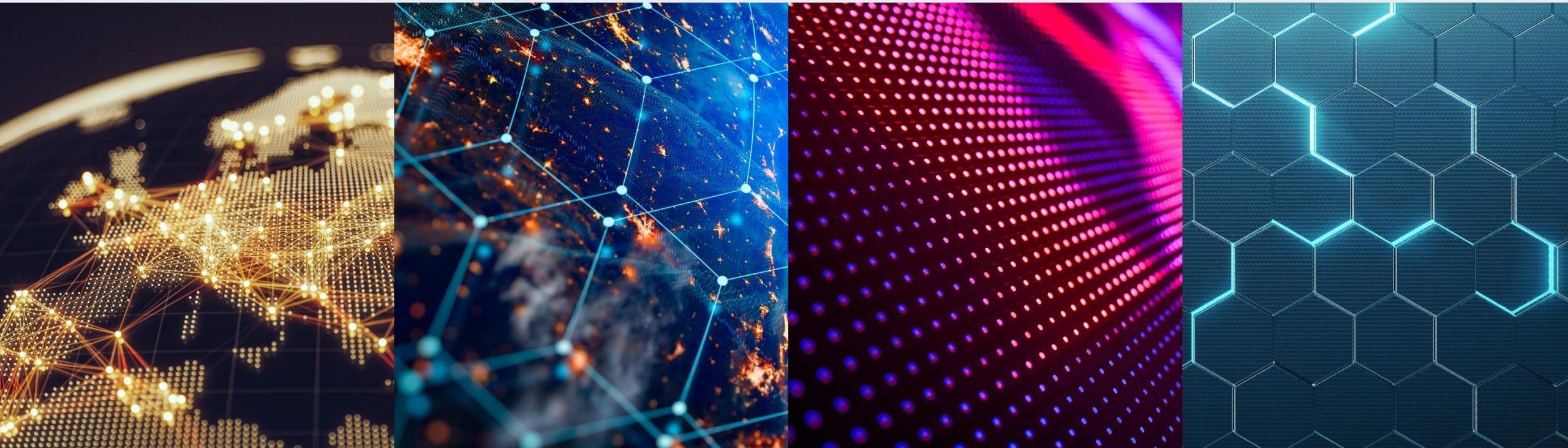


# The Unitary Patent & The Unified Patent Court

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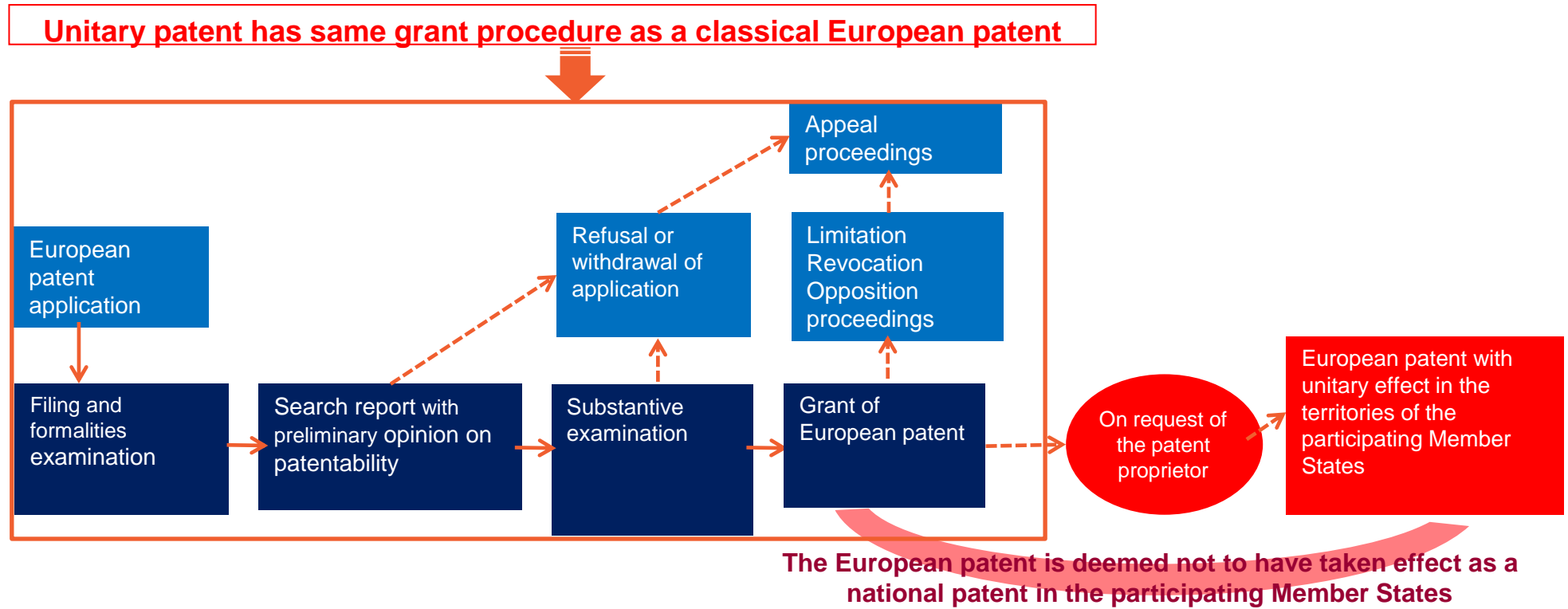
# What is the Unitary Patent and the Unified Patent Court?

- A unitary patent (formerly known as a Community patent) is a ‘European patent with unitary effect’
- The patent proprietor can request the registration of unitary effect post-grant, which will protect the claimed invention in the Member States that have signed the Agreement on a Unified Patent Court (UPC)
- The UPC will have exclusive jurisdiction for infringement and revocation actions concerning unitary patents

# The unitary patent: who's in, and who's out...

| Countries that will eventually be covered by a unitary patent | Countries that have opted out of the unitary patent for now, but could join in the future | Countries that are members of the EPC but not the EU; these countries must join the EU before they can become unitary patent countries |
|---|---|--|
| Austria   | Ireland   | Poland   |
| Belgium   | Italy   | Spain  |
| Bulgaria  | Latvia  | Croatia  |
| Czech Republic  | Lithuania   | Albania  |
| Cyprus  | Luxembourg  | The Former Yugoslav Republic of Macedonia  |
| Denmark   | Malta   | Iceland  |
| Estonia   | Netherlands   | Lichtenstein   |
| Finland   | Portugal  | Monaco   |
| France  | Romania   | Norway   |
| Germany   | Slovakia  | San Marino   |
| Greece  | Slovenia  | Serbia   |
| Hungary   | Sweden  | Switzerland  |
|   |   | UK   |
|   |   | Turkey   |

# Unitary patent: Aim is to provide one shot post-grant litigation not a 'classical' European patent

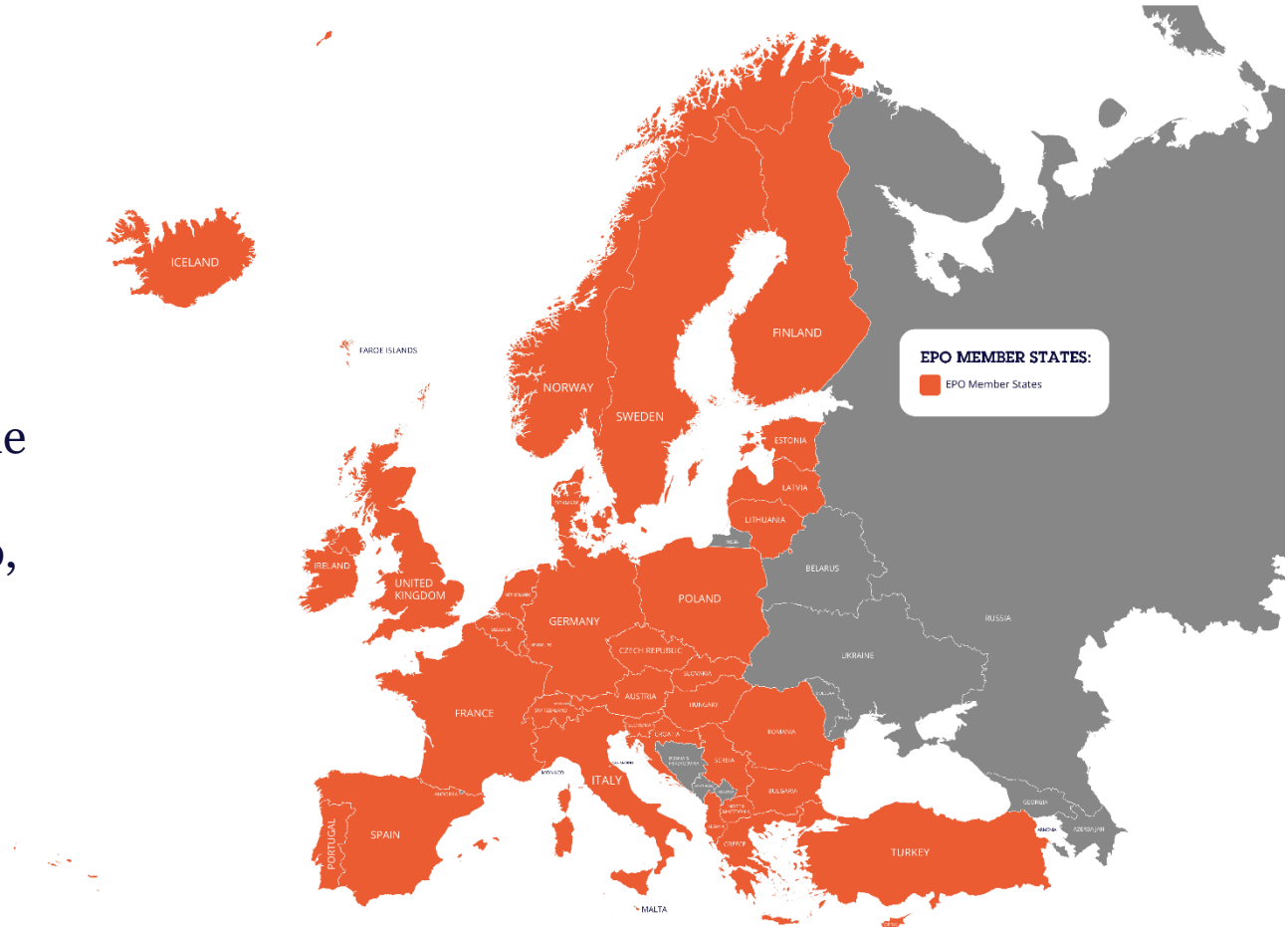


# The UPC: Current situation

- The Preparatory Committee of the Unified Patent Court are creating a roadmap to make the UPC a reality
- We await news on judges and when it will go live
- Big issues/common themes so far:
  - Opt-out provisions, including the sunrise clause
  - Fees
  - Guidance on bifurcation and injunctions
  - Procedural appeals
  - Rule 262 of the UPC's Rules of Procedure, concerning the publication of court judgments, is to be amended – so judgments may not be public and may refer to CJEU.
  - It is unclear how attractive it is to patent holders, and we do not know who will be the first to try it and set precedent

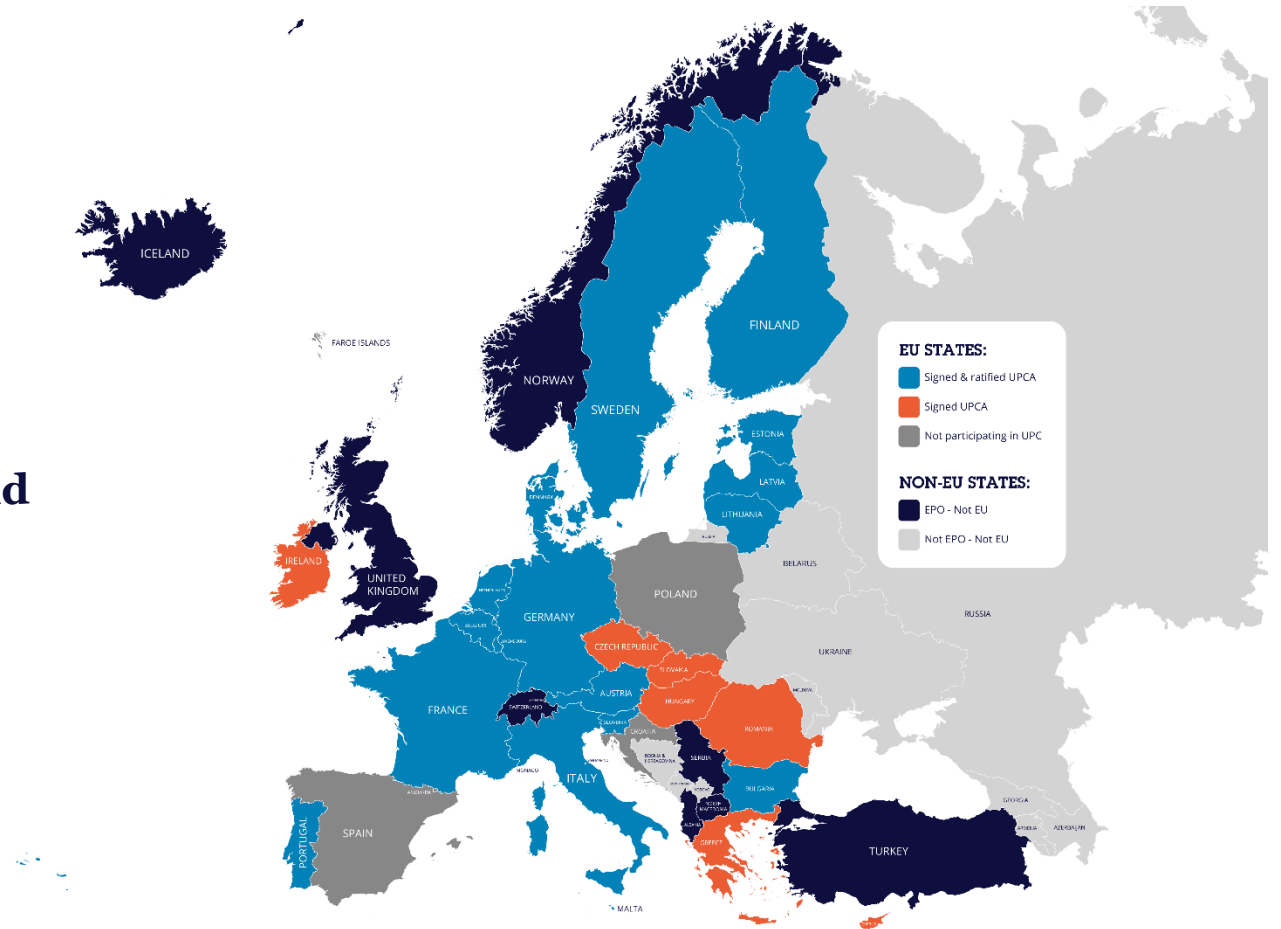
# Present System - EPC

- “Classical” European Patent
- 38 contracting states, including the 27 members of the EU
- Single prosecution process via the EPO
- Once granted, European patent application can be validated in any of the 38 EPC contracting states + extension states + select other countries (Morocco, Moldova, Tunisia, Cambodia)
- Validation formalities differ between countries: after validation, there is a bundle of national patents that are individually enforceable and in which individual renewal fees are payable



# Unitary Patent System

- Single granted patent for up to 24 of the 27 members of the EU (not, at present, Poland, Spain, Croatia)
- Including Germany only 17 current ratifications (shown in blue)
- **The single prosecution process via EPO remains unchanged**
- **Coexists with existing EPC procedures and existing national procedures**
- Once granted, European patent application can be converted to Unitary patent, with a single renewal fee due each year to EPO: in addition it can also be validated in non-EU or non-participating states as normal e.g. UK, Spain, Poland, Switzerland, Turkey

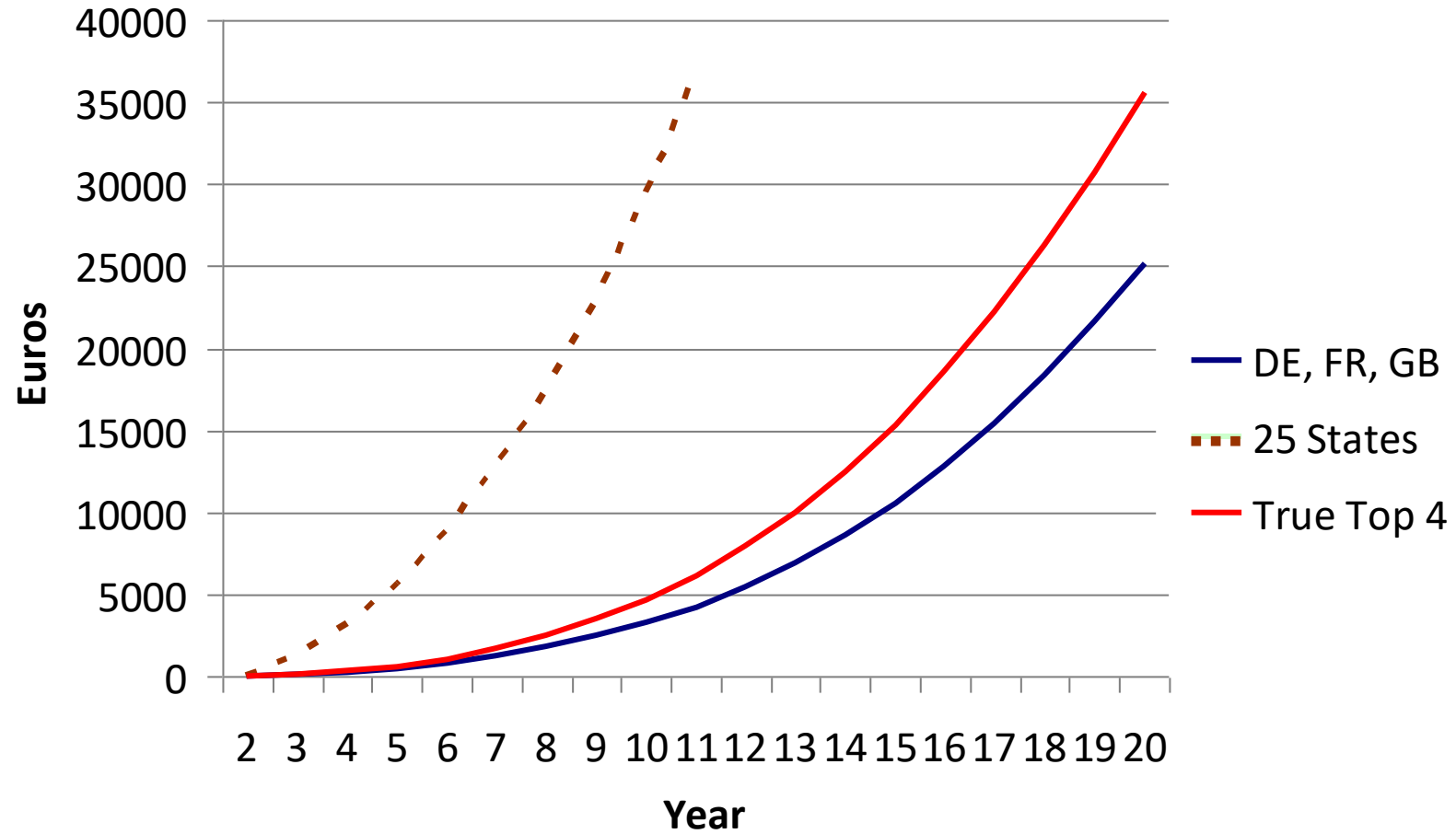


# Summary - Unitary Patent

- Same as classical European patent up to grant
- Convert to unitary patent within one month of grant, and separately validate in other EU non-participating or non-EU countries
- A translation into French/German will be required in transitional period
- Single renewal fee payable to EPO
- Renewal fee system known as “True Top 4” and based on the renewal fees payable for the top 4 countries in which validation is currently carried out: UK, France, Germany and the Netherlands
  - Significantly cheaper for applicants who normally validate in many countries
  - More expensive for applicants who normally validate in 3 countries, but additional coverage for substantial part of EU may be considered to compensate



## Unitary Patent Renewal Fee



# European Market Size

| Country                           | GDP – (2019) trillion |
|-----------------------------------|-----------------------|
| EU Total                          | \$16.4 [US - \$21.4]  |
| Germany (UPC)                     | \$3.9                 |
| UK (non-EU)                       | \$2.7                 |
| France (UPC)                      | \$2.7                 |
| Italy (UPC)                       | \$2.0                 |
| Spain (not participating in UPC)  | \$1.4                 |
| Netherlands (UPC)                 | \$0.90                |
| Turkey (non-EU)                   | \$0.74                |
| Switzerland (non-EU)              | \$0.72                |
| Poland (not participating in UPC) | \$0.57                |
| Sweden (UPC)                      | \$0.53                |
| Belgium (UPC)                     | \$0.52                |
| Austria (UPC)                     | \$0.45                |
| Ireland (not yet ratified UPC)    | \$0.38                |

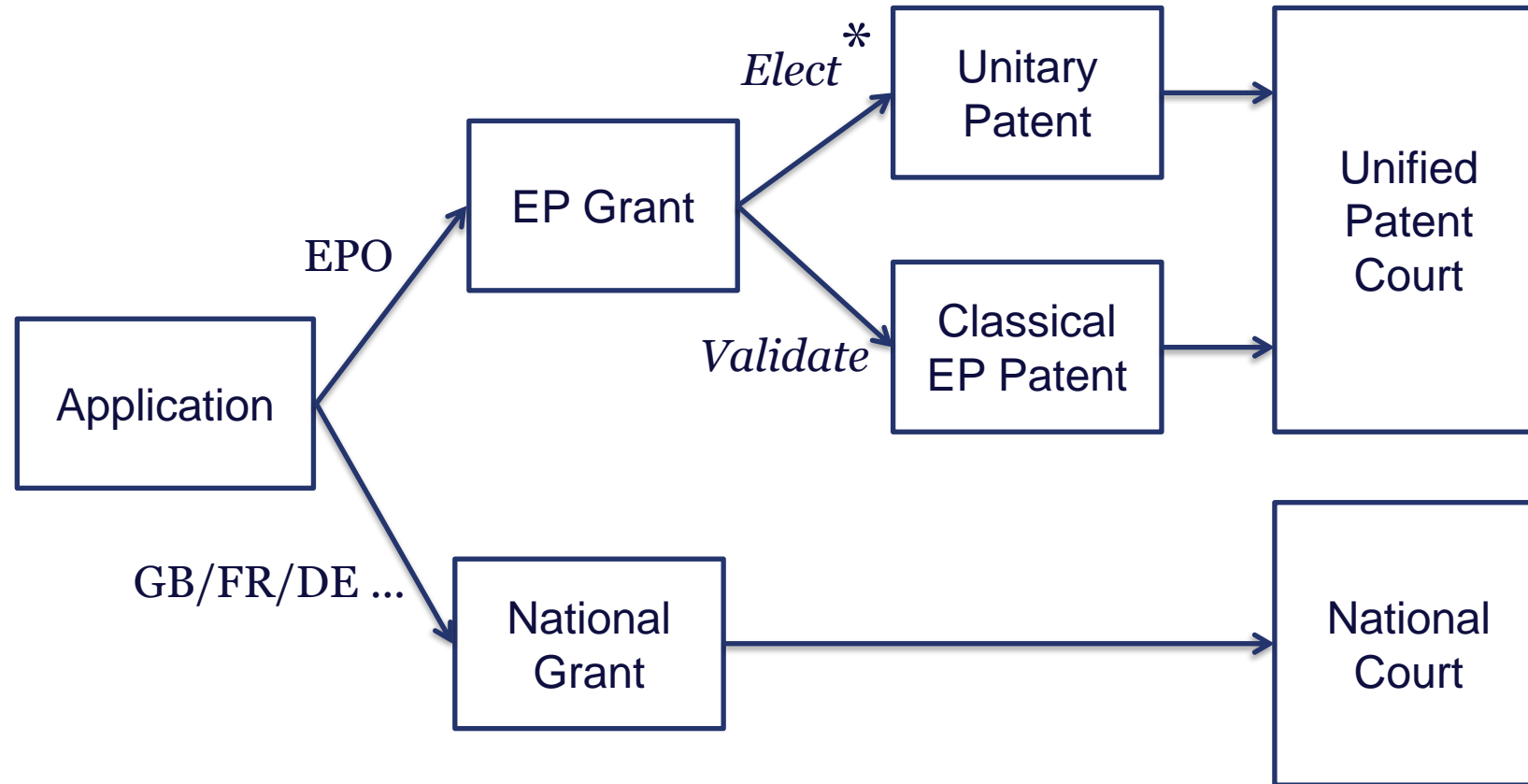
# Advantages/Disadvantages of UP

- Unitary Patent will be a single patent for all participating EU states which is much cheaper to obtain than applying for patent protection in all the countries separately (by validating EP or through national routes)
- Applicants will need to trade extent of protection against not only the risk of central revocation through the Unified Patent Court, but against the quality of decision making in the courts
- Advantages and disadvantages are not absolute but depend on many factors

# UPC Jurisdiction

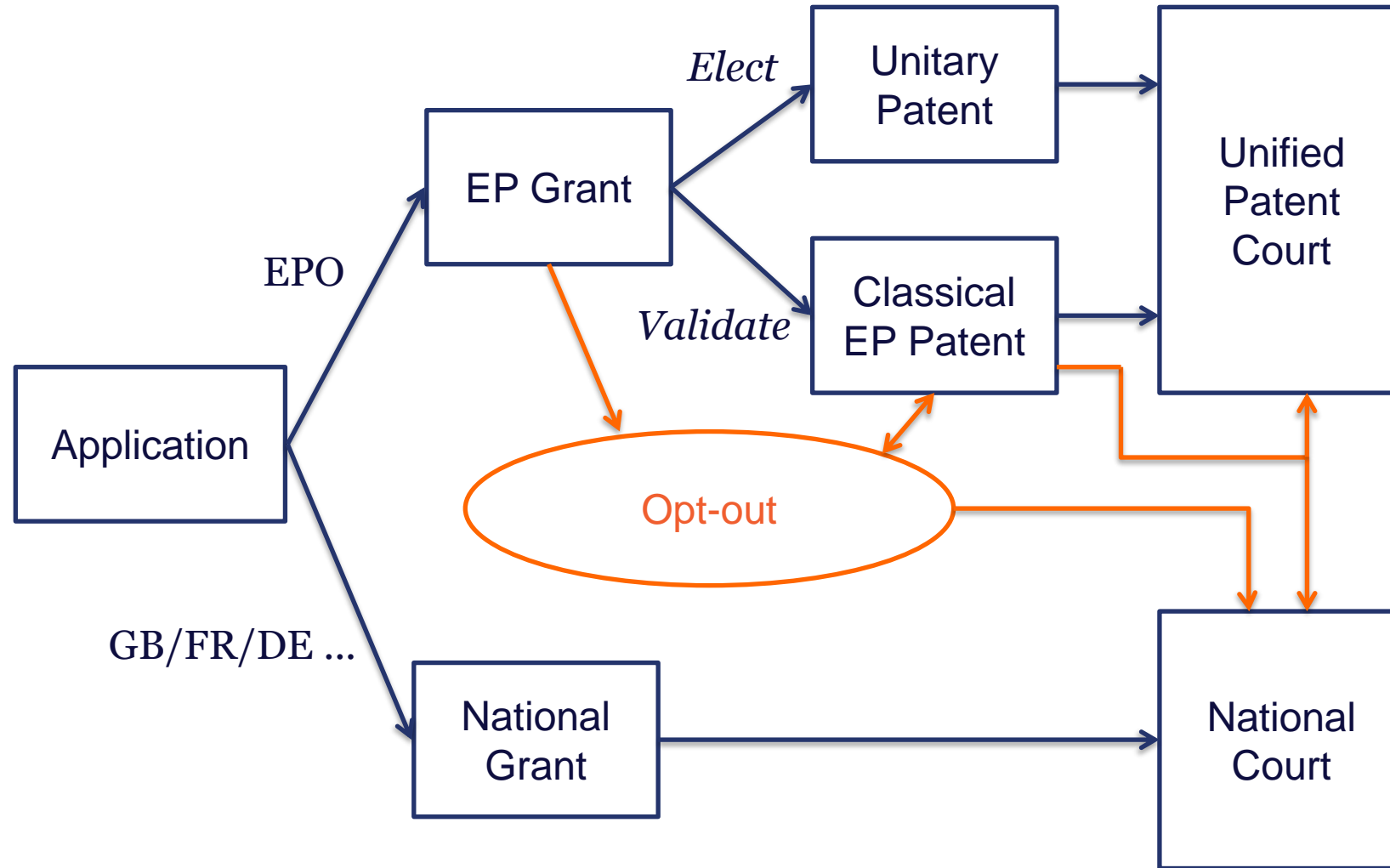
- The UPC will have exclusive jurisdiction for Unitary patent matters
- In addition, the UPC will also be used for all court actions for “classical” European patents granted by the EPO in EU member states where the UPC applies (e.g. EP(DE) or EP(FR) granted patent)
- Transitional period for 7 years provides:
  - By default, actions for “classical” European patents may also be brought through the competent national courts. After the transition, the UPC will have exclusive competence
  - Holders of “classical” European patents may “opt-out” of the Unified Patent Court (for life of the patent) and to opt back in (once)
- There is no fee for opting out

# UPC vs. National Courts

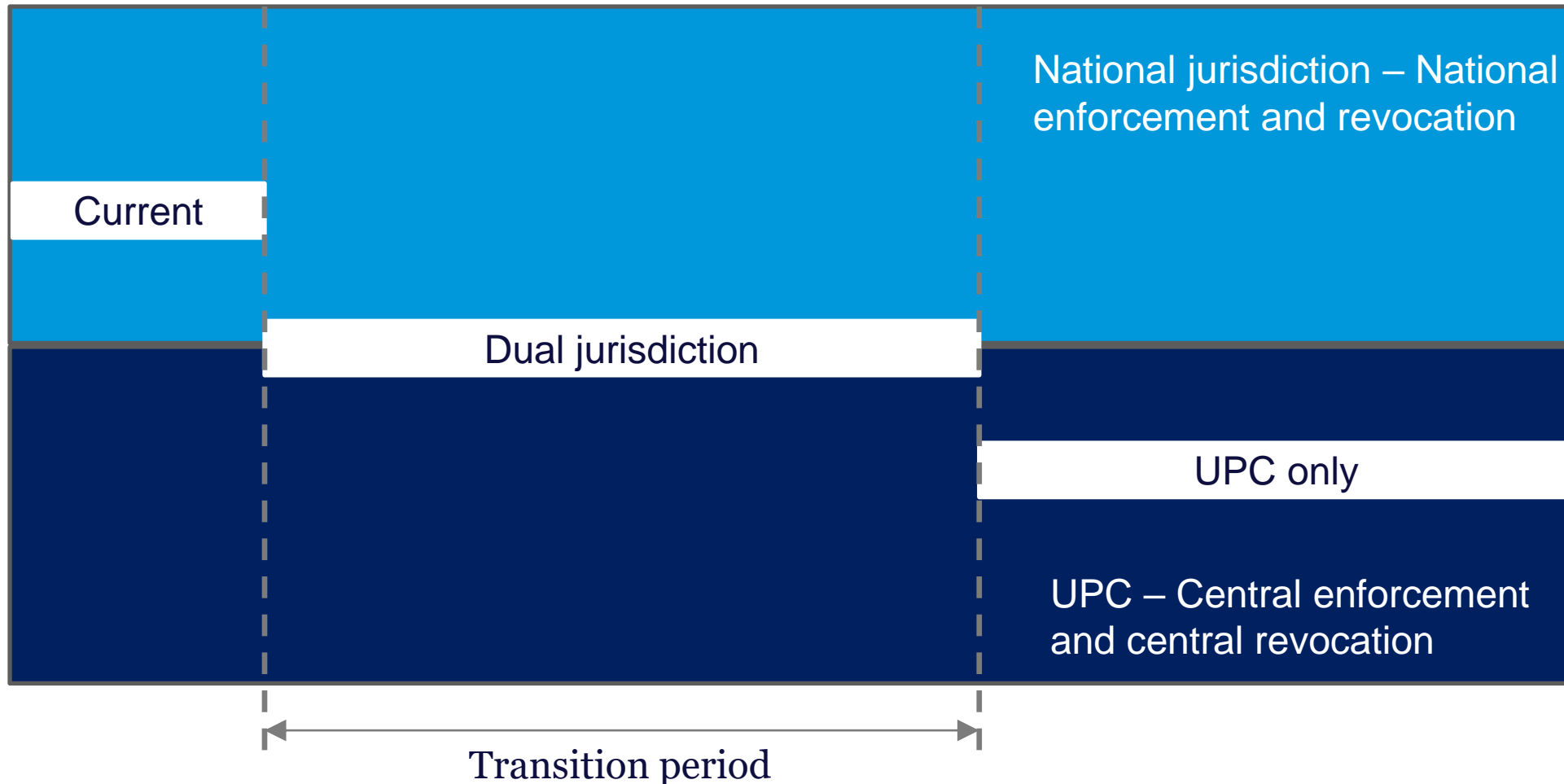


\* For participating EU member states

# Transitional Provisions

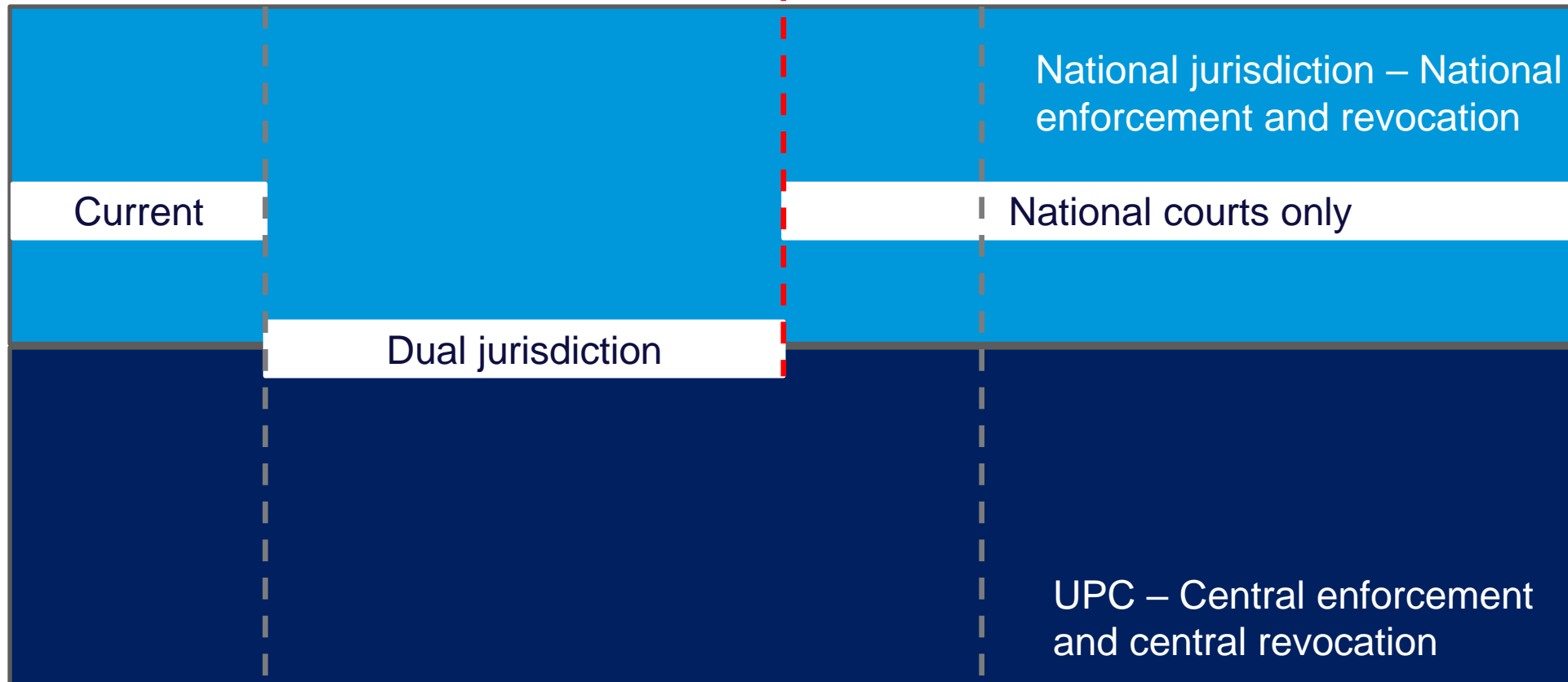


# Default Jurisdiction for “Classical” EP patents (in participating states)



# Opt-out effect

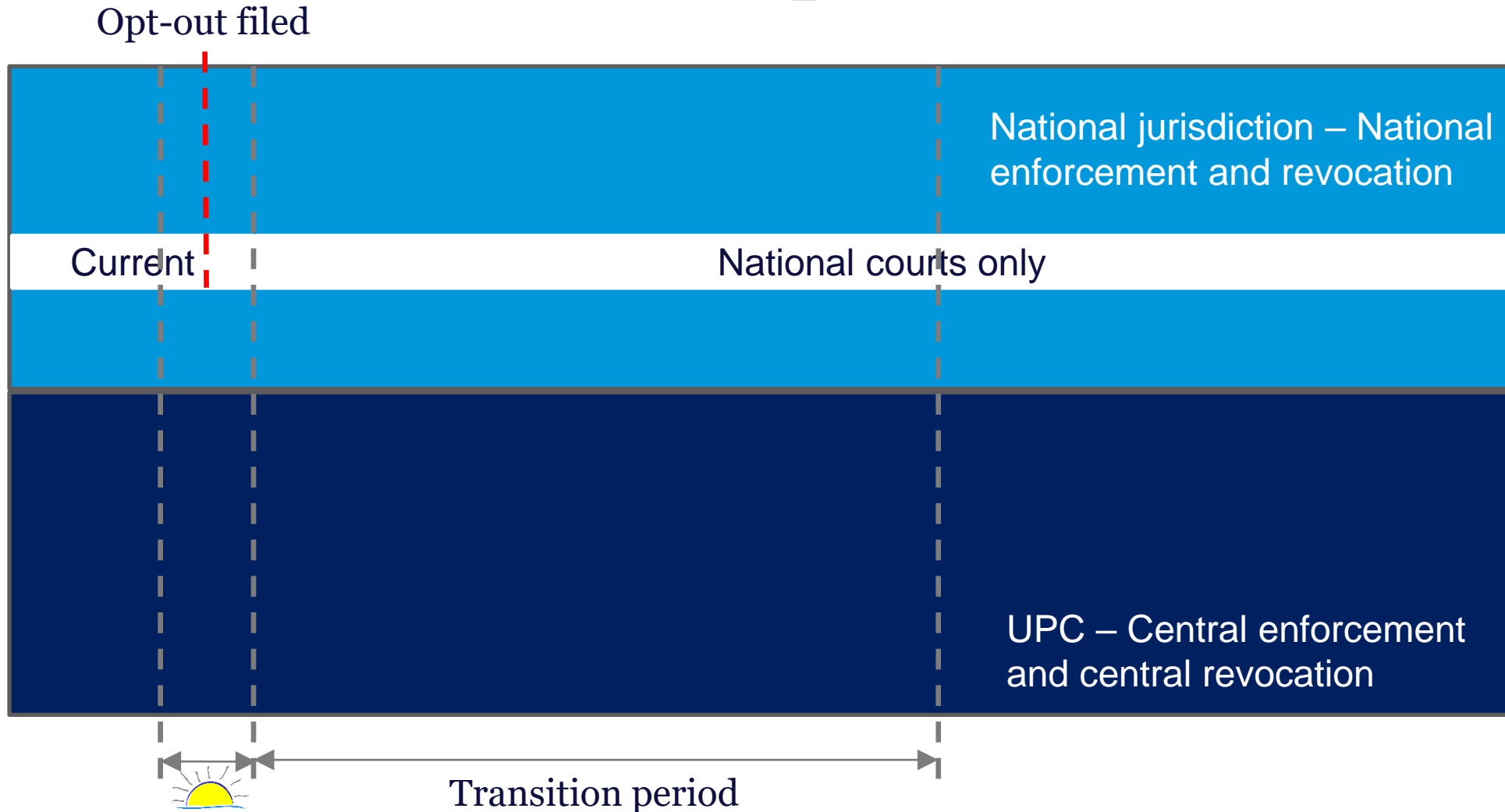
Opt-out filed



Transition period



# Sunrise period

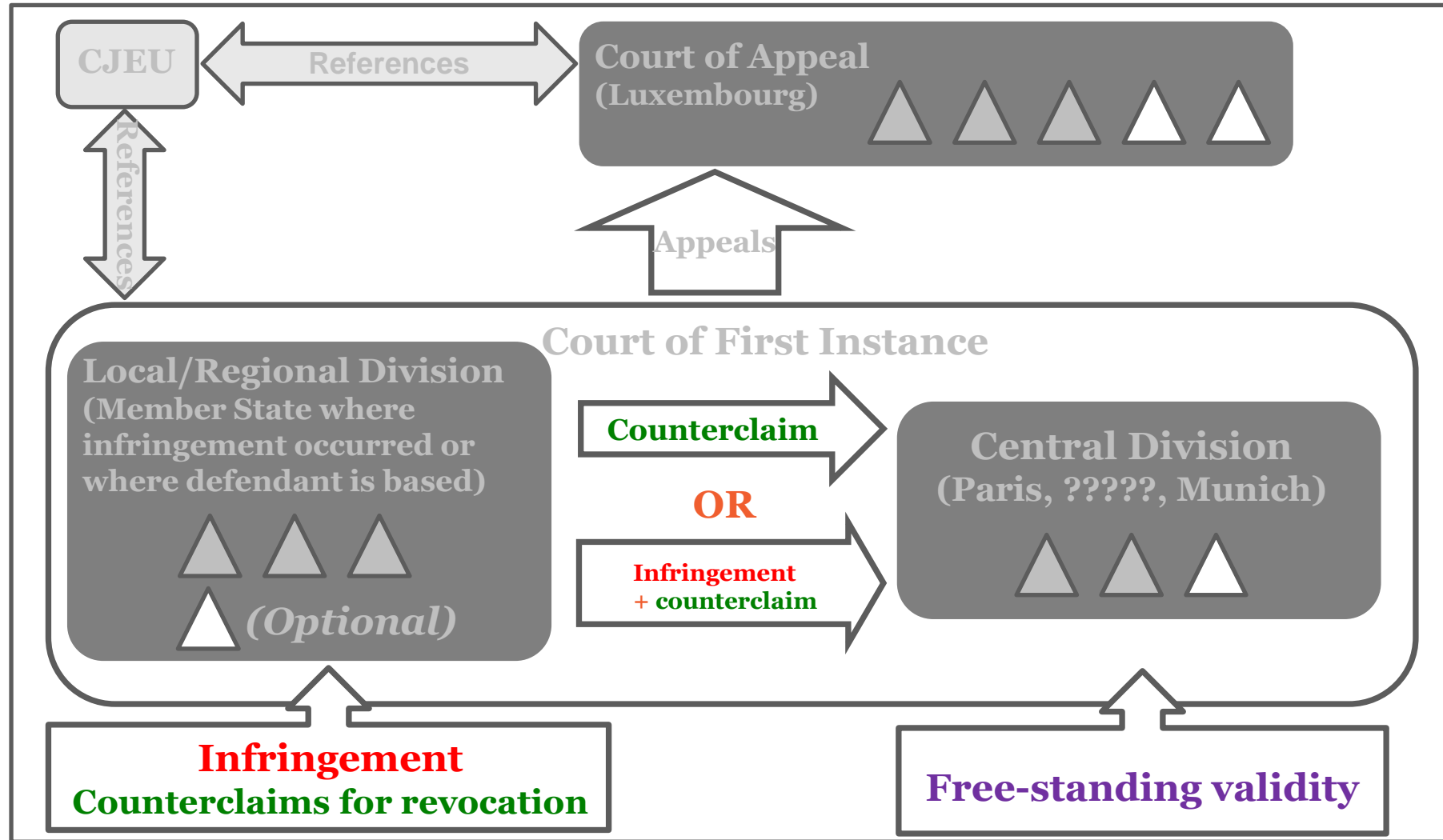


# Opt-out Practicalities

- No fee
- Bulk requests allowed
- Can be filed for granted patents or pending applications
- The patentee/applicant or their representative must file the request
  - All owners must join the request to opt-out
  - Check consistency with the register
  - Representative here is any European Patent Attorney, as well as those also qualified to represent before the UPC itself
- Effective from the date recorded, if all is in order
- Opt-out can be withdrawn
  - But only once
- When can you file
  - From the beginning of the sunrise period (3 months prior to the official start date), to one month before the end of the transitional period (7 years after the official start date)

# The UPC: Structure

Legend: ▲ = legally qualified judge  
△ = technically qualified judge



Adapted from: <http://www.ipso.gov.uk/upc-structure.pdf>

# Work will be allocated between courts of the central division depending on subject matter

| (LONDON) Section          | PARIS Seat                              | MUNICH Section   |
|---------------------------|---|--|
|                           | President's Office                      |  |
| (A) Human necessities     | (B) Performing operations, transporting | (F) Mechanical engineering, lighting, heating, weapons, blasting |
| (C) Chemistry, metallurgy | (D) Textiles, paper                     |  |
|                           | (E) Fixed constructions                 |  |
|                           | (G) Physics                             |  |
|                           | (H) Electricity                         |  |

*Table from Annex II of the Agreement on a Unified Patent Court*

# The UPC: Jurisdiction of Court of First Instance

## **Central Division**

- Declarations of non-infringement;
- Revocation actions;
- Any action agreed by the parties to be brought before the central division; and
- Infringement actions where the defendant has no residence or place of business in any UPC territory (e.g. US, Asian defendants).

## **Local/Regional Division**

*where infringement occurred  
or  
defendant domiciled*

- Infringement actions and preliminary injunctions; and
- counterclaims for revocation – here there is a discretion to:
  - proceed with the revocation action;
  - refer the revocation action to the central division and suspend or proceed with the infringement case; or
  - refer the whole case to the central division, but only with the consent of the parties.

# Locations

## **Austria**

Local division: Vienna

## **Belgium**

Local division: Brussels

## **Denmark**

Local division: Copenhagen

## **Finland**

Local division: Helsinki

## **Slovenia**

Local division: Ljubljana

## **France**

Central division: Paris

## **Germany**

Central division: Munich, plus Local division: Munich -

Local division: Mannheim - Local division: Dusseldorf - Local division: Hamburg

## **Hungary**

Local division: Budapest

## **Italy**

Local division: Milan

## **Portugal**

Local division: Lisbon

## **Netherlands**

Local division: Hague

## **Sweden**

Local division: Stockholm

## **Luxembourg**

Court of Appeal: Paris

# The role of the CJEU

- Early drafts of the Agreement provided that the CJEU would be ultimate arbiter of patent infringement law under the new regime
- The EU Council proposed deleting draft regulations 6 to 8 on the effects and limitations of the unitary patent
- The European Parliament rejected that proposition
- Final draft of the Agreement provides that:
  - *“The national courts of the Contracting Member States shall remain competent for actions relating to patents and supplementary protection certificates which do not come within the exclusive competence of the Court”* - Article 32(2)

# What do Industry think?

- How many cases are litigated in more than 1 jurisdiction?
  - “Parallel litigation may account for no more than 5-10%” (EPO, ‘Workload and cost of the European Patent judiciary’, WPL/4/03, 31.10.2003)
- Expected UPC litigation cost will be higher unless patent owner typically litigated in multiple jurisdictions
- Under current proposals, patentee can opt out of new Court for patents and applications existing at time new system comes into force. All EP’s applied for after the transition period must be litigated in new court
- What is the justification for making the system mandatory when it will be more expensive for the vast majority of cases?



# Litigation Summary

- **The Unitary Patent Regime – Moving Forward**
- Careful assessment of patent portfolio is required
- 7 year transition period to opt-out from jurisdiction of the UPC
- Tactical considerations:
  - Forum shopping – which part of the Unified Patent Court (UPC) Local/Regional/Central, or national courts?
- The UPC - bifurcation of proceedings likely
  - No clear directions for when bifurcation is appropriate
  - Injunctions granted before determination on validity, with effect in all UPC member states

# Options to Consider

- National patents – sue in national courts
- Unitary patent – sue in UPC
- ‘Classical’ European patents – can choose not to opt-out...
  - Sue in national court during the 7 year transitional period, or
  - Sue in the UPC (risk is pan-European revocation; reward is pan-European relief)
- ‘Classical’ European patents – can choose to opt-out...
  - Avoid risk of pan-European revocation of ‘classical’ European patent in central division of UPC
  - Patent (or SPC) is opted-out from jurisdiction of UPC for life of patent (or SPC)
  - Patentee can choose to opt back in at later date in order to get pan-European relief at time of infringement (provided no action at national court has occurred)
- A large number of opt-outs are expected
- Main change is bifurcation and injunction – which is best for your business?

# What do you need to do now?

- Granted patents – Remain in or Opt out?
  - Consider in any agreements who has this right
- UPC is offensive
  - pan territory injunctions
  - greater geographical coverage
  - central court for all of the territories
  - untested court
  - risk of central invalidation
- Opt out is defensive
  - no central single point of attack
  - known courts
  - have to litigate in each territory separately
  - opt out maintains status quo and you can opt back in

# What do you need to do now?

- Pending applications
- On grant convert to UP or keep as EP?
  - UP has greater geographical coverage
  - UP has greater cost (if you only validate in a few territories)
- EP gives option to opt out of UPC
- cost will stay the same

# Future Filing Strategies

- File EP and convert to Unitary Patent (UP)
  - will have to litigate before UPC, grant/renewal costs will probably increase, geographical coverage will increase
- File EP, do not convert to UP, and do not opt out of UPC
  - will generally have to litigate before UPC and risk of central revocation, cost remains same
- File EP, do not convert to UP and opt out of UPC
  - can avoid litigation before UPC, but can opt back in (under your control)

# Future Filing Strategies

- File National applications only
  - if GB and DE only - possibly cheaper than EP but will depend on size of description
  - if include FR, likely to be about cost neutral vs EP, depending on the description
  - avoid UPC, stuck with National courts
  - avoid opposition before EPO
- File National Apps and corresponding EP
  - increased expense
  - option of converting EP to UP
  - option of using UPC (based on EP or UP)
  - Nationals will avoid EPO Opposition and have to be litigated before National courts
  - issue with double patenting

# Future Filing Strategies

- File EP and a divisional EP
  - Option to convert one of the cases to a UP (offensive) and keep the other as an EP (defensive)
  - Can opt EP out of UPC and opt back in subsequently
  - Gives you option of avoiding UPC
  - Double patenting issues will arise during prosecution of the second case so have more flexibility with amendments
  - Double patenting not a ground for invalidation in Opposition
  - Will not avoid EPO Opposition
  - Increased expense

# Summary of the three different options that will be available for patent protection in Europe after the UPC agreement comes into force...

|  | Separate national applications   | 'Classical' European patent  | Unitary patent   |
|--|--|--|--|
| <b>Translations (assuming original filing in English)</b>            | Required on or shortly after filing.   | On grant: Claims into French and German<br>For validation: None/Claims/Full application on a country-by-country basis.   | Eventually, no further translations. During a transitional period, at least one translation into an official EU language will be required. |
| <b>Prosecution</b>   | Multiple applications to prosecute.  | Single application to prosecute.   | Single application to prosecute.   |
| <b>Available from a Patent Cooperation Treaty (PCT) application?</b> | Generally yes, but with some notable exceptions (e.g. France)  | Yes.   | Yes.   |
| <b>Scope</b>   | Could vary among countries.  | Identical in all countries (except in very rare circumstances).  | Identical in all countries.  |
| <b>Amendment/Revocation</b>  | According to national laws. Each national patent amended/revoked independently.                                  | For member countries in unitary patent system: Patent can only be amended/revoked centrally (except for transition provisions and opt-outs). For non-member countries, patent can be revoked at national courts. | Patent can only be amended/revoked centrally, i.e. in all countries.   |
| <b>Renewals</b>  | Separate renewals fees paid to the national offices. Each national patent can be allowed to lapse independently. | National renewal fees paid at national offices. Can allow countries to lapse individually.   | Single renewal fee paid at the EPO. Must either maintain patent in full, or allow entire patent to lapse.                                  |
| <b>Litigation</b>  | At the national courts.  | At the UPC/national courts.  | At the UPC.  |



# Summary

- European patent prosecution to grant does not change
- Decisions to be taken on obtaining unitary patents for pending applications
- Decisions to be taken on opt-out for existing patents and future “classical” (non-unitary) patents
- Where litigation occurs, important to understand potential impact of both the UPC and the continuing role of existing courts

