

# EIP



## The UPC: I've done nothing about it - will it be okay?

Owners of EP applications and patents will have almost certainly have had requests by now asking whether they wish to opt their patents/applications out of the jurisdiction of the UPC. Lodging an opt\_out request before 1st June 2023 ensured that you have a means to prevent a claim for revocation filed at the UPC from proceeding, and thus avoided the possibility that a successful revocation of a patent at the UPC would take effect for the EP patent in all participating member states.

This article may provide reassurance for those who have not yet made an opt\_out decision in respect of their patent rights and provides some considerations even for those who have decided to opt out patents.

### **Proprietors must remain alert**

The filing of an opt\_out, even if it was done correctly, does not prevent the filing of a revocation case at the UPC: the burden then falls to the proprietor to respond promptly – within one month – to assert that a valid opt\_out is in effect for the patent. If such a challenge to the jurisdiction of the UPC is not timely filed, then the revocation action can proceed, whether or not any opt\_out was validly filed.

### **Don't panic**

It will remain possible to file a request for an opt\_out at any time, for at least the 7 years after the UPC opened, provided no action has been brought before the UPC in respect of that patent.

### **Retain flexibility**

The freedom for a proprietor to repeatedly change the opt\_out status of a patent or application is constrained to at most one opt\_out and one withdrawal of the opt\_out. Although the fundamental risk/reward trade\_off is unlikely to change for a given patent, changes in ownership, IP strategy, and the development of the case law of the UPC, the EPO or national courts may give rise to reasons why changing the opt\_out status of a patent may be desirable.

### **Pending applications**

For applications which have not yet granted, the UPC has no competence other than in respect of the opt\_out procedure itself. Therefore, it is sufficient to opt\_out an application at any time prior to grant – this will then apply to the resulting patent and any related SPCs that are subsequently filed.

Because the constraints mentioned above apply irrespective of whether an opt\_out or withdrawal was made before or after grant, making (or withdrawing) and opt\_out during the pendency of an application may limit the options available after the patent grants.

### **Administrative simplicity and legal certainty**

There are strict requirements about the manner in which the opt\_out is requested. For example, the opt\_out request must be lodged by the actual proprietor(s) of the patent, irrespective of who is listed as the proprietor on any patent registers. However, other than strictly formal requirements, these are not checked when the opt\_out is filed.

Therefore, it remains open to a third party to try to convince the UPC to open a revocation action on the basis that the opt\_out was not validly filed. Such an argument may be costly to rebut, particularly if the patent has been the subject of transactions since the opt\_out was filed. Moreover, challenging the jurisdiction of the UPC on the basis that a patent has been validly opted out does not automatically stay the main action, or cause the deadline for filing a defence to be extended. Therefore, work on preparing a defence will probably need to be commenced even if the jurisdiction challenge is ultimately successful.

In general, the process of ensuring that opt\_outs are validly filed, in particular identifying the correct proprietor(s), may incur time and costs which do not justify attempting to opt out the patents, particularly if there is a low chance of litigation in any case. This may be particularly true where the patents may have been the subject of complex transactions, and/or the organisation's legal structures and history may be such that identifying the true legal owner(s) of the patent rights is challenging.

In short – even if in principle you decide that it would be preferable for the UPC not to

have jurisdiction over a patent, the actual cost of ensuring that an effective opt\_out is filed may not be justified.