

# UPC PREPARATORY COMMITTEE HOLDS FINAL MEETING SIGNALLING READINESS FOR THE UPC'S PROVISIONAL APPLICATION PHASE AND GERMANY PASSES BILLS NECESSARY TO RATIFY THE UPC AGREEMENT

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Legal Briefings - By **Sebastian Moore, Partner, Jonathan Turnbull, Senior Associate, Rachel Montagnon, Professional Support Consultant**

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The UPC Preparatory Committee held its final meeting on 15 March at which it agreed a collection of legal, HR and financial documents and confirmed that the Provisional Application Phase could commence once the final Signatory States had acceded to the Protocol on Provisional Application. The Committee was confident this would be met in time to allow the Provisional Application Phase to commence at the end of May 2017 in order to allow for all the practical preparations to be made for a 1 December 2017 start for the UPC.

The Provisional Application Phase allows matters such as the recruitment of judges, the IT and case management system and other practical arrangements for the opening of the Court and its local and central divisions to progress.

Final amendments to the Rules of Procedure for the UPC were agreed and full publication was promised on the UPC Preparatory Committee site shortly.

Patentees should note that the Committee again confirmed its expectation that the sunrise period for opt-outs of European patents from the jurisdiction of the UPC will start in September 2017. A review of all European patents held should now be instigated, if not already in progress, to determine which may be candidates for opt-out.

The Preparatory Committee acknowledged that the timetable for the entry into force of the UPC Agreement (and hence the UPC and unitary patent system) *"is subject to change given the reliance on national governments to accede to the Protocol on Provisional Application"*, however regular updates were promised on the Committee's website.

In other news, Germany has now passed draft legislation to enable it to ratify the UPC Agreement and to provide corresponding amendments to German patent law. The UK is expected to ratify the UPC Agreement by the end of April 2017.

## **WHAT PATENTEES AND LICENSEES SHOULD BE DOING NOW**

Patentees should now be considering their future patent registration and litigation strategies if they have not begun to do so already.

Once the UPC is established, then unitary patents (or "European patents with unitary effect") can begin to be granted. Having an almost (26 out of 28 EU states) pan-European patent right could mean reduced administrative costs and easier management of patent rights. However, unitary patents come with the risk of centralised, one-stop revocation, as well as the advantage of one-stop enforcement via the UPC.

Of course, the jurisdiction of the UPC will also stretch to all European patents (designated to participating states) which have not been opted out. Patentees should conduct a due diligence exercise to establish which of their current European patents would be well suited to the new regime and which would better be opted out so as to maintain the current state by state enforcement and revocation process. For new patent applications, these will continue to progress through the EPO for European patents with unitary effect being selected at grant or not depending on the patentee's choice.

If chosen, the opt-out is effective for the lifetime of the patent and beyond e.g. for litigation based on rights now expired or a subsequent SPC. Proprietors can opt-out European patent applications (as well as European patents already granted) and then opt them back in (withdraw the opt-out) if they so decide post grant or if they wish to obtain a unitary patent at grant (for which there is no opt-out option). The proprietor is free to opt it's European patent back in, unless an action has already been brought before a national court. However, once the opt-out is withdrawn, there is no further opportunity to opt-out.

The additional issue of dual jurisdiction of the UPC and national court over non-opted out European patents for the transitional period (due to last at least 7 years) should also be borne in mind. Thus even non-opted out European patents may be litigated in national courts in certain circumstances. National patents will continue to be litigated in national courts of course.

The unpredictability of the new court, in particular the approach that will be taken by its judiciary and the inevitable refinement of the procedure that will occur in the early years may in some cases make the UPC an unattractive forum at least initially. However it may be a forum that it is hard to avoid entirely, making strategic litigation planning both for potential claimants and potential defendants essential.

It is the patentee not the licensee (not even an exclusive licensee) who has the choice of whether to opt-out a patent or not. This must also be done unanimously by all owners of all designations of a European patent, thus patentees would do well to resolve any differences of opinion of opt-out between themselves before the sunrise period is concluded. Licensees who are concerned about the one-stop revocation issues may wish to persuade their licensors that opt-out is a less risky option. Equally parties may consider central enforcement to be an advantage. Much will depend on the particular patents and sector involved.

For more discussion of these points and considerations for opt-out see our [UPC Hub](#) and in particular the section on "[Jurisdiction and opt-out](#)".



## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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