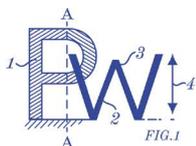


THE UNITARY PATENT & THE UNIFIED PATENT COURT



Patentwerk
European Patent Attorneys

Foreword

At the moment, we are anticipating a long-awaited major change within the framework of European patent legislation. It is expected that the European Unified Patent Court (UPC) will open its doors in the second quarter of 2023, and unitary patents will also enter into force.

Although this revolutionary development will not replace the existing European patent system, it will have serious consequences for all ongoing European patent applications and already granted European patents. In principle, for infringement and invalidity proceedings relating to European patents which have already been granted, soon you will be able to also use the new UPC system, besides the existing national courts. However, in the coming years proprietors of a European patent will be able to file a so-called 'opt-out' request, to set aside the UPC, which has both advantages and disadvantages.

Furthermore, upon grant of European patent applications, it will become possible to choose a unitary patent, a single European patent that will be in force in no fewer than 17 countries of the European Union (EU). This additional option also offers opportunities and entails risks.

Due to these upcoming developments, we have prepared this informative paper for you, in which we will go into more detail about the changes that are on the way.

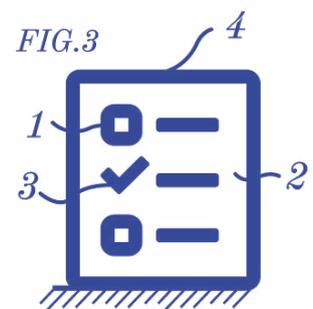
If you still have questions after reading this information, then please get in touch with us. Patentwerk believes it is important that you are well-informed about the new developments so that you can choose a considered course of action for the future.



Bas Langenhuijsen MSc
Managing partner
Dutch and European
Patent Attorney

CONTENT

Introduction	P. 3
Current structure of European patent law	P. 5
The unitary patent and the UPC constitute	P. 6
Unitary patent	P. 7
The Unified Patent Court (UPC)	P. 9
Opt-out	P. 12
The new system and expansion	P. 13
The most important options	P. 14
Follow-up from Patentwerk	P. 15
Appendix	P. 16



INTRODUCTION

Unitary patent and Unified Patent Court:

A substantial expansion of the options under European patent law in EU countries

It is expected that in the second quarter of 2023 new legislation will enter into force, which will add two major subjects to the current European patent law system:

- A unitary patent

that is registered on a supranational basis for an initial group of 17 EU countries;

- A Unified Patent Court

(UPC), a supranational patent court which has jurisdiction over the same initial group of 17 EU countries.

The unitary patent will be relevant for **every pending European patent application** that is in the final phase of granting of a European patent. The unitary patent covers the entire group of participating countries with a single registration.

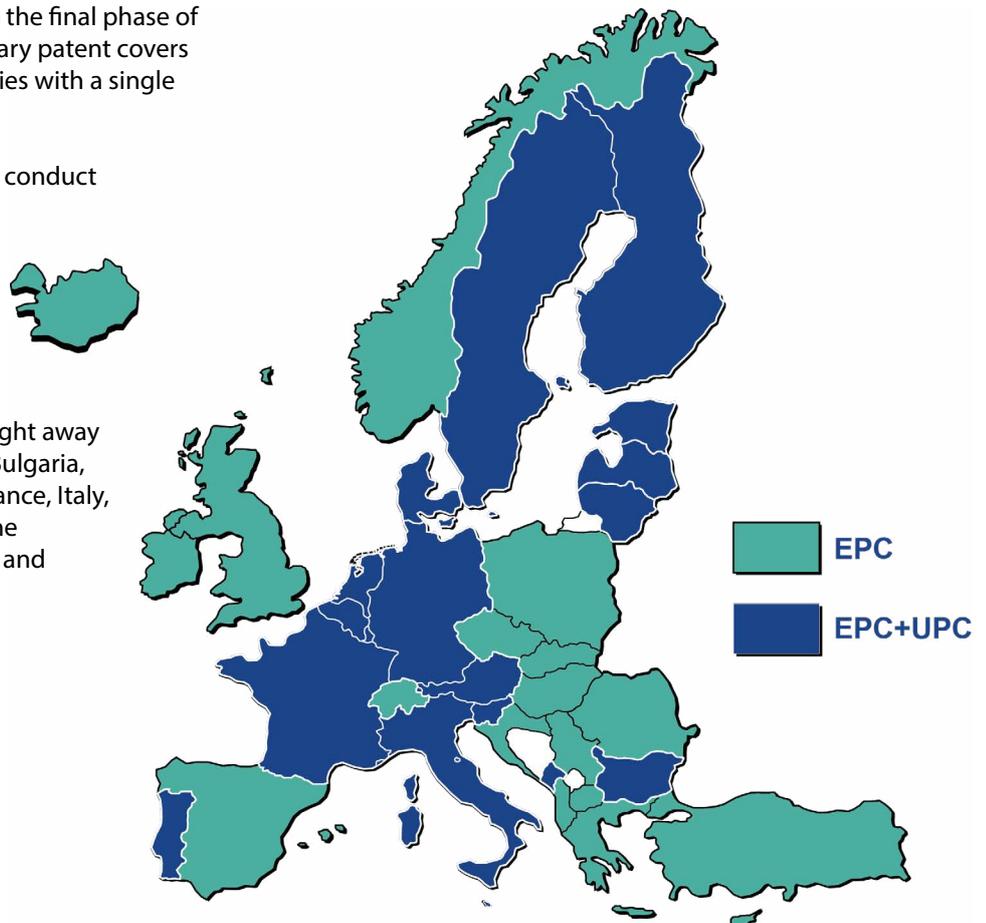
The UPC will provide an opportunity to conduct international proceedings **on the basis of a granted European patent**, where the judgment is valid for the entire group of participating countries.

The group of 17 EU countries that will be participating in the new system straight away from the entry into force are: Belgium, Bulgaria, Denmark, Germany, Estonia, Finland, France, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia and Sweden.

This group may, in the coming years, expand and include more EU countries. It is expected that eventually 25 EU countries will participate. The EU countries Spain and Poland will most likely not join.

The grant of a European patent in itself remains governed by the European Patent Convention (EPC), to which not only EU countries are participating but also 12 countries which are not part of the EU. The total number of countries covered by a European patent may thus include 39 countries.

The map below shows the countries which will be participating in the new system (EPC+UPC), and the countries that will not be participating in the new system from the start (EPC).



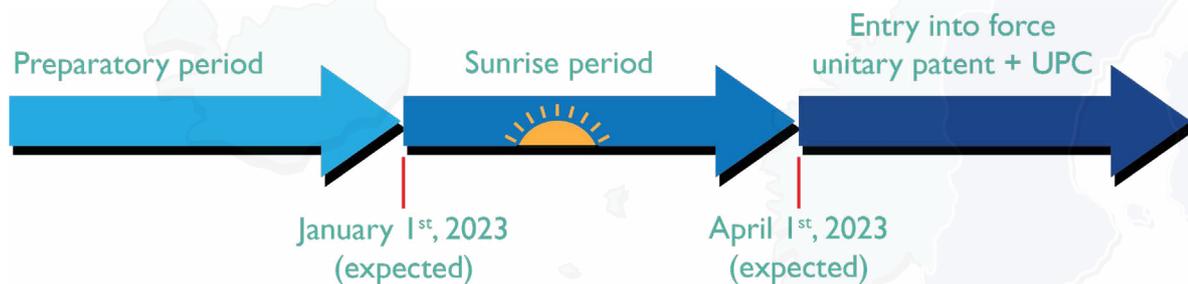
In the appendix (Page 16) a table is included containing a ranking of the countries shown above on the basis of the status of each country with respect to new system.

INTRODUCTION

Start-up period for new legislation – ‘sunrise period’

Before the new legislation as a whole enters into force, a start-up period of 3 to 4 months will apply, also called a ‘sunrise period’. During the sunrise period, individual components of the new legislation will already enter into effect, so that stakeholders are given the opportunity to get to grips with these new components, in view of the situation that will arise when the system as a whole is active.

It is expected that the sunrise period will begin in January 2023 and that the new legislation as a whole will enter into force in April 2023.



CURRENT STRUCTURE OF EUROPEAN PATENT LAW

The current structure of European patent law can be characterized on the basis of three successive phases:

Phase 1

A European patent application is processed via a central grant procedure by the European Patent Office. This procedure ends when a formal decision is rendered to grant or refuse a European patent.

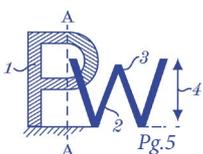
Phase 2

After approval of the patent application a European patent is granted which can effectively be in force in 39 countries by means of national validations. Usually, a selection is made among these countries in order to be cost-effective. A granted European patent that thus has been validated in a number of countries in fact forms a bundle of patents which have national effect and is also called a 'bundle patent'.

Phase 3

When a patent conflict arises, the European patent can be enforced before a national court in the country where the patent is registered. Optionally, a case of this nature may be extended to one or more parallel cases before national courts in different European countries.

The current structure can be schematically represented in the following manner:



THE UNITARY PATENT AND THE UPC CONSTITUTE

The unitary patent and the UPC constitute an expansion of European patent law

When the new legislation enters into force, the three successive phases of the European patent law system can be characterized as follows:

Phase 1

The central grant procedure before the European Patent Office remains unchanged. The central procedure ends when a formal decision is rendered to grant or refuse a European patent.

Phase 2

The European patent can be registered in the 17 participating EU countries in two ways: a supranational registration in the form of a unitary patent, or alternatively a registration by means of national validations according to the known system. After the grant of a patent, the patent proprietor thus has to make a choice between these two registration forms for the 17 participating EU countries, in order to register the patent. Registration in non-participating countries remains unchanged and is possible via national validations.

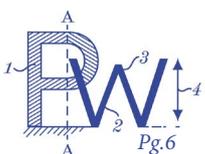
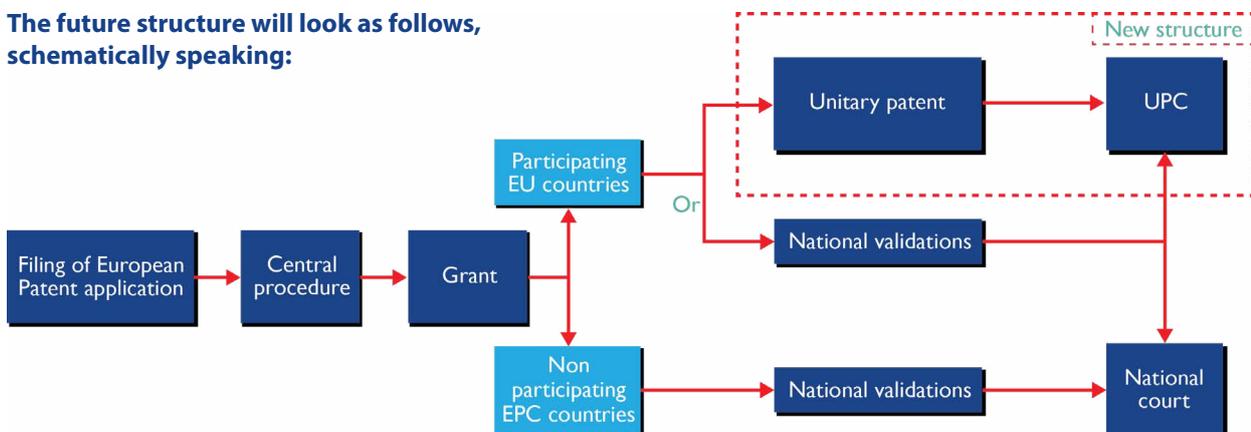
Phase 3

Regardless of the form of registration that is chosen, each European patent can be enforced before the UPC provided that it is in force in at least one of the 17 participating EU countries.

A unitary patent can be enforced before the UPC only: litigation before national courts is excluded. A European patent with national validations in one or more participating EU countries, can be enforced both before the UPC and before a national court; the choice in this case lies with the patent proprietor. Enforcement of a European patent in non-participating countries remains unchanged and is possible in a national court.

A judgment by the UPC has supranational effect: the judgment is effective in all of the participating EU countries in which the European patent is registered. A judgment by a national court is usually restricted to a national effect.

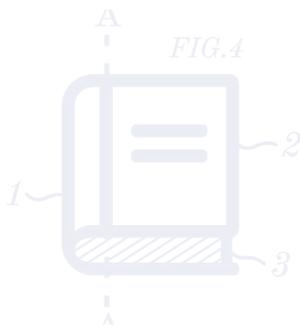
The future structure will look as follows, schematically speaking:





UNITARY PATENT

The unitary patent is the first pillar of the new system and offers a supranational route to register a European patent for the group of participating countries as an alternative to registering a European patent by national validations.



Request for unitary effect

Once the European Patent Office has decided on the grant of a European patent, the possibility arises to register this patent as a unitary patent. In order to register a unitary patent, a corresponding request must be submitted within one month of the definitive grant of the patent.

After approval of the request, the unitary patent becomes in force and will provide protection in the group of participating EU countries as a whole (at present covering 17 EU countries).

Unitary patent is an option

The registration of a unitary patent is an option for the patent proprietor: registration by means of national validations according to the known system will continue to exist.

In order to obtain a registration in non-participating countries, only the customary route of national validations is available.

Renewal fees

In order to keep a unitary patent active, a renewal fee has to be paid every year. The amount of the renewal fee is based on a total of four national renewal fees and increases gradually every year.

If the renewal fee for the unitary patent is not paid, the unitary patent will lapse in respect of all participating EU countries together.

Enforcing a unitary patent

In order to enforce the unitary patent against other parties, it is required to litigate before the UPC. A procedure before a national court is not available in EU countries where the unitary patent is in force. By choosing a unitary patent, the option of enforcing the European patent before a national court in the participating EU countries is irrevocably waived.

A decision by the UPC in relation to a unitary patent will be effective in all participating EU countries. This increases the effectiveness of a positive ruling on patent infringement. The reverse is also true however, in that a ruling confirming an argued invalidity of a unitary patent will result in the revocation of the unitary patent for all participating EU countries.



HET UNITAIR OCTROOI

Considerations for a unitary patent

The choice for a unitary patent should match with the business strategy that applies to the invention and the business operations in general. This strategy could vary for each invention and therefore it is in practice not possible to give an advice that applies to each instant. Important general points that have to be taken into account when considering a unitary patent, are the costs involved and the legal aspects.

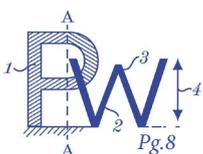
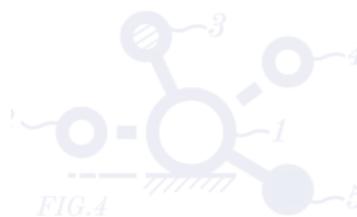
- With respect to the total costs of a unitary patent, there is often a benefit to be obtained in comparison with the alternative system of national validations. As a rule of thumb, a unitary patent will offer a financial advantage with respect to national validations, when protection is desired in at least 4 or 5 participating EU countries.
- One significant legal consequence of the unitary patent is that litigation is restricted to the new UPC. Litigation before a national court is ruled out. A decision by the UPC offers an attractive effectiveness due to its supranational character, but this applies to a favourable as well as to an unfavourable decision. Furthermore, it must be considered that the UPC over its initial years is a newly established court with new rules, and the course of the actual proceedings may be less easily predictable.

Anticipating the new legislation

The possibility of registering a unitary patent will only exist after the sunrise period has expired, and the entire legislation has entered into force.

When, at this moment, already interest exists in obtaining a unitary patent for a pending European patent application, then we would like to hear about it.

Depending on the specific situation, there are options for delaying the grant procedure of a European application so that the time of granting of the patent is deferred, as a result of which the patent may fall under the future regime.



THE UNIFIED PATENT COURT (UPC)

The UPC is a supranational court set up to handle patent law cases in relation to European patents, with a judgment having a supranational effect.

The organization of the UPC

The court of the UPC is an international organization with UPC seats which are established in a large number of participating EU countries.

The UPC has a first instance which is divided into three divisions with a large number of seats in participating EU countries. In addition, the UPC has a Court of Appeal seated in Luxembourg.

The first instance of the UPC is subdivided into a local division, a regional division and a central division. The three divisions have different relative powers to distribute cases across the UPC.

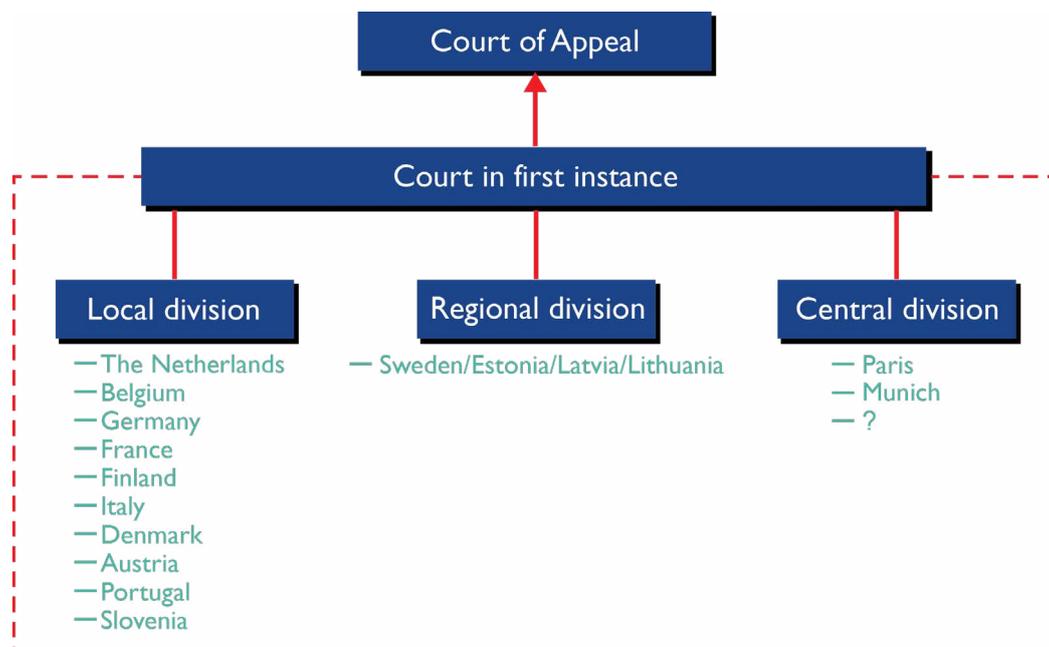
The local division comprises the most UPC seats and is present in 10 countries. A UPC seat of the local division

has a competence which is related to the country in which the seat is present. Moreover, there is a regional division with one branch in Stockholm, which has a competence related to the territory of Sweden and the Baltic states.

There is a central division with branches in Paris and Munich, and a third will be located in a place that has not yet been determined. The central division has a general competence related to the entire area covered by the UPC.

The judges of the UPC form a multinational group and are chosen from participating EU countries. Each seat of the first instance comprises a panel of judges from at least two different countries.

For each seat of the first instance of the UPC official languages have been established. For the central division, the official language is the language in which the European patent was drawn up (i.e. German, French or English). For the local and regional division, in any case the language of the country in which the seat is established may be used.



THE UNIFIED PATENT COURT (UPC)

Competence and jurisdiction of the UPC

Topics for which the UPC is competent to decide upon, have to relate to a European patent that:

- (i) has been registered as a unitary patent, or
- (ii) has been validated nationally in one of the participating EU countries.

In regard of the respective European patent, the UPC is competent to decide on a wide range of topics such as patent infringement, damages, validity of a patent, and declaration of non-infringement.

When the UPC renders a decision, it will be effective in all participating EU countries in or for which the European patent is registered.

Relative competence within the UPC

Each seat of the local and the regional division is empowered to bring a case for patent infringement, provided that the infringement took place in the relevant country or if the defendant is established in the relevant country. In specific exceptional cases, the central division can be chosen for starting a case.

Solely the central division is competent as first instance for bringing a case in which the invalidity of a European patent is being sought.

In addition, the central division has its own subdivision of competence with regard to the technical subject-matter of the patent: patents in the field of mechanical engineering will be handled in Munich; patents in the field of chemistry and pharmacy will be handled by a third seat for which the location is yet to be decided; and patents in the field of electronics and other technology will be handled in Paris.

Main characteristics of the Unified Patent Court

The legal process at the UPC has an attractive effectiveness, because a decision is obtained that is effective in all participating EU countries in which the European patent is in force.

This supranational effect of the UPC is of course a double-edged sword: a favourable judgment will be effective in the relevant EU countries, but this applies equally to unfavourable judgments. There is thus an inherent increased risk when a case is litigated before the UPC in comparison to a national procedure.

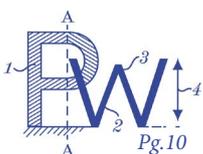
The first instance of the UPC aims for relatively quick processing of a case within approximately one year. In many cases, that is quicker than in a national procedure. The question of whether this accelerated procedure is desirable will have to be assessed on a case-by-case basis.

It is expected that the costs for a case before the UPC will be substantially higher than conducting a single case before a national court. This difference in costs may vary depending on the situation and thus will have to be estimated and considered in more detail on a case-by-case basis.

The UPC has to prove itself in practice

The UPC has the aim of becoming a high-quality patent court. The quality that is aimed for will be comparable to technically qualified courts, such as for example exist in Germany or the Netherlands.

In order to achieve that goal, highly experienced judges have been selected and appointed by the UPC. Nevertheless, the UPC has not yet been able to prove itself because the system is not yet in force. Therefore, the expectation is that during an initial period of the UPC, relevant aspects on procedural and substantive issues are likely to be established in more detail. This implies that litigation before the UPC will be less predictable over the first few years. Moreover, it is expected that within the local division a case may be handled in a slightly different way depending on the country where the local division is seated. Several years of experience with the UPC will thus be needed in order to form a complete picture of this new legal route for patent litigation.



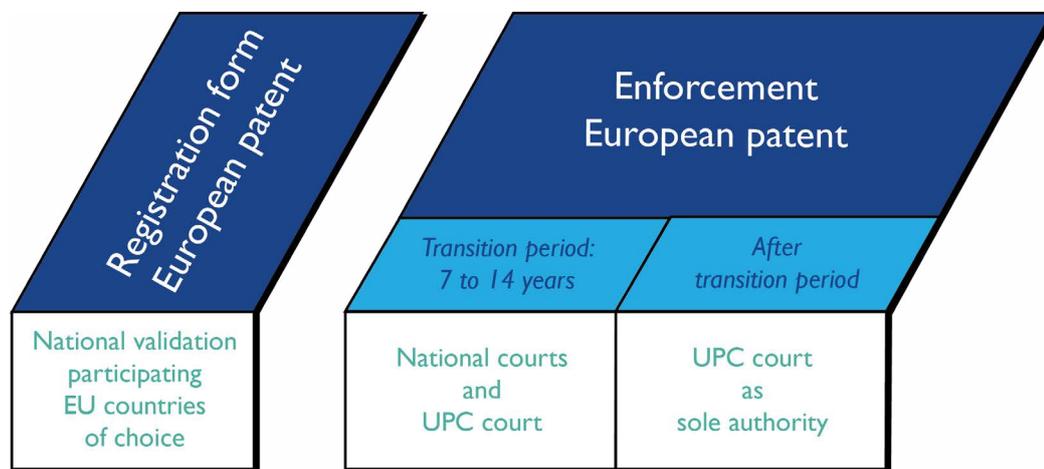
THE UNIFIED PATENT COURT (UPC)

In summary, it is unavoidable that during the first years of the UPC an amount of uncertainty about this new legal route will exist. In view of that uncertainty, the new legal system provides for a transition period during which the user will have multiple options to choose from.

Transition period

To enforce European patents that have been nationally validated, the new system offers the combined option of litigating the case before (i) the supranational UPC as well as (ii) national courts. This combination of supranational and national legal process will be applicable for a transition period of 7 years from the start of the UPC. It may possibly be decided to extend the transition period by a period of at most seven years, as a result of which the transition period could extend to a total of fourteen years.

The principal idea of the transition period is to give the patent proprietor time to get acquainted with the new system and to offer a combined option to litigate before both a national and a supranational court. The transition period thus offers time to make a sound assessment on how the UPC is going to function. After the transition period, the combined option before a national and supranational court will end. From that time onwards, only the UPC will be competent in respect of a European patent that has been nationally validated in the participating EU countries.



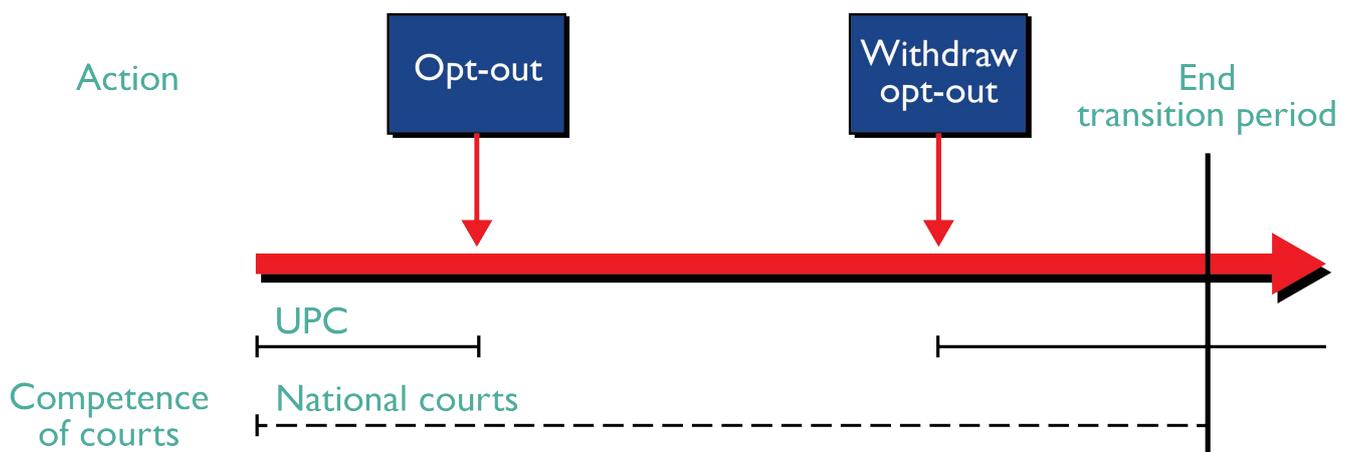
OPT-OUT: SUSPENDING UPC COMPETENCE

When the new legal system enters into force, litigation before the UPC is automatically possible for each nationally validated European patent that is in force in one or more participating EU countries.

This automatic effect may however be suspended during the transition period of seven to fourteen years, by requesting an 'opt-out' for each respective European patent in the UPC register. An opt-out has the effect that any legal action can solely be submitted before national courts in relation to the respective European patent. An opt-out thus creates a situation which was already existent before the start of the new system.

An effective opt-out is in itself not a definitive suspension of the UPC: A filed opt-out may be withdrawn once by the patent proprietor at a time of their choice by filing a 'withdrawal'. By withdrawing the opt-out, the automatic jurisdiction of the UPC will apply again for the patent in question. The situation which then arises is final and can no longer be altered.

Incidentally, the withdrawal of an opt-out is not permitted when at the time of withdrawal a case has already been started before a national court in relation to the respective European patent (regardless of whether the case is still ongoing or has been concluded).



* The filing of an opt-out request is not possible for a unitary patent but only for national validations.

The main advantage of an opt-out is that the patent proprietor retains the initiative for litigating a case before the UPC at a time of their own choice at the moment of withdrawing the opt-out. If no opt-out is filed, the UPC is automatically competent to issue a judgment in relation to the European patent. In that last case, third parties can thus take the initiative to start litigating before the UPC.

At present, the biggest risk of not filing an opt-out appears to be an invalidity attack by third parties, which may result in the patent being declared invalid by the UPC. Any decision on invalidity by the UPC will be applicable to all participating EU countries.

On balance of the above, it is in general believed that the most prudent strategy for the proprietor of a nationally validated European patent, is to choose for an opt-out strategy.

THE NEW SYSTEM AND EXPANSION

The new system and expansion of the participating countries

At the start of the new system, 17 EU countries will be participating. It is likely that in the following years the number of participating countries will gradually grow towards the 25 EU countries.

In the future, when an EU country joins the group of participating countries, this will have the direct consequence that the territorial coverage is expanded for both the unitary patent and the UPC, from the moment the new system enters into force in the respective EU country.

Unitary patent

An expansion of the territorial coverage has no retroactive effect for the country coverage of a unitary patent that has already been registered. The territorial coverage thus remains the same as at the moment of registration.

In other words, the territorial coverage of a unitary patent does not expand when the territorial coverage of the new system is expanded after the unitary patent has been registered.

UPC

At the time that a case is formally submitted before the UPC, the territorial coverage applies which is effective at that specific time. The territorial coverage at the time of the start of any litigation before the UPC may thus differ from the territorial coverage at the time that the European patent was registered.

The territorial jurisdiction of the UPC cannot expand during the subsequent court proceedings. The territorial jurisdiction of the UPC at the start of a case is thus maintained during litigation.



The most important options of the new system in a nutshell

If a pending European patent application enters the final phase of grant proceedings and the new legislation is in force, then two choices will be important:

- choice for registration of a unitary patent, or instead for national validations?
- UPC automatically competent, or instead opt-out from the UPC?

Both choices will be explained by us in context and in more detail at the very time that a pending European patent application has started its final phase of grant proceedings.

From the moment of entry into force of the new legislation, the following choice is important for a granted European patent that is already in force in one or more participating EU countries:

- UPC automatically competent, or instead opt-out from the UPC?

We will discuss this matter in more detail and provide practical advice as soon as the sunrise period has begun which marks the start to opt-out from the UPC.



FOLLOW-UP FROM PATENTWERK

In this informative paper we have provided a first overview of important new legislation to the existent European patent law, which is expected to enter into force in April 2023.

The present paper is in particular directed to give an idea of the additional options that the new system will offer to a patent proprietor.

As soon as the sunrise-period for the new system has begun, we will provide you with further information directed to the concrete choices that will become relevant under the new system, in the form of a specific advice letter.

Specific advice letter

For a pending European patent application, as well as for an already existing European patent, the new system will offer additional options to the present system of European patent law. In that context, strategic choices will have to be made in which the subject-matter of the patent and the related business strategy have to be considered.

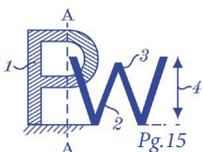
As soon as the new system begins, we will send you a specific advice letter directed to the concrete situation that arises and we will discuss the most important aspects, so that a well-informed choice can be made.

Further questions?

If you have any further questions in view of this informative paper, we would gladly answer these. You can contact us, especially your patent attorney at Patentwerk, via (0) 73 691 1350 or by email via UPC@patentwerk.nl.

Disclaimer

The content of this document has been very carefully compiled on the basis of the information known at the time of preparation. The content of this document is for information purposes only, and does not constitute legal or professional advice. Patentwerk B.V. does not assume any liability as regards the accuracy or completeness of the content of this information letter, or for any direct or indirect consequences of the action or failure to act on the basis of this information.



APPENDIX

The table below provides a complete overview of all 39 countries which are members of the European Patent Convention; it also shows which countries are not participating or are unable to participate in the new system of the Unitary Patent and the UPC.

Participating countries in the Unitary Patent and the UPC	EU countries that may possibly accede later	EU countries that will probably not accede	Excluded from participation (non-EU countries)
17 EU countries	8 EU countries	2 EU countries	12 countries
Austria	Cyprus	Spain	Albania
Belgium	Czechia	Poland	Switzerland
Bulgaria	Greece		United Kingdom
Germany	Hungary		Iceland
Denmark	Ireland		Liechtenstein
Estland	Romania		Monaco
Finland	Slovakia		Montenegro
France	Croatia		North Macedonia
Italy			Norway
Lithuania			Serbia
Luxembourg			San Marino
Latvia			Turkey
Malta			
Netherlands			
Portugal			
Sweden			
Slovenia			





Patentwerk



Patentwerk
European Patent Attorneys

Visiting address:
Julianaplein 4, 5211 BC's-Hertogenbosch, the Netherlands

Postal address:
Postbus 1514, 5200 BN's-Hertogenbosch, the Netherlands

Phone: +31 (0)73 691 1350
E-mail: info@patentwerk.nl

www.patentwerk.nl