

To opt out or not?

BRISTOWS UPC

Preparing for the UPC



To opt out or not?

When the doors of the Unified Patent Court open, existing European patents will automatically become subject to the UPC's jurisdiction unless they have been positively opted out. So what does it mean to 'opt out' and how do you know if that's the right course of action for your business?

The basics

In the long term, all European patents in participating states (most of the EU) will be subject to the UPC's exclusive jurisdiction. But for all existing patents and published patent applications existing before and during a seven year transitional period, you will need to choose whether to use the UPC or opt out of the UPC and use existing national courts as normal. It should be noted that during the seven year transitional period, the UPC's jurisdiction is not exclusive, but is shared with national courts.

In the transitional period, patentees will be subject to a number of complex questions including:

- What do I do with my existing patents? Do I opt them out of the UPC jurisdiction or not?
- For applications which grant after UPC start-up, do I validate them as at present, or do I seek a unitary patent for participating states and validate as normal for other states like Switzerland?
- And if I validate as at present, do I keep those in the UPC or opt them out?

The sunrise period

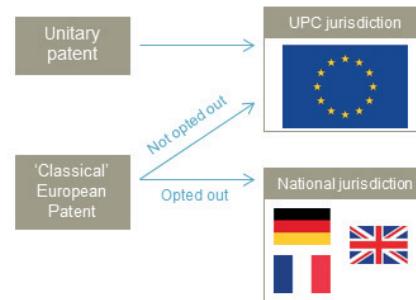
There will be a 'sunrise period' of about 3 months to allow opt-outs to be registered before the UPC opens.

Opting out is free and can be registered for:

- European patents
- Published applications for European patents
- Supplementary protection certificates (SPCs) based on European patents.

Many patentees who choose to register their opt-outs will do so during the 'sunrise period' to prevent being subject to revocation actions in the UPC on day one of the system.

If you do not register an opt-out during the sunrise period, it is still possible to do so during the seven year transitional period but only if an action has not already been filed in the UPC. Similarly, although an opt-out lasts for the life of the patent, you may withdraw an opt-out at any time (not just in the transitional period) but only if no action has been brought before a national court in the interim. Now is the time to plan your opt-out strategy.



Planning your opt-out strategy

Relevant features:

Central enforcement provides the benefit of being able to enforce a patent across a substantial part of the EU (including Germany, the UK, France and at least 14 other countries) in a single action in a single court relatively quickly. However, conversely, central revocation provides the risk of patent protection being lost in a single action. A single declaration of non-infringement will also be available.

If a patent is not opted out, the UPC will have jurisdiction over the patent. However, during the seven year transitional period this jurisdiction will be shared with national courts. This dual jurisdiction could result in a race to the court of choice.

The UPC Agreement and Rules of Procedure provide a framework for proceedings, but the application of this new procedure will remain uncertain until cases are brought. For example, how easy will it be to obtain preliminary injunctions?

All proprietors of all designations of a European patent in all states who have signed the UPC Agreement must agree to opt out.

Opting out a European patent will also automatically opt out any future SPCs based on the patent. However, if SPCs have already been granted, the SPC holders should apply for the opt-out at the same time.

Factors to consider:

A patent's strength (the certainty of its validity) and economic value of its protection, and therefore the likelihood and consequences of a central revocation if not opted out, including loss of royalties for licensed patents.

Likely risks of a central revocation action; for example, is the patent already under opposition in the EPO?

The number of European countries where simultaneous enforcement may be required.

The uncertainty of litigating in a new system and also the issue of the dual jurisdiction in the transitional period.

Costs of enforcement in the UPC compared with the costs of national enforcement.

Uncertainty as to the long term (post 'Brexit') participation of the UK in the system.

Planning an opt-out strategy requires the balancing of numerous strategic issues not just on patent portfolio maintenance but litigation risk and opportunities in the new system. Bristows are advising clients on these crucial considerations as they prepare for the UPC.

How Bristows can help

- Bristows can work with you to help prepare your patent portfolio and litigation strategy in advance of the UPC. We offer tailor-made workshops, seminars and strategy sessions to support your UPC planning.

For more information, contact our UPC experts at upc@bristows.com.

- Visit our dedicated UPC site and Twitter account which are packed with information including legislation and documents, latest news, commentary, cases, upcoming events, and Q&A: bristowsupc.com [@bristowsupc](https://twitter.com/bristowsupc)

The screenshot shows the Bristows UPC website. At the top left is the logo 'BRISTOWS UPC'. To the right is a search bar. Below the logo is a vertical navigation menu with links: Home, Latest news, Preparing for the UPC, Commentary, Legislation and documents, Cases, CBA, Useful links, Bristows' UPC Action, and Expert profiles. Below the menu are language options: 中文 - Chinese, 日本語 - Japanese, and 한국어 - Korean. The main content area features a large graphic with the text 'UNIFIED PATENT COURT' and a background of various patent symbols. Below this is the article 'Unified Patent Court - Bristows'. The article text reads: 'The Unified Patent Court (UPC) and unitary patent system represents the most important change ever seen in the European patent landscape. With the Court ready to open in a matter of months, and this being preceded by a 'sunrise period' in which patents may be opted out in advance, businesses must now ensure they are prepared for the new system. At Bristows we have been involved closely in the project since its inception, getting insights from participation in groups working and lobbying on the laws, and advising clients on latest developments and how to prepare for the new regime. We are therefore ideally placed to assist in reviewing clients' strategies in the coming months.' To the right of the article is a 'Latest news' section with three items: 'Update on German constitutional challenge to UPC' (6 September 2017), 'Draft UPC legislation laid in Scottish Parliament' (5 September 2017), and 'Commentary' (UPC and the UPC system: the state of play) (25 August 2017). Below the news is a 'Challenging the UPC opt-out - how exactly will it work?' (16 June 2017) section. At the bottom of the article are social media sharing icons for Facebook, Twitter, LinkedIn, and Print. Below the article are three buttons: 'UPC Health Check', 'Unitary patents', and 'To opt out or not?'. At the bottom of the page are three more buttons: 'UPC', 'UPC', and 'UPC'.

100 Victoria Embankment
London EC4Y 0DH
T: +44 (0)20 7400 8000
E: upc@bristows.com

bristows.com
bristowsupc.com