

## OVERVIEW OF

# The Unified Patent Court

**The Unified Patent Court (UPC) and Unitary Patent (UP) system has, in its first year, reshaped European patent law and attracted international attention based on its fast-paced decisions and willingness to grant pan-European injunctive relief. Ropes & Gray stands ready to assist clients with UP and UPC issues across our IP litigation and IP transactions groups, in collaboration with our top-tier European partner firms.**

### A. What is a unitary patent?

A UP is a single-patent grant with cross-border effect among the 17 EU member states,<sup>1</sup> without the country-by-country validation and translation requirements of traditional European Patents (EPs) and at a cost that is equal to validating an EP in four contracting states. Six additional states are in the process of finalizing ratification,<sup>2</sup> while Spain, Croatia and Poland have not yet expressed an intent to participate. Currently, and continuing for the first seven years of the court's existence, patent owners may elect to "opt out" of the new UP/UPC regime and instead rely upon the traditional EP filings with national stage validations. Deciding whether to "opt out" requires a patent owner to weigh several strategic considerations, as discussed in our *Unified Patent Court – Opt-Out Strategic Considerations* publication.

For EU countries where the UP is not available, applicants must rely on the current EP national system (i.e., validation of an EP is required for coverage, and the issued patents must continue to be litigated in individual national courts). Non-EU countries, such as the United Kingdom and Norway, are not eligible to participate in the UP system, and patent owners must separately validate and enforce their patents in those countries.

### B. What is the Unified Patent Court?

The UPC is a centralized supranational court with jurisdiction over infringement and revocation proceedings for all UPs as well as any EPs that have not been opted out of the court. The court is divided into courts of first instance—which include a central division and multiple local and regional divisions throughout Europe—and a court of appeal in Luxembourg. The UPC began accepting cases on June 1, 2023.

### C. What is the UPC's transitional period?

On March 1, 2023, the court entered its seven-year transitional period, during which patent owners were provided with the ability to opt out of the UPC in favor of traditional European patent litigation in national courts. This transitional period is scheduled to conclude in 2030 but may be extended for an additional seven years, to allow the new and old European systems to settle.

During this transitional period, patent owners with current EPs may "opt out" of the system for any patents that they do not want to fall under the jurisdiction of the UPC, assuming the patents have not already been litigated at the UPC. At the time of the UPC's launch, more than 400,000 patents had been opted out, and that number has continued to rise to more than 500,000 in the court's first year of existence. As the numbers demonstrate, the opt-out rate has decreased, which indicates increased confidence in the court. Approximately 24% of all issued European patents are now issued as UPs.

### D. How does the UPC differ from traditional European patent courts?

Under the traditional European patent regime, a party seeking to enforce its rights across multiple European states was required to file separate actions in each national court, with each country's substantive and procedural patent law governing that proceeding. In contrast, the UPC has jurisdiction over all member states, thereby allowing a patent owner to file a single enforcement proceeding with effect across all member states. In addition, unlike German patent litigation, the UPC does not bifurcate enforcement and revocation proceedings by default. While bifurcation is

<sup>1</sup> Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Romania (as of Sept. 1, 2024), Slovenia and Sweden.  
<sup>2</sup> Cyprus, Czech Republic, Greece, Hungary, Ireland, and Slovakia.



still possible, early decisions demonstrate an unwillingness to do so, even among the German divisions.

### E. What are the benefits of UPC litigation over traditional European patent litigation?

The UPC offers a number of benefits over traditional European litigation, including a rapid, 12-month target date to resolution of both infringement and validity, with a single outcome that applies across all member states instead of piecemeal outcomes resulting from separate actions filed in multiple national courts.<sup>3</sup> While the U.S. International Trade Commission's (ITC) 16–18 month target date and the Eastern District of Virginia are generally regarded as the fastest jurisdictions to resolution in the United States, the UPC's aggressive time to resolution exceeds that of these jurisdictions, but without the broad discovery that is available in the United States.

### F. What are the potential downsides of UPC litigation over traditional European patent litigation?

Some of the key anticipated benefits for UPC litigation may instead be drawbacks for some litigants. For example, a single outcome with broad applicability across all UPC states increases the stakes for patent holders and challengers alike. And for patent challengers, the risk of an injunction gap resulting from a local or regional division's discretionary decision to bifurcate the proceedings—a concern that was traditionally limited to German litigation—is now possible in any UPC action throughout Europe. This "injunction gap" occurs when a court deciding infringement grants an injunction before the validity proceeding completes, which may result in an accused infringer being enjoined on a patent that is later found to be invalid.

### G. In which UPC courts are infringement actions heard?

The court of first instance for infringement actions is generally a local or regional division in a state where the infringement occurred, or where the defendant has residence or a place of business. If there is no suitable local/regional division, the action will be heard by the central division.

The central division courts are located in Paris, Munich and Milan, with cases assigned to a particular central division based on the claimed technology, as specified by the first IPC code on the patent. The Paris central division is primarily responsible for electrical and physical technologies and patents with supplementary protection certificates ("SPCs"),<sup>4</sup> Munich is responsible for mechanical technologies as well as chemical and metallurgical technologies without SPCs,<sup>5</sup> and Milan is responsible for human necessities without SPCs.<sup>6</sup>

### H. In which UPC courts are revocation and non-infringement actions heard?

The central division is generally the court of first instance for revocation and non-infringement actions, unless an infringement action between the same parties and same patent has already been filed with a local/regional division. In these situations—i.e., when an accused infringer counterclaims for invalidity before a local/regional court—the local/regional division handling the infringement action will take one of three courses of action: 1) adjudicate the revocation counterclaim itself, 2) bifurcate the action and transfer the revocation counterclaim to the central division while keeping the infringement claim, or 3) transfer both the infringement and revocation claims to the central division upon agreement of the parties. In the first year of the court's existence, the local and regional divisions have generally opted to adjudicate both the infringement claim and revocation counterclaims together.

### I. Who are the UPC judges, and how are judges assigned to cases?

UPC judges are primarily hired from the various national courts. The presidents are Klaus Grabinski (president of the court of appeal) and Florence Butin (president of the court of first instance), both widely and favorably known from German and French courts, respectively.

In the local/regional divisions, three legal judges (one of whom will be designated the judge rapporteur) will be assigned to the case, unless the parties agree to be heard by one judge, and then only one legally qualified judge

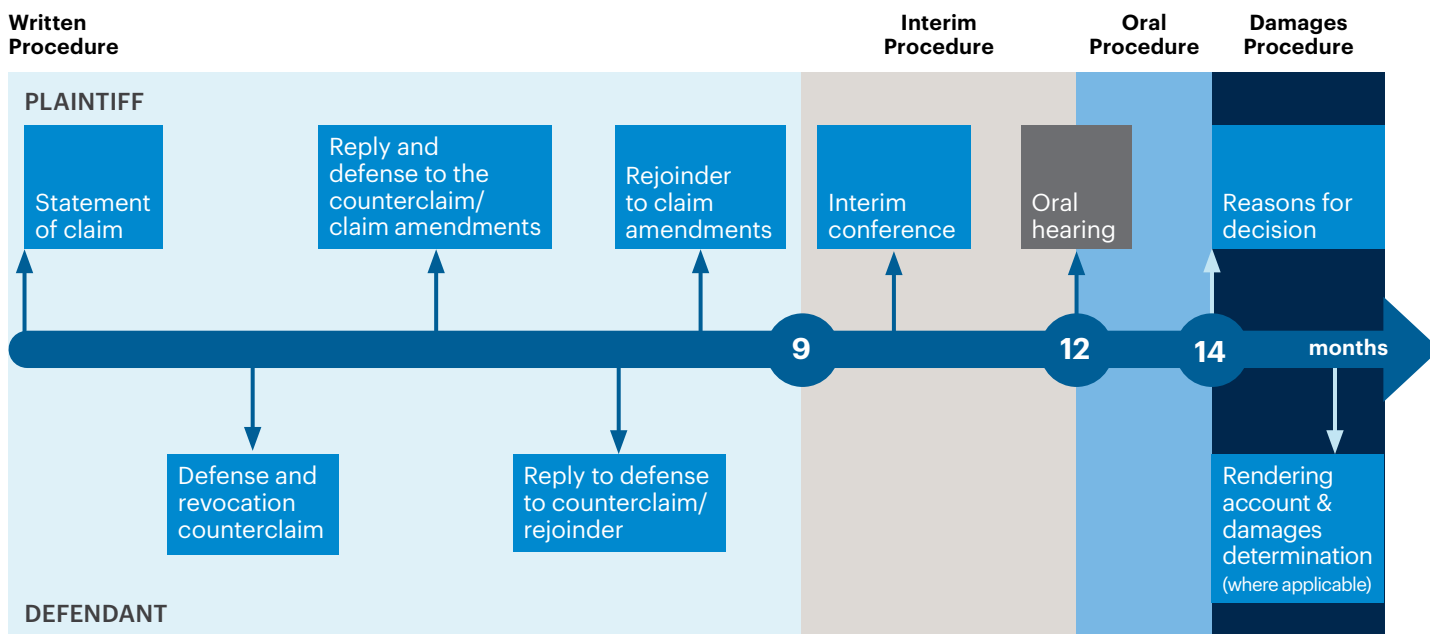
<sup>3</sup> EPs litigated at the UPC will have quasi-unitary effect that applies to only the states in which the patent was validated. Thus, the EP is still enforceable or revocable through a single unitary action instead of the piecemeal, national court litigation.

<sup>4</sup> Classifications assigned to Paris: performing operations, transporting (IPC Code A); textiles, paper (IPC Code B); fixed constructions (IPC Code E); physics (IPC Code G); electricity (IPC Code H); and supplementary protection certificates ("SPCs").

<sup>5</sup> Classifications assigned to Munich: chemistry, metallurgy (IPC Code C) without SPCs; and mechanical engineering, lighting, heating, weapons and blasting (IPC Code F).

<sup>6</sup> Classifications assigned to Milan: human necessities (IPC Code A) without SPCs.

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will be assigned. If a revocation counterclaim is filed, an additional technical judge will be assigned to the case upon either party's motion, or on the court's own motion. In the central division, one technically qualified judge and two legally qualified judges will be assigned, unless the parties agree on having only one legally qualified judge and one technically qualified judge.

## J. What is the timeline of a typical UPC proceeding?

The UPC has an aggressive timeline of one year from filing to final decision. As shown above, there are multiple phases of a litigation, beginning with the written procedure over the first nine months where the parties brief their claims and defenses. An interim procedure follows, where the judge rapporteur guides the parties through limited discovery, initial settlement discussions and any motion practice. At the end of the interim procedure, the judge(s) will conduct a one-day oral hearing, which may conclude with an oral decision by the judge(s). Otherwise, the court's decision will be deferred until the written "reasons for decision," which must be provided within 60 days of the hearing. After the reasons for decision, the court may conduct a damages procedure, which may require a year from the written determination to conclude. Meanwhile, the unsuccessful party will be assessed the reasonable attorneys' fees of the prevailing party and costs of the litigation, including court, expert and translation fees.

## K. What language are UPC proceedings in?

The language of the proceeding depends on the division in which the action is filed. If the action is filed in a local/regional division, the claimant selects the language of the proceeding as either the official language of the hosting state or English. If the action is filed with the central division, the central division will use the language of the patent. While a complainant initially selects the language of the proceeding, the defendant is free to request a change of the language, and the court will balance the interests of the parties in reaching a decision on the language that will be used for the remainder of the proceeding. At the end of the court's first year, nearly half of all proceedings are in English, with German as a close second. The remaining languages (French, Italian, and Dutch) represent a collective 6% of the proceedings, demonstrating the clear dominance of English and German at the court.

## L. What forms of discovery and evidence are available?

Each party is under an obligation to produce evidence supporting any fact that may be contested. Additionally, parties may obtain, at the discretion of the judge rapporteur, narrowly tailored discovery from parties or third parties during the written or interim procedure. The evidentiary record in UPC proceedings includes documentary evidence, questioning of witnesses, sworn witness statements and expert reports. While UPC decisions, with confidential information redacted, as well as the existence of UPC proceedings and their current status are made available to the public (unlike litigation in many foreign countries, such as Germany), pleadings and other filings are generally restricted from public access.

**M. Which substantive law applies?**

The UPC is developing its own “European” body of case law, with the court of appeal taking an active role in shaping the law. In the meantime, UPC judges are in many cases looking to the national laws of their home countries.

**N. What remedies are available?**

The court may grant a preliminary injunction upon reasonable evidence that the patent is valid and infringed.

Damages can include reasonable and proportionate costs, attorney fees, and other expenses of the prevailing party (up to certain limits), discretionary permanent injunctions, and seizure of property for any missing awarded damages (upon a showing of “circumstances likely to endanger the recovery of damages”).

**O. How has the U.K.’s exit from the EU impacted the UPC?**

The U.K.’s exit from the EU has had a profound impact on the UPC. While the UPC provides broad patent coverage across Europe for a cost that is equivalent to the cost of validating and maintaining coverage in four national states, this coverage does not extend to the United Kingdom—a major European economy and an important patent jurisdiction. The exit also required the UPC to relocate a planned central division in the United Kingdom to Milan.

While this is an exciting time for patent practitioners, both in Europe and globally, it is also the time to prepare for increased patent litigation activity in the European Union.

For more information about the Unified Patent Court, consult our *Unified Patent Court – Opt-Out Strategic Considerations* publication, which discusses strategic considerations for patent owners, challengers, applicants and licensees.

As always, Ropes & Gray and our European partners stand ready to assist clients during this transformational period.

**Contacts**



**Steven Pepe**  
PARTNER, NEW YORK  
[Steven.Pepe@ropesgray.com](mailto:Steven.Pepe@ropesgray.com)  
+1 212 596 9046



**Matthew Shapiro**  
COUNSEL, NEW YORK  
[matthew.shapiro@ropesgray.com](mailto:matthew.shapiro@ropesgray.com)  
+1 212 596 9427