

THE EUROPEAN UNIFIED PATENT COURT:
 CONSIDERATIONS REGARDING THE COURT’S APPROACH
 TO THE DIVERSE DIMENSIONS OF THE INNOVATION
 ECOSYSTEM

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I. INTRODUCTION

On June 1st, 2023, the Unified Patent Court (“UPC”) commenced operations in Europe.¹ This development is of major significance to the international patent world, as it establishes a single patent right for the majority of E member states, as well as the court system required to enforce it.

The implementation of the UPC, as well as the entry into force of the so-called Patent Package containing the accompanying substantive and procedural law (“Patent Package”), crowns a 50-year period of efforts to harmonize patent law in Europe.² While its original ambition of covering the EU in its entirety has not been achieved (so far), the UPC and Patent Package constitute a major step forward in facilitating international patent protection.

This Article is structured in three parts. Part II provides the background on the UPC, as well as an overview of the history and complex structure of the Unitary Patent system as a whole, followed by a discussion of the underlying Patent Package. We examine their organizational integration, their legal classification, evolution and structure, as well as the UPC’s relationship to the European Court of Justice (“ECJ”), its jurisdiction, and its Rules of Procedure (“RoP”). Part III focuses on some of the distinctive features of the UPC, including the possibility to opt-out from its jurisdiction, bifurcation, injunctions, and the Court’s advances in digitization. Part IV provides a future outlook. It asks what stance the Court might adopt vis-à-vis innovation: whether the Court will view patents narrowly, as a mere technical tool that grant an inventor market power, or alternatively, more comprehensively, as a property right integrated into a legal and economic framework that underlies an overall innovation ecosystem. As the Court’s view may be influenced by the type of litigants who appear in front of it, judges may gain a truncated view of the innovation ecosystem if large portfolio holders are the primary litigants. We therefore consider whether smaller innovators might be reluctant to make use of the Court and how this situation can be remedied if the Court makes use of the interpretative latitude conferred to it by the Patent Package.

¹ *The Unified Patent Court Opens Its Doors!*, UNIFIED PAT. CT., <https://www.unified-patent-court.org/en/news/unified-patent-court-opens-its-doors> [https://perma.cc/7QS7-E3RN].

² Amy Sandys, *From Seed to Tree: A Timeline of the UPC*, JUVE PAT. (May 30, 2023), <https://www.juve-patent.com/legal-commentary/from-seed-to-tree-a-timeline-of-the-upc> [https://perma.cc/F8WB-RRJ6] [hereinafter Sandys, *From Seed to Tree: A Timeline of the UPC*].

II. BACKGROUND & HISTORY

This Section provides an introduction to the new Unitary Patent system, especially to the material law brought about by the European Patent Package, as well as the Unified Patent Court which deals with the new law. Following that, we deal with the Rules of Procedure of the Unified Patent Court which provide a detailed guideline to the relevant procedures in front of the Court.

A. UNITARY PATENT SYSTEM

Starting out with an overview of the Unitary Patent system, we will discuss its significance in the context of European patent practice, its history, as well as details on the documents which constitute the European Patent Package.

1. Significance

Until the Patent Package came into effect on June 1st, 2023, patent enforcement in Europe had to be undertaken separately for each individual country.³ Because the twenty-seven member states of the EU operate as a single market,⁴ patentees often feel the need to obtain protection in multiple European countries, with emphasis on the main manufacturing and trading hubs. Obtaining and enforcing patents in multiple jurisdictions is associated with significant costs and administrative burdens.

Historically, the process of obtaining patents in the EU had been somewhat facilitated in 1973 by the European Patent Convention (“EPC”), an international treaty involving thirty-eight contracting states (including, but not limited to, the twenty-seven EU member states),⁵ which enables a “one stop shop”

³ Neil Simpkin, *What Are the Pros and Cons of the Unitary Patent?*, RWS BLOG, (Oct. 12, 2022), <https://www.rws.com/blog/pros-and-cons-unitary-patent> [<https://perma.cc/M46S-MYX7>].

⁴ *Single Market*, EUR. UNION, https://european-union.europa.eu/priorities-and-actions/actions-topic/single-market_en [<https://perma.cc/Q38B-FWGR>].

⁵ See Thomas Arntz, *Weg frei für das Einheitspatent* [*Clear the Way for the Unitary Patent*], 26 EUROPÄISCHE ZEITSCHRIFT FÜR WIRTSCHAFTSRECHT [EUZW] 544 (2015); *Member States of the European Patent Organisation*, EUR. PAT. OFF., <https://www.epo.org/en/about-us/foundation/member-states> [<https://perma.cc/D5NH-SDQW>].

(single venue) for the examination and grant portion of patent protection.⁶ The EPC established the European Patent Office (“EPO”), which has the competence to examine patent applications and grant what is referred to as a classic European patent.⁷ Despite its name, the European patent does not constitute a unified EU legal right, but a mere “bundle” of national patents for countries designated specifically in the application.⁸ Consequently, a patentee must separately enforce each patent in its respective national legal system. This brings about translation and legal costs, and potentially gives rise to inconsistent judgments relating to the same patent.⁹ Thus, the classic European patent entails drawbacks.

The Patent Package brings a vast amelioration of this situation.¹⁰ In addition to the classic “bundle” patents described above, it now enables the EPO to grant a new type of patent, the “European patent with unitary effect” (“Unitary Patent”).¹¹ This is a single patent right, effective without further validation in the seventeen EU member states that signed the Patent Package.¹² It entitles patent

⁶ ALEXANDER HARGUTH, ET AL., PATENT LITIGATION THROUGH THE UNIFIED PATENT COURT AND GERMAN COURTS: AN INTERNATIONAL HANDBOOK 8 (Kluwer Law International 2023); *see also* Arntz, *supra* note 5, at 545.

⁷ HARGUTH, ET AL., *supra* note 6, at 8; *see also* Arntz, *supra* note 5, at 545.

⁸ HARGUTH, ET AL., *supra* note 6, at 8.

⁹ *See* Constantin Blanke-Roeser, *Einheitspatent und Einheitliches Patentgericht [Unitary Patent and Unified Patent Court]*, 76 NEUE JURISTISCHE WOCHENSCHRIFT [NJW] 135, 136 (2023) [hereinafter Blanke-Roeser, *Unitary Patent and Unified Patent Court*].

¹⁰ *See* CATHERINE SEVILLE, EU INTELLECTUAL PROPERTY LAW AND POLICY 189 (2d ed., 2018) (for example, unitary patent regulation and the unitary patent court likely resolve issues of legal costs and inconsistent judgments, respectively); *see also* Matthias Lamping, *Enhanced Cooperation – A Proper Approach to Market Integration in the Field of Unitary Patent Protection?*, 42 IIC 879 (2011) (“In general, differential treatment within European legislation is subject to limits of degree and time; where harmonizing legislation is concerned, the Commission regularly points out that differential treatment ought to cease as soon as circumstances permit.”).

¹¹ David Hsu, *Unified We Stand? The Dawn of the European Unified Patent Court and Unitary Patent*, JD SUPRA (Feb. 1, 2023), <https://www.jdsupra.com/legalnews/unified-we-stand-the-dawn-of-the-9104697/> [https://perma.cc/2FA3-XYL2].

¹² The EU countries that signed the UPCA are Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovenia, and Sweden. *The Unitary Patent is Now a Reality*, EUR. COMM’N (June 13, 2023),

holders to bring a single enforcement action to the UPC. In other words, a prospective patentee now benefits from a one stop shop, for both the application procedure under the EPO, and the patent enforcement before the UPC.

This almost sounds too good to be true, and, in part, it is. Only seventeen of the twenty-seven EU member states participate in the Unitary Patent system.¹³ Thus, a patent applicant desirous of patent coverage throughout the entire EU will still have to obtain and enforce national patents in the remaining countries. On the other hand, the UPC includes the “top four” countries which constitute the main EU markets, namely Germany, France, the Netherlands, and Italy.¹⁴ For some patentees, coverage in these countries provides sufficient protection in the EU.¹⁵ Furthermore, the new system offers cost advantages over the classic bundle patent system.¹⁶ Overall, even though the end result may not entirely match its early ambitions, the Unitary Patent system marks a significant step ahead in international patenting.

2. *Details on the Patent Package*

The UPC’s Patent Package is the product of lengthy negotiations. The following will set forth their chronology, as well as the structure of the patent package and the applicable law in UPC proceedings.

a. *Genesis*

Until the creation of the new Unitary Patent, two types of patents for protecting technical inventions were available in EU countries: *national patents*,

https://intellectual-property-helpdesk.ec.europa.eu/news-events/news/unitary-patent-now-reality-2023-06-13_en [<https://perma.cc/B4TU-NGXT>]. The 10 non-participating countries are Croatia, Cyprus, Czech Republic, Greece, Hungary, Ireland, Poland, Romania, Slovakia and Spain. *See id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Traditionally, among the EU countries with the largest number of granted applications are Germany, France and Sweden. *See Granted Patents Per Country of Origin*, EUR. PAT. OFF., <https://report-archive.epo.org/about-us/annual-reports-statistics/statistics/2022/statistics/granted-patents.html> [<https://perma.cc/GT7E-UXF4>].

¹⁶ *Unitary Patent Guide, Art. V: The Benefits of the Unitary Patent*, EUR. PAT. OFF., https://www.epo.org/en/legal/guide-up/2022/uppg_a_v.html [<https://perma.cc/H2LG-NF8L>].

regulated by national laws (*e.g.*, the German Patent Act (*Patentgesetz*)); and the above-mentioned European patent.¹⁷ However, there was no unitary EU protection title. The new Unitary Patent was introduced by way of the European Patent Package, which also establishes the UPC.¹⁸ The Patent Package consists of three legally independent components: two EU law regulations—the *Unitary Patent Regulation*¹⁹ and the *Unitary Patent Translation Regulation*²⁰—as well as the (international) *Agreement on a Unified Patent Court* (“UPCA”).²¹ The UPC governs enforcement actions of both the new Unitary Patents and the classic European patents.²² For the latter, the Patent Package sets forth new regulations as well.²³

The implementation of the European Patent Package marks the end point of an evolution that lasted more than fifty years and suffered repeated setbacks.²⁴ Over the years, three completed drafts preceded the present version.²⁵ The previous drafts failed because several countries expressed concerns over

¹⁷ HARGUTH, ET AL., *supra* note 6, at 8, 14–15.

¹⁸ Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 136; *see also* Arntz, *supra* note 5, at 545.

¹⁹ Regulation of the European Parliament and of the Council 1257/2012, Implementing Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection, 2012 O.J. (L 361) 1 (EU).

²⁰ Council Regulation 1260/2012, Implementing Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection with Regard to the Applicable Translation Arrangements, 2012 O.J. (L 361) 89, 89 (EU).

²¹ Council Agreement on a Unified Patent Court, art. 4, 2013 O.J. (C 175) 1 (EU); Arntz, *supra* note 5, at 544.

²² Council Agreement on a Unified Patent Court, art. 1, 2013 O.J. (C 175) 1, 2 (EU); Council Agreement on a Unified Patent Court, art. 3, 2013 O.J. (C 175) 1, 3 (EU).

²³ *See* HARGUTH, ET AL., *supra* note 6, at 17.

²⁴ Winfried Tilmann, *Das Europäische Patentpaket vor dem Start* [*The European Patent Package Before the Start*], 124 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 1099, 1099 (2022); *see also* Henrike Weiden, *Aktuelle Berichte* [*Current Reports*], 124 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 1196 (2022); Sandys, *From Seed to Tree: A Timeline of the UPC*, *supra* note 2.

²⁵ For details, *see* Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 136; Tilmann, *supra* note 24, at 1100–01.

renouncing national sovereignty in patent law.²⁶ The complete draft of today's Patent Package became available in 2013.²⁷ Yet, it did not enter into force for another ten years, due to uncertainties following the UK's withdrawal from the EU ("Brexit"), as well as several constitutional complaints to the ratification of the UPCA in Germany.²⁸ Finally, the German ratification, as the last remaining mandatory ratification, occurred on February 17th, 2023.²⁹ This opened up a concluding phase of implementation that ended on June 1st, 2023³⁰ with the entry into force of the UPCA, finally rendering the entire Patent Package effective.

b. Structure and Applicable Law

The Patent Package has a complex structure, linking the two EU regulations and the UPCA.³¹ All of its three components contain regulations

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- ²⁶ Douwe de Lange, *EU Patent Harmonization Policy: Reconsidering The Consequences of the UPCA*, 16 J. I.P. L. & Prac. 1078, 1079 (2021); cf. Stefan Luginbühl, *Das europäische Patent mit einheitlicher Wirkung (Einheitspatent) [The European Patent With Unitary Effect (Unitary Patent)]*, 62 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT.] 305 (2013) (prior unitary patent drafts also failed to garner sufficient votes because the "CPC would not have brought any improvement or simplification compared to the EPU system").
- ²⁷ See Arntz, *supra* note 5, at 545 (regulations of the patent package were adopted in December 2012).
- ²⁸ Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 136; Thomas Jaeger, *Delayed Again? The Benelux Alternative to the UPC*, 70 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT.] 1133, 1133–34 (2021) [hereinafter Jaeger, *Delayed Again? The Benelux Alternative to the UPC*].
- ²⁹ Press Release, German Fed. Ministry of Just., *Einheitliches Patentgericht tartet am 1. Juni 2023 [Unified Patent Court Starts on June 1, 2023]*, (Feb. 17, 2023), https://www.bmj.de/SharedDocs/Pressemitteilungen/DE/2023/0217_Einheitliches_Patentgericht.html [<https://perma.cc/DD49-BKH7>].
- ³⁰ Sandys, *From Seed to Tree: A Timeline of the UPC*, *supra* note 2. See generally Council Agreement on a Unified Patent Court, art. 89, 2013 O.J. (C 175) 1, 22 (EU); see Lea Tochtermann, *Das UPC hat endlich Momentum! [The UPC Finally Has Momentum!]*, 124 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 1097 (2022); Winfried Tilmann, *Endlich: Freie Bahn für das Einheitliche Patentgericht [Finally: A Clear Path for the Unified Patent Court]*, 123 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 1138, 1142 (2021).
- ³¹ HARGUTH, ET AL., *supra* note 6, at 17; Maximilian Haedicke, *Rechtsfindung, Rechtsfortbildung und Rechtskontrolle im Einheitlichen Patentsystem [Legal*

governing Unitary Patents. However, only the UPCA also applies to classic European patents.³²

Most of the substantive legal provisions are contained in the UPCA.³³ It encompasses aspects such as actions giving rise to patent infringement,³⁴ limitations to patent protection (including the principle of exhaustion),³⁵ as well as the legal consequences of patent infringement.³⁶ Nevertheless, the Patent Package as a whole exhibits notable gaps in addressing important substantive law issues.³⁷ These gaps may be filled by other sources of law, particularly EU regulations, including those governing conflict of laws, alongside the EPC and other relevant international and national bodies of law.³⁸ Collectively, the entirety of the Patent Package and associated sources of law are referred to as the *Unitary Patent system*.³⁹ The decision to adopt this complex approach appears to have been influenced partially by political considerations aiming to shift the responsibility of interpreting the novel substantive law away from the ECJ, which was perceived as lacking adequate expertise in patent matters.⁴⁰ In an ironic twist of history, the

Discovery, Legal Development and Legal Control in the Unified Patent System], 62 GRUR INT'L. 609, 610 (2013) [hereinafter Haedicke, *Rechtsfindung, Rechtsfortbildung und Rechtskontrolle im Einheitlichen Patentsystem*].

³² Council Agreement on a Unified Patent Court, art. 3, 2013 O.J. (C 175) 1, 3 (EU); see also Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 136.

³³ See Council Agreement on a Unified Patent Court, arts. 25–27, 29, 63–68, 2013 O.J. (C 175) 1, 8–9, 17–18 (EU).

³⁴ Council Agreement on a Unified Patent Court, arts. 25–26, 2013 O.J. (C 175) 1, 8 (EU).

³⁵ *Id.* art. 27, 29.

³⁶ *Id.* art. 63–64.

³⁷ Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 137.

³⁸ Council Agreement on a Unified Patent Court, art. 24, 2013 O.J. (C 175) 1, 7 (EU); see also Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 136 (for instance, an invention in Germany can be protected by the national patent or the European patent).

³⁹ Axel Walz, *Schadensersatz und Einheitspatentsystem* [*Damages and Unitary Patent System*], 65 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT.] 513 (2016).

⁴⁰ Thomas Jaeger, *Hieronymus Bosch am Werk beim EU-Patent? – Alternativen zur Einheitspatentlösung* [*Hieronymus Bosch at Work on the EU Patent? – Alternatives to the Unitary Patent Solution*], 24 EUROPÄISCHE ZEITSCHRIFT FÜR

United Kingdom, the main driving force behind this approach,⁴¹ is not part of the Unitary Patent system, following its exit from the EU⁴². Besides, the intention was moot in any event, as the ECJ in fact remains responsible for interpreting the new law.⁴³

The UPCA also contains the essential *procedural* law provisions governing the UPC, including its jurisdiction and procedure.⁴⁴ The provisions are supplemented by two other specific legal sources: the *Statute of the UPC*⁴⁵ and its RoP.⁴⁶

WIRTSCHAFTSRECHT [EUZW] 15, 18 (2013) [hereinafter Jaeger, *Hieronymus Bosch am Werk beim EU-Patent? – Alternativen zur Einheitspatentlösung*].

- ⁴¹ Haedicke, *Rechtsfindung, Rechtsfortbildung und Rechtskontrolle im Einheitlichen Patentsystem* [Legal Discovery, Legal Development and Legal Control in the Unified Patent System], 62 GRUR INT'L. 609, 614 (2013) [hereinafter Haedicke, *Rechtsfindung, Rechtsfortbildung und Rechtskontrolle im Einheitlichen Patentsystem*]; Benjamin Schröder, *Einheitspatentgericht – Überlegungen zum Forum-Shopping im Rahmen der alternativen Zuständigkeit nach Art. 83 Abs. 1 EPGÜ* [Unified Patent Court - Considerations on Forum Shopping Within the Framework of Alternative Jurisdiction under Article 83(1) UPCA], 62 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT] 1102, 1107, n.20 (2013).
- ⁴² Constantin Blanke-Roeser, *Das neue Einheitliche Patentgericht und seine Verfahrensordnung* [The New Unified Patent Court and Its Rules of Procedure], 78 JURISTENZEITUNG [JZ] 219, 220 (2023) [hereinafter Blanke-Roeser, *The New Unified Patent Court and Its Rules of Procedure*].
- ⁴³ *Infra* Part II.1.
- ⁴⁴ See FLORIAN PASCHOLD, VERFAHRENSPRINZIPIEN DES EINHEITLICHEN PATENTGERICHT (GWR 196) [PROCEDURAL PRINCIPLES OF THE UNIFIED PATENT COURT (GWR 196)] 202 (2019) (touching on both the procedural law regime and jurisdictional aspects of the UPCA).
- ⁴⁵ Council Agreement on a Unified Patent Court, arts. 40–41, 2013 O.J. (C 175) 1, 12–13 (EU). For details, see PASCHOLD, *supra* note 44, at 211.
- ⁴⁶ R.P. UNIFIED PAT. CT. pmbl.; Andreas Haberl & Konstantin Schallmoser, *Auf der Zielgeraden zu einem neuen Europäischen Patentwesen* [On the Home Stretch Towards a New European Patent System], 5 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT IN DER PRAXIS [GRUR-Prax] 1, at 1, 4 (2013) [hereinafter Haberl & Schallmoser, *Auf der Zielgeraden zu einem neuen Europäischen Patentwesen*]; Council Agreement on a Unified Patent Court, art. 41, 2013 O.J. (C 175) 1, 12–13 (EU).

B. UNIFIED PATENT COURT

Having delved into the background of the UPC system, we will now focus on its organizational integration and its relationship to the ECJ, as well as its jurisdiction.

1. *Organizational Integration and Relationship to the ECJ*

The UPC is a joint international undertaking of the participating member states,⁴⁷ rather than a body of the EU jurisdictional structure.⁴⁸ It is subject to the same EU law obligations that apply to member states' national courts.⁴⁹ Consequently, the UPC—albeit not formally a national court⁵⁰—is *functionally* integrated into national jurisdictions.⁵¹ In particular, it is not subordinated to the

⁴⁷ See Haedicke, *Rechtsfindung, Rechtsfortbildung und Rechtskontrolle im Einheitlichen Patentsystem*, *supra* note 31, at 614 (highlighting the UPC's implementation of multiple member states common laws); see also Matthias Müller, *Die Errichtung des Europäischen Patentgerichts – Herausforderung für die Autonomie des EU-Rechtssystems? [The Establishment of the European Patent Court – a Challenge to the Autonomy of the EU Legal System?]*, 21 EUROPÄISCHE ZEITSCHRIFT FÜR WIRTSCHAFTSRECHT [EuZW] 851, 855 (2010) (taking the position that although the UPC is subject to international treaties and as such is not a member court, the term “member state court” should be understood broadly).

⁴⁸ Council Agreement on a Unified Patent Court, art. 1, 2013 O.J. (C 175) 1, 2 (EU); see also Matthias Leistner, *Vollstreckung von Urteilen des Einheitlichen Patentgerichts in Deutschland [Enforcement of the Judgments of the Unified Patent Court in Germany]*, 118 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 217, 223 (2016) (comparing the UPC to the court of Brussels, which displays a similar jurisdictional status and relationship with the EU).

⁴⁹ Council Agreement on a Unified Patent Court, art. 1, 2013 O.J. (C 175) 1, 2 (EU); see Leistner, *supra* note 48, at 223.

⁵⁰ See, e.g., Leistner, *supra* note 48, at 223.

⁵¹ See Winfried Tilmann, *Einheitspatent und Einheitliches Gericht: Rechtliche und praktische Fragen [Unitary Patent and Unitary Court: Legal and Practical Issues]*, 14 VPP-RUNDBRIEF 56, 58 (2013) [hereinafter Tilmann, *Einheitspatent und Einheitliches Gericht: Rechtliche und praktische Fragen*] (highlighting the interactions that the patent court will have with national courts for each of the member states); but see Thomas Jaeger, *Gerichtsorganisation und EU-Recht: Eine Standortbestimmung [Court Organization and EU Law: A Position Assessment]*, 53 EUROPARECHT [EuR] 611, 645 (2018) [hereinafter Jaeger,

ECJ.⁵² Nevertheless, the ECJ will influence the jurisprudence of the Unitary Patent system in two ways: by the binding effect of its existing case law,⁵³ and by way of preliminary rulings pursuant to Article 267 of the Treaty on the Functioning of the EU (“TFEU”).⁵⁴ The latter requires the UPC to refer preliminary rulings to the ECJ in cases of uncertainty regarding the interpretation or validity of EU law, in order to ensure its correct application and uniform interpretation.⁵⁵ How often preliminary rulings are sought from the ECJ ultimately remains in the discretion of the UPC.⁵⁶

Thus, contrary to the above-mentioned efforts to reduce its influence, the ECJ is responsible for interpreting the substantive law of the entire Patent Package, including the provisions in the UPCA (albeit its international law nature).⁵⁷ This is

Gerichtsorganisation und EU-Recht: Eine Standortbestimmung] (emphasizing the UPC’s presence in the UK despite the UK’s departure from the EU).

- ⁵² HANNS ULLRICH, EUGH UND EPG IM EUROPÄISCHEN PATENTSCHUTZSYSTEM: WER HAT WAS ZU SAGEN? [CJEU AND UPC IN THE EUROPEAN PATENT PROTECTION SYSTEM: WHO HAS WHAT TO SAY?], 229, 258–59 (2017), *reprinted in* AXEL METZGER, *METHODENFRAGEN DES PATENTRECHTS* (2018).
- ⁵³ *See* Council Agreement on a Unified Patent Court, prmb., 2013 O.J. (C 175) 1, 2 (EU).
- ⁵⁴ Maximilian Haedicke, *Justizielle Grundrechte im Einheitlichen Patentsystem* [*Fundamental Judicial Rights in the Unitary Patent System*], 116 *GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT* [GRUR] 119, 120 (2014) [hereinafter Haedicke, *Justizielle Grundrechte im Einheitlichen Patentsystem*].
- ⁵⁵ Council Agreement on a Unified Patent Court, arts. 1, 21, 2013 O.J. (C 175) 1 at 2, 7 (EU); *see also* Winfried Tilmann, *UPCA and EPUE-Reg – Construction and Application*, 65 *GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL* [GRUR INT] 409, 411 (2016) [hereinafter, Tilmann, *UPCA and EPUE-Reg – Construction and Application*]; *compare* Matthias Amort, *Zur Vorlageberechtigung des Europäischen Patentgerichts: Rechtsschutzlücke und ihre Schließung* [*On the European Patent Court’s Right to Make a Reference: Gap in Legal Protection and How to Close It*], 52 *EUROPARECHT* [EUR] 56, 72 (2017) (discussing the awkward status of the law regarding the various patent courts, such as that the international court lacks power to make preliminary rulings at the expense of national courts).
- ⁵⁶ Müller, *supra* note 47, at 855–56; *see* ULLRICH, *supra* note 52, at 258 (noting the ECJ’s performance of its role in interpreting EU law is dependent on the UPC asking it the correct questions); *compare* Amort, *supra* note 55, at 72.
- ⁵⁷ Because the ECJ requires a link to international trade in order to permissibly regulate intellectual property. Angelos Dimopoulos, *The Role of the CJEU, in*

not only due to its general influence, but also due to the fact that the Unitary Patent is essentially an EU law title:⁵⁸ Its relevant provisions are distributed throughout the Patent Package whose components are tightly linked to the UPCA, particularly via referrals from the Unitary Patent Regulation (which is undoubtedly EU law).⁵⁹

The UPC comprises two court levels: the court of first instance and the court of appeal.⁶⁰ The former consists of chambers throughout the EU;⁶¹ the latter is a centrally located court, based in Luxembourg.⁶² UPC panels are staffed with judges from different European jurisdictions.⁶³ In order to promote the autonomous interpretation and application of the new substantive patent law,⁶⁴

THE UNITARY PATENT SYSTEM 57, 74 (Justine Pila & Christopher Wadlow eds., Hart Publishing 2015).

- ⁵⁸ Regulation of the European Parliament and of the Council 1257/2012, Implementing Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection, 2012 O.J. (L 361) 1, 4–5 (EU); see Roberto Romandini & Alexander Klicznik, *The Territoriality Principle and Transnational Use of Patented Inventions – The Wider Reach of a Unitary Patent and the Role of the CJEU*, 44 IIC 524, 537 (2013) (illustrating how the content of the UPCA mirrors a portion of the TRIPS agreement, itself an EU law title).
- ⁵⁹ See PASCHOLD, *supra* note 44, at 202 (noting UPC's procedural law does not come from a singular source); Haedicke, *Rechtsfindung, Rechtsfortbildung und Rechtskontrolle im Einheitlichen Patentsystem*, *supra* note 31, at 612 (framing the Unitary Patent as "essentially European intellectual property law").
- ⁶⁰ Council Agreement on a Unified Patent Court, art. 6(1), 2013 O.J. (C 175) 1, 3 (EU).
- ⁶¹ See *id.* art. 7, at 3–4; contra Thomas Jaeger, *America Invents. Und Europa? [America Invents. And Europe?]*, 23 Europäische Zeitschrift für Wirtschaftsrecht [EuZW] 401, 402 (2012) (criticizing the Patent Package for failing to adequately address challenges to patent law).
- ⁶² Council Agreement on a Unified Patent Court, art. 9(5), 2013 O.J. (C 175) 1, 4–5 (EU).
- ⁶³ See Council Agreement on a Unified Patent Court, arts. 8, 9, 2013 O.J. (C 175) 1, 4–5 (EU); see also Sebastian Fuchs, *DAS EUROPÄISCHE PATENT IM WANDEL: EIN RECHTSVERGLEICH DES EP-SYSTEMS UND DES EU-PATENTSYSTEMS [THE EUROPEAN PATENT IN CHANGE: A LEGAL COMPARISON OF THE EP SYSTEM AND THE EU PATENT SYSTEM]* 119 (2016) (discussing the harmonization methods used to unify patent law between member states).
- ⁶⁴ Walz, *supra* note 39, at 518.

judges are encouraged to distance themselves as much as possible from the patent law traditions of their country of origin.⁶⁵

2. Jurisdiction

The UPC's jurisdiction covers three aspects: territorial, international, and subject-matter. Detailed rules on the *territorial* jurisdiction, divided into individual Local Divisions, are set out in Article 33 of the UPCA.⁶⁶ Its *international* jurisdiction also covers non-contracting member states if a national patent for that particular state is included in the bundle of the specific classic European patent.⁶⁷

The UPC's *subject-matter* jurisdiction concerns both the types of action and the types of patents. The types of *action* under the UPC's jurisdiction include claims for patent infringement, provisional measures, and revocation of patents.⁶⁸ In terms of types of *patents*, the UPC is able to adjudicate Unitary Patents and classic European patents, including those issued prior to the UPCA's entry into force on June 1st, 2023.⁶⁹

The UPC's decisions are enforceable in all participating member states.⁷⁰ As an exception to this, enforceability of decisions regarding classic European

⁶⁵ Blanke-Roeser, *The New Unified Patent Court and Its Rules of Procedure*, *supra* note 42, at 220 (explaining judges should interpret the material as autonomously as possible).

⁶⁶ Council Agreement on a Unified Patent Court, art. 33, 2013 O.J. (C 175) 1, 10–11 (EU).

⁶⁷ *See id.* art. 31, at 9 (citing Regulation (EU) No 1215/2012).

⁶⁸ *Id.* art. 32(1), at 9–10; Benjamin Schröder, *Einheitspatentgericht – Überlegungen zum Forum-Shopping im Rahmen der alternativen Zuständigkeit nach Art. 83 Abs. 1 EPGÜ* [Unified Patent Court - Considerations on Forum Shopping Within the Framework of Alternative Jurisdiction under Article 83(1) UPCA], 62 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT] 1102 (2013) (citing *id.*).

⁶⁹ Council Agreement on a Unified Patent Court, arts. 1, 3 2013 O.J. (C 175) 1, 2–3 (EU); Matthias Eck, *Europäisches Einheitspatent und Einheitspatentgericht – Grund zum Feiern?* [European Unitary Patent and Unitary Patent Court – Reason to Celebrate], 63 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT] 114, 119 (2014).

⁷⁰ Council Agreement on a Unified Patent Court, art. 82(1), 2013 O.J. (C 175) 1, 20 (EU); *see* Matthias Leistner, *Vollstreckung von Urteilen des Einheitlichen Patentgerichts in Deutschland* [Enforcement of the Judgments of the Unified Patent Court in Germany], 118 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT] 217 (2016); Winfried Tilmann, *Durchbruch: die Entscheidungen zum*

patents is limited to the individual jurisdictions designated in the respective bundle.⁷¹

C. RULES OF PROCEDURE (ROP)

Next, we will address various procedural aspects of the UPC system, including its historic evolution, the legal classification of its norms, its structure, as well as an overview of the procedure.

1. History

The initial draft of the RoP was developed by the so-called *Preparatory Committee* which had been established to undertake the practical preparations for the UPC.⁷² The draft was based on proposals from experienced experts from academia, legal practice, and industry. It was repeatedly revised, pursuant to consultations with the EU Commission regarding its compatibility with EU law.⁷³ Its eighteenth version (2017) had long been considered to be the final one.⁷⁴ After a relatively long time interval, it was amended by publication of the final nineteenth version, which came into force on September 1st, 2022.

Einheitspatent und zum Europäischen Patentgericht [Breakthrough: The Decisions on the Unitary Patent and the European Patent Court], 115 Gewerblichen Rechtsschutz und Urheberrecht [GRUR] 157, 158 (2013) [hereinafter Tilmann, Durchbruch: die Entscheidungen zum Einheitspatent und zum Europäischen Patentgericht].

⁷¹ Council Agreement on a Unified Patent Court, art. 34, 2013 O.J. (C 175) 1, 11 (EU); for details, see Winfried Tilmann, *UPCA and EPUE-Reg – Construction and Application*, 65 *GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT]* 409, 411 (2016).

⁷² See Klaus Grabinski, *Der Entwurf der Verfahrensordnung für das Einheitliche Patentgericht im Überblick [An Overview of the Draft Rules of Procedure for the Unified Patent Court]*, 62 *GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT]* 310 (2013).

⁷³ *Id.*

⁷⁴ Andreas Haberl & Konstantin Schallmoser, *Einheitspatent und Einheitliches Patentgericht Starten Voraussichtlich Anfang 2017 [The Unitary Patent and the Unified Patent Court are Expected to Start in Early 2017]*, 4 *GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT IN DER PRAXIS [GRUR-Prax]* 28 (2016).

2. *Legal Classification*

Most of the UPC's procedural provisions are contained in the RoP, along with general guidelines for their application and interpretation.⁷⁵ Nonetheless, some central provisions are covered by the UPCA, including provisions on the Court's jurisdiction and institutional structure.⁷⁶ The overarching purpose of these provisions is to ensure that the UPC conducts cost-effective procedures and guarantees a fair balance between the parties' conflicting interests, resulting in rulings that meet highest quality standards.⁷⁷ To this end, judges are granted the necessary discretion as long as their decisions do not compromise the predictability of the procedures.⁷⁸

In terms of their legal classification, the RoP are not part of the UPCA, as they were not available at the time of its signature by the contracting member states.⁷⁹ However, they have also not been autonomously issued by the UPC itself, but by its so-called *Administrative Committee*, a body composed of one representative from each contracting member state.⁸⁰ In addition, the RoP primarily concern the Court's relationship with litigants, rather than internal organizational matters.⁸¹ As such, the RoP are formally international law. However, given that their validity depends on that of the UPCA, the RoP are *per*

⁷⁵ MAXIMILIAN HAEDICKE & HENRIK TIMMANN, HANDBUCH DES PATENTRECHTS [HANDBOOK OF PATENT LAW], 53 (2nd ed. 2020); FLORIAN PASCHOLD, VERFAHRENSPRINZIPIEN DES EINHEITLICHEN PATENTGERICHT (GWR 196) [PROCEDURAL PRINCIPLES OF THE UNIFIED PATENT COURT (GWR 196)] 202–03 (2019); Henrike Weiden, *Aktuelle Berichte* [Current Reports], 124 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 1196 (2022).

⁷⁶ PASCHOLD, *supra* note 44, at 202.

⁷⁷ See Council Agreement on a Unified Patent Court, art. 41(3), 2013 O.J. (C 175) 1, 13 (EU); R.P. UNIFIED PAT. CT. pmbl.; PASCHOLD, *supra* note 44, at 203; *cf. id.* at 212, 215 (discussing the legal nature of the RoP in the context of international law).

⁷⁸ Council Agreement on a Unified Patent Court, art. 41(3), 2013 O.J. (C 175) 1, 13 (EU); R.P. UNIFIED PAT. CT. pmbl.

⁷⁹ PASCHOLD, *supra* note 44, at 202.

⁸⁰ That relationship with litigants may be facilitated through the cost-effective mindset of the UPCA. See Council Agreement on a Unified Patent Court, arts. 12(1), 41(2), 2013 O.J. (C 175) 1, at 5, 12 (EU).

⁸¹ PASCHOLD, *supra* note 44, at 202; for example, see the approach displayed in Rules 4–9. See R.P. UNIFIED PAT. CT. 4–9 (covering the application process, pleadings, service, evidence, representation, and the powers of the UPC).

se not an independent international agreement⁸² and may not be inconsistent with the UPCA.⁸³ In addition, the RoP must be interpreted in accordance with EU law.⁸⁴

3. *Structure*

The RoP consists of a Preamble and 382 rules,⁸⁵ which are divided into a general section, dealing with principles of application and interpretation of the RoP, and followed by six parts on individual topics.⁸⁶ Part 1 deals with the procedure before the court of first instance.⁸⁷ It is followed by provisions on evidence (Part 2) and on interim measures (Part 3).⁸⁸ Part 4 contains a collection of rules on the procedure before the court of appeal.⁸⁹ Part 5 comprises general rules, particularly on the procedure, rights and obligations of representatives, suspension of procedures, parties, procedural language and conduct, as well as on judgments and settlements.⁹⁰ Finally, Part 6 deals with court fees and legal aid.⁹¹

4. *Procedure*

In general, the UPC procedure is front-loaded because parties are required to provide the facts of their case at the outset of the proceeding in written form. The advantage is that the entire process in front of the court, including the oral procedure, is overall quite speedy. It consists of three main stages: written, interim,

⁸² Compare Council Agreement on a Unified Patent Court, art. 41, 2013 O.J. (C 175) 1, 12–13 (EU) (stating that the RoP are international law) *with* PASCHOLD, *supra* note 44, at 217 (stating that the RoP are not an independently valid set of regulations).

⁸³ PASCHOLD, *supra* note 44, at 217.

⁸⁴ *Id.* at 218–19.

⁸⁵ Michaela Opfer et al., *Ordnung ins Verfahren bringen? – Herausforderungen der Verfahrensordnung des Einheitlichen Patentgerichts [Bring Order to the Proceedings? – Challenges to the Procedural Rules of the Unified Patent Court]*, 64 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT] 904, 906 (2015); Grabinski, *supra* note 72, at 312.

⁸⁶ Grabinski, *supra* note 72, at 312.

⁸⁷ *Id.* at 312–17.

⁸⁸ *Id.* at 317–19.

⁸⁹ *Id.* at 319–20.

⁹⁰ *Id.* at 320–21.

⁹¹ *Id.* at 317.

and oral procedures.⁹² Separate procedures for the determination of damages and compensation, and for cost decision may follow.⁹³ The *written* procedure begins with the filing of the statement of claim and includes the statement of defense (which may include a counterclaim for invalidity of the patent), and possibly a reply (including a response to the counterclaim) and a rejoinder.⁹⁴ During the written procedure, a technically qualified judge may be assigned to the panel on a party's or the judge-rapporteur's request.⁹⁵ The *interim* procedure is generally led by the judge-rapporteur who prepares the necessary arrangements for the oral hearing, including requests for further information and evidence from the parties, and possibly one or more interim conferences.⁹⁶ The judge-rapporteur may refer any matter for decision to the panel.⁹⁷ The latter may review *ex officio* the judge-rapporteur's decision, as well as the conduct of the entire interim procedure.⁹⁸ The interim procedure has no equivalent in the national procedural law of any EU member state.⁹⁹ However, because it may issue a diverse range of possible court orders, it adds flexibility to the entire proceeding and may lead to an amicable settlement or resolution by way of mediation or arbitration.¹⁰⁰ A separate *Patent Mediation and Arbitration Centre* ("PMAC") was created specifically for this purpose.¹⁰¹ Even though connected to the UPC, it has its own mediation and arbitration rules.¹⁰² The *oral* procedure, as the final stage of the proceeding before

⁹² See R.P. UNIFIED PAT. CT. 10; Opfer et al., *supra* note 85, at 907–08; Grabinski, *supra* note 72, at 312–17.

⁹³ R.P. UNIFIED PAT. CT. 10.

⁹⁴ *Id.* 12.

⁹⁵ *Id.* 33–34.

⁹⁶ *Id.* 101.

⁹⁷ *Id.* 102(1).

⁹⁸ *Id.* 102(2).

⁹⁹ Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 223.

¹⁰⁰ *Id.*

¹⁰¹ See Council Agreement on a Unified Patent Court, art. 35, 2013 O.J. (C 175) 1, 11 (EU).

¹⁰² Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 223.

the UPCA's court of first instance, is led by the presiding judge.¹⁰³ It consists of an oral hearing, followed by a ruling which is issued in writing.¹⁰⁴

III. DISTINCTIVE FEATURES OF THE UPC ENVIRONMENT

The UPC is a novelty for both the European and non-European patent systems. While European lawyers may be familiar with some of the principles and procedures underlying the UPC, lawyers not versed in EU patent litigation are likely faced with a completely new system. The following will discuss a few of its most salient features, possibly relevant to international patent holders.

A. TRANSITIONAL PERIOD

Patent holders may be anxious about placing their valuable patents into the hands of a new court, whose policies and procedures are unknown and unproven.¹⁰⁵

Concerns relate, *inter alia*, to the UPC's central revocation competence, which entails invalidation of a Unitary Patent in all seventeen participating jurisdictions in a single proceeding.¹⁰⁶ A patent of potentially considerable value could thus be lost by way of a single judicial stroke, as a result of a successful revocation action. For competitors of an incumbent patentee, such as generic manufacturers of pharmaceuticals, the central revocation feature offers a convenient new tool to challenge the incumbent's patent position in one proceeding in seventeen European markets.¹⁰⁷ In contrast, the classic bundle patent is more lenient on patentees, in that validity can only be challenged

¹⁰³ R.P. UNIFIED PAT. CT. 111; *Guide to the Unified Patent Court (UPC)*, D YOUNG & CO.: I.P. KNOWLEDGE BANK, <https://www.dyoung.com/en/knowledgebank/faqs-and-guides/guide-unified-patent-court-upc> [https://perma.cc/R98G-FEBQ].

¹⁰⁴ See Council Agreement on a Unified Patent Court, art. 52, 2013 O.J. (C 175) 1, 15 (EU); R.P. UNIFIED PAT. CT. 118.6–7.

¹⁰⁵ See Tilmann, *UPCA and EPUE-Reg – Construction and Application*, *supra* note 55, at 409 (the policies and procedures are still unproven because they are “nearing the phase of their actual application”).

¹⁰⁶ See Klaus Reindl, *EPO Opposition and UPC Revocation Action*, LEXOLOGY, (Nov. 2, 2022) <https://www.lexology.com/library/detail.aspx?g=bf5dc909-9da2-4caf-8996-e31839eff4bf> [https://perma.cc/646N-YJY8].

¹⁰⁷ See Simpkin, *supra* note 3.

jurisdiction-by-jurisdiction.¹⁰⁸ This, in practice, allows the opportunity to negotiate an acceptable compromise in the event of a revocation in one jurisdiction.¹⁰⁹

To alleviate the concerns, (only¹¹⁰) holders of classic bundle patents may choose between two simple avenues by which they can avoid the UPC's exclusive competence, during an initial transition period of seven years upon entry into force of the UPCA (extendable to another seven years):¹¹¹ Either they may not select the UPC in the first place, or in the alternative, they may opt out of UPC jurisdiction for the whole term of the respective patent.¹¹² Each scenario has the advantage that validity challenges must be filed jurisdiction-by-jurisdiction, as competence remains with the national courts.¹¹³ However, although these courts apply their own national procedural law, they are required to apply the substantive law of the UPCA.¹¹⁴

In order to opt-out, a holder or applicant of a classic European patent must submit a request to the UPC's registry within the transitional period.¹¹⁵ The opt-out is effective as soon as the request has been entered into the appropriate

¹⁰⁸ *Id.*

¹⁰⁹ *See id.*

¹¹⁰ AXEL METZGER, PATENTRECHT: MIT GEBRAUCHSMUSTER UND SORTENSCHUTZRECHT [PATENT LAW: WITH USAGE MODEL AND VARIETY PROTECTION RIGHT] 226 (C.F Müller eds., 5th ed. 2023); Hanns Ullrich, *The European Patent and its Courts: An Uncertain Prospect and an Unfinished Agenda*, 46 IIC 1, 3 (2015) [hereinafter, Ullrich, *The European Patent and its Courts: An Uncertain Prospect and an Unfinished Agenda*].

¹¹¹ Council Agreement on a Unified Patent Court, art. 83, 2013 O.J. (C 175) 1, 21 (EU).

¹¹² *See id.*

¹¹³ For details, see HARGUTH, ET AL., *supra* note 6, at 35.

¹¹⁴ *See id.*

¹¹⁵ Council Agreement on a Unified Patent Court, arts. 6(1), 10(1), and 83(3), 2013 O.J. (C 175) 1 at 3, 5, 21 (EU); *see also id.* at appx., Statute of the Unified Patent Court, art. 23(2)(c), 2013 O.J. (C 175) 1, 36 (outlining the duty of the Registrar of the Court to “keep[] and publish[] a list of notifications and withdrawals of opt-outs in accordance with Article 83 of the [UPCA]”); R.P. UNIFIED PAT. CT. 5–5A. If a patent has two or more patent holders or applicants, the opt-out application must be made by all of them and for all countries for which the patent has been granted or which are selected in the application. *Id.* 5(1).

register.¹¹⁶ However, an opt-out is not permissible once an action (e.g. an invalidation claim) is pending against the patent in question.¹¹⁷ This poses a risk to patent holders, given a third party might bring an early claim before they manage to opt out.¹¹⁸ This risk exists particularly in the current initial phase following the Patent Package's entry into force, as many requests for an opt-out are expected to be filed, which may delay the processing of each individual application.¹¹⁹

Once filed, an opt-out may be withdrawn.¹²⁰ Thus, the patentee may opt back in by filing a reasoned request for withdrawal of the opt-out. This alleviates the risk of accidental or abusive opt-out requests, given that such requests are not verified.¹²¹

As a consequence, there might be a kind of "forum shopping" during the transitional period, which allows a patentee to bring actions both before national courts and the Unified Patent Court by opting out and back in.¹²² The defendants in these actions do not have the same latitude to choose their forum.¹²³ This raises a concern of a pro-patentee bias of the Unitary Patent system.¹²⁴

¹¹⁶ See R.P. UNIFIED PAT. CT. 5.2(b).

¹¹⁷ For details, see Benjamin Schröder, *Einheitspatentgericht – Überlegungen zum Forum-Shopping im Rahmen der alternativen Zuständigkeit nach Art. 83 Abs. 1 EPGÜ* [Unified Patent Court - Considerations on Forum Shopping Within the Framework of Alternative Jurisdiction under Article 83(1) UPCA], 62 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT] 1102, 1103 (2013); Tilmann, *Einheitspatent und Einheitliches Gericht: Rechtliche und praktische Fragen*, *supra* note 51, at 58.

¹¹⁸ See Henrike Weiden, *Aktuelle Berichte* [Current Reports], 124 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 1196, 1197 (2022).

¹¹⁹ Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 221–22.

¹²⁰ See R.P. UNIFIED PAT. CT. 5.2. Note that the provisions of UPCA do not apply in the case of an opt-out within the meaning of Art. 3 or in the case of actions for nullity or infringement before a national court pursuant to Art. 83 (1) UPCA ("transitional regime"). Fuchs, *supra* note 63, at 244.

¹²¹ Blanke-Roeser, *Unitary Patent and Unified Patent Court*, *supra* note 9, at 223.

¹²² For details, see *id.* at 221.

¹²³ Cf. Council Agreement on a Unified Patent Court, art. 83, 2013 O.J. (C 175) 1, 21 (EU).

¹²⁴ Rochelle Cooper Dreyfuss, *Launching the Unified Patent Court: Lessons from the United States Court of Appeals for the Federal Circuit*, in THE UNITARY PATENT

B. BIFURCATION OF REVOCATION & INFRINGEMENT CLAIMS

The procedure of bifurcation, practiced in some European countries, entails splitting up the infringement from the validity aspect of a case, to be handled by different tribunals.¹²⁵ Proponents of the bifurcated system urge its advantage, namely that fewer validity challenges are being made than in a unified system and that more cases tend to settle.¹²⁶ On the downside, bifurcation may result in “an injunction gap”: a situation where an injunction is obtained before validity has been considered, or otherwise stated, a patent could be found invalid but infringed.¹²⁷

The UPC has not adopted the bifurcation system as the default standard.¹²⁸ Because the Central Division is competent to adjudicate both infringement and revocation claims,¹²⁹ both aspects of a case can be handled in a single proceeding¹³⁰.

Still, there are instances in which infringement and revocation aspects will end up being handled by different UPC Divisions.¹³¹ A defendant in an infringement action may challenge the validity of the asserted patent by filing a revocation action in two ways: either directly within the pending infringement action typically filed in a Local/Regional Division of the UPC,¹³² or, alternatively, as a standalone revocation action at the Central Division.¹³³ This split in

PACKAGE & UNIFIED PATENT COURT 73, 347–48 (Desaunettes-Barbero et al. eds. 2023).

¹²⁵ Katrin Cremers et al., *Patent Litigation in Europe*, 44 EUR. J. LAW ECON. 1, 4 (2016).

¹²⁶ *Id.* at 12, 34.

¹²⁷ Léon E. Dijkman, *Does the Injunction Gap Violate Implementers’ Fair Trial Rights under the ECHR?*, 70 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT] 215, 217–18 (2021) (“[I]mplementers are forced to comply with an injunction . . . on the basis of a patent that later turns out to be invalid.”).

¹²⁸ See Council Agreement on a Unified Patent Court, art. 33(4), 2013 O.J. (C 175) 1, 11 (EU).

¹²⁹ *Id.* arts. 32, 65, at 17–18.

¹³⁰ *Id.* art. 33(3), at 10.

¹³¹ *Id.* art. 33, at 10–11.

¹³² *Id.* art. 33(3), at 10.

¹³³ Notwithstanding an exception for actions for infringement brought before a local or regional division between the same parties relating to the same patent, in which case the revocation action must be brought before the same

competence may result in bifurcation, either as a result of the parties' choice or due to the Court's exercise of discretion.¹³⁴

The *parties' choice* may come about as follows. The UPCA provides that, even if a standalone revocation action is pending at the Central Division, an infringement action relating to the same patent may be brought before any competent division of the UPC, whether the Central Division or a Local/Regional Division.¹³⁵ The latter then cannot refer the case to the Central Division without both parties' permission.¹³⁶ This gives the patent owner against whom the revocation action is pending the option to strategically "bifurcate" the questions of infringement and validity.¹³⁷

The Court may also *exercise discretion* in bifurcating cases. If an infringement action is pending in a Local/Regional Division and the defendant files a counterclaim for revocation, the Local/Regional Division may refer the counterclaim for revocation to the Central Division or to proceed with both the action for infringement and the counterclaim for revocation.¹³⁸ It is still uncertain what factors may impact the court's discretion in such cases. If the Local/Regional Division refers the counterclaim for revocation to the Central Division, it may then suspend or proceed with the action for infringement.¹³⁹ A suspension might be particularly reasonable in circumstances where there is a high likelihood that the relevant claims of the patent will be held to be invalid. The overarching goal is to avoid inconsistent judgments.¹⁴⁰ In this case, the Central Division is advised "of

local or regional division. *Id.* art. 33(4), at 11. *See generally* Convention on the Grant of European Patents (European Patent Convention), art. 2–3, Oct 5, 1973, OJ EPO 2020 164, https://link.epo.org/web/EPC_17th_edition_2020_en.pdf [<https://perma.cc/Q8V7-CVX6>] [hereinafter Convention on the Grant of European Patents] (explaining that a European patent can be opposed at the EPO within nine months following the publication of the mention of its grant in the European Patent Bulletin).

¹³⁴ Council Agreement on a Unified Patent Court, art. 33, 2013 O.J. (C 175) 1, 10–11 (EU).

¹³⁵ *Id.* art. 33(5), at 11.

¹³⁶ *Id.* arts. 33(3)(c), 33(5), at 10–11.

¹³⁷ *Id.* arts. 33(2), 33(3), at 10.

¹³⁸ *Id.* art. 33(3)(a)–(b), at 10.

¹³⁹ *Id.* art. 33(3)(b), at 10.

¹⁴⁰ R.P. UNIFIED PAT. CT. pmb1.

key hearing dates in the infringement action (so that [it] can take those dates into account when setting the timetable for the revocation action)".¹⁴¹

C. PRELIMINARY INJUNCTIONS

The UPC has the power to grant preliminary¹⁴² and permanent¹⁴³ injunctions for the territory of the UPCA member states. A decision will automatically be applicable in those states.¹⁴⁴

In terms of the standards applicable in evaluating injunctions, the Court's choice of a preliminary injunction policy is likely to fall between the two opposing poles of preliminary injunctions practice in different jurisdictions. On the one hand, in some common law countries, including the United States., the injunctions are granted based on a flexible multifactor test.¹⁴⁵ On the other hand, in several civil law jurisdictions, particularly Germany, the injunctive relief (at least traditionally) follows as an automatic consequence of an infringement, based on the premise that a registered patent entitles the owner to this remedy.¹⁴⁶ In between these two poles, courts have practiced various degrees of balancing, weighing the parties' respective interests and considering the degree of harm, as for instance in

¹⁴¹ Gordon Harris and Alex Driver, *How does the Unified Patent Court Work?*, GOWLING WLG (July 18, 2022), <https://gowlingwlg.com/en/insights-resources/articles/2022/how-does-the-upc-work> [<https://perma.cc/9XWY-LH2W>].

¹⁴² Council Agreement on a Unified Patent Court, art. 62, 2013 O.J. (C 175) 1, 17 (EU).

¹⁴³ *Id.* art. 63, at 17.

¹⁴⁴ *Id.* art. 34, at 11.

¹⁴⁵ For example, in the US, there are the following four factors: (1) that the plaintiff has suffered an irreparable injury; (2) that remedies available at law are inadequate to compensate for that injury; (3) that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. *eBay v. MercExchange*, 547 U.S. 388, 391 (2006).

¹⁴⁶ Gerhard Wagner, *Die Aufopferung des patentrechtlichen Unterlassungsanspruchs* [*The Sacrifice of the Patent Injunction Claim*], 124 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 294 (2022) (discussing details on the traditional German solution and its recent amendment, which added a proportionality test and opining on the dogma of patent injunctive relief); *see generally* MICHAEL PLAGGE, DER PATENTRECHTLICHE UNTERLASSUNGSANSPRUCH: HISTORIE, REICHWEITE UND REFORM [THE PATENT INJUNCTIVE CLAIM: HISTORY, REACH AND REFORM] 1, 85–94 (Christian Berger & Horst-Peter Götting 2022).

the United States under the four factors of *eBay v. MercExchange*, 547 U.S. 388, 396 (2006) or in Germany, by introducing the proportionality test.¹⁴⁷

More recently, some softening in EU injunction practice has been noticed, likely out of concern with excessive effect of injunctions, particularly in the complex products manufactured, for instance, by the IT sector, where an injunction as to a single patent may have the disproportionate effect of blocking the entire product.¹⁴⁸

Following this trend, the UPCA, consistent with EU law¹⁴⁹ and international treaties¹⁵⁰, adopts a more lenient approach in that they grant courts a fair amount of judicial discretion.¹⁵¹ Its wording provides for discretion and proportionality:

*The Court shall have the discretion to weigh up the interests of the parties and in particular to take into account the potential harm for either of the parties resulting from the granting or the refusal of the injunction.*¹⁵²

The specific criteria to be taken into account in weighing these interests remain to be defined. The ECJ's and other courts' more recent jurisprudence

¹⁴⁷ See Wagner, *supra* note 146, at 294 (“[T]he justification for the law bases the exclusion of the injunctive relief primarily on this Principle of proportionality.”) (translation).

¹⁴⁸ Ansgar Ohly, *Injunctions in the UPC and the Principle of Proportionality*, 5 STOCKHOLM INTELL. PROP. L. REV. 58, 62 (2022).

¹⁴⁹ See Directive 2004/48 of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, art. 3(2), 2004 O.J. (L 195), 16, 20 (EC). The European Parliament and the Council point out that remedies for injunctions shall be effective, proportionate and dissuasive. This allows courts to deny a remedy if it were disproportionate. See also Directive 2004/48 of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, art. 11, 2004 O.J. (L 195), 16, 23 (EC) (discussing general procedures for injunctions).

¹⁵⁰ See, e.g., Agreement on Trade-Related Aspects of Intellectual Property Rights [TRIPS], Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 319, 339 (1994) [hereinafter TRIPS Agreement].

¹⁵¹ See Council Agreement on a Unified Patent Court, art. 63, 2013 O.J. (C 175) 1, 17 (EU) (“Where a decision is taken finding an infringement of a patent, the Court *may* grant an injunction against the infringer aimed at prohibiting the continuation of the infringement.”) (emphasis added).

¹⁵² *Id.* art. 62(2), at 17.

consider the “extreme urgency” of the case,¹⁵³ as well as the validity of the patent.¹⁵⁴ The concept of “urgency” in this context may have different facets. It may, for instance, refer to economic harm to the patentee, such as an irreversible price collapse, the exclusion from competition or the imminent lapse of the patent.¹⁵⁵ Additionally, the patent’s validity must be taken into account.¹⁵⁶ The UPC is generally expected to follow the test articulated by the most recent ECJ decision on this issue, *Phoenix Contact/Harting*.¹⁵⁷ There, the ECJ held that a granted patent is an appropriate basis for granting a preliminary injunction, because any European patent enjoys the presumption of validity based on the mere fact that it was issued.¹⁵⁸ The alleged infringer bears the burden of making a showing to the contrary.¹⁵⁹ The court will take into consideration doubts concerning the validity of a patent-in-suit only if an opposition or nullity complaint have been filed against it, or, if an opposition or validity challenge are foreseeable or the defendant was put on notice.¹⁶⁰ Based on this ECJ decision, it is contended that the UPC will adopt a generous practice for granting preliminary injunctions, consistent with the approach in several EU member states that signed the UPCA (*e.g.*, Austria, France and the Netherlands).

¹⁵³ See R.P. UNIFIED PAT. CT. 209.3.

¹⁵⁴ *Id.* 209.2(a).

¹⁵⁵ Philipp Rastemborski, *Preliminary Injunctions and Protective Letters before the UPC*, LEXOLOGY (Mar. 16, 2023), <https://www.lexology.com/library/detail.aspx?g=4a4a729b-1a3d-48c3-9d91-e2e69baae73a> [<https://perma.cc/62N8-QN2A>].

¹⁵⁶ See R.P. UNIFIED PAT. CT. 209.2(a).

¹⁵⁷ Case C-44/21, *Phoenix Contact GmbH & Co. v. Harting Duetschland GmbH & Co.*, ECLI:EU:C:2022:309, ¶ 55 (Apr. 28, 2022).

¹⁵⁸ *See id.* at ¶ 41

(In that context, it must be borne in mind that filed European patents enjoy a presumption of validity from the date of publication of their grant. Thus, as from that date, those patents enjoy the full scope of the protection guaranteed . . . by Directive 2004/48 . . .).

¹⁵⁹ *See id.*

¹⁶⁰ An interpretation of the ECJ decision in *Phoenix Contact/Harting* is given in LG München I, *Anforderungen an den hinreichend gesicherten Rechtsbestand im einstweiligen Verfügungsverfahren* [*Requirements for a Sufficiently Secure Legal Existence in the Interim Injunction Procedure*], 7 O 4716/22, 124 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 1795, at 1, 2 (2022).

If it is any indication of what is to follow, one of the first UPC preliminary injunctions confirms this expectation. Shortly after the UPC commenced operations, the Local Division in Düsseldorf, Germany, granted the UPC's first preliminary injunction, in the case *myStromer AG v. Revolt Zycling AG*, ex parte, on the same day on which it was filed.¹⁶¹

Both parties to the action are producers of a type of e-bike and the case involved a patent for a structural component of the bike.¹⁶² *myStromer* sought a preliminary injunction to prevent *Revolt's* showing and marketing its allegedly infringing bicycles at the then ongoing EuroBike trade fair in Frankfurt, on the ground that it would cause *myStromer* irreversible loss.¹⁶³ *Revolt*, in a protective letter, objected to the issuance of the injunction, asserting that *myStromer's* patent rights were exhausted and that its patent was not infringed. However, in its letter, *Revolt* did not claim invalidity of the patent.¹⁶⁴ The Court declined to hear *Revolt* and ruled ex parte in favor of the applicant.¹⁶⁵

The Court's reasoning was based on the urgency¹⁶⁶ resulting from the opponent's exposure to potential customers at the ongoing "leading trade show": According to the Court, the opponent's presence at the fair "enables the defendant to come into contact with potential customers and thus to establish its own market presence. It is obvious that the exhibition of the alleged infringing product at this

¹⁶¹ Order of the Court of First Instance of the Unified Patent Court on 22 June 2023 at 1, *myStromer AG v. Revolt Zycling AG*, Application No. 525740/2023 at 1 (2023) (No. UPC_CFI_177/2023), https://www.unified-patent-court.org/sites/default/files/upc_documents/23-06-22-ld-dusseldorf-order-rop212-upc_cfi-177-2023-anonymized-1.pdf [<https://perma.cc/FU63-C5LE>].

¹⁶² *Id.* at 2 (relating to European patent EP 2 546 134 B1 for a "Combination structure of bicycle frame and motor hub.").

¹⁶³ *Id.* at 3, 6.

¹⁶⁴ *See id.* at 5 (lacking mention of any invalidity claim on *Revolt's* part). A protective letter "may contain facts, evidence and arguments of law and set out the reasons why any future application for provisional measures should be rejected by the UPC." *Frequently Asked Questions: Protective Letter*, UNIFIED PAT. CT., <https://www.unified-patent-court.org/en/faq/protective-letter> [<https://perma.cc/F22F-QCCK>] [hereinafter *Protective Letter*].

¹⁶⁵ *Id.* at 6.

¹⁶⁶ R.P. UNIFIED PAT. CT. 209.2(b).

trade fair could lead to an irreversible loss of sales or market share of the applicant.”¹⁶⁷

Nonetheless, in its “Ground for Decision,” the Court lists as first ground the fact that the validity of the patent-in-suit had not been challenged by the Respondent either extrajudicially or in its protective letter.¹⁶⁸ Would the outcome have been different, had the opponent raised a challenge to validity in its protective letter? Would the Court, at a minimum, have granted a hearing to the opponent, despite the uncontroversial urgency of the matter?¹⁶⁹

In contrast, however, another early preliminary injunction issued by the Munich Local Chamber of the Court of First Instance on September 19th, 2023, points to the painstaking level of attention with which the Court is capable of in examining the facts of an injunction application. The matter at issue was *NanoString Technologies Inc., NanoString Technologies Germany GmbH, NanoString Technologies Netherlands B.V. (respondents) v. 10x Genomics, Inc., President and Fellows of Harvard College (applicants)*.¹⁷⁰ Applicants had sought to enjoin respondents from using the applicants’ patented CosMxA method for detecting a plurality of

¹⁶⁷ *myStromer AG v. Revolt Zycling AG*, Application No. 525740/2023 at 6 (2023) (No. UPC_CFI_177/2023) (emphasis added; extended quotation as follows:

The applicant has made a credible case that it would suffer irreparable damage as a result of a delay (Rule 212.1 RoP). The ‘EuroBike 2023’ is an important leading trade show that is of considerable relevance for the entire industry. It enables the defendant to come into contact with potential customers and thus to establish its own market presence. It is obvious that the exhibition of the alleged infringing product at this trade fair could lead to an irreversible loss of sales or market share of the applicant. The products of both parties are substitutable, directly competing products.)

(translated with Google).

¹⁶⁸ *See id.* at 5.

¹⁶⁹ *See Protective Letter*, *supra* note 164.

¹⁷⁰ *NanoString Technologies Inc. v. 10x Genomics, Inc.*, No. UPC CFI 2/2023, Decision and Orders of the Court of First Instance of the Unified Patent Court in the Proceedings for Granting of Provisional Measures Concerning EP 4,108,782, Einheitlichen Patentgerichts [EPG] [Unified Patent Court], 1–3 (Sept. 19, 2023).

analytes in a cell or tissue sample under patent EP 4 108 782, titled “Compositions and methods for analyte detection.”¹⁷¹

Following an oral hearing which lasted a day and a half, the Court issued a decision in excess of 100 pages containing a thorough examination of the relevant facts, including the patent-in-suit, the parties’ respective claims and arguments, the allocation of the burden of proof, as well as the merits of the respondent’s pending invalidity action and respondent’s assertion of license rights under an NIH grant.¹⁷² Balancing the parties’ interests under Article 62(2) EPC, Rule 211(3) RoP, the Court granted the preliminary injunction, having found that the right holders’ interests outweigh those of the alleged infringer.¹⁷³

The Court summed up its reasoning as follows:

The Claimants entitled to file the request are infringed by the acts of the Defendants in dispute in their rights arising from the patent at issue; the Local Division assumes this with a very high degree of probability. The Local Division is also convinced with a significantly higher probability that the patent at issue is valid;

¹⁷¹ *Id.* at 4.

¹⁷² *Id.* at 3, 84–85, 88, 92, 106.

¹⁷³ *Id.* at 91. The 10x Genomics/Nanostrings decision was reversed by the UPC Court of Appeal. It is important to note, however, that the Court of Appeal’s reversal related to aspects of the case other than the methodology applied by the Local Division in assessing the entitlement to a preliminary injunction. The Court of Appeal primarily took issue with the standard applied for assessing the validity of the patent in suit. Thus, the procedure applied by the Local Division was implicitly sanctioned, and the case may continue to serve as an indicator of the correct handling of an application for a preliminary injunction. *See* NanoString Technologies Inc. v. 10x Genomics, Inc., No. UPC COA 335/2023 (Feb. 26, 2024); Matthias Leistner, *Die erste substanzielle Entscheidung des EPG-Berufungsgerichts [The First Substantive Decision of the EPG Appeal Court]* 124 *GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR]* 514, 514–19 (2024) (“Schließlich bringt das Urteil grundsätzliche Bestätigung für die Prüfungsstruktur und Standards der LK München hinsichtlich der Bestands- und Verletzungsprüfung im einstweiligen Rechtsschutz.” Author’s translation: “Finally, the decision provides a confirmation in principle of the structure of the analysis and the standards applied by the Local Division in Munich regarding the existence and infringement of a patent.”).

this conviction is not diminished by the auxiliary request submitted by the Claimants at the suggestion of the Local Division during the oral proceedings, in which the patent at issue is asserted in a restricted form. The Local Division is also firmly convinced that provisional measures are necessary due to the infringement of a valid patent, both in terms of subject matter and timing. . . . [T]he Local Division also does not consider the possibility of long-term harm caused by the order for provisional measures or their dismissal to be unilaterally to the detriment of the Defendants.

There are also no other circumstances to be taken into account in the context of the weighing up of interests that would argue against a prohibitory injunction.¹⁷⁴

Certainly, since as of the date of this writing, the Court has rendered only these two decisions relating to preliminary injunctions; this is too scant a basis for trying to detect a pattern in the UPC's handling of injunction applications. Furthermore, the orders were issued by two different Local Divisions in Germany: Düsseldorf and Munich.¹⁷⁵ Yet so far, the limited conclusions that can be drawn are twofold. First, it appears that the Court has the ability to act expeditiously, if necessary, as indicated by the *myStromer* case, where urgency was called for.¹⁷⁶ Second, as the *NanoStrings Technologies* decision demonstrates, the Court is also capable of a great deal of thoroughness in its consideration of the facts and weighing of the interests at stake.¹⁷⁷ Furthermore, the decision demonstrates willingness to listen to the parties' arguments in a technologically and factually complex matter and to give their arguments careful attention, even when lengthy oral arguments are required.

¹⁷⁴ NanoString Technologies Inc., No. UPC COA 335/2023 at 91 (using authors' translation from the German original).

¹⁷⁵ *Id.* at 1; *myStromer AG v. Revolt Zycling AG*, Application No. 525740/2023 at 1 (2023) (No. UPC_CFI_177/2023).

¹⁷⁶ *E.g.*, the Court issued the order on the same day the case was filed. *Id.*

¹⁷⁷ *See generally* *NanoString Technologies Inc. v. 10x Genomics, Inc.*, No. UPC CFI 2/2023, Decision and Orders of the Court of First Instance of the Unified Patent Court in the Proceedings for Granting of Provisional Measures Concerning EP 4,108,782, Einheitlichen Patentgerichts [EPG] [Unified Patent Court], 1–3 (Sept. 19, 2023).

D. DIGITIZATION

The final nineteenth version of the RoP introduced new procedural provisions relating to digitization. First, pleadings and other documents must generally be submitted in electronic form via the UPC *Case Management System* (“CMS”), using two certificates (one for the authentication and one for the electronic signature).¹⁷⁸ Only if the CMS is out of function may a document be submitted in paper form followed by the submission of an electronic copy as soon as possible.¹⁷⁹ Another amendment of the RoP concerns the public access to decisions and orders of the UPC.¹⁸⁰ While they are publicly accessible, pleadings and evidence are only made accessible upon reasoned request from a party and a hearing of both parties.¹⁸¹ This complies with recent EU law developments, notably the *General Data Protection Regulation*,¹⁸² and the *Trade Secrets Directive*.¹⁸³ Third, in exceptional cases, the oral hearing before the UPC may be conducted partially or

¹⁷⁸ UNIFIED PAT. CT., *Case Management System 1* (Nov. 11, 2022), https://www.unified-patent-court.org/sites/default/files/upc_documents/upc_strong_authentication_how_to.pdf [<https://perma.cc/72NP-3NRM>].

¹⁷⁹ R.P. UNIFIED PAT. CT. 4.

¹⁸⁰ Sebastian Vautz, *UPC Rules of Procedure Go Into Force With Judgments to Be Made Public*, CMS LAW-NOW (Sept. 13, 2022), <https://cms-lawnow.com/en/ealerts/2022/09/upc-rules-of-procedure-go-into-force-with-judgments-to-be-made-public> [<https://perma.cc/T8RU-ZCTF>]; Weiden, *supra* note 24, at 1197.

¹⁸¹ Vautz, *supra* note 180, at 4 (By contrast, the previous version of the RoP had defined the publication of pleadings and evidence as the standard and therefore required a request from the affected party in order to avoid this).

¹⁸² See Regulation 2016/679, 2016 O.J. (L 119) 1, 84 (EU) (establishing that data in official documents held by a public authority (*e.g.*, court orders) may be disclosed to the public).

¹⁸³ See Directive 2016/943, 2016 O.J. (L 157) 1, 17 (EU) (permitting publication of unlawful acquisition cases involving use or disclosure of trade secrets).

entirely by video conference.¹⁸⁴ Furthermore, video (or telephone) conference is now the standard for the interim conferences.¹⁸⁵

IV. FUTURE OUTLOOK

Having reviewed the essential structural background of the UPC, this latter portion of the Article contains a future outlook on positions and interpretations of the law that could be expected in the future, including the Court's stance on innovation, structural elements which may be of potential concern to smaller players in the patent ecosystem, and a review of flexibilities that may counterbalance the inherent risks of concern to SMEs.

A. WHAT STANCE WILL THE COURT TAKE VIS-À-VIS THE OVERALL EUROPEAN INNOVATION ECOSYSTEM?

The UPC's *explicitly* stated objectives are primarily procedural: to render the patent process more efficient and to harmonize EU law.¹⁸⁶ In addition, however, the Court has an important *implicit* substantive responsibility; because patents involve advanced technological inventions, the UPC's decisions will have a decisive impact on steering the course of innovation in Europe.¹⁸⁷ The UPC's

¹⁸⁴ Amy Sandys, *UPC Rules of Procedure Amendments Focus on Opt-Out and Privacy*, JUVE PAT. (July 19, 2022), <https://www.juve-patent.com/news-and-stories/legal-commentary/upc-rules-of-procedure-amendments-focus-on-opt-out-and-privacy> [<https://perma.cc/3GY6-SJMF>] [hereinafter Sandys, *UPC Rules of Procedure Amendments Focus on Opt-Out and Privacy*]; R.P. UNIFIED PAT. CT. 104(h), 112.3.

¹⁸⁵ See R.P. UNIFIED PAT. CT. 105.1. ("The interim conference should, where practicable, be held by telephone conference or by video conference."); See generally Sandys, *UPC Rules of Procedure Amendments Focus on Opt-Out and Privacy*, *supra* note 184 ("[A]mendments in Rule 104 and Rule 112 now acknowledge an increased prevalence in home working in the wake of the pandemic, which undoubtedly continues to influence daily working structures.").

¹⁸⁶ R.P. UNIFIED PAT. CT. pmb1.; Tobias Wuttke, *Countdown to the Unified Patent Court, Part III: Remedies*, IPWATCHDOG (May 3, 2023, 7:15 AM), <https://ipwatchdog.com/2023/05/03/countdown-unified-patent-court-part-iii-remedies/id=160394> [<https://perma.cc/AQL8-DRQS>] (explaining that the remedies available through the UPCA and RoP "will be available on a pan-European level in a 'one-stop-shop' procedure").

¹⁸⁷ Nicolas Binctin, *Incorporating Material Patent Law in the UPCA Only – or in EU Law*, in THE UNITARY PATENT PACKAGE & UNIFIED PATENT COURT: PROBLEMS,

stance is therefore of crucial importance to the European innovation scene, with innovation being one of the EU's top policy priorities.¹⁸⁸ Yet, the UPCA mentions innovation only once and cursorily.¹⁸⁹ No guidance is provided on how the important aspect of innovation is to be approached. This raises the legitimate question of what position the Court will take vis-à-vis the role of patents in overall innovation. Will the Court view patents, narrowly, as a mere technical tool that grants an inventor market power, or more comprehensively, as a property right integrated in a legal and economic framework?¹⁹⁰

The experience in other countries, notably the United States, shows that specialized patent courts, such as the UPC, sometimes adopt a narrow view of patents, considering them to be the *only* incentive to innovation and therefore as the *sole* key to technological progress.¹⁹¹ This occurs at the expense of a broader consideration of the innovation scene and is detrimental to overall innovation, with an adverse impact on certain stakeholders such as smaller innovators and the public at large.¹⁹² In contrast, an integrated view of the role of patents would take

POSSIBLE IMPROVEMENTS AND ALTERNATIVES 237, 237–38 (Desaunettes-Barbero et al. eds., 2023) (discussing the prerogative of the European Parliament and Council to develop European patent law).

¹⁸⁸ STRATEGIC PLAN 2020–2024, EUR. COMM'N 4 (Oct. 8, 2020), https://commission.europa.eu/system/files/2020-11/rtd_sp_2020_2024_en.pdf [<https://perma.cc/Z62M-Y6U7>].

¹⁸⁹ Council Agreement on a Unified Patent Court, pmbL., 2013 O.J. (C 175) 1 (EU). In the Preamble, Recital 2, the UPCA implicitly mentions the goal of overcoming fragmentation “detrimental for innovation, in particular for small and medium-sized enterprises which have difficulties to enforce their patents and to defend themselves against unfounded claims and claims relating to patents which should be revoked.” *Id.* The only other reference to SMEs, found in art. 36 (“Budget of the Court”), mentions their financial treatment. *Id.* art. 36, at 11.

¹⁹⁰ Binctin, *supra* note 187, at 238.

¹⁹¹ See Dreyfuss, *supra* note 124, at 83–84 (drawing on the US experience with the Federal Circuit, the only US forum which deals with patent appeals, and warning of the risk that a specialized court may perceive “the only incentives to innovation (...) [as] those that involve patent rights; ‘if all you have is a hammer, everything looks like a nail,’ [so] it is no wonder that the court would view patents as the key to technological progress”).

¹⁹² See *id.* at 82–83 (highlighting the problem of non-practicing entities (“NPEs”), otherwise known as patent trolls, which tend to monetize patents only through infringement actions and extorting exorbitant licensing fees

into consideration the interests of all economic operators who participate in the innovation ecosystem: large and small patent holders, and non-patent holding competitors.¹⁹³ It would also take into account extra-legal dimensions of the innovation ecosystem, such as the costs and benefits of other types of exclusivity, competition, new business strategies, and transactions.¹⁹⁴

A key consideration in this regard is how broadly or narrowly the Court perceives its primary constituency to be. While the Court's purpose is to serve patentees, the innovation ecosystem includes many other players that are impacted by the Court's decisions, including smaller innovators.¹⁹⁵ Yet, as will be described in the following section,¹⁹⁶ precisely these innovators tend to make less use of the patent system.

We will look at some of the reasons why smaller players might be reluctant to utilize the new Court. We explain the importance of smaller innovators to the innovation ecosystem and point to examples of the UPC's structural elements which give rise to concern. Nonetheless, there is also cause for optimism. The Court is still in the process of developing its policies. If it uses the interpretative latitude conferred by the UPCA in an inclusive manner, smaller players may gain confidence and prospectively make more use of it. This in turn will broaden the Court's view on innovation.

B. STRUCTURAL ELEMENTS OF POTENTIAL CONCERN TO SMALLER PLAYERS IN THE PATENT ECOSYSTEM

On the other hand, if the UPC does not adopt a broad view of the role of patents within the innovation ecosystem, small and medium-sized enterprises ("SMEs") may be at risk of receiving less favorable treatment, even though they bring a disproportionately large contribution to the EU's innovation ecosystem. SMEs represent 99% of businesses in the EU and employ around 100 million

from smaller innovators disinclined to risk a costly patent infringement lawsuit).

¹⁹³ *Id.* at 82–84.

¹⁹⁴ *Id.* at 85–90 (noting the evolution of approaches to patent law by the U.S. Court of Appeals for the Federal Circuit and the U.S. Congress).

¹⁹⁵ *Id.* at 93.

¹⁹⁶ For this and the upcoming sentences, *see infra* Section B.

people.¹⁹⁷ Their contribution to the economy is well-recognized as being essential to Europe's innovativeness, competitiveness, and prosperity.¹⁹⁸ The most cutting-edge innovation comes from the smallest of the SMEs, particularly startup companies. Technology startups constitute the avant-garde of innovation: they are nimble, intensely outcome-driven and enable rapid innovation.¹⁹⁹ Humanity owes startups the development of artificial intelligence ("AI"), several COVID-19 vaccines, as well as startling advances in biotechnology.

However, as practice has shown, SMEs are often litigation-averse. If at all, SMEs tend to be present in patent courts more often as defendants than as claimants.²⁰⁰ Small companies generally challenge validity less frequently, even when accused of infringement.²⁰¹ European startups, unlike those in the United States, often do not seek patent protection at all.²⁰² Without having in front of it a broad spectrum representing the innovation ecosystem, the Court may be relegated to a narrow, "technical view" of patents and accordingly a limited perception of the world in which innovation unfolds.

¹⁹⁷ *Internal Market, Industry, Entrepreneurship and SMEs*, EUR. COMM'N, https://single-market-economy.ec.europa.eu/smes_en [<https://perma.cc/9BTN-HTUC>].

¹⁹⁸ *Id.*

¹⁹⁹ Colleen V. Chien, *Startups and Patent Trolls* [1] (Santa Clara L. Sch. Working Paper, Accepted Paper No. 09-12, 2012), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2146251 [<https://perma.cc/K4MU-EDE4>]. Because they are small and nimble, startups are able to quickly come up with new technologies, in a manner that is more difficult for established players. However, because startups often lack the resources to scale, they are commonly acquired by large companies and integrated into their technological platform. Other factors that delay growth of startups in Europe include corporate and tax laws, as well as general risk-averseness in many European countries. *See generally id.*

²⁰⁰ Domien Op de Beeck, *The UPC and UP: Considerations for SMEs*, LEXOLOGY (June 6, 2023), <https://www.lexology.com/library/detail.aspx?g=d31c3f20-fdcb-4b30-8b3f-2bf976e080f5> [<https://perma.cc/W46T-XRJR>].

²⁰¹ Katrin Cremers et al., *Patent Litigation in Europe*, 44 EUR. J. LAW ECON. 1, 12 (2016).

²⁰² *See generally id.* ("the UPC will increase the risk of being sued or threatened with a suit."); *see generally* Chien, *supra* note 199.

So, why do smaller players distance themselves from the patent system? Some of the reasons are endemic to patent litigation,²⁰³ and consequently they impact all patentees, but more so, smaller companies.²⁰⁴ Other reasons concern uncertainties about how the UPC will interpret the law, given its broad discretion. Both aspects will be briefly addressed below.

One of the reasons for the litigation averseness of smaller players is legal uncertainty. The UPC system, by its nature, contains many uncertainties, given that its policies have yet to take shape. In addition, in patent litigation in particular, uncertainty is caused by the notorious inability of the law to keep up with technological advances.²⁰⁵ As a result, the Court will regularly be confronted with unresolved issues. Outcome predictability of its decisions will likely be low. This uncertainty creates opportunities for strategic exploitation by litigants who retain law firms instructed to explore every possible avenue of success, regardless of cost. Some patentees may hedge risks by using litigation tactics such as forum shopping, using bifurcation to their advantage, or threatening revocation. Companies with lesser legal and financial resources may simply end up being “outlawyered.” As a result, they will try to avoid the patent system, seeking other avenues to exploit their inventions. The absence of smaller companies from the litigation scene may lead to distorted outcomes, such as drawing incorrect contours of a particular patent or, alternatively, allowing technological advances

²⁰³ Only a few illustrative examples will be mentioned. Others are beyond the scope of this Article, such as, for instance, the effect of the fee shifting on smaller companies. Under this system practiced in many European countries, the losing party is responsible for the litigation costs of the prevailing party. In the event of an adverse outcome, a patentee risks having to compensate the prevailing party’s counsel, in addition to paying court fees and its own counsel’s attorneys’ fees. Krista Rantasaari, *Patent Litigation in Europe: Intermediate Fee Shifting and the UPC*, INTELL. PROP. & TECH. L.J., Sept. 2023, at 642, 642–654.

²⁰⁴ For instance, the fact that Unitary Patents are effective and enforceable throughout the territory of 17 EU countries may have an unnecessary anti-competitive effect on local innovation in member counties, particularly where Unitary Patent holders are unconcerned about some of the markets covered by the patent.

²⁰⁵ See JOSHUA A. T. FAIRFIELD, RUNAWAY TECHNOLOGY: CAN LAW KEEP UP? 19–20 (2021) (discussing the issue of “the idea of the technological singularity—the point in time where the rate of technological change exceeds the human capacity to adapt”).

to be appropriated, even though they should remain in the public domain, with an overall adverse impact on innovation.²⁰⁶

Of particular concern is the broad discretion granted to the Court, given that it is still in the process of shaping its policies. Smaller patentees may worry that a narrow interpretation of the law will turn out to favor large patent holders. Consider the example of the preliminary injunction: the UCPA provides no detailed guidance or policy. The EU Intellectual Property Rights Enforcement Directive (“IPRED”) envisions that IP right holders are generally entitled to a “high level of protection.”²⁰⁷ While injunctions must be “proportionate,” they must also be “effective” and “dissuasive”²⁰⁸ and, according to some courts, they should only be denied in exceptional cases.²⁰⁹ These provisions seem to point towards a strict and narrow interpretation. Absent a weighing of interests, a small company defendant may stand lesser chances of prevailing. Furthermore, a policy of quasi-automatic grants of injunctions brings with it the risk that non-practicing entities (“NPEs”) and other actors may manipulate the system and use the threat of an injunction to extort concessions from defendants.²¹⁰ A further instance of

²⁰⁶ Injunctions can affect the interests of third parties and the public interest. This is most obvious in the case of medicine. An injunction to stop the production and sale of a COVID-19 vaccine, for example, could endanger many lives. Similarly, in complex ICT cases injunction as to a single, even minor, component of a product can bring the entire product to a halt. Ansgar Ohly, *Injunctions in the UPC and the Principle of Proportionality*, 5 STOCKHOLM INTEL. PROP. L. REV. 58, 62 (2022).

²⁰⁷ See, e.g., Directive 2004/48 of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, 2004 O.J. (L 195), 16, 17–18 (EC).

²⁰⁸ *Id.* art. 3, at 20 (“Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.”); see also *id.* art. 11, at 23 (prescribing rules for injunctions); see generally Ohly, *supra* note 148, at 58 (“In short: infringement + likelihood of further impairments = injunction.”).

²⁰⁹ Ohly, *supra* note 148, at 62.

²¹⁰ NPEs may also be referred to as patent assertion entities (“PAEs”). Reinhilde Veugelers & Dietmar Harhoff, *New Options for Patenting in Europe*, SCIENCE, July 14, 2023, at 111; Patrick Oliver, *Industry Group: ‘Unified Patent Court Hands Patent Trolls A Powerful Weapon,’* KLUWER PATENT BLOG (Apr. 23, 2017), <https://patentblog.kluweriplaw.com/2017/04/23/industry-group-unified-patent-court-hands-patent-trolls-a-powerful-weapon> [https://perma.cc/E6TL-FQ2M].

uncertainty regarding how the Court will exercise its discretion is the bifurcation mechanism. Litigants may use this to their tactical advantage by positioning themselves favorably relating to either the infringement or the validity issues, or by creating separate proceedings to increase the cost and the length of disputes to the detriment of their opponent.²¹¹ In revocation actions, holders of a single or few patents are more vulnerable than the ones able to spread the risk by combining Unitary Patents with divisional classic European patents.²¹² Given the drastic effect of revocation, patentees will likely put their strongest litigation power forward and increase the expense of the proceedings. This may deter smaller companies from challenging a patent's validity even if the likelihood of invalidating the patent is high.²¹³ Studies of the German bifurcation system indicate that smaller firms less frequently challenge the validity of a patent than large portfolio holders (even when accused of infringement).²¹⁴

Finally, smaller players may be deterred by the fear that the Court is biased in favor of patentees with large portfolios.²¹⁵ Here is a possible scenario:²¹⁶ As a new institution, a court must establish itself and must overcome the patent community's initial skepticism and uncertainty. To this end, it must convince repeat users of its services—companies with substantial patent portfolios—of its meri by demonstrating utility, fairness, and efficiency. It must give companies the confidence to entrust their “crown jewels” to a yet unproven institution. In this

²¹¹ See Krista Maria Rantasaari, *Panorama of the Issues for SMEs and Possible Solutions*, in *THE UNITARY PATENT PACKAGE & UNIFIED PATENT COURT: PROBLEMS, POSSIBLE IMPROVEMENTS AND ALTERNATIVES* 439, 455 (Luc Desaunettes-Barbero et al. eds., 2023) (stating that smaller alleged infringers might hesitate to challenge patent validity, the implication being that bifurcation leads to separate infringement and validity proceedings, which increases costs).

²¹² See Op de Beeck, *supra* note 200 (explaining that companies with larger intellectual property budgets can spread patent risk better than small or medium sized enterprises).

²¹³ Rantasaari, *supra* note 211, at 453.

²¹⁴ See, e.g., Cremers et al., *supra* note 125, at 12 (stating that engaging in separate revocation proceedings may be cost prohibitive for smaller companies).

²¹⁵ See Dreyfuss, *supra* note 124, at 83 (claiming that UPC judges will likely be pro-patent to attract inventors to the Court).

²¹⁶ See, e.g., *id.*

situation, a court might be inclined to use its discretion to interpret the law so as to enhance the patent value of large portfolio holders.²¹⁷

C. BUILT-IN FLEXIBILITIES

On the other side, there is also reason for optimism, as it is possible that the concerns listed above may be unfounded. The UPC provides for flexibilities that may counterbalance the adverse effects mentioned earlier.²¹⁸ Its stated general ideology is to interpret the law in the spirit of proportionality and flexibility, seeking to strike a fair balance between the interests of right holders and other parties.²¹⁹ If the Court follows these principles, there should be little concern that interests of smaller inventive entities will suffer detriment.

Returning by way of example to injunctive relief,²²⁰ the wording of the UPCA leaves the Court latitude to adopt a pro-innovative, inclusive interpretation.²²¹ Preliminary injunctions may not be granted automatically. Rather, the Court shall have discretion to weigh the interests of the parties and it is authorized to assess the potential damage to either party resulting from a grant or refusal of the injunction.²²² All of this enables a more nuanced examination that may give smaller players a better chance to defend themselves against unfounded claims.²²³ In addition, whether the plaintiff in fact practices the invention or acts merely as a patent assertion entity, may also be taken into consideration,²²⁴ thus

²¹⁷ *Id.*

²¹⁸ *See supra* Section B (discussing risk of receiving less favorable treatment for small and medium-sized enterprises).

²¹⁹ Council Agreement on a Unified Patent Court, pmb., art. 42, 2013 O.J. (C 175) 1, 1, 13 (EU).

²²⁰ *See supra* Section III.C. (discussing preliminary injunctions and injunctive relief).

²²¹ *See* Council Agreement on a Unified Patent Court, art. 42(2), 2013 O.J. (C 175) 1, 13 (EU) (“The Court shall ensure that the rules, procedures and remedies provided for in this Agreement and in the Statute are used in a fair and equitable manner and do not distort competition.”).

²²² *Id.*; R.P. UNIFIED PAT. CT. pmb. (“Flexibility shall be ensured by applying all procedural rules in a flexible and balanced manner with the required level of discretion for the judges to organize [sic] the proceedings in the most efficient and cost effective manner.”).

²²³ *See* R.P. UNIFIED PAT. CT. pmb.

²²⁴ Council Agreement on a Unified Patent Court, art. 62(2), 2013 O.J. (C 175) 1, 17 (EU).

helping to shield patent holders from NPEs. Further, the UPCA mentions other broad interests, which might influence the Court's decisions, such as the free movement of goods and services, undistorted competition, and the ability of SMEs to defend themselves against unfounded claims and low-quality patents.²²⁵ All of this indicates that the UPC RoP contain the essential building blocks to ensure a fair balance between the legitimate interests of the parties.²²⁶ It is up to the Court to use them to construct an inclusive vision.²²⁷

Apart from its interpretative latitude, the Court may rely on the fairly generous catalog of limitations listed in the UPCA,²²⁸ consistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") and EU law. These limitations are generally intended to be pro-innovative. They facilitate acts undertaken by smaller companies or individuals, such as acts done privately and for non-commercial purposes,²²⁹ acts done for experimental purposes,²³⁰ the use of biological material for the purpose of breeding, or discovering and developing other plant varieties,²³¹ or the use of patented inventions for purposes of decompilation and interoperability²³². The UPCA also

²²⁵ See *id.* p.mbl. at 1 ("Considering that the fragmented market for patents and the significant variations between national court systems are detrimental for innovation, in particular for small and medium-sized enterprises which have difficulties to enforce their patents and to defend themselves against unfounded claims and claims relating to patents which should be revoked.").

²²⁶ See Rantasaari, *supra* note 211, at 454 ("[T]he division concerned will consider all the relevant circumstances of the case, including the principles of proportionality, flexibility, fairness, and equity."). Specifically, the Court must decide how proportionality is to be applied: what the standards for disproportionality are and whether injunctive relief may be denied in cases of disproportionality. Council Agreement on a Unified Patent Court, p.mbl., 2013 O.J. (C 175) 1 (EU) ("[T]he Unified Patent Court should be devised to . . . tak[e] into account the need for proportionality and flexibility.").

²²⁷ See Rantasaari, *supra* note 211, at 452 ("The UPC Agreement refers to the weighing of interests, but there is no reference to how this weighing is done in practice.").

²²⁸ See, e.g., Council Agreement on a Unified Patent Court, art. 27, 2013 O.J. (C 175) 1, 8 (EU) (enumerating "[L]imitations of the effects of a patent").

²²⁹ *Id.* art. 27(a), at 8.

²³⁰ *Id.* art. 27(b), at 8.

²³¹ *Id.* art. 27(c), at 8.

²³² *Id.* art. 27(k), at 9.

recognizes prior user rights,²³³ as well as the exhaustion doctrine²³⁴, and thus supports the existence of secondary markets.²³⁵

Finally, the composition of the Court's judiciary also gives cause for hope. Both legally qualified and technically qualified judges may adjudicate any given case.²³⁶ Because the technical judges can provide in-depth expertise on technical matters, the legal judges have the freedom to take a broad view of the law. Indeed, it appears that legally qualified UPC judges are drawn from a variety of fields and can also sit on their own national courts.²³⁷ In this way, they will have gained exposure to interests and disputes other than patent matters, such as competition law, business strategies, contracts, government programs, and the costs and benefits of other types of exclusivity.²³⁸ This will infuse the decisions of the Court with a comprehensive perspective on the dimensions of the patent ecosystem, integrated in the overall legal and economic framework.²³⁹

²³³ *Id.* art. 28, at 9.

²³⁴ Council Agreement on a Unified Patent Court, art. 29, 2013 O.J. (C 175) 1, 9 (EU).

²³⁵ Other limitations named in art. 27 UPCA include extemporaneous preparation by a pharmacy of individual medicines based on a patent, as well as breeders and farmers rights. *Id.* art. 27(e), 27(i), at 8–9.

²³⁶ Council Agreement on a Unified Patent Court, art. 8, 2013 O.J. (C 175) 1, 4 (EU); *see also id.* art. 18, at 6 (noting that the Pool of Judges should include both legally qualified and technically qualified judges); *id.* art. 33(3)(a), at 10 (providing that the President of the Court of First Instance should allocate from the Pool of judges a technically qualified judge who has experience in the field of technology discussed in the case); R. P. UNIFIED PAT. CT. 33 (permitting request and allocation of a technically qualified judge if certain requirements are met).

²³⁷ *See* Mathieu Klos & Konstanze Richter, *UPC zu Knapp einem Drittel mit deutschen Patentexperten besetzt* [Almost a Third of UPC is Staffed by German Patent Experts], JUVE (Oct. 20, 2022, 1:26 PM), <https://www.juve.de/markt-und-management/upc-zu-mehr-als-einem-drittel-mit-deutschen-patentexperten-besetzt> [<https://perma.cc/Y5KP-2QS9>] (reporting the UPC's announcement of a list of future judges, including 34 legal and 51 technically qualified judges along with 27 patent experts from Germany).

²³⁸ *See generally* Council Agreement on a Unified Patent Court, art. 17(3), 2013 O.J. (C 175) 1, 6 (EU) (allowing judges of the UPCA to “exercise ... other judicial functions at national level”).

²³⁹ *See* Dreyfuss, *supra* note 124, at 93–94 (noting that there are different dimensions of the patent system that are addressed in UPC claims: “For example, claims involving patent licenses draw attention to how the

To conclude, we will summarize the desiderata which could be described as “action items” for the Court.

At a general level, the Court must build trust among its (potential) constituents. This will occur when the litigants’ expectation that the Court is willing to give *evenhanded and considered attention* to the disputes before it, will be met consistently. The ability to delve deeply into the facts before it, is illustrated by the detailed order granting the injunction in NanoString.²⁴⁰ Trust will further be achieved by consistently following the UPCA’s stated ideology of interpreting the law in the spirit of proportionality and flexibility and seeking to strike a fair balance between the interests of right holders and other parties. While, at first sight, it may seem expeditious to favor potential “repeat clients,” in the long run, fairness and impartiality are what counts.

Regarding specific questions the Court may be confronted with, two issues seem of primary concern to litigants, in particular to those unfamiliar with EU procedure. One issue relates to the possibility of an “injunction gap.”²⁴¹ In situations in which infringement and validity end up being handled by different Divisions, it is important that the Court has a robust coordination procedure among Divisions in place, to ensure that the hearing of the validity question precedes the infringement hearing, thus avoiding inconsistent decisions relating to the same patent.

The second concern has to do with the standard for evaluating requests for preliminary injunction, given their drastic impact on litigants. Conflicting rules give the Court wide latitude in adopting standards for evaluation of injunctions. Thus, it is possible that injunctions be issued on a quasi-automatic basis, as is the practice in some continental European jurisdictions, including Germany. The

contours of the law affect those who manufacture, distribute, sell, and buy products and processes that are covered by a patent—or often multiple patents”).

²⁴⁰ See, e.g., NanoString Technologies Inc. v. 10x Genomics, Inc., No. UPC CFI 2/2023, Decision and Orders of the Court of First Instance of the Unified Patent Court in the Proceedings for Granting of Provisional Measures Concerning EP 4,108,782, Einheitlichen Patentgerichts [EPG] [Unified Patent Court], 91–97 (Sept. 19, 2023) (noting in several pages of the case the details of the case that validate the order to grant a prohibitory injunction).

²⁴¹ Bifurcation would result when a Local Division exercises its discretion by retaining an infringement action pending before it, rather than transferring it to the Central Division, where a revocation action is pending. This may result in inconsistent decisions or an “injunction gap.” See *supra* Section B.

concern is that the Court will follow the German example.²⁴² German patent law, which previously provided for a quasi-automatic injunction, introduced a requirement of proportionality in 2021.²⁴³ According to commentators, the effect of this amendment was minimal, in part because of its narrow scope of application, and the quasi-automatic grant practice largely continued. For this reason, it is feared that the presence of numerous German judges on the Court, may give the UPC “an injunction-friendly touch.”²⁴⁴ Against this background, an innovation-friendly Court would broaden the considerations underlying the grant of injunctions, by adopting a true proportionality analysis. Inspiration could also be drawn from the US practice in this regard.²⁴⁵

In the final analysis, there is reason to hope that the composition of the Court and the flexibilities built into the UPCA will yield interpretations and policies that consider all the interests at stake in a balanced and fair manner.

V. CONCLUSION & OUTLOOK

The UPC is the first international court jointly created by EU member states. The development of its extensive RoP included expertise from academia, legal practice, and the EU Commission. With the UPC’s electronic case management system and the significant role of video conferencing, the RoP are at least partially keeping up with the challenges imposed by digitization. Moreover, with the interim procedure, they bring about a procedural stage that is without precedent in national procedural laws of any EU member state. Its flexibility, including the possibility to switch to extrajudicial resolution, could serve as a role model for other fields of law.

²⁴² See Max Kober, *Still Alive: The German “Automatic Injunction” in Patent Infringement Cases Under the New Patent Act*, Jones Day: Insights (May 2022), <https://www.jonesday.com/en/insights/2022/05/still-alive-the-german-automatic-injunction-in-patent-infringement-cases-under-the-new-patent-act> [https://perma.cc/F2DM-CF7D] (noting the German “injunction-friendly” approach’s influence on the UPC based on the treatment of judge’s).

²⁴³ Patentgesetz [PatG] [Patent Act], Dec. 16, 1980, BGBl 1981 I at 44, last amended by Gesetz [G], Aug. 30, 2021, BGBl I at 44, § 139(1) (Ger.), https://www.gesetze-im-internet.de/englisch_patg/ [https://perma.cc/FT73-JC6W].

²⁴⁴ Kober, *supra* note 242.

²⁴⁵ See *eBay v. MercExchange*, 547 U.S. 388, 395–96 (2006) (Kennedy, J., concurring) (arguing the superiority of a four-factor test rather than categorical rules for determining the appropriateness of injunctive relief in patent cases).

The complex European Patent Package consists of two EU regulations and the UPCA. It leaves significant gaps both on substantive and on procedural law. Details on the latter are to be found in the RoP. The guiding principle behind its design was to enhance the attractiveness of the Unitary Patent system through high-quality and (cost-)efficient court procedures.

As to its policy and approach guiding its substantive decisions, the Court will have to adopt its own path. One must hope that, as possibly the most influential of the stewards of the European innovation, the Court will appreciate the innovation ecosystem in all its dimensions and will take into account and balance the interests of all constituents, whether large or small, and also practice a comprehensive view of the law, including fields beyond patent law that impact innovation.

With respect to the Court's treatment of SMEs, it is too early to assess how its jurisprudence will develop. However, the impacted patent community can contribute to shape the Court's outlook by closely following and raising awareness regarding its decisions and practices. Studies and reports on these topics could then address possible need for improvements, so that they can be taken into consideration in more detail in the future legislative process and find their way into binding legal documents.²⁴⁶

²⁴⁶ Rantasaari, *supra* note 211, at 457.