

# The Unitary Patent and the Unified Patent Court

# Contents

## Unitary Patent (UP)

1) What is it? .....	3
2) When does it come into force? .....	3
3) How do I get it? .....	3
4) Where does it cover? .....	3
5) What will it cost? .....	4
6) Unitary nature .....	4
7) Court jurisdiction .....	4

## Unified Patent Court (UPC)

1) What is it? .....	5
2) Where is it? .....	5
3) What type of legal action can I bring? .....	5
4) What will it cost? .....	6
5) Divisions .....	7
- Local	
- Regional Appeal	
- Central	
6) Judges .....	7
7) Procedure .....	8
8) Opt-out .....	8
9) Appeals .....	8

## UP v EP v Nationals

1) Unitary v Separate rights .....	9
2) Cost comparison .....	10
- Application and validation	
- Translation	
- Litigation	
- Renewals	
3) Courts .....	10
4) UP/EP v National patents: Application process .....	11
- Cost	
- Convenience	
- Scope	
- Local issues	
5) European patents - Opt out or not .....	11

# Unitary Patent

## Unitary Patent (UP) - What is it?

The Unitary Patent (or formally the European patent with unitary effect) is a new patent right for Europe. It provides a single patent right covering up to 25 European Union countries. It is applied for at the European Patent Office and is enforced via the Unified Patent Court (UPC) - a new court for patent matters in Europe.

## UP - When does it come into force?

The UP comes into effect and the UPC begins full operation on 1 June 2023.

## UP - How do I get it?

Unitary Patents are obtained by filing a conventional European patent application and selecting the Unitary Patent option when the application is granted. Patent applicants will have one month from the grant of the European patent application to select the UP option.

All European patent applications which are pending when the UP comes into effect will be eligible to elect this option.

Coverage for the remaining European Patent Convention member states, including UP members which have not yet ratified the UP legislation at the time of grant, will be available via the traditional "bundle" European patent route.


Electing the UP option requires the translation of the patent specification, as follows:

- i) if the application language is English; translation into any EU official language, or
- ii) if the application language is French or German; translation into English.

There is no official fee for electing the Unitary Patent.

## UP - Where does it cover?

Initially it will extend to the 17 countries illustrated on this map. Eventually, it may cover all EU member states.

 Countries participating in the UP Regulation at commencement





## UP - What will it cost?

The cost of processing the European patent application to grant will remain unchanged. There is no official registration fee for electing the Unitary Patent. We will charge a service fee for attending to the Unitary Patent registration.

After grant of the UP, renewal fees will be payable. The fees have been set to be annually equivalent to the cost of renewing a patent in four of the larger EP countries.

Click [here](#) to use our handy cost estimate comparison tool to work out whether a Unitary Patent or traditional bundle European patent will be more cost-effective for your desired territorial coverage.

## UP - Unitary nature

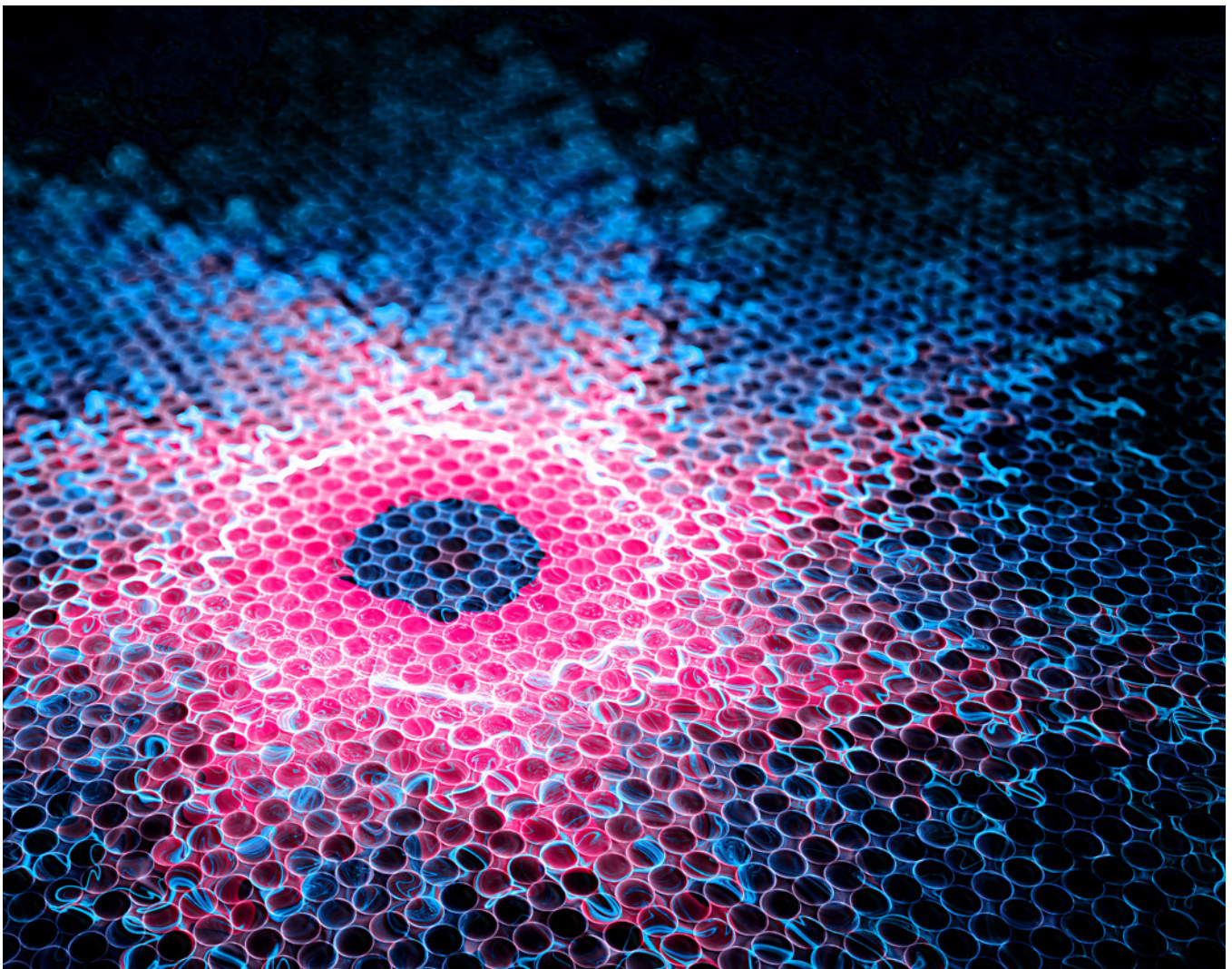
As its name suggests, the European patent with unitary effect is treated as a single legal right. Thus it will not be possible to elect the Unitary Patent and later to drop some of the countries under the UP. A single annual renewal fee is payable for the UP.

The UP can only be assigned as a single, whole article of property, although it will be possible to grant licences for only part of the territory covered by the UP.

Revocation of the UP results in loss of the right for the whole UP territory.

## UP - Court jurisdiction

The UP is subject to the exclusive jurisdiction of the new Unified Patent Court.



# Unified Patent Court

## Unified Patent Court (UPC) - What is it?

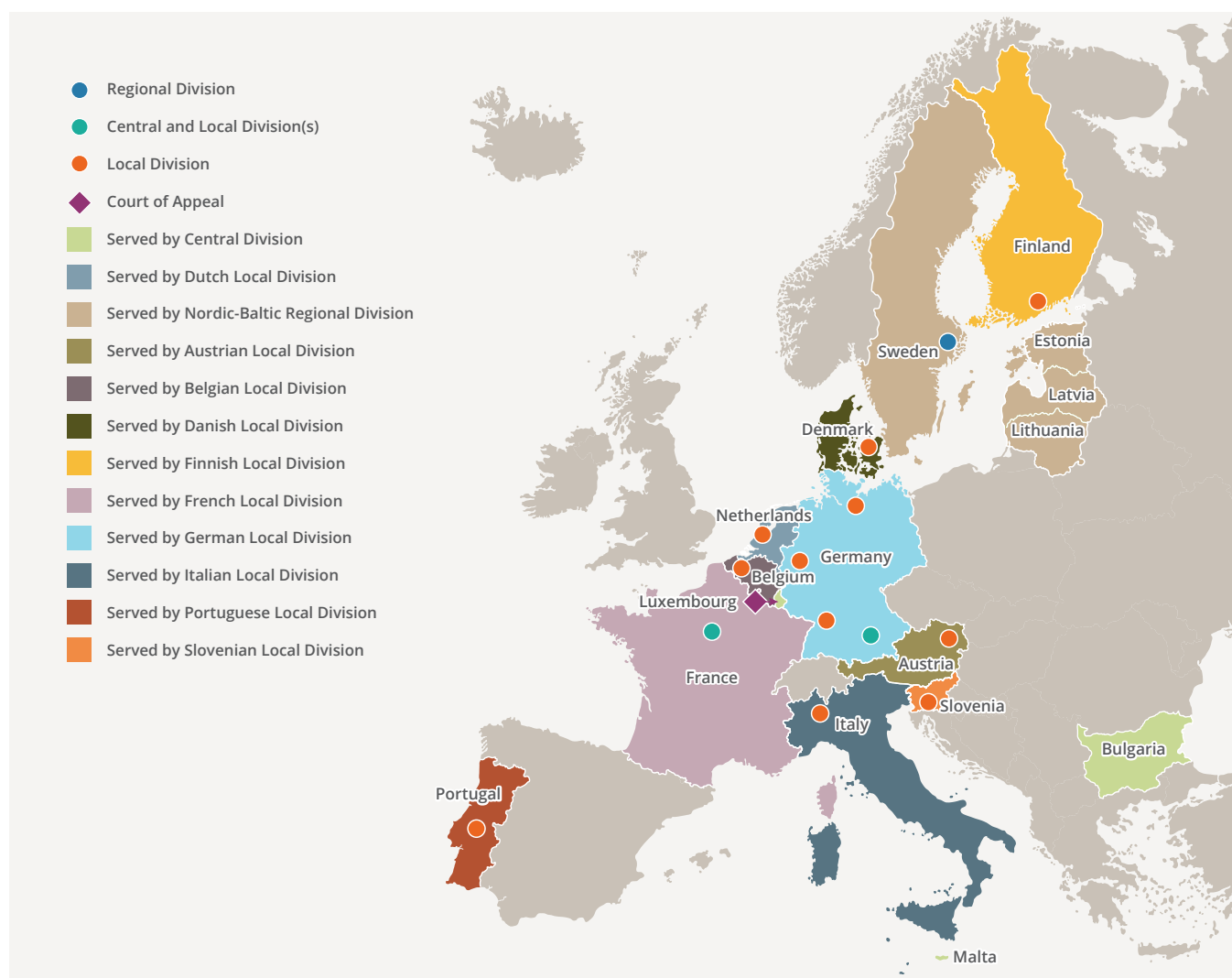
The Unified Patent Court is a new court for patent matters in Europe. It will have exclusive jurisdiction for Unitary Patents and will also have jurisdiction for traditional “bundle” European patents which cover a UPC member state, in certain circumstances.

## UPC - What type of legal action can I bring?

The types of patent action that can be brought at the UPC include infringement, revocation and declaration of non-infringement. For other matters, such as determining questions of entitlement to a patent, the relevant national courts retain jurisdiction.

## UPC - Where is it?

The UPC is split into Local/Regional and Central Divisions (see map below). Local and Regional divisions are based throughout Europe. The Central Division is based in Paris and Munich with a third location to be appointed in due course. The Appeal Court is based in Luxembourg.

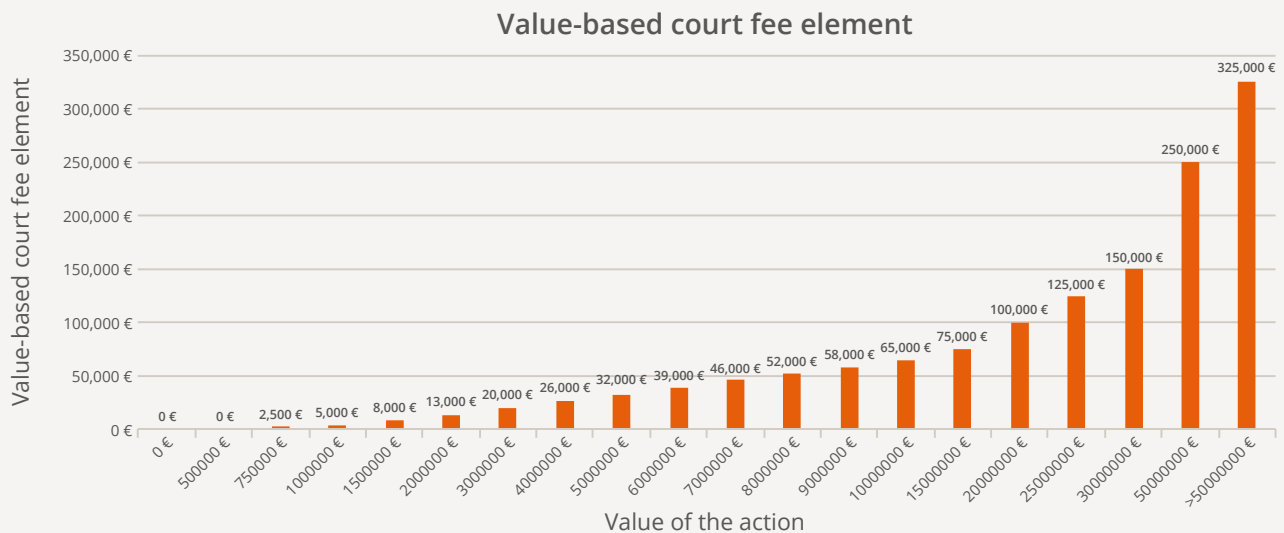


## UPC - What will it cost?

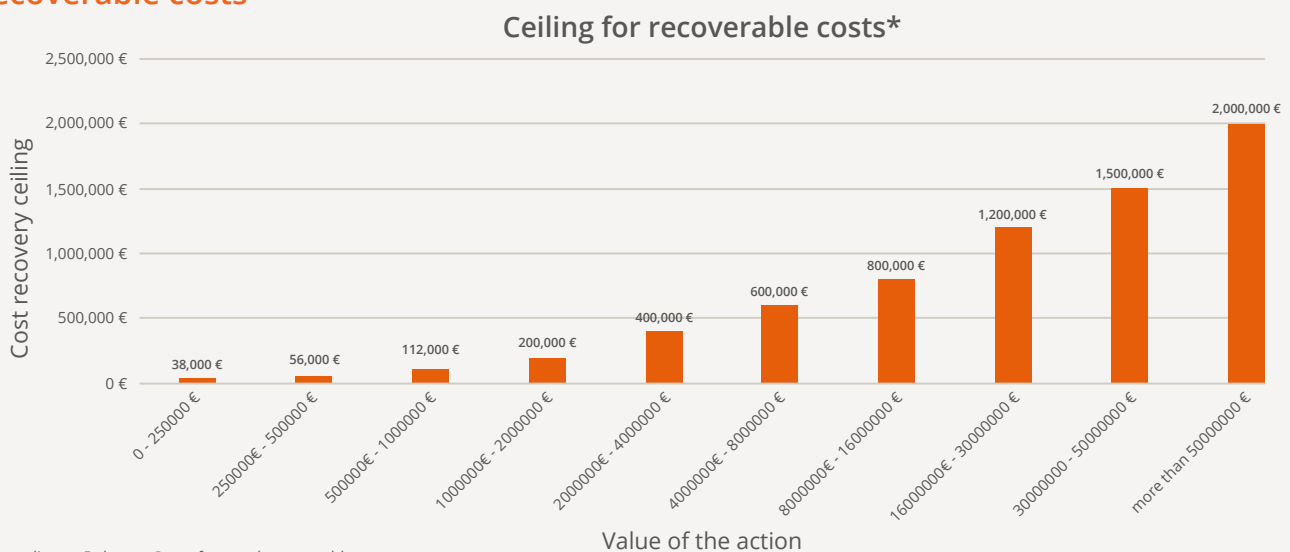
The court fees remain the subject of a consultation but will typically comprise a base fee for initiating a claim, plus a sliding-scale fee based on the value of the action. Attorney fees will be recoverable on a “loser pays” basis, subject to a similar value-based sliding-scale cap. The current fees are set out in the table below.

### Court fees

Action	Court fee
Infringement action	11,000 € + value based fee
Counter-claim for infringement	11,000 € + value based fee
Declaration of non-infringement	11,000 € + value based fee
Revocation	20,000 €
Counter-claim for revocation	Capped at 20,000 €
Action for compensation of licence of right	11,000 €
Application to determine damages	3,000 € + value based fee
Appeal	Often the same as first instance
Other counter-claims	11,000 €



### Recoverable costs



\* According to Rules on Court fees and recoverable costs FINAL document dated 25th February 2016

Bringing a UPC action is likely to cost more than a single patent action in one member state but considerably less than multiple actions in different member states.

## UPC - Divisions

**Local Divisions:** The types of cases that can be brought in each division type are set out below (see table).

Any UPC country may found a Local Division. Some countries may choose to have more than one, such as Germany which will have four Local Divisions.

**Regional Divisions:** Countries may group together to form a Regional Division. Regional Divisions have the same powers and jurisdiction as a Local Division but for all of the countries in the relevant region. At launch, there will be one Regional Division covering Sweden and the Baltic states.

**Central Divisions:** The Central Division has exclusive jurisdiction for claims for revocation, with cases split into three technology groups based upon the International Patent Classification.

IPC Code F (Mechanical Engineering) is allocated to the Munich Central Division.

IPC Codes A & C (Human Necessities) which cover life sciences, chemistry and some medical devices, are allocated to the Central Division but the location is yet to be agreed. Until that time they will be handled by either the Munich or Paris Central Divisions.

The remainder, primarily electronics and physics subject matter, is allocated to the Paris Central Division.

Cases at the Central Division will have a panel of two legal judges and one technical judge, all from different contracting states.

The Court of Appeal sits in a multinational panel of five judges (three legal, two technical).

## UPC - Judges

Judges at the UPC are appointed by the Administrative Committee of the UPC following an application process. There are both legally qualified and technically qualified judges. A training centre for UPC judges is based in Budapest, Hungary.

All first instance cases, before a Local or Regional Division, will normally have a panel of three legally qualified judges. The panel can co-opt a technically qualified judge if necessary. The nationality of the judges is determined based upon the historical volume of patent litigation in the countries concerned.

## Divisions

UPC 1st and 2nd instances can refer questions to CJEU in matters of EU law.

### Unified Patent Court of Appeal (Luxembourg)

Action	Local & Regional Divisions	Central Division
<b>Infringement &amp; preliminary injunctions</b>	Can hear infringement case if the division is in the country or region where: <ul style="list-style-type: none"> <li>• infringement occurred, or</li> <li>• defendant is based</li> </ul>	Can hear infringement action: <ul style="list-style-type: none"> <li>• on agreement of both parties, or</li> <li>• if defendant has no base in the EU, or</li> <li>• if no Local or Regional Division exists</li> </ul>
<b>Validity</b>	Can hear <u>counter-claim</u> for revocation where infringement action is brought	<u>Exclusive competence for stand-alone revocation actions</u> , and can also hear counter-claims for revocation when a case is referred by a Local/Regional Division
<b>Declaration of non-infringement</b>	Not competent	<u>Exclusive competence for declarations of non-infringement</u>



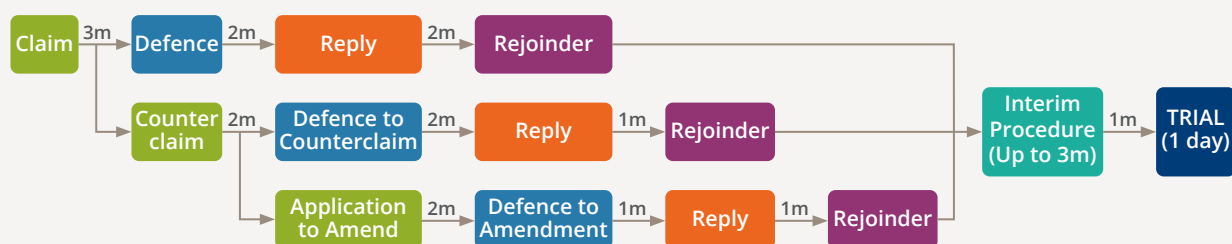
## UPC - Procedure

The UPC agreement provides the UPC with substantial case management powers.

Key characteristics of the procedural rules include:

- Front-loading of proceedings, i.e;
  - comprehensive written submissions
  - limitations on introduction of late/new arguments
  - limited discovery/disclosure
- An objective to hear cases within 12 months from filing
- Active case management
  - extensive and proactive case management by the presiding judge
- One-day trials
  - cross-examination at discretion of judges

## UPC - Timeline



## UPC - Opt-out

For an initial period of seven years it is possible to opt traditional “bundle” European patents out of the jurisdiction of the UPC. This may be an existing portfolio or future granted patents. This does not apply to Unitary Patents, for which the UPC is the sole venue.

Whether or not to opt an EP patent or patents out of the UPC jurisdiction is a complex question to be considered on a case-by-case basis.

A bundle patent can remain opted out for its whole life. If the opt-out is withdrawn, it may not be reinstated. The initial seven-year “transitional” period may be extended to fourteen years. Thereafter, the UPC will be the exclusive venue for all European patents (which have not been opted out before then) covering one or more UPC member states, regardless of whether they are validated as a bundle of national rights, or as a Unitary Patent.

## UPC - Appeals

Final decisions of the first instance court may be appealed as of right, along with some orders of the court. Other orders may only be appealed with the grant of leave to appeal.

Appeals to the Court of Appeal in Luxembourg may be based on points of law and matters of fact.

Appeals will not be a complete rehearing of the first instance case but neither will they be limited to a strict review of the first instance decision.

New facts or evidence may only be admitted if a party could not reasonably have been expected to submit these at first instance.

Appeals will be heard at the Court of Appeal in Luxembourg before the five-judge panel described above.



# UP v EP v Nationals

How does the introduction of the UP affect your European patent strategy? For the last 40 years, applicants have been able to choose between filing a European patent application, filing separate national applications in Europe or doing both simultaneously. The UP represents a further option, taken after grant of the European patent application, to secure protection in Europe. In that sense, the UP simply increases choice. However, the unique characteristics of the UP (its unitary character and the limitation to the UPC for enforcement) introduce further factors in choosing routes for protection in Europe. There are four ways to pursue patent protection in Europe: unitary patent, European bundle patent (opted out), European bundle patent (not opted out), and national patents.

We have broken down some of these factors in the panels below to assist in your European patent strategy discussions with your attorney.

## UP v EP v Nationals: Unitary v Separate rights

### **Unitary:**

The UP is a unitary right which means that it is treated as a single object of property for enforcement, validity, assignment, renewal and entitlement purposes.

**Enforcement** - Unitary nature allows pan-UPC injunctions and damages.

**Validity** - All or nothing on validity - a successful revocation revokes for the whole UP area.

**Assignment** - Administratively much simpler and cheaper to effect transfers of IP.

**Renewal** - "True Top Four" renewal fee rates means that UP is cost-effective, although the picture is muddled when compared with some European renewal strategies (see below regarding renewals for traditional bundle EPs).

**Entitlement** - Again, all or nothing approach in terms of ownership/entitlement.

### **Separate:**

Securing traditional "bundle" EP patents or national patents both result in separate granted national patents in which all matters are delegated to the national courts.

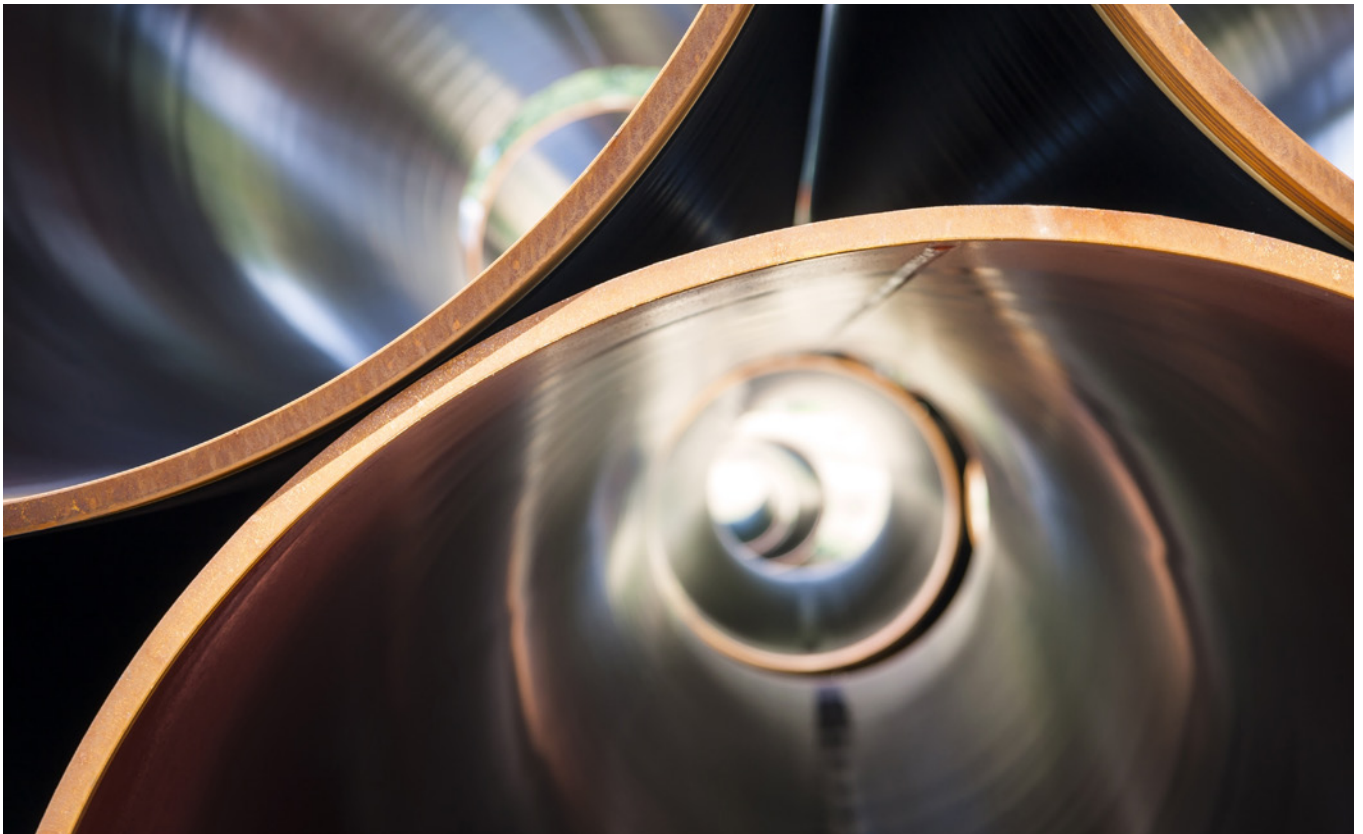
**Enforcement** - Separate national rights require respective separate enforcement actions in each territory, resulting in variability of outcomes and increased costs.

**Validity** - Separate national rights must be attacked individually, reducing the risk of a poor decision costing pan-EU coverage.

**Assignment** - More costly and burdensome to effect transfer but does allow individual countries to be hived off separately (beneficial for individual high-value patents).

**Renewals** - Can be cheaper if only interested in three or fewer countries. Also allows individual countries to be dropped selectively throughout the life of the patent.

**Entitlement** - Again, delegated to national courts, although a ruling on entitlement in one EU state could be enforced in other states via the Brussels Regulation without requiring full further legal action.



## UP v EP v Nationals - Cost comparison

**Application and validation:** The application process for UP and EP is identical up to grant. In most cases, seeking a traditional “bundle” EP patent after grant will be more expensive than seeking a UP. For the application stage, both UP and EP are cheaper than seeking three or more national patents in Europe.

**Translation:** UP requires one translation on grant. EP often requires multiple translations of parts of the specification, depending on the countries sought. National patents require translation up-front and handling of the application in the respective local languages - this is a significant additional expense.

**Litigation:** UP must be litigated at the UPC. National patents must be litigated at the respective national court. EPs will have a choice of UPC or national courts until the transitional period expires (see above). See below for a discussion of the cost comparison of UPC v national courts.

**Renewals:** The renewal fees for the UP have been set at a level corresponding to the combined renewal fees due in the four countries where European patents were most often validated in 2015 (when the fee level was agreed), those being the UK, France, Germany and the Netherlands (so-called “True Top Four”).

Bundle EP patents and national patents must be renewed nationally and individually. As UPs require an “all or nothing” approach, bundle EP and national patents afford the opportunity for a more nuanced renewal strategy, where some territories are maintained in force for longer than others. In practice, though, this is rarely done. Generally, if your previous bundle EP validation and renewals were done in respect of four or more states, the UP will be cheaper.

## UP v EP v Nationals - Courts

UPs must be litigated at the UPC, an as yet untested forum. National patents must be litigated at the national courts. Proprietors of traditional bundle EP patents will have a choice of national courts or UPC until expiry of the transitional period.

**UPC:** There will be a period of flux until the court beds down. The UPC is designed to provide a highly cost-effective forum for settling patent disputes on a pan-European basis. In the initial period it is likely that there will be some procedural uncertainty which will resolve itself as more cases are litigated.

We will monitor the progress of the UPC carefully and update clients on the court’s performance to assist in deciding, where possible, whether or not to use the UPC or national courts.

## UP/EP v National patents - Application process

The application process for UPs and EPs is identical - an application at the European Patent Office. National patents are sought at the respective national patent offices. In this sense, there is nothing new about the comparative factors involved in deciding which application route to choose. However, it is worth rehearsing these here as they may assist in the decision between UPs, EPs and national patents.

The most significant factors are cost, convenience, scope and local issues.

**Cost:** The EPO maintains that a European patent application is typically more cost-effective than national patent applications when seeking to cover three or more EPC member states.

**Convenience:** A single European patent application prosecuted in one of English, French or German using one EPO representative is generally much more convenient than having to file multiple applications in different languages via different local representatives.

**Scope:** In all but exceptional circumstances, European patent applications are granted with a common scope of protection across all territories. Separate national applications quite often have varying scopes of protection. This can be harder to manage from an enforcement and licensing point of view but may be strategically beneficial. Also, in some technology areas protection may be easier to achieve nationally rather than via the EPO (or vice versa) due to local or EPO jurisprudence.

**Local issues:** As mentioned above, applicants in certain national patent offices may be able to obtain protection for inventions which the EPO would not grant.

Also, some national patent offices in Europe are unavailable for the national phase of an international (PCT) application, so the only route is via the EPO.

## European patents - Opt out or not

The question “to opt out or not to opt out?” is a nuanced one. Firstly, some disambiguation is required.

Only traditional bundle European patents can be opted out. UPs are subject to the exclusive jurisdiction of the UPC from the outset and national patents are excluded

from the UPC. Traditional bundle EPs can be litigated (whether for infringement or revocation) in the UPC or the national courts. Opting out an EP removes the opportunity for it to be litigated in the UPC while it is opted out.

Next, the rules:

1. Any bundle EP which is in force during the transitional period (7-14 years) can be opted out providing:
  - a) it has not previously been opted out and had the opt-out withdrawn, and
  - b) it has not been the subject of national proceedings.
2. The opt-out can last for the life of the patent.
3. Once an opt-out has been withdrawn it cannot be reinstated.
4. All proprietors of an EP across all validated UP member states must agree to the opt-out.
5. The opt-out applies to all states covered by the EP.

The main benefit of opting an EP out is to prevent third parties using the UPC to attack a patent centrally and potentially achieve revocation for all UP member states covered by the EP. Since a proprietor can choose to withdraw an opt-out and litigate an EP in the UPC, opting all EPs out may appear to be the safe choice. However, an opted-out EP can be locked out of the UPC forever if proceedings are brought, including by third parties, in a national court. A non-opted-out EP cannot be locked out of the UPC.

For very high-value patents, where a large revenue stream is derived from one EP, opting out may be advisable because the risk of central revocation at the UPC outweighs the benefit of pan-European remedies for infringement.

For most other situations, the decision to opt out or not is multifactorial, highly case specific and often inconsequential.

As the UPC develops, the balance of risk in opting out or not will shift. Our expert UPC group is ready to help you decide between the various options described above.

withersrogers.com

London • Paris • Munich  
Bristol • Warwick • Sheffield