

**Unified Patent Court Part
II: Practical advice about the
impact on current and future
license agreements
March 28, 2022**

LES France
LES Benelux

Intro (15')

BIO presenters!

Jean-Baptiste Thiénot

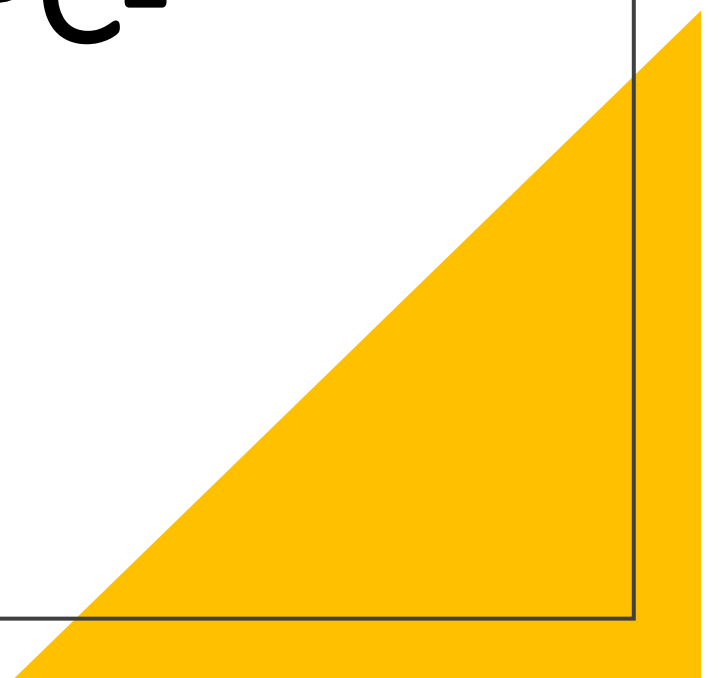


Partner in the IP/IT team of CMS Francis Lefebvre Avocats. His practice focuses on industrial property law, particularly patent law.

His practice covers litigation (infringement and nullity actions, employee invention issues) as well as advice and drafting of contracts (R&D contracts, assignment and licensing, audit of rights portfolio) in various industrial sectors, in particular in the life sciences, mechanical and electronic fields. He is frequently involved in matters relating to products subject to specific regulations.

Are your agreements UPC- proof?

Jean-Baptiste Thiénot



Main subjects which could be anticipated by contractual provisions

- I. Obtaining an Unitary Patent**
- II. Filing an Opt-out for “classic” European patents**
- III. Right to bring an action**

I. Obtaining an Unitary Patent

What is a Unitary Patent ?

Article 3(2) EU Regulation No 1257/2012 :

- European patent with unitary effect provides uniform protection in all participating Member States
- Provides uniform protection:
 - this means that the claims are necessarily homogeneous from one country to another
 - They can only be revoked or extinguished with respect to all participating Member States. This is the essential effect
 - On the other hand, a license can be granted for some of the territories of protection only (article 3.2 of the Regulation)

How to obtain a Unitary Patent?

Who? The patent owner

Conditions :

- a European patent is applied for and processed in the usual way by the EPO
- within **one month from the date of publication of the grant:** request for unitary effect to be registered in the ad hoc register (Article 9g EU Regulation No 1257/2012)

The unitary effect is retroactive:

- The unitary patent takes effect in the participating Member States on the day of publication by the EPO of the mention of the grant of the European patent (Article 4(1) of the Regulation)



What happens in case of co-ownership ?

- The co-owners may have different views as to the relevance of the unitary effect
- It is recommended to have a clear contractual decision-making in place between the parties



What about the licensee's position as to the unitary effect?



Could be relevant to include a contractual mechanism in the licence to obtain the licensee's position as to the unitary effect of the licensed patent



Anticipation



Licensee's participation



Proprietor must anticipate to submit a valid request in time



ensure an effective contractual mechanism to obtain in due time the approval of co-proprietors



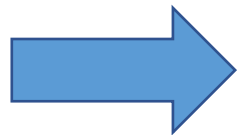
Possibility to include the licensee in the decision to file a request for unitary effect

CASE STUDY

Licensee and unitary effect:

- A license agreement on a European patent application
- At the time of grant, the owner has 1 month to request unitary effect
 - Irreversible choice
 - Different territory of protection => impact on the value of the license
 - Different fees and translation costs
 - Potentially different competent jurisdictions
 - Different risks of cancellation.

Unless otherwise provided by contract, the licensee has no control over the holder's choice to request the unitary effect



Specific contractual provisions

II. Filing an Opt-out for “classic” European patents





Can the exclusive jurisdiction of the UPC be waived?

- For Unitary Patent : **No**
- For the “classic” European patent: **Yes** for a transitional period of 7 years (renewable)
 - An action may still be brought before national courts (article 83(1) UPCA)
 - The patentee can decide to opt-out : the UPC waives jurisdiction
 - Opt-out can be withdrawn
 - When an action is initiated before the JUB or a national court, no more return possible



Should you always Opt-out?

- Pros/Cons assessment of UPC jurisdiction from the patentee's perspective:

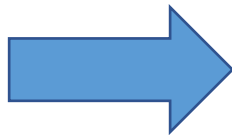
Risk of global cancellation	
Possibility of obtaining injunctions and measures valid throughout the territory	
More expensive and complex procedure	
Impact on portfolio valuation	

What impact will the new system have on current contracts?

CASE STUDY

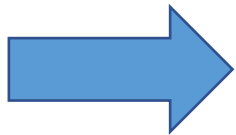
A patent in co-ownership :

- A "classical" EP patent is co-owned by a laboratory and a public research organization
- The patent is "weak" and a central validity attack before the JUB is feared



The opt out request must be signed by all co-owners to be valid

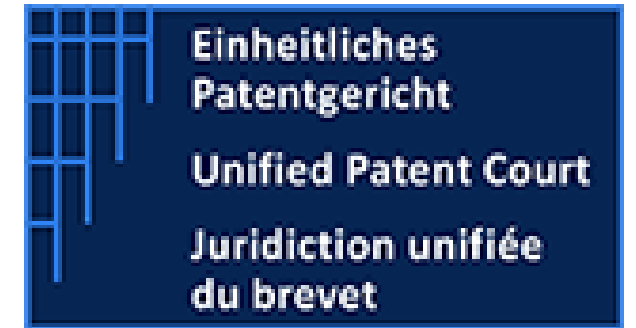
- Because of the unanimity rule, it is very difficult to reach an agreement during the course of the co-ownership
- In the meantime, an action for nullity is initiated before the JUB as soon as it comes into force
 - "impossible" opt out
 - Risk of global annulment



1st option: the question of the opt out is discussed at the outset and written into the condominium by laws (unless a better common opinion is given later)

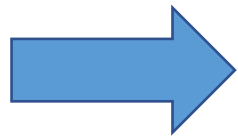
2nd option: only one co-owner can decide (derogation from the legal regime)

III. Right to bring an action



The Licensee's right

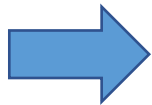
Article 47 UPCA, *“Unless the licensing agreement provides otherwise, the holder of an exclusive license in respect of a patent shall be entitled to bring actions before the Court under the same circumstances as the patent proprietor, provided that the patent proprietor is given prior notice”.*



Might be easier for a licensee to bring an action before UPC than before national courts, national laws being possible more demanding in this respect



- An action brought by a licensee may have irreversible consequences
- It will “freeze” the situation and paralyze the possibility of taking advantage of the opt-out and withdrawal mechanism



Proprietors should then carry out an audit of the relevant provisions of the license agreements before entry into force of the UPC to avoid uncontrolled initiatives by licensees.

Questions ?

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POLL (questions to be asked at beginning and at end) (10')

- Background:
Industry/academic/private practice
- Question 1: will you apply for a unitary patent? YES/NO
- Question 2: will you review your patent portfolio? YES/NO
- Question 3: will you review your license agreements? YES/NO

Topic 1: request for unitary effect (20')

- Proprietor is in control, but who is the proprietor? Need to be recorded in patent register?
- Problems with entitlement, time to resolve? What are the timelines?
- In case of co-ownership: all parties must agree
- In case of co-ownership: if contractually one party is responsible for patent maintenance, prosecution, can this party make all decisions?
- Risk of being challenged (in case of wrong entitlement) and ending with an invalid patent?
- Which law applies to ownership issues?
- What if patentee opted-out against will of licensee? What the legal basis for licensee?
- Can a licensee challenge the validity of an opt-out?
- Effect of nationality of first inventor
- Any effect for remuneration of inventors?

Topic 2: Opt-out (20')

- When is the opt-out effective?
- What happens when an action has started before opting out?
- Opt-out will be preferred? Means status quo? Or not?
- When should/can you opt back in? can you rely that this strategy will work?
- Is the transitional period not bringing more uncertainty? (more shopping)
- Will the sunrise period be sufficient to avoid competitors initiating a revocation action before the UPC?
- How can an opt-out be withdrawn?
- Is opting-out a sign of lack of trust (not believing that the patent will survive a “global” attack)?

Topic 3: right to bring an action (20')

- More liberal than many national laws? Not true for Belgium (non-exclusive licensee loses his right to stand)
- Licensee does have a saying as licensee can choose UPC or national court
- Effect of action of one licensee towards other licensees
- Who can claim damages? Which court?
- Will a burst of litigation start soon?
- More actions expected from non-EU parties?
- New playing field for NPE?
- Opportunity to shape case law?
- Will UPC have a saying in SEP/FRAND disputes?

Repeat poll (10')

- Question 1: will you apply for a unitary patent? YES/NO
- Question 2: will you review your patent portfolio? YES/NO
- Question 3: will you review your license agreements? YES/NO

Conclusion (10')

- Best practices according to panel members