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Bristows LLP
100 Victoria Embankment
London EC4Y 0DH
T +44(0)20 7400 8000
F +44(0)20 7400 8050

www.bristows.com

DX269 London (Chancery Lane)

Paul van Beukering
Chairman, Preparatory Committee for
the Unified Patent Court
c/o Head of Secretariat

By email only to:
secretariat@unified-patent-court.org

Dear Sir

Clarification of the opt-out regime

In our submission of today's date we have provided comments on the 15th draft of the Rules of Procedure (the "Draft Rules"). In that submission we stressed the importance of the uniform application of the Unified Patent Court ("UPC") Agreement and Rules of Procedure. This is to ensure that decisions of the UPC are of the highest quality and that proceedings before the UPC are conducted in an efficient and cost effective manner.

A key aspect will be the uniform interpretation of the Transitional Regime in Article 83 of the UPC Agreement. This is of immediate importance to proprietors of and applicants for European patents and holders of supplementary protection certificates who might be considering whether to "opt-out" under Article 83(3) of the UPC Agreement before it comes into effect.

It is widely acknowledged that there are a number of ways to interpret Articles 83(1) and 83(3). Article 83(1) provides that certain actions "*may still be brought before national courts of other competent national authorities*" for a period of seven years after the entry into force of the UPC Agreement. Article 83(3) provides that the proprietor of or applicant for a European patent "*shall have the possibility to opt-out from the exclusive competence of the Court*".

One view is that Article 83(1) and Article 83(3) must be read together with the result that the opt-out in Article 83(3) only lasts for the duration of the transitional period provided for in Article 83(1). This appears to have been the view of the Commission when it first published its FAQs which read as follows (as at 11 December 2012):

“During a transitional period of 7 years, actions concerning ‘classical’ European patents without unitary effect can still be brought before the national court if those patents have been opted-out before an action has been brought before the UPC.”

It is not clear on this view whether the effect of the opt-out is to oust the jurisdiction of the UPC or merely permit shared jurisdiction with national courts as provided for in Article 83(1).

A number of observers and the Rules Committee take another view on the interpretation of Article 83(1) and 83(3). They consider that Articles 83(1) and 83(3) are entirely separate and, according to the Note to Rule 5 of the Draft Rules, “are clear and provide for:

- (i) a complete ousting of the jurisdiction of the UPC;*
- (ii) such ouster is, subject to [withdrawing the opt-out], for the life of the relevant patent/application and*
- (iii) covers all designations owned by the proprietor(s) in question.”*

Indeed, the Commission also changed its FAQs to read as follows (as at the date of this letter):

“During a transitional period of 7 years, actions for infringement or for revocation concerning “classical” European patents without unitary effect can still be brought before national courts. A proprietor of or an applicant for a European patent granted or applied for prior to the end of the transitional period will also have the possibility to opt out from the exclusive competence of the Court (unless an action has already been brought before the Court) [...]”

This view of the commission also appears to consider that Articles 83(1) and 83(3) must be read separately.

However, even if the Articles are read separately there remains a further ambiguity. Some observers consider that Article 83(3) provides for an opt-out only of the “exclusive” jurisdiction of the UPC. It does not provide for an opt-out of any non-exclusive jurisdiction of the UPC. Accordingly, on this view, an opt-out would not have effect during the transitional period provided for in Article 83(1) where the UPC does not have exclusive jurisdiction.

The meaning and effect of Article 83 of the UPC Agreement has not been clarified by the proposed amendments to the Brussels 1 Regulation published on 26 July 2013. Further, the Note to Rule 5 of the Draft Rules may not provide certainty for patentees and applicants on how national courts or the UPC will interpret Article 83.

The result of this lack of clarity is that at least the following is not clear:

1. *The effect of the opt-out in Article 83(3) on a European patent or application for a European patent.*

Does Article 83 provide that the UPC will: (i) never have competence; (ii) retain competence where it does not have exclusive jurisdiction; (iii) not have competence for the transitional period of 7 years; or (iv) some other effect?

2. *The duration of the effect of the opt-out in Article 83(3).*

The answer to this question is dependent on the effect of the opt-out. Will the opt-out have effect: (i) for the duration of the transitional period of 7 years only; (ii) only after the expiry of the transitional period of 7 years; (iii) for the life of the relevant patent or application; or (iv) some other period?

3. *Whether the opt-out in Article 83(3) may apply to all or only some designations of a European patent.*

If different designations of a European patent are owned by different proprietors, can those proprietors behave differently with respect to opting-out certain designations or must all proprietors act together to opt-out all designations of the relevant patent?

4. *Whether opting-out a European patent has any effect on the opted-out status on a supplementary protection certificate ("SPC") issued for a product protected by that European patent?*

It is not clear whether any and each SPC issued for a product protected by a European patent must be opted-out (or not opted-out) or whether the opted-out status of the SPC is dependent on the opted-out status of the European patent to which it relates.

Clarification and certainty is required now. Proprietors of and applicants for European patents and holders of supplementary protection certificates need to know the effect of the opt-out provided for in Article 83 before the UPC Agreement comes into force. This is particularly so if the correct interpretation of Article 83 is that the opt-out is to have effect from the date the UPC Agreement comes into force. Absent any action now, clarification on the meaning and effect of Article 83 may only be achieved by a ruling of the Court of Justice of the European Union. Such a decision, which can only come after the UPC Agreement has entered into force, will clearly come too late.

We propose that the signatories to the UPC Agreement agree on the proper meaning and effect of the Transitional Regime provided for in Article 83. The signatories should enter into a Memorandum of Understanding or use some other mechanism to

set out a common position which will ensure the uniform application of Article 83 of the UPC Agreement and provide certainty for proprietors of and applicants for European patents before the UPC Agreement enters into force.

We encourage the Preparatory Committee to take all reasonable and necessary steps to ensure that the meaning and effect of Article 83 UPC Agreement is clarified before the entry into force of the UPC Agreement. Users of the system will greatly appreciate both clarity and certainty.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Bristows", is positioned above the printed name of the firm.

Bristows LLP