

UNITARY PATENTS & THE UNIFIED PATENT COURT

Your guide to the future of innovation in Europe

Top common
issues and

FAQ



Moving forward

The topography of patents in Europe is about to see its most significant change in decades.

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TOP FAQ

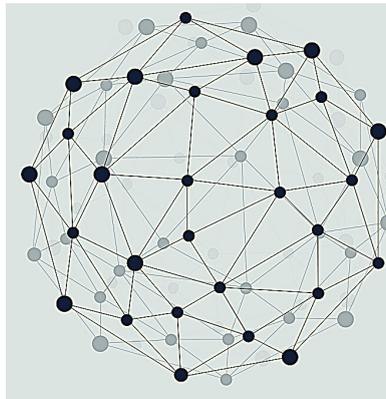
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SPOTLIGHT

IS IT POSSIBLE TO OPT OUT OF THE UPC?

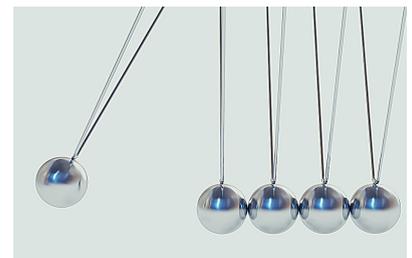
Opted-out patents remain outside of the UPC system for their entire life cycle.



SAVINGS

HOW MUCH WILL A UNITARY PATENT COST?

EPO's summary of the total life-cycle costs of a Unitary Patent compared to an EP.



TIPS

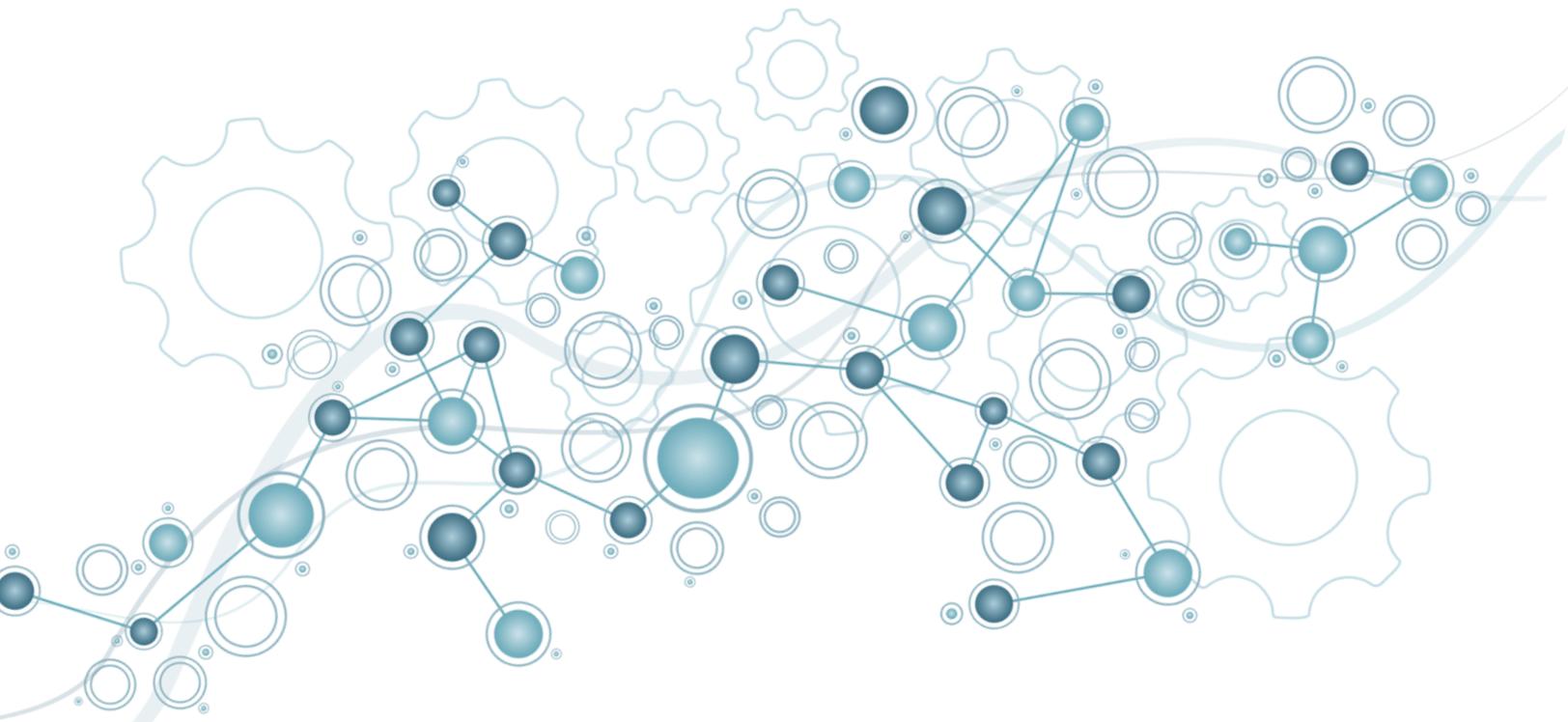
ADVANTAGES OF THE VARIOUS OPTIONS

A mixed strategy combines the benefits of coverage schemes.

TIPS

ACTION THAT NEEDS TO BE TAKEN

It is urgent for applicants to look to their IP portfolio.



UNITARY PATENTS AND THE UNIFIED PATENT COURT

The European patent landscape is set to change – radically and quickly. The upcoming Unitary Patent system and associated Unified Patent Court (UPC) have been the spring from which rivers of ink have flowed for several decades. With the commencement of the Provisional Application Period (PAP) of the UPC in January this year, that ink spelled out the beginning of the Court as an international body. The PAP is expected to last from six to 10 months and will see the selection of judges and the last round of preparatory meetings.

Though it cannot be stated precisely when the UPC will open its doors, it is conceivable that it could be operational by the end of 2022 or early 2023, depending on the date Germany deposits its instrument of ratification.

This is a time of optimism and challenge in equal measure. The Unitary Patent system aims at strengthening the protection mechanisms provided by patents across most of the Member States of the European Union (EU), but that goal, however welcome, inevitably complicates the current situation for patent owners and applicants across Europe.

This guide will address the most critical questions regarding Unitary Patents and the UPC to allow you to make the best-informed decisions for your business and inventions.

Dr. Massimo Galluppi
European Patent Attorney
Patent litigation diploma (CEIPI)



"A further step
for a harmonized
European patent
system."

Stéphane Speich
European Patent Attorney,
Patent, Trademark and Design
Attorney
Patent litigation diploma (CEIPI)



"A better patent
system for
Europe."

Dr. Mathieu Buchkremer
Patent Engineer



"Staying in or
opting out of the
Unified Patent
Court?"

This decision must be taken
before the sunrise period."

WHAT IS A UNITARY PATENT?

Simply put, a Unitary Patent is a single patent granted by the European Patent Office (EPO) that is immediately and automatically enforceable in all EU states participating in the UPC system.

Therefore, the Unitary Patent provides a legal framework distinct from that of European patents (EPs) as granted by the EPO before the start date of the UPC. Recipients of EP grants are required to **validate** them separately in each country selected from the 38 Contracting States of the European Patent Convention (EPC). EP validation means that the resultant patent protection is separately enforceable and revokable in each country, wholly isolated from its status in all other applicable jurisdictions.

EP validation converts a grant from the EPO into nationally recognized patent rights that, until the start of UPC operations, can only be contested or litigated in front of the competent national court. On the other hand, Unitary Patents will only be litigable before the UPC.

From the start of UPC activities and until one month before the end of the transitional period, i.e., either seven or 14 years after the UPC Agreement enters into force, plaintiffs will be able to choose whether their validated EP patents are litigated before the UPC or before a competent national court.

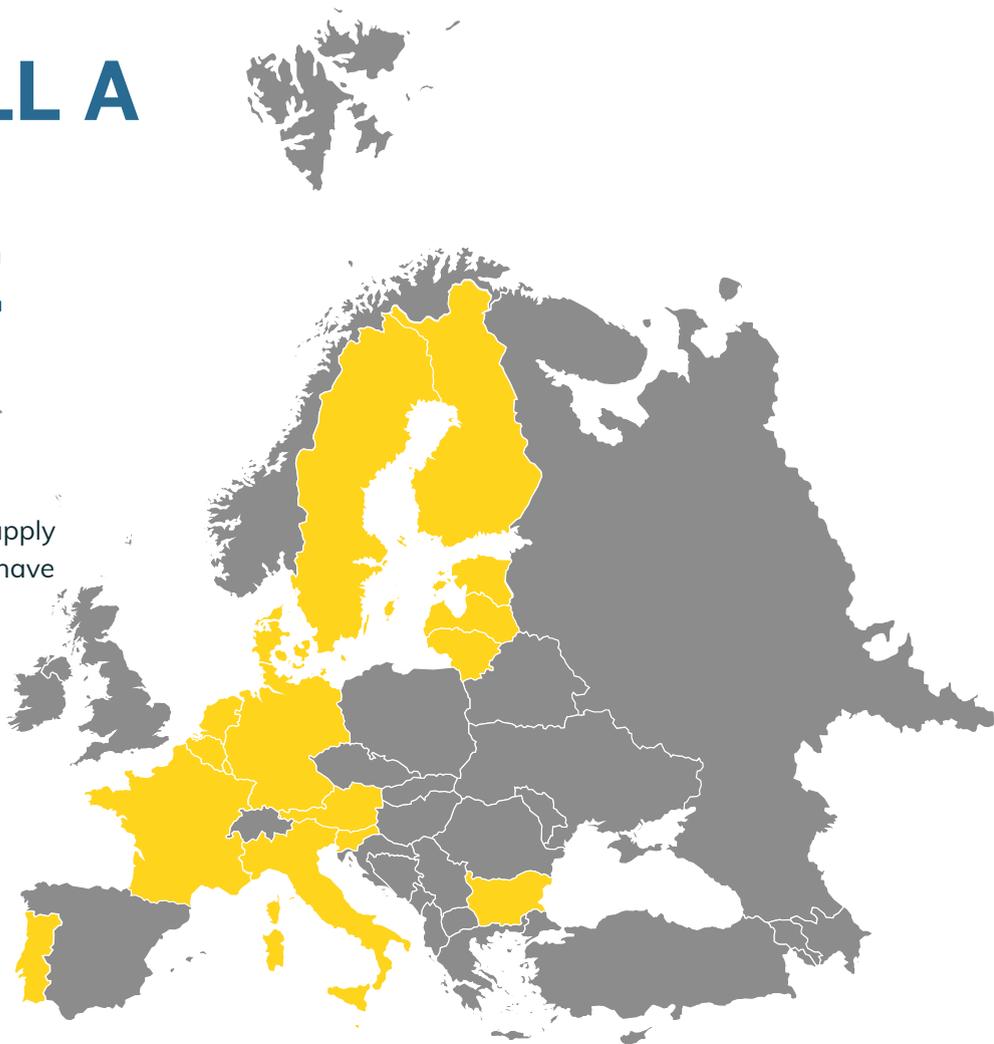
Renewal payments for Unitary Patents are also greatly simplified compared to their EP counterparts, as maintenance fees will not need to be sent to multiple authorities. The newer offering will follow an annual payment timetable with predictable, fixed expenses. Nevertheless, this arrangement will be less flexible than the yearly payment schedule for EPs - it will not be possible to reduce costs by allowing patents to lapse in selected countries.

In a nutshell, the Unitary Patent will function in much the same way as an EP in terms of exclusive rights, duration and renewal schedule; it will differ in its territorial coverage, ease of implementation, costs and post-grant litigation.

WHERE WILL A UNITARY PATENT BE VALID?

Once granted, a Unitary Patent will apply in the following 17 states which will have ratified the UPC Agreement:

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



States that are currently expected to be covered by Unitary Patent on launch. (March 2022)

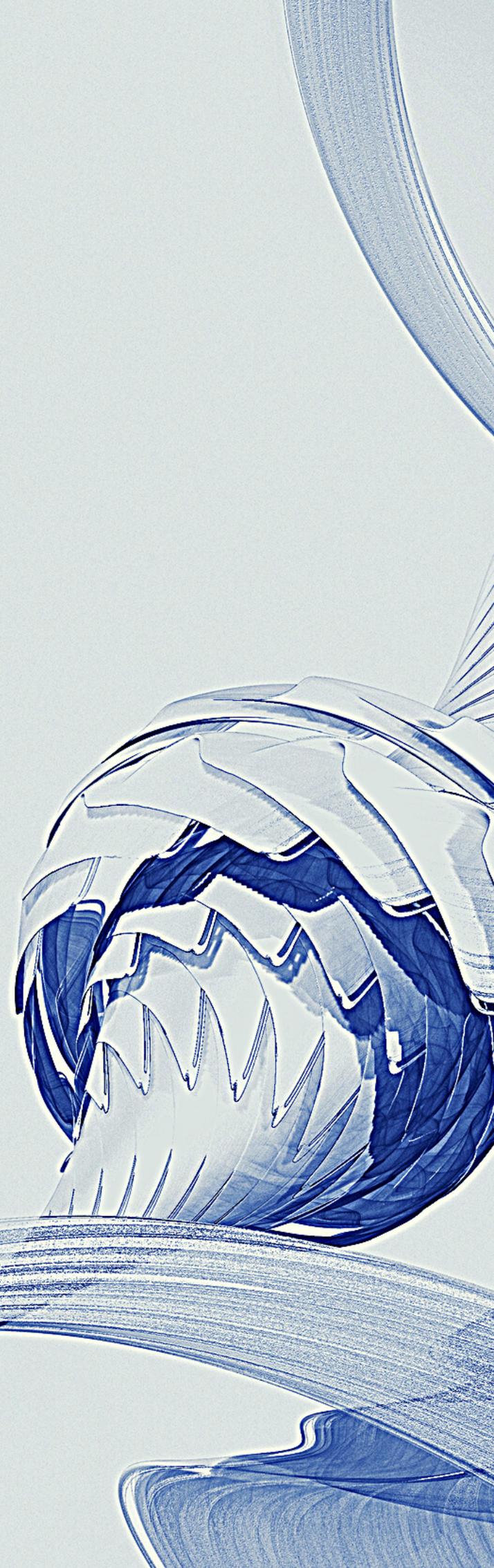
Though German ratification is still pending at the time of writing, the Agreement's entry into force presupposes the participation of France, Italy and Germany as the three EU countries with the most patents in effect in 2012.

A further seven states are expected to accede to the UPC Agreement in the future: Cyprus, the Czech Republic, Greece, Hungary, Ireland, Romania and Slovakia. Though these states have signed the Agreement, they have yet to ratify it.

Crucially, not all EU states are party to the Agreement. As matters stand, a Unitary Patent will not cover Croatia, Poland and Spain. As they are not EU Member States, Iceland, Liechtenstein, Norway, Switzerland and the United Kingdom are also outside the UPC's jurisdiction. Having acceded to the EU just a few months after the

UPC Agreement was signed on February 19, 2013, Croatia may yet choose to join the system. Poland may also ratify in the future. However, Spain's involvement is unlikely in the foreseeable future, given the disagreement surrounding the EPO's exclusion of Spanish from its official languages.

In any case, it remains possible to validate EPs in all of the states previously mentioned. This presents the opportunity to use both protection systems in tandem. Once a patent has been granted by the EPO, a patentee can request for both unitary effect to cover all of the states party to the UPC Agreement and a bundle of EP patents to be validated in the additional EPC Contracting States, e.g., Spain and the United Kingdom. For clarity, EPs enacted in UPC jurisdictions will be referred to as "relevant EPs."



Can a Unitary Patent be extended to non-EU states?

No. To ratify the UPC Agreement and thus be included in the Unitary Patent system, a state must first be a member of the EU.

Can the unitary effect of a granted patent be extended to EU states that subsequently ratify the UPC Agreement?

No. The coverage of a delivered Unitary Patent will not be extended retroactively. The coverage provided by a Unitary Patent will remain the same as at the time of its registration regardless of subsequent ratifications of the UPC Agreement by other EU states. Consequently, it is likely that different "generations" of Unitary Patents with varying coverage will coexist in the early years.

How do I apply for a Unitary Patent?

The introduction of the Unitary Patent will not change the EPO's filing, examination and opposition procedures. However, once the EPO has issued a decision to grant a patent, the applicant will have one month to decide whether to request unitary effect and three months to select countries for EP validation.

What are the advantages of the various options?

A conventional EP can be validated in any selection of the 38 Member States of the EPC, including those that are not in the EU: Albania, Iceland, Liechtenstein, Monaco, North Macedonia, Norway, San Marino, Serbia, Switzerland, Turkey and, since Brexit, the United Kingdom.

It can also apply to the EPC Extension States: Bosnia Herzegovina and Montenegro, as well as to the EPC Validation States: Morocco, Moldova, Cambodia and Tunisia. Being wholly decentralized, electing this option means that the EP's limitation or revocation (partially or in full) in front of the national court of one territory has no bearing on its enforcement in other jurisdictions. This makes an invention covered by a conventional EP **less susceptible to being entirely invalidated by third parties** after its grant, as multiple actions would be required. The broader the validation strategy, the more secure the invention is against total loss.

A **Unitary Patent** does not require validation in each covered territory and so can be **more cost- and time efficient** when protection is sought in multiple European countries.

As national patent offices in Europe maintain their own legal requirements regarding renewal fees and schedules, a centralized filing that grants unitary effect is a highly attractive **alternative to navigating a complex web of deadlines, translations and submissions**. Moreover, a Unitary Patent can be renewed by a single payment to the EPO without the need for a representative.

Finally, it should not be overlooked that a Unitary Patent could become more robust after successfully defending against a third-party action before the UPC. A **mixed strategy** combines the coverage schemes of both types of grants to **maximize the scope of protection** while benefitting from their respective strengths.

What are the disadvantages of the various patent options?

The classical EP route provides no unitary protection and so can be a **burdensome strategy** in terms of costs and administrative obligations, especially if protection is sought in a large number of countries. To wit, various EPC Member States require either a full or partial translation of a granted EP as part of their validation procedures, and annuities will always need to be

paid separately to the patent office of each relevant jurisdiction. This inevitably incurs greater processing fees in addition to a more substantial clerical workload.

As a consolidated, "all or nothing" filing, a **Unitary Patent is vulnerable to centralized revocation or nullity actions**. The blanket nature of the Unitary Patent's coverage means strategic avoidance of potential trouble spots is impossible. In addition, the total annuity fees for keeping a Unitary Patent in force for more than five years can be **more expensive** than an EP patent validated in a limited number of countries. Ultimately, a Unitary Patent's exposure and inflexibility are its primary weaknesses.

How much will a Unitary Patent cost?

In 2015, the EPO Select Committee endeavored to settle on a reasonable and business-friendly fee for Unitary Patent renewals. To this end, they decided on the equivalent of the accumulated renewal fees for the top four EP validation countries of that year. You can find a summary of the total life cycle costs of a Unitary Patent compared to an EP on the [EPO's website](#).

To summarize, the maximum lifetime cost of a Unitary Patent is just 22% of the equivalent protection from an EP. However, this correlation is very rarely applicable for two reasons. Firstly, according to the EPO, the average lifespan of an EP is 10 years, not 20. Secondly, the EPO notes that of the 25 countries set to participate in the UPC, an EP is only validated in an average of four. Comparing the estimated overall costs of validation and maintenance (including external fees) for this scenario may be a more useful indicator. In this case, the adjusted savings of a Unitary Patent over a conventional EP are much slimmer but increase with patent age: from three percent after 10 years to eight percent after 20.

Hence, the foremost advantage of maintaining a Unitary Patent is a reduced administrative burden and fewer transaction costs, particularly where exchange rates apply.

"The Unitary Patent and UPC will be the most important reforms of the European patent system since the signing of the European Patent Convention."

**António
Campinos**

EPO President

(Source: EPO News &
Events, March 2, 2022)

WHAT IS THE UNIFIED PATENT COURT (UPC)?

The UPC is intended to consolidate and simplify procedures across Europe by funneling patent disputes through a single body, thereby alleviating the complications of parallel or contradictory actions across multiple courts.

To this end, the Court will have jurisdiction in all countries party to the UPC Agreement, handling cases related to both EPs and Unitary Patents. However, it follows that actions on the former will only be heard in those EPC Member States that have also ratified the UPC Agreement.

It is crucial to remember that the UPC is the *Unified Patent Court*, not the *Unitary Patent Court* and that it is empowered to decide on *all classes of patents*, if not all patents, granted by the EPO.

How will the UPC be structured?

The **First Instance of the UPC** will comprise **Central, Regional and Local Divisions**.

The **Central Division** of the Court will be headquartered in Paris and Munich. Prior to the United Kingdom's exit from the EU, London was to host a third seat. The duties to have been handled there will be apportioned to the remaining chambers, with the possibility of another location being established following further negotiation.

The hosting of **Local Divisions** is open to all Contracting States, though not obligatory. Moreover, a country may hold multiple divisions of different types.

For instance, Germany plans to inaugurate four **Local Divisions** in addition to Munich's **Central Division**. Sweden will play host to the **Nordic-Baltic Regional Division**, essentially functioning as a **Local Division** shared by Estonia, Latvia, Lithuania and Sweden.

Competence will be broadly allocated as follows:

- Infringement actions – with subsequent invalidity counterclaims – can be heard by **Local and Regional Divisions**;
- Invalidity actions – with subsequent infringement counterclaims – will take place before one of the **Central Divisions**. The **Central Divisions** will also be empowered to issue declarations of non-infringement.

The **Second Instance of the UPC**, the **Court of Appeal**, will be based in Luxembourg. For alternative dispute resolution (ADR), parties may elect to approach the **UPC Mediation and Arbitration Centre** in Lisbon and Ljubljana. The Centre does not supersede nor replace independent ADR bodies.

The administration of all proceedings, including the handling of court documents, will be managed by the Paris-based **Registry**.

"The rollercoaster ride of the Unified Patent Court turns onto the home stretch and is about to come to a happy end (or start)."

**Dr. Christof
Augenstein**

Co-Chair of the Standing
Committee on Unitary
Patent (UPC)

(Source:
Global IP Matrix, Issues 11)

IS IT POSSIBLE TO OPT OUT OF THE UPC?

Litigating in front of the UPC is mandatory for Unitary Patents. However, the commencement of Court operations will begin a seven-year transitional period that could be extended to a total of 14 years. During this time, the UPC and national courts will have shared jurisdiction with respect to relevant conventional EPs. Pending and ongoing cases will not be affected by the closure of this transitional period.

Proprietors of relevant EPs will be able to opt out of the UPC's exclusive competence until one month before the end of the transitional period. To do this, they will need to notify the Registry in Paris. Opted-out patents remain outside of the UPC system for their entire life cycle. The owner can reverse this decision at any time, but once an EP has been opted back in, it cannot again exit the UPC's jurisdiction.

Crucially, licensees cannot opt out as this can only be done by an EP's proprietor (or their qualified representative). In the case of shared ownership, all proprietors must agree for an opt-out to be valid.

Opt-out applications for relevant EPs can also be filed during the "sunrise period," i.e., the three months immediately prior to the start of UPC procedures.

Will the UPC have jurisdiction over national patents?

No. Even in those countries that have ratified the UPC Agreement, the UPC will exercise no authority over national patents. The national patent courts will remain solely competent to rule on internally awarded patents.

This provides a possible alternative to both the EP and Unitary Patent routes for key jurisdictions. Since certain countries may have lower patentability standards or more favorable eligibility conditions, a discerning filing strategy may wish to target specific jurisdictions for national patent applications. As with a validated EP, a national patent is subject to contestation only in its country of relevance, shielding the associated invention's protection from wholesale revocation.

Translation and transaction costs should also be considered when weighing up the relative benefits of Unitary, European and national patents. Of course, any combination of these options can be considered and implemented by more sophisticated patenting strategies.

What action needs to be taken right now?

Relevant EPs and pending applications for the same will be affected by the upcoming Unitary Patent system as soon as the UPC becomes operational in late 2022 or early 2023. As such, applicants must analyze their IP portfolio and determine whether or not opting out of the UPC's competence is preferable once the opportunity becomes available.

This time before the introduction of the Unitary Patent should also be spent reflecting on the applicability of the new system to planned innovation activities and crafting a filing strategy that takes full advantage of the options on offer.

MOVING FORWARD

The topography of patents in Europe is about to see its most significant change in decades – and with uncharacteristic swiftness. We at the Dennemeyer Group look upon this less as an upheaval than as an innovation – and innovation is our forte.

In the guide, we have tackled the biggest questions patent owners and inventors may have regarding the administration and enforcement of patents in Europe. Still, it is impossible to speak to every scenario that companies and individuals might find themselves in. That is why our patent attorneys, IP specialists and consultants stand ready to lend their experience and expertise to all our clients across the continent and farther afield.

Dennemeyer is the ideal partner for patent drafting, filing, prosecution, opposition, renewal and enforcement, combining a global perspective with local knowledge.

Your IP service provider with true unitary effect.



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