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Opting out and Opting in – What will be your Options and what are you Opting for?

Thorsten Bausch (Hoffmann Eitle) · Thursday, October 24th, 2013

While the preparations for the future EU Patent Package are ongoing, it may be useful to familiarize oneself somewhat with some of the key options that the new patent system will offer to its users if and when it has been enacted.

According to Art. 3 UPCA the future Unified Patent Court (UPC) will have jurisdiction not only with regard to European patents with unitary effect, but also with regard to traditional European patents (“bundle patents”) and/or applications and SPCs, even if granted before the Unified Patent Court Agreement (UPCA) enters into force. The jurisdiction is not all-comprising, but is limited by the types of action for which the UPC has competence according to the UPCA and the territory for which its decisions apply.

The UPC will have exclusive competence for the new European Patent with Unitary Effect from the date of the enactment of the UPCA. For the traditional European bundle patents and SPCs, however, Art. 83 UPCA provides for a transitional period of (at least) seven years during which special rules apply. According to Art. 83(3) UPCA, the proprietor may opt out from the exclusive competence of the UPC so as to keep his EP bundle patent within the competence of the national courts. Moreover, Art. 83(1) UPCA stipulates that during the transitional period “an action for infringement or for revocation of a European patent or an action for infringement or for declaration of invalidity of a supplementary protection certificate issued for a product protected by a European patent may still be brought before national courts or other competent national authorities”. This provision has caused some discussion, as its wording is not entirely clear and unambiguous.

The first question is whether there will be a dual competence of the UPC and the national courts during the transitional period as a default value, or whether the patent proprietor can steer which court will handle infringement and revocation actions relating to his patent.

A number of commentators seem to understand this provision as an “as well as” clause, meaning that during the transitional period patent cases concerning European bundle patents and SPCs derived therefrom may be brought *both* before the newly formed UPC *and* before national courts unless the proprietor has registered an opt-out. Thus, the plaintiff would have a choice before which forum (UPC or national court) he brings his action. This interpretation is mainly based upon the plain wording of Art. 83(1) UPCA, which seems to suggest a dual competence during the transitional period if no opt-out is in place.

Others, instead, interpret this provision as an “either – or” clause, thus denying dual competence. According to this interpretation of Art. 83(1), a proprietor of a European patent is provided right away from the very beginning with the choice of either accepting *exclusive* jurisdiction of the UPC, or in the alternative staying with the national court system in place today by opting out from the exclusive competence of the UPC.

The latter interpretation has the advantage of greater procedural predictability. Moreover it seems to be in better conformity with Art. 83(4) UPCA, which provides proprietors of or applicants for European patents or holders of SPCs who made use of the opt-out with an opportunity to change their minds under certain circumstances. They are “entitled to withdraw their opt-out at any moment”, *but only if no action has already been brought before a national court*. But if the default during the transitional period according to Art. 83(1) is dual competence of both the national courts and the UPC, one wonders why an action before a national court should block patentee’s capability of withdrawing his opt out. On the other hand this “opt-in” provision is not necessarily linked to the transitional period and it should be possible to opt-in even later. Only a second opt-out, even within the transitional period, is specifically precluded by Rule 5(7) of the Rules of Procedure.

A second question arises with regard to the preclusions of the opt-out/opt-in options. Provisions Art. 83(3) and 83(4) UPCA both stipulate: “unless an action has already be brought...”. The question is whether this preclusion only applies if the earlier action is still *pending* or whether it even applies when the earlier action has long been concluded. In this case an early revocation action filed by a competitor at the UPC, even if it is immediately withdrawn after filing, would forever block the proprietor from opting out.

The wording of Article 83(1) UPCA also raises a third question. Taken literally, actions of infringement and/or revocation may “still” be brought before national courts. So far so good – but how about other types of actions such as a request for a preliminary injunction or a request for seizure? These types of action do not seem to be covered by Article 83 and thus (arguably) would have to be brought before the UPC immediately after the enactment of the UPCA. Thus, the UPCA would seem to establish different competences for provisional measures (the UPC only) and the main infringement action (UPC or national courts). Does this make sense? Judge by yourself.

Dr. Thorsten Bausch and Dr. Bernd Kröger

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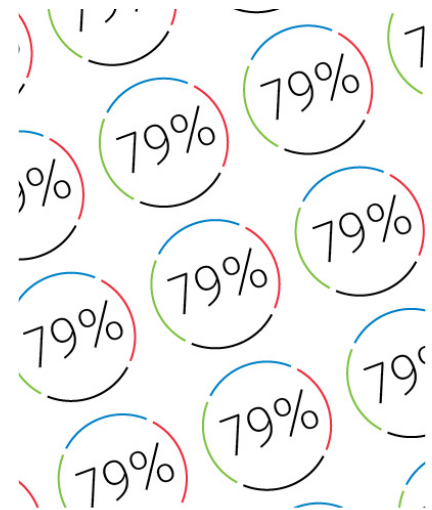
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