

How EU patent court provides security

ON February 19, 2013, the Unified Patent Court (UPC) Agreement was signed by 25 member states of the EU, the first step in establishing a unified court for the settlement of disputes relating to European patents whose term of protection has not expired and European patents with unitary effect.

To date, 16 contracting member states have ratified the UPC agreement including the United Kingdom who signed in April 2018, confirming that it will stay in Europe after Brexit for matters concerning patents and innovation. Other member states are expected to ratify the agreement once Germany ratifies it. It is hoped that Cyprus will follow suit.

To date, under EU Regulation 1215/2012, the national courts of member states have exclusive jurisdiction to decide on issues of infringement and validity of European patents. The UPC was established as a unitary court with exclusive jurisdiction to resolve disputes which concern validity or the infringement of European patents aiming to resolve the practical difficulties which concern the choice of the competent jurisdiction of the member state and to reduce the court costs and the inconvenience caused with

Comment

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the filing of multiple actions in the national courts of the EU.

The UPC comprises the Court of First Instance, the Court of Appeal and the Registry. The Court of First Instance consist of a central division and local and regional divisions. The central division is based in Paris with sections in London and Munich. Cases before the central division are allocated according to Annex II of the UPC Agreement, with cases relating to human necessities, chemistry and metallurgy being referred to the London section, cases relating to mechanical, engineering, lighting, heating, weapons and blasting being determined by the Munich section and cases relating to performing operations, transport, textiles, paper, fixed constructions, physics and electricity being dealt with in Paris.

Actions for infringement of a European patent may be brought before the local or regional division where the infringement occurred or where the defendant is domiciled or the

principal place of business of the defendant, there is, therefore, a degree of flexibility in the choice of division in order to make the unified judicial system more accessible to the parties.

The procedure for filing and reviewing the application by the European Patent Office of European Patents will remain the same as it is today, except that the European patent holder will, from the date of its grant, submit within one month a "request for unitary effect". As regards the filing and examination of the request for "unitary effect" there will be no fees. European patents will continue to be issued in English, French or German.

In addition, the application for the renewal of European patents will be unified and will be payable every 10 years instead of each year as is currently the case, with no requirement for it to be submitted through a representative.

The UPC Agreement provides for a transitional period of seven years. During the transitional period, unless an action has already been brought before the UPC, holders or applicants of European patents and holders of supplementary protection certificates granted for a

product protected by a European patent will have to decide whether they wish to exercise their right to opt out of the exclusive competence of the UPC and remain within the competence of the national courts of the member states.

Exercise of the right to opt out must be notified no later than one month before the end of the transitional period. The transitional period will initially be seven years and may be extended for a further seven years.

REVOKING PATENTS

A European patent may be revoked by a person in a national court after being granted where: (i) the subject matter of the invention is not patentable; (ii) the European patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art; and (iii) the subject-matter of the European patent extends beyond the content of the application as filed.

Where the holder of a European patent does not exercise the right to opt out of the exclusive jurisdiction of the UPC, with the result that the European patent remains

within the exclusive competence of the UPC, if an action for revocation is filed before the UPC by a third party concerning the validity of the European patent and if the action for revocation is successful, it will have a pan-European effect, because the decision of the UPC will be valid and enforceable in all member states which have ratified the UPC Agreement.

Such a pan-European decision revoking a European patent may seriously affect the business reputation and competitiveness of a European patent holder that is otherwise marketed as an upstanding European patent holder. Opting out of the exclusive competence of the UPC would protect against such an eventuality.

Holders of European patents would be well advised to consider how vulnerable the claims of their European patents may be to a possible challenge by a third party and assess the market value of their European patents and the risks of any revocation proceedings by a third party as well as the possible business and economic consequences of a negative pan-European decision.

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