
Kluwer Patent Blog

'Differences between national law and Unified Patent Court law could be major problem'

Kluwer Patent blogger · Saturday, January 31st, 2015

The expected number of local divisions of the future Unified Patent Court (UPC) is so high that one may wonder if there will be any advantage in terms of specialization of judges and economies of scale. Bas Pinckaers, head of the patent department of Van Doorne and co-organizer of the [Unitary Patent Package Conference](#) on 5 and 6 February 2015 in Amsterdam, said this in an interview with Kluwer IP Law. Pinckaers thinks that differences between national law and UPC law may turn out to be a major problem for the new system.

Are your clients aware of the upcoming changes in the European patent landscape and if so, in what way are they preparing for it?

While the larger clients are participating in debates about the Unitary Patent Package, it is my impression that the smaller companies are waiting for the final news on which date the UPC Agreement will enter into force. However, we tell them that they should start thinking about their patent filing strategies now, for example think about which inventor should be named first in light of applicable law rules.

What are your main concerns regarding the system?

The success of the system will depend on the quality of the judges. One should realize that seven UPC countries have no experienced candidate judges and another six countries have at most one experienced candidate, while the idea is that each UPC participating country is represented by at least two judges.

Another concern is that the number of local divisions seems to be higher than expected. I have been informed that - besides the minimum of six local divisions in Germany, England and France - the Netherlands, Belgium, Finland, Denmark, Ireland, Italy and even Austria are considering setting up a local division. It seems to me that not all local divisions will get enough cases, so one wonders what the advantages will be in terms of specialization of judges and economies of scale.

Do you see the UPC Agreement as a solid basis for the new European Patent system?

The problem is that the more we study the UPC Agreement, the more we realize that it has not always been well phrased and may contain errors. For example, Article 83(1) UPC Agreement provides that during the transition period of 7-14 years “an action for infringement or for revocation of a European patent” may still be brought before national courts. This provision is about the dual competence of both the UPC and national courts. However, it is very strange that only two actions are mentioned and not the other actions mentioned in Article 32(1) UPC Agreement, such as actions for declarations of non-infringement, for provisional and protective measures and injunctions, for revocation of patents or for damages or compensation for use of a European patent application. It is my impression that the majority view is that the dual competence also applies to such non-mentioned actions.



Bas Pinckaers

A major problem could be the differences that still exist between national law and UPC law that is applicable to European patents. Now the majority view is that during the transition period (7-14 years), national courts should not apply UPC law but apply national law to European patents. I understand the logic of this majority view since the transition period is part of a political compromise: it does not make sense to provide for an opt-out of the system if at the same time national courts must apply UPC law, since we do not know yet how it will be interpreted by the UPC.

However, in practice, this view may cause problems. One should realize that national courts remain competent not only with respect to cases on the basis of a European patent which is opted out under Article 83(3), but also with regard to cases on the basis of a European patent, which are not opted out and which are brought (first) before a national court (instead of the UPC) under Article 83(1) UPC Agreement. The effect of this transition rule is that with respect to non-opted out patents the applicable law may change by a mere choice of forum by the plaintiff and with respect to opted out patents by the withdrawal of the opt-out according to Article 83(4) UPC

Agreement. Even worse: the applicable law may change twice if the patent has been opted out after the entry into force of the UPC Agreement: after the opt-out national law and after the withdrawal of the opt-out UPC law.

After the UPC Agreement was concluded, my initial thought was that national law and UPC law are quite the same and that a discussion about divergences will be merely theoretical. However, the more I discuss this issue with patent lawyers in other countries, the more I learn about differences, especially in the field of the twelve limitations on the effect of a patent, mentioned in Article 27 UPC Agreement.

Another concern is that it is not yet fully clear how the jurisdictional system will work under Brussels I (Regulation 1215/2012 as amended by Regulation 542/2014) during the transition period, in which we have dual competence. I think that the majority view is as follows. If an infringement or revocation action is filed first in the UPC, national courts will be blocked from dealing with the infringement or revocation action under the *lis alibi pendens* rule of Article 29 Brussels I, to the extent that the parties are the same. An infringement action before the UPC will not block an action for revocation of the national part of the European patent in a national court.

Less clear is the case where the infringement case or action for declaration of non-infringement has been filed first in a national court, for example on the basis of Article 7(2) Brussels I. This should not block the UPC from dealing with the other designated countries. Otherwise, the Unitary Patent package would include a huge “torpedo” option. The same should be true with respect to a revocation action filed in a national court. The UPC should remain competent to hear a single action for revocation of all other parts of this bundle patent. However, there is no guarantee that the UPC or CJEU will follow these views and I note that different views have been uttered by some eminent scholars.

Is this an exciting period for patent specialists like you?

Yes. There are still many issues to be solved and I very much like to discuss them with my colleagues in the Netherlands and in other UPC countries.

But there is uncertainty as well. We try to explain the new rules, but we are faced with many contradictory views and we have to wait to learn how the UPC (or CJEU) will decide. Therefore, there will be a period in which we have to base our advice on majority views, which are not yet confirmed by the competent courts. An example: will the opt-out be for the entire life span of the patent or only for the period of the transitional period (7-14 years)? The majority view is that it is for the entire life span. This view means that national courts may be competent to deal with European patents for another 40 years (14 + 20 + SCP).

Quite a few people say they will (advise clients to) opt out their patents of the jurisdiction of the UPC, until more experience is gained with the court and the quality of its decisions. Will this be your advice too?

I understand that many companies will decide to opt out to prevent any central attack and/or to see whether the UPC system will work. In 1977, when the EPC system started with (only) seven countries, many companies continued to file on a national basis, but once they saw that the EPO functioned well, this changed. As a result, in the

Netherlands, we abolished the examined Dutch patent in 1995.

I expect that once we get the first high-quality UPC infringement decisions, other potential plaintiffs who see the great advantages of the whole territory effect for all designated countries (Article 34 UPC Agreement) and the whole territory enforcement (Article 82 UPC Agreement), will rapidly follow. Also one should realize that by opting out it may no longer be possible to profit from the advantages of the UPC once the patent is litigated in a national court.

Are there any other issues about the UPC system that you would like to mention?

What causes some worry is the political situation in UK. What will happen if in a referendum the UK people vote in favour of leaving the EU?

Another issue that should deserve more attention is whether costs for SME-defendants who will be sued before the UPC will not be too high. In principle, the UPC will be self-financing, so most likely costs will be higher than in national courts. This will not be any problem for American, Asian and European multinational companies, but may very well be a problem for small European SMEs accused of patent infringement.

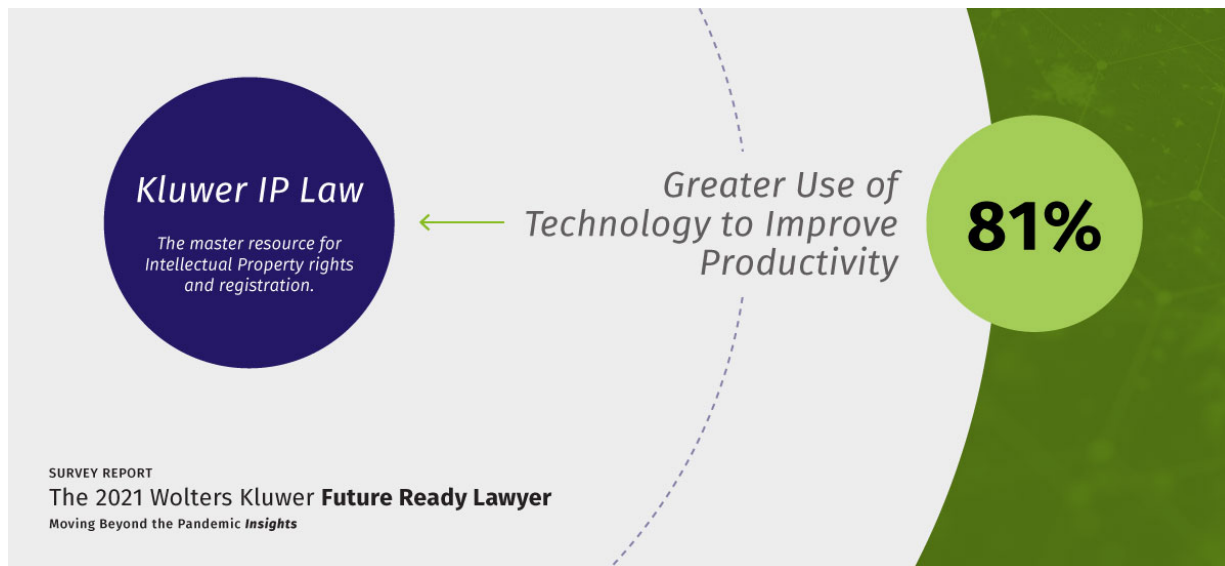
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This entry was posted on Saturday, January 31st, 2015 at 9:51 am and is filed under [European Union, UPC](#)

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