

# Conflict and Coordination Between UPC Revocation Proceedings and EPO Opposition Proceedings

— Starting from the Patent Revocation/Opposition Actions Concerning Patent No. EP3414708

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## I. Introduction

With Germany's formal ratification of the Agreement on a Unified Patent Court (hereinafter referred to as "UPCA") and its deposit of instrument of ratification with the Council of the European Union on 17 February 2023, the Unified Patent Court (hereinafter referred to as "UPC"), which had been prepared for many years, was eventually put into official operation as of 1 June 2023 in accordance with Article 89(1) of the UPCA. Statistics showed that within the first year of business of the UPC, there have been filed more

than 370 proceedings, most of which involve procedural aspects and provisional measures, rather than substantive issues of patent law<sup>1</sup>. It indicates that various interested parties are actively testing and exploring the specific practice under such a new system. Among a multitude of procedural issues, how to coordinate the relationship between the revocation proceedings and opposition proceedings on a unitary patent remains one of the focal concerns.

The UPC has exclusive jurisdiction over actions for infringement and actions for revocation of European patents. In the light of the definition of "patent" in Article 2 of the UP-

120133310。

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<sup>30</sup> 《在創建統一專利保護領域強化合作條例 (歐盟)》的歐盟簽署國為 24 個, 其中 18 個國家批准通過了 UPCA。

<sup>31</sup> 參見 Espacenet Patent search, [https://worldwide.espacenet.com/patent/search/family/058185617/publication/EP3414708B1?search\\_type=patents&q=EP+3414708](https://worldwide.espacenet.com/patent/search/family/058185617/publication/EP3414708B1?search_type=patents&q=EP+3414708)。

<sup>32</sup> 同註 2, Art. 33(3)。

<sup>33</sup> EPO: Acceleration of opposition proceedings in cases of parallel court actions, 2024-02-22, <https://www.epo.org/en/news-events/news/acceleration-opposition-proceedings-cases-parallel-court-actions>。

<sup>34</sup> 參見管榮齊: “法院審查專利有效性的制度要素”, 《學術論壇》, 2022 年第 2 期, 第 38 頁。

<sup>35</sup> 參見劉建翠: “我國專利有效性的司法裁判制度構建”, 《深圳大學學報 (人文社會科學版)》, 2024 年第 3 期, 第 112 頁。

<sup>36</sup> 參見 The Sedona Conference Framework for Analysis for the Efficient Resolution of Disputes Before the Forthcoming European Unified Patent Court, Sedona Conference Journal 219 (2023) 24, page 289。

CA and the provision on competence of the court in Article 32.1 thereof, regarding “the European patent and/or a European patent with unitary effect”<sup>2</sup>, the UPC shall have exclusive competence in respect of “(d) actions for revocation of patents and for declaration of invalidity of supplementary protection certificates; and (e) counterclaims for revocation of patents and for declaration of invalidity of supplementary protection certificates”.<sup>3</sup> In addition, according to Article 99 on opposition to European patents and Article 142 on unitary patents of the European Patent Convention (hereinafter referred to as the “EPC”)<sup>4</sup>, together with Paragraph 26 of the Preamble of the Regulations (EU) No. 1257/2012 of Implementing Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection<sup>5</sup>, a party may also file an opposition with the European Patent Office (hereinafter referred to as the “EPO”) against a European patent and/or a European patent with unitary effect granted by the EPO. Or in other words, where a party intends to invalidate any claim of a patent, it may bring a separate action for revocation of the patent or a counterclaim for revocation of the patent in an action for patent infringement before the UPC, in addition to initiating opposition proceedings before the EPO.

Since Article 33.8 of the UPCA clearly stipulates that an action for revocation can be brought with the UPC without the applicant having to file notice of opposition with the EPO<sup>6</sup>, and there is currently no rule regarding the priority between the opposition proceedings before the EPO and the revocation proceedings before the UPC, the opposition proceedings before the EPO and the revocation proceedings before the UPC can proceed in parallel. In order to coordinate the two parallel proceedings, the UPCA has introduced the institutional design for staying the actions at the UPC. Article 33.10 of the UPCA reads that “a party shall inform the Court of any pending revocation, limitation or opposition proceedings before the European Patent Office, and of any request for accelerated processing before the European Patent Office. The Court may stay its proceedings when a rapid decision may be expected from the European Patent Office.”<sup>7</sup> Furthermore, Rule 295(a) of the Rules of Procedure of the Unified Patent Court (hereinafter referred to as the “UPC’s Rules of Procedure”) sets forth special provisions on the conditions and circumstances under which the Court may stay its proceedings, i.e., “(a) where it is seized of an action relating to a patent which is also the subject of opposition proceedings or limitation proceedings (including subsequent appeal proceedings) before the Eu-

ropean Patent Office or a national authority where a decision in such proceedings may be expected to be given rapidly”.<sup>8</sup> The above-mentioned two provisions, however, are principled provisions merely on whether the Court shall stay the proceedings before the UPC where the opposition proceedings before the EPO go in parallel with the actions before the UPC. There is still no specific and effective guidance on how to resolve the inevitable procedural and substantive conflicts between them, thereby resulting in uncertainty.

In *Carrier Global Corporation (“Carrier”) v. Bitzer Electronics A/S (“Bitzer”)*, which was concluded by the UPC Court of Appeal on 28 May 2024, the UPC Court of Appeal presented its reasoning in the judgment on the criteria for the “stay of proceedings” when the opposition proceedings before the EPO go in parallel with the revocation proceedings before the UPC, which provided guidance for handling similar cases by the UPC in the future. However, there are still many questions concerning the conflict and coordination between the two proceedings, especially the effect of the decision of the opposition proceedings before the EPO and the decision of the revocation proceedings before the UPC where conflict occurs, which needs to be clarified in UPC’s adjudication practice in the future. Starting from this case, this article introduces the facts of the case, procedural issues and judgment essentials, compares the similarities and differences between the opposition proceedings before the EPO and the revocation proceedings before the UPC, and the impacts thereof on litigation strategies, and finally introduces and delves into the measures taken by the EPO and UPC for coordinating the conflicts of the two proceedings.

## II. Facts and judgement essentials of *Carrier v. Bitzer*

On 28 June 2023, Bitzer brought opposition proceedings against Carrier’s patent (EP3414708) entitled “adaptive sensor sampling of a cold chain distribution system” before the EPO. On the next day, Bitzer brought an action for revocation of claim 1 of the same patent before the UPC Paris Central Division. To accelerate the opposition proceedings before the EPO, Carrier first filed a request for acceleration of the opposition proceedings before the EPO on 1 November 2023, and then lodged a request with the Paris Central Division pursuant to Article 33(10) of the UPCA and

Rule 295(a) of the UPC's Rules of Procedure on 1 December 2023, asking for the stay of the revocation proceedings pending the opposition proceedings before the EPO. The main grounds for Carrier's request for the stay of the action for revocation before the UPC are mainly listed as follows: (1) the request for accelerated processing of that opposition has been filed in the presence of parallel proceedings before the EPO and the UPC; (2) the patent in suit was validated for France, Germany and United Kingdom and, therefore, has a wider territorial scope than the action for revocation; and (3) the parallel proceedings before the EPO and the UPC may result in a procedural inefficiency, since the patent in suit in the action for revocation before the UPC is only limited to a product technical solution, whereas the patent in suit in the opposition proceedings before the EPO includes both the product and method technical solutions, and the grounds for the action for revocation are substantially the same as those for the opposition proceedings.<sup>9</sup> Although Bitzer raised no objection to the fact that the same patent had parallel proceedings before the EPO and the UPC, it argued that no evidence proved that a rapid decision in the opposition proceedings before the EPO is expected and more importantly, a stay is not appropriate in view of its interest in a decision on its freedom to operate as quick and as far as possible.<sup>10</sup>

After the hearing, the first-instance court, on 8 January 2024, rejected Carrier's request for the stay of the action for revocation, but granted Carrier leave to appeal and left the interpretation of the relevant legal provisions to the Court of Appeal. The first-instance court determined that although pursuant to Article 33(10) of the UPCA and Rule 295(a) of the UPC's Rules of Procedure, the court may stay the action for revocation when a rapid decision in the opposition proceedings may be expected from the EPO, since there is lacking a consistent guidance on a "rapid decision", the court when making an order shall weigh up the opposing interests of the parties and, in particular, the interest in having a decision by the UPC in an appropriate time and the interest in avoiding costs for parallel proceedings. The court shall take into account the expected date of the decision of opposition proceedings before the EPO, and consider whether an order of stay of the proceedings until that expected date would cause an unjustifiable harm to the right to access to justice of the claimant. Indeed, while it seems convenient to order the stay of the proceedings where the proceedings before EPO are near to the end and

the revocation action before the UPC has just begun, a comprehensive consideration is required where these factual circumstances are not existing. The first-instance court held that although Carrier had filed a request for accelerated processing before the EPO, the absence of a concrete expectation for the EPO decision in the near future, evaluated together with the expected date of the current proceedings, that can be estimated in approximately one year since the lodging of the claim, as provided for by Paragraph 7 of the Preamble of the UPC's Rules of Procedure, leads this panel to the conclusion that the requirement of the rapid decision of the EPO proceedings is not fulfilled.<sup>11</sup>

Subsequently, Carrier filed an appeal to the UPC Court of Appeal in Luxembourg, requesting the court to set aside the impugned order and grant the request to stay the revocation proceedings. Carrier argued that the first-instance court erred in its order mainly on the grounds that (1) the first-instance court failed to take into account the fundamental rights of the party to be heard and be informed of reasons for decisions in administrative or judicial proceedings according to the Charter of Fundamental Rights of the European Union, to provide the appellant with the opportunity to respond to the respondent's comments, and to set out clearly what test it was applying for granting a stay of the action for revocation; (2) the first-instance court failed to follow the principles of the UPCA that the UPC proceedings shall be on the basis of the principles of proportionality, flexibility, fairness and equity, and did not consider the fact that accelerated proceedings before the EPO have been sought by Carrier; and (3) the continuation of the revocation proceedings in parallel with the opposition proceedings places an unreasonable burden on the appellant and is unnecessary, given that the opposition proceedings subsumes the action for revocation in terms of territorial scope and substantive scope.<sup>12</sup>

The UPC Court of Appeal appointed its president, Mr. Klaus Grabinski, to be the chief justice of the collegial panel in the appeal case. The court upheld the first-instance judgment after hearing the case. In response to Carrier's grounds for appeal, the Court of Appeal reasoned as follows:

First, Article 33(10) of the UPCA and Rule 295(a) of the UPC's Rules of Procedure must be applied and interpreted in accordance with the fundamental right to an effective legal remedy and a fair and public hearing within a reasonable time as guaranteed by Article 6 of the European Convention for the Protection of Human Rights and Fundamen-

tal Freedoms and Article 47 of the Charter of Fundamental Rights of the European Union. These provisions must also be applied and interpreted on the basis of the principles of proportionality, flexibility, fairness and equity in accordance with Articles 41(3), 42 and 52(1) of the UPCA and Point 2 of the Preamble of the UPC's Rules of Procedure. The Court of Appeal stated that in accordance with these principles, proceedings must be conducted in a way which will normally allow the final oral hearing at first instance to take place within one year, and to guarantee the statutory period, the court should in principle avoid the stay of the revocation proceedings (Point 7 of the Preamble of the UPC's Rules of Procedure). Although the EPC and the UPCA allow third parties to challenge the validity of a patent in both opposition and revocation proceedings and allow them to initiate revocation proceedings while opposition proceedings relating to the same patent are pending, it is not sufficient to allow an exception to the principle that the court shall avoid the stay of revocation proceedings.

Second, the principle of avoiding irreconcilable proceedings does not require that the UPC always stays revocation proceedings pending opposition proceedings. Decisions in which the UPC and EPO issue different rulings on the revocation of a European patent are not irreconcilable. Where one body upholds the patent and the other revokes it, the latter decision will prevail. The interests of harmonizing decisions on the validity of a European patent can be promoted by ensuring that the body that decides last can take the decision of the body that decides first into account in its decision. That means that the interests of harmonization in general do not require a stay by the UPC where it can be expected that the UPC will issue its decision first.

Third, the terms "rapid" and "rapidly" in these provisions must be interpreted in the light of the principles set out above and the relevant circumstances of the case, such as the stage of the opposition proceedings and the stage of the revocation proceedings. The wording "may stay" in the UPCA means that the court has a discretionary power to stay the proceedings. Whether or not a stay is granted depends on the balance of the interests of the parties. The mere fact that Carrier has requested for the acceleration of the opposition proceedings is not sufficient to stay revocation proceedings before the UPC. Similarly, Rule 298 of the UPC's Rules of Procedure provides that the court "may stay" its proceedings pending accelerated opposition proceedings. Therefore, even if the accelerated opposition pro-

ceedings are pending, the court may not stay its proceedings and has the power to make a decision at its discretion. Obviously, whether the accelerated opposition proceedings can lead to a "rapid" decision is also a factor that needs to be comprehensively assessed and considered. In this case, the date of the oral proceedings in the opposition proceedings before the EPO was set on 25 October 2024, and on 28 March 2024 the EPO informed the parties that it was not possible to find a suitable date within the subsequent two months for the oral proceedings and therefore the date of the oral proceedings remains as originally planned<sup>13</sup>. The scheduled date for the oral hearing in the revocation proceedings before the UPC was 21 June 2024, and the UPC decision can be expected well before the EPO decision<sup>14</sup>. Thus, the stay of the revocation proceedings is not granted in this case.

In the end, regarding Carrier's argument that the continuation of the revocation proceedings places an unreasonable burden on the appellant and is unnecessary, the Court of Appeal was of the opinion that the revocation proceedings are currently in their final stage, so the costs of continuing the revocation proceedings are relatively low. Furthermore, to avoid unnecessary duplication of proceedings by staying the revocation proceedings until the decision in the opposition proceedings has become final, a long-term stay of the revocation proceedings would therefore be required, as it is not in dispute that the losing party will appeal against the decision in the opposition proceedings. Such a long-term stay is clearly at odds with the aforementioned guideline of an oral hearing within one year of the UPC's Rules of Procedure and clashes with the respondent's legitimate interest in obtaining a decision by the UPC to determine its freedom to operate as soon as possible. In summary, the Court of Appeal rejected the appeal and confirmed the decision of the first-instance court to reject Carrier's request for a stay of the revocation proceedings.<sup>15</sup>

### III. Similarities and differences between revocation proceedings before the UPC and opposition proceedings before the EPO, as well as the impacts thereof

According to the EPC signed in 1973, within nine

months of the publication of the mention of the grant of the European patent in the European Patent Bulletin, any person, besides the proprietor of the patent, may give notice to the EPO of opposition to that patent. Opponents shall be parties to the opposition proceedings as well as the proprietor of the patent. Any third party may intervene in opposition proceedings if the third party proves that proceedings for infringement of the same patent have been instituted against him, or the third party has instituted proceedings for a ruling that he is not infringing the patent. After the written procedure and final oral hearing, the EPO's Opposition Division makes an opposition decision to uphold or revoke the patent or uphold the patent as amended. If being dissatisfied with the opposition decision, the party may appeal to the EPO Boards of Appeal within two months after notification of the written decision, and the two-month period is non-extendable.<sup>16</sup>

In the light of the newly implemented UPCA, any party concerned may bring, at any time, an action for revocation of the patent before the UPC Central Divisions or a counterclaim for revocation of the patent before the court where an action for patent infringement was filed. It is obvious that after the official launch of the UPC, there are three different ways to challenge the validity of a European patent: filing an action for revocation separately before the UPC Central Divisions, filing a counterclaim for revocation before a local court, and initiating the opposition proceedings before the EPO. However, the EPC, UPCA and other EU laws related to unitary patents, such as Regulation (EU) No.1257/2012 of implementing enhanced cooperation in the area of the creation of unitary patent protection<sup>17</sup>, Regulation (EU) No. 1260/2012 of implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements<sup>18</sup> and Rules relating to Unitary Patent Protection<sup>19</sup>, all fail to clearly specify whether the revocation proceedings before the UPC take priority over the opposition proceedings before the EPO, or *vice versa*. It means that the two proceedings can proceed in parallel and be chosen by the party at his will. Making a choice is a party's freedom, but may also be a difficulty for him. The key to resolve such a difficulty lies in the understanding of the similarities and differences between the two proceedings, apart from the clear knowledge of his own capabilities and needs.

First, the similarities between the revocation proceedings before the UPC and the opposition proceedings before

the EPO are mostly at the substantive patent law level. In the light of Article 24.1 of the UPCA, when hearing a case brought before it, the UPC shall base its decisions on the EU law, UPCA and EPC, and particularly, the adherence to the EPC leads to the fact that the revocation proceedings before the UPC and the opposition proceedings before the EPO are highly similar in terms of substantive matters. It has been quite normal that a great number of substantive rules from the EPC are cited in the UPC's judicial practice. For instance, regarding the claim construction, the UPC Court of Appeal held in *NanoString v. 10x Genomics* that the patent claim is not only the starting point, but also the decisive basis for determining the scope of protection of a European patent under Article 69 of the EPC in conjunction with the Protocol on the Interpretation of Article 69 of the EPC. The interpretation of a patent claim does not depend solely on the strict, literal meaning of the wording used. Rather, the description and the drawings must always be used as explanatory aids for the interpretation of the patent claim and not merely to resolve any ambiguities in the patent claim.<sup>20</sup>

Second, as two independent proceedings, the revocation proceedings before the UPC and the opposition proceedings before the EPO are different from each other in various aspects, such as the accepting department, qualified parties, applicable scope, grounds for revocation or opposition, examination duration, language, fees and costs, and timing (see Table 1). For instance, as regards the subject that can file, the opposition proceedings before the EPO, in principle, allow an anonymous "straw man" to file an application for opposition, but an abuse of procedure will render the opposition inadmissible such as where the opponent acts on behalf of the patent proprietor<sup>21</sup>, while the action for revocation before the UPC must be brought by a party, who is concerned by a patent, according to Article 47.6 of the UPCA, and it is required to prove that the party is legally or economically related to the patent<sup>22</sup>, which means an anonymous "straw man" can hardly be allowed. As regards the grounds for revocation or opposition, in addition to those in the opposition proceedings before the EPO, the grounds for bringing an action for revocation before the UPC include lack of entitlement of the proprietor<sup>23</sup>, the extension of the scope of protection after grant<sup>24</sup>, and "an earlier unpublished national application" which can be relied on only in national revocation proceedings<sup>25</sup>. As regards the applicable scope of patents, the opposition proceedings before the EPO apply to all European patents granted

according to the EPC and published in the European Patent Bulletin<sup>26</sup>, whereas the revocation proceedings before the UPC apply to European patents granted according to the EPC, but not to European patents opted out from the exclusive competence of the UPC during the transitional period<sup>27</sup>. As regards the fees, the fee for opposition proceedings before the EPO is 880 euros, the fee for appeal is 2,785 euros, whereas the court fee for first-instance and appeal before the UPC is both 20,000 euros; and unlike in the

EPO opposition proceedings where parties bear their own costs, the winning party in the action for revocation is entitled to cost reimbursement from the losing party.

Those differences between the two proceedings require that before making a choice, the party must make a careful comparison so as to choose the proceedings that best fit his own interests in consideration of his own situations. As a matter of fact, from the way Bitzer challenged the validity of the patent in *Carrier v. Bitzer*, we can tell how Bitz-

Table 1 Comparison between revocation proceedings before the UPC and opposition proceedings before the EPO<sup>28</sup>

Proceedings		Revocation proceedings before the UPC	Opposition proceedings before the EPO
Item			
Accepting department	Actions for revocation	UPC Central Divisions: Paris (IPC-B, D, E, G, H), Munich (IPC-C, F) and Milan (IPC-A)	EPO's headquarters in Munich, and its branch in The Hague and sub-office in Berlin
	Counterclaims for revocation	Regional division or local divisions accepting infringement lawsuits <sup>29</sup> ; Other divisions selected upon agreement	
Qualified parties	Initiating party	A party who is concerned by a patent	Anybody
	Third-party intervention	No provision	A third party can intervene the opposition proceedings and may acquire the status of an opponent
Applicable scope	Scope of patents	European patents not opted out from the exclusive competence of the UPC	European patents granted according to the EPC
	Territorial scope	Member states (18) of the UPCA <sup>30</sup>	38 states (including the United Kingdom and Switzerland, which are non-EU member states)
Grounds		Substantial requirements for patent grant; the extension of the scope of protection after grant; lack of entitlement of the proprietor	Substantial requirements for patent grant
Language used	Language of Proceedings	UPC Central Divisions (English, German and French); Official language or designated official language of the contracting states where UPC divisions are located; The language in which the patent was granted where the parties so agree	Any official language (English, German and French)
	Written procedure	The language in which the patent was granted shall be used for the statement of revocation; The statement of revocation shall be in the language used for revocation proceedings if the revocation proceedings are heard by other division upon agreement	Any official language; Official language of the contracting state + the translation thereof; Any language for evidence without translation
	Oral hearing	Interpretation of other language at the party's own expenses	Interpretation available under certain conditions
Fee and costs	Court fee/filing fee	20,000 euros	880 euros
	Cost bearing	Small - and micro - enterprises that satisfy the requirements can enjoy fee reduction or exemption; The winning party is entitled to cost reimbursement from the losing party	No fee reduction or exemption for small - and micro - enterprises; Each party bears its own costs
Duration		Compact timeline, substantially nine months from the filing of the action for revocation to the UPC decision	Usually at least twenty months from the initiation of the opposition proceedings to the final decision



er took account of and utilized the different characteristics of the opposition proceedings before the EPO and the revocation proceedings before the UPC.

First, Bitzer first initiated the opposition proceedings before the EPO, and made a central attack by taking advantage of the opposition proceedings that cover more countries. In comparison with the revocation proceedings before the UPC, the opposition proceedings before the EPO are broader in geographical scope which include all the thirty-eight contracting states to the EPC, including the United Kingdom and Switzerland, which are non-EU member states, whereas eighteen EU countries approved of the UPCA, and the membership may only be expanded to twenty-four EU countries in the future.

Second, European countries that have withdrawn from the EU or are outside the UPC system have been taken into consideration. The Carrier's European patent (EP3414708) requested to be invalidated by Bitzer was granted on 28 September 2022<sup>31</sup>, and valid in European countries, including the United Kingdom outside the UPC system. Therefore, Bitzer initiated opposition proceedings before the EPO within the nine-month time limit, ensuring that the patent opposition covers the countries outside the UPC system, especially the United Kingdom that has withdrawn from the EU.

Third, the UPC's advantage in trial duration is utilized actively. Since the UPC sets no time limit for the filing of the action for revocation and the trial duration (one year) of the UPC at first instance is shorter than the usual trial duration (twenty-four months) of the opposition proceedings, Bitzer brought an action for revocation before the UPC Paris Central Division separately in spite of the fact that the UPC decision does not cover all the countries where the patent was granted, in a bid to obtain a rapid revocation decision to thereby meet its arrangement for commercial interests. Meanwhile, considering that the UPC's Rules of Procedure set strict and tight time requirements for the patentees' defenses and patent amendments, filing an action for revocation pending the opposition proceedings can also urge the patentees to disclose their grounds for defense and patent amendment(s) as soon as possible, thereby getting to know the opponents' litigation strategies earlier.

It is foreseeable that in the future, along with the gradually stable coordination between the two proceedings and deeper understanding thereof by market entities, the parties in suit will develop different litigation strategies to challenge the validity of patents at various stages according to

the differences and cons and pros of the two proceedings in conjunction with the specific circumstances of cases and commercial needs.

#### IV. Consolidation of actions in revocation proceedings before the UPC and acceleration of the opposition proceedings before the EPO

Pursuant to Article 33.3 of the UPCA, in a counterclaim for revocation, the court shall have the discretion either to proceed with both the action for infringement and the counterclaim for revocation with a technically qualified judge, or refer the counterclaim for revocation for decision to the central division and suspend or proceed with the action for infringement, or with the agreement of the parties, refer the case for decision to the central division.<sup>32</sup> If the party fails to bring a counterclaim for revocation within the time limit as prescribed by UPCA's Rules of Procedure, he can also bring an action for revocation separately with the central division. Under such circumstances, the claimant of the action for revocation usually requests to stay the infringement proceedings until the UPC makes its decision on the validity of the patent, or requests the court to make a conditional decision for the action for infringement that is subject to a revocation decision upholding the patent. In practice, challenging patent validity is the most common strategy against actions for infringement. Therefore, the above two situations are common where there are parallel pending revocation and infringement actions on the same patent.

In practice, there is also another situation: after a party files an action for revocation before the UPC central division, the patentee brings a counterclaim for infringement before the central division or a separate action for infringement before a regional division. Where a counterclaim for infringement has been brought, the central division may proceed with both the action for revocation and the counterclaim for infringement. Where a separate action for infringement has been brought before the regional division, with the agreement of the parties, the central division may proceed with both the action for revocation and the action for infringement; or if a counterclaim for revocation is filed in the separate action for infringement, they can be consolidated. It can be seen that, where the action for infringement runs in parallel with the action for revocation, the UPC is in princi-

ple inclined to consolidate the actions so as to save judicial resources. Where the actions cannot be consolidated, the court is not required to stay the infringement proceedings until the outcome of the action for revocation, or may even make a conditional infringement decision. This approach is in line with the UPC's rationale for dealing with the EPO opposition proceedings and its revocation proceedings. Although the proceedings at the UPC and the EPO cannot be consolidated, the court can decide whether to stay the revocation proceedings at its discretion, or in other words, the stay of revocation proceedings is not a must.

Although *Carrier v. Bitzer* only involves the parallel coordination between the separate action for revocation and the opposition proceedings, the judgment of the Court of Appeal also provided some useful guidance on the stay of the UPC proceedings when the infringement proceedings, revocation proceedings and opposition proceedings run in parallel. Under the circumstances of UPC's infringement proceedings, revocation proceedings or two parallel proceedings, the opposition proceedings before the EPO will not absolutely lead to the stay of proceedings before the UPC. The proceedings before the UPC can be stayed only when the court is fully persuaded that the decision of the opposition proceedings before the EPO is expected to be given rapidly in comprehensive consideration of the parties' interests and the stages of the two proceedings.

Following the EPO's announcement on 30 November 2023 on the acceleration of the opposition proceedings in cases of parallel actions, the EPO again issued on 22 February 2024 the notification of acceleration of opposition proceedings in cases of parallel actions. Opposition proceedings will be accelerated if the EPO is informed, by the UPC or a national court or competent authority of a contracting state, of the fact that an infringement or revocation action relating to the opposed patent has been instituted before it. How opposition proceedings are accelerated depends on when the EPO is informed of the parallel action.<sup>33</sup> Undoubtedly, the prompt conclusion of such parallel opposition proceedings at the EPO will foster procedural efficiency, while promoting quality and consistency of the European patent system. Such acceleration not only serves the interests of all parties involved in the proceedings, but also those of the authorities, courts and the general public.

In China, a party can only challenge the validity of a patent before the China National Intellectual Property Administration (CNIPA). Any party dissatisfied with the CNIPA's de-

cision may bring an action against the CNIPA's administrative decision before the Beijing Intellectual Property Court and subsequently appeal to the Intellectual Property Court of the Supreme People's Court. Therefore, in China, judicial action for patent invalidation does not go in parallel with the CNIPA's invalidation proceedings. However, if the party files a request for invalidation of the patent in suit with the CNIPA in an action for patent infringement, conflicts may occur between the proceedings and need to be coordinated, especially as to whether the infringement proceedings should be stayed to wait for the results of the administrative action. In this regard, according to Articles 4 to 7 of the Several Provisions of the Supreme People's Court on Issues Concerning Application of Law to Adjudication of Patent Disputes (2020), where there are pending infringement proceedings and invalidation proceedings in parallel, whether a request for patent invalidation has been filed within the time limit for filing a defense in the infringement case, whether evidence against the patent in the invalidation proceedings is sufficient, and whether the patent in suit is an invention patent shall be taken into account to distinguish the circumstances where the infringement action should be stayed, may not be stayed, or should not be stayed. In addition, pursuant to Article 2 of the Interpretation (II) of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Disputes over Patent Infringement (2020), where the CNIPA declares the patent invalid, the court hearing the infringement action on the same patent can first rule to dismiss the action filed by the patentee based on the invalidated claim(s) without waiting for the judgment of the subsequent administrative action filed by a dissatisfied party against the administrative decision on patent invalidation. If the administrative decision on patent invalidation is eventually revoked or amended, the patentee is entitled to file a separate infringement lawsuit as a judicial remedy. Obviously, under the legal system where the validity of a patent is directly determined by the CNIPA only, China has refined the conditions for the stay of proceedings and introduced the approach of "ruling to dismiss the lawsuit first and then granting the patentee a remedy to file a separate lawsuit", which has partially alleviated the problem of long-term delays caused by the fact that local courts cannot proceed in the trial of infringement action until the final decision on the validity of the patent is made after administrative proceedings at several levels.<sup>34</sup> Nevertheless, the "stay of proceedings" in China serves more as the con-



nection between the judicial proceedings and administrative proceedings. After all, it is the administrative authority that decides the validity of the patent, and the judicial authority cannot overstep its power to directly judge the validity of the patent in the absence of authorization by law. The interpretation involving the stay of proceedings made by the Supreme People's Court is only applicable to the situation where the party in a dispute over patent infringement files a request for invalidation with the CNIPA. There is currently no clear provision on whether the court should stay the patent infringement case where an administrative lawsuit on the validity of the same patent is pending.<sup>35</sup>

## V. Coordination and limitations of the UPC's rule that "the latter decision will prevail"

The validity of patents in China is examined and decided by the CNIPA. Even though the court overturns the CNIPA's decision in an administration action for patent invalidation, it has no power to directly judge on the validity of the patent, but only determines to revoke the decision of the CNIPA and orders the same to make a new decision on invalidation. Therefore, there is no conflict of the substantive judgment on patent validity between the judicial procedures and administrative procedures. On the contrary, it is likely that completely different decisions on the validity of the same patent will be made in parallel UPC revocation proceedings and EPO opposition proceedings. Moreover, different from the revocation proceedings in one country, the UPC revocation proceedings involve a wider range of member states. If the EPO's decision in the opposition proceedings is inconsistent with the UPC's judgment in the revocation proceedings, the conflict therebetween will have an impact on more contracting states.

The appeal decision in *Carrier v. Bitzer* indicated that decisions in which the UPC and EPO issue different rulings on the revocation of a European patent are not irreconcilable. Where one body upholds the patent and the other revokes it, the latter decision will prevail. The body that decides last can take the decision of the body that decides first into account in its decision. This could mean that the UPC widely recognizes that on the one hand, the UPC will greatly rely on the file wrapper estoppel in its proceedings, barring, in the subsequent proceedings, the patentee from

retracting its modifications or observations made during the patent prosecution and opposition proceedings before the EPO; and on the other hand, the UPC will consider and recognize the decision previously made by the EPO in its proceedings, as well as various office actions and parties' observations, as internal evidence. However, if the UPC's revocation decision is made first, whether the EPO needs to consider the UPC's revocation decision when examining the validity of the patent is to be clarified by the EPO and verified in practice.

There are also special circumstances on account of the differences between the UPC revocation proceedings and the EPO opposition proceedings in terms of territorial scope and invalidation grounds. For instance, if the earlier UPC's revocation decision to invalidate the patent is made on the basis of the grounds other than those for invalidation in the EPO opposition proceedings, the rule that "the latter decision shall prevail in case of conflicting decisions" in the abovementioned appeal decision cannot apply. Or, if the EPO has revoked the patent in the opposition proceedings and then the UPC has confirmed the validity of the same patent in the revocation proceedings, the UPC's decision in the revocation proceedings is only applicable to the contracting states of the UPCA, rather than those (e.g., the United Kingdom or Switzerland) which are not part of the UPCA but belong to the EPC, thereby resulting in the dilemma that the same European patent is valid in some countries but invalid in others.

Furthermore, several national courts, e.g., the Netherlands, France, Belgium, Sweden, and Denmark, rely extensively on the file wrapper estoppel in their claim interpretation, whereas others, e.g., Germany and Italy, do not.<sup>36</sup> Although the UPC has not clarified the extent of the application of the file wrapper estoppel, the above-mentioned appeal decision seems to imply that the UPC will unify the standards for the application of the file wrapper estoppel in the future and give great consideration to the party's statements presented in the EPO proceedings, which will undoubtedly help to reduce the likelihood of inconsistency between the UPC revocation proceedings and the EPO opposition proceedings in terms of the substantive judgment to some extent.

## VI. Conclusion

Under the UPC system, it is common to see the UPC re-

vocation proceedings (a separate action for revocation or a counterclaim for revocation in an action for patent infringement) and the EPO opposition proceedings running in parallel. A party can challenge the validity of a patent with different strategies at different stages according to specific details (the date of grant and the countries where the patent is valid) of the patent and its commercial arrangements in a specific region or country. When resolving the conflict in parallel proceedings, the UPC places emphasis on the full consideration of the balance of interests between the parties in adherence to the fundamental litigation rights and the principles of fairness and equity in the EU laws. For instance, in order to enhance the efficiency in handling actions, safeguard the legitimate rights and interests of the parties, and save litigation resources and costs, the proceedings should not be stayed in principle without justified reasons. When resolving the conflicts of parallel proceedings in terms of the judgment effect, the UPC deems that the previous decision should be reasonably considered in a bid to prevent the impact resulting from the inconsistency of decisions. However, how the body that decides last takes the decision of the body that decides first into consideration, as well as the scope and standards of such consideration, shall be further observed and verified in practice. ■

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<sup>1</sup> Antje Brambrink. The unified patent court: What we learned in Year 1. Retrieved from <https://www.finnegan.com/en/insights/articles/the-unified-patent-court-what-we-learned-in-year-1.html>, posted on 21 June 2024.

<sup>2</sup> Agreement on a Unified Patent Court, EU 2013/C 175/01, Art. 2(g).

<sup>3</sup> See supra note 2, Art. 32(1)(d), (e).

<sup>4</sup> The European Patent Convention, 17<sup>th</sup> edition, November 2020, Art. 99, 142.

<sup>5</sup> Regulation (EU) No.1257/2012 of implementing enhanced cooperation in the area of the creation of unitary patent protection, Preamble, 26.

<sup>6</sup> See supra note 2, Art. 33(8).

<sup>7</sup> See supra note 2, Art. 33(10).

<sup>8</sup> Rule of Procedure of the Unified Patent Court, Rule 295(a).

<sup>9</sup> *Carrier v. BITZER Electronics*, UPC\_CFI\_263/2023, paras. 6-7.

<sup>10</sup> *Carrier v. BITZER Electronics*, UPC\_CoA\_22/2024, para. 7.

<sup>11</sup> See supra note 9, para. 20.

<sup>12</sup> See supra note 10, para. 9.

<sup>13</sup> See supra note 10, para. 13.

<sup>14</sup> See supra note 10, paras. 29-30.

<sup>15</sup> See supra note 10, paras. 28-34.

<sup>16</sup> See supra note 4, Chapters. 5-6.

<sup>17</sup> Regulation (EU) No.1257/2012 of implementing enhanced cooperation in the area of the creation of unitary patent protection.

<sup>18</sup> Council Regulation (EU) No.1260/2012 of implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements.

<sup>19</sup> Rules relating to Unitary Patent Protection.

<sup>20</sup> *Nano String v. 10x Genomics*, UPC\_CoA\_335/2023, p 24.

<sup>21</sup> Case Law of the Boards of Appeal (10<sup>th</sup> edition, 2022, p 1192). Retrieved from [https://link.epo.org/web/case\\_law\\_of\\_the\\_boards\\_of\\_appeal\\_2022\\_en.pdf](https://link.epo.org/web/case_law_of_the_boards_of_appeal_2022_en.pdf).

<sup>22</sup> See supra note 2, Art. 47(6).

<sup>23</sup> See supra note 4, Art. 138(e).

<sup>24</sup> See supra note 4, Art. 138(d).

<sup>25</sup> The invalidity ground of an earlier unpublished national application may only establish nullity of the national part of the EP bundle patent in the respective country, and it is currently unclear what effect such a national unpublished elder right will have for European unitary patents. One feasible solution could be that a European unitary patent is not revoked due to an elder national right at all, but the European unitary patent is found not to be enforceable in the territory of the elder national right.

The Sedona Conference (2023). Framework for Analysis for the Efficient Resolution of Disputes Before the Forthcoming European Unified Patent Court. *Sedona Conference Journal*, 24/219, 310.

<sup>26</sup> See supra note 4, Art. 99.

<sup>27</sup> See supra note 2, Art. 83(3).

<sup>28</sup> This table is made mainly with reference to the relevant provisions and the following article:

Zhang Peng and Cai Jialong. Comparison and selection between the UPC revocation proceedings and the EPO opposition proceedings. WeChat Account: IP ForeFront. Retrieved from [https://www.sohu.com/a/795485794\\_120133310](https://www.sohu.com/a/795485794_120133310).<sup>29</sup> Currently, there is only one regional division, the Nordic-Baltic Regional Division located in Stockholm, and a total of thirteen local divisions, including four in Germany (Düsseldorf, Munich, Mannheim, Hamburg), one in France (Paris), one in the Netherlands (The Hague), one in Belgium (Brussels), one in Italy (Milan), one in Finland (Helsinki), one in Denmark (Copenhagen), one in

Austria (Vienna), one in Portugal (Lisbon), and one in Slovenia (Ljubljana).

<sup>30</sup> There are twenty-four EU countries signing the Regulation (EU) No. 1257/2012 of implementing enhanced cooperation in the area of the creation of unitary patent protection, wherein eighteen countries approved of and passed the UPCA.

<sup>31</sup> Espacenet patent search. Retrieved from [https://worldwide.espacenet.com/patent/search/family/058185617/publication/EP3414708B1?search\\_type=patents&q=EP+3414708](https://worldwide.espacenet.com/patent/search/family/058185617/publication/EP3414708B1?search_type=patents&q=EP+3414708).

<sup>32</sup> See supra note 2, Art. 33(3).

<sup>33</sup> EPO: Acceleration of opposition proceedings in cases of parallel court actions. Retrieved from <https://www.epo.org/en/news-events/news/acceleration-opposition-proceedings-cases-parallel-court-actions>, posted on 22 February 2024.

<sup>34</sup> Guan Rongqi (2022). The elements of the examination system of patent validity by court. *Academic Forum*, 2, 38.

<sup>35</sup> Liu Jiancui (2024). The construction of the judicial adjudication system for the validity of patents in China. *Journal of Shenzhen University (Humanities & Social Sciences)*, 3/41, 112.

<sup>36</sup> The Sedona Conference (2023). Framework for Analysis for the Efficient Resolution of Disputes Before the Forthcoming European Unified Patent Court. *Sedona Conference Journal*, 24/219, 289.