



VOSSIUS & PARTNER

Patentanwälte Rechtsanwälte mbB

Potential Strategies for Opting-Out your EP Patents of the Jurisdiction of the UPC

Background

With the implementation of the UPC system existing and future European Patents (EPs) are subject to the UPC jurisdiction. As a consequence, the patent holder can enforce the whole bundle of patents designated in the EP in one court proceedings before the UPC. On the other hand, the whole bundle can be attacked by a centralized revocation action before the UPC.

Within a **transitional period** of at least seven years (extendable for another seven years), patent holders of existing EPs (**not of Unitary Patents**) have the possibility to exclude the exclusive competence of the UPC by an **opt-out** declaration to be filed with the Registry of the UPC. Opting-out for an existing EP patent also avoids pre-emptive Central Division revocation actions.

Procedure

The first opportunity to pre-file any opt-outs is at the start of the **sunrise period** which is foreseen to start in **late 2017 or the beginning of 2018** i.e. in advance of the official launch of the UPC a few months later. Opt-out requests, which shall contain the patent number, can be filed by electronic filing via the UPC Case Management System (CMS). **There is no opt-out fee.**

Decisions to be made

When you review your **existing portfolio** of granted EP patents and pending applications, **two decisions** need to be made:

1. For all existing “classical” EPs, you have to consider timely whether you want to opt your EPs out of the jurisdiction of the UPC.
2. On the other hand, once the new system is in force, for all EPs then being issued, the first decision to be made is whether you apply for a unitary patent, UP, after grant or for a classical EP, and in case you go the traditional EP route, whether or not to opt this EP patent out of UPC jurisdiction.

Potential Strategies – to opt-out or not?

Check your patent portfolio and decide whether you exclude the jurisdiction of the UPC for the entire portfolio, whether you opt-out on a case by case basis, or whether you stay in the new system with the whole portfolio.

The below criteria may assist you in your decision making process.

- For the **core business of your company**, the entire portfolio or at least a major part of it could be opted out for the case the new system does not develop as expected.
- For **future business** of your company, the main part of the portfolio of existing EPs could stay within the UPC system (large territorial coverage for at moderate costs).
- For an **important product** at least one EP of the portfolio should/could be opted out for the case the new system does not develop as expected.
- If there is a **Divisional patent/application or a parallel DE patent**: let one be part of the new system and one be opted out.
- Is the EP patent **essential to a standard**? Typically validated in many countries, so the UP is less costly. Lower risk of invalidation because new technology and less relevant prior art.
- If you **never plan to enforce your patent**: no opt-out because low risk of centralized (counter-) revocation action.
- The **patent might be litigated** in the future but the product covered does not justify costly litigation in several countries: no opt-out.
- What are the **internal administrative efforts/costs** to register opt-outs? Is there a **budget** available for a complete portfolio to be opted out?
- Future grants of EPs: no/less validation **costs** for UPs (including internal administration), flat annuity fee for UP, less translation costs (although one full translation of the patent specification will be required).

- What is your current strategy for abandoning EPs in designated countries by **non-payment of annuities**? Country-by-country basis or all at once? Selective (country-by-country) strategy not available for UPs.
- Do you have **strong EP** because it survived EPO Opposition proceedings? Lower risk of invalidity in central revocation proceedings. No opt-out.
- Is an **opposition pending** before the EPO? Opt-out to avoid parallel central revocation action.
- Do have **licensees**? What do they want?

For further information on the new Unitary Patent System, please do not hesitate to contact us. We will also be glad to assist you in devising the optimum opt-out strategy for your patents and applications, particularly in the upcoming transitional period.

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Tel.: +49 89 413 04-0 Fax: -111

info@vossiusandpartner.com

www.vossiusandpartner.com