

Kluwer Patent Blog

The challenges of challenging a Unified Patent Court opt-out – a gap in the rules?

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There is a lot of talk about the consequences of an ineffective opt-out, but concentrating on this issue perhaps ignores a more basic one: can anyone even challenge an opt-out? For those who wish to delve into the depths of legal analysis, a treatise on the issue may be found [here](#), but if time is not on your side then a summary is below.

Rule 19 of the UPC Rules of Procedure (the ‘Rules’) clearly states that a Defendant may raise the existence of an opt-out as a preliminary issue. However, what about where a potential Claimant wants to challenge an opt-out so that it can issue a claim for revocation, for example. Here we must look to Rule 16, which states that the Registry should check a Statement of Claim to ensure any patent cited is not subject to an opt-out. If it is, the Registry must inform the Claimant, which ‘*may withdraw or amend its Statement of Claim as appropriate*’. What should the Registry do if the Claimant refuses, or amends its claim to challenge the opt-out (presuming this isn’t already the case)?



Broadly speaking, the Registry has three options:

It could always reject such claims. This seemingly kills the concept of a Claimant challenging an opt-out. One immediately questions the right to appeal, but whether such an appeal is possible is questionable. There is a parallel in the (at present draft) European Patent Litigation Certificate rules where a decision of the Registrar may be challenged, but there is a specific regime for that scenario. There is no such regime for our situation, which suggests that an appeal is not possible. However, as a matter of natural justice one would expect to be able to challenge the Registry’s stance, perhaps by way of Rule 220.2, which states that any decision of the Court may be appealed. There are issues with this as well (such as whether a decision of the Registry is a decision of ‘the Court’), and quite what that appeal might look like is unknown.

It could always allow such claims. What if the Registry’s duty/power is only to check and inform the Claimant, but stops there. The preliminary objection procedure would then presumably be

engaged by the Defendant. However, allowing every claim irrespective of the existence of an opt-out with no requirement for any challenge to be pleaded could give rise to considerable abuse. For example, a party threatened with national litigation could start a UPC action to cause delay through a jurisdictional dispute, or entirely speculative challenges to opt-outs could be brought leading to the patentee then having to potentially justify its opt-out (as it would be for it to justify its preliminary objection) while having to also prepare its defence in any event.

It could assess the matter on the merits, either itself or by referring the matter to a Judge of the Court of First Instance. If the Statement of Claim contains something on the merits of a challenge, the Registry could make a ‘judgment call’. But then on what basis? The Registry is not part of the Court of First Instance and one questions its authority to make quasi-judicial decisions. If Rule 16.5 could be stretched (it does not seem to apply directly), then perhaps the Registry could refer the issue to the Court for a decision. But then the question becomes one of burdens of proof and what would constitute a sufficient *prima facie* case. Indeed, on the second point, how could a Claimant even accrue information to justify its challenge given we are often talking about the internal IP arrangements of another entity. At present, it appears the register of opt-outs is just a list of patent numbers, which isn’t of help to a potential challenger, although could the Court look at the original application? At what point must the patentee participate to avoid an adverse decision, not just on the merits of the challenge but also perhaps one on disclosure, and when must it justify its own opt-out?

Whilst one can see the third option is perhaps the ‘least worst’, as it allows a challenge but only where there may be some merit, regrettably it is difficult to escape the conclusion that there is a gap in the Rules.

All of this is also not to mention the fact that perhaps, when one considers Article 83 and the fundamental basis of the UPC’s jurisdiction, it could be argued constitutionally that it should be for the UK courts, for example, to decide whether the UK has given the UPC jurisdiction over the UK’s patents, and not for the UPC to decide on its behalf. A possibility that gives rise to further pre-litigation litigation, but that is not to say it is not the correct analysis.

Only one thing is clear: there is a lot to be said for only providing the bare minimum of information in an opt-out application and for designating what information is provided as confidential so that it is as inaccessible as possible in the future. Just in case.

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