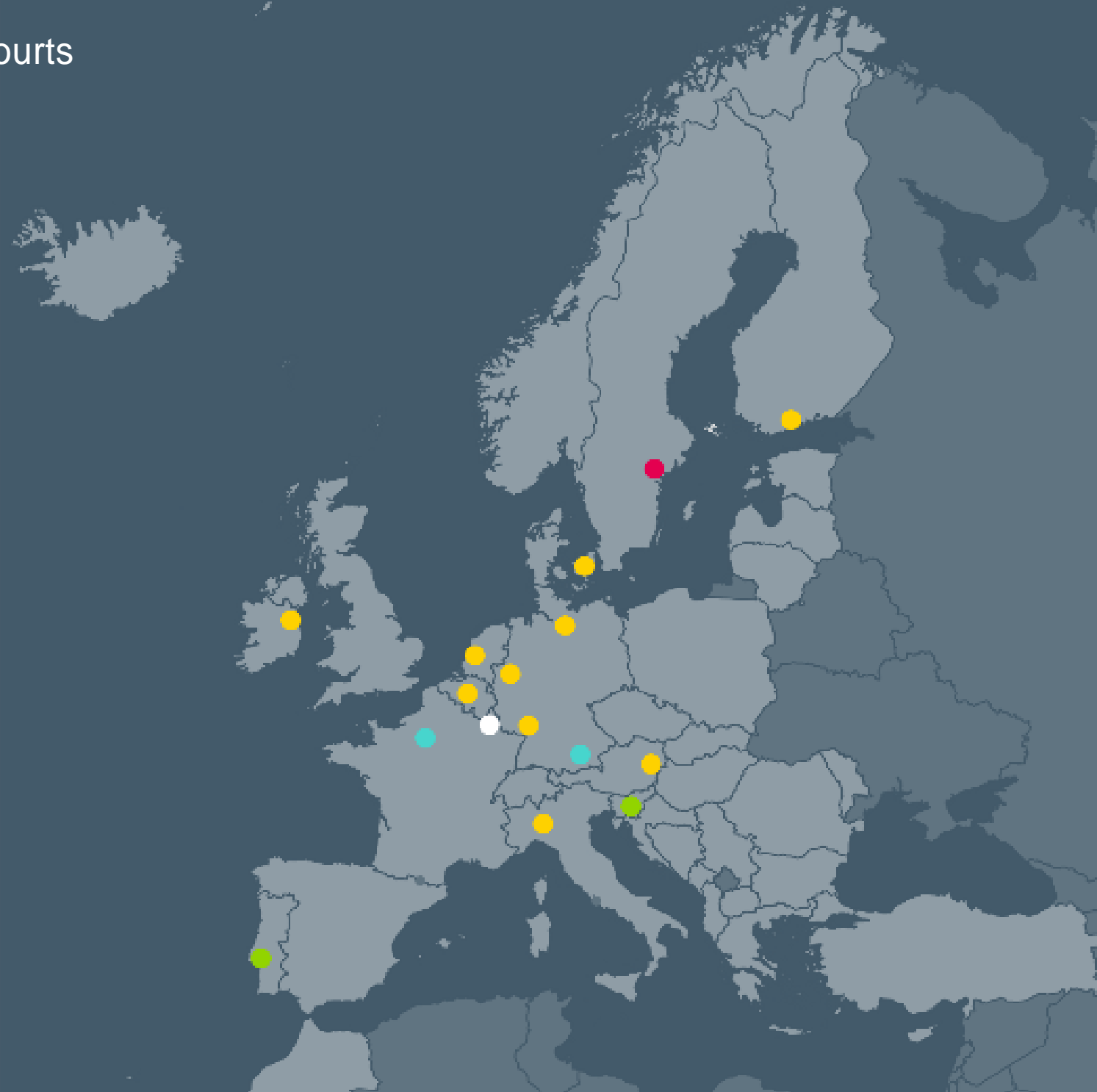


fig 4. Proposed location of Courts



Who can represent clients before the Unified Patent Court?

The proposed rules allow parties to be represented by lawyers authorised to practise before a court in any of the participating Member States as well as by European Patent Attorneys who have obtained additional litigation qualifications. These representatives may be assisted by (other) patent attorneys, who may be allowed to speak at hearings before the Court. Marks & Clerk has over 70 European Patent Attorneys with the appropriate qualifications.

What is the relationship between the UPC and the Court of Justice of the European Union (CJEU)?

This is a controversial subject, and was the subject of much debate during the negotiation of the UPC Agreement. In the end a compromise position was reached. The UPC must “fully respect and apply” EU law “in cooperation with the CJEU as is the case for any national court in an EU Member State. The UPC should rely on and respect the primacy of the case-law of the CJEU by requesting preliminary rulings on matters of EU law. However, the basic law on validity and infringement is not derived from EU legislation but other sources, in particular the UPC Agreement itself and the European Patent Convention. The UPC will also have regard to other international agreements and national laws where applicable.

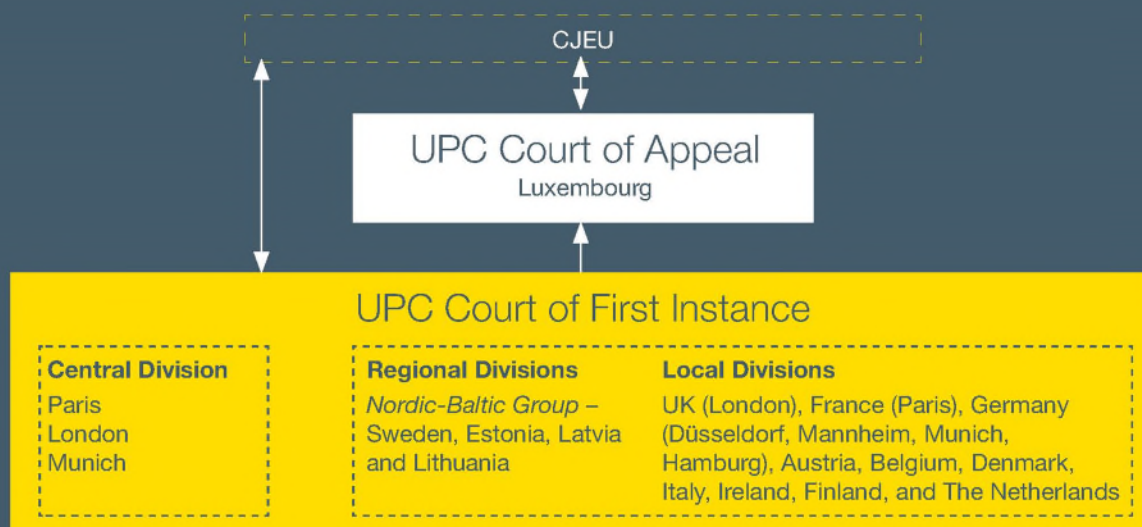
The effect of this on questions of validity (e.g. novelty and inventive step) is that the Court should follow the EPC and interpret the law in a uniform manner across all participating Member States. The effect on infringement is more complex, though the end result is again that the UPC should apply a uniform interpretation. The legal basis is that acts of infringement are to be judged, in a manner uniform across all participating Member States, according to the national law of the EU country where the applicant for the patent was resident or had its principal place of business, or otherwise had any place of business, at

the date of application. For disputes involving entirely non-EU based applicants with no other jurisdictional basis, as a fallback position, the Court will apply German law. However, all participating states will have incorporated the UPC Agreement into its national law, so the applicable law should be the same regardless of which country’s law officially applies, not least as the nature of infringing acts is defined in the UPC Agreement itself.

In practice it is expected that the UPC will build up its own jurisprudence on validity and infringement, which will be uniformly applied across the Local, Regional and Central Divisions and in the Court of Appeal.

References to the CJEU will be made where issues of EU law are involved, such as the UP Regulation, the “Brussels” Regulation relating to service, and other EU regulations and law on matters such as supplementary protection certificates, biotechnology inventions and competition law.

fig 5. UPC Court structure



What will it cost?

The costs of an enforcement action (infringement and validity) of a UP across the participating EU Member States should be significantly less than the aggregate costs of enforcement in several Member States. Further, costs will be recoverable from the losing party according to the value attributed to the case. It is proposed that there will be a fixed court fee for all actions brought at the UPC, and an additional value-based fee for some actions. In particular, **infringement actions**

- will be subject to a fixed fee of €11,000,
- with an additional value-based fee ranging from
 - €2,500 (for actions worth more than €500,000) to
 - €325,000 (for actions worth more than €50,000,000)

The value of an action will be assessed by the Court based on the objective interest of the party filing the action and guidelines to be provided in a decision of the Administrative Committee.

By contrast, revocation actions will be subject only to a fixed fee of €20,000 and, if brought as a counterclaim to an action for infringement, the fee will be the same as that for the infringement action, subject to a €20,000 cap.

Small and micro-enterprises will be entitled to a 40 per cent reduction of the above fees.

It will be possible to receive a refund of a portion of the fees if the action is withdrawn or settled, of 60 per cent if this occurs before the conclusion of the written procedure, 40 per cent if before the conclusion of the interim procedure and 20 per cent if before the end of the oral procedure.

The paying party can also get a reduction of 25 per cent of the fees if the action is heard by a single judge.

The UPC also has the discretion to refund the fixed and value based fees, in whole or in part, if a party (other than a natural person) establishes with evidence that payment of the normal fees would threaten its economic existence. It remains to be seen how generous the Court will be in applying these provisions.

N.B. These figures were all originally published some time ago and may well be updated before the new court opens for business.

Recovery of costs – The amount of recoverable costs is also based on the value of the action brought. Recoverable costs range from:

- up to €38,000 (for actions worth up to €250,000) to
- up to €2,000,000 (for actions worth more than €50,000,000).

It will be possible to increase the caps on recoverable costs in limited circumstances, such as the particular complexity of the case and the need to use multiple languages, by up to 50 per cent for cases with a value of up to €1 million, 25 per cent for cases between €1 million and €50 million, and up to €5 million in respect of cases with a value of over €50 million.

A party (including natural persons, small and micro-enterprises, non-profit organizations and universities) can also apply to the court to request that the ceilings on recoverable costs be lowered if having to pay the full amount, were the party to be unsuccessful in the litigation, would threaten that party's economic existence. Any such request will need to be made as soon as possible in the proceedings.

Which languages will be used in unitary patent litigation?

In the Local and Regional Divisions (see Figure 4), the language of the proceedings will be the language (or one of the languages) of that Local or Regional Division. The parties can agree, with consent of the court, to change the language. Alternatively, the president of the Court may determine that it is appropriate to use the language in which the patent was granted (which in most cases is English). Many Local and Regional Divisions propose to allow English to be used as the language of the proceedings, even if English is not an official language of the country in which the Division is based, in recognition of the fact that English is the language that litigants, particularly international litigants, will frequently prefer to use.

In the Central Division, the language of the proceedings will be the language in which the patent was granted. In most cases this will therefore mean English, regardless of the country in which the case is being heard.

How does the system ensure that local defendants can understand the patent in issue?

The patentee can be required by the alleged infringer to provide a translation into the language of the country where (1) alleged infringement occurred or (2) the infringer's domicile is located. The patentee can also be required by the Court to provide a translation into the language of proceedings of the Court.

On appeal, the language of proceedings will typically be the same as at first instance.

Given the possibility of different Divisions hearing infringement and revocation proceedings, this could mean that they are heard in different languages.

As a practical matter, the requirement that the UPC sit with multinational panels of judges suggests that English may well become the dominant working language of the proceedings.

Are there any transitional provisions?

The UPC will have jurisdiction not only over UPs but also over existing and future “traditional” non-unitary European patents (that is, EPs designating one or more individual UPC-participant states but not validated as a UP), including European patents granted before the UPC came into force.

However, there will be a “sunrise period” of three months prior to the UPC coming into force, during which patentees will be permitted to opt existing European patents out of the jurisdiction of the UPC, by notifying the Registry of the Court of their opt out decision. The sunrise period is scheduled to commence on 1 April 2023. Therefore, to avoid immediate central revocation actions being issued against all national validations (in UPC-participating countries) of a granted European patent, patent proprietors should review their existing patent portfolios without delay and identify the patents they wish to opt out.

During a transitional period of seven years after the entry into force of the UPC Agreement, proceedings for infringement or for revocation of a non-unitary EP that has not been opted out may be initiated before the national courts or the UPC. Any proceedings pending before a national court at the end of the transitional period will continue to be heard in that national court.

In addition, it will also be possible once the UPC has come into force, unless proceedings have already been initiated before the UPC, for proprietors or applicants for non-unitary EPs to exercise their “opt out” from the new UPC regime. The latest an opt-out can be registered is one month before expiry of the transitional period.

Patentees or applicants can withdraw their opt-out (ie “opt in”) at any time (unless national litigation has commenced during the opt out). Proceedings concerning opted out EPs will only be possible in the national courts. There will be no official fee for registering or withdrawing opt-outs.

After five years of this transitional period, a review will take place of the continuing popularity (or otherwise) of such litigation before national courts. Depending on the outcome, the transitional period may be extended by up to seven years (making 14 years in total).

What are the possible benefits?

For applicants – Reduced validation fees and translation fees. A potential reduction in renewal fees.

For claimant patentees – Reduced cost of enforcement across many European countries.

For claimant patentees – Ability to commence infringement proceedings in a single Division that is convenient and suitable for the case to obtain a single injunction (preliminary or final) across several European countries. There are numerous practical, legal, language and tactical considerations which will drive this decision, including the likely treatment of related claims for revocation. The commercial consequences of a “pan-European” injunction will make UPs very powerful intellectual property rights to have.

For defendant parties – Possible reduction of cost of defending the same (allegedly infringing) product in a number of EU Member States simultaneously.

For claimants/defendants – Ability to seek revocation of a patent in a number of EU Member States simultaneously.

For SMEs – Possible reduced fees, certainly compared to multi-jurisdictional litigation in several EU countries at once, making patent enforcement a feasible option for SMEs who previously could not afford it. Access to injunctions in countries with court systems seen to date as not being sufficiently predictable and/or fiscally out of reach for SMEs.

What are the possible disadvantages?

For claimant patentees – Risk of losing patent rights across most of the EU as a result of a single action.

For defendant parties – Risk of an injunction excluding the defendant from the whole of the EU. Also, risk of court proceedings in an unfamiliar jurisdiction within the EU, but with EU wide ramifications

In summary, the benefits of UP/UPC come with a certain degree of loss of control over the forum for the proceedings and higher risks if an adverse decision is issued.

What are the issues for patentees?

Deciding whether to file national, traditional EP or UP applications It is for the applicant to elect whether or not to have UP protection. Therefore, it will still be possible to continue to file traditional EPs, but designate only certain individual States on grant (eg if the applicant was only interested in one or two countries anyway). For these patents, it would then be possible to opt out of the UPC environment, either immediately or during the transitional period, and assess how that Court was progressing before opting (back) in, provided no national court action takes place in the meantime.

Similarly, it remains possible to apply for national patents in countries of interest, which will only ever be subject to the jurisdiction of national courts, as is presently the case.

Having a mixed portfolio of UPs, non-unitary European patents and national patents would be a conservative, but possibly a prudent strategy, balancing the risks and rewards of the new system. Patentees should consider what would be an optimal strategy for their business and start to consider how they will decide on what invention will be protected by what patent right.

Deciding whether to use the opt-out for existing “traditional” EP applications

Patentees and litigants will wish to consider opting out for their existing (and valuable) EP portfolios, at least until the benefits and disadvantages of the new system become apparent. However, if the quality of the UPC judges is high, there is a good chance that, in time, the UPC will be regarded as a leading forum in Europe for the resolution of patent disputes, in which case patentees will be less likely to opt out and more likely to opt back in if they have previously opted out.

Deciding whether to sue for infringement in the UPC or in national courts

During the transitional period, patentees will be able to choose whether to enforce non-unitary European patents in national courts or in the UPC. Even if an opt-out has been registered in respect of a patent, the opt-out can be withdrawn prior to issuing proceedings in the UPC, unless national proceedings are already pending.

The advent of the UPC therefore creates new possibilities for patent litigation strategies in Europe. Whether UPC or national proceedings are to be preferred will vary from case to case. The decision will depend on many factors, including the perceived quality of the judges of the possible courts, the speed and cost of the proceedings, whether the infringements are localized or spread over many jurisdictions, and whether any particular court offers procedural advantages, such as discovery of relevant documents.

Consideration should also be given to the availability of interim remedies, in particular, preliminary injunctions.

What are the issues for potential “defendants” or potential alleged infringers?

Unitary Patent Court or European Patent Office?

It will be possible to bring UP revocation actions in the UPC without initiating any opposition procedure before the EPO. In view of this, should a company invalidate at the UPC, oppose at the EPO, or both?

A number of factors need to be considered:

Opposition will affect all EP designations, whereas invalidity in the UPC will affect only the UP designation / EP validations in countries that are UP member states. Invalidity proceedings in the UPC may slow down infringement proceedings in the UPC, whereas opposition in the EPO may not. Oppositions must be commenced within the nine-month opposition period following grant of the relevant patent, whereas revocation proceedings can be brought at any time. Opposition proceedings may take longer than revocation proceedings to complete, but they will be considerably cheaper. Whilst it may be tempting not to file an opposition in the nine-month-post-grant-date opposition period and to instead rely on the UPC for invalidation proceedings, it is still recommended that oppositions against European patents that are of concern be filed to make use of the well-known, cheaper and procedurally more predictable opposition procedure.

Importantly, there is no prohibition on opposition proceedings in the EPO running in parallel with revocation proceedings in the UPC and a decision of the UPC will not be binding on the opposition proceedings. Consequently, a party starting UPC revocation proceedings will often find it cost-effective and prudent to file an opposition with the EPO as well, provided of course they are still within the nine-month opposition period.

Declaration of non-infringement in the UPC?

Any company may bring proceedings in the UPC for a declaration of non-infringement. This must be done in the Central Division except where infringement proceedings under the same patent have already commenced between the same parties in a Local or Regional Division, in which case that Local or Regional Division has jurisdiction.

If infringement proceedings are started in a Local or Regional Division within three months of commencement of proceedings for a declaration of non-infringement (with the same patent and parties), the declaration of non-infringement action must be stayed. Therefore, an action for a declaration of non-infringement should be commenced at least three months before any vulnerable product is launched.

Declarations of non-infringement in respect of different validations of the same European patent

As is currently the case with national court proceedings, it is sometimes possible to bring proceedings for declarations of non-infringement (DNIs) against a patentee domiciled in one jurisdiction, not only in respect of the validation of a European patent in that jurisdiction but also in respect of other validations of the same European patent in other jurisdictions. Similarly, it may sometimes be possible to bring proceedings in the UPC for DNIs in respect of unitary patents and also European patents validated in both participating and non-participating countries. Alternatively, DNI proceedings in the courts of non-participating countries may potentially, in some circumstances, include a claim for a DNI in respect of unitary patents or validations of non-unitary European patents in UPC-participating countries.

Such jurisdictional issues are highly complex and may bring into play the application of the (recast) Brussels Regulation, the Lugarno Convention and the doctrine of *forum conveniens*, depending on the countries involved. Accordingly, specialist legal advice will always be needed before commencing any litigation.

Timing of revocation actions in the UPC

Potential infringers wishing to “clear the way” for the launch of their products will need to consider commencing revocation proceedings earlier than was the case previously. The Rules of Procedure provide that if, whilst a revocation action is pending before the Central Division, an infringement action is commenced in a Local or Regional Division, that Local or Regional Division will have the discretion to proceed with both the infringement and revocation action, to keep the revocation action in the Central Division and either to suspend or proceed with the infringement action, or (with the agreement of the parties) to refer the case to the Central Division.

A party wishing to ensure that its revocation action remains in the Central Division will therefore need to commence revocation proceedings in time for those proceedings to come to trial before any infringement action can be commenced in order to avoid the risk that the revocation claim may end up being heard in the Local or Regional Division chosen by the patentee for the infringement claim rather than in the Central Division.

What are the consequences for the UP/UPC of the UK leaving the EU?

One consequence of the decision of the UK to leave the European Union is that the UK has also withdrawn from the unitary patent and UPC project. The UK had ratified the UPC Agreement but this ratification was withdrawn. The remaining countries are continuing their plans to implement the UP and UPC. As mentioned above, a key decision that still has to be made is the new location of the branch of the Central Division that was previously going to be located in London.

Whilst none of this changes the way European patent applications are filed and prosecuted, the departure of the UK means that a unitary patent can no longer cover the UK. Patent applicants, who very often only validate European patents in two or three countries, will need to decide whether the cost of a unitary patent is

still justified, or whether to validate their European patents only on a national basis.

Another consequence of leaving the EU is that, the UK is no longer within the European Economic Area. The UK remains an important market, particularly in areas such as pharmaceuticals and telecommunications. Furthermore, the expertise of its patents judges is widely recognized. It therefore appears likely that we will continue to see many multi-jurisdictional patent disputes in the future, with parallel proceedings in the UK and in the UPC and/or the national courts of other European countries. Potential litigants will need to carefully plan their litigation strategies to take into account all the available options.

The UK has applied to join the Lugarno Convention, which would clarify the respective jurisdictions of the courts of the UK and of EU members states (including the UPC). However, the EU is at present not willing to allow the UK to join, meaning that for the time being the UK courts will decide jurisdiction issues by applying its own procedural rules and the doctrine of *forum conveniens*.

The relations between the UK and EU will continue to evolve. Throughout this process, Marks & Clerk will continue to serve all the IP needs of its clients from its European base.

What do I need to do?

Consider:

- Urgently: reviewing portfolios so as to consider opting out of the UPC system in respect of existing or future EP cases. This could be temporary, to stay out of the system during a period of assessment, opting in later if it looks favourable.
- Filing a mix of at least EPs, utility models in Germany and other European countries, national patents in the UK, France, Germany and the Netherlands (and any other significant countries) and UPs when available so as to provide varied methods of enforcement against infringers
- Bringing forward freedom to operate searches in any product development plan, in order to identify UPs/EPs of concern well before product launch, so appropriate action (for example, revocation, declarations of non-infringement, and licence negotiations) can be taken
- Reviewing jurisdiction clauses and enforcement clauses in existing licence agreements and other agreements relating to the development and exploitation of IP in Europe, to ensure that they take account of the UPC structure
- Gaining an understanding of your competitors' opting-in/out strategy may provide you with an insight into their priorities and in turn inform your own strategies for dealing with your competitors. The portal to the database of opted out European patents will allow checking the opt in/out status of individual patents. Whilst it is not yet clear if it will also be possible to analyse entire portfolios of competitors in an easy manner, consideration to setting up patent watches should be given.

Marks & Clerk advises on all aspects of intellectual property.

Marks & Clerk is and will remain your reliable partner for all your European patent needs, be they UPC-related or concern the care of national IP rights. For more information and to find out how we can advise you with regards to the unitary patent and Unified Patent Court, contact your usual Marks & Clerk attorney or solicitor, or a member of our patents team at your nearest Marks & Clerk office, or email us at upc@marks-clerk.com.

The information within this guide is intended to provide a summary of the subject matter. Readers should not act or rely on information contained in this guide without first obtaining specialist professional advice.

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