



PATENT- UND RECHTSANWÄLTE

European patent with unitary effect and Unified Patent Court

- An introduction -

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- IV. Unified Patent Court**



Status quo:

The classic EP patent offers protection in 44 countries

(38 EPC member states + extension/validation system)

The new:

The Unitary patent package is based on legislation of participating EU member states and is only open for EU members





Introduction

24 EU member states: 
EPC, but not in the EU: 
Extension/Validation States: 

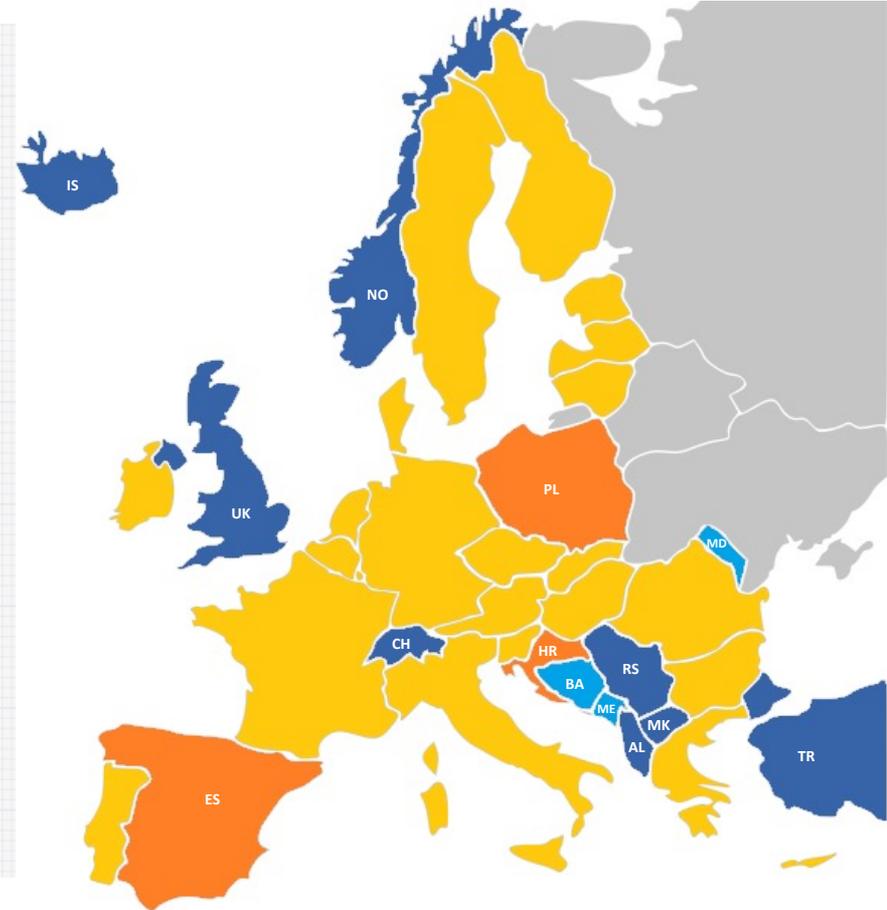


Not all EPC member states are also part of the European Union. It can therefore not participate:

- Great Britain: resigned
- Turkey
- European Free Trade Association: IS, LI, NO and CH
- Southeastern Europe: RS, MK, BA, ME, AL

Not all EU member states take part in the Unitary Patent package:

Spain, Poland and Croatia have not signed the Unified Patent Court Agreement (UPCA)





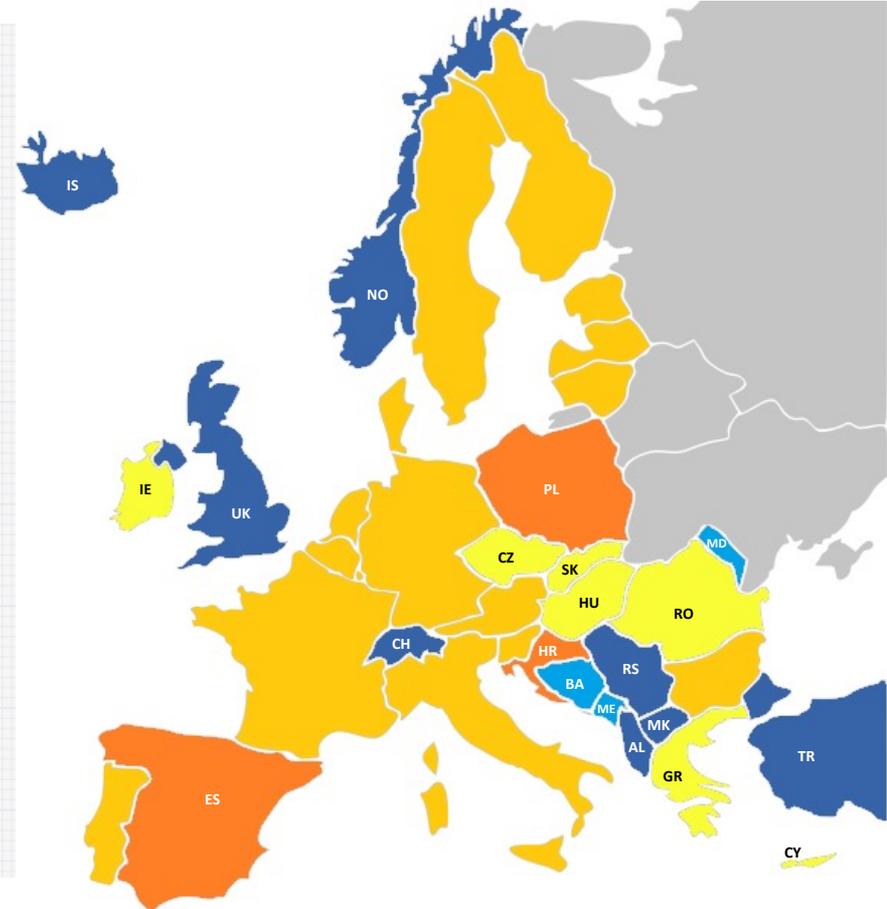
Introduction



EPC, but not in the EU: ■
Extension/Validation States: ■

Where will the European patent with unitary effect apply:

- 16 EU member states that have already ratified the UPCA
- AND: Another eight EU member states that have signed the UPCA (and therefore are likely to ratify it in the future)





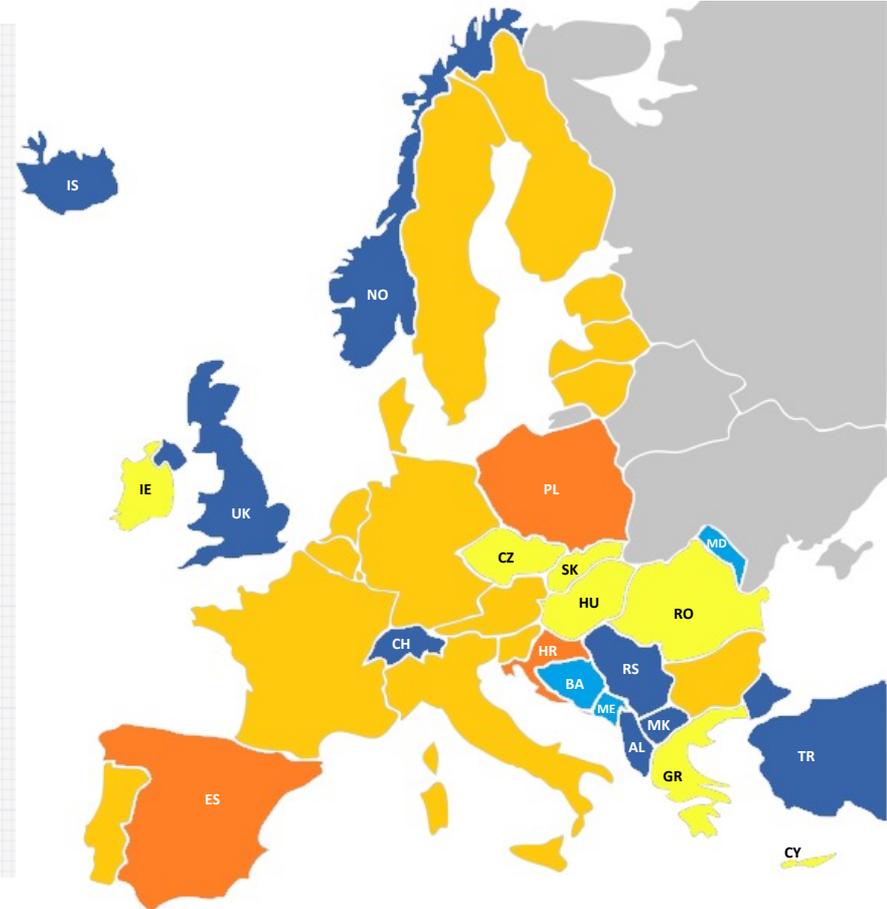
Introduction



EPC, but not in the EU: ■
Extension/Validation States: ■

Eight EU member states that have signed (and therefore are likely to ratify) the UPCA ... soon?

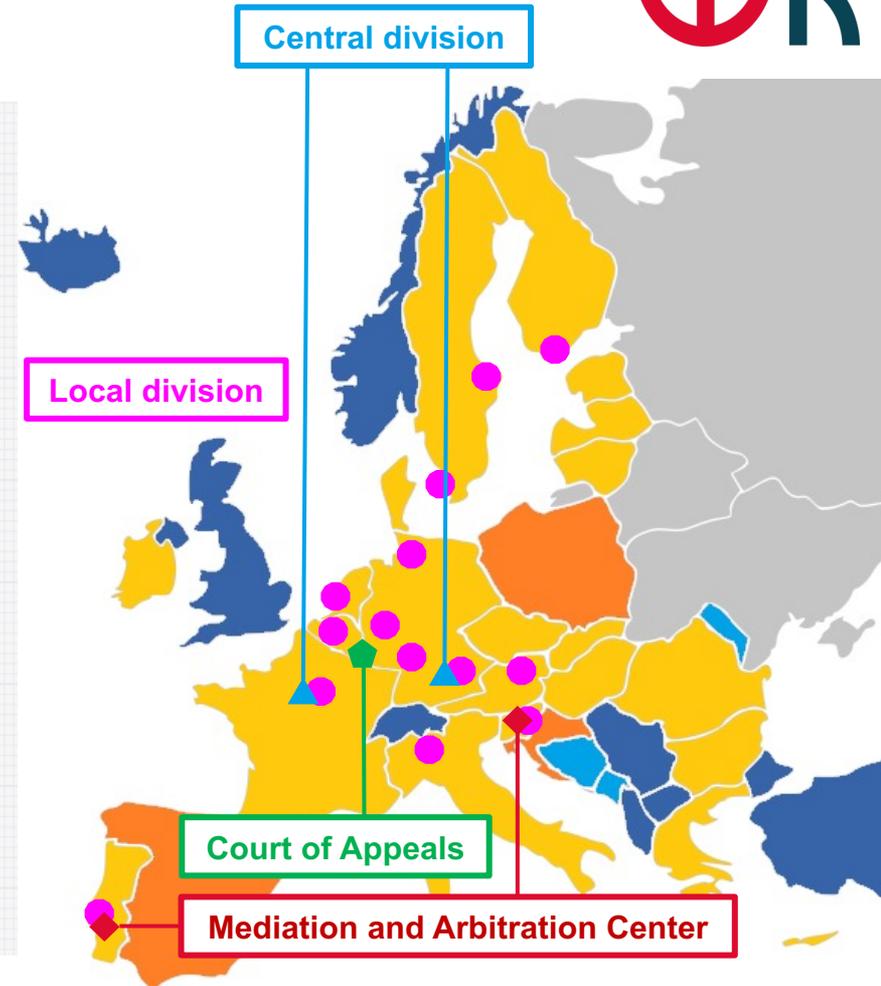
- Germany: highly likely
- Czechia: less likely (negative study on impact of UPC on czech businesses in 2019)
- Ireland: less likely (referendum for ratification is a significant threshold)
- Greece: likely (positive statement in 2017)
- Hungary: less likely (constitutional amendment would be required for ratification)
- Cyprus and Romania: no current information available
- Slovakia: less likely (government recommends to observe for three years)





Court locations

- First instance:
 - Central division: Paris, Munich
 - Regional division: Nordic-Baltic Regional Division in Stockholm (SE, EE, LV, LT)
 - Local division: Munich, Mannheim, Düsseldorf, Hamburg, Milan, Paris, Vienna, Brussels, Copenhagen, The Hague, Helsinki, Ljubljana, Lisbon.
Still unclear/undecided: Hungary, Malta, Luxembourg, Ireland
- Court of Appeal: Luxembourg
- Patent Mediation and Arbitration Center in Lisbon and Ljubljana
- Training center for judges in Budapest





When does it start?

Austria as the 13th state deposits the thus effective PAP protocol

January 19, 2022

Germany deposits the instrument of ratification of the UPCA (thus triggering the period of Art. 89 (1) UPCA)

Summer/Fall of 2022 (?)

Fall/Winter 2022 (?)

Entry into force of UPCA and the EU Regulation on the Unitary Patent (Regulation (EU) No. 1257/2012)



PAP Protocol: Phase of provisional applicability of the UPCA (approx. 8 months)

Purpose:

After the court has been established, preparations must be made for the application of the UPCA, including the appointment of judges, the adoption of the Rules of Procedure and Budget, and the completion of the IT set-up.

From summer/fall 2022 (?): **SUNRISE** period for declaring opt-outs before the EPCG comes into force.

UPC + Unitary patent

Transition period of min. 7 (and max. 14) years: Opt-out for EP patents (new and old) possible

European patent with unitary effect



European patent with unitary effect



The European patent with unitary effect is a **classical European patent** for which a **request for unitary effect** for all (currently 17 - as of May 2022) participating states has been filed within one **month after grant** (Art. 3 of Regulation (EU) No 1257/2012, Rule 6 of the EPO Rules relating to Unitary Patent Protection)

- ▶ **Filing and examination procedures remain unchanged**
- ▶ **Unitary effect limited to those states in which the UPCA has already entered into force on the date of registration of the unitary effect**
- ▶ **In consequence, mixed forms will arise (EP with unitary effect granted also for further EPC states as a classic EP)**



Further characteristics

- Unitary patents are recorded in a separate register
- Unitary patents can be attacked in opposition proceedings (just like EPs)
- An action for revocation is possible at any time from the date of issue, and may run in parallel with opposition proceedings
- Revocation action has comprehensive effect ("*central attack*")
- Limitation or transfer also possible only with comprehensive effect
- Licenses may be limited to member states, Art. 3(2) Reg No 1257/2012



Translations

- Aim: no further translations if patent specification of the unitary patent is published in the EPO language of proceedings (English, French or German) and a translation of the patent claims into the other two official languages of the EPO is included (Art. 14(6) EPC)
- Information for all economic operators through high-quality machine translations into all official EU languages (Rec. 11 of Regulation (EU) No 1260/2012)
- **Transitional: a translation into English (in case of other procedural language) or into another official EU language (in case of English procedural language) has to be submitted together with the application for unitary effect (Art. 6 Regulation (EU) No 1260/2012)**



European patent with unitary effect



Annual fees

- Have been calculated based on the costs of validation in the four member states with the highest number of applications in 2015 ("True Top 4")
- Are paid by means of a single annual payment to the European Patent Office
- For 10 years: EUR 4,685.00, for 20 years: EUR 35,555.00
- Cost savings also due to elimination of translations in BG, CY, CZ, EE, GR, IT, MT, PT, RO, SK (which have ratified the UPCA but are not party to the "London Agreement")
- But: no option to reduce the country coverage, because the unitary patent cannot be limited territorially



Strategic considerations

- Development of individual decision criteria (required scope of protection, cost pressure, holding period, probability of enforcement, crown jewels, ...)
 - Different branches of the same company may deserve separate consideration
- Development of individual evaluation of the features of the unitary patent
 - No opt-out from UPC possible: quality of court decisions?
 - Risk of centralized revocation action: also an advantage?
 - Reduced flexibility: Unitary patent does not allow to reduce the country coverage
 - Languages / translations: better manageability, less administrative work?
 - Advantages in enforcement: cross-border enforcement possible
- As a transitional measure, divisional applications with opt-out and/or utility model applications can help to (partially) remain in the national system
- From approx. June 2022, it will be possible to request a deferment of the decision on the grant of a European patent in order to receive a unitary patent

Opt-out for classic European patents



Maintaining non-unitary patents in Europe

- If no action is taken, all existing and future (classic) EPs are also subject to proceedings at the UPC
- Therefore, the unitary patent package **requires decision-taking also in regard to classic EPs** before its entry into force
- For a transitional period of **seven years**, it is possible to **opt-out** from the exclusive competence of the Court, unless an action has already been brought before the UPC
- An Opt-out declared within this period is **valid** for the **whole life** of that patent
- An Opt-out notified for a **patent application** will apply to the classic European patent granted later (but: no opt-out for Unitary patent)
- **Multiple proprietors** of a patent must all act in common to exercise the opt-out
- If an **exclusive licensee** has the right to sue for infringement, the practice of this right (i.e. filing an infringement action with the UPC) ties the patent to this jurisdiction



How to opt out a patent (1)

- Opt-out declarations may be submitted through the **Case Management System** of the UPC
 - through a web interface, or
 - through an API (Application Programming Interface)
- According to Rule 5 of the draft Rules of Procedure, the **application to opt out** shall contain the following **information/documents**:
 - the name of each proprietor of all national parts of the European patent as well as name and address of the representative (including a mandate, if representative is not a European Patent Attorney or admitted to represent before the UPC)
 - Declarations of each proprietor of all national parts of the European patent that it is entitled to be registered in the national patent register



How to opt out a patent (2)

- **Authority** for an Opt-out request is **not verified before its execution**
 - but all requests will appear on the Register which will be **publicly available** on the UPC website,
 - the Case Management System provides for a corrections procedure





How to opt out a patent (3)

- How to **modify** a requested/registered Opt-out:
 - Unless an action has already been brought before a national court, patent proprietors/applicants are entitled to **withdraw their opt-out** at any moment
 - There is no opt-out after the withdrawal of an opt-out (the patent therefore remains outside of the UPC)
- **To do:**
 - **identify** patents that are intended to be opted out, and
 - **monitor sunrise period** for requesting Opt-out (three months before the UPC becomes operational)
 - Not mandatory: **monitor your patents** in sunrise period (to detect improper Opt-outs)

Unified Patent Court



Panels and staffing of the Court

Court of Appeal: Panel of 5 (3 legally and 2 techn. qualified) judges, multinational

Local division (e.g. Germany)

- Munich
- Düsseldorf
- Mannheim
- Hamburg

- 2 national Judges
- 1 multinational Judge
- Optional: 1 techn. qualified Judge

Regional division (e.g. Nordic-Baltic)

- Stockholm

- 2 regional Judges
- 1 multinational Judge
- Optional: 1 techn. qual. Judge

Central division

- Munich (IPC F)
- Paris (IPC B, D, E, G, H)
- ~~London (IPC A and C)~~
- (currently open)

- 2 multinational Judges
- 1 techn. qualified multinational Judge



Jurisdiction – IP rights

The court has jurisdiction **over all European patents**, i.e. unitary patents and classic EPs.

▶ **except: Opt-out is declared.**

The court also has jurisdiction over SPCs.

The court does not have jurisdiction over:

- National patents
- Utility model
- Patent entitlement actions



Jurisdiction – Proceedings (Art. 32 UPCA)

- Action for infringement and related defenses (revocation)
- Action for declaration of non-infringement of patents and SPCs
- Expedited proceedings (interim measure / injunction)
- Actions for revocation of patents and SPCs
- Actions for damages / compensation from published patent application
- Actions concerning right of prior use of the invention
- Proceedings in actions against decisions of the EPO concerning the scope of the delegated tasks under Art. 9 of Regulation (EU) No. 1257/2012 (e.g. administration of applications, keeping of the register, ...)



Jurisdiction – Preservation of evidence, Art. 60 UPCA

- Extensive and detailed provision in Art. 60: to the extent that "all reasonably available evidence" is not yet sufficient to prove patent infringement, the court may order measures to preserve evidence before instituting legal proceedings
- These measures include, among other, the seizure of infringing objects, as well as materials and equipment used for their manufacture and related documents
- Decision by "permanent judge" (= single judge) pursuant to Art. 19(3) UPC Statute
- Decisions and orders of the Court are directly enforceable in all contracting member states (Art. 82(1) UPCA)



Jurisdiction – local and functional

	Local/regional division	Central division	
Place of infringement	✓	(✓)	If patent protection exists but no local or regional division in the country of infringement
Defendant`s place of business	✓		
Defendant`s place of business is located outside of Europe	(✓) (place of infringement)	✓	
Action for revocation (not blocked by opposition!)		✓	
Action for a declaration of non-infringement		✓	This jurisdiction also applies to any subsequent (counter)action for infringement



Procedure of an action before the UPC

► **Objective: complete first-instance proceedings within one year**

Phases according to the Rules of Procedure:

- Written procedure (exchange of pleadings) – 6 to 8 months
- Interim procedure – within a further 3 months
- Oral hearing (limited to one day, if possible)
- Judgment with operative part and basic cost decision within 6 weeks
- Optional: Action for damages (as an annex)
- Separate proceeding: Taxation of costs (as separate proceedings)



Course of legal proceedings – language(s) – Art. 49 UPCA

► **General rule: Plaintiff chooses language of the proceedings**

- Official language in the country of the seised local/regional division
- Official EPO language of the country of the seised local/regional division
- At the Central division: language of the granted patent (also before the Local/Regional division if the parties agree or if ordered for fairness)
- Complex detailed rules in Rule 14 of the draft Rules of Procedure (protection for small businesses and the court)
- Language of proceedings before the court of appeal is the language of first instance proceedings, Art. 50 UPCA



List
available
online



Course of legal proceedings – translations

- Translations generally without certification (Rule 7 of the draft Rules of Procedure)
- Statement of claims may have to be translated for service (Rule 271 No. 7: in case of justified refusal to accept pursuant to Regulation (EC) No 1393/2007)
- Simultaneous translations of the oral hearing are also among the costs to be reimbursed
- In case of referral to the Central division (for revocation counterclaim) and in appeal proceedings, translations may have to be submitted



Course of legal proceedings – structure of written pleas

	Violation	Invalidity	Amendment of claims
	Statement of claim		
+ 3 months	Statement of defence	Revocation counterclaim	
+ 2 months	Replica	Response to revocation complaint	Request for amendment
+ 2 months	Duplicate	Revocation counterclaim replica	Reply to request for amendment
+ 1 month		Duplicate on revocation complaint	Request for amendment replica
+ 1 month			Duplicate on request for amendment

► In detail: Rules 23 to 32 of the draft Rules of Procedure



Course of legal proceedings – bifurcation?

Revocation counterclaim – three options for local/regional division

- | | |
|----|---|
| 1. | Consolidated procedure:
- Involvement of a technical judge (Art. 33(3)(a) UPCA)
- Decision on both proceedings |
| 2. | Separation of the proceedings through
- Referral of the action for revocation to the central division; and
- Decision on (non-)suspension of infringement proceedings |
| 3. | Referral of both proceedings to the central division
(only possible with the consent of both parties) |

- ▶ Separation of proceedings can lead to delay between infringement and validity decision
- ▶ Court of Appeal may hear both proceedings together (Rule 220(5))



Course of legal proceedings – legal remedy (appeal)

- ▶ **Only one appeal instance – in most cases, there will be no appeal to the ECJ**
- Suspensive effect in case of infringement decision only upon request
 - but: an appeal against a decision on actions or counterclaims for revocation shall always have suspensive effect, Art. 74(2) UPCA
- Appeal also against procedural decisions (Rule 220 of the draft Rules of Procedure, subject of controversial discussion)
- Structure of the appeal procedure corresponds to first instance proceedings
- New facts and new evidence may be admissible (Art. 73(4) UPCA, Rule 222 of the draft Rules of Procedure) under certain conditions



Strategic considerations

- Without opt-out, the choice for national or UPC action remains available for seven years
 - Any action before the UPC (also negative declaratory action) binds to this legal path
- Cost risk vs. scope of a judicial title
 - Court costs largely calculable, but reimbursement for "reasonable" representation costs and usual amount of translation/interpretation costs not yet known
 - Territorial scope is limited (large economies FR, DE, IT)



Strategic considerations

- Revocation action risk
 - An action for revocation can completely destroy a patent
 - Experience and decision-making practice of different local chambers is difficult to assess
- Quality / Reliability: How predictable are decisions?
 - No clarity yet on delays due to appeals against procedural decisions as well as (partially admissible) ECJ submissions
 - Quality deficiencies have comprehensive effects

Thank you for your interest!

**Please find your person to contact under
<https://www.wallinger.de/en/team>**

