



Unitary Patent in Europe & Unified Patent Court (UPC)

An overview and a comparison to the „classical“
patent system in Europe



Today's situation:

Obtaining patent protection in Europe

- Direct filing and grant in **national patent offices**
- or
- Filing in **European Patent Office (EPO)** leading to grant of European patents and
- Validation of European Patents as national patents

National patent enforcement

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Today's situation:

Advantage of filing with the EPO:

- Single patent prosecution procedure for all EPC member and extension states (including both EU and non-EU states)



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Advantage of filing with the EPO:

- Single patent prosecution procedure for all EPC member and extension states (including both EU and non-EU states)

Disadvantages after grant:

- High costs due to required translations of claims/description into national language at validation for a number of states (including, e.g., IT and ES)
- High costs due to renewal fees occurring annually in each state separately
- High costs due to separate patent registers in each state





Today's situation:

Disadvantages of *national* patent enforcement:

- Risk of diverging national decisions
- Potentially high costs due to high number (parallel) national enforcement procedures (litigation and nullity proceedings separately in each state)
- Legal uncertainty





Concept of „Unitary patent“ protection in Europe

is intended to overcome both these aforementioned

- Disadvantages **after grant** and the
- Disadvantages of ***national* patent enforcement.**



Concept of „Unitary patent“ protection in Europe

- A "European patent with unitary effect" (Unitary Patent) will be a European patent, granted by the EPO under the rules and procedures of the EPC, to which, at the patent proprietor's request, unitary effect is given for the territory of up to 26 (EU) Member States participating in the Unitary Patent system and having ratified the UPC Agreement
- A unitary patent can be obtained for EP patent applications pending at the time of introduction of the new system
- The Unitary Patent only covers states that have ratified the UPC agreement at that time (no states can be added later)
- Non-EU states are **not** and **cannot** be part of the Unitary Patent system → Unitary Patent system thus **does not** and **cannot** cover all 38 EPC member states



Concept of „Unitary patent“ protection in Europe

- There will be **no change** as far as the patent **prosecution** proceedings before the EPO are concerned, i.e. there will still be both the same application procedure and the same examination procedure and the same grant procedure: the introduction of the Unitary patent merely affects the procedure **after grant** of the European patent by the EPO
- European Patents, granted by the EPO, can be, e.g., validated as:
 - a unitary patent for the participating (EU) Member States **together with**
 - a “classical” European patent taking effect in one or more EPC Contracting States, which are not EU-states and/or are not (yet) participating in the unitary Patent agreement such as, e.g., ES, CH, TK, NO etc.
- The unitary patent will **co-exist** with national patents and with “classical” European patents and is thus an **alternative** to the classical European patent



Advantages of „Unitary patent“ protection in Europe with respect to reducing costs

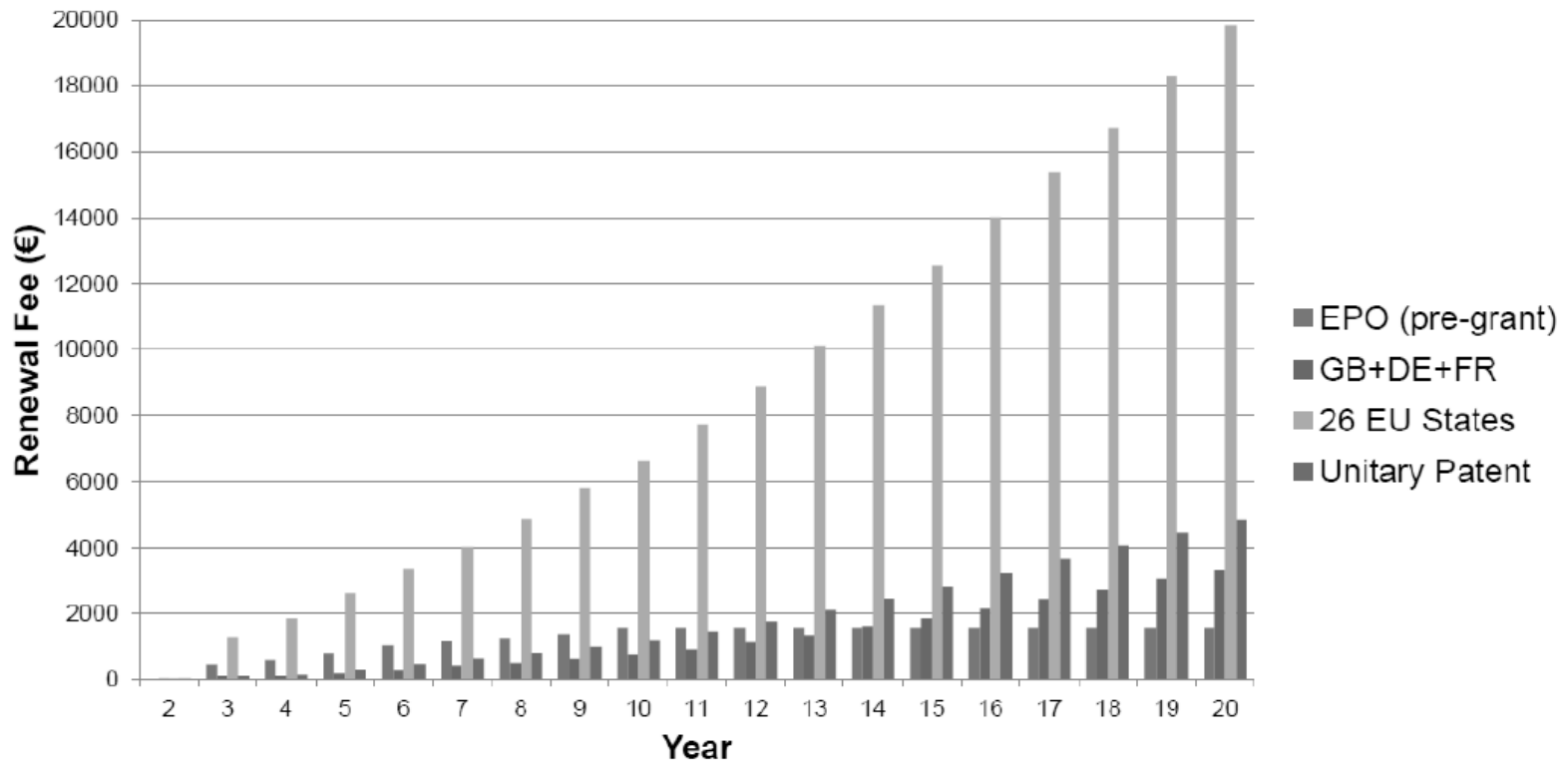
- No translation requirement after grant at least eventually after a 12-year transition period (single translation fee within this period has to be paid)
- Single annual renewal fee has to be paid (instead of a number of different renewal fees for each EPC member state, in which the patent has been validated): this fee will be equal to the combined annual renewal fees in the “Top 4” most frequently validated countries participating in the Unitary Patent, namely, Germany, France , the Netherlands, (and the UK)
- Expensive validation process including costs associated with national representatives in all validated countries will no longer occur, since EPO will act as a “one-stop-shop”, providing a simple registration of a Unitary Patent

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Graphical comparison of renewal fees (unitary patent vs. classical European patent (validated in all 26 states))





Disadvantages of „Unitary patent“ protection in Europe with respect to reducing costs

- Single annual renewal fee has to be paid for a unitary patent; however: there is no opportunity later to reduce this fee by abandoning the patent in some UPC states as it is the case for “classical European patents”, i.e. individual designations cannot be dropped in order to save on renewal fees



Establishment of the UPC (Unified Patent Court)

- The new additional role of the EPO for registering unitary patents is intended to overcome the aforementioned disadvantages **after grant** of European patents, which are mainly associated with undesired high costs
- The aforementioned disadvantages with respect to only *national* patent enforcement are intended to be overcome by instituting a new patent court in Europe, namely the **Unified Patent Court (UPC)**
- The UPC is intended to be a forum for litigation of **all patents issued by EPO** in the participating states, i.e. for both Unitary patents and “classical” European patents which issued before the UPC agreement entered into force, and which have not yet lapsed by then



Establishment of the UPC (Unified Patent Court)

Structure of the UPC

- “Court of First Instance”:
 - *Central* Divisions in Paris, Munich and London (London will handle „chemistry cases“)
 - *Local* (a court set up in one member state) or *Regional* Divisions (a court set up in two or more member states)
- “Court of Second Instance” („Appeal Court“) in Luxembourg
- (Limited) possibility of referrals to the CJEU (Court of Justice of the EU) in matters of EU law



Possible advantages of the UPC jurisdiction

- No diverging national decisions in revocation/infringement actions due to exclusive jurisdiction of the UPC
- UPC provides central revocation action, i.e. a central attack is possible any time, in particular after expiry of the opposition period before the EPO
- Development of European case law by the UPC over time provides enhanced legal certainty for all users, in particular for non-EU defendants
- Reduced efforts for litigation management & reduced costs (no parallel litigation proceedings in different states)
- Infringement and revocation counterclaim tried together
- Time efficiency and strict timelines (1 year for any first instance proceedings)



Possible disadvantages of the UPC jurisdiction

- Risk of Europe-wide invalidation of the unitary patent with just one strike any time during life of a patent by a central revocation attack for the proprietor of a unitary patent
- Legal uncertainty at least for some time since European case law needs to be developed by the UPC over time
- Concerns about the “qualification” of the judges/courts involved, in particular of the 1st instance local and regional Divisions



Establishment of the UPC (Unified Patent Court)

- The UPC has *exclusive* jurisdiction for patents with unitary effect
- During a **transitional period of at least seven years**, however, an action for infringement or for revocation of a European patent may still be brought before national courts and will not be tried before the UPC (thus there is *concurring jurisdiction* in this transition period between the UPC and national courts), but only, if the patent proprietor of a European patent requests to “**opt out**” from the exclusive competence of the UPC



„Opting out“ from UPC jurisdiction (I)

- An “**opt-out**” from exclusive UPC jurisdiction is possible **once** during a transitional period of at least 7 years for patent proprietors of “classical” European patent or for applicants of a European patent granted or applied for before the end of the transitional period for the entire lifetime of the patent at any time, *UNLESS an action has already been brought before the UPC*
- “**Opt-out**” has the effect that actions for infringement and/or for revocation will still be brought before national courts and not before the UPC during the transitional period
- “**Opt out**” may be withdrawn any time, *UNLESS an action has already been brought before a national court*



„Opting out“ from UPC jurisdiction (II)

- There will be a “sunrise period” for the possibility of “**opting out**” which is planned to start three months before the UPC becomes operational
- “**Opt out**” is (of course) not available for patent proprietors of unitary patents
- There will be no “**opt-out**” fee, i.e. opting out is free of charge
- “**Opt-out**” has to be declared within 1 month from grant



Should I „opt-out“ or not?

- A mix of approaches for different patents, depending on their value and likelihood of litigation should be contemplated,
 - e.g. “strong” patents for which protection all over Europe is envisaged could be registered as Unitary Patent (and additionally as classical patent for the remaining non-UPC, but EPC states) in order to substantially save costs (no “**opt-out**”) and “weaker”, but important and valuable patents could be rather validated as classical European patents in order to avoid a central revocation attack (“**opt-out**”)
- Possible strategy may include to “**opt-out**” valuable patents and then later to opt back in if enforcement of these patents is desired in a lot of countries



When does it all start?

- The UPC will become operational when the UPC agreement has been ratified by at least 13 member states including – mandatorily – Germany, France and the UK → so far the agreement has been ratified by 14 member states including France: thus nothing will happen until both Germany and the UK have ratified the agreement
- **Problem I:** *Brexit Implications* for the UPC: it is currently unknown – although the UK announced that it would nonetheless ratify the UPC Agreement – if and how the UK can be a member state of the unitary patent system when it will no longer be an EU-member state
- **Problem II:** pending complaint filed with Germany's constitutional court has put ratification of the UPC agreement in Germany to a hold for an unknown period of time