

Kluwer Patent Blog

The Unified Patent Court and the Transitional Regime Controversies

Thorsten Bausch (Hoffmann Eitle) · Monday, March 3rd, 2014

In our previous blog [Opting out and Opting in](#) we discussed some of the questions regarding the transitional regime under the Unified Patent Court Agreement (UPCA). Due to its importance and ambiguity this provision continues to be a source of considerable controversy, so much so that the Preparatory Committee, which is tasked with preparing the establishment of the court, issued an [Interpretative Note](#) on January 29, 2014.

The Interpretative Note addresses the substantive law to be applied by the national courts once the UPCA has entered into force. As it also acknowledges, the Note has merely persuasive authority. The national courts will have to decide which law to apply. The Note is therefore one opinion in a legal debate that, if anything, seems to have been spurred on by the note itself.

Although the substantive law provisions of the UPCA and the corresponding provisions of the national laws in most EU member states are largely identical, this is more than a theoretical debate. There are relevant differences between the provisions of the UPCA and national law. For example, unlike the German and Dutch courts under their respective national laws, the UPC is argued to have discretion not to grant a permanent injunction according to Art. 63 (all references to Articles herein are to those of the UPCA). Furthermore, there are differences regarding the limitations. Most importantly, many EU member states have chosen a broader implementation of the so-called Bolar exemption than is now provided for in Art. 27(d).

To briefly set out the background: Once the UPCA has entered into force, the Unified Patent Court (UPC) will have exclusive jurisdiction regarding the actions listed in Art. 32. This includes infringement and revocation actions regarding the newly created European Patents with Unitary Effect (EP-UE), and also regarding nationally validated European patents and SPCs in the states that will have ratified the UPCA at the time in question. However, during a transitional period of at least seven years, infringement and invalidation actions regarding nationally validated European patents and SPCs may also be brought before a national court (Art. 83(1)). With regard to a nationally validated EP or an SPC the proprietor may furthermore opt out of the jurisdiction of the UPC altogether (Art. 83(3)). For further information on these or other aspects of the EU Patent Package, please also refer to The **EU Patent Package Handbook: A Practitioner's Guide**, which is available in print and Kindle Edition from the following Amazon sites : [.com \(Kindle\)](#), [.co.uk \(Kindle\)](#), [.de \(Kindle\)](#), [.fr \(Kindle\)](#), [.it \(Kindle\)](#) and [.es \(Kindle\)](#) and will also be available as a **free iBook** in the iTunes Store soon.

Returning to the topic of the Interpretative Note and the question of which substantive law is to be applied by a national court seized in accordance with Art. 83, the UPCA not only establishes the UPC and its competences and sets out the new court's procedures etc., it also stipulates:

- (a) the sources of law on which the UPC must base its decisions (Art. 24);
- (b) that a patent confers on its proprietor the right to prevent any third party from committing certain acts, namely the acts of direct and indirect infringement (Art. 25 and 26);
- (c) limitations to the above rights conferred by a patent (Art. 27 et seq.);
- (d) the powers of the UPC to impose certain measures, procedures and remedies, most importantly to grant injunctive relief and award damages (Art. 56 et seq.); and
- (e) a period of limitation of five years after becoming aware of infringement and infringer (Art. 72).

In the view of the Preparatory Committee, national courts must not apply any of the above provisions, but instead will have to continue applying their national laws. It argues in essence that by creating the UPC as a single court, the UPCA intended to ensure the uniform interpretation of the substantive law. National courts will have no legal basis for referring questions to the UPC. The consequential risk of diverging decisions would contradict the objective of uniform interpretation. Moreover, contrary to the situation in trademark law, national patent law is not being harmonized with the EU Patent Package.

This is seen differently by legal commentators:

Art. 83, it is argued, allows a choice of forum rather than a choice of law. Art. 83(3) speaks of “the possibility to opt out from the exclusive competence of the Court”, not to opt-out from the entire UPCA, and that “an action for infringement” in Art. 83(1) relates to the competences of Art 32, again not to the entire UPCA. Moreover, it has been argued that Art. 3, which provides that the UPCA “shall apply to any: ...? (c) European patent which has ...?, without prejudice to Article 83”, is inconclusive since it is merely referring to Art. 83 and does not answer the question as to the extent to which Art. 83 derogates from the applicability of the UPCA. This view is shared by the Preparatory Committee's Note. In particular it is seen as an unreasonable consequence if by choosing a national court, plaintiffs are in effect given the discretion to change the applicable law from the UPCA to a national law. Moreover, there would not be any proof that at the time of concluding the UPCA the Contracting Member States intended to have the national courts apply national law (Winfried Tilmann, “The Transitional Period of the UPCA”, in Mitt. 2014, 58).

The author of this blog agrees that the Preparatory Committee's argumentation is not convincing. The objective of uniform interpretation of the substantive law which is seen as the purpose behind the creation of the UPC, and that the EU Patent Package does not harmonize national patent law are not valid reasons for national courts not to apply the same substantive laws as the UPC. National patent laws are not harmonized, but the UPCA harmonizes the substantive patent law applicable to European patents and thereby “withdraws them” from the national patent laws applicable thus far. Consistent interpretation of this new substantive law applying to European patents is certainly an objective of the UPCA. The transitional regime, however, is a temporary exception on the way to the ultimate goal of the exclusive jurisdiction of the UPC and thus consistent interpretation. The conclusion that no harmonization should be attempted at all if this

objective cannot be fully realized due to the transitional regime finds no support in the UPCA or its negotiation materials, at least so far as the author of this blog is aware. If national courts at least apply the same substantive law as the UPC, reality will come closer to reaching the objective of a harmonized substantive law for European patents and uniform decisions than if the national courts were to apply their respective national laws. National courts could also be seen as contributing to the interpretation of the UPCA in the first few years. Until the appeal court and possibly the CJEU have the chance to develop their case law on the substantive provisions, also the first instance Divisions of the UPC will inevitably pass contradictory decisions.

More importantly, Arts. 25 and 26 UPCA give certain rights to patentees (*“A patent shall confer on its proprietor the right to prevent any third party not having the proprietor’s consent from the following [...]”*). That these rights shall be at the disposition of a plaintiff who may file an action at a national court also finds no support in the UPCA. Legal certainty would moreover not be well served if, due to a different substantive law, for example, a German court applying German national law would have to find a given activity in Germany not to be infringing a European patent, whereas the UPC, applying the UPCA, would find the same activity to be an infringement of the very same patent. A good example where such a situation might arise is in respect of an activity being exempted from infringement when applying the broader scope of the so-called Bolar exemption in the German Patent Act in comparison to the narrower scope of Art. 27(d).

A different question is, however, whether the national courts will have to apply Arts. 25, 26 and 27 et seq. ((b) and (c) above) only, or whether they will also have to apply the further UPCA provisions on remedies, statute of limitation etc., as summarized under (a), (d) and (e) above. Tilmann argues that the remedies such as the provisions on injunctive relief in Art. 63 and the statute of limitation in Art. 72 also shape the rights of the patent proprietor and thus are civil law claims which must be applied by the national courts as well. He sees support for his interpretation that the powers of the UPC are not merely procedural rules in the notion of Art. 24(3), which refers to Articles 64, 68 and 72 in the same way as to Art. 25, i.e. as to the substantive law to be applied even if it is the law of a non-contracting state.

This position is attractive since it avoids national courts still having to apply their national law to some extent, e.g. regarding the remedies for patent infringements according to Arts. 25 or 26. However it appears hardly reconcilable with the clear wording of the UPCA which in Art. 56 et seq. addresses the Court, i.e. the UPC, to which the agreement grants certain powers.

A borderline case would in this blogger’s view be the period of limitation according to Art. 72. Although this provision is also included in Chapter V of the UPCA, the “Powers of the Court”, it refers to “actions” in general terms and does not limit them explicitly to actions before the UPC.

Clemens Tobias Steins

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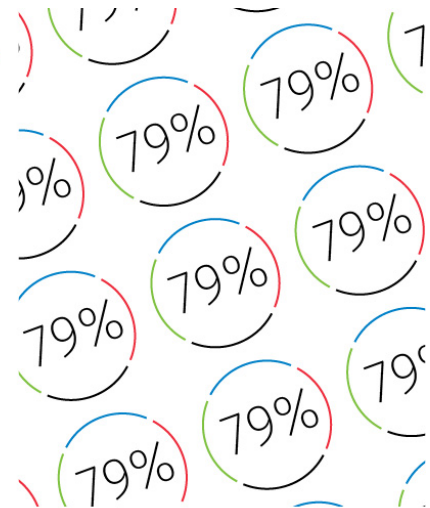
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