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# The co-existence between EPC and Patents with Unitary effect

Dr Marc Mimler<sup>1</sup>

## 1. Introduction

After decades of futile attempts to establish a comprehensive European patent framework, we will soon see the granting of European Patents with unitary effect (UPs) by the European Patent Office (EPO). For some this represents a giant and long-awaited leap forward for the European patent system: After over 70 years of trials and tribulations, UPs will provide another option for patent protection in Europe which are litigated before a common court, the Unified Patent Court (UPC). For many others, the system will be a disappointment as it showcases what might have been achievable. Many concerns have been raised outlining the short fallings of the UP system which would rather constitute a “step back” rather than forward. Among the various points which have been brought forward are the rules on co-existence of UPs and other European, aka classical European bundle patents. Co-existence of IP rights, in particular within the European framework, is not something uncommon. Such co-existence of IP rights on EU and on national level can be seen in relation to the law of trade marks and that of design rights.

With regards to the rules of co-existence presented within this chapter, the devil, as so often, lies in the details. Rather than ending the decade long fragmentation of patent law in Europe, the new system may add to its complexity by providing additional layers of fragmentation. The setup of the system born out of a compromise will lead to complex rules of applicability with regard to co-existence between the various layers of co-existence of UPs and other European patents as well as to their adjudication: Their co-existence basically hinges on the question whether the new UPC will have competence to adjudicate these or not. Finally, national patents are also part of the mix as they will remain available under the new system. This chapter will first trace the historical reasons that have led to the rules of co-existence. It will then outline the occurrence and features of the co-existence of UPs and European patents as well as their rules on adjudication and will then conclude by raising some critical points for the current and future debate.

## 2. Main Body

### *2.1. Historical background*

At this stage, a few words regarding the historical developments that have led to a system of co-existence between a classical European patent and the UP are required. They revolve very much around the different objectives of the two main institutional drivers for European patent policy in the last decades. On the one hand, the young European Economic Community (EEC) saw patents as an

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important field of activity and set up a Working Group Patents in 1959.<sup>2</sup> This work cumulated in the Community Patent Convention (CPC) of 1975 which was based on safeguarding the free movement of goods protected by patents, and hereby eliminating trade distortions within the Community<sup>3</sup> by providing community-wide unitary patent rights. This first version of a Community Patent Convention, however, never came into force due to the failure of some countries to ratify it.<sup>4</sup> Later attempts to revive the project, such as the CPC 1989,<sup>5</sup> also failed.

On the other hand, the efforts initiated within the institutional framework of the Council of Europe culminated in the arguably most relevant moment in European patent policy: The completion of the Munich Conference of 1973 delivered the EPC<sup>6</sup> which established the European Patent Organisation, along with the EPO as its core organ for granting patents. The Convention's primary aim was to provide for a pragmatic solution for industry and commerce by reducing the cost of securing patent protection across national boundaries within Europe and would include countries outside the EEC. Once granted, the patent holder would enjoy protection in the contracting member states of the EPC designated in the application<sup>7</sup>, while enforcement of such patents would be subject to the applicable national law.<sup>8</sup> It was initially foreseen that the Community Patent system would be operating alongside the wider EPC system with the EPO as the granting office of Community patents.<sup>9</sup> As the attempts to create such unitary patent rights have been in vain, the EPC system would, albeit, become a success story.

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<sup>2</sup> Kurt Haertel, 'Die geschichtliche Entwicklung des europäischen Patentrechtes' in Friedrich-Karl Beier, Kurt Haertel and Gerhard Schrickler (eds) *Europäisches Patentübereinkommen, Münchner Gemeinschaftskommentar* (Carl Heymanns Verlag 1984) [38].

<sup>3</sup> Convention for the European patent for the Common Market, Preamble. - Records of the Luxembourg Conference on the Community patent 1975 (Office for Official Publications of the European Communities 1982) 295.

<sup>4</sup> Those were Ireland and Denmark – see Albrecht Krieger, 'The Luxembourg Convention on the Community Patent - A Challenge and a Duty' [1988] IIC 143, 145-146; Pieter Callens and Sam Granata, *Introduction to the Unitary Patent and the Unified Patent Court* (Wolters Kluwer 2013) 8. However, the substantive provisions of the CPC with regards to the post-grant phase of patents, such as the rules on infringement, were adopted in many national patent laws of EU member states.

<sup>5</sup> This was an amended version of the CPC 1975 and was envisaged as an international agreement and was signed in Luxembourg again on 15<sup>th</sup> of December 1989 - 1989 89/695/EEC, OJ EEC L 401, 30.12.1989, 1–27. Similarly, to the CPC 1975, this Agreement failed to enter into force. See: Pieter Callens and Sam Granata, *Introduction to the Unitary Patent and the Unified Patent Court* (Wolters Kluwer 2013) 8-9.

<sup>6</sup> The European Convention relating to the Formalities required for Patent Applications and the Convention on the Unification of Certain Points of Substantive Law on Patents for Invention formed the bases for the EPC – Richard Arnold, 'An Overview of European Harmonization Measures in Intellectual Property Law' in Ansgar Ohly A and Justine Pila (eds), *The Europeanization of Intellectual Property Law* (Oxford University Press 2013) 26.

<sup>7</sup> See Articles 64(1), 79 EPC.

<sup>8</sup> Subsection (3) of Article 65 states *expressis verbis* that “[a]ny infringement of a European patent shall be dealt with by national law.” However, an opposition proceeding may be launched after the grant of the patent. The grounds for an opposition (Article 100 EPC) relate to pre-grant matters and do not relate to post-grant patent law. Therefore, the provisions within the EPC regarding opposition proceedings are of procedural nature.

<sup>9</sup> Article 1(2) CPC 1975.

This schism in European patent policy has not only had ramifications for the users of the system.<sup>10</sup> It also provided two institutional gravity centres which would not be easy to reconcile.<sup>11</sup> This “original sin” of the European patent system would stick out as a sore thumb of the ever-integrating European economies.<sup>12</sup> The EU’s attempts to provide for unitary patent rights were given new momentum when the deadlock caused largely due to disagreements over the applicable language regime was resolved, or some might say, were “bulldozed over”, by the Council of the EU’s authorisation of enhanced cooperation with respect to the creation of unitary patent protection.<sup>13</sup> The legislative instruments which form the Unitary Patent Package would task, *inter alia*, the EPO with granting UPs<sup>14</sup> and set up a unified form of adjudication for UPs and some European patents with the UPC.<sup>15</sup> However, the system is widely regarded as falling short with the ambitious proposals of the past and has been subject to criticism.<sup>16</sup> First, the UP does not provide for an EU right as such, since it currently does not cover the entire territory of the Union, and as such its Internal Market. It only involves the territories of such EU Member taking part in the enhanced collaboration and among these only those who have ratified the UPCA, as explained below. Thus, it inevitably will not resolve the territorial fragmentation of patent law within the EU and would require the additional protection through national patents.<sup>17</sup> Secondly, the adjudication of European patents designated in non-EU members which was foreseen in a previous proposal has become impossible by Opinion 01/09 of the Court of Justice.<sup>18</sup> Thus, the “original sin” will not be atoned by this system and the rules on co-existence discussed below in this chapter stand witness for this.

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<sup>10</sup> Here, the need of parallel litigation of the so-called “bundle patents”, increases costs for patent holders. Defendants conversely had to face litigation in various jurisdictions which, according to the European Commission would be risky and cumbersome particularly for small and medium enterprises (SMEs) – (Enhancing the patent system in Europe’ (COM (2007) 165 final)). Other issues surround forum shopping and decreased incentives to settle cases (Thomas Jaeger, Reto Hilty, Josef Drexler and Hanns Ullrich, ‘Comments of the Max Planck Institute for Intellectual Property, Competition and Tax Law on the 2009 Commission Proposal for the Establishment of a Unified European Patent Judiciary’ [2009] IIC 817, 823.) Finally, the situation is exacerbated where national courts diverged on their findings of infringement of identical patents granted by the EPO as in the schoolbook example of the so-called “Epilady” cases -see: Matt Fisher, *Fundamentals of Patent Law - Interpretation and Scope of Protection* (Hart Publishing 2007) pp. 246.

<sup>11</sup> See, for instance, Plomer’s discussion on this matter - Aurora Plomer, ‘A Unitary Patent for a (Dis)United Europe: The Long Shadow of History’ [2015] IIC 508-533.

<sup>12</sup> Mihály Ficsor, ‘Coexistence of national patents, European patents and patents with unitary effect’ [2013] ERA Forum 95, 98.

<sup>13</sup> Council Decision 2011/167/EU of 10 March 2011 authorising enhanced cooperation in the area of the creation of unitary patent protection (OJ 2011 L 76, p. 53).

<sup>14</sup> Regulation (EU) No 1257/2012, Recital 5.

<sup>15</sup> Agreement on a Unified Patent Court [2013] OJ C 175/1. Herewith “UPCA”.

<sup>16</sup> Vincenzo di Cataldo, ‘Competition (or confusion?) of models and coexistence of rules from different sources in the European patent with unitary effect: Is there a reasonable alternative?’ [2014] Queen Mary Journal of Intellectual Property 195, 195.

<sup>17</sup> Reto M. Hilty, Thomas Jaeger, Matthias Lamping and Hanns Ullrich, ‘Max Planck Institute for Intellectual Property and Competition Law, ‘The Unitary Patent Package: Twelve Reasons for Concern’ [2012] 1.

<[https://www.ip.mpg.de/fileadmin/ipmpg/content/stellungnahmen/mpi-ip\\_twelve-reasons\\_2012-10-17\\_01.pdf](https://www.ip.mpg.de/fileadmin/ipmpg/content/stellungnahmen/mpi-ip_twelve-reasons_2012-10-17_01.pdf)> accessed 28 November 2022.

<sup>18</sup> Case C-1/09, Opinion of the Court (Full Court, 8 March 2011) para. 82.

## 2.2 Occurrence

The reiteration of the historical development culminating with the launch of the Unified Patent court in April 2023 showcases the many hurdles which the UP had to take. It will add another layer of patent protection aside national and European patents and thus raises questions as to the relationship between these layers. The title of this chapter may lead to the assumption that a mere co-existence between traditional European and UPs will occur in future. A closer look at the specific structure of the unitary patent package, however, reveals a co-existence of 4 types of patents: a.) European Patents with unitary effect (i.e. UPs), b.) Ordinary European Patents, c.) European Patents which have been withdrawn from the jurisdiction of the Unified Patent Court, and finally d.) national patents.<sup>19</sup> Each of these will be discussed below.

### a.) European Patents with unitary effect (i.e. UPs)

The life of a UP commences once the applicant chooses to file a request for unitary effect within a month after the mention of the grant in the European Patent Bulletin.<sup>20</sup> This option then eliminates the selection of national patents in the participating jurisdictions pursuant to Article 4(2) Regulation 1257/2012.<sup>21</sup> Before this very moment the application remains an international or European application and will pursue the same granting process as other European patents. A UP will have unitary effect only within those jurisdictions which are participating in the enhanced collaboration pursuant to Article 3 (1) and Article 2 of the Regulation 1257/2012 and that additionally have ratified the UPCA. Its unitary effect is stipulated by what Jaeger calls “a transformation fiction”<sup>22</sup> by which uniform protection and equal effect within the territory of all participating Member States shall be provided.<sup>23</sup> In addition to this, Regulation 1257/2012 reinforces the unitary effect by prescribing that it “may only be limited, transferred or revoked, or lapse, in respect of all the participating Member States” though it may be licensed for only parts of these territories.<sup>24</sup> Since the new system wishes to leave the currently available options untouched<sup>25</sup>, the UP constitutes an additional option available to the applicant aside the traditional European or national patents, as mentioned above.

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<sup>19</sup> Di Cataldo and Hilty et al., provide a similar separation in their respective papers - Vincenzo di Cataldo, Competition (or confusion?) of models and coexistence of rules from different sources in the European patent with unitary effect: Is there a reasonable alternative? [2014] Queen Mary Journal of Intellectual Property 195, 198-199; Reto M. Hilty, Thomas Jaeger, Matthias Lamping and Hanns Ullrich, ‘Max Planck Institute for Intellectual Property and Competition Law, ‘The Unitary Patent Package: Twelve Reasons for Concern’ [2012] 1.

<[https://www.ip.mpg.de/fileadmin/ipmpg/content/stellungnahmen/mpi-ip\\_twelve-reasons\\_2012-10-17\\_01.pdf](https://www.ip.mpg.de/fileadmin/ipmpg/content/stellungnahmen/mpi-ip_twelve-reasons_2012-10-17_01.pdf)> accessed 28 November 2022.

<sup>20</sup> Rules relating to Unitary Patent Protection, Rule 6 (1).

<sup>21</sup> “that European patent is deemed not to have taken effect as a national patent in their territory on the date of publication of the mention of the grant in the European Patent Bulletin.”- Regulation (EU) No 1257/2012, Article 4(2).

<sup>22</sup> Thomas Jaeger, ‘All Back To Square One? – An Assessment of the latest proposals for a patent and court for the internal market and possible alternatives’ [2012] IIC 286, 294.

<sup>23</sup> Regulation (EU) No 1257/2012, Article 3(1).

<sup>24</sup> Regulation (EU) No 1257/2012, Article 3(2).

<sup>25</sup> Regulation (EU) No 1257/2012, Recital 26.

Striking is also the particular terminology used for this new form of patent protection: Rather than being labelled as EU patent, the name "European patent with unitary effect" can be explained with its turbulent inception. The 2 Regulations of the so-called patent package<sup>26</sup> were conceived by enhanced cooperation<sup>27</sup> which created a group of EU Member States participating while others do not. Thus, the title "EU patent" would not adequately reflect that nature of UPs as they do not cover the entire territory of the EU. Additionally, rather than creating a *sui generis* right as envisaged within the proposal in the 2000 Regulation, it will consist of a right that derives "from a bundle of national patents of identical (territorial and substantive) scope".<sup>28</sup> The current system thus presents itself as a "bastard system" claiming "EU-origin but disclaim[ing] EU character."<sup>29</sup>

b). Classical European Patents falling within the jurisdiction of the UPC

The UPCA foresees that a classical European patent granted by the EPO but which does "not benefit from unitary effect by virtue of Regulation (EU) No 1257/2012"<sup>30</sup> will fall within the jurisdiction of the UPC. This applies both to granted European Patents still valid when the UPCA enters into force or such granted after that date<sup>31</sup>, as well as European patent applications which are pending at the entry of force of the UPCA or such filed after that date.<sup>32</sup>

c.) European Patents which do not fall within the jurisdiction of the UPC

Several types of classical European patents will not fall within the jurisdiction of the new Court. The reasons, however, differ and the status of such patents falling outside the Court's jurisdiction may change over time. The first type of European Patents which will not fall within the UPC's jurisdiction are of course those of non-EU Member States, such as Switzerland, Turkey, Norway, as well as the United Kingdom after its departure from the EU in 2020. In the past, several initiatives were launched which sought to provide for an all-encompassing European patent litigation framework with the aim of addressing the original sin of leaving litigation of European Patents granted by the EPO to national courts. For instance, the European Patent Litigation Agreement (EPLA) initiative sought to provide for such system of adjudication which would include European Patents of both EU and Non-EU states. EPLA was initially not favoured by the European Commission<sup>33</sup> but

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<sup>26</sup> Regulation (EU) No 1257/2012 and Council Regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements [2012] OJ L 361/89.

<sup>27</sup> Article 20 TEU.

<sup>28</sup> Thomas Jaeger, 'All Back to Square One? – An Assessment of the latest proposal for a patent and court for the internal market and possible alternatives' [2012] IIC 286, 291.

<sup>29</sup> Hanns Ullrich, 'Harmonizing Patent Law: The Untameable Union Patent' [2012] MPI research paper No. 12-03, 5. Similarly, Eck, who finds that the EP with unitary effect is somewhat national as well as EU patent. - Matthias Eck, 'Europäisches Einheitspatent und Einheitspatentgericht – Grund zum Feiern?' [2014] GRUR Int, 114, 115.

<sup>30</sup> UPCA, Article 2 (e).

<sup>31</sup> UPCA, Article 3 (c).

<sup>32</sup> UPCA, Article 3(d).

<sup>33</sup> Erika Ellyne, 'European unitary patent: are we there yet?' [2014] Queen Mary Journal of Intellectual Property 57, 60-61.

received wide support by relevant stake holders.<sup>34</sup> The Commission's later attempt to adopt features of EPLA along with a Community jurisdiction<sup>35</sup> was dismissed by Opinion 01/09 of the Court of Justice which stipulated that the UPC needed to be a court common to the EU Member States, such as the Benelux court.<sup>36</sup> This excluded the UPCs jurisdiction beyond EU Member States and shut the door to a combined adjudication of European Patents validated in non-EU Member States within a one box stop adjudication system.

The second type of European Patents falling within this category are such validated in EU Member states which currently do not participate in the enhanced collaboration authorised by the European Council in 2011.<sup>37</sup> Currently, this is the Kingdom of Spain which has been very vocal against the current system as underlined by the cases brought before the CJEU,<sup>38</sup> and Croatia which only joined the EU on the 01<sup>st</sup> of July 2013, i.e., after enhanced collaboration was authorised on 10<sup>th</sup> of March 2011.<sup>39</sup> As to the UK: While having participated in the enhanced collaboration, the country's departure from the EU made its continuing participation impossible under the current legal framework which would entail application of EU law and the involvement of the CJEU and consequently also withdrew its ratification of the UPCA in 2020.<sup>40</sup> However, the mechanism of enhanced collaboration does not perpetually exclude not participating EU Member States from joining at a later stage. Article 2(a) of Regulation (EU) No 1257/2012 provides that the status of a "Participating Member State" can be achieved not only by having participated in the original Council decision 2011/167/EC. It may also be achieved by virtue of a decision pursuant to Article 331(1) TFEU which provides the possibility to Member States to participate in an enhanced collaboration in progress. Italy, who did not participate in the enhanced collaboration initially, has joined in 2015.<sup>41</sup> Croatia and Spain which currently do not take part may therefore participate later. This would consequently mean that European Patents validated in their countries may be subject to the jurisdiction of the UPC at a later stage.

The third type of such European Patents relates to those validated in participating EU Member States that have yet to ratify the UPCA. While Article 2 of Regulation (EU) No 1257/2012 prescribes that the unitary effect extends to those EU Member States that have taken part in the enhanced collaboration, a UP's territorial scope also depends on the ratification of the UPCA. This is because

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<sup>34</sup> Jochen Pagenberg, 'Industry, Legal Profession and Patent Judges Press for Adoption of the European Patent Litigation Agreement (EPLA)' [2006] IIC 46, 46.

<sup>35</sup> Communication from the Commission to the European Parliament and the Council – Enhancing the patent system in Europe, COM/2007/0165 final, C.

<sup>36</sup> Case C-1/09, Opinion of the Court (Full Court, 8 March 2011) para. 82.

<sup>37</sup> Council Decision 2011/167/EU of 10 March 2011 authorising enhanced cooperation in the area of the creation of unitary patent protection (OJ 2011 L 76/53).

<sup>38</sup> Joined Cases C-274/11 and C-295/11 *Spain and Italy v Council*, Judgement of the Court (Grand Chamber) EU:C:2013:240; C-146/13 *Kingdom of Spain v European Parliament*, Council of the European Union, Judgement of the Court (Grand Chamber) EU:C:2015:298; C-147/13, *Kingdom of Spain v European Parliament*, Council of the European Union, Judgement of the Court (Grand Chamber) EU:C:2015:299.

<sup>39</sup> Council Decision 2011/167/EU of 10 March 2011 authorising enhanced cooperation in the area of the creation of unitary patent protection (OJ 2011 L 76/53), Article 2.

<sup>40</sup> HC Deb 20 July 2020 vol 678 HCWS395.

<sup>41</sup> Commission Decision (EU) 2015/1753 of 30 September 2015 on confirming the participation of Italy in enhanced cooperation in the area of the creation of unitary patent protection" [2015] OJ L 256/19.

of the derogation of Articles 3(1), 3(2) and 4(1) as laid out within Article 18 (2) of Regulation (EU) No 1257/2012 . The provision determines that the unitary effect of an UP does not extend to such participating Member States that have not given exclusive jurisdiction to such European patents to the UPC.<sup>42</sup> This is done through ratification of the UPCA by the participating Member State.

Currently, of the 24 signatories of the UPCA 16 have deposited their ratification.<sup>43</sup> This means that the initial scope of the UP will be limited to those participating member States which have already ratified the UPCA.<sup>44</sup> Once the outstanding participating Member States have ratified the UPCA after its entry into force, European patents validated within their jurisdiction would be considered to be falling within the ambit of the UPC “on the first day of the fourth month after the deposit of the instrument of ratification or accession.”<sup>45</sup> Increasing ratifications will, however, not have retroactive effect on the territorial scope of the UP which makes it variable: It will initially extend to those participating Member States which have ratified the UPCA when the Agreement comes into force while its territorial scope will increase with a rising number of ratifications.<sup>46</sup> Finally, Poland, as a Participating Member State of the enhanced collaboration, has not signed the UPCA which means that UPs will currently not extend to its territory.<sup>47</sup>

Finally, a fourth type of classical European patents will be able to escape the jurisdiction of the UPC for a limited period. This relates to such European Patents which, while being validated within one or more participating Member States, have been withdrawn from the jurisdiction of the UPC pursuant to Article 83(3) UPCA.<sup>48</sup> This so-called “Opt-Out” provides for a transition arrangement which grants the adjudication of certain issues<sup>49</sup> before national courts or other competent authorities. Thus, opted-out European patents will remain subject to the jurisdiction of the contracting Member States of the EPC where they are validated. Importantly, this transitional arrangement will be in place for 7 years after the UPCA has been in force. This date will be set once Germany finally deposits its instrument of ratification or accession.<sup>50</sup> However, this transitional

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<sup>42</sup> UPCA, Article 32.

<sup>43</sup> As of the 28<sup>th</sup> November 2022 - <<https://www.consilium.europa.eu/en/documents-publications/treaties-agreements/agreement/?id=2013001>> accessed 28 November 2022.

<sup>44</sup> Luke McDonagh, *European Patent Litigation in the Shadow of the Unified Patent Court* (Edward Elgar 2016) 113.

<sup>45</sup> UPCA, Article 89 (2).

<sup>46</sup> Mihály Ficsor, ‘Coexistence of national patents, European patents and patents with unitary effect’ [2013] ERA Forum 95, 108.

<sup>47</sup> The Opinion of Advocate General Bot delivered on 18 November 2014 held that a refusal to ratify the Agreement may violate the principle of sincere cooperation laid down in Article 4(3) TEU - Case C-146/13 *Kingdom of Spain v European Parliament, Council of the European Union*, EU:C:2014:2380, Opinion of the AG Bot. The AG suggests that “the participating Member States must take all appropriate measures to implement enhanced cooperation, including ratification of the UPC Agreement, as such ratification is necessary for its implementation.” - *ibid.* [179].

<sup>48</sup> This equally applies also to patent applications and supplementary protection certificates (SPCs).

<sup>49</sup> I.e., this relates to actions “for infringement or for revocation of a European patent or an action for infringement or for declaration of invalidity of a supplementary protection certificate issued for a product protected by a European patent” – UPCA, Article 83(1).

<sup>50</sup> While the required 13 instruments have been deposited already, Article 89 (1) UPCA also mandates that this ought to include “the three Member States in which the highest number of European patents had effect in the year preceding the year in which the signature of the Agreement takes place.” As the Agreement was signed on the relevant year was 2012. Initially, this would have been France, Germany and the United Kingdom but due to Brexit Italy is the country of

arrangement may be extended for another 7 years subject to the outcome of a consultation of the users of the system and a survey on how many cases are still brought before national courts conducted after 5 years of the entry into force of the UPCA and will be subject to the decision of the Administrative Council of the Court.<sup>51</sup> However, after this potential extension period has lapsed, the UPC will have exclusive jurisdiction over all European patents which are validated within participating Member States and where the UPCA has been ratified. Finally, European Patents with unitary effect, of course, are not eligible for an opt-out.

Opting out of the exclusive jurisdiction of the Unified Patent Court will be possible for such European patents which have been granted or applied for before the end of the transitional period. The Court's Registry needs to be notified of this at least one month before the lapse of this period.<sup>52</sup> The notification can be done via the Court's Case Management System, and all opt out requests and opted out patents, applications and SPCs will be publicly available via the UPC's website. Article 89 (1) of the UPCA provides that, once all criteria for it to come into existence are met, the Agreement will come into force after a four-month period and the UPC can start operating.<sup>53</sup> Thus, a "sunrise period" of 3 months for notifying the Court's Registry about opting out European patents, as well as European Patent applications and SPCs, is planned.<sup>54</sup> This is necessary to allow patent owners or applicants to validly opt-out their rights from the UPCs exclusive jurisdiction. Otherwise, an opt-out may be barred by an infringer filing an action for revocation or a negative declaratory action before the UPC which would manifest the UPCs jurisdiction pursuant to Article 83(3) UPCA.<sup>55</sup> This provides breathing space for owners or applicants in order to avoid rushed decisions. An opt-out can be withdrawn unless an action has been brought before a national court as Article 83(4) UPCA suggests. Once the opt-out is withdrawn, another opt-out will not be possible.

The availability of the opt-out can be explained by the reservation of certain stakeholders against a new and untried court system. It provides proprietors of European Patents and of applicants thereof with the option not to place "all eggs into one basket", by risking a central attack with the UPC invalidating their European Patents within participating Member States, either in a stand-alone invalidation or after such counterclaim is raised in infringement proceedings.<sup>56</sup> Some proprietors therefore may reserve their "crown jewel patents" for an opt out.<sup>57</sup> However, the impact of such central attack may not be as severe as feared due to the currently limited territorial effect of UPs. In addition, EPs validated within the UK as one of the largest and important jurisdictions of EPC

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reference in lieu of the United Kingdom. Once Germany submits its instrument, the UPCA will come into force on the first day of the fourth month after the notification was deposited.

<sup>51</sup> UPCA, Article 85 (3).

<sup>52</sup> UPCA, Article 83 (3).

<sup>53</sup> UPCA, Article 89(1).

<sup>54</sup> European Patent Office, 'FAQ on the Unified Patent Court (UPC)'

<<https://www.epo.org/applying/european/unitary/upc/upc-faq.html>> accessed 28 November 2022.

<sup>55</sup> Lea Tochtermann, 'Law to be applied to a European Patent after an opt out according to Art. 83 (3) UPCA' [2018] GRUR 337, 338.

<sup>56</sup> Lea Tochtermann, 'Law to be applied to a European Patent after an opt out according to Art. 83 (3) UPCA' [2018] GRUR 337, 342.

<sup>57</sup> Luke McDonagh, *European Patent Litigation in the Shadow of the Unified Patent Court*, (Edward Elgar 2016) 148.

countries will not fall within the UPCs jurisdiction. Pagenberg, however, predicted in a paper from 2012 that 90% of users would choose an opt out.<sup>58</sup>

#### d.) National patents

Last but not least, the UP system does not affect the possibility for applicants to obtain national patent rights via the national application route or EPO route. This form of patent protection will be particularly relevant within EU Member States which are not taking part in the enhanced collaboration or such where the ratification or accession to the UPCA is still outstanding, as discussed above. Another interesting question arises in relation to “double patenting”, i.e., the situation where patents in relation to the same invention are granted or are validated for the same applicant/owner within the same country.<sup>59</sup> With regards to the permissibility and ambit of double patenting of national and classical European patents, Article 139 (3) EPC leaves this decision to national laws of contracting member states. The preamble of Regulation (EU) No 1257/2012, however, states that double protection in Contracting participating Member States by classical European patents and UPs ought to be avoided.<sup>60</sup> Consequently, this then does not rule out the possibility of double patenting of classical national patents and UPs<sup>61</sup> which again requires to be resolved by national law.<sup>62</sup>

### 2.3. *Adjudication and substantive law*

The co-existence between European patents and UPs as discussed above hinges on the UPCs exclusive jurisdiction. But what does this mean for the adjudication of these different layers of patent protection in practice? The UPCA provides the Court with exclusive “competence” to adjudicate in respect to UPs but also in relation to European Patents validated in one or more of the 24 participating Member States, subject to their ratification of/accession to the UPCA.<sup>63</sup> But many European patents still remain outside the ambit of the Court which is why the current set up does not resolve old issues and has the potential to create new ones: It maintains the current scenario where parallel national litigations become necessary and brings in the UPC, as a brand-new and therefore untested forum, into the mix.

#### a). The UPC’s exclusive competence

As mentioned, the Court will have exclusive competence in relation to UPs<sup>64</sup> and European patents which falling within the category as discussed in 2.2.b.). Article 32 UPCA refines this by stating

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<sup>58</sup> Jochen Pagenberg, ‘Die EU-Patentrechtsreform – zurück auf Los?’ [2012] GRUR 882, 586.

<sup>59</sup> *Double Patenting T 0318/14*, Boards of Appeal of the EPO - 7.2.2019, EP:BA:2021:G000419.20210622, para 17.

<sup>60</sup> “Where unitary patent protection takes effect, the participating Member States should ensure that the European patent is deemed not to have taken effect on their territory as a national patent, so as to avoid any duplication of patent protection.” - Regulation (EU) No 1257/2012, Recital 8.

<sup>61</sup> Regulation (EU) No 1257/2012, Recital 8.

<sup>62</sup> Regulation (EU) No 1257/2012, Recital 26.

<sup>63</sup> UPCA, Article 32.

<sup>64</sup> In addition, SPCs will also fall within the jurisdiction of the UPC, unless opted out or originated from a European patent which has been opted out – Articles 32(1) a. b.) d.) and e.) with Article 83(3) UPCA.

that the Court will have exclusive competence in relation to actions for actual or threatened infringements and related defences, actions for declaration of non-infringement, actions for provisional and protective measures and injunctions, actions for revocation and counterclaims for revocation. The Court will apply a plethora of sources of law, ranging from EU law, the UPCA, the EPC and national laws. Importantly, the substantive provisions on patent infringement and exceptions thereof are not found within the Regulation (EU) No 1257/2012. They initially were in the proposal of the Regulation within articles 6-8 but have subsequently been placed within the UPCA.<sup>65</sup> This odd occurrence is most probably based on the scepticism of some EU member states<sup>66</sup> and practitioners towards the role of the CJEU<sup>67</sup> on the highly technical subject matter of patent law.<sup>68</sup> It gives the impression that the creators of the system sought to limit the role of the CJEU with regards to substantive patent law<sup>69</sup> and might be based on its decision practice in other fields of IP.<sup>70</sup>

The new system will not touch on the possibility to file for opposition procedures before the EPO's boards pursuant to Articles 99-105b EPC. Within the UPC's organisational structure, infringement claims can be brought before local or regional divisions of the courts depending on where the alleged infringement occurred. The Central division will be competent for revocation actions unless this is brought as a counterclaim in which case it can adjudicated along with the infringement action or may be transferred to the central division.<sup>71</sup> Additionally, the Central division has exclusive jurisdiction over declarations of non-infringement.

The UPC will be the “new kid on the block” in a world of established and widely trusted European and national patent institutions. It, therefore, has to earn the trust of its future users. This somehow explains the initially limited competence of the Court which inevitably will grow over time. How the UPC will operate and how its users will respond to its practice remains to be seen. The availability of the “opt-out” can be regarded to address the reservations by stake holders against an untested body of patent adjudication. It provides time to “wait and see” how the new court will operate and therefore serves to earn trust of the users over the years.<sup>72</sup> Other trust building initiatives have been devised, from establishing an advisory committee<sup>73</sup> to the extensive training of prospective UPC judges. But even with growing exclusive competence over time, the UPC cannot fulfil the bold ambitions to overcome the “schism” between the EPC and EU patent frameworks.

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<sup>65</sup> Erika Ellyne, ‘European unitary patent: are we there yet?’ [2014] Queen Mary Journal of Intellectual Property 57, 64-65.

<sup>66</sup> In particular, the United Kingdom – Vincenzo di Cataldo, ‘Competition (or confusion?) of models and coexistence of rules from different sources in the European patent with unitary effect: Is there a reasonable alternative?’ [2014] Queen Mary Journal of Intellectual Property 195, 202.

<sup>67</sup> Jochen Pagenberg, ‘Die EU-Patentrechtsreform – zurück auf Los?’ [2012] GRUR 582, 587.

<sup>68</sup> Matthias Eck, ‘Europäisches Einheitspatent und Einheitspatentgericht – Grund zum Feiern?’ [2014] GRUR Int. 114, 116.

<sup>69</sup> Michael Nieder, ‘Materielles Verletzungsrecht für europäische Bündelpatente in nationalen Verfahren nach Art. 83 EPGÜ’ [2014] GRUR 627, 627.

<sup>70</sup> Luke McDonagh, *European Patent Litigation in the Shadow of the Unified Patent Court* (Edward Elgar 2016) 90.

<sup>71</sup> UPCA, Article 33(3).

<sup>72</sup> Winfried Tilmann, ‘Das europäische Patentpaket vor dem Start’ [2022] GRUR 1099.

<sup>73</sup> Unified Patent Court, ‘Administrative Committee’ <<https://www.unified-patent-court.org/en/organisation/administrative-committee>> accessed 28 November 2022.

## b) Competence of national courts and applicable law

National courts will still play an important role even after the UPC opens its doors. As discussed, the classical European Patents discussed in point 2.2.c.) will remain to be adjudicated before national courts. But as the number of participating member states rises, and as more participating Member States submit their instruments of ratification or accession, the territorial scope of the UPC's competence will increase. Additionally, the possibility to opt out classical European patents from the UPC's exclusive competence will cease once the transitional period, and a possible extension thereof, lapses. Finally, national patents granted by national patent offices will remain to exist. National substantive and procedural law will apply to these patents pursuant to Article 64 (3) EPC.

The question arises, however, which substantive law will apply to European Patents which have been opted out of the UPC's exclusive competence pursuant to Article 83 (3) UPCA. Article 3 c.) UPCA provides that the UPCA's provisions are applicable with regards to a "European patent which has not yet lapsed at the date of entry into force of this Agreement or was granted after that date." This, of course refers to such European patents falling within the competence of the UPC as discussed above.<sup>74</sup> Importantly, Article 3 c.) UPCA adds that this rule is "without prejudice to Article 83". This means that even where an opt-out was declared, the substantive rules of the UPCA, i.e. Articles 25 – 30 UPCA, may apply before national courts instead of current national legislation.<sup>75</sup> Tochtermann, however, argues that national law would still be applicable in such case and that the CJEU may be called to decide on this matter.<sup>76</sup> As to the practical consequence of this question, Nieber does not anticipate that this will change much of legal practice in Germany.<sup>77</sup>

### 3. Conclusion

What the previous lines have demonstrated is that the rules on co-existence are a prime example of the heightened complexity that this new European patent system will bring. This has already been foreseen by the Max Planck Institute in its paper published in 2012.<sup>78</sup> The culmination of the Unitary Patent Package with the official arrival of the UPC will add a layer of complexity to the current European patent framework at large which is expressed through the various forms of fragmentation. This fragmentation occurs within the applicable legal rules, but also will be seen along territorial and institutional lines and moreover within that of markets in Europe.

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<sup>74</sup> Mihály Ficsor, 'Coexistence of national patents, European patents and patents with unitary effect' [2013] ERA Forum 95, 107.

<sup>75</sup> Michael Nieder, 'Materielles Verletzungsrecht für europäische Bündelpatente in nationalen Verfahren nach Art. 83 EPGÜ' [2014] GRUR 627, 628.

<sup>76</sup> Lea Tochtermann, 'Law to be applied to a European Patent after an opt out according to Art. 83 (3) UPCA' [2018] GRUR 337, 339-342.

<sup>77</sup> Michael Nieder, 'Materielles Verletzungsrecht für europäische Bündelpatente in nationalen Verfahren nach Art. 83 EPGÜ' [2014] GRUR 627, 633.

<sup>78</sup> Reto M. Hilty, Thomas Jaeger, Matthias Lamping and Hanns Ullrich, 'Max Planck Institute for Intellectual Property and Competition Law, 'The Unitary Patent Package: Twelve Reasons for Concern' [2012] 1

<[https://www.ip.mpg.de/fileadmin/ipmpg/content/stellungnahmen/mpi-ip\\_twelve-reasons\\_2012-10-17\\_01.pdf](https://www.ip.mpg.de/fileadmin/ipmpg/content/stellungnahmen/mpi-ip_twelve-reasons_2012-10-17_01.pdf)> accessed 28 November 2022.

From a legal perspective, the UPC will lead to procedural fragmentation since the competences between national and UPC competences to adjudicate European patents are shared. The arrival of the UPC provides yet another avenue where patents may be litigated though the amount of case load initially managed by the Court may be limited. This, of course, will grow over time, and the dynamic nature of the increasing exclusive jurisdiction of the UPC as to the territories of participating Member States it covers, means that patent holders need to bear this in mind in their decision-making process. The arrival of the UPC will also provide for more fragmentation as to substantive law. UPs will be subject to the EPC, the 3 instruments of the unitary patent package and the UPCA.<sup>79</sup> But national law will also remain relevant, in particular as to the UP as an object of property<sup>80</sup> but also with regards to the rules of voluntary and compulsory licensing.<sup>81</sup> It remains to be seen how the UPC will address this conundrum of applicable norms. Moreover, the Court will never fully champion the role of harmoniser of European patent law due to those European patents which remain outside its competence though its role may yet become more and more persuasive over the years. But there are doubts that even after the lapse of the transitional period, the UPC will assist in providing a “higher level of uniformity than some of the existing national courts do at present.”<sup>82</sup>

These last points also indicate an increasing institutional fragmentation since the UPC adds another player to the European patent framework, in addition to the EU along with the CJEU, the EPO with its granting office and its Boards as forum of patent adjudication and finally national courts. Particularly interesting will be the evolving relationship with the EPO Boards where there is overlapping competence, such as in relation to the patentability requirements and it remains to be seen whether the UPC can provide for a meaningful voice here in relation to the sometimes-diverging approaches taken by national courts and the Boards of the EPO. Ultimately, the institutional and legal fragmentation creates a fragmentation in the European market. This may not be “fully compatible with the original ideas of the European Treaties” when the opposite situation is in the process of being created.<sup>83</sup> This applies particularly to non-participating Member States and would result in a more severe situation than under the current system.<sup>84</sup> But Tillmann rightly points at the potential for improvement<sup>85</sup> which the system provides.<sup>86</sup> But, sins cannot be undone, only forgiven.

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<sup>79</sup> UPCA, Art. 24(1).

<sup>80</sup> Regulation 1257/2012, Art. 7.

<sup>81</sup> Regulation 1257/2012, Recital 10.

<sup>82</sup> Jan Smits and William Bull, ‘The Europeanization of Patent Law: Towards a Competitive Model’ in Ansgar Ohly A and Justine Pila (eds), *The Europeanization of Intellectual Property Law* (Oxford University Press 2013) 50.

<sup>83</sup> Vincenzo di Cataldo, ‘Competition (or confusion?) of models and coexistence of rules from different sources in the European patent with unitary effect: Is there a reasonable alternative?’ [2014] *Queen Mary Journal of Intellectual Property* 195-212, 200.

<sup>84</sup> Thomas Jaeger, ‘All Back To Square One? – An Assessment of the latest proposals for a patent and court for the internal market and possible alternatives’ [2012] *IIC* 286, 290.

<sup>85</sup> Regulation 1257/2012, Arts. 5(4), 16(1).

<sup>86</sup> Winfried Tillmann, ‘Das europäische Patentpaket vor dem Start’ [2022] *GRUR* 1099.

