

# 10 Things To Know About The Coming EU Unified Patent Court

By **Fabian Koenigbauer and Thomas Kronberger** (December 1, 2022, 5:41 PM EST)

Soon it will be possible to hold patent litigation in one forum, the Unified Patent Court, for European patents valid in jurisdictions, which are part of the UPC agreement. The court is expected to be operational in the first half of 2023, as of June 1.

This article summarizes the top 10 things legal practitioners need to know about the UPC.

## 1. Patents Subject to Jurisdiction

Once the UPC is operational, any European patent in a UPC member state will be subject to the jurisdiction of the UPC unless the patent owner has opted out.

In addition, any unitary patent granted will automatically be subject to jurisdiction, without the possibility to opt out. The UPC will also have jurisdiction over supplementary protecting certificates issued for a product covered by a patent subject to the UPC.[1]

The UPC will not have jurisdiction over national patents granted in a UPC member state.

Most European countries are UPC member countries, including the common jurisdictions for patent litigations in Europe (see Table 1).

There are notable exceptions including Great Britain. The UPC will initially be available in 17 UPC member states.

While the UPC may become available in the remaining jurisdictions once they ratify the UPC agreement, it is unlikely they will do so in the near future. For example, in Hungary, the UPC has been found unconstitutional.

Ireland will hold a referendum whether to join the UPC. If Ireland ratifies the UPC agreement, it will be the only common law UPC member state.



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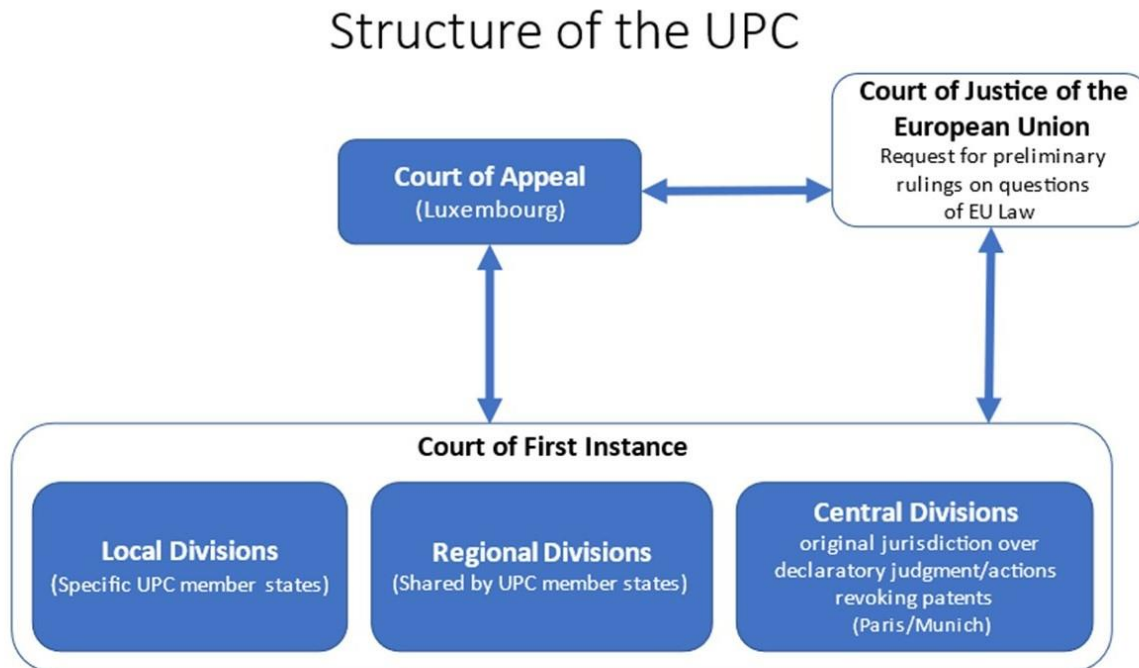
**Table 1: Signatory States of the UPC**

Austria*	France*	Luxembourg*
Belgium*	Germany*	Malta*
Bulgaria*	Greece	Netherlands*
Cyprus	Hungary	Portugal*
Czech Republic	Ireland	Romania
Denmark*	Italy*	Slovakia
Estonia*	Latvia*	Slovenia*
Finland*	Lithuania*	Sweden*
*UPC available once court opens		

## 2. Court Structure

The UPC includes a Court of First Instance and a Court of Appeal, which handles appeals from the this[2] Instead of being located in a single courthouse, the court rooms of this Court of First Instance are located throughout the UPC member countries as local or regional divisions, the latter covering more than one member state.

Further, the central division of the Court of First Instance is located in Paris and Munich



The panels of the Court of First Instance are staffed with three legally qualified judges selected from judges in the UPC member countries. The judges are drawn from a pool so that a certain rotation among the judges will occur, initially less in the main jurisdictions, such as Germany.

Many judges are appointed only part-time to the UPC and may also be working as regular judges of their UPC member state. If patent validity is an issue or if the panel determines it is appropriate, a technically qualified judge joins the panel.

Each party in a UPC litigation can also request enlargement of the panel by a technically qualified judge. Each panel of the Court of Appeals will have five judges, three of which are legally qualified and two of which are technically qualified.

Any lawyer qualified to practice in a UPC member state or a European patent attorney with the appropriate litigation qualifications can represent a party before the UPC.[3]

## 3. Types of Actions That Can Be Filed

The jurisdiction of the UPC is similar to district court jurisdiction for patent matters in the

U.S. However, the UPC's jurisdiction is limited to patent matters.

Specifically, the UPC has jurisdiction over: infringement actions of patent and supplementary protecting certificates and related defense such as:

- Counterclaims concerning licenses;
- Declaratory judgments of noninfringement;
- Injunctions, including temporary injunctions;
- Actions or counterclaims for patent revocation and for invalidity of supplementary protecting certificates;
- Actions for damages based on provisional rights from a published European patent application;
- Actions relating to prior use; actions for compensation of patent licenses; and
- Actions concerning decisions of the European Patent Office pertaining to the unified patent.

Isolated invalidity actions, or revocations, and declaratory judgments of noninfringement are possible as well.

These proceedings are the exclusive jurisdiction of the central division.

#### **4. Languages That Will Govern Proceedings**

In the UPC, there will be several different language choices. In general, the plaintiff can choose from the available language options,

The language can be:

- An official language of the UPC member state in which the local division is physically located;
- States may designate an official language of the European Patent Office as language of the proceedings, typically English; and
- The parties may agree on the choice of language based on the language in which the patent was granted.[4]

Thus, it should typically be possible to use English.

For appeals, the language governing the proceeding is the language in which the initial

proceeding was conducted or the language to which the parties agree.[5]

## **5. Available Remedies**

The UPC offers the same remedies available in national European patent proceedings, including injunctive relief, claim of damages, and claim for rendering of accounts.

The UPC decision, directly enforceable in the member countries, will contain the framework for enforcement, including penalties for noncompliance payable to the court. However, enforcement of the UPC decision shall proceed in each member state according to the national regulations and by the competent authorities.

## **6. What Case Law Will Govern**

UPC proceedings will be governed first of all by the UPC agreement, and additionally by European Union law, the European Patent Convention, any international agreement applicable to patents which is binding on all contracting member, and national law.[6] Specifically, for the UPC, the case law from the Court of Justice of the European Union for exhaustion of patent rights is applicable.[7] However, compulsory licensing of any unified patent will be "governed by the laws of the participating Member States as regards their respective territories." [8]

## **7. What Are the Costs?**

The UPC court fees will be a fixed fee up to a value in dispute of €500,000, or and above that combined with a value-based fee component in predefined steps up to a value in dispute of €50 million.

For example, for an infringement action with a value in dispute of €500,000 (\$525,000), the fixed fee will be €11,000; for a value in dispute of €2 million, the combined fee is €24,000.

These fees are not more than the court fees in many local European jurisdictions, such as Germany. For an isolated invalidity action, the UPC's fixed fee is €20,000, which is even less than typical fees at the German Federal Patent Court.

Unlike the U.S., the unsuccessful party usually must bear the successful party's reasonable and proportionate legal costs (including attorney fees) and expenses.

As a safeguard against undue cost recovery, there will be a ceiling on the recoverable representation costs — court fees need to be fully reimbursed.

This ceiling is planned to be at €56,000 for a value in dispute of €500,000 and €200,000 for a value in dispute of €2 million. In limited situations, the court has the discretion to change this ceiling within a certain framework.

## **8. Duration of Proceedings**

In contrast to patent infringement proceedings in the United States, which last an average of three to five years[9], a proceeding in a Court of First Instance, of the UPC should last for about 12-14 months. The duration of a proceeding in the Court of First Instance is similar to a rocket docket case filed in the United States. Proceedings in the Court of First Instance are divided into three stages:

- Written procedure, such as a complaint or reply;
- Interim procedure; and
- Oral hearing — trial.

The timing of the writs during the written procedure is strict. Extensions of deadlines will hardly be possible.

A substantial response is due after three months. If validity is not challenged by a counterclaim for patent revocation, the plaintiff needs to respond within one month, otherwise within two months, including potential auxiliary requests.

The counterclaim for patent revocation needs to be combined with the response to the infringement action.

In the interim procedure, all necessary preparations for the oral hearing are made, led by the judge-rapporteur.

The form is not particularly fixed, it is possible to hold one or more interim conferences with the parties. The oral hearing itself is limited to one day only. The decision may be rendered at the end of the hearing or the latest after six weeks.

Decisions or orders in the Court of First Instance can be appealed, within two months or 15 days, respectively.[10] Except for when a patent revocation is appealed, an appeal does not automatically stop proceedings in this court.[11]

Other than for exceptional cases, the Court of Appeal renders a final decision without referring the case back to the Court of First Instance.[12] The appeal proceedings are estimated to add at least another year to the overall length of the proceeding.

## **9. Bifurcation or Parallel Opposition Proceedings**

The UPC does not alter European opposition procedures. As such, a UPC proceeding and European opposition can proceed in parallel.

When a patent subject to a UPC proceeding is opposed, the UPC has the option of staying the proceeding until the opposition is decided; it is also possible at the UPC's or parties' request to accelerate the European opposition.[13]

Thus, oppositions remain a valuable tool even after the launch of the UPC. For the nonmember states, opposition proceedings remain the only option to centrally attack the European patent.

A counterclaim for revocation will typically be handled by the local or regional division handling the infringement action. It is, however, theoretically possible that the local or regional division decides to transfer the revocation action to the central division, or bifurcation. It is expected that this will rarely be the case. If it is done, the local or regional division can either stay the infringement case or decide without a stay.

## **10. Scope of Discovery**

Compared to the patent proceedings in the United States, a UPC proceeding offers a narrower scope of discovery. The scope of permissible discovery includes requests for

information, document productions, inspection, comparative tests and experiments, and affidavits.[14]

In addition, evidence may be introduced at hearings via witnesses.[15] The court may issue an order to production of evidence upon request.[16] It may be possible to supplement discovery in a UPC proceeding using information obtained in the U.S. under Title 28 of the U.S. Code, Section 1782.

## **Conclusion**

The UPC represents a paradigm shift for adversarial patent proceedings in Europe.

Rather than holding individual litigations in various European countries, patent disputes can be resolved in a centralized UPC venue.

As it is possible for patent owners to opt out of UPC jurisdiction for existing patents and then subsequently opt in, by withdrawing the opt out, they are in the unique position of determine which venue to choose for enforcement — a regional action in the UPC or local action in individual jurisdictions.

This allows patentees to customize the amount of litigation pressure and litigation costs depending on the value of existing patent. For patents subject to the UPC's jurisdiction, patent challengers will have a centralized venue for patent revocation.

The UPC will provide another opportunity to challenge patents that survived oppositions in the European Patent Office. As such, for patent challengers, it is anticipated that the UPC will reduce the litigation costs in Europe.

While the jurisprudence of the UPC has yet to develop, patentee and patent challengers alike may find the UPC to be a good venue for patent proceedings, especially as part of a global enforcement strategy.

For example, given the rapid pace, a successful UPC litigation could be used to provide additional litigation pressure when used combination with a concurrent U.S. patent litigation; and may be less expensive than a concurrent proceeding in the U.S. Patent and Trademark Office.

*Update: This article has been updated to reflect the new opening date for the court, announced on Dec. 5.*

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[1] See Article 32 of the Agreement on a Unified Patent Court (2013/C 175/01) ("UPC Agreement") dated June 20, 2013 (available online at <https://eur->

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:175:0001:0040:En:PDF](http://lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:175:0001:0040:En:PDF) last visited Nov. 28, 2022).

[2] Id. at Article 7.

[3] Id. at Article 48.

[4] Id. at Article 49.

[5] Id. at Article 50.

[6] Id. at Article 24.

[7] Regulation (EU) No. 1257/210 of the European Parliament and of the Council of 17 December 2012 implementing enhanced corporation in the creation of unitary patent protection at Article 6 (December 31, 2012) (available online at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ%3AL%3A2012%3A361%3A0001%3A0008%3AEN%3APDF> last visited Nov. 28, 2022)

[8] Id. at L 361/2.

[9] Thomson Reuters, "Patent Litigation 101" (Oct. 27, 2022), <https://legal.thomsonreuters.com/blog/patent-litigation-101/> (last visited Nov. 28, 2022).

[10] UPC Agreement at Article 73.

[11] Id. at Article 74.

[12] Id. at Article 75.

[13] See id. at Article 33.

[14] Id. at Article 53

[15] Id.

[16] Id. at Article 56.