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# Takeaways from the Inaugural Year of the EU Unified Patent Court

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The European Union's Unified Patent Court (UPC) commenced its operations one year ago on June 1, 2023, and over the past year has drawn the attention of litigants from across the globe. In its first year, over 134 infringement actions and 39 revocation (invalidity) actions have been filed at the UPC, along with 26 requests for provisional measures, principally in the form of requests for preliminary injunctions.<sup>1</sup> Among the UPC's 13 local divisions, the majority of cases are being filed and litigated at the German local divisions.<sup>2</sup> What makes the UPC stand out from the traditional European and U.S. patent systems are its broad geographical reach, short procedural timeline, and ability to issue preliminary injunctions.

This article provides an overview of the UPC's current operations and its key characteristics so that organizations with patents subject to the jurisdiction of the UPC or those who may be considering whether to obtain Unitary Patents (UPs) can make informed decisions. For anyone interested in a broader introduction to the UPC, please consider reviewing Ropes & Gray's Overview of the Unified Patent Court and UPC Opt-Out Strategic Considerations pamphlets for additional information.

## UPC's Geographical Reach

The UPC is a central court system with jurisdiction over both traditional European patents (EPs) that have not been opted out from the UPC and UPs that are issued by the European Patent Office (EPO) with unitary effect. The UPC currently has 17 member states, with Romania joining as the 18th member in September and others expected to join in the coming years, which means that a decision arising from a patent dispute at the UPC applies to many of the major EU economies, including

Germany, France, and Italy. As a result, a patent owner only needs to file a single action at the UPC to enforce its patent in these 17 member states. Critically, the UPC does not have jurisdiction over other large European economies, including the United Kingdom, Spain, and Ireland, where separate national actions are required to enforce patent rights in those territories.

The broad geographical reach of the UPC provides significant economic efficiencies for patent applicants seeking to apply for a UP. Rather than undergoing the process of validating an EP in each individual member state, which can be both costly and time-consuming, applicants are able to secure patent protection across multiple EU member states through a single, streamlined request filed with the EPO, with no additional validation costs. This not only simplifies the administrative process but may also offer a more cost-effective solution for patent protection in the EU.

## Enforcing Patents at the UPC

The UPC is intended to provide economic efficiency and reduce both the complexity and associated costs with patent enforcement in Europe. When a traditional EP is under dispute, a patent owner may need to litigate in all countries where its EP is validated, which can be expensive and may yield contrary results in different countries, and therefore involves greater legal uncertainty.<sup>3</sup> In contrast, if such patents are under the UPC's jurisdiction, the patent owner will be able to litigate at one of the UPC's local, regional, or central divisions to resolve disputes and obtain a decision applicable in all UPC member states. Furthermore, at any time after the grant of a UP or an EP that has not been opted out from the UPC, a patent challenger may bring a revocation action (a legal proceeding that challenges the validity of an EP or UP) before the UPC independently of opposition proceedings before the EPO. If such revocation action is successful, this decision will be effective in all UPC member states.

## Expedited Litigation Timeline

One of the defining features of UPC litigation is its expedited timeline. While patent litigation in the U.S. usually

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involves a lengthy discovery and pretrial process and may take three to five years from the filing of a complaint to the conclusion of an appeal,<sup>4</sup> UPC cases require an identification of the evidence relied upon in the complaint, with limited post-complaint opportunities to obtain additional evidence. This results in lengthy, detailed complaints with multiple supporting exhibits. On the other hand, this frontloaded proceeding helps to streamline the proceeding and enables the UPC to render a decision on the merits within a year<sup>5</sup>—a timeline that is, in many ways, more akin to that of the International Trade Commission (ITC) in the United States. Meanwhile, while complainants generally have time to prepare a complaint, defendants are required to provide a statement of defense or a counterclaim for revocation within two to three months after being served with an infringement complaint, which like most UPC deadlines generally cannot be extended and places substantial pressure on the defendant.

In light of this expedited timeline and the fact that defendants have limited opportunity to obtain additional evidence after filing a complaint, the UPC authorizes applications for orders to preserve evidence and for inspections of premises. These orders, which may be issued *ex parte*, allow for a would-be UPC claimant to request that relevant evidence be seized from a potential defendant or permit a potential UPC claimant to be granted access to a potential defendant's property to inspect it. Where relevant evidence is located in the United States, one additional means of collecting evidence may be an action pursuant to 28 U.S.C. §1782.<sup>6</sup>

The UPC Rules of Procedure also provide a mechanism for a defendant to request limited additional evidence from the plaintiff or a third party after initiating a proceeding. Rule of Procedure 190 states that the UPC may, on a reasoned request by a party, order the other party to produce evidence that is needed to substantiate the claims of the requesting party.<sup>7</sup> In addition, Rule 191 gives the UPC the power to order a party to communicate information to the requesting party as is "reasonably necessary for the purpose of advancing that party's case."<sup>8</sup> These rules thus provide both UPC claimants and defendants with limited opportunities to collect additional evidence from the other party in order to prove their case, but they should not be mistaken for the significantly broader discovery limits applicable to U.S. litigations.

## Swift Decisions in Granting Preliminary Injunctions

In addition to limited response time, patent owners also need to be aware that the UPC can move very quickly in granting preliminary injunctions, and is far more likely to do so compared to courts in the U.S. A key distinction

between the standards for granting preliminary injunctions in the U.S. and the UPC lies in the demonstration of irreparable harm. In the U.S., the party seeking a preliminary injunction must demonstrate not only a likelihood of success on the merits, but also that it is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in its favor, and that an injunction is in the public interest.

Conversely, at the UPC, the requirement is less stringent—the applicant must show that it is more likely than not that the patent is valid and infringed and that the applicant has demonstrated sufficient urgency for its request, including that it has not unreasonably delayed its request for relief. While the court is also permitted to exercise its discretion when evaluating the harm caused to either party, the decisions rendered by UPC judges in its first year suggest that the UPC will be very likely to issue a preliminary injunction where the patent owner is able to demonstrate validity and infringement by a preponderance of the evidence. Importantly, even a non-practicing entity may be able to obtain such relief at the UPC based on the potential economic harm to its licensing program,<sup>9</sup> while such economic-only harm would almost certainly preclude such relief by a U.S. court.

Additionally, the UPC has demonstrated a readiness to grant such injunctions immediately and on an *ex parte* basis (without first hearing from the defendant). For example, the *myStromer AG v. Revolt Zycling AG* decision in June 2023 suggests that the UPC will take a proactive stance in providing immediate judicial relief where appropriate.<sup>10</sup> While this extreme relief garnered a lot of early attention as one of the UPC's first decisions, subsequent decisions over the past year suggest that *ex parte* injunctions will likely be limited to situations such as trade fairs where the harm is so immediate that it would be impractical to first hear from the defendant before issuing the requested relief.

## Protective Letter – Potential Defense Mechanism and a Double-Edged Sword

UPC rules permit the preemptive filing of a protective letter by any entity that anticipates having a request for provisional measures filed against it.<sup>11</sup> This protective letter allows the party to provide the court with the reasons why the court should not grant a provisional remedy against it by challenging the facts and legal assertions that an applicant for provisional relief is expected to rely on, with typical letters explaining the reasons why the defendant believes the patent is not infringed or is invalid, as well as other reasons why a provisional remedy is inappropriate.

While the filing of a protective letter does not eliminate the risk of preliminary injunction, it may reduce

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the likelihood that such an injunction is issued *ex parte*. Nonetheless, the effectiveness of a protective letter hinges on the robustness of the defendant's arguments and the completeness of the facts presented within the letter. Therefore, while a protective letter may serve as an antidote to protect a patent owner from an *ex parte* preliminary injunction, the antidote is only as good as the arguments presented in the letter.

The *myStromer* case discussed above demonstrates that a weak protective letter will offer no protection against the issuance of an *ex parte* injunction. For example, Revolt's failure to identify any relevant prior art and instead rely upon a defense that had previously been rejected by a national court did not preclude the issuance of an *ex parte* injunction against it. Therefore, in situations with facts similar to *myStromer*, where a UPC judge is faced with evidence of immediate harm and a weak to non-existent defense, an *ex parte* injunction is possible.

Although the *myStromer* fact pattern leading to an immediate preliminary injunction was more extreme than a typical infringement case, it illustrates the UPC's willingness to act quickly to protect the interests of patent holders. While many firms previously touted protective letters as a low-cost strategy to prevent the issuance of an *ex parte* preliminary injunction, this strategy hinges on the strength of the defenses that a party is able to raise in the letter. Where a party has strong non-infringement or invalidity arguments, a protective letter strategy is worth serious consideration. On the other hand, where a party has weak arguments or no validity arguments, a protective letter may ultimately cause more harm by providing the UPC judges with comfort that an *ex parte* injunction is warranted.

## UPC Opt-Out Considerations

While the UPC offers economic efficiencies, and its decisions have broad geographic reach, the UPC is not without risk to patent owners. In particular, patents litigated at the UPC are subject to a single revocation (invalidity) action, while patents that are not within its jurisdiction would need to be challenged in separate national actions. Therefore, one of the key decisions that patent owners have been faced with is whether to "opt out" of the UPC system during the court's seven-year transitional period, which ends in June 2030.

Prior to the UPC opening and continuing during the early months of its existence, many patent owners elected to opt out of the UPC's jurisdiction. In fact, at the end of June 2023, patent owners had opted out over 530,000 patents and patent applications,<sup>12</sup> which patent owners considered to be a conservative,

wait-and-see approach to the new court. However, in the past year, opt-out rates have decreased, and some patent owners have withdrawn prior opt-outs. As of June 2024, a total of 616,532 patents remain opted out,<sup>13</sup> while approximately 24% of newly issued EPs are being issued as UPs, and more than 10,000 UPs have been issued in the first year.<sup>14</sup> Now a year into the system, all trends suggest that confidence is building in the new UPC and UP regime, and that confidence is expected to grow over the coming year.

Moreover, as the past year has demonstrated, opt-out strategies are not without their own set of risks. First, while a patent owner has one opportunity to opt out of the UPC jurisdiction, it may be precluded from opting back into the UPC's jurisdiction. For example, in *AIM Sport Vision*, the Helsinki Local Division found that the claimant was unable to proceed at the UPC because it had filed a national action prior to the UPC's existence, which under the court's interpretation of the UPC Rules of Procedure precludes withdrawal of the opt-out. *AIM Sport Vision AG v Supponor Oy*, UPC\_CFI\_214/2023 (Aug. 28, 2023).

In addition, license agreements entered into prior to the UPC's existence are unlikely to address how the patent owner plans to handle UPC opt-outs, which could lead to potential disputes between licensors and licensees. For example, a licensee may prefer that the patent owner maintain a traditional EP that is validated in multiple states, such as the United Kingdom and Spain, to achieve even broader protection, while a patent owner interested in minimizing costs may seek UPC protection that does not extend to these other large economies. Because UPC rules empower only the patent owner to make an opt-out decision, a licensee who enters into a license agreement with the patent owner ordinarily has no rights to the decision-making process absent a contractual provision requiring the patent owner to adhere to certain demands from a licensee. Indeed, even an exclusive licensee is not a patent owner under UPC rules and therefore would not be able to affect opt-out decisions.<sup>15</sup>

Furthermore, patent owners should scrutinize whether any interest of their patent is owned by another party (e.g., joint ownership) and whether such party has also filed an application to opt out. If a patent owner decides to opt out a patent, it is critical that all patent owners do the same, as failing to do so will render the opt-out ineffective and subject the patent to the UPC's jurisdiction as highlighted by a recent UPC court of appeal decision in *Neo Wireless GmbH & Co. KG v. Toyota Motor Europe NV/SA*, UPC\_CoA\_79/2024 (Apr. 11, 2024).<sup>16</sup> Specifically, for the patent at issue in that proceeding, not all patent owners had filed an opt-out. Instead, one patent owner had opted out certain national rights of an EP,

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but the patent owner of the German part failed to file an opt-out for the German counterpart. This omission then allowed a patent challenger to file a central revocation action at the UPC, which serves as a cautionary tale to patent owners who should ensure that opt-out decisions are aligned across all jurisdictions.<sup>17</sup>

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The UPC remains an active forum for patent infringement claims and preliminary injunction requests. Entities with a robust patent portfolio looking to continue or even expand their IP activities in Europe should remain informed of developments at the UPC in order to best leverage the UP and UPC as part of a European or global IP strategy, while avoiding the unique risks posed by this new framework.

1. Case load of the Court since the start of operation in June 2023 updated end of May 2024 [https://www.unified-patent-court.org/sites/default/files/upc\\_documents/Case%20load%20of%20the%20Court\\_end%20May%202024\\_final.pdf](https://www.unified-patent-court.org/sites/default/files/upc_documents/Case%20load%20of%20the%20Court_end%20May%202024_final.pdf).
2. *Id.*
3. See EPO – The benefits of the Unitary Patent [https://www.epo.org/en/legal/guide-up/2022/luppg\\_a\\_v.html](https://www.epo.org/en/legal/guide-up/2022/luppg_a_v.html).
4. Patent Litigation 101 <https://legal.thomsonreuters.com/blog/patent-litigation-101>.
5. <https://www.ropesgray.com/en/news-and-events/events/2023/10/16th-annual-international-ip-summit#eu>.
6. <https://www.bloomberglaw.com/external/document/X5SU107G000000/patents-professional-perspective-using-us-discovery-law-to-help->
7. Rule 190 – Order to Produce Evidence [https://www.unified-patent-court.org/sites/default/files/upc\\_documents/rop\\_en\\_25\\_july\\_2022\\_final\\_consolidated\\_published\\_on\\_website.pdf](https://www.unified-patent-court.org/sites/default/files/upc_documents/rop_en_25_july_2022_final_consolidated_published_on_website.pdf).
8. Rule 191 – Application for order to communicate information [https://www.unified-patent-court.org/sites/default/files/upc\\_documents/rop\\_en\\_25\\_july\\_2022\\_final\\_consolidated\\_published\\_on\\_website.pdf](https://www.unified-patent-court.org/sites/default/files/upc_documents/rop_en_25_july_2022_final_consolidated_published_on_website.pdf).
9. See *10x Genomics, Inc. v. NanoString Techs. Inc.*, UPC\_CFI\_2/2023 (Sept. 19, 2023) (“possible financial damages in particular can justify an injunction”).
10. See <https://www.law360.com/articles/1703264> for further discussions of *myS-tromer AG v. Revolt Cycling AG*.
11. Rule 207 – Protective Letter [https://www.unified-patent-court.org/sites/default/files/upc\\_documents/rop\\_en\\_25\\_july\\_2022\\_final\\_consolidated\\_published\\_on\\_website.pdf](https://www.unified-patent-court.org/sites/default/files/upc_documents/rop_en_25_july_2022_final_consolidated_published_on_website.pdf).
12. <https://patentblog.kluweriplaw.com/2023/07/10/upc-opt-outs-statistics-and-trends-one-month-in/>
13. According to Docket Navigator UPC statistics (last accessed on June 27, 2024).
14. <https://www.epo.org/en/about-us/statistics/statistics-centre#/unitary-patent> (last accessed on June 27, 2024).
15. Rule 5 – Lodging of an Application to opt out and withdrawal of an opt-out, [https://www.unified-patent-court.org/sites/default/files/upc\\_documents/rop\\_en\\_25\\_july\\_2022\\_final\\_consolidated\\_published\\_on\\_website.pdf](https://www.unified-patent-court.org/sites/default/files/upc_documents/rop_en_25_july_2022_final_consolidated_published_on_website.pdf).
16. [https://www.unified-patent-court.org/sites/default/files/files/api\\_order/5F9795874E86966B3D3A6B1A61BC2143\\_en.pdf](https://www.unified-patent-court.org/sites/default/files/files/api_order/5F9795874E86966B3D3A6B1A61BC2143_en.pdf).
17. *Id.*

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