

# Patent Strategy in Europe in view of the Unitary Patent System and BREXIT

Eva Liesegang  
Dr. Andreas Lucke  
Patent Attorneys  
Munich, Germany

Hsinchu, November 2017

# Who we are

BOEHMERT & BOEHMERT is one of the largest law practices in Germany, specialized in intellectual property, and one of the few IP boutiques where patent attorneys and attorneys at law work together.

- Established in Berlin 1932 by Karl Boehmert
- Munich branch office founded in 1977 - one year before the opening of the European Patent Office
- Today: 10 branch offices across Germany, 3 international offices
- About 100 IP professionals
- About 400 staff in total

# Basics – Current patent prosecution and litigation in Europe at a glance

# The two Avenues to obtain Patents

## 1. National patent



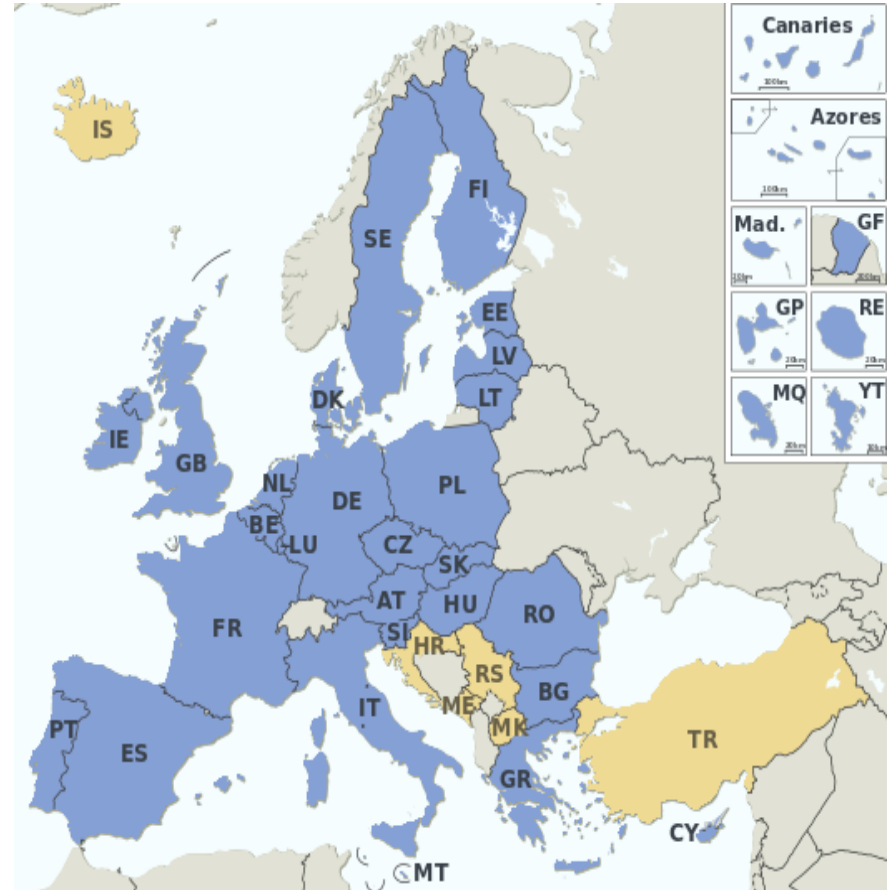
Filing at national PTO → Examination → Grant

## 2. European patent

Filing at EPO → Examination → Grant → DE  
→ GB  
→ ...

Validation process

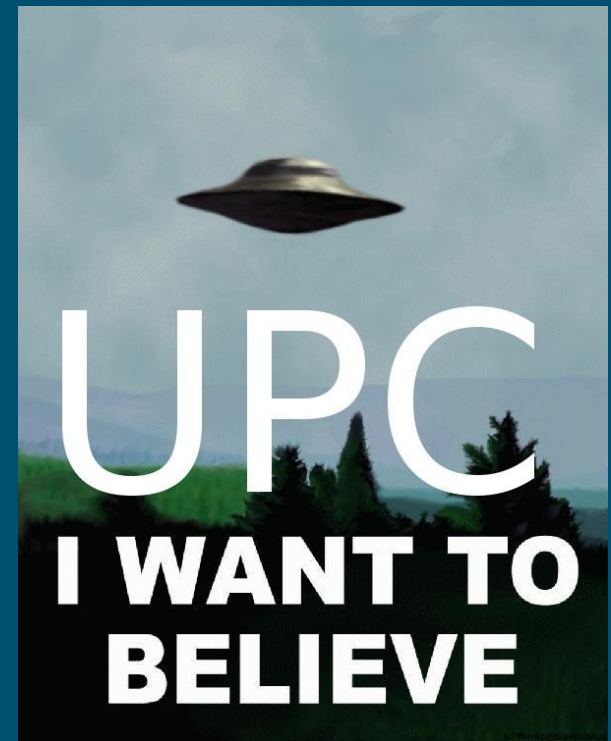
# 38 EPC – Member States vs. 27 EU – Member States



# Enforcement Today

- National and European patents are enforced at national level
- Enforcement in many countries = expensive and ineffective
- Deviating decisions in different countries
- No real “cross-border” effects
- Patent Exhaustion within EU Market
- Limited attempts/success of the European Union to harmonize case law, let alone procedures

# Basics - Unitary Patent: Grant Procedure & Jurisdiction



# Timing of the UPC “package”...



- New system will enter in force:
  - Following ratification by 13 member states, including DE, FR, GB
  - Uncertainty in view of Brexit
  - Uncertainty in view of pledge pending before German Constitutional Court; complaint accepted by CC and likely to go to appeal to ECJ, after decision of CC
  - (UPC ratified in Germany, signature suspended)
  - Surely not before 2019, likely not before 2021, 2022, 2023, ...
- European patent systems will continue to exist in parallel



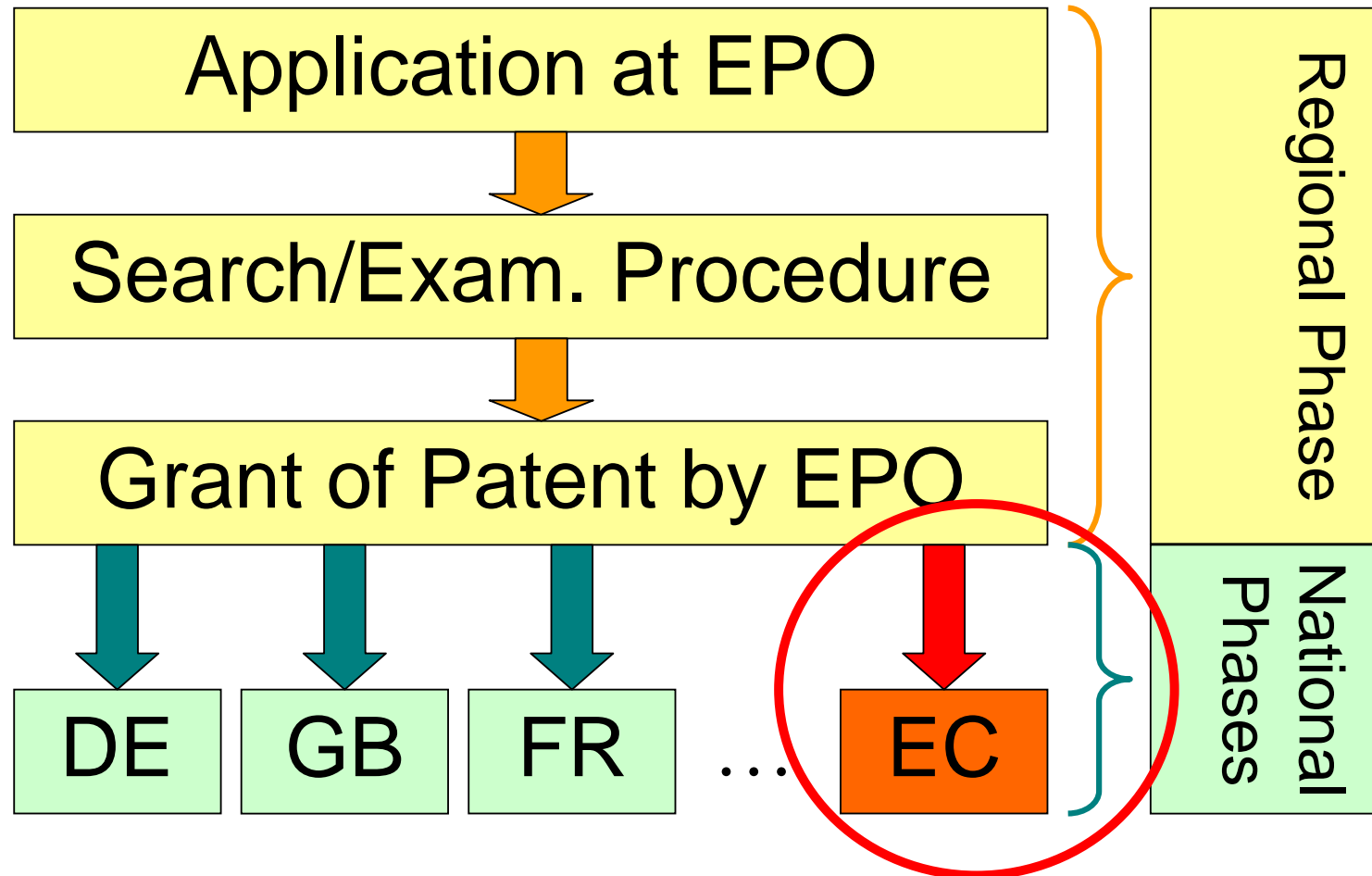
# Consequences of Unitary Patent?

- One single right for all EU member states
  - unitary transfer
  - unitary revocation/lapse/expiry
  - unitary litigation , e.g. unitary cease and desist claim and damage claim

## But:

- unitary patent can be licensed as a national patent:  
licensing possible for the whole EU or for single territories
- Compulsory license – according to the respective national laws

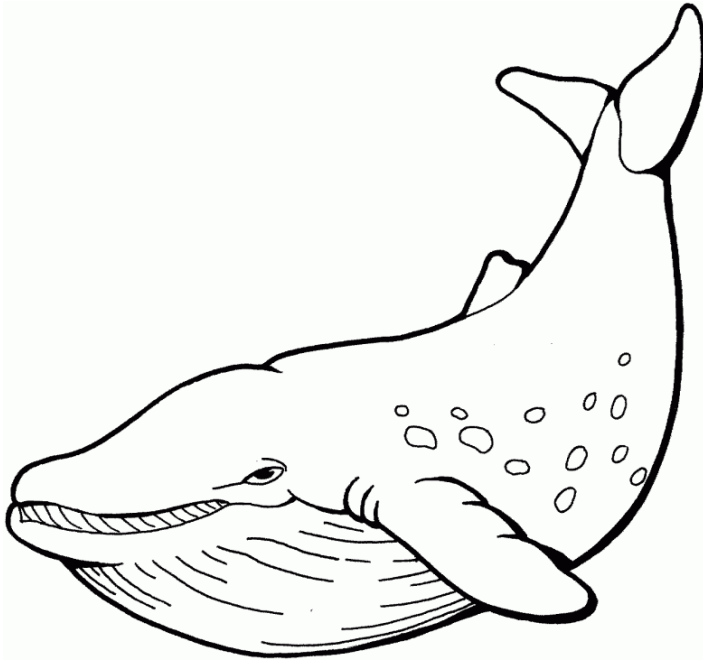
# EPC vs. Unitary Patent Grant Procedures



# Prosecution of a UP

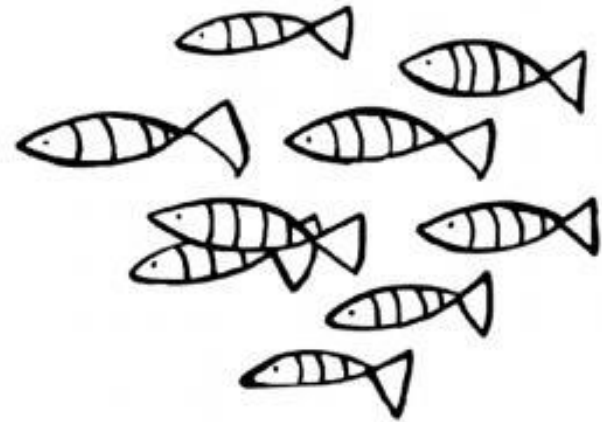
- Filing at the EPO – no change
  - Application can be filed in any EPO language (GB, FR, DE);
- Search/Examination – no change
- Designation of member states – no change
- Language regime – no change (until grant)
  - translation of claims intended for grant
- After grant:
  - 1 month for filing UP-request
  - filing one translation

# Problem: Revocation of UP



**Whale  
(UP)**

**or**



**Swarm?  
(national)**

## Opt – Out / Opt-In

- Possible for 7 (or 14) years from start of the system
- Opt-out has to be declared by applicant/proprietor (not licensee); all applicants/proprietors have to agree.
- Opt-out allows national procedures for the EP-patent at least until 2044 (maybe 2051).
- No opt-out fee
- EP-Patents (bundles) can only be opted-out as a whole.
- EP and SPC are one unit.
- Withdrawal of opt-out (“opt-in”) possible once.

# UP – Who likes it and who does not?

“One can not expect that the UP and the UPC will become a system that will be useful for more than about 50% of the current applicants at the EPO, in particular SMEs. This means that SMEs will probably be forced to return to national applications and procedures at national courts.”

“Parallel litigation in several EU-member states only occurs in 5 to 8% of all cases.”

“*A real advantage of the UPC* can be found for large internationally active companies with deep pockets that do not fear a centralized attack on the patent.”

“You should opt-out as early as possible and with all important patents.”

(Pagenberg)

# Changes and strategies in European Patents because of BREXIT

# My Inbox – Mails from the UK

Messages on June 24, 2016 (Brexit vote):

“No changes.”

“European Trademarks and Designs - **until withdrawal from EU**, all European rights will continue to have effect in the UK.”

“There will be no need to change working practices or take any action with respect to European patents as a result of the referendum result.”

Messages on November 29, 2016:

“UK government wants still to join UP system”,

“Wonderful news!”



# UK – Today (November 2017)

UK goes for a Hard Brexit, with a Brexit date to be fixed by law

UK's ratification of the UPC Agreement most likely to be delayed considerably, ...2018..?

# Sorting out the issues

1. Relevance of UK patent litigation in the EU
2. Effects of BREXIT on existing IP systems
  - European Patents, Designs and Trademarks, SPCs
3. Effects of BREXIT on applicants/patentees
  - IP portfolio, Representation, Contracts (e.g. licenses), Patent enforcement, Costs
4. Effects of BREXIT on a prospective UP system
  - Patent prosecution and maintenance, SPCs, Patent enforcement
  - Court location(s), Costs
5. What to do – right now?

# Relevance of UK patent litigation

## 1. Case numbers

- From 2012 to 6/2017, about 3200 infringement cases filed in DE, about 300 cases in NL, and about 500 cases in the UK
- Currently about 1000 new cases p.a. in DE, about 350 new cases p.a. in FR, and about 150 new cases p.a. in the UK
- Only about 5% of all European patent litigation takes place in the UK

# Relevance of UK patent litigation

## 2. Costs

- DE – average (reimbursable) costs range between EUR 50,000 and EUR 100,000 per party per instance
- UK – average costs of about GBP 1.5 million (EUR 1.765 million) for each side. Usually no (full) reimbursements
- Average costs in the UK about 15 times the costs in Germany

# Effects of BREXIT on existing IP 1

## 1. European Patent Application and granted European Patents

- EPC procedure – no changes
- Validation – basically no changes, except that UK attorneys cannot represent national parts in EU countries (and vice versa)

# Effects of BREXIT on existing IP 2

## 2. Community Trademarks and Community Designs

- existing EU Trademarks and Designs no longer provide coverage in the UK.
- Solution (?): Converting existing EU rights to UK national rights, enjoying the same priority or filing dates.
- Or: “re-registration” with additional costs
- Use requirements concerning TM for UK and EU change;
- UK attorneys cannot represent EU Trademarks and Designs

# Effects of BREXIT on applicants

- Representation
  - Split requires “mix” of representatives, even for EU or British entities
- Costs
  - Split will increase costs
- Legal (un)certainty
  - Unfair competition and anti-trust is fully EU-regulated – no more applicable in the UK

# Effects of BREXIT on litigation regime

- Patent enforcement
  - (Likely) no changes within continental Europe.
  - Cross-border effects will be limited
  - Legal uncertainty increased
  - Stronger role of German litigation cases
- UK: Detachment from EU case law:
  - Uncertainty concerning effect of EU-wide judgment on UK cases after Brexit
  - What about the “gist” of EU-directives previously implemented? (e.g. Enforcement directive)

Plus:

- Added uncertainty until (end of) Brexit negotiations ....



# Effects of BREXIT on the UPC system

- If UK joins UP system
  - Will European court of Justice be accepted by UK?
  - What about Representation?
  - Is EU patent court in London (non-EU country) possible? Currently, pharma cases assigned to London court (about 30% of all EU patent litigation)
- If UK does not join UP system
  - Will UP system “still” be implemented?
  - Attractiveness of the system?
  - Location of third UP court?
  - Increase of costs
  - Even stronger role of German litigation cases

# What to do?

- In view of BREXIT
  - Check portfolio for effects of BREXIT, particularly with regard to EU Trademarks and Designs. Do you need additional national rights?
  - Check agreements for effects of BREXIT. Do license agreement cover the UK?
  - Check potential EU-wide patent exhaustion, not covering the UK?
  - Observe use requirements for trademarks
  - Review your Representation
  - Market situation – with the UK no longer being part of EU market, relevance of national rights in UK may diminish

# What to do?

## In view of UPC

- Review your portfolio
- Decide on Opt-out strategy (whale/swarm) ,  
Observe timelines
- Consider filing German national patents in addition to EP patents for Tier 1 inventions (double patenting is possible and may save your core IP from central attack)
- Consider filing only national patents for Tier 2 or Tier 3 inventions (We recommend filing in Germany as the largest market in EU and preferred litigation venue)
- Review your Representation

Thank you very much  
for your kind attention.

**Eva Liesegang**

**Dr. Andreas Lucke**

liesegang@boehmert.de

**Boehmert & Boehmert**

Pettenkoferstraße 22

D-80336 München

Germany

T +49-89-55 96 80

F +49-89-34 70 10