



## The Unified Patent Court

In last year's *IP Federation Review*, it was reported that, despite 2020 being a turbulent year for the Unified Patent Court (UPC), progress appeared to have been made. This year, a much more positive statement can be made. Progress has definitely been made, with the Preparatory Committee estimating that the UPC will start operations around mid-2022. Whilst that may be a little optimistic, next year's Review may be published as the doors of the UPC are finally opening.

Looking back, the year did not start off positively. The German Federal Constitutional Court was again faced with constitutional objections to the UPC. Two applications for preliminary injunctions were filed in December 2020 against the draft bill enabling Germany to ratify the UPC Agreement (UPCA) and the Protocol on Provisional Application (PAP-Protocol). However, in July, the Court rejected both applications stating that they were inadmissible. This was quickly followed by the German Federal President signing the ratification bill in August and, in September, Germany deposited its ratification instrument for the PAP-Protocol.

Most recently, in October, Slovenia deposited both its ratification instrument for the UPCA and the PAP-Protocol. However, despite this very considerable increase in pace, the starting gun has yet to be fired as there are two further steps that still need to be completed. Firstly, consent to the PAP-Protocol of just one more participating Member State is required before the start of the provisional application period (PAP), the final phase of the UPC's set-up, can begin. Austria might be that one country, since it submitted a draft law for the ratification of the PAP-Protocol in July. The second step is for Germany to deposit its ratification instrument for the UPCA.

One of the big undecided points is which, if any, city will replace London as the site of the central division seat dealing with chemistry and pharmaceutical cases. The Council of Ministers in Italy has officially proposed Milan, but there is no done-deal as yet, and cities in the Netherlands are also being discussed as possible candidates.

So, when might the UPC open its doors? The Preparatory Committee has said that it might take from six to ten months to conclude all the work that needs to be done during the PAP, including recruitment of the judges. But, once the participating Member States are confident that the UPC can start in an orderly manner, Germany will deposit its instrument of ratification and the grand opening will take place on the first day of the fourth month following such deposit.

As noted already, the Preparatory Committee has stated that the UPC could start operations around mid-2022. Even if this slips a bit to the end of next year, companies should be shaking the dust from their plans of four years ago and reminding themselves what they should be doing to prepare. Three of the key areas that companies should be considering are as follows:

(1) *Opt-outs of existing European patents (EPs), supplementary protection certificates (SPCs) and EP applications*

Unless these rights are opted out of the system, both the UPC and the national courts of the Member States have jurisdiction over them. Opting out means that the UPC no longer does so and consequently a central invalidity attack cannot be launched before the UPC. However, it also means that an infringement action cannot then be brought before the UPC seeking an injunction covering all participating Member States (unless, that is, the opt-out is withdrawn).

In 2017, a three-month sunrise period was being planned to allow companies to file their opt-out requests ahead of time. If the same period is allowed and the plan remains that the UPC opens in mid-2022, opt-outs could be filed as early as the end of Q1 2022. Opt-out requests will be filed through the UPC case management system which requires getting used to the system and putting in place the necessary mandates. More than that, however, an opt-out is only valid when it is performed by all the actual proprietors of the EPs and all holders of existing SPCs, not the proprietors according to the register, nor exclusive licensees. So not only will owners and licensees have to consider which EPs and SPCs to opt-out, if any, but work may also need to be done to identify the rights holder or, if different designations of the EP are owned by more than one person, the rights holders.

(2) *Opt-ins for EP applications*

A request has to be made for unitary effect before a bundle of national EPs is effectively turned into a Unitary Patent (UP). Such request can only be made where there is a granted EP and it has to be filed one month after the date of publication of the mention of grant in the European Patent Bulletin. However, the European Patent Office was, in 2017, preparing its own sunrise period to allow patent applicants to file applications for unitary effect ahead of time so that they had the opportunity to designate their EPs as UPs as the UPCA came into effect. If the same system is proposed, patent applicants should consider which of their applications are nearing grant and whether they want them granted as EPs or UPs.

(3) *Licences*

The UPCA provides that an exclusive licensee can bring an action before the Court under the same circumstances as the proprietor, provided that the proprietor is given prior notice and the licence agreement does not expressly preclude such action. However, the patent proprietor must be joined in any action where validity is contested. This rule applies to both UPs and EPs from the date the UPCA comes into effect. It would therefore be wise to review existing licence agreements and to bear in mind this provision for future licences.

In practice, the UPC's IT system and the way in which users are able to interact with it will be crucial. So far this has had only limited visibility, but the IP Federation is reaching out to those developing the software to ensure that users' interests are taken into account as the systems are finalised.

Of course, with the UK not participating in the Unitary Patent system, it is inevitably devalued. The UK is a large economy and its absence will have a huge impact both for rights-holders and third parties. Despite this, the fact that we are about to see this project at last coming to fruition is very exciting.

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