

EIP

Defective opt out allows revocation action to proceed at the UPC

Toyota Motor Europe NV/SA v Neo Wireless GbmH & Co KG (UPC_CoA_79/2024)

**Appeal against Order no. 597664/2023[1] in case UPC_CFI_361/2023 of the Central
Division, Paris seat**

Order of 4 June 2024 (ORD_30505/2024)[2]

Neo Wireless LLC (Neo USA) was the proprietor of the patent application EP 3876490 for all designated states. On 7 March 2023 that entity assigned the German part (only) of the still-pending application to Neo Wireless GmbH & Co KG (Neo DE), retaining the other national parts of the application to itself.

On 30 March 2023 Neo USA filed an opt out for all EPC states. But this opt out application was not filed on behalf of Neo DE, nor was their consent included in the opt out application.

The patent having been granted, Toyota Motor Europe NV/SA (Toyota) filed a revocation action against the German part of the patent at the Paris Central Division. Neo DE filed a preliminary objection under Rule 19 RoP challenging the competence of the UPC in respect of the revocation action, on the ground that the patent had been opted out.

The judge-rapporteur of the Paris Central Division considered that the opt out request was invalid, because not all proprietors of all national parts of EP 3876490 had lodged the Application to opt out as required by Rule 5.1(a) RoP. Therefore the preliminary objection was rejected. Neo DE appealed.

Neo DE challenged Rule 5.1(a) RoP as being in conflict with Article 83(3) UPCA (the

provision that allows for an opt-out), and argued that it should be possible for a proprietor in one designated country of the patent to opt the European Patent out of the jurisdiction of the UPC without requiring the agreement of all the other proprietors.

The Court of Appeal considered that Article 83(3) UPCA was ambiguous and requires interpretation. Having decided that interpretation on the basis of the text itself failed to clarify the issue, the Court of Appeal turned to the object and purpose of Art. 83(3) UPCA. The Court held that this makes clear that the opt out Application must be lodged by or on behalf of all proprietors of all national parts of the patent, reasoning as follows.

It was accepted by all parties that an opt out, if validly requested, applies to the whole European patent, and cannot apply to just some countries thereof. That being the case, the converse of the unfairness complained of by Neo DE that one proprietor would be kept under the jurisdiction of the UPC against its will if other proprietors did not agree to opt out, would be that (under the interpretation urged by Neo DE) one proprietor could deprive other proprietors against their will of the possibility of enforcing their patent at the UPC. The Court of Appeal considered that this consequence was clearly not in accordance with the fundamental legislative framework whereby the UPC is the default venue for legal proceedings concerning European patents.

The Court of Appeal concluded that, in view of its meaning and purpose, Art. 83(3) UPCA must be interpreted such that a valid opt out application requires that it is lodged by or on behalf of all proprietors of all national parts of a European patent. It therefore follows that Rule 5.1(a) RoP is in conformity therewith.

Since it was undisputed that Neo USA did not lodge the opt out application on behalf of Neo DE, nor did Neo DE file an opt out itself, there was no valid opt out of the patent from the jurisdiction of the UPC.

Accordingly the challenge to the jurisdiction of the UPC in respect of the revocation action failed. The appeal from the rejection of the preliminary objection was rejected.

[1] Not apparently yet published by the UPC

[2] <https://www.unified-patent-court.org/en/node/798>