

The Unitary Patent

A practical guide



Could now finally be the time to start preparing for the launch of the Unitary Patent system?

The Unitary Patent system promises a simpler and more cost-effective route to patent protection in the participating EU member states; however, its route to implementation has been far from easy. With its launch date now estimated for mid-2022, we set out the answers to some frequently asked questions to help businesses prepare.

What is the Unitary Patent?

The Unitary Patent seeks to facilitate the process of obtaining patent protection in the EU by simplifying and reducing many of the administrative hurdles and costs associated with obtaining patent rights across the territory; for example, validations, translation requirements and national renewal fees. Rather than replace existing systems, such as that of the European Patent (EP), however, the Unitary Patent will sit alongside them, offering businesses greater choice in their patent protection strategies. In general, where EU-wide coverage is required, the Unitary Patent promises to lower costs considerably by removing the requirement to provide translations in the languages of the participating member states. The right will come into force automatically on grant across participating member states and, unlike an EP, will not need to be validated or renewed by each member state's patent office to enter or be kept in force. In addition, disputes relating to the unitary patent will have to be brought before the Unified Patent Court.

When will the Unitary Patent come into effect?

Before it can enter into force, the Unitary Patent Convention Agreements (UPCA) needs to be ratified by 13 of the 24 participating EU member states, including Germany, France and Italy (Italy replaces the UK following Britain's exit from the EU). France and Italy have already ratified the agreement and, now Germany's Bundesrat has approved the bill, and the latest complaints before the German Federal Constitutional Court have been dismissed, the final step is for the Protocol on the Provisional Application of the UPCA to be ratified. In theory, this means that it could be possible for the final preparatory steps to set up the Unified Patent Court (UPC) to start before the end of 2021 in time for the new system to begin in mid-2022.

Will the Unitary Patent replace the existing European Patent (EP) system?

No, the EP system, as set out by the European Patent Convention (EPC), will remain in force; instead, patentees will be able to opt for either a Unitary Patent or an EP on grant of a patent by the EPO. It will be possible to combine both schemes by filing a Unitary Patent for the participating member states and a regular EP patent for one or more of the other EPC signatories. However, classical EP patents will fall under the jurisdiction of the new court system, unless the proprietor decides to 'opt-out' the patent from the new court arrangements (see *Do I have to bring my dispute before the Unified Patent Court?*).

How will the two European patent systems differ?

Unlike the EP patent, the Unitary Patent will not need to be validated or renewed in each individual country post-grant; instead, protection will automatically come into effect in the participating territories once the Unitary Patent has been granted by the EPO. Only one renewal fee needs to be paid to the EPO. A number of translation requirements will still be in force post-grant in a 'transition period' (which is due to last a maximum of 12 years); however, the ultimate aim of the system is to reduce the amount of translation required by facilitating 'high quality' machine translations into all official languages at no cost to the applicant. All infringement disputes will be overseen by a single court (the newly formed Unified Patent Court). Unlike the EP, the Unitary Patent will function as a single patent, which has to be maintained, transferred, abandoned or revoked as a whole.

How do you apply for a Unitary Patent?

The Unitary Patent will be obtained using the existing EP application procedure with patent applications filed with, examined and granted by the EPO. Once the patent is granted by the EPO, the applicant may choose (until one month after grant) between the regular EP patent or a Unitary Patent for the participating member states. As such the new system will extend to EP applications pending at the time the Unitary Patent system comes into force. This means that on grant, applicants will be able to choose from three main options when the Unitary Patent comes into force:

- Validate the European Patent in the usual manner, choosing individual countries where protection is desired (i.e. no unitary protection);

- Elect to have a Unitary Patent, covering the participating EU member states (i.e. no individual validations); or
- Elect to have a Unitary Patent, together with an EP Patent that will need to be validated for those EPC countries that are not signatories to the Unitary Patent system.

How much will a Unitary Patent cost?

The costs to elect, maintain and enforce Unitary Patents are still to be clarified. It has been estimated that acquiring Unitary Patent protection throughout the EU will cost only 20% of the current validation costs for the member states; however, this cost saving – while substantial – assumes that a company would opt to validate their EP patent in all signatory countries. The translation requirements set out in the transition period will also involve additional expense. It is likely that applicants who chose to validate EP patents in countries requiring claim translations only (e.g. the Netherlands and Sweden) will find it more expensive to opt for a Unitary Patent instead. In contrast, it will be considerably cheaper to opt for a Unitary Patent where patentees require protection throughout the EU. Similarly, the annual renewal fee (payable to the EPO) is also estimated to be significantly less than the average cost of renewing a Europe-wide EP patent (for which a renewal fee is generally payable in every country of validation). The cost of the renewal fee is the equivalent of renewing a traditional EP patent in four countries. A reduced renewal fee is intended to apply to small- and medium-sized enterprises (SMEs/small entities). Thus, if the EP patent is to be validated in four or more countries, the Unitary Patent will be cheaper than an EP patent.

Will the Unitary Patent cover the whole of the EU?

At present, 24 EU member states have signed up to the Unitary Patent with Spain, Poland and Croatia selecting to opt out. Spain will likely not join due to language issues (Spanish is not an official language of the EPO). Croatia only joined the EU after the Unitary Patent Agreement was drawn up and may still join. Poland may also join at a later stage. The Unitary Patent also excludes a number of countries that are members of the EPC, but not of the EU. These countries cannot join the Unitary Patent unless they join the EU, and include: Switzerland, Norway, Albania, the Former Yugoslav Republic of Macedonia, Hungary, Iceland, Lichtenstein, Monaco, San Marino, Serbia, Turkey and, now, the UK. Another point to note is that ratification of the legislation could be a gradual process. Technically, as few as 13 countries could be covered by the Unitary Patent when it first comes into effect (although more than that number have now ratified the agreement). If that is the case, applicants will have to consider carefully whether they require a mix of a Unitary Patent and various national rights or EP validations.

Will it cover the UK following Brexit?

No. At the time the UK ratified the Unified Patent Court (UPC) agreement in April 2018, this was considered an important milestone, as the UK was one of three mandatory signatories required for the agreement to come into force. However, the UK has since withdrawn that ratification, meaning that it will not form part of the system once it comes into effect.

What will the Unified Patent Court do?

The Agreement on the Unified Patent Court seeks to eliminate the likelihood of parallel disputes involving the same patent rights in EU member states. It establishes a single patent court with the power to issue decisions on infringement (including preliminary Injunctions) and validity of existing EP rights and the new Unitary Patent right. Their decisions will be binding across all contracting EU member states. Under the proposed Unified Patent Court system, it will be possible to commence a single action for infringement covering all signatory member states. This will apply to all patents granted by the EPO; in other words, it can be used for patents filed under both the Unitary Patent and EP systems (where the EP has been validated in EPC countries that are part of the Unitary Patent system). The risk, of course, to the patentee would be a single revocation counterclaim, which would apply throughout the Unitary Patent territories.

Do I have to bring my dispute before the Unified Patent Court?

For a seven-year transitional period (possibly extendable by another seven years), it will be possible to opt out of the Unified Patent Court for disputes concerning classical EP patents. It will not be possible to do this for Unitary Patents. In other words, if you opt to select a Unitary Patent post-grant, you must use the Unified Patent Court system.

How will the Unified Patent Court system work?

The Unified Patent Court will comprise a Court of First Instance and a Court of Appeal. The Court of First Instance will consist of three types of 'Divisions': The Central Division, Local Divisions in member states and Regional Divisions. The Central Division will have its main court in Paris, with two specialist sections located in other signatory countries. The Court of Appeal will be based in Luxembourg and will have competence for all cases. Each EU country may also have a Local Division (larger countries can apply for more than one), and countries also have the option to group together to establish Regional Divisions. For example, there will be at least a Nordic/Baltic Regional Division in Stockholm, Sweden (EE, LV, LT, SE). Also, Germany will have three local divisions (in Munich, Mannheim, Dusseldorf and Hamburg), and The Hague (NL), Brussels (BE) and Milan (IT) will also have local divisions.

Where infringement occurs throughout Europe (e.g. online), patentees will be able to choose the court (and language) in which to bring their infringement proceedings (from the competent courts/divisions). Local and Regional Divisions may hear claims including infringement actions, applications for injunctions, licences, defences and revocation counterclaims.

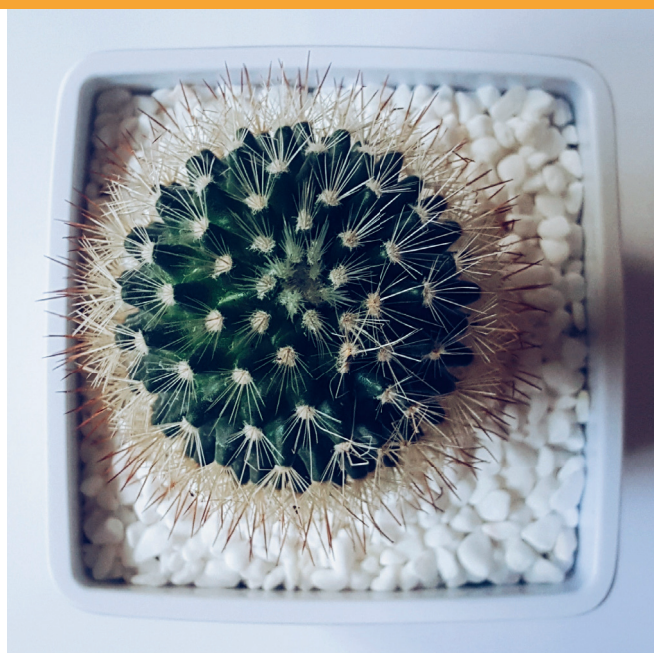
Is there an alternative to the Unified Patent Court system?

Companies can avoid using the Unitary Patent and Unified Patent Court altogether by opting instead to file a national application (or to opt-out of the UPC system when filing and validating an EP application) in the individual European countries of their choice. There are a number of advantages and disadvantages to both options. For example, depending on the countries selected, national filings can be more costly (e.g. because of translation requirements). In comparison, EP and/or Unitary Patent applications can be filed in English, and no translations are required until grant.

National applications also need to be prosecuted separately, which involves greater effort and will most likely increase prosecution costs. It could also mean that the eventual granted patents could be of differing scope in each country; although, of course, this could also be advantageous as some countries have a lower threshold for inventive step, which can allow for broader protection than that normally accepted by the EPO. Equally importantly, the eventual granted national patents will stand as separate rights, which means that if the patent is revoked or amended in one country, patents in the remaining countries will be unaffected. It also enables companies to choose to allow a patent in a less significant country to lapse while maintaining patents in the more important countries.

How do I know if the Unitary Patent is right for me?

Given the restrictions and uncertainties, companies will need to carefully consider the territories for which they are seeking protection before deciding which route to pursue. Unlike the present EP system, patentees will not be able to select those jurisdictions for which they seek protection with a Unitary Patent (as it automatically covers all participating countries), and will be required to pay the cost for having a patent granted and maintained in all countries, even if protection in most of the member states is not needed. Applicants requiring reduced



geographic coverage may find that the classical EP (or national) patents are likely to offer a more affordable route, whereas companies that require protection – and are likely to face infringement actions – throughout the EU may find the new system more efficient. Patent owners will also need to think carefully about whether they want their existing patents to be opted out of the unitary litigation system (the Unified Patent Court); in particular to guard against the risk of centralised attack.

Do I need to do anything now?

There is no immediate action that you need to take in regards to your existing and pending patents. However, now the system has taken a step closer to coming into effect (projected for mid-2022 according to the [UPC Preparatory Committee](#)), it would of course be beneficial to start looking into the system to understand how it will work, as it is likely to influence your future filing strategies in Europe. At this point, it would also be wise to review your patent portfolio to identify those EP patents that have already been granted or are likely to have been granted once the option to 'opt out' of the Unified Patent Court system comes into effect. Applications to opt out of the exclusive competence of the UPC for EP rights and applications may be filed three months before the UPC becomes operational (sunrise period). For tailored advice, please speak to your Novagraaf attorney or get in touch with our specialist team.

Get in touch

For additional information or support, get in touch with our dedicated team at customerservice@novagraaf.com.