

# **B&B Bulletin – UPC Special Issue**

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# Introduction: What is the Unitary Patent System?

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The Unitary Patent System comprises, on the one hand, a new European patent with unitary effect in all participating EU Member States, and, on the other hand, a new Unified Patent Court (UPC) which will decide on these Unitary Patents, but ultimately also on all conventional European patents (with national validations, so-called “bundle patents”). After decades of planning, the system will thus for the first time create a quasi EU-wide patent right.

## Patent protection in all participating EU countries

The goal of the Unitary Patent System is to establish a more uniform approach for granting, defending and, in particular, enforcing European patents in the various EU member states. The already centralized grant and opposition procedures at the European Patent Office (EPO) will remain unchanged for this purpose. The new system will add centralized post-grant infringement and revocation proceedings.

Under the new system, it will be possible to file a request for unitary protection at the EPO for each European patent, instead of validating the patent individually in several countries. The unitary effect will lead to protection in all participating EU countries and thus to a patent covering 24 EU member states (all except Spain, Poland and Croatia). Therefore, only one common annual fee is payable to the EPO to maintain protection in all these countries. The Unitary Patent will coexist with national patents and traditional bundle patents.

Thus, once the patent has been granted by the European Patent Office, the applicant will have the choice of whether to select the new Unitary Patent.

## Impacts and transition period

However, it is important to note that the new patent system will not only affect newly granted patents. In addition to the new Unitary Patent, the new Unified Patent Court will also have exclusive jurisdiction over all bundle patents (and also supplementary protection certificates, SPCs). Therefore, all validations of existing bundle patents in countries that have ratified the UPC Agreement will also be subject to the jurisdiction of the UPC by default.

During a transition period of at least seven years, patent owners can individually opt their patents out of the Unitary Patent System – by filing an opt-out request with the UPC. In that case, only national courts will continue to have jurisdiction over these patents. Patent owners can also re-enter under certain conditions after they have opted-out by withdrawing the opt-out. During the transition period, it will also be possible for patents that have not been opted-out to continue to be litigated in national courts, as an option.



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## The roadmap to the Unitary Patent System

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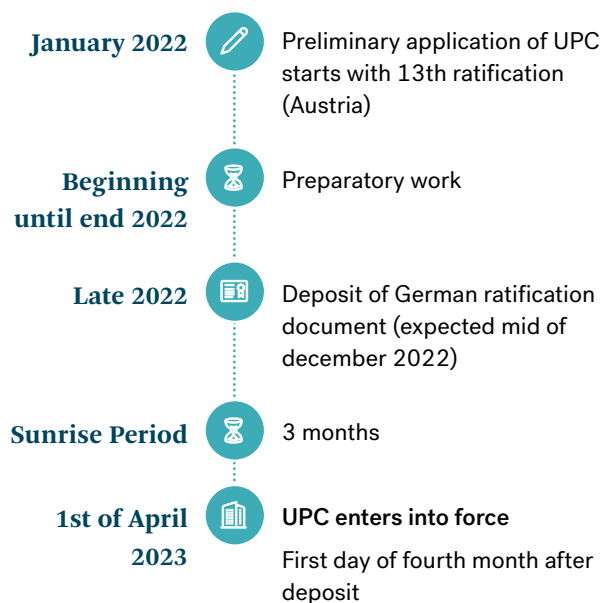
The Unified Patent Court is scheduled to become operational on April 1, 2023, according to the UPC Preparatory Team's current roadmap.

With the deposit of the instrument of ratification by Austria as the thirteenth member state, the UPC entered into force provisionally on January 18, 2022, in accordance with the "Protocol to the Agreement on a Unified Patent Court on Provisional Application" (PPA). Under this provisional applicability of parts of the UPC, preparations are presently made for the operation of the UPC. In particular, the UPC Administrative Committee has already officially confirmed the locations of the Court of First Instance and adopted the Court's Rules of Procedure as well

as the Table of Fees, which have entered into force on September 1, 2022. The selection of the judges and the finalization of the IT infrastructure take place in the framework of the PPA, too.

For the full entry into force of the UPC, the deposit of the (already signed) instrument of ratification by Germany is still missing. Acting as a "gatekeeper", Germany is to deposit its instrument when the Unified Patent Court declares that the necessary preparations have been completed. Deposition of the deed is scheduled to take place in mid-December 2022.

As soon as Germany has deposited the instrument of ratification, the UPC will enter into force on the first day of the fourth month after the deposit (Art. 89 UPCA), with this 3 month intermediate phase being generally referred to as the "sunrise period". Subsequently, the UPC comes into force on April 1.



Within the sunrise period, an "opt-out" can already be declared ahead of time in order to keep patents out of the Unitary Patent System and to prevent a centralized attack on the patent directly after the UPC enters into force.



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# Competence of the Unified Patent Court (UPC)

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In principle, from the entry into force of the agreement, the Unified Patent Court (UPC) will have exclusive competence in civil proceedings relating to European patents, Unitary Patents, supplementary protection certificates for products protected by such patents and European patent applications. The scope of exclusive competence includes, inter alia, actions for actual or threatened infringement and related defenses, actions for a declaration of non-infringement, actions for provisional and protective measures, actions for injunctions, actions for damages, actions for revocation and counterclaims for a declaration of invalidity, and actions against decisions of the European Patent Office relating to administrative tasks.

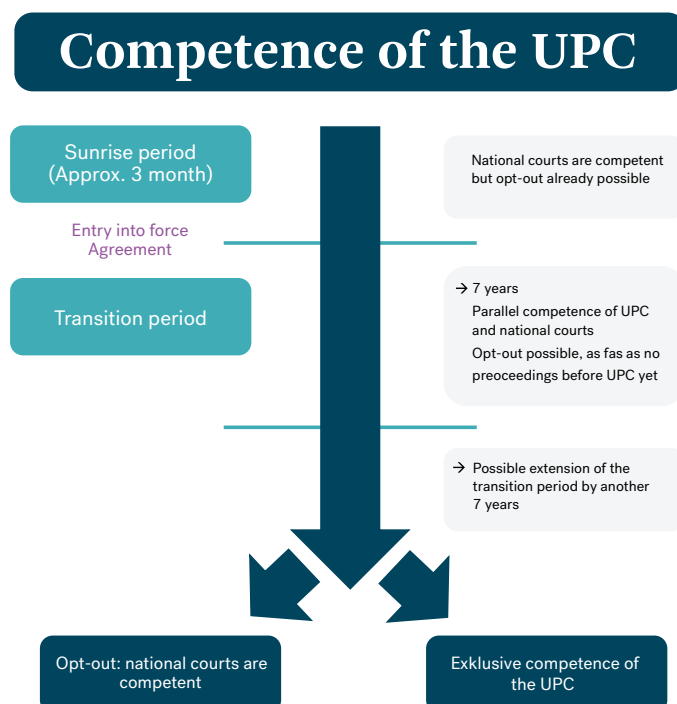
For actions relating to patents or supplementary protection certificates that do not fall within the exclusive competence of the court, the agreement states that national courts of the contracting member states continue to be competent.

During a transitional period of seven years from the entry into force of the agreement, national courts and the UPC are on an equal footing, and during this phase there is therefore no primacy of the UPC.

In addition, until one month after the end of this transitional period at the latest (which can be extended by a further seven years), patent proprietors have the possibility to exclude the exclusive competence of the UPC by means of a so-called “opt-out” declaration. This declaration can be withdrawn and thus the exclusion of the competence of the UPC can be cancelled. There are no fees for the opt-out declaration and it must be made by all patent proprietors jointly or by their

representatives to the UPC’s office uniformly with effect for all states. Although it can be made at any time during the transitional period, it can no longer be made once legal proceedings relating to the patent have been instituted before the UPC. To take account of this circumstance, patent proprietors already have the possibility to make an opt-out declaration for their existing European patents and European patent applications during the so-called “sunrise period” before the entry into force of the Agreement and thus before such proceedings can be initiated by a third party. The start of this period will be announced by the authorities and will last approximately three months.

If the patent proprietor makes an opt-out declaration, the European patent in question will no longer fall within the jurisdiction of the UPC and any litigation concerning that patent will continue to be brought before the national courts.



Any Unitary Patent or bundle patent for which the patentee has not made use of the opt-out declaration is subject to the jurisdiction of the UPC and must be heard by it.



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## Structure and functionality of the UPC

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The Unified Patent Court (UPC) consists of a Court of First Instance, a Court of Appeal and a Registry.

### Court of First Instance

The Court of First Instance comprises a central chamber sitting in Paris and a division sitting in Munich, as well as several local and regional chambers. All the panels of the Court of First Instance are multinational and composed of three judges.

The panels of the central chamber shall be composed of two legally qualified judges who are nationals of different Contracting Member States and one technically qualified judge. Each panel hearing actions against decisions of the European Patent Office relating to administrative tasks shall be composed of three legally qualified judges who are nationals of different Contracting Member States. The parties may agree that their dispute shall be decided by a legally qualified judge sitting as a single judge.

The panels of a regional chamber shall be composed of two legally qualified judges who are nationals of one of the Contracting Member States concerned and one legally qualified judge who is not a national of one of the Contracting Member States concerned. In addition, each panel of a local or regional division may, at the request of a party or on the panel's own initiative, be assigned an additional technically qualified judge who has appropriate qualifications and experience in the technical field concerned.

The seat of the local division established at the request of a Contracting Member State shall be designated by the Contracting Member State in whose territory it is established. Each Contracting Member State may have no more than four local chambers.

A regional chamber shall be established for two or more Contracting Member States at their request. Those Contracting Member States shall designate the seat of the chamber concerned. The regional chamber may meet at different places. German local chambers shall be established in Dusseldorf, Hamburg, Mannheim and Munich.

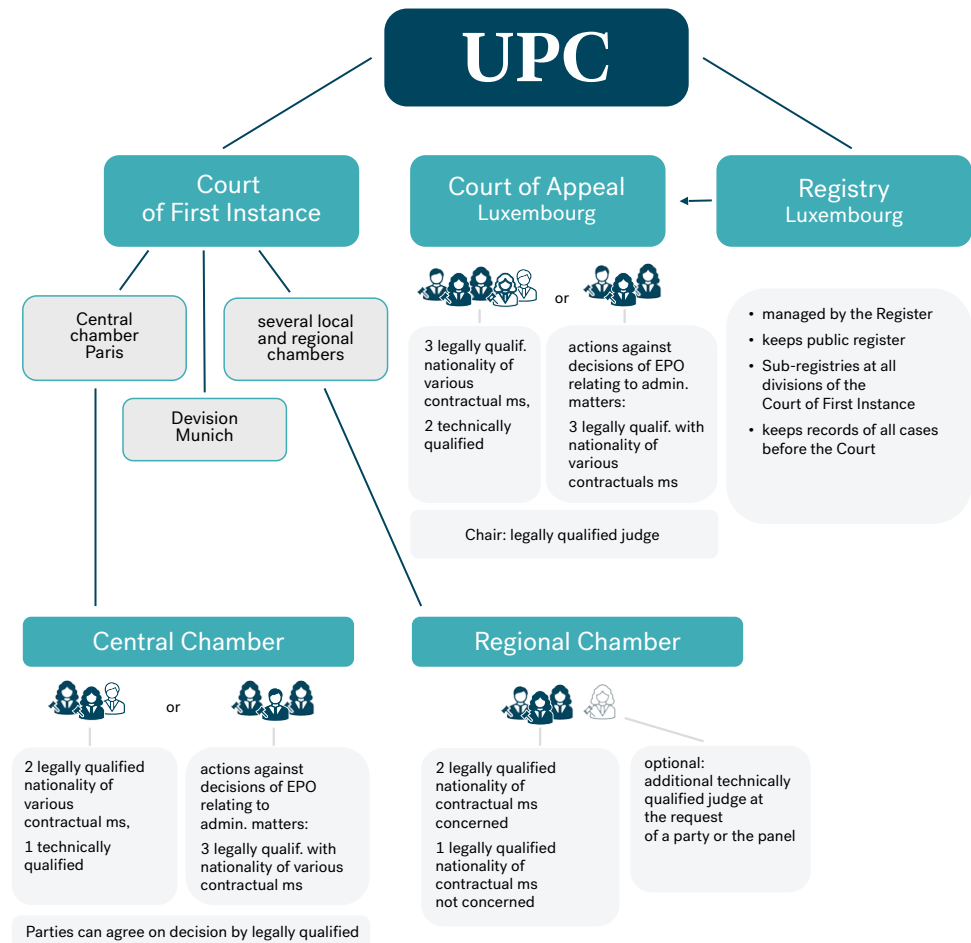
Actions for revocation, negative declaratory actions and actions against decisions of the European Patent Office relating to administrative tasks the central chamber has the exclusive competence. Infringement actions and requests for interim relief are to be brought before the local or regional chambers.

### Court of Appeal

The Court of Appeal shall have its seat in Luxembourg. Each panel of the Court of Appeal sits in a multinational composition of five judges. Of these, three are legally qualified and nationals of different Contracting Member States and two are technically qualified, the latter being assigned to the panel from a pool of judges. In the case of actions against decisions of the European Patent Office relating to administrative tasks, the panel is composed of three legally qualified judges who are nationals of different contracting member states. Each panel of the Court of Appeal shall be chaired by a legally qualified judge.

### Registry

A Registry shall be established at the seat of the Court of Appeal, headed by the Registrar, to perform the functions assigned to it by the Statute. The register kept by it shall be public. Annexes to the Registry shall be established in each chamber of the Court of First Instance.





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## Opt-out

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With the entry into force of the Agreement on a Unified Patent Court (UPCA), the Unified Patent Court will have jurisdiction over actions for infringement or invalidity of classical bundle patents and a new Unitary Patent.

However, actions for infringement or for invalidity of a European bundle patent can be brought before the national courts as before during a transitional period of 7 years from the start of the Unified Patent Convention, which can be extended to a further 14 years.

Until one month before the end of this transitional period, the jurisdiction of the Unified Patent Court can be explicitly excluded for European bundle patents granted or filed before the start of the UPC or during the transitional period (so-called “opt-out”). In this case, the European bundle patent will be judicially treated like a classical bundle patent. The exclusion applies for the entire lifetime of the European patent and from the date of entry in the Unified Patent Register.

Thus, owners have the possibility to withdraw a classical bundle patent or a European patent application from the access of the new Unitary Patent System by an opt-out.

In order to declare the exclusion of a classical bundle patent or a European patent application, a corresponding communication must be submitted to the registry of the Unified Patent Court via the so-called “case management system”. The communication can even be filed before the Unified Patent Convention enters into force in the so-called “sunrise period”. The sunrise period lasts three to four months from the date on which the UPC enters into force. In this way, a bundle patent or a European patent application can be excluded from the Unitary Patent System even before the start of the Unitary Patent System.

The proprietor can withdraw from the exclusion of general jurisdiction at any time and make the European bundle patent accessible to the new patent system again (so-called “opt-in”).

The condition for an exclusion of a European bundle patent from the Unitary Patent System is that no action has yet been brought before the Unified Patent Court. Against this background, it may be advisable for owners of classical bundle patents to withdraw bundle patents from the new Unitary Patent System already during the sunrise period by an opt-out. If an action is to be brought before the Unified Patent Court at a later date, the owners can withdraw from an opt-out at any time by means of an opt-in.

## Strategic considerations

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The introduction of the Unitary Patent System paves ways for taking many different routes towards a European patent strategy.

Multiple different choices can be made with regard to the nature of the patent right and with regard to the jurisdiction.

With regard to the nature of the patent rights, the Unitary Patent (UP) will coexist with national patents and utility models as well as with traditional European bundle patents.

Regarding jurisdiction, traditional European bundle patents can be kept in the jurisdictions of the established national courts by means of the opt-out or can be made accessible to the new Unified Patent Court (UPC). However, UPs will be in the jurisdiction of the UPC and national patents and utility models will remain in the jurisdiction of the national courts.

The UP can be combined with national patents or utility models, which allows to have the same technology be handled by different jurisdictions for the same states.

The UP can also be combined with traditional European patents, such as UP for the participating EU member states and traditional EP patent for the non-participating EU member states and for non-EU EPC member states.

Instead of UPs, national and traditional European bundle patents remain available also for the participating EU member states.

On top of that, European divisional applications can be treated differently compared to their parent application, which allows for additional strategic options in terms of which patent right to choose and which jurisdiction to select for the same technology.

To shine some light on which patent right to choose, please note the following general information. However, the exact choice depends on the particular case and should be made only after obtaining personal legal advice.

National patents and utility models enable to have the technology treated within the established national courts also beyond the end of the transitional period after which all European patents would fall in the jurisdiction of the UPC, unless opted-out beforehand during the transitional period. The securing of access to the national courts be established via the national rights in parallel with European or Unitary patents by way of claiming priority, parallel national phase entries or parallel national filings.

For EPC states not participating in the new Unitary Patent System, the traditional European bundle patent would still be the choice in parallel with national patent rights. The traditional European bundle patent is also the choice for the participating EU member states when the patent strategy is to be kept as in the past, namely validate in several EPC states and manage national parts of the European bundle patent individually. This may be the choice for important patents, for which products and/or license agreements are available. This choice



is also cheaper than the UP when only up to 3 or 4 EPC states are to be validated and also makes sense when future dropping of individual national parts of a European patent is of interest. European bundle patents can be opted-out to avoid a combination of the disadvantages of the respective systems: Even though validation in several states has been performed, allowing for a central attack at the UPC and loss in all validation states at the same time by not opting out. Strong European bundle patents can be made subject to the UPC to contribute to jurisprudence of the UPC, while keeping the risk of a central revocation low.

The UP has the potential to save costs, because the costs associated with payment of renewal fees and validation for multiple validation states can be avoided. However, the UP will only bring cost savings if one would otherwise validate the European patent in four or more EPC states. The more states one normally validates and the longer the lifetime, the larger the cost saving are with the UP. However, no dropping of validation states is possible for the UP, so that the costs savings also come with a loss in some of the strategic options. The Unitary Patent might provide cost savings in case litigation cases in several different countries are expected. However, the UP has the risk of a central attack and loss of the UP in all states at once.

Thus, national patents and utility models may be combined with European or Unitary Patents, whereas the exact choice of the two types of European patent rights depends on various factors.



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We will be happy to assist you with customized solutions for all questions concerning the Unitary Patent System and Unitary Patent. Please contact us!



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