

Information on the Unitary Patent (UP) and Unified Patent Court (UPC) - Brief Overview of Selected Aspects -



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The Unitary Patent System

On June 1, 2023, the European patent system has experienced a significant change with the entry into force of the Unitary Patent System. The new system allows proprietors of newly granted European patents to request unitary effect to obtain European patents with unitary effect, also known as Unitary patents (UPs).

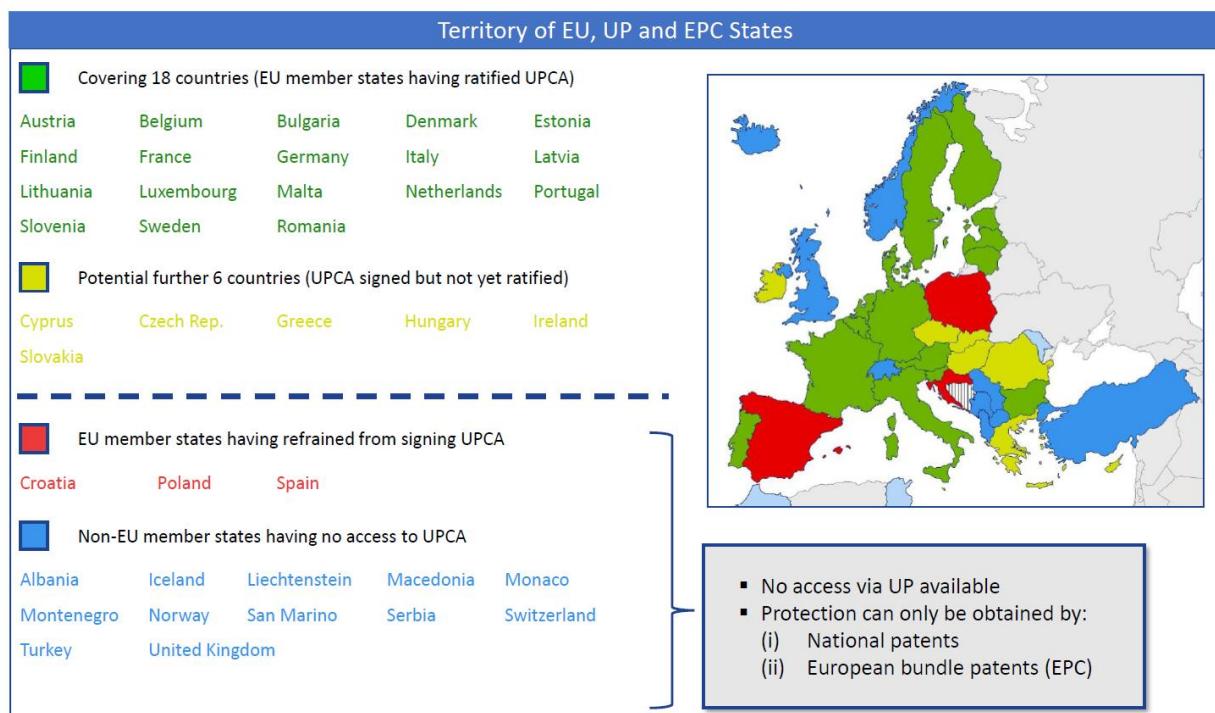
Furthermore, the Unified Patent Court (UPC) became operational from this date onward. The UPC has jurisdiction over all UPs and over all (traditional) European “bundle” patents which have not yet lapsed on June 1, 2023 or are granted after that date.

In the following, we would like to provide you with a brief overview of some important aspects of the UP and the UPC.

The Unitary Patent

What is a Unitary patent (UP)?

A UP is a European patent granted after June 1, 2023, for which unitary effect has been validly requested. The territorial scope of protection of a UP includes all European Union (EU) member states that have ratified the Agreement on a Unified Patent Court (UPCA) on the date of registration of unitary effect in the Register for unitary patent protection. Currently, 18 EU states (the “UPC states”) participate in the new system, but 6 additional EU states might



join in the future. UPs will not be effective in non-EU member states such as Great Britain (GB) or Switzerland (CH).

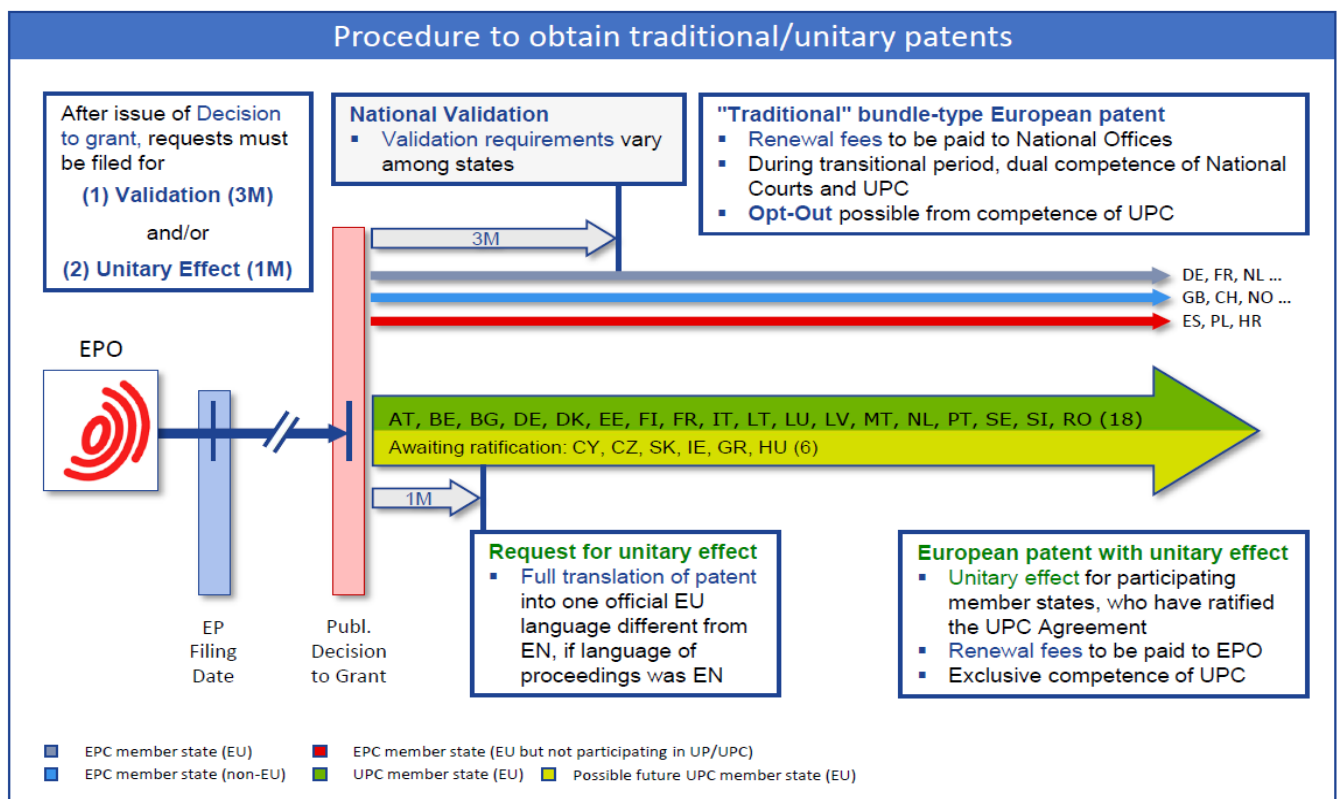
For the 18 UPC states, the request for unitary effect will create a single supranational patent having the same (uniform) effect in all UPC states. Enforcement and revocation of UPs will be handled exclusively by the UPC, and decisions of the UPC will be effective in all UPC states. Yearly renewal fees for the UP must be paid only to the EPO and will amount to approximately four national renewal fees. The new UP system will supplement the conventional European patent system by allowing (optional)

requests for unitary effect after grant, so that the UP system will not replace the currently existing European bundle patent system.

How can I apply for a Unitary patent?

Since June 1, 2023, unitary effect can be requested at the EPO for all newly granted European patents within a period of one month from the date of grant. If the UP is granted in English, a translation into one other official language of an EU member state must be filed.

The request for unitary effect is optional, so that, for the territory of the UPC states, the



proprietor can either obtain patent protection by traditionally validating the European “bundle” patent in one or more UPC states or alternatively by requesting unitary effect to obtain a (single) UP covering all 18 UPC states.

The possibility to obtain patent protection by validation of the European patent in member states not participating in the Unitary Patent System has not been changed by the Unitary Patent System. Furthermore, filing requirements as well as search and examination proceedings at the EPO are completely identical for traditional European bundle patents and UPs, so that the proprietor only needs to decide whether to pursue a UP or a traditional European bundle patent for the UPC states at the grant stage.

What are advantages and disadvantages of pursuing a UP compared to traditionally validating a European patent in the UPC states?

Compared to the traditional validation of a European patent in multiple or all of the UPC states, the costs for obtaining a UP might be significantly lower. In particular, while validating a European patent must be conducted on a state-by-state basis and will often require filing of costly translations

with the national patent offices of validation states, the administrative requirements for obtaining a UP only include requesting unitary effect and filing one additional translation into an official EU language. Accordingly, if broad territorial coverage in many of the UPC states is important, a UP might be preferred for cost reasons.

However, if the proprietor only seeks protection in few EPC states, such as Germany (DE), France (FR) and/or Great Britain (GB), traditionally validating the European patent might be more cost effective compared to obtaining a UP covering all UPC states including DE and FR and additionally validating the European patent in GB.

Furthermore, while the proprietor has the choice of allowing selected national parts of a traditional European bundle patent to lapse by not paying national renewal fees, a UP can only be maintained or allowed to lapse in its entirety.

The Unified Patent Court (UPC)

What is the UPC?

The UPC is an international court established by the UPCA with supranational

competence in all UPC states. For a traditional European bundle patent validated in multiple UPC states, the UPC offers centralized proceedings replacing the current requirement of multiple national court actions in the UPC states. The decisions of the UPC have uniform effect in all UPC states.

The UPC is comprised of several local and regional divisions as well as a central division, which together form the Court of First Instance. Decisions of the Court of First Instance can be appealed centrally to the Court of Appeal located in Luxembourg. Specifically, regarding the Court of Appeal, highly experienced judges were selected who decide on appeal cases in an

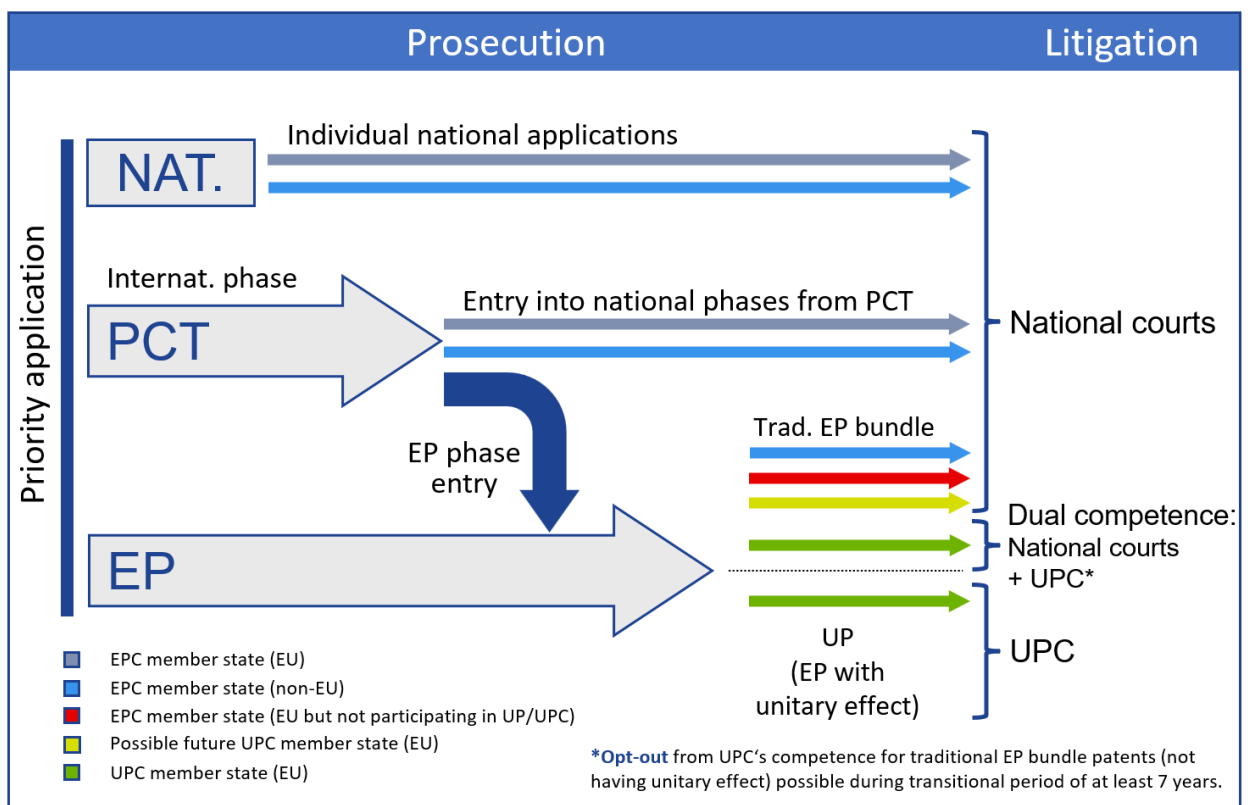
international composition.

For which patents will the UPC be competent?

The UPC will have exclusive jurisdiction over all UPs. Accordingly, UPs can never be litigated before any national courts.

The UPC will not have any competence over national patents, national patent applications or utility models, which have been granted or registered by national patent offices.

Regarding traditional European bundle patents, within a transitional period of seven years starting on June 1, 2023, both



the UPC and the national courts in the UPC states will be competent (“dual competence”), so that decisions regarding infringement and validity can be taken both by the UPC, with effect in all UPC states, or by national courts, with effect on the respective national part of the European patent.

The transitional period might be prolonged by the Administrative Committee of the UPC by up to seven additional years. Once the transitional period has ended, all actions for infringement or revocation of European bundle patents must be brought before the UPC.

What are important advantages and disadvantages of the UPC?

During the transitional period, the proprietor of a European bundle patent has the choice of bringing an infringement action before the UPC or before one or more of the national courts (“dual competence”). One advantage of choosing the UPC as the litigation venue is that if the infringement action results in a favorable decision, this decision can be readily enforced in all UPC states in which the European patent is valid or, in case of a UP, in all UPC states.

Accordingly, multiple national parts of a European bundle patent or a UP can be centrally enforced before the UPC by a single court action, which might be more time and cost efficient than coordinating and conducting multiple national proceedings. Since decisions of the UPC will be effective in all UPC states, the risk of diverging decisions by national courts can be avoided.

If the UPC decides that a European bundle patent or a UP is infringed in one UPC state, the proprietor can generally obtain an injunction and, if applicable, damages with effect in all UPC states in which the bundle patent is valid or, in case of an UP, in all UPC states.

Since enforcing European patents before national courts of UPC states handling only few infringement actions per year, such as some southern or eastern European states, can be challenging and unpredictable, the UPC might be the favorable litigation venue for such states.

For someone wishing to challenge the validity of a European bundle patent in multiple UPC states, it might be preferable to lodge a single revocation action at the UPC instead of nullifying each national part of the European patent via individual

revocation actions to be lodged with national courts in all respective UPC states.

Furthermore, if the proceedings before the UPC are relatively swift, can be conducted in English before several divisions and will be based on a carefully devised set of legal provisions, which might be preferable over national legal systems with respect to some substantive provisions (e.g., indirect infringement, statutory limitations, etc.) and procedural rules (no restitution in case of revocation of the European patent at a later stage, generally no bifurcation between infringement and revocation, etc.).

Can I opt-out my European patents from the competence of the UPC?

During the transitional period, the proprietor of or the applicant for a European patent can opt-out a European patent or published European patent application from the competence of the UPC.

The UPC will not have jurisdiction over a European patent/application for which an opt-out meeting all requirements of the UPCA and Rules of Procedure of the UPC has been entered in the Register of the UPC. In such case, instead of the default "dual competence" of national courts and the UPC during the transitional period, only

the national courts of the UPC states remain competent. In particular, the UPC is not entitled to issue a decision to revoke a validly opted-out European patent, so that the European patent cannot be revoked by the UPC in a single revocation action with effect for all UPC states.

The opt-out will be effective for the entire lifetime of the European patent even after expiry of the transitional period. UPs cannot be opted-out from the jurisdiction of the UPC.

An opt-out from the competence of the UPC is only possible if no action has already been brought before the UPC. Unless an action has been brought before a national court, the proprietor of the European patent is entitled to withdraw the opt-out. Thereafter, the same European patent may not be subject of a second opt-out.

The opt-out must be requested on behalf of all legally entitled (true) patent proprietors and with respect to all EPC states for which the patent has been granted. If the European patent is owned by multiple proprietors, all entitled (true) proprietors must jointly request the opt-out.

Should I opt out all my European patents from the competence of the UPC?

We generally do not recommend portfolio-wide opt-outs of all European patents that have been granted for a particular proprietor. Instead, depending on strategic considerations of the proprietor, and taking specifics of the patent portfolio as well as past and anticipated future litigation into account, a mixed approach might often be strategically preferable.

Considerations supporting a “pro-opt-out strategy” include the following:

As outlined above, the UPC is not entitled to revoke a European patent for which a valid opt-out has been registered in the UPC register. Accordingly, if a European patent has been validated in multiple UPC states and if the proprietor is concerned or has reasons to believe that the validity of the European patent might be challenged before the UPC, an opt-out from the competence of the UPC might be advisable.

The assessment whether or not to request an opt-out should also take into account the anticipated validity of the European patent, wherein “strong” European patents could more frequently remain under the jurisdiction of the UPC compared to “weak” European patents.

Furthermore, since the standard which will be applied by the UPC with respect to patentability, admissibility of amendments and enabling disclosure of the European patent is still rather unknown, an opt-out from the competence of the UPC could be considered, in particular for very important European patents.

If the European patent is subject to a license agreement, we recommend reviewing the agreement and consulting with the licensee regarding a decision about whether to lodge a potential opt-out.

Considerations to maintain the dual competence of the UPC and national courts during the transitional period, i.e., considerations supporting a “no-opt-out strategy” include the following:

Since decisions of the UPC are effective in all UPC states in which the European patent is valid, a European patent under the dual competence of the UPC and the national courts will generally have a higher deterrent effect for competitors compared to an opted-out European patent.

If an opt-out is merely requested as a precaution with the intention to withdraw the opt-out before bringing an action of infringement before the UPC, the proprietor

should remember that an action filed with a national court in a UPC member state will “pin” the European patent in the national systems, making the withdrawal of the opt-out inadmissible. Accordingly, by opting-out a European patent from the competence of the UPC, the proprietor effectively enables a potential infringer to prevent litigation before the UPC by pinning the European patent to the national systems. The national action could be filed by a third party acting on behalf of the potential infringer.

Future filing strategy of European patents with and without unitary effect and decisions regarding opt-outs

The Unitary Patent System enables new strategies regarding filing and enforcing patents in Europe. Due to the complexity of the new system, a one-size-fits-all strategy meeting the requirements of all patent proprietors is not available.

Please feel free to reach out to us so that we can develop an individual strategy tailored to your specific aims and requirements together with you, in particular regarding future filings of European patent applications, national protective rights and/or opting-out existing

European patents from the competence of the UPC.

Please let us know if you have further questions or would like to obtain more detailed information.

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