

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 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 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.