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Opt-out challenges in the UPC

Richard Pinckney (Bristows) · Tuesday, February 6th, 2024

Opt-outs are dealt with in Part IV of the UPC Agreement entitled “Transitional Provisions”. The prevailing view is that these provisions should be interpreted to mean that an opted-out patent is no longer subject to the jurisdiction of the UPC and the opt out shall remain in place for the lifetime of the patent. Furthermore, during an initial transition period of seven years, proceedings for infringement and revocation can be brought before national courts, irrespective of whether a European patent or application has been opted out.

However, when one looks at the provisions, such an interpretation, whilst it is certainly plausible and possibly correct, is not necessarily so. Indeed, it could be said that the provisions raise more questions than answers and there is at least one plausible alternative.

Article 83(1) of the UPC Agreement permits national actions only in respect of four explicitly indicated causes of action, namely an action for infringement or for revocation of a European patent, or an action for infringement or for a declaration of invalidity of a Supplementary Protection Certificate. Such national actions under this provision are only permitted for the first seven years after entry into force of the new regime. On this reading one then understands that the opt-out in Article 83(3) relates only, as it explicitly states, to the “exclusive jurisdiction” of The Unified Patent Court. According to this interpretation, the UPC retains exclusive jurisdiction over all European patents, unless a European patent has been opted out, in which case the UPC shares jurisdiction and national proceedings are permitted for certain causes of action for a period of seven years only.

These questions of interpretation are important not only for commercial certainty for owners of European patents and applications, as well as SPCs, but also for legal certainty as to the fundamental rights and obligations attaching to European Patents and SPCs based on them.

Part V of the UPC agreement is a series of provisions relating to the substantive rights attaching to all European patents and to which the agreement applies, including direct and indirect infringement. It is well understood that national laws, while stemming from the same EPC and CPC underpinnings, may be different in practice to each other and to how those prescribed in Part V of the UPC Agreement come to be interpreted by the new court. What then of the effect of an opt-out on the substantive law attaching to a European Patent? Was it the intention of the legislators to permit patentees the ability to so change the fundamental nature of a European Patent and retrospectively?

The UPC has not yet grappled with these fundamental questions which interested so many

stakeholders in the run up to this new era.

Perhaps defendants in national proceedings may still challenge the jurisdiction of national courts to hear cases based on the proper interpretation of the transitional provisions in the UPC Agreement. Similarly, one would expect parties to proceedings before the UPC to seek to test the boundaries and interpretation of these critical provisions, perhaps even seeking to revoke at the UPC European Patents that have been opted out.

Any questions on the proper interpretation of the transitional provisions in the UPC Agreement must be resolved at first instance and then at the Court of Appeal. In resolving these questions, the court will need to engage with questions which go to the heart of the UPC regime, to questions of substantive law and to questions of the proper demarcation between national property rights and those which are the exclusive jurisdiction of the new regime. We await the judgment of the UPC on this matter.

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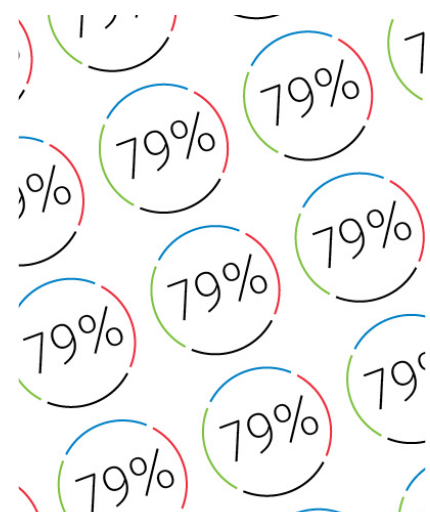
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