Kluwer Patent Blog

‘UPC decisions will be more consistent and extremely fast’

Kluwer Patent blogger · Thursday, May 12th, 2022

The Unified Patent Court will be a precious tool to help harmonizing the legal system in the EU and fostering innovation. That is the expectation of Elisabetta Papa, head of patents of the Italian IP firm SIB. She thinks Milan may replace London as Central Division seat dedicated to human necessities, chemistry, metallurgy, although “keeping only the two offices in Paris and Munich appears as a practical solution for the shortest term”.

In an interview with Kluwer IP Law, Papa said: “We understand it may take some time for the UP system conquer the hearts of patentees. As happens with all new legal tools, it will spark interest but may also, potentially, entail an initial bit of caution. A few potential users consider procedural and legal fees for litigating a patent under the UPC high as compared to the same fees for litigating a national portion of a traditional European patent before some national courts, therefore it may happen that, at first, mainly large companies will experiment with the UP system in case of infringement acts occurring in multiple EU countries.”

Are there particular issues you’re concerned about regarding the new system?
“There will be a ‘warming up’ period of the UP system in which critical issues may arise from the users’ (companies’) side. For companies, the most serious one is, of course, the risk of having all EU national portions of a European patent (with or without unitary effect) invalidated in a single stroke. Court fees and legal costs will be a likely concern for many SMEs.

In addition, the rules of procedure of the Court are a comprehensive body of provisions different with respect to those currently applying in national litigation (civil proceedings) in some countries. Therefore, also formal issue may arise, with a substantive impact, for example, on the admissibility of requests, issuance of orders and so on.

In the medium term, it will be interesting to see how patent litigation will develop and how the international jurisdiction of the UPC will be assessed, especially where infringements are carried out by third parties in third states (so called UPC ‘long arm jurisdiction’) or where the defendant is domiciled in EU Member States which are not parties to the UPC Agreement (such as Spain, Croatia or Poland) or where the defendant is domiciled in other countries (such as Switzerland, Norway, the United Kingdom or Turkey).

Possible conflicts of jurisdiction may arise and it will be necessary to fully understand the UPC system in order to assess the best judicial and filing strategies to avoid the risk of facing frivolous, "torpedo" lawsuits by competitors, which can also paralyse a patent owner's judicial initiatives."

Are there things which you welcome particularly?
"We think that there are many reasons to welcome the UP system. Of course, a single action brought before the UPC can cover all infringing acts across the contracting states and can apply preliminary measures and remedies across the whole territory within the competence of the UPC (and possibly also beyond, as mentioned above). Moreover – and maybe most important – UPC decisions will be more consistent and extremely fast. For instance, infringement proceedings with counterclaim are expected to reach conclusion in about 12 months. We also appreciate that there is a ceiling for recoverable costs, to be calculated according to the value of proceedings and taking into account the specific circumstances."

How do you prepare your firm and your clients?
"As with all legal tools, we think that knowledge is the most precious element to provide colleagues and clients with. Sharing specific awareness allows us, colleagues and clients to better understand the system and to assess together how the business strategies should be fitted in the system and vice versa.

In this framework, we are constantly organizing seminars, discussion tables and mock proceedings concerning the new UP/UPC system involving clients and building up possible concrete scenarios."

In what circumstances would you advise clients to choose or not choose for the Unitary Patent?
"In the transitional period, the choice depends upon the type of client (big companies, SMEs, universities/research institutions), the type of patent portfolio owned (or in the process of being built up) by such companies, the potential 'strength' of the patent/application and the client's legal 'status', including territorial aspects linked to applicable jurisdiction.

In other words, different situations call for differentiated advice. For example, if we are talking about a patentee with existing 'classic' European patents who fears a revocation action by a competitor, we would probably suggest considering opting out – especially in the case of potentially 'controversial' patents – in order to avoid the risk of seeing all national portions of the European patent revoked in all the participating Member states through a single action."

What do you think about the Unitary Patent fees? Should they have been lowered in view of the UK's departure from the system?
"The UP's single annual renewal fee is to be welcomed and the total cost of a UP for 20 years is, in our view, fully acceptable compared to the fees to be paid for a traditional European patent validated in all UP states and in consideration of the administrative simplification brought by the UP system.

For example, the UP is of course more expensive than a traditional European patent that has been nationally validated, for example, only in Germany, France and Italy – the top three validation countries of traditional European patents– and a UP is roughly as expensive as a traditional European patent validated in Germany, France, Italy and the Netherlands."

Will you advise clients to opt-out their patents from the jurisdiction of the UPC in the first

phase?
"Once again, it really depends upon the above remarks concerning the type of clients, its legal 'status' as defined above, the possible actions the client is going to take or is likely going to face and, of course, the client's type of patent portfolio and commercial planning."

Since the UK's departure from the UP system, Milan – with the support of the Italian government – has repeatedly claimed it should host the UPC central division formerly assigned to London. Do you support this idea?
"Generally speaking, Italian IP attorneys strongly support this idea and are surprised by those who don't, because they consider the choice of Milan as the logic evolution of the line of thought brought forward by all the contracting states in assigning the court's seats, including the London one when UK was part of the UPC system.

The UPC Agreement sets forth that Central Division's seats are assigned to the states that in 2012 had the largest number of validated European patents. The four top states for number of validated European patents in 2012 were Germany, the United Kingdom, France and Italy. Therefore, since the United Kingdom has withdrawn from the UPC, Italy appears as a privileged candidate to host the Central Division seat dedicated to human necessities, chemistry, metallurgy. Milan is Italy's most industrialized city, it may be considered the Italian 'economic capital' and it hosts many companies in the pharmaceutical and chemical sector (42% of the pharmaceutical sector and 31% of the chemical sector), that is precisely the sector to be devolved to the section of the Central Division formally assigned to London.

Milan is an inclusive and organized city fully structured to become one of the three European patent capitals along with Munich and Paris. It is already the centre of competitiveness of Italian economy and one of the fulcrums of European economic recovery after the pandemic, and in the last decades it has been attracting investments from all over the world."

It seems to be the plan that at the start of the Unified Patent Court all cases for the central division will go to Munich and Paris, as a temporary solution. Is that acceptable, you think?
"The hypothesis of keeping only the two offices in Paris and Munich appears as a practical solution for the shortest term and possibly the only one suitable to make the system start by the end of 2022.

In the medium term, this solution might not be practical and farsighted for the same reasons that had induced the contracting states to choose three different premises in the first place. In particular, ever since the beginning of the negotiations between member states the need clearly emerged for the competence of the Central Division to be split according to patent categories, and the Agreement provides, accordingly, for the Central Division to have premises in three seats. Three seats, therefore, are seen by many attorneys as necessary and desirable."

Is there anything else you'd like to mention?
"Just a final remark. A unified court of the European Union dedicated to IP matters is a unique occasion to strengthen the EU and the cooperation among its members states. This calls for an attitude of proactive and fair collaboration among all stakeholders in the process, particularly the attorneys as a sensitive link between the system and its users. Let's make it work!"

Mario Pozzi contributed to this interview

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This entry was posted on Thursday, May 12th, 2022 at 8:16 am and is filed under European Union, Italy, Unitary Patent, UPC
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