

The Unitary Patent and the Unified Patent Court

Nearly half a century ago, in 1973, the European Patent Convention was signed, leading to the establishment of the European Patent Office (EPO) and a centralized procedure for the filing and examination of patent applications in Europe. Now another far-reaching reform is imminent that has long been strived for and will fundamentally change patent litigation in Europe.

In this brochure, we would like to give you an overview of the two main components of this new system: **The European patent with unitary effect** (“unitary patent”, UP) and the **Unified Patent Court** (UPC), together with some practical advice for applicants and patent proprietors.



Note: The information in this brochure is provided for general information purposes only and does not constitute legal advice. Please contact us at office@kraus-weisert.de or contact your usual patent attorney at Kraus & Weisert if you have any specific questions.

1. Overview

The unitary patent system – a long story coming to an end

The start of the unitary patent system was held up by the United Kingdom (UK) leaving the European Union (“Brexit”) and constitutional complaints in Germany. Both obstacles have meanwhile been overcome. The UK will not participate in the unitary patent system. The Protocol on the provisional application of the UPC Agreement (UPCA) entered into effect in January 2022 and the required states for a start of the unitary patent system have completed the necessary steps for ratification. Germany, acting as a “gatekeeper”, intentionally has not yet officially notified its ratification in order to ensure that all required practical preparations can be completed before the system starts. Once Germany deposits its instrument of ratification, a “**sunrise period**” of three to four months will start and after the sunrise period, the UPCA will enter into force. Currently, the sunrise period is expected to start on January 1, 2023, and the unitary patent system is expected to start on April 1, 2023, with the Unified Patent Court opening its doors and starting to receive cases as from that date.¹

The unitary patent system in a nutshell

The European patent with unitary effect (“unitary patent”) is **one single patent right valid in several EU member states** (similar to a European Union Trade Mark or a Community Design). In contrast, currently a “classic” European patent is actually granted as a bundle of national patents.

The UP system is fully integrated with the European Patent Convention: **There are no changes with respect to the pre-grant phase** and the possibility to file an opposition against the grant of the European patent with the EPO. Moreover, the “classic” European patent will still be available.

The **Unified Patent Court (UPC)** will have jurisdiction over unitary patents and “classic” European patents and will decide on questions of validity and infringement. However, during a **transitional period**, patent proprietors can opt-out their “classic” European patents from the jurisdiction of the UPC.

In the UPC, legally qualified and technically qualified judges will work together. Moreover, dually qualified German and European patent attorneys may represent parties before the UPC.

Infringement and nullity actions in the Unified Patent Court system may be advantageous for patent proprietors, but potential risks are to be kept in mind. The Unified Patent Court system can increase efficiency when infringement takes place in many member states. Moreover, the involvement of technically qualified judges and the possibility to be represented by a patent attorney may lead to decision more focused on the technical aspects. However, it should be noted that so far no case law exists, that an adverse decision applies in all member states (“all eggs are put into one basket”), and that several parallel infringement or revocation actions may be preferred for risk management reasons.

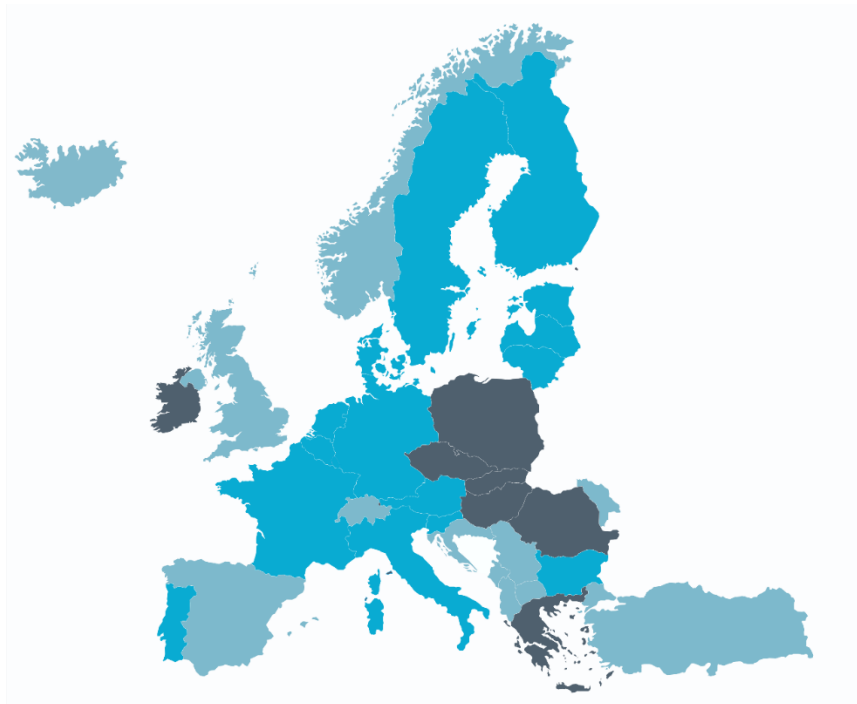
¹ For an up-to-date roadmap, please refer to the UPC’s homepage (<https://www.unified-patent-court.org/news/latest-state-play-view-launch-unified-patent-court>).

Patent proprietors should make a well-considered decision whether they want to use the option to opt-out from the jurisdiction of the UPC for some or all of their European patents. Requests for opt-outs can and should already be filed during the “sunrise period”; the proprietor can “opt-in” again.

2. Participating states

The unitary effect of UP patents will apply only in those **EU Member States** which decided to participate in the system and the UPC will have jurisdiction only for those states. **Non-EU Countries** will not be affected at all.

Some EU Member States decided to participate from the beginning. Some others may join later. Spain and Croatia have no intention to participate.



Initial coverage UP/UPC: EPC states which are EU member states and have ratified the UPC Agreement (Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovenia, Sweden)



Expected coverage UP/UPC: EPC states which are EU member states but have not ratified the UPC Agreement yet (Cyprus, Czech Republic, Greece, Hungary, Ireland, Poland, Romania, Slovakia); these are expected to join at some point in the future



No coverage: EPC states which are not EU member states (Albania, Iceland, Liechtenstein, Monaco, Montenegro, North Macedonia, Norway, San Marino, Serbia, Switzerland, Turkey, United Kingdom) or do not participate in the system (Spain, Croatia)

3. Options for patent proprietors and applicants

There are **no changes** in the procedure of filing and examination before the EPO (**pre-grant phase**); also the course of opposition proceedings remains unchanged. Only after grant, there will be the option for patent proprietors to **register the newly granted European patent as a unitary patent**, that is the proprietor must file a “request for unitary effect” at the EPO to obtain a unitary patent. If no such request is filed, the patent becomes a “classical” European patent, i.e. a bundle of national patents with certain validation requirements in some states.

For those countries that do not participate in the unitary patent system, the patent is still granted as a bundle of national patents, even if unitary effect is requested for the participating states.

Unitary patent

Within a short period of **one month** from the publication of the mention of the grant of a European patent, patent proprietors may choose to register the granted patent as a unitary patent (i.e. file a request for unitary effect). For the participating EU Member States, the patent will then become a single legal entity falling under the exclusive jurisdiction of UPC. In parallel, the same European patent can be validated in one or more states not participating in the unitary patent system.

Nationally validated European patents

The existing system to obtain a bundle of national patents will still be available, i.e. after grant of a European patent, patent proprietors can select individual EPC Contracting States for validation.

National patent/utility model

It will always be possible to apply for national patents in the various European states before the respective patent offices. Some member states, e.g. Germany and France, have changed their law to explicitly allow for, at the same time, patent protection by a unitary patent/nationally validated EP patent granted by the EPO as well as a national patent granted by the national patent office (filed via the PCT or the Paris Convention route). Also, at least in Germany, the possibility to file a divisional national utility model application derived from an EP patent application remains available.

Transitional period – Option to opt out

The Unified Patent Court (UPC) has exclusive jurisdiction for unitary patents and for European patents without unitary effect. For **unitary patents**, there is no possibility to opt out from the jurisdiction of the UPC, whereas for **European patents without unitary effect**, proprietors have the option of opting out from the jurisdiction of the UPC during a transitional period of initially seven years (which may be extended up to a maximum 14 years), as long as no action has been filed in the UPC system. During the transitional period, the opt-out can be withdrawn (one time).

There are several possibilities to combine national patents and utility models, unitary patents and “classic” European patents to adapt your patent portfolio to your individual needs. Risk minimization may include to additionally prosecute a divisional application as a “classic” European patent, to file national patent applications in parallel or to filed divisional national utility models.

4. Sunrise period

The so-called “sunrise period” will start on the first day of the month following the deposit of Germany’s instrument of ratification of the UPCA, which is expected to take place in December 2022; thus, the “sunrise period” should start on **1 January 2023**.

As soon as the sunrise period starts, the aforementioned opt-out can be declared.

Furthermore, during the sunrise period, **two transitional measures** will be available for **applicants interested in obtaining a patent with unitary effect** and will be applicable for European patent applications for which a communication under Rule 71(3) EPC has been dispatched. These transitional measures will be available until the date of entry into force of the UPCA.

Early request for unitary effect

This first transitional measure will enable applicants to file early requests for unitary effect already before the start of the unitary patent system. This will allow the EPO to **register the unitary effect immediately at the start of the system**, provided all corresponding requirements are met. The EPO will register the unitary effect once the unitary patent system has started and communicate the date of this registration to the requester.

Request for a delay in issuing the grant decision

This second transitional measure will provide the applicant with the possibility to request a delay in issuing the decision to grant a European patent after dispatch of a communication under Rule 71(3) EPC by the EPO and before approving the text intended for grant. This will make the European patent that would otherwise have been granted before the start of the new system eligible for unitary patent effect, and will avoid that applicants miss opportunities to obtain a unitary patent in the transitional period.

That is, at an applicant’s request, the EPO will delay issuing its decision to grant a European patent such that the **mention of the grant is published** in the European Patent Bulletin only on or immediately **after the start date of the unitary patent system**. Such a request thus makes a European patent eligible for unitary patent effect.

If you are interested in obtaining a unitary patent for pending European patent applications, take precautions to delay the grant until the start of the unitary patent system.

If the communication pursuant to Rule 71(3) EPC has recently been issued, it may be advisable to request minor amendments (e.g. correction of typographic errors) which will cause issuance of a further communication pursuant to Rule 71(3) EPC, thus allowing for another four-months' period. Further, you may wish to wait until the end of the available period of four months for payment of the fee for grant and publishing and for filing a translation of the claims. If the deposit of Germany's instrument of ratification of the UPCA should occur within this 4 months period, which would initiate the "sunrise period", the transitional measures described above can be used for the aforementioned application.

5. Translation requirements

After a transitional period (minimum 6 years, maximum 12 years), there will be no need to file translations of the European patent specification for granted unitary patents. During the transitional period, however, a translation of the specification is required (into English where the language of proceedings is French or German; or into any official language of the EU where the language of proceedings is English). The translated text is for information purposes only and has no legal effect. After the transitional period, translations will be only required in case of a dispute relating to an alleged infringement.

For natural persons, SMEs, non-profit organizations, universities and public research organizations there will be a compensation scheme for translation costs.

During the transitional period, the translation costs for a unitary patent may increase the overall costs to be higher than those for validation of a "classic" European patent in only a few EPC member states (e.g., DE, FR, GB: no translation of the specification is required). For validation in many EU member states, patent proprietors can save translation costs with the unitary patent.

6. Renewal fees

The renewal fees for a unitary patent were set to be equivalent to the sum of renewal fees for the "top 4" EPC Contracting States where the most EP patents were validated (DE, FR, GB, and NL). Therefore, compared with a "classic" European patent that is validated in numerous member states, patent proprietors can save considerable costs for renewal fees with the unitary patent. For instance, at present, for a "classic" European patent validated in 25 member states, renewal fees over 20 years would amount to around 160 000 €, whereas renewal fees over 20 years for a unitary patent would amount to around 36 000 €².

² <https://www.epo.org/applying/european/unitary/unitary-patent/cost.html>

Further, a unitary patent will make it redundant to appoint representatives with each national patent office and reduces the administrative effort since only one annuity has to be paid.

On the other hand, for a unitary patent, it will not be possible to “manage” maintenance costs by gradually reducing the number of countries in which the patent is maintained.

Obviously, patent proprietors can save costs with the unitary patent in comparison to “classic” European patents that are validated in numerous member states. It has been estimated that, already for validation and maintenance in four member states, the total costs up to year 20 (including translation costs for the unitary patent) will be on average 8% lower for a unitary patent in comparison to a “classic” European patent. In general, for five to seven validated states, break even can be expected.

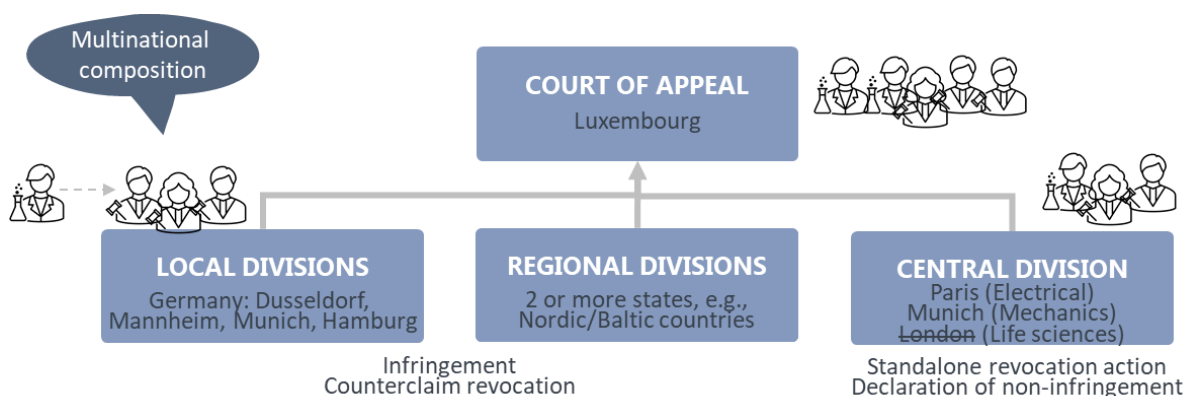
7. Unified Patent Court

Organization

The UPC is an international court common to the participating member states and has **exclusive jurisdiction** for unitary patents and for European patents without unitary effect (however, see the **option to opt out**, as discussed in Section 3 above). A decision by the UPC will have effect in all participating member states where the unitary patent or European patent without unitary effect is in force.

The UPC comprises a **Court of First Instance**, including several central, regional and local divisions spread over the participating member states, a **Court of Appeal** located in Luxembourg and a Registry. The central divisions will be located in Paris and Munich – it has not yet been decided where the third central division, originally foreseen to be located in London, will be transferred to.

In rare cases, the European Court of Justice may be called upon to decide on questions of the interpretation of EU law that arise in proceedings before the Unified Patent Court.



Competence and language of proceedings

An infringement action can be brought before a local or a regional division or before the central division, depending on the (principal) place of business of the defendant, the place where the actual or threatened infringement has occurred and whether an action for revocation is already pending. Revocation actions must be brought before the central division if no infringement action is pending; a counterclaim for revocation in an infringement action must be brought before the division where the infringement action is pending. It is expected that local and regional divisions will generally deal with infringement actions and counterclaims for revocation in the same proceedings. However, bifurcation is not prohibited and the counterclaim for revocation may be transferred to the central division. If the parties agree, both infringement and revocation action may be transferred to the central division.

In proceedings before local and regional divisions, the language of the proceedings is any official language of the respective state(s). With approval of the Court, parties can agree to use the language in which the patent was granted. In proceedings before the central division, the language of the proceedings is the language in which the patent was granted.

8. What to do and what to consider

The unitary patent system provides benefits but also risks for patent proprietors. Thus, applicants and proprietors have to decide

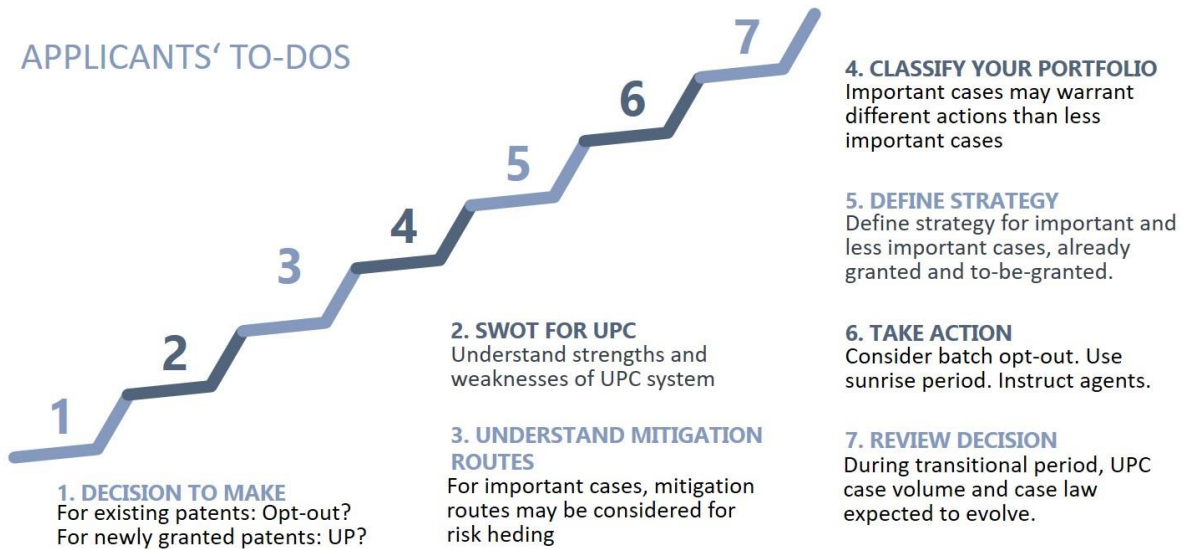
- **if they want to opt out their existing European patents** and
- **if they want to use the unitary patent system for granted patents in the future.**

Advantages of the new system are the possibility of cross-border litigation and the jurisdiction of one court over multiple countries, the participation of technical judges, the possibility to be represented by patent attorneys (instead of attorneys at law) as well as reduced administrative efforts and comparatively lower costs and reduced translation requirements if protection in a (larger) number of member states is desired.

However, patent proprietors have to be aware of the **risk** that an adverse decision applies in all participating member states and that they are less flexible than in parallel national actions. Proprietors are also bound to the fees for the life of the patent – that is, the patent cannot be allowed to lapse in certain states to save renewal fees. Further, the language of proceedings at local courts may be disadvantageous and, at least at the beginning, the jurisprudence of the new court, for which so far no case law exists, may be less predictable.

Therefore, it will be advisable to evaluate the situation for your patent portfolio to be able to make a well-considered decision. We will be happy to assist you in the decision-making process and in undertaking all important steps towards the unitary patent system.

APPLICANTS' TO-DOS



9. Further information

Further useful information may be found here:

<https://www.epo.org/applying/european/unitary/unitary-patent/unitary-patent-guide.html>

<https://www.epo.org/applying/european/unitary/unitary-patent/faq.html>

<https://www.unified-patent-court.org/>