

# ARTICLE

## 19TH VERSION OF THE UPC RULES OF PROCEDURE: THE OPT-OUT BECOMES MORE COMPLEX WITH THE POSSIBILITY OF ITS REMOVAL

Patent Law | 02/08/22 | François Pochart Lionel Martin

*After the opt-out and the correction of the opt-out, there is now the addition of... the removal of the opt-out.*

*Abstract: The 19th version of the Rules of Procedure, which is expected to be published later this summer, will add a Rule 5A providing for the possibility to remove an opt-out or an opt-out withdrawal that has not been authorised. This new rule attempts to address some of the concerns that had been expressed by rights owners about potential fraudulent opt-out or opt-out withdrawal. This new rule, which adds further complexity to the UPC, presents areas of uncertainties for which the caselaw may be difficulties to resolve in a uniform manner.*

In preparation for the entry into force of the Unified Patent Court (UPC), now expected in March 2023, the last meeting of the Administrative Committee last month led to the adoption and circulation of several amendments to the Rules of Procedure which will be incorporated in the final version of these Rules announced for publication later this summer[1]. Among these amendments, a new Rule 5A adds complexity to the opt-out mechanism.

For the record, the opt-out is the option set by the proprietor of a European patent (or a European patent application) to exclude jurisdiction of the new UPC to hear that patent. This option will be reversible once through a request for a withdrawal of the opt-out under Rule 5.7 restoring the jurisdiction of the UPC[2]. It is this opt-out withdrawal that is often misleadingly referred to as an "opt-in"[3].

### **An already complex implementation of the opt-out and opt-out withdrawal**

One of the concrete and immediate challenges of the entry into force of the UPC will be the day-to-day implementation of the opt-out at the owners' end. Indeed, while the first disputes before the UPC - and the complexities that they will necessarily entail - may not occur any time soon, the question of whether or not to request the opt-out will immediately arise for all European patent applications and all European patents for which no unitary effect will be requested.

It is moreover because this question of the opt-out arises for all existing European patents and patent applications that a progressive period of 3 months ("sunrise period") is foreseen prior to the entry into force of the UPC during which owners can start to opt-out. If the entry into force takes place on 1st March 2023, as seems to be envisaged, this sunrise period should start on 1st December 2022.

From a practical implementation point of view, an opt-out request will have to be made by each owner on a right-by-right basis. This represents a first difficulty in the event of a massive opt-out request, i.e. for a large number of rights. The use of a subcontractor to submit these opt-out requests could then be considered. This use of a third party will require the filing of a special power of attorney, unless this third party has the title of qualified representative to the UPC[4] (hereinafter "UPC representative"[5]).

A second difficulty will arise in cases of "non-trivial" ownership, such as co-ownership or ownership not recorded in the registers. In these cases, the opt-out request will require the justification of the agreement of all the real owners[6].

In the event of an error or incompleteness in the opt-out request, there is a correction procedure which postpones the effective date of the opt-out[7].

### **Additional complexity related to securing access to the opt-out to the legitimate owner only**

The stakes of the opt-out are so high (exclusion or maintenance of UPC jurisdiction) that some stakeholders have expressed their fear that opt-out or opt-out withdrawal requests may be filed fraudulently without the authorisation of the real owner.

These concerns seem to have been addressed with the adoption of the new Rule 5A of the Rules of Procedure[8]. According to this new rule, it will be possible to request the Registry to remove an opt-out or opt-out withdrawal. This request for removal will have to be motivated ("setting out reasons"). In case of refusal, an appeal will be possible to the President of the Court of Appeal of the UPC[9].

Thus, in addition to the possibility of withdrawing an opt-out and correcting an opt-out, it will also be possible



to remove an opt-out, if it can be justified that the opt-out was requested without authorisation.

The new rule does not say what a lack of authorisation will mean.

- Will a UPC representative who has applied for an opt-out on behalf of a holder, but without power (as not required by virtue of his capacity), leave room for a later removal of the opt-out?
- Will a simple mistake in the opt-out request be sufficient or will genuine fraud have to be demonstrated?
- Will a UPC representative whose qualifications require him to be registered on the special list of EPO representatives maintained by the Registry and who makes an opt-out request during the sunrise period be considered a posteriori as unauthorised, as this special list does not exist before the entry into force of the UPC?

The new rule is also silent on the effects over time of an opt-out or opt-out withdrawal, including:

- What will be the fate of an action brought before the UPC - whether by an applicant for nullity, or by a co-owner in a hurry to act centrally - prior to an application to remove an opt-out? Will the case be stayed pending the resolution of the removal of the opt-out? would the case be admissible at all?
- after the transitional period, how will national courts deal with an action pending before them on the basis of an unauthorised opt-out and whose removal would be recognised by the Registry of the UPC, since as indicated in footnote 10, there is an issue with the jurisdiction of the UPC on opt-out?

### Criticism is easy, art is difficult

This new Rule 5A presents areas of uncertainty which should be resolved by case law.

One might have wished that a wider consultation of future UPC users had been carried out before the formal adoption of this text by the Administrative Committee. This would perhaps have made it possible to settle grey areas more quickly, without waiting for case law which may have difficulty in settling certain questions in a uniform manner.

That being said, the establishment of the "ex-nihilo jurisdiction" that is the UPC undoubtedly makes it difficult to avoid such complexity. The proposals of the *drafting committee*, informally formed around the UPC preparatory committee[10], represent a daunting task which must, above all, be recognized.

[1] This final version is not yet published. It is expected to be published before it enters into force on 1st September 2022. The version currently online on the UPC website is the one incorporating changes from 2017: [https://www.unified-patent-court.org/sites/default/files/upc\\_rules\\_of\\_procedure\\_18th\\_draft\\_15\\_march\\_2017\\_final\\_clear.pdf](https://www.unified-patent-court.org/sites/default/files/upc_rules_of_procedure_18th_draft_15_march_2017_final_clear.pdf) A translation into French and German is announced by 1er September 2022 according to <https://www.unified-patent-court.org/content/official-documents-2nd-meeting-upc-administrative-committee-8-july-2022>.

[2] Bearing in mind that, during the transitional period of 7 years (renewable once), the jurisdiction of the UPC to hear actions relating to European patents will remain in competition with the previous jurisdiction of national courts.

[3] The term "opt-in" to designate the withdrawal of an opt-out is inappropriate because opt-out and withdrawal of an opt-out are not symmetrical. Indeed, during the transitional phase of at least 7 years, the patent holder who has made a request to withdraw an opt-out returns to the previous situation of "non-opt-out": he can bring his action before the UPC **or** before the national courts. Conversely, the patent owner who has made an opt-out request can **only bring** his action before the national courts.

[4] Rule 5(3)(b) of the Rules of Procedure, in contrast to point ii, does not indicate the need for a power of attorney for qualified representatives to the UPC: one can thus understand that any third party can assist a owner for the filing of the opt-out, subject to an explicit ad hoc power of attorney, whereas a qualified representative before the JUB can assist a owner for the opt-out without the need for a power of attorney (except for the possibility, following Rule 285 of the Rules of Procedure, for the Court to request, on a case-by-case basis, a power of attorney in case of a challenge)

[5] A qualified representative before the UPC is defined in Article 48 of the UPC Agreement and is either a lawyer in one of the Contracting Member States or a European representative before the EPO with an additional qualification as provided for in a list adopted by the Administrative Committee under Article 48(3). A European patent attorney is not, as such, a qualified representative before the UPC

[6] See Rule 5(3) of the Rules of Procedure, to which part of Rule 5(1)(a) refers

[7] See Rule 5(5) of the Rules of Procedure



[8] This new rule 5A appears in the document "Annex I\_tracked" published on <https://www.unified-patent-court.org/content/official-documents-2nd-meeting-upc-administrative-committee-8-july-2022> and is available on this link: [https://www.unified-patent-court.org/sites/default/files/ac\\_04\\_08072022\\_rop\\_annex\\_1\\_en\\_final\\_tracked\\_for\\_publication.pdf](https://www.unified-patent-court.org/sites/default/files/ac_04_08072022_rop_annex_1_en_final_tracked_for_publication.pdf)

[9] Here we would like to further point out that jurisdiction has been specifically dedicated to a judicial body, unlike all other issues in relation with the opt-out or opt-out withdrawal. Indeed, firstly, there is no specific mechanism for direct appeal against refusal decision of opt-out or opt-out withdrawal. Secondly, exclusive jurisdiction of the UPC as set forth in Article 32(1) does not, at least literally, extend to opt-out or opt-out withdrawal. At best, according to Rules 19 and 20 of the Rules of Procedure, the UPC may have jurisdiction, a posteriori, to consider the validity of an opt-out in the context of a preliminary objection, but national courts may just as well have jurisdiction to consider this issue (especially after the expiration of the transitional period).

[10] The composition of this committee has not been officially communicated, but it would appear from the information we gathered at a recent UPC training that it would be composed of Mr. Klaus Grabinski, who would chair it, Mr. Wilfried Tilman, Mr. Willem Hoyng, Mr. Stefan Johansson, Mr. Kevin Mooney (partner at Simons & Simons UK), Ms. Alice Pézard, Mr. Pierre Véron, and Ms. Nathalie Sabotier.

---

