



Intellectual property and commercial legal consultants



THE UNITARY PATENT AND THE UNITARY PATENT COURT– WHAT’S NEXT?

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BACKGROUND – THE EUROPEAN PATENT SYSTEM

- ***Up to grant***
- Centralized procedure at the European Patent Office
- ***After grant:***
- National registration necessary
- High costs for translation and national official fees
- National annual renewal fees
- National enforcement

BACKGROUND – THE EUROPEAN PATENT SYSTEM

- 1) The Unitary Patent – one patent effective for all EU member states*
- 2) The Unified Patent Court (UPC) – one enforcement system for all Unitary patents, European patents** and patent applications**, and Supplementary Protection Certificates** associated therewith

*except Spain, and upon national ratification of the UPC agreement

**unless opted-out

THE PATENT REFORM PACKAGE

- The Regulation on the unitary patent (UPR)
- The Regulation on the language regime for the unitary patent (UPTR)
- The Agreement on a Unified Patent Court (UPCA)
- Signed by 25 EU states (not ES, HR, PL) so far ratified by 9 EU states
- Entry into force 3-4 months after ratification of the UPCA by 13 states, including DE, FR, **GB (Brexit?)**
- <https://www.epo.org/law-practice/unitary.html>
- **Expected: was early 2017 – now unclear**

THE UNITARY PATENT

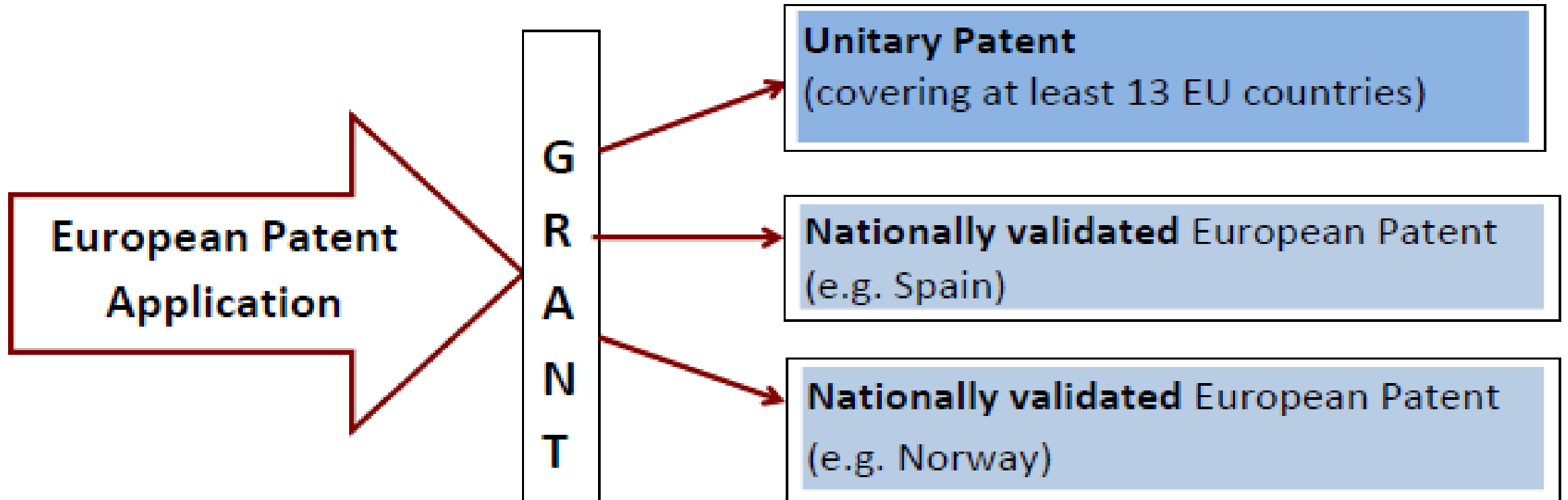
THE UNITARY PATENT

- A European patent with unitary effect
- Only in states having ratified the UPCA (the "participating member states")
- The patent may only be limited, transferred, revoked or lapse in all participating member states (UPR Art. 3.2)
- May be licensed to different entities in different participating member states (UPR Art 3.1)
- Same claims in all participating members states (UPR Art 3.1)
- Uniform scope of rights in all participating member states (UPR Art. 5.2)
- Earliest European filing date March 1, 2007 (the date Malta joined EU)
- The annual renewal fee is paid with the EPO (UPR Art. 9(e))

THE UNITARY PATENT – how is it obtained?

- “Normal” European patent application handled by the EPO up to grant
- Unitary effect must be requested at the EPO within 1 month after grant (UPR Art. 9(g))
- For a transitional period, must file a translation of entire specification within 1 month (UPR Art. 9(h))
- No official fee for requesting unitary effect

Unitary patent may co-exist with one or more nationally validated European patents



UPSIDES OF THE UNITARY PATENT

- **Reduced Costs**

- - after the transitional period no post grant-translation required
- - renewal fees correspond to TOP 4 countries (DE + GB (possibly will be IT if Brexit) + FR +NL)
- - cost reductions available for small & medium sized enterprises (SME) at the Unified Patent Court

- **Enforcement**

- - one set of litigation against presumed infringer
- - fairly rapid process
- - interim injunctions in all participating member states
- - possibility of discovery and saisie contrefaçon in all in all participating member states

DOWNSIDERS OF THE UNITARY PATENT

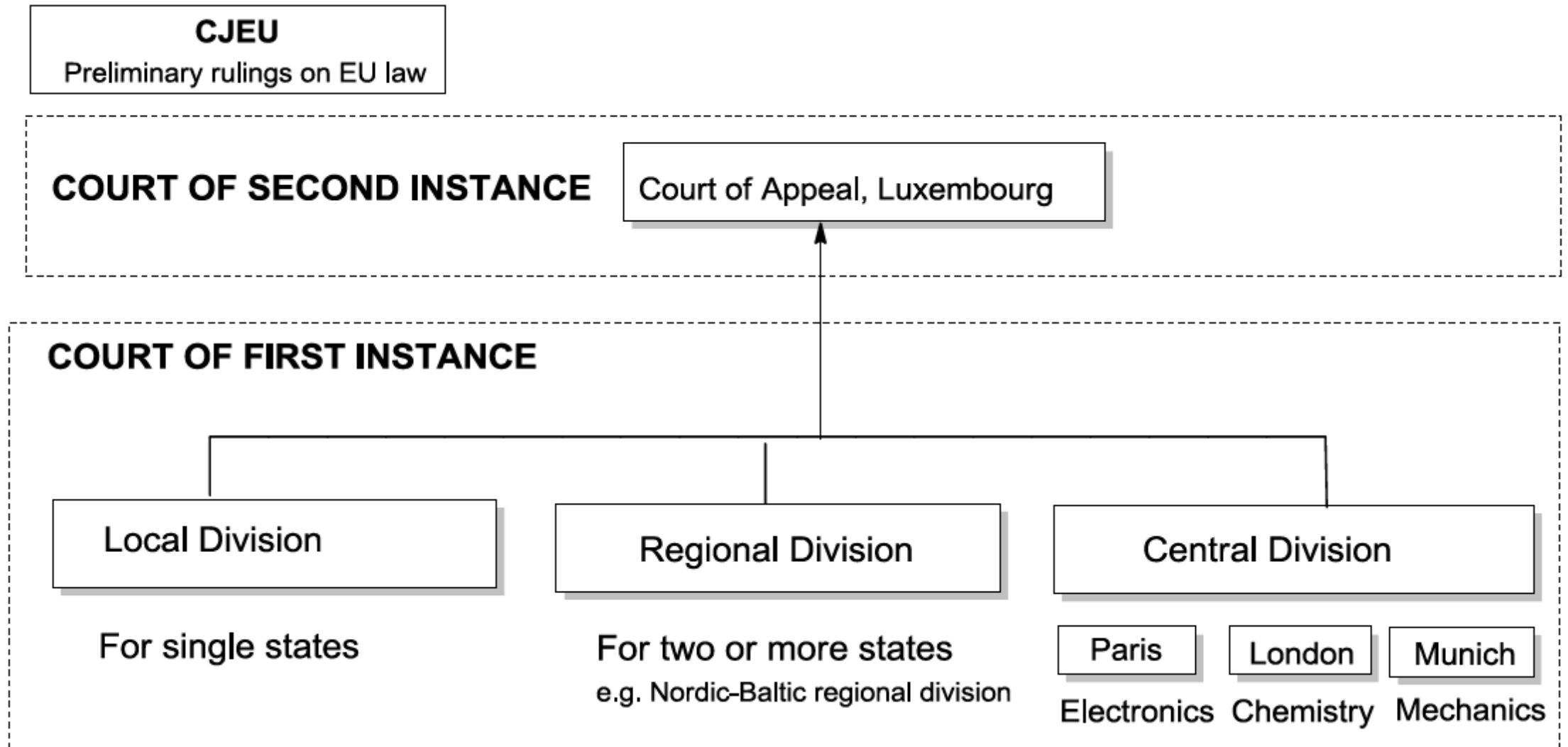
- Not possible to reduce annual renewal fees by abandoning patent in some countries of the unitary patent
- Central revocation of patent possible
- Claims must be same for all participating member countries
- National prior rights in one country of the unitary patent will count as prior art in all countries of the unitary patent
- Same owner(s) in all participating countries required, i.e. the patent may not be transferred in only some countries

THE UNIFIED PATENT COURT

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THE UNIFIED PATENT COURT - organisation



THE UNIFIED PATENT COURT

- **EXCLUSIVE JURISDICTION OVER:**
 - (a) Unitary patents
 - (b) Supplementary Protection Certificates (SPCs)
 - (c) “Classical” European patents
 - (d) European patent applications
- **TRANSITIONAL PERIOD:**
 - 7 (or 14) years
 - Opt-out possibility for (b) to (d)

COMPETENCE OF THE DIVISIONS OF FIRST INSTANCE

- **Actions for or relating to infringement**
 - local/regional division where the infringement has occurred; or where the defendant has residence or place of business
- **Actions for revocation or non-infringement**
 - the central division unless an action for infringement between the same parties same patent has been brought before a local or regional division
- **Counterclaim for revocation**
 - proceed with both actions at local or regional division
 - refer the counterclaim for revocation to the central division
 - with the agreement of the parties, refer the whole case to the central division
 - Parties may agree to bring actions before the division of their choice

OPTING OUT OF THE UPC

- When? during a transitional period (7 yrs + possibly 14 yrs from entry into force of UPCA) if no court action has been initiated
- How? Electronically with the Registry
- Opt-out effective for the lifetime of a patent
- Possible to opt-in once
- Sunrise provision before entry into force of UPC to avoid "locking in effect"

OPTING OUT OF THE UPC

- Only the patent proprietor(s)/patent applicant(s) may opt out of the UPC
- All proprietors/applicants need to opt out, including of SPCs
- If the "correct" proprietor or applicant is not registered in national or European register – need to file declaration of proprietorship with opt-out
- Essential that proprietorship correct - otherwise opt-out ineffective
- Current proprietorship could possibly be different!
- Start preparing!

STRATEGIES – OPTING OUT OR NOT?

- Opt out all patents/patent applications?
- Key patents
- Strong patents (important/less important)
- Small/large company?
- Financial resources
- Who will "test" and "educate" the system?
- National route (in the future)

STRATEGIES – UNITARY PATENT

- When?
- Cost efficient – consider number of countries, costs for renewal fees
- Cost reduction compensates for risk of “broad” loss if revoked
- Consider slowing down prosecution, if you want Unitary patent
- Divisional applications to get Unitary Patent?

STRATEGIES – OTHER ISSUES

- Licence agreements
- Exclusive licensee may start court action at the UPC but may not opt out
- Future licence agreements: consider regulating opt-out or not, where to start possible action etc.

SUMMARY

- The new system is approaching and will be here in 2017/2018 – unless “Brexit” implemented.....
- Discuss, evaluate and prepare strategy for IP portfolio – opting out or not?
- If opting out: check proprietorship and prepare summary of details
- Licence agreements
- Ask your patent attorney for advice!

QUESTIONS?

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Appendix 1

Article 3: Scope of application (AGREEMENT on a Unified Patent Court)

- This Agreement shall apply to any:
 - (a) European patent with unitary effect;
 - (b) supplementary protection certificate issued for a product protected by a patent;
 - (c) European patent which has not yet lapsed at the date of entry into force of this Agreement or was granted after that date, without prejudice to Article 83; and
 - (d) European patent application which is pending at the date of entry into force of this Agreement or which is filed after that date, without prejudice to Article 83.

Appendix 2

Article 83

Transitional regime

- (1) During a transitional period of seven years after the date of entry into force of this Agreement, an action for infringement or for revocation of a European patent or an action for infringement or for declaration of invalidity of a supplementary protection certificate issued for a product protected by a European patent may still be brought before national courts or other competent national authorities.
- (2) An action pending before a national court at the end of the transitional period shall not be affected by the expiry of this period.
- (3) Unless an action has already been brought before the Court, a proprietor of or an applicant for a European patent granted or applied for prior to the end of the transitional period under paragraph 1 and, where applicable, paragraph 5, as well as a holder of a supplementary protection certificate issued for a product protected by a European patent, **shall have the possibility to opt out from the exclusive competence of the Court**. To this end they shall notify their opt-out to the Registry by the latest one month before expiry of the transitional period. The opt-out shall take effect upon its entry into the register.
- (4) Unless an action has already been brought before a national court, proprietors of or applicants for European patents or holders of supplementary protection certificates issued for a product protected by a European patent who made use of the opt-out in accordance with paragraph 3 shall be entitled to withdraw their opt-out at any moment. In this event they shall notify the Registry accordingly. The withdrawal of the opt-out shall take effect upon its entry into the register.

Appendix 3

Rule 5, Rules of Procedure (5.1-5.13; selection in the below)

- Rule 5 – **Lodging of an Application to opt out and withdrawal of an opt-out**
- 1. The **proprietor** of a European patent (including a European patent that has expired) or the applicant for a published application for a European patent (hereinafter in this Rule 5 an “application”) who wishes to opt out that patent or application from the exclusive competence of the Court in accordance with Article 83(3) of the Agreement shall lodge an Application (hereinafter in this Rule 5 an “Application to opt out”) with the Registry.
- (a) Where the patent or application is owned by two or more proprietors or applicants, all proprietors or applicants shall lodge the Application to opt out. **Where the person lodging an Application to opt out is not recorded as the proprietor or applicant in the registers referred to in Rule 8.5(a) and (b), respectively, the person shall lodge a declaration pursuant to paragraph 3(e).**
- (b) The Application to opt out shall be made in respect of all of the Contracting Member States for which the European patent has been granted or which have been designated in the application.

3. The Application to opt out shall contain:

- (a) the name of the proprietor or applicant for the European patent or application and of the holder of any supplementary protection certificate based on the European patent in question, and all relevant postal and, where applicable, electronic addresses;
- (b) where such proprietor, applicant or holder have appointed a representative, the name and postal address and electronic address for service of the representative;
- (c) details of the patent and/or application including the number;
- (d) details of any supplementary protection certificate granted based on the patent concerned, including the number; and
- (e) for the purposes of paragraph 1(a), a **Declaration of proprietorship** that the person lodging the Application to opt out is the proprietor or applicant pursuant to **Rule 8.5** and entitled to lodge the Application to opt out.

6. Subject to paragraph 5 the Registrar shall as soon as practicable enter the Application to opt out in the register. Subject to paragraph 7, the opt-out which meets the requirements laid down in this Rule shall be regarded as effective from the date of entry in the register. If the requirements are missing or incorrectly recorded, a correction may be lodged with the Registry. The date of entry of the correction shall be noted in the register. **The opt-out shall be effective from the date of correction.**

7. **In the event that an action has been commenced before the Court** in respect of a patent and/or an application contained in an Application to opt out **prior to the date of entry of the Application to opt out** in the register or prior to the date of correction pursuant to paragraph 6, **the Application to opt out shall be ineffective** in respect of the patent and/or application in question, irrespective of whether the action is pending or has been concluded.

8. A proprietor of a patent or an application the subject of an opt-out pursuant to this Rule may lodge an Application to **withdraw in respect of the patent or application**, but not in respect of different Contracting Member States for which the European patent has been granted or which have been designated in the application.[...]

13. Applications accepted by the Registry before the entry into force of the Agreement shall be treated as entered on the register on the date of entry into force of the Agreement