

Unitary Patents and the Unified Patent Court

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Unitary Patents (UPs)

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What is a Unitary Patent?

- A UP is a single patent right that provides protection in all participating EU Member States that have ratified the UPCA at the time of the UP's registration.
- UPs are obtained from European patents granted by the EPO. There are no changes to the filing, search and examination phases for a European patent application to accommodate the grant of a UP. Also, the opposition and appeals system at the EPO remains unchanged.
- A UP may be obtained from either a European patent application filed on Regional Phase entry from a PCT application or as an original application filed at the EPO. Within one month of grant, the patent proprietor can request "unitary effect", thereby getting a Unitary Patent.
- The essential criteria of UP are that the Patent as granted designates all 25 participating Member States (regardless of whether or not a state has ratified the UPCA) and that the Patent has the same set of claims for all participating states.
- Under the traditional system of national validations, when a European patent (EP) is granted, it is necessary to validate the EP in each country where patent protection is required and to pay annual renewal fees in each country. The UP removes the independent validation requirement for the EU Member State that has ratified the UPCA, thereby reducing cost and administrative effort.

Unitary Patent Pros and Cons

Pros

- **Widespread Coverage**

UP is a single patent right that provides protection in all EU Member States that have ratified the UPC Agreement (UPCA).

- **Central Litigation**

Where the infringement of a "traditional" EP would have to be litigated in each validation state separately, the proprietor of a UP can seek remedies for infringement of a UP centrally at the Unified Patent Court (UPC) for all states that have ratified the UPCA at the time the UP was registered. It is likely that this will be both cheaper and faster than litigating an EP bundle of national patents separately in each validation state.

- **Cost Effective and Simple**

A UP has lower administrative costs and almost certainly lower renewal costs in comparison to a validating an EP, depending on the number of countries in which validation of an EP would have been sought. Generally, if protection is wanted in more than four countries that have ratified the UPCA, then selecting a UP is more cost effective than the EP validation approach.

The registration and renewal fee payments for a UP are simpler than under the traditional EP validation regime. Where separate renewal fee payments would have to be made for each EP validation via a local attorney, a single annual UP renewal fee can be paid directly to the EPO in Euros.

There is no fee for applying for a UP, but during the transitional period (until at least 2030) a complete translation of the specification will have to be provided when applying for a UP. There are provisions for compensating certain parties a proportion of the cost of providing this translation and we are able to advise on a case-by-case basis. The translation requirement results in the specification being available in English and one other official EU language.

Cons

- **Central Revocation**

A UP is at risk of central revocation in all contracting states by a third party, which would invalidate or restrict the scope of protection in all states that had ratified the UPCA at the time the UP was registered.

- **Uniform Coverage**

The UP provides uniform coverage in all states throughout its lifetime. This removes the possibility of reducing costs by allowing the patent to lapse in markets that prove unimportant.

Unitary Patent Coverage

A Unitary Patent provides protection in all participating EU Member States that have ratified the UPC Agreement (UPCA) at the time of the UP's registration. This will mean that the country coverage of UPs will widen over time as more participating Member States ratify the UPCA. To date, these comprise 18 of the 38 countries party to the European Patent Convention (EPC).

The following EU member states have ratified the UPCA:

- Austria
- Belgium
- Bulgaria
- Denmark
- Estonia
- Finland
- France
- Germany
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Portugal
- Romania
- Slovenia
- Sweden

Other EU countries that may ratify the UPCA in future are Republic of Cyprus, Czech Republic, Greece, Hungary, Ireland, and Slovakia.

When deciding whether to apply for a UP, it is important to consider that there are a number of countries which will not be covered by a UP, and for which separate validation must be sought if patent protection is required. Countries designatable in an EP patent but not covered by a UP include non-EU countries such as the United Kingdom, Norway, Turkey, and Switzerland, and countries that have not ratified the UPC Agreement such as Spain, Poland, and Croatia. An EP will need to be taken into these countries using the usual validation procedures if patent protection is required there.

Have EPO Oppositions Been Affected?

- The EPO opposition and appeals system continue to run unchanged and in parallel with the UP/UPC system.
- An EPO opposition provides the opportunity for third-parties to centrally challenge the validity of a granted EP patent in all designated states.
- However, an opposition must be filed by the third-party at EPO within a 9-month window post-grant.
- The UPC regime allows third-parties to centrally challenge the validity of a non-opted-out EP patent, or a UP, in all EU member states that have ratified the UPCA throughout the patent's term.
- Accordingly, unless opted-out, EPO oppositions and the UPC provide two opportunities for third-parties to attempt to "centrally" invalidate a patent. Indeed, both proceedings may be run in parallel.

The Unified Patent Court (UPC)

- The UPC
- Opting-Out of UPC
- How to Opt-Out
- UPC Competence
- UPC Costs
- UPC Structure



The Unified Patent Court (UPC)

- The Unified Patent Court (UPC) is a court that can hear actions on UPs and traditional European Patents that have not been opted-out of its jurisdiction.
- During a transition period of 7 years from the opening of the UPC, it is possible for European patents designated for EU Member States that have ratified the UPC agreement to be litigated in either the UPC or in the national courts.
- However, following the transition period (which may be extended for a further 7 years), the UPC will have exclusive jurisdiction over UPs, and over EPs granted by the EPO that are not opted-out of the jurisdiction of the UPC. This change will also affect EPs granted from patent applications that were filed prior to the end of the transition period.
- Traditional European patents that are not opted-out of UPC jurisdiction can be litigated before the UPC, with the decision of the UPC taking effect in all EU member states that have ratified the UPCA. Beneficially, this will allow for centralised infringement proceedings for traditional European patents, but it also carries the risk of a centralised invalidity decision.

Opting-Out of UPC Jurisdiction

Opting-Out of UPC Jurisdiction

- Provided that no action concerning the European patent, dependent SPC, or European patent application has been brought before the UPC, a request to opt-out of UPC jurisdiction can be filed for European patents (both those in force and those that have expired), pending European applications and SPCs. For opted-out European patents having corresponding SPCs, the SPC must be opted-out when the parent EP is opted-out (and vice-versa), even if the SPC has a different owner to the European patent. Opting-out has the effect of the UPC not having jurisdiction over the opted-out IP. Therefore, cases of infringement and validity will have to be brought before the national courts, thereby removing the risk of central revocation by the UPC.
- Provided an opted-out EP has not already been litigated before a national court, the opt-out may be withdrawn by the proprietor at any point during or after the transition period, e.g. to allow a central infringement action to be brought. This allows the proprietor to avoid the risk of central revocation until they are ready to litigate, and then to enjoy the benefits of reduced costs and increased speed of a central infringement action.
- If proceedings are initiated in either the UPC or a national court, this “pins” the patent within or outside of the UPC jurisdiction at which point opt-out (or withdrawal of opt-out) is no longer available.

How to Opt-Out

The Opt-Out Process

- The opt-out must be applied for via the UPC Case Management System, and must be performed by an individual authorised to act before the UPC or by a European Patent Attorney. We can provide complete assistance with this process. There is no official fee for opting-out or for withdrawing an opt-out.
- The application to opt-out may only be performed on behalf of the actual proprietor(s) of the European Patent or application or SPC. We must be instructed by, and include accurate details of, the actual proprietor/applicant of the European patent/application. Where the patent or application is owned by two or more proprietors (including where there are different proprietors in different designated states), the application to opt-out must be instructed by all proprietors. If the actual proprietorship is different to that entered on the European Register then suitable documentation will need to be provided.
- It is of the utmost importance that the documentation supporting an opt-out is correct in case the validity of an opt-out is ever challenged.

UPC Competence

The UPC is competent to hear cases regarding:

- (a) actions for actual or threatened infringements of UPs/EPs and SPCs and related defences, including counterclaims concerning licences;
- (b) actions for declarations of non-infringement of UPs/EPs and SPCs;
- (c) actions for provisional and protective measures and injunctions;
- (d) actions for revocation of UPs/EPs and for declaration of invalidity of SPCs;
- (e) counterclaims for revocation of UPs/EPs and for declaration of invalidity of SPCs;
- (f) actions for damages or compensation derived from the provisional protection conferred by a published European patent application;
- (g) actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention;
- (h) actions for compensation for licences on the basis of Article 8 of Regulation (EU) No 1257/2012; and
- (i) actions concerning decisions of the European Patent Office in carrying out the tasks referred to in Article 9 of Regulation (EU) No 1257/2012.

UPC Costs

The court fees of the UPC consist of a fixed fee and a value-based fee when the value of the case is above the set ceiling of €500,000. The value-based fee will rise according to the value of a case. The fixed and value-based fee structures of the Court of First Instance are set out below.

Fixed Fees (Court of First Instance)

Procedures/Actions	Fixed fee
Infringement action	€11,000
Counterclaim for infringement	€11,000
Action for declaration of non-infringement	€11,000
Action for compensation for a licence of right	€11,000
Application to determine damages	€3,000
Revocation action	€20,000
Counterclaim for revocation	Same as infringement action subject to fee limit of €20,000

Value Based Fees (Court of First Instance)

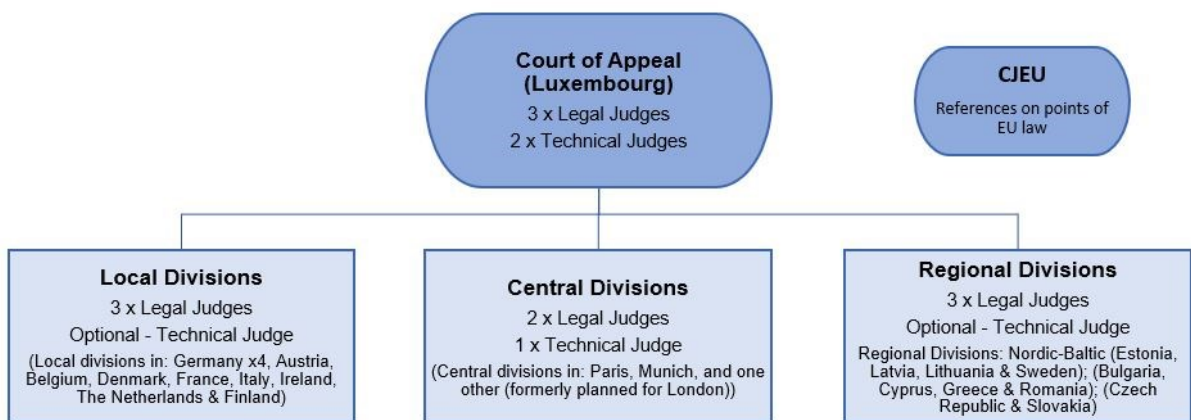
Value of action up to and including:	Additional Value-Based Fee
€500,000	€0
€750,000	€2,500
€1,000,000	€4,000
€1,500,000	€8,000
€2,000,000	€13,000
€3,000,000	€20,000
€4,000,000	€26,000
€5,000,000	€32,000
€6,000,000	€39,000
€7,000,000	€46,000
€8,000,000	€52,000
€9,000,000	€58,000
€10,000,000	€65,000
€15,000,000	€75,000
€20,000,000	€100,000
€25,000,000	€125,000
€30,000,000	€150,000
€50,000,000	€250,000
More than €50,000,000	€325,000

UPC Structure

The UPC comprises:

- The Court of First Instance - divided between the Central, Local, and Regional Divisions. All First Instance Divisions have jurisdiction to make pan-EU decisions on patents litigated before them.
- The Court of Appeal - which will hear appeals from the Court of First Instance.
- Questions on EU law may be referred to the Court of Justice for the European Union (CJEU) from either the Court of First Instance or the Court of Appeal.

Each court comprises a selection of legally qualified judges and technically qualified judges. Generally, at first instance, the Local and Regional Divisions will deal with actions of infringement, and the Central Divisions will hear actions regarding revocation and declarations of non-infringement.



Strategic Considerations for your European Portfolio



Considerations for your portfolio

1. For pending European applications, **consider whether to obtain a Unitary Patent upon grant, or to continue with national validations.** If national validations are chosen, consider whether the application should be opted out.
2. Review your portfolio of European patents and applications and SPCs and **determine which patents/applications/SPCs for which you are a proprietor or joint proprietor you wish to opt-out of the jurisdiction of the UPC.**
 - If a patent/application/SPC is co-owned with one or more other proprietors, **discuss with the other co-proprietor(s) whether they agree to the opt-out** as the opt-out must be performed by all proprietors.
 - If your patent/application(s) are being used as security, **contact lenders to discuss the relative value of the portfolio if opted-out.** Do the lenders have a right to decide re opt-out?
 - **Review current licences to consider whether to opt-out,** as the proprietor will be responsible for the opt-out, not the licensee.
 - If you are proprietor licensor then do you have an obligation to consult with your licensee about the decision of whether or not to opt-out?
 - If you are a licensee do you wish to influence your licensor's decision about whether or not to opt-out? (Note that only the proprietor, not a licensee – even an exclusive licensee, may opt-out.)
3. If new licences are being negotiated, **include arrangements with respect to opt-out and pursuit of Unitary Patents.**

If you wish to discuss any aspect of the UP/UPC system, do not hesitate to get in touch with us and we will be happy to discuss strategies for your portfolio.

This guide should not be considered as legal advice. Please get in touch with one of our experienced attorneys for detailed advice specific to your patent portfolio. Whilst we will endeavour to keep the guide up to date, due to the ever-changing landscape of the UPC, some information may be out of date.