

# A briefing on the UPC

January 2022



# Entry into force of the UPC

- Article 89 UPCA

This Agreement shall enter into force ... on the first day of the fourth month after the deposit of the thirteenth instrument of ratification ... including the three Member States in which the highest number of European patents had effect in the year preceding the year in which the signature of the Agreement takes place...

- Ratifications

Of the 25 EU Member States who signed the Agreement on 19 February 2013 the following 16 have ratified so far:

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

# Entry into force – The provisional Application Phase (PAP)

- Comes into force when 13 Signatory States of the UPCA have approved the Protocol on PAP and either ratified or received government approval to ratify the UPCA. The 13 must include France, Germany and Italy\*.
- Following ratification of the Protocol by Austria on 18 January the PAP formally commenced on 19 January 2022.

\*Draft declaration of Preparatory Committee dated 27/10/2021

# Timetable – Key provisional dates now the PAP has started ( x = 19 January 2022)



- Provisional Application Phase starts – 18 January 2022
  - Recruitment and Training of LQJs and TQJs
  - Appointment of Administrative Committee
  - Elections for President of CFI and Court of Appeal
  - Election for Presidium
  - Appointment of Registrar and Deputy Registrar
- Sunrise Period starts – [x+5-8 months] 2022. Germany ratifies UPC Agreement.
  - Applications to opt out
  - Applications for registration as a representative before the court
- Entry into force of the Court [x+9-12 months] 2022/2023.

# Timetable - Judicial training

- [x+6 months] – Interviews and formal appointment of judges
- [x+7 months] - Training for 95 appointed judges (45 LQJs and 50 TQJs) in 4 groups of 30 or less over 4 days and comprising
  - Rules of Procedure 2 days
  - Judgecraft
  - Practical mock trial experience – 2 days
- [x+8 months] - Comprehensive CMS training for 95 appointed Judges together (possibly) with all Registry users of CMS (in total estimated to be 146 persons over 1 month)
- [x+8 months] – Likely start of sunrise period

- Article 31 UPC Agreement – International jurisdiction
  - The international jurisdiction of the Court shall be established in accordance with Regulation (EU) No 1215/2012 (BR) or, where applicable, on the basis of the Convention on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (Lugano Convention)
  - Regulation BR was amended in 2014 by Regulation 542/2014 to accommodate the UPC and specifically to amend BR by inserting a new Article 71. This Article has the following effects:
    - Article 71a and b(1) – The UPC is treated as a court of a Member State of BR and enjoys the same jurisdiction as a court of a Member State in respect of defendants domiciled in another Member State.

# Jurisdiction of the UPC

- Article 71b(2) – The UPC has jurisdiction over defendants not domiciled in a Member State (a “third state”, eg the UK) for infringements of European Patents within the EU. Article 35 BR expressly applies even if the courts of the third state (UK) have jurisdiction over the substance of the dispute.
- Article 71b(3) – the UPC also has jurisdiction over a defendant domiciled in a third state (the UK) in respect of infringements of a European patent in the third state if certain conditions are satisfied (“the long arm jurisdiction”). The relevant conditions are:
  - (i) The defendant is infringing a European patent in the EU
  - (ii) The defendant has property located in any Member State
  - (iii) The infringement dispute has “sufficient connection” with a such Member State.
- Article 71c.1 – the lis alibi pendens provisions of BR (Articles 29-32) applies to the UPC during the transitional period (see below)

# Jurisdiction of the UPC

- The BR has no effect on the internal jurisdictional arrangements in the UPC Agreement. The one exception to this is the possible application of the lis alibi pendens provisions of BR on Articles 32 and 33 UPCA as a result of Article 83(1) UPCA (see later).
- Article 32 UPC Agreement – “Exclusive” Competence
  1. The Court shall have exclusive competence in respect of
    - a) actions for actual or threatened infringements of patents and supplementary protection certificates **and related defences, including counterclaims concerning licences**
    - b) actions for declarations of non-infringement of patents and supplementary protection certificates



# Jurisdiction of the UPC (continued)

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- c) actions for provisional and protective measures and injunctions
- d) actions for revocation of patents and for declaration of invalidity of supplementary protection certificates
- e) counterclaims for revocation of patents and for declaration of invalidity of supplementary protection certificates
- f) actions for damages or compensation derived from the provisional protection conferred by a published European patent application
- g) actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention
- h) actions for compensation for licences on the basis of Article 8 of Regulation (EU) No 1257/2012; and
- i) actions concerning decisions of the European Patent Office in carrying out the tasks referred to in Article 9 of Regulation (EU) No 1257/2012

# Jurisdiction of the UPC (continued)

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2. The national courts of the Contracting Member States shall remain competent for actions relating to patents and supplementary protection certificates which do not come within the exclusive competence of the UPC
  - e.g. pure contractual licence disputes but a defence of license could be considered by the UPC
  - entitlement disputes
  - employees' invention remuneration
  - Frand issues unless, again, raised by way of defence

# Jurisdiction of the UPC (continued)

- The “purist theory” of jurisdiction has been diluted by the following transitional provisions

## Article 83 UPC Agreement

- 1) During a transitional period of seven years after the date of entry into force of this Agreement, **an action for infringement or for revocation of a European patent or an action for infringement or for declaration of invalidity of a supplementary protection** certificate issued for a product protected by a European patent may still be brought before national courts or other competent authorities
- 2) An action pending before a national court at the end of the transitional period shall not be affected by the expiry of this period

# Jurisdiction of the UPC – Transitional Provisions (continued)

3. Unless an action has already been brought before the court, a proprietor of or an applicant for a European patent granted or applied for prior to the end of the transitional period under paragraph 1 and, where applicable, paragraph 5, as well as a holder of a supplementary protection certificate issued for a product protected by a European patent, shall have the possibility **to opt out from the exclusive competence of the Court**. To this end they shall notify their opt-out to the Registry by the latest one month before expiry of the transitional period. The opt-out shall take effect upon its entry into the register
4. Unless an action has already been brought before a national court, proprietors of or applicants for European patents or holders of supplementary protection certificates issued for a product protected by a European patent who made use of the opt-out in accordance with paragraph 3 shall be entitled to withdraw their opt-out at any moment. In this event they shall notify the Registry accordingly. The withdrawal of the opt-out shall take effect upon its entry into the register

# Article 83 UPC Agreement – Issues

- Summary
  - Article 32(1) – “exclusive competence” for “actions” (a) to (i)  
EXCEPT
  - Article 83(1) – Transitional period of 7 years for national actions “for an action for infringement or for declaration of invalidity” of a European patent or SPC
  - Article 83(3) – The opt-out possibility if an action has not already been brought before the UPC
- Note the further complications as a result of amendments to BR by Regulation No 542/2014, namely:
  - Article 71 a provides that the UPC is deemed to be a court of a member state
  - New Article 71c expressly applies Articles 29-32 (lis alibi pendens) of the BR to the UPC
  - Article 35 BR (provisional measures) also applies to the UPC

# Article 83 UPC Agreement – Issues (continued)

- The lis alibi pendens provisions of BR become relevant if a European patent is not opted out and there are parallel proceedings in the UPC and a national court of a Member State.
- What is the effect of Art 83(1) national “actions” as a result of the application of the lis alibi pendens rules?

Will **any** action in **any** national court in respect of a non-opted out EP oust the UPC jurisdiction – in all countries? (the “purist approach”)

- Irrespective of the parties?
- Irrespective of whether the national action is concluded or not?
- Even if commenced before the UPC Agreement comes into effect?
- Even if the national action is for provisional measures?

# Article 83 UPC Agreement – Issues (continued)

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The application of the lis alibi pendens rules of BR as interpreted by the CJEU (ECJ, C-104/02 – The Tatry) suggests the blocking effect applies **only** to the territory of the national court in question and only to the particular action between same parties (see Article 29 BR) and ends with termination of proceedings, subject to res judicata

- Jurisdictional possibilities if The Tatry is applied
  - Infringement action in UPC will block both an infringement action in a national court and a “declaration” of non-infringement
    - but only between the same parties
    - and only in respect of the particular infringing acts in that jurisdiction
  - Action for revocation in UPC will **not** block an infringement action in a national court but (probably) will block a counterclaim for revocation in that infringement action
  - Infringement action in UPC will **not** block subsequent national revocation action but note Article 30 BR (a discretionary stay in case of related proceedings)
  - Infringement action in a national court will not block a subsequent action in UPC for other states (“the Swiss cheese principle”)
  - Revocation action in a national court will not prevent an infringement action in UPC for all states but (probably) a counterclaim cannot be made for the particular national designation



- Does the possibility of applying for provisional measures in a national court continue to apply to a non-opted out European patent even if there is a pre-existing UPC infringement action. (Article 35 seems to apply if UPC is a court of a Contracting Member State for all purposes of the Regulation)
- Generally see the EPO publication: “Jurisdiction of European courts in patent disputes” at [epo.org/brussels-scenarios](http://epo.org/brussels-scenarios)

# Further jurisdictional issues

- What is the meaning of opting out from the “**exclusive** competence” of the UPC pursuant to Art 83(3)? Does this leave a **non-exclusive** competence with the UPC?
- Better view is that there is no residual non-exclusive jurisdiction – otherwise there is no difference between Art. 83(3) and Art. 83(1) but if a party attempts a parallel UPC action (eg an infringement action in the UPC in response to a national action for a declaration of non-infringement), which court will decide the jurisdictional issue – the national court with possible reference to CJEU under Brussels Regulation or the UPC as this involves interpretation of the Agreement?

# Registration as a Representative

- Article 48 UPCA permits the following to register:
  - Lawyers authorised to practice before a Contracting Member State (Directive 98/5/EC)
  - European Patent Attorneys (Article 134 EPC) with an EPLC
  - European Patent Attorneys with other “appropriate qualifications (see draft Decision of the Administrative Committee Part II Rules 11 to 14)
- The procedure for registration – Rule 286
  - Each person must have “strong identity authentication”
  - Each EPA must upload (in the CMS) proof of entitlement (EPLC or other)
  - Each lawyer must upload a relevant certificate authorising legal practice
  - The Registrar is required to check the entitlement of EPAs.
  - The list of representatives (EPAs and lawyers) will be available to the public

# The Flexible internal UPC jurisdictional options

## – Article 33 UPC Agreement

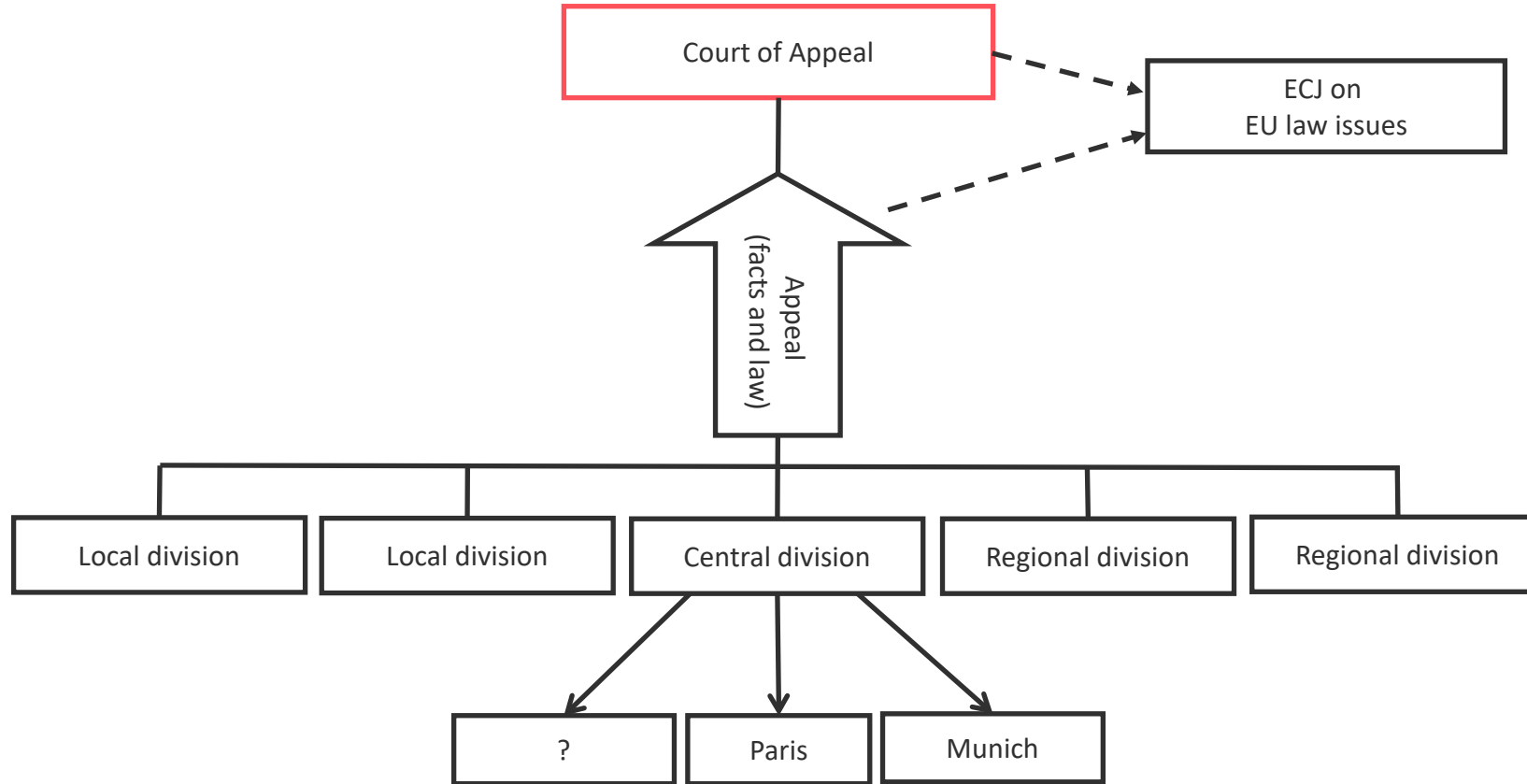
- Infringement proceedings
  - Local or regional division where infringement occurred; or
  - Local or regional division where the defendant (or one of them) is resident; or
  - Central Division (relevant section) if the defendant is domiciled outside the EU
  - Central Division if relevant member state does not participate in a division

# The Flexible internal UPC jurisdictional options

## – Article 33 UPC Agreement

- Revocation Proceedings
  - Proceedings for revocation or declaration of non-infringement must go to the Central Division; ([ ] for Chemistry, Pharma and Biotech; Paris for Electronics and Telecoms and Munich for Engineering)
  - Validity may also be raised by way of counterclaim in the division where existing infringement proceedings are pending
- Agreement on proceedings
  - Parties may agree upon the division, including the Central Division

# The UPC Structure



# Divisions and Choice of Language(s): The current position

- Local divisions (language(s))
  - Italy (Italian and English), The Netherlands (Dutch and English), France (French, English and German), German x 4 (German and English), Belgium (Dutch, French, German and English), Finland (Finnish, Swedish and English), Denmark (Danish and English), Austria (German and English), Portugal (?), Slovenia (?), **Ireland (English) and Greece (?)**.
- Regional Divisions (languages(s))
  - Sweden, Estonia, Latvia and Lithuania (English only)
- No participation in either a local or regional division
  - Malta and Luxembourg [Bulgaria and **Romania**] – results in donation of jurisdiction to the Central Division (language of grant)
- Undecided
  - Poland (has not yet signed Agreement), **Slovakia, Cyprus and Hungary (?)**

- Composition of Judicial Panels – Article 8 UPCA
  - Local division with less than 50 cases per year in three successive years – 1 national judge plus 2 non-nationals
  - Local division with more than 50 cases per year\* – 2 national judges plus 1 non-national
  - All Regional divisions – 2 national judges from regional states plus 1 non-national
  - Additional technical judge if requested (most cases)
  - Central division – 2 legal Judges and 1 technical judge
  - Court of Appeal – 3 legal judges and 2 technical judges

\* Germany, France, Italy and the Netherlands would qualify



# Note the jurisdictional differences

| • National action for infringement in Dusseldorf           | UPC action for infringement in Dusseldorf                                    |
|------------------------------------------------------------|------------------------------------------------------------------------------|
| • Three German Judges                                      | • Two German judges, one outsider and one technical judge                    |
| • Time to trial will be c. 12 months but only infringement | • Time to trial c. 12 months both infringement and validity                  |
| • Language of proceedings is German                        | • Language of the proceedings may be English at option of plaintiff/claimant |
| • Lawyers must be local Germans                            | • Any UPC nationality                                                        |
| • Injunction only for Germany if successful                | • Injunction to cover territory of all European patents                      |

# Overview of Structure of UPC Proceedings

- Written Procedure for an Infringement Action
  - Statement of claim
    - Full facts, evidence (if available) and arguments, including construction of claims
  - Defence/Counterclaim
    - 3 months after Statement of Claim with again all relevant facts, prior art, evidence and construction of claims
  - Reply, Rejoinder, possible amendment of patent
  - Typically will last six months
- Interim procedure – presided over by the judge-rapporteur:
  - Further pleadings, documents, directions re evidence (experts and cross-examination, experiments etc.)
  - Typically will last three months

# Overview of Structure of UPC Proceedings

- Oral procedure
  - Possibility of separate witness hearing with cross-examination
  - Trial – typically will last only one day
  - Judgment within 6 weeks

# Important general procedural rules

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- Extensions of time
  - Rule 9 – The Court may extend or shorten any time period and may disregard any evidence or argument not produced within the time period specified
- Amendment to pleadings
  - Rule 263 – The Court may allow an amendment but **not** if the party cannot satisfy the Court that the amendment could not have been made with reasonable diligence earlier or if the amendment will unreasonably hinder the other party.

# Important general procedural rules (continued)

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- An opportunity to be heard
  - Rule 264 – Where the Rules require that the court shall or may give an opportunity to be heard this shall involve written submissions and/or an oral hearing.
- Decisions by default
  - Rule 355 – The court may make such a decision if a party fails to take a step and the Rules provide for such a decision for such failure
  - Rule 356 – An application may be made to set aside a decision by default. Subject to an adequate explanation and the payment of a fee.

# Important general procedural rules (continued)

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- Public access and confidentiality
  - Rule 262 states the general principle that unless orders for maintaining confidential information are made by the court the public should have access to all information. **However** if a party requests that specific information be kept confidential the Registrar shall comply with this unless and until an application is to the court for an order that the information be disclosed (Rule 262.2) to the applicant. The court will then assess which interest (access or confidentiality) outweighs the other.
  - Rule 262A allows for “confidentiality clubs” in exceptional circumstances.
  - Further a new rule is being considered pursuant to the GDPR to withhold sensitive personal information from the public.

# Amendments to the Rules of Procedure

- To be adopted by the Administrative Committee at the start of the PAP
- Current major proposals for the amendment:
  - Rule 5A – Provision to remove unauthorised opt-outs and unauthorised withdrawals of opt-outs
  - Rule 262 and the GDPR – Provisions to ensure sensitive personal data is withheld from the public
  - Rule 262 and Confidentiality clubs – Provision for such arrangements
  - Service – Amendments to take account of the Service Regulation 2020/1784
  - Rule 112.6 – Amendment to allow for on-line oral hearings when appropriate

# CMS – Some preliminary observations

- Very different way of working
  - Workflows
- Representation
  - Claimants/Plaintiffs
  - Defendants
- Service
  - Online or by the Registry
- Immediate access to pleadings
- Related proceedings
  - Counterclaims
  - Applications to amend a patent
  - Applications for disclosure etc.
- Training?





CARPMAELS & RANSFORD

# Unitary Patent & Unified Patent Court Update

Time to prepare for the UP and UPC

26th January 2022

 **David Holland**

 Partner

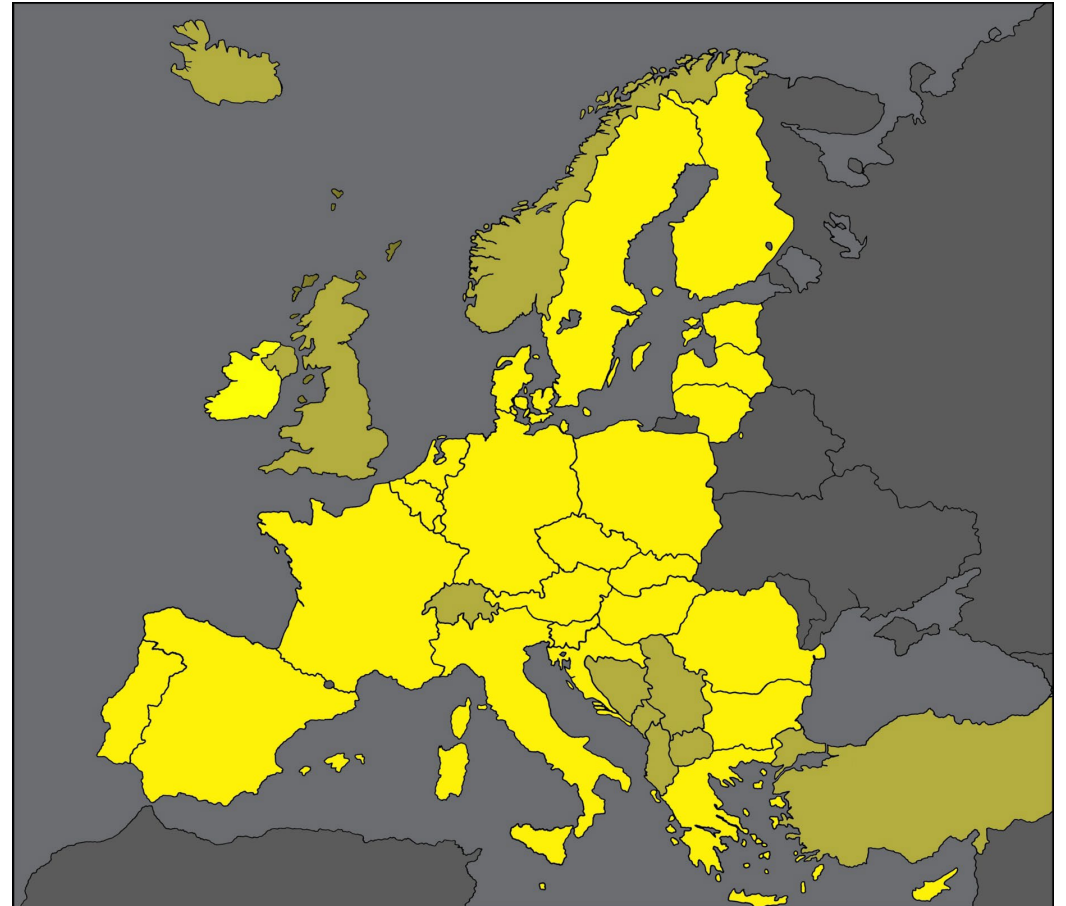
 [David.Holland@carpmaels.com](mailto:David.Holland@carpmaels.com)



# Today

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- EPC: *centralised grant and opposition* for the 38 Contracting States (EU + 11 additional EP states)
  - 600 million people
- On grant the EP patent *splits into a bundle* of national patents:
  - Individually validated (typically with translations)
  - Individually enforced
  - Individual renewal fees
- *Expensive*: translation, renewal, litigation



# The new system: two new concepts

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## Unitary Patent (UP)

- New type of patent covering most of EU
- Issued by the EPO
- Potential for cost savings:
  - No translation (almost)
  - No national validation
  - Single renewal fee
- Can be enforced and revoked via the UPC *only*

## Unified Patent Court (UPC)

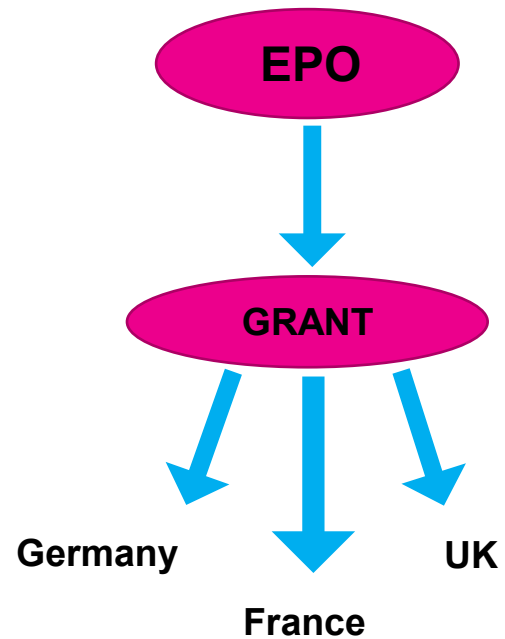
- New patent court for most EU states
- Simpler and cheaper?
  - Central enforcement
  - Central revocation
- Jurisdiction over:
  - UPs AND
  - All classical EPs granted by EPO, including already granted EPs, *unless opted-out*



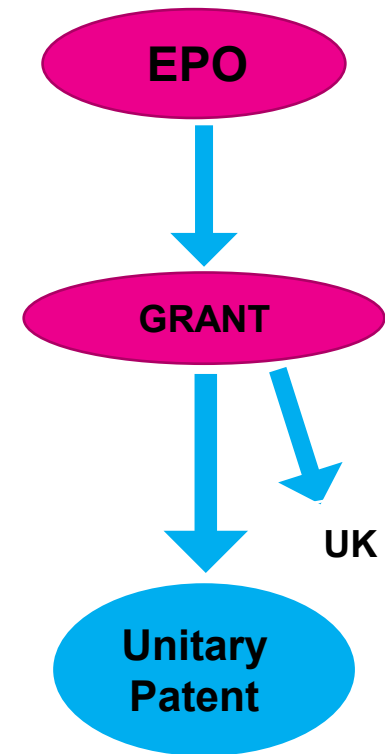
# How the UP fits into the existing system

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– Current system



– System with UP



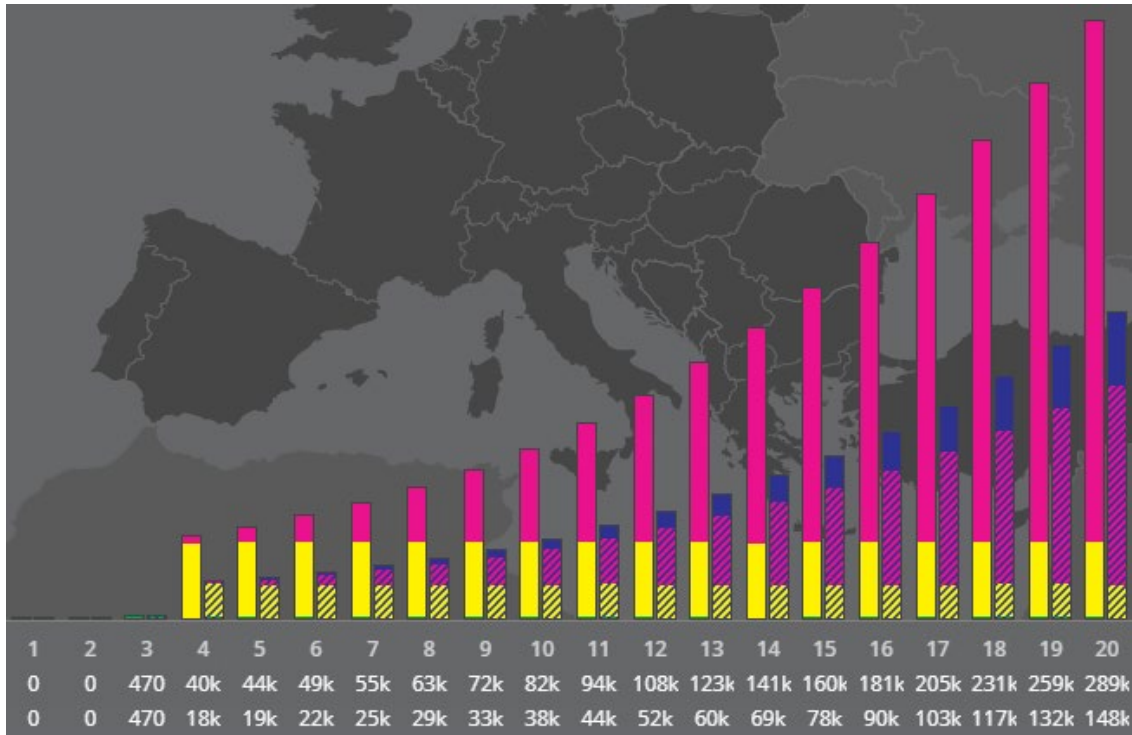
# UP benefits

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- Cost savings on grant :
  - No state-by-state national validation
  - Almost no translation costs
    - Must translate into English or any EU language (if already in English) for first six years
    - Can likely reuse the Spanish or Polish translations from normal national validation
    - This transitional system is for training machine translators
- Cost savings after grant:
  - Single renewal fee
    - Fixed (?) at cost of ~4 states
  - Central point for administration
    - e.g. easy to record changes in ownership or licences
- All the benefits/risks of the UPC's exclusive jurisdiction



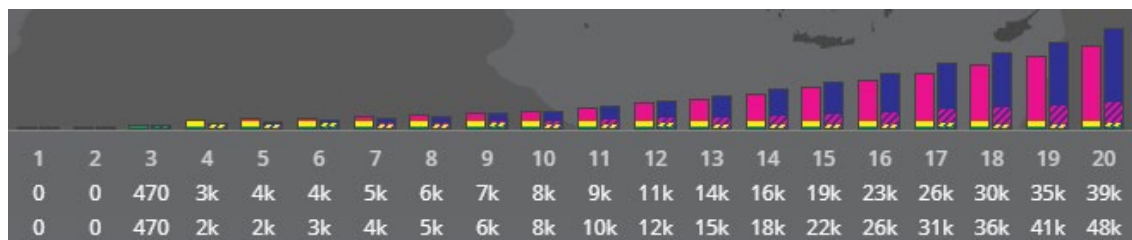
# Potential cumulative cost benefits



[www.carpmaels.com/upc](http://www.carpmaels.com/upc)

## All states

National patents  
UP + national patents



## UK, DE, FR, IT, ES

National patents  
UP + national patents

## Relationship between UPC, UP and EPO

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- EPO opposition continues as normal
  - Only route to revoke a patent in all 38 states, including the UP
  - Low opposition fee and nine month opposition window mean oppositions are likely to remain popular
- EPO will handle the UP register and the UP renewal fee
- UPC will apply the EPC when assessing patent validity
- UPC may stay proceedings where awaiting a decision from the EPO





# The new system: two new concepts

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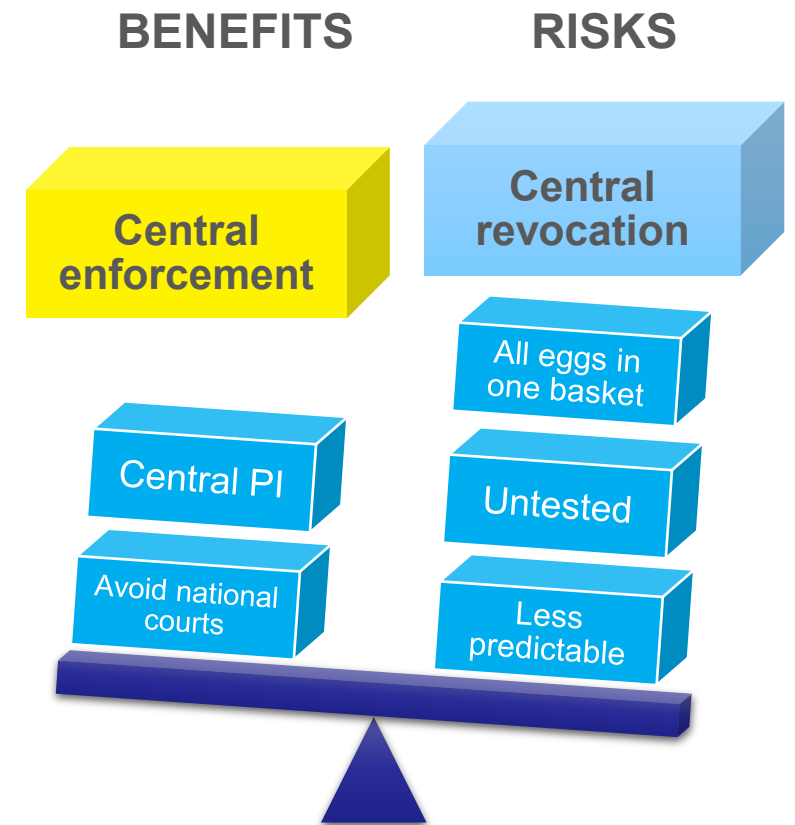
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# Critical question – stay in or opt out?

## Checklist of various relevant factors

- Type of product, size of the market and value to the business
- Industry sector and scope of portfolio
  - Number of patents per product, any divisionals?
- Main legal issues you expect to be tested
  - So unfavourable nationally that the UPC seems *less* risky?
- Timing
  - Expiry date, basic patent for SPCs, regulatory exclusivity?
- Central enforcement (including PIs) is a major advantage
- Balanced against the risk of central revocation



# The ins and outs of opting out (1)

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## Q. What are the consequences of opting out?

- Opt out removes the patent (or application) from the jurisdiction of the UPC entirely
- Opt out is for the life of the patent (unless opt-out is withdrawn)

## Q. Why is it important to plan your opt out strategy in advance?

- Can't opt out if proceedings have commenced in the UPC
- Can't withdraw an opt out if proceedings are on foot before the national courts
- Can't opt out again if you have already withdrawn an earlier opt-out request

## Q. Why is it important to file your opt out application promptly and get it right?

- Opt out is effective only from the date of entry on the UPC register – or any later addition or correction

# The ins and outs of opting out (2)

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## Q. Who?

- Only the proprietor or applicant can opt out
- In the case of co-ownership, **all co-owners / co-applicants** must lodge the application

## Q. What?

- Granted “classical” EPs and published EP applications can be opted out
- Opt out extends to any **SPCs** based on the EPs

## Q. When?

- During the **transitional period** (7+ yrs)
- However, patentees can opt out before then – from start of the “**sunrise period**” before the UPC Agreement comes into force until expiry of the transitional period

## Q. How?

- Requests for opt out (and withdrawal of opt out) will be filed at the **UPC Registry** (not EPO!), using an online case management system. An **API** will allow bulk opt-out.


# Checklist of practical steps before the UPC comes into force

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- Determine the **value** of particular products to your business
- Review your patent and SPC **portfolios** and determine which rights confer exclusivity
- Consider whether to keep those rights within the jurisdiction of the UPC or **opt out**
- For any co-owned patents, does the **co-ownership agreement** cover opt out?
- Review current **licence agreements** to assess whether they impact on opt out
- Review **pending/template** patent licences and co-ownership agreements, and update them as necessary to address UPs and the UPC
- Plan your **budget** and factor costs into your future decision-making (UPs or EPs?)



## Thank you

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