

UPC sunrise period: decide on opting out your European patents

For some time, it seemed the Unified Patent Court (UPC) and unitary patents would remain a distant prospect. However, as the British government has confirmed its intention to participate (see our [previous article](#)), the actual launch of the UPC in 2017 is becoming a real possibility. This would mean a huge change to the current patent landscape in Europe. Patentees are advised to prepare for the UPC's arrival, in particular by deciding whether their existing European patents should be opted out of the new patent system or not.

The UPC in short

Through the [Unified Patent Court Agreement](#) (UPCA), the [Protocol on Provisional Application](#) and the [Protocol on Privileges and Immunities](#), several European countries (including the UK) intend to create an unified system of grant and enforcement of patents. The UPC will be a common specialised patent court with competence over: (i) classic European patents, if not opted out, (ii) European patents with unitary effect, and (iii) supplementary protection certificates (SPCs), if not opted out or originating from an opted-out European patent. The UPC's rulings will have effect in all states that have signed and ratified the UPCA.

With Italy's ratification in February 2017, 12 states have so far signed and [ratified](#) the UPCA. For the launch of the UPC, 13 of the [25 participating states](#) must have ratified the UPCA. This should include the three European countries with the highest number of European patents in force in 2012; France, Germany and the UK. France has already ratified the UPCA, [Germany](#) is in the process of ratification, and the [UK](#) is also preparing to ratify, regardless of Brexit. As a result, the arrival of the UPC system is approaching. Large countries which will remain outside the UPC system include Switzerland and [Spain](#).

To ensure a smooth transition into the operational phase, a Provisional Application Phase will be implemented before the actual launch of the UPC. This phase (discussed further below) will come into force when 13 of the 25 participating states have approved the Protocol on Provisional Application (again, this 13 must include France, Germany and the UK), and have ratified or received parliamentary approval to ratify the UPCA. Currently, not all states that have ratified the UPCA have also approved the Protocol. In addition to Germany and the UK, two more states are required to trigger the start of the Provisional Application Phase, according to the [head of secretariat](#) of the UPC Preparatory Committee.

Sunrise period

Article 83 UPCA deals with the transitional regime. It defines the "sunrise period" for opting out before the UPC becomes operative, which forms part of the Provisional Application Phase. According to the [official UPC website](#), the launch of the UPC is expected in December 2017 and the sunrise period is planned to start early September 2017. This approaching deadline calls for a

closer look at the sunrise period.

The possibility of opting out

During the transitional period, European patents and SPCs originating from European patents, as well as applications to that effect, will fall under the jurisdiction of the UPC and national courts. However, a proprietor of a European patent is given the option to opt out, meaning that the patent will not fall under the exclusive competence of the UPC. This regime will also apply for patent applicants and SPC proprietors and applicants. Opting out is free of charge and takes effect in the whole UPC territory.

The opt-out option is subject to two limitations: the opt-out (i) is limited in time, and (ii) is not possible if an action has already been brought before the UPC.

Regarding the time limitation, opting out is only possible during the transitional period of seven years (if prolonged, 14 years) after the UPCA has entered into force. The opt-out can be withdrawn by the patent proprietor at any moment, unless an action has already been brought, or is pending, before a national court. It is unclear how to interpret this regime; is opting out still possible after these national proceedings have ended but before the launch of the UPC, or during the transitional period?

It is not possible to opt out a second time after an initial opt-out has been withdrawn. Especially for the second limitation, it is crucial to timely decide on opting out in order to prevent a potential opponent deciding for you by starting an action before the UPC.

Opting out: yes or no?

Action against alleged infringers will be easier through the UPC than through the current country-by-country litigation system. Patentees confident about the validity of their patents, the basis for their actions, and the quality of the UPC will benefit from the new system as it provides a "one-stop shop" for litigation. The patentee will be able to obtain an injunction with effect in the entire UPC territory in one single action. Other factors to consider when deciding whether or not to opt out might include the value of the patent, the predicted timing and costs of litigation and, depending on the core markets, possible advantages or disadvantages of national patent laws in comparison with the UPC system (such as different exception criteria). Patentees who are less confident about the validity of their patents or uncertain about other aspects, might want to opt out their European patents. At the same time, patentees must remember that once an opt-out has been registered, withdrawal of the opt-out will not always be possible as it can be blocked by the initiation of litigation by other parties on a national level.

From the opposite perspective, it is recommended to timely start an action before the UPC or at national level to avoid being constrained by the patent proprietor's choice.

How to opt-out

From a practical point of view, an opt-out should be notified with the UPC Registry at the latest one month before the end of the transitional period. The opt-out will take effect when it has been entered into the register.

Rule 5 of the UPC draft [Rules of Procedure](#) deals with the lodging

of an application to opt out and a withdrawal of the opt-out. Once the sunrise period has begun, the opt-out should be easy to [register](#) by logging onto the [UPC Case Management System](#) (which is still under [development](#) at the moment).

It is critical that the correct entity or person requests the opt-out. Issues may arise in particular in cases of co-ownership or where there are different proprietors in different states in which the European patent is granted. Rule 5(1) allows only for a complete opt-out; that is, a partial opt-out is impossible. Additionally, the application to opt out must be lodged by the proprietor of the patent, or if co-owned, all proprietors. Rule 8(5) provides that the patent proprietor is the person entitled to be registered as proprietor under the law of the relevant country where the respective patent was validated. It is important to realise that this is not necessarily the same person or entity recorded as the patentee in the patent register. If the required information – such as the proprietor – is missing or incorrectly recorded, a correction may be lodged with the Registry (see Rule 5(5)). The opt-out will then be effective from the date of correction in the register. As an incorrect opt-out (or withdrawal) is ineffective, we strongly advise you to timely confirm which entity is the patent proprietor.

According to the official UPC website, all opted-out European patents will be published and publicly available on the UPC's website.

Other remarks

In addition to deciding on whether or not to opt out, we recommend preparing for the UPC. Proprietors could consider filing a unitary patent or at least adopting a strategy for future inventions, paying attention to the legal position of any co-owners or licensees of a patent under the new system. We also advise exploring the UPC's procedural rules in detail, such as court composition and language options. We are happy to further advise you on this.
