



# The Unitary Patent and Unified Patent Court

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Start →

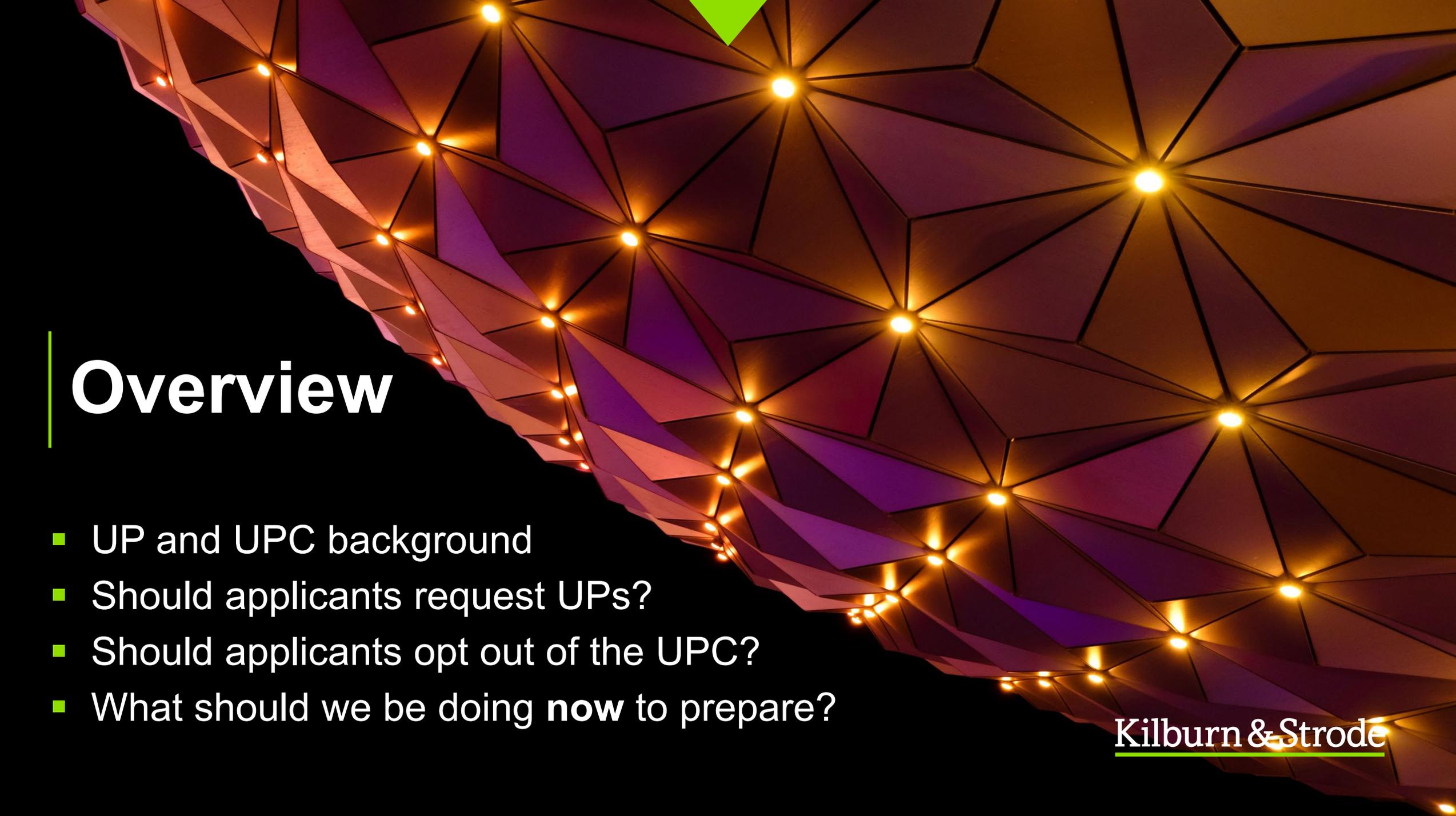


Kilburn & Strode

# The UPC is happening!

- The Provisional Application Phase (PAP) started on 19 January 2022
- Germany now has control over when to trigger a three month countdown to the start of UP/UPC
- Many people are working toward a nominal start date of 1 October 2022





# Overview

- UP and UPC background
- Should applicants request UPs?
- Should applicants opt out of the UPC?
- What should we be doing **now** to prepare?

# The European Patent Convention (EPC)

1973

EPC signed in  
Munich

1977

7 October 1977  
A revised  
version of EPC  
enters into force

Belgium, West Germany,  
France, Luxembourg,  
Netherlands, Switzerland,  
United Kingdom

2007

13 December 2007  
EPC 2000 enters  
into force

2010

1 October 2010  
Serbia becomes  
38th member  
state

2018

1 March 2018  
Cambodia  
becomes  
validation state

(44th available state)



## Map showing the geographic coverage of European patents as of 1 November 2019

### ■ Member states (38)

- Albania
- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Malta
- Monaco
- Netherlands
- North Macedonia
- Norway
- Poland
- Portugal
- Romania
- San Marino
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom

### ■ Extension states (2)

- Bosnia and Herzegovina
- Montenegro

### ■ Validation states (4)

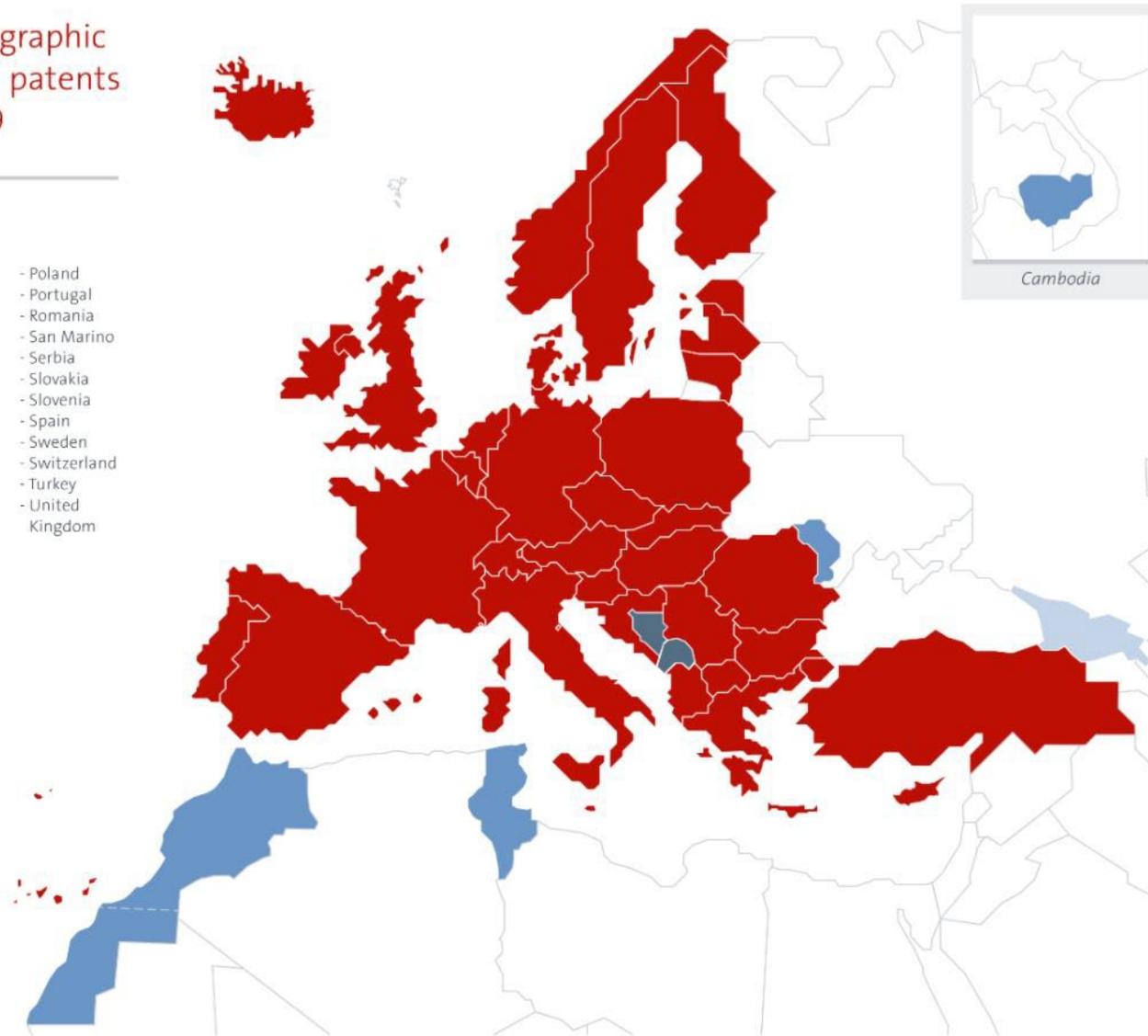
*Agreement in force*

- Cambodia
- Republic of Moldova
- Morocco
- Tunisia

### ■ Future validation states (1)

*Agreement signed but not in force yet*

- Georgia





## Map showing the geographic coverage of European patents as of 1 November 2019

### ■ Member states (38)

- |                  |                   |                  |
|------------------|-------------------|------------------|
| • Albania        | - Hungary         | - Poland         |
| - Austria        | • Iceland         | - Portugal       |
| - Belgium        | - Ireland         | - Romania        |
| - Bulgaria       | - Italy           | • San Marino     |
| - Croatia        | - Latvia          | • Serbia         |
| - Cyprus         | • Liechtenstein   | - Slovakia       |
| - Czech Republic | - Lithuania       | - Slovenia       |
| - Denmark        | - Luxembourg      | - Spain          |
| - Estonia        | - Malta           | - Sweden         |
| - Finland        | • Monaco          | • Switzerland    |
| - France         | - Netherlands     | • Turkey         |
| - Germany        | • North Macedonia | • United Kingdom |
| - Greece         | • Norway          |                  |

### ■ Extension states (2)

- Bosnia and Herzegovina
- Montenegro

### ■ Validation states (4)

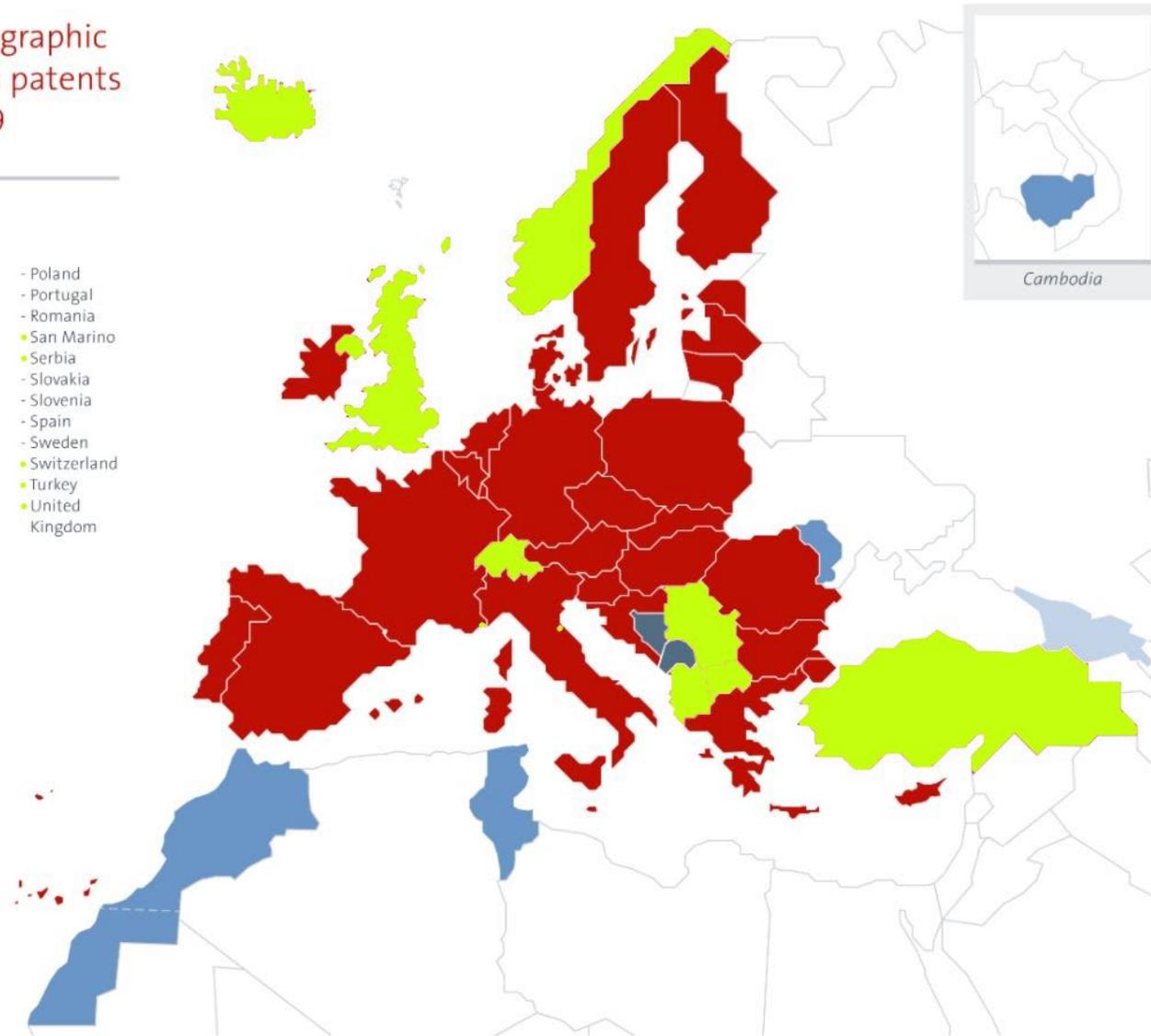
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**Now:**

Centralized at the EPO



**EP grant**



Not centralized



**Bundle of national patents**

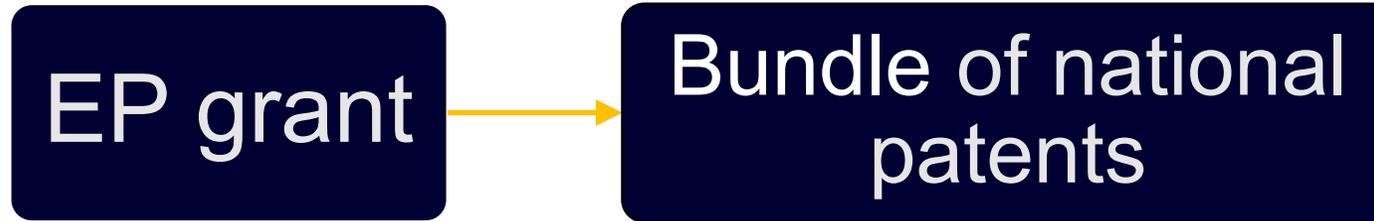
- Separate translation and validation requirements
  - Separate renewal fees
  - Individually enforced
- Can be expensive!

# Current litigation

Country	Average costs	Damages	Separate trial for damages	Average months to judgment	Preliminary injunctions
France	50-200k€	Low	No	18-24	Yes (+ saisie-contrefaçon)
Germany	50-250k€	Average	Yes	12-18	Yes but has to be obvious
Italy	200-400k€	Low (capped)	No	24-36	Yes
Netherlands	60-200k€	Average	No	12	Yes
Spain	50-100k€	Low	No	12-18	Yes
UK	150-1,500k€	High + limited punitive damages	Yes	24-36	Yes
USA	1,000-10,000k€		No	18-42	Yes

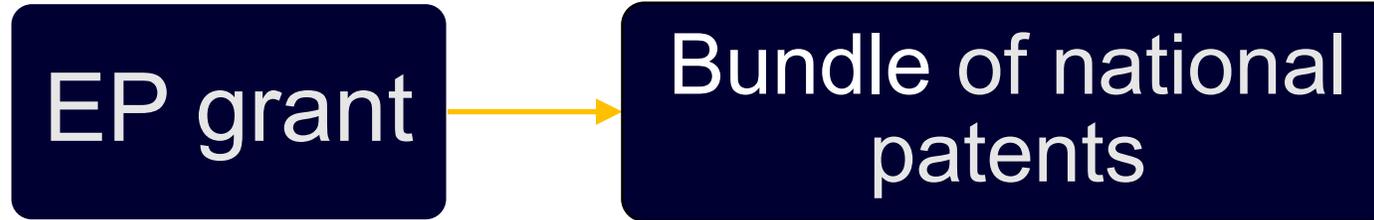
# Unitary patent

**Now:**

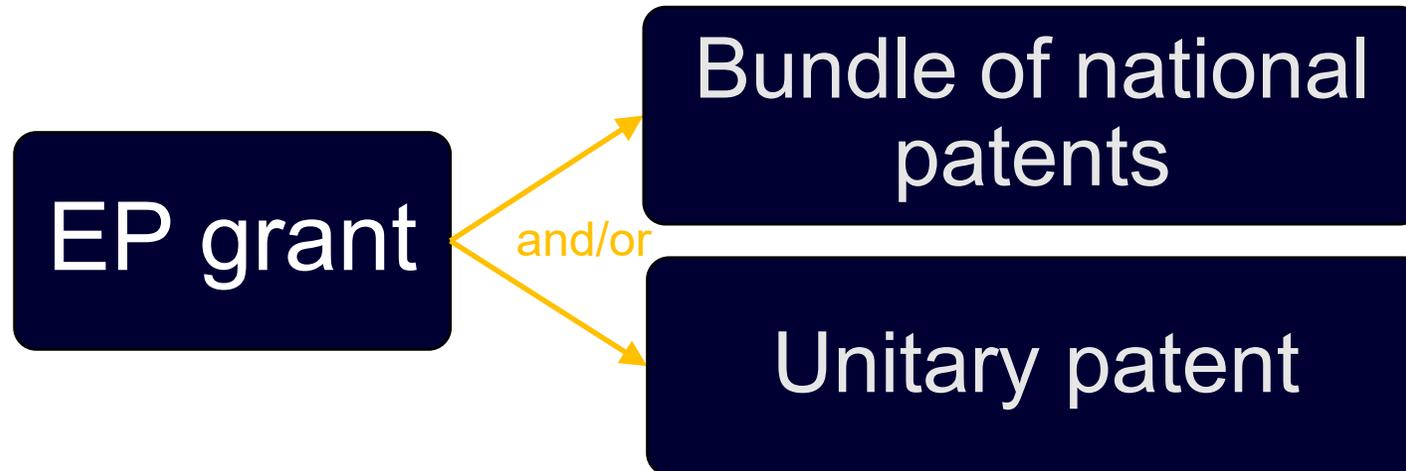


# Unitary patent

**Now:**



**Soon:**



# What is the Unitary Patent?

## The Unitary Patent (UP)

- A single right that will cover *most* of the EU
- Enforced and revoked centrally at the UPC
- All post-grant admin handled by the EPO



# Should applicants obtain unitary patents?

## Pros

- Single unitary patent right
- Patent infringement determined by UPC not separate national courts
- Reduced translation requirement (note transitional period)
- Single renewal fee payment (but only cost-effective compared to existing system if you validate in ~5+ states)

## Cons

- Central revocation in UPC
- Higher costs of renewal fee after first 10 years of patent term
- The territorial scope of a Unitary Patent cannot be amended/reduced in later years
- Blank slate on case law: the UPC is untested and less predictable

# What if I want a UP before the system comes in?

Two new mechanisms will come into operation when Germany ratifies the UPC (three months before the UPC start date):

## 1. Early request for unitary effect

Applicants can file a request for unitary effect before the system comes into effect.

## 2. Request for delayed grant

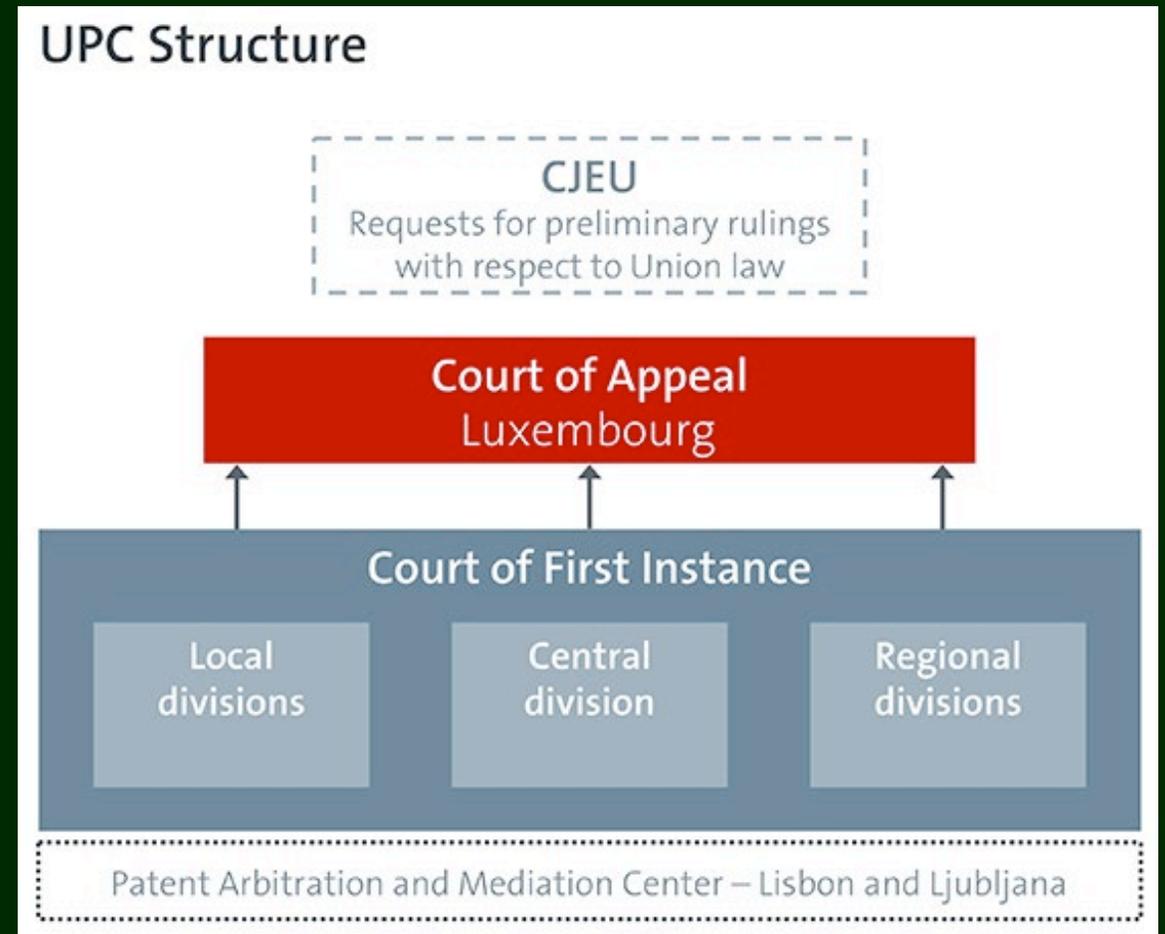
The EPO will delay grant until the start of the new system, at which point the applicant will have one month to file a request for unitary effect.

If you have recently received a 71(3) communication and a UP is of interest, you may wish to informally delay grant until the new mechanisms come into operation, or file a divisional application.

# What is the Unified Patent Court?

## The Unified Patent Court (UPC)

- New patent court
- Exclusive jurisdiction of central revocation and enforcement of Unitary Patents
- Traditional European Patents will also fall under UPC jurisdiction *unless opted out*



# UPC structure

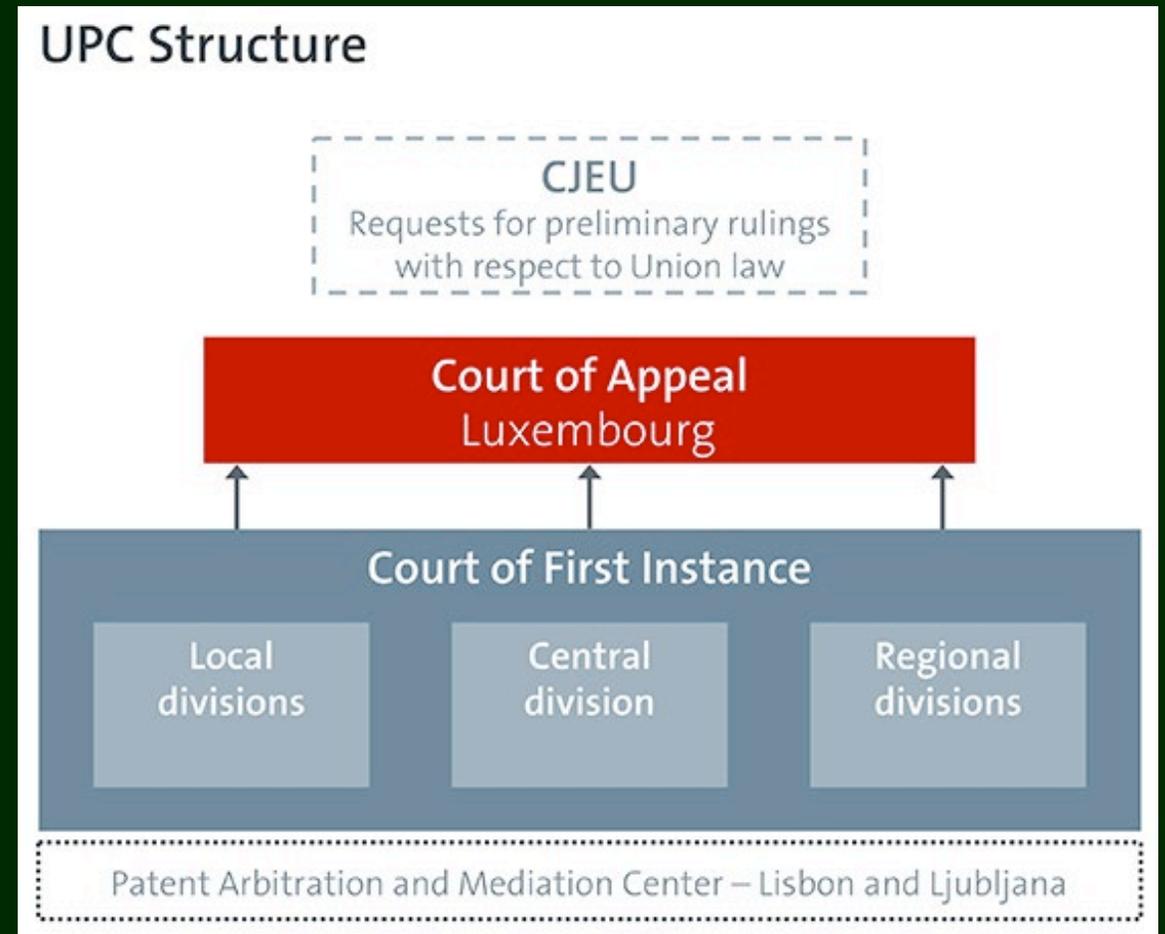
## Where will proceedings be held?

### Infringement:

- Local or regional division where infringement occurred or where defendant is resident or has a place of business; or
- Central division if defendant domiciled outside of EU or there is no local/regional division

### Revocation:

- Revocation and declaration of non-infringement go to the central division
- Validity may be raised as a counterclaim in the division where existing infringement proceedings are pending
- UPC will apply the EPC when assessing patent validity, and may stay proceedings of awaiting an EPO decision



# UPC structure

## Where are the divisions?

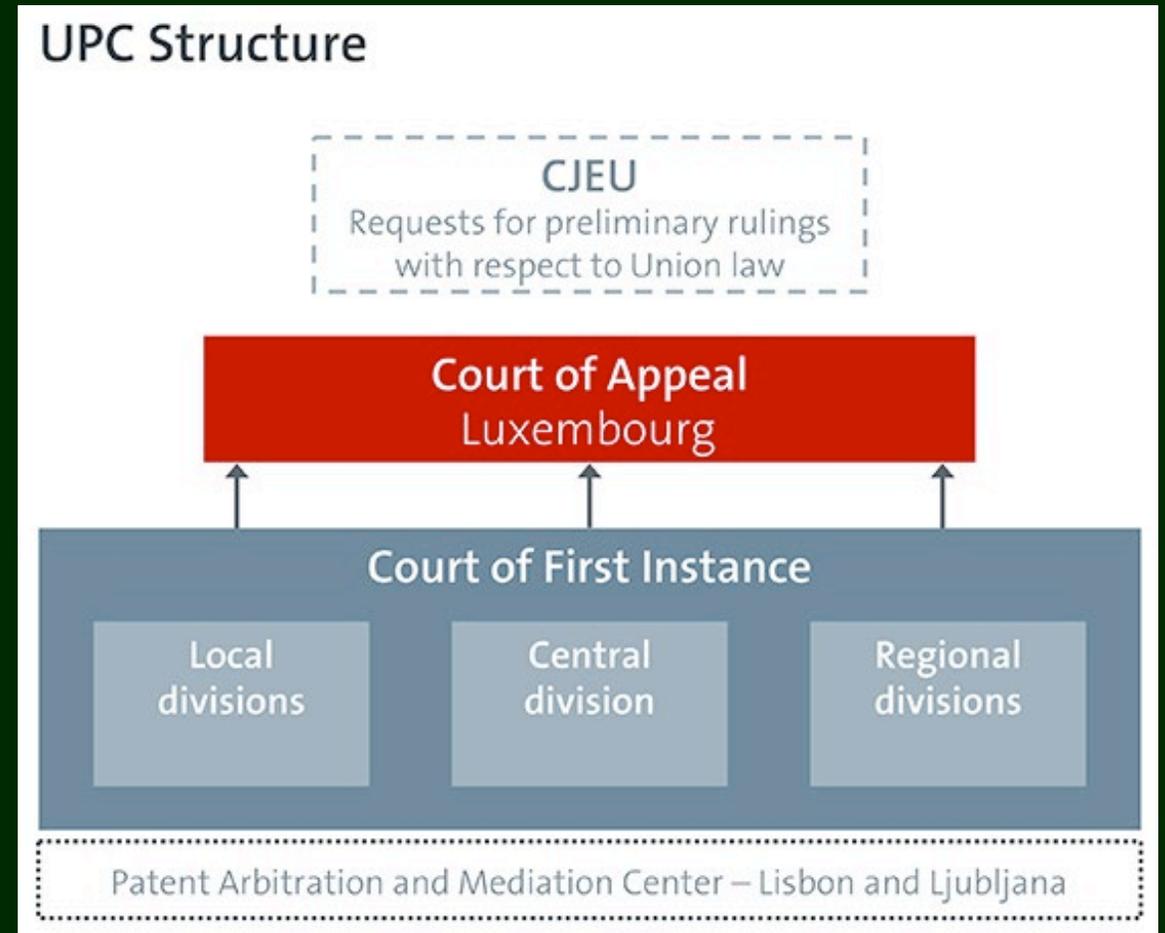
Local: Italy, The Netherlands, France, Germany x 4, Belgium, Finland, Denmark, Austria, Ireland

Regional: Sweden (Sweden, Estonia, Latvia, Lithuania)

Central: Munich [mechanical engineering], London [pharma and chemistry], Paris [other]

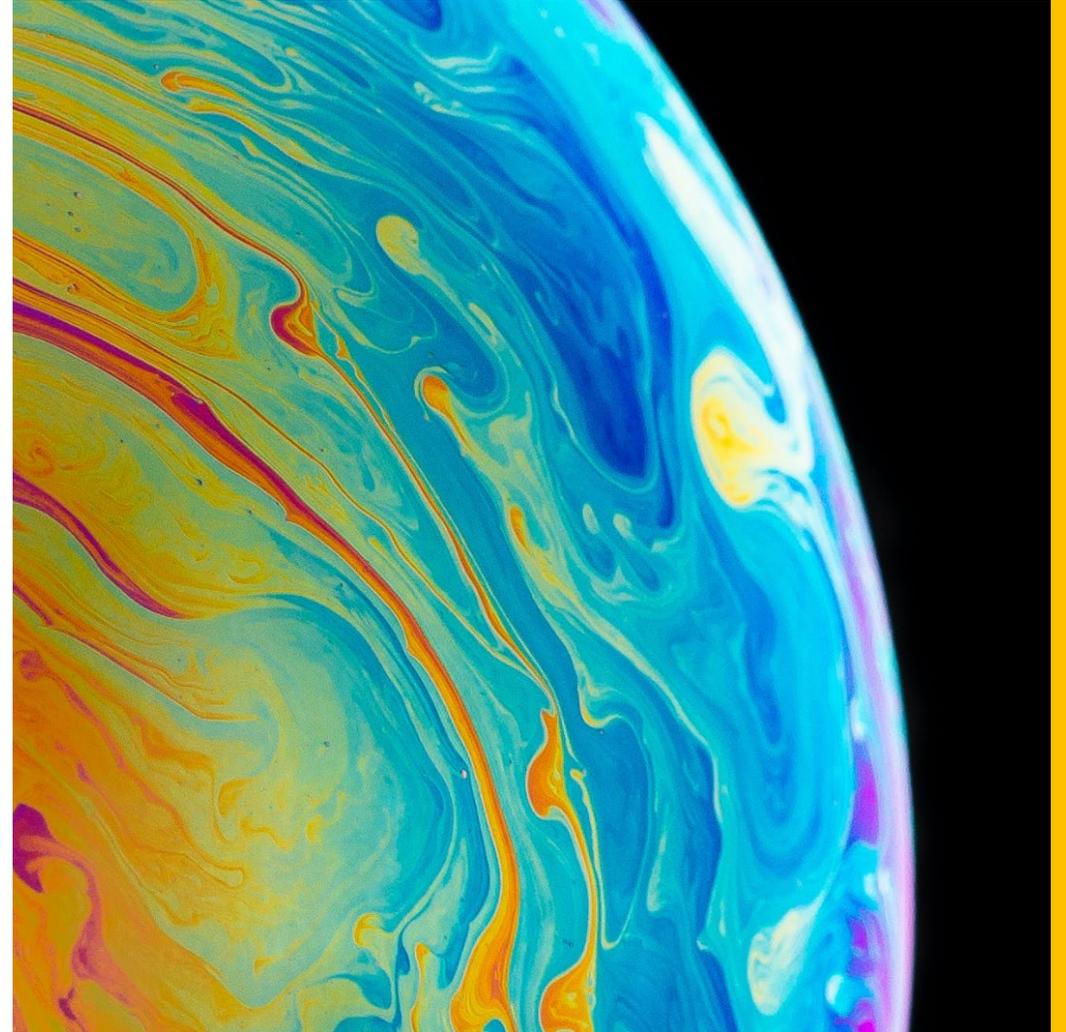
## Role of the EPO

- Prosecution before the EPO remains unchanged
- The EPO opposition procedure will still represent a powerful tool for anyone looking to invalidate a third party EPO patent
- EPO is in charge of UP register and UP renewal fee



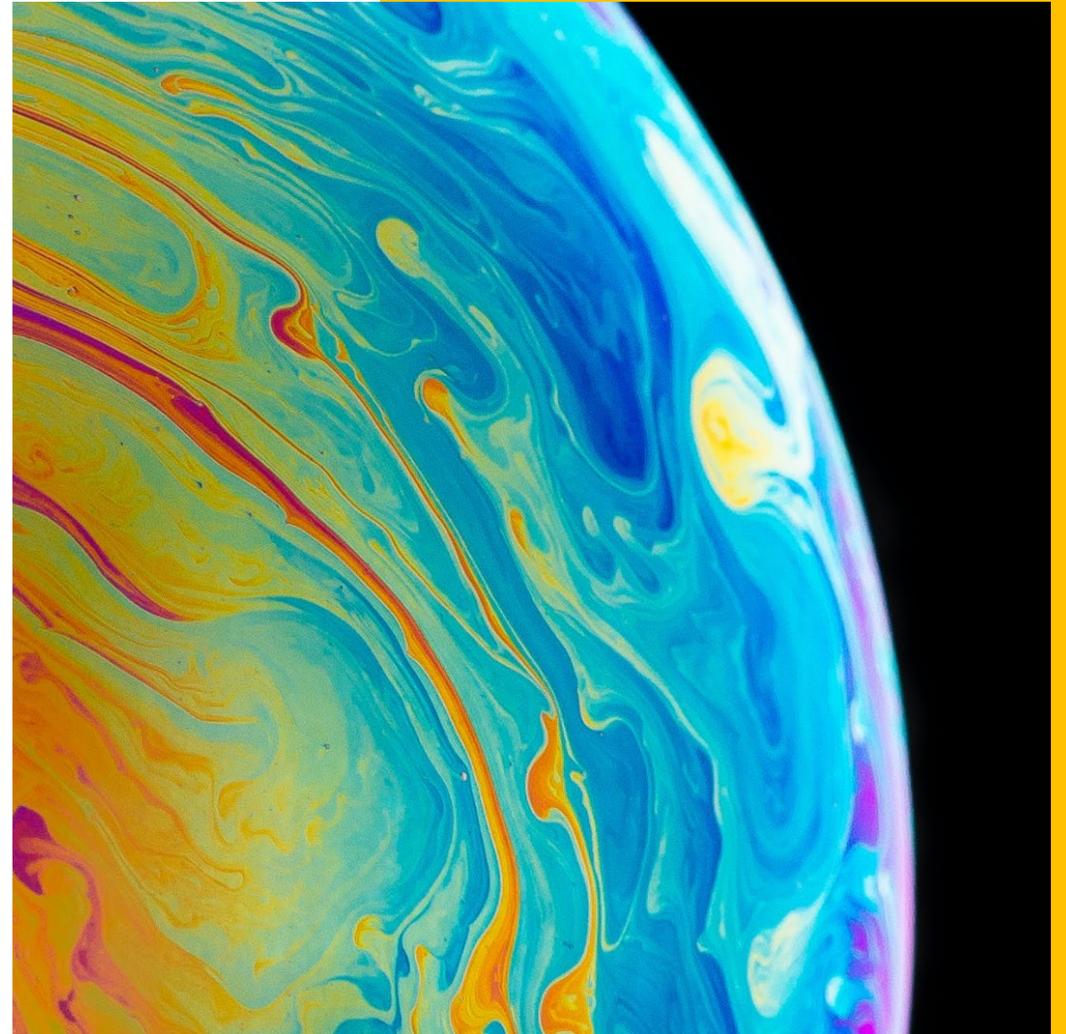
# Opting out

- > Removes the patent from the jurisdiction of the UPC entirely, for the life of the patent (unless opt-out is withdrawn)
- > Can be done from the date Germany ratifies (3 months before the UPC, known as the 'sunrise period') until the end of the transitional period (at least seven years)
- > Cannot be done if an action has been brought at the UPC. Therefore, if desired, it's important to opt out as soon as possible to minimize risk
- > Practicalities: To opt out jointly-owned patents need all party approval to opt out and licensees will need patentee approval to opt out. Check existing licence agreements



# Should I opt out?

- Consider:
  - Value of patents
    - If you have “crown jewel” patents, being opted-in to the UPC might be risky since a single decision could revoke the patent across many jurisdictions
  - Likelihood of litigation
    - If you have a number of validations across the EU and are likely to want to pursue infringement in multiple countries, remaining opted in will allow you to centralize that process, reducing litigation cost



# Case Studies

## Consumer product portfolio:

- i. Multiple low-value products, each covered by 1-3 patents
- ii. Typically validate in 3-5 EPC states including UK, FR, DE
- iii. Previous bad experience with French litigation

## - Should they obtain Unitary Patents?

- Unlikely to make a cost saving

## - Should they opt out?

- No single high-value product which the client may be interested in keeping out of the UPC
- May be interested in UPC jurisdiction based on previous experience in France, but the UPC is still a big risk.

→ Opt out existing cases and continue with individual national validations

# Case Studies

## Electronic apparatus portfolio:

- i. Diverse portfolio with 1-3 patents covering each aspect of a broader system
- ii. Fast-moving sector where products are typically obsolete in 3-4 years
- iii. Typically validate in only UK, FR and DE
- iv. Occasional interest in other EPC/UPC states due to competitor activity

## Considerations:

- Tendency to validate in only a few countries, unlikely to make a cost saving from a UP
- No particular advantage of UPC jurisdiction over existing EP validations (i.e. should probably opt out)
- Some future cases where wider validation is of interest may benefit from cost saving of UP
- **Opt out existing cases and consider UPs in future**

# Case Studies

## High-value pharmaceutical portfolio:

- i. One main product patent on original chemical entity, validated in all EPC states
- ii. Numerous follow-on cases relating to dosages and formulations (some already granted)
- iii. Worried about generic competition from imports in various countries

## Considerations:

- Widely validated “crown jewels” chemical entity case: likely to want predictability and avoid risk of central revocation. Future cases may be less important and could benefit from significant cost savings by obtaining unitary patents.
- Future cases being in the UPC would allow central enforcement in multiple countries which could provide further cost savings.
- **Opt out high value original chemical entity patents, and consider UPs in future.**

# Case Studies

## Chemical process portfolio:

- i. Small portfolio of cases relating to new process of making chemical intermediate
- ii. One granted case, validated widely in most EPC states. Further follow-on formulation cases
- iii. Parallel enforcement litigation in four countries on granted case
- iv. Worried about competitor activity in Eastern Europe

## Considerations:

- Widely validated granted case – may want predictability and to avoid risk of central revocation but also may want ability to enforce centrally against multiple infringers
- Future cases could benefit from significant cost savings from UP and would allow central enforcement in multiple countries
- **Keep existing cases in UPC and consider UPs in future**

# Things to consider now

## 1. What to do with **pending EP applications**?

i.e. do I want a Unitary Patent? Do I want to 'opt out'?

Some applicants will want to delay grant until it becomes possible to file a Unitary Patent.

## 2. What to do with **existing granted EP patents**? i.e. do I want to 'opt out'?

Granted patents can be 'opted out' of the jurisdiction of the UPC.  
Default is to remain opted in.



# Timeline

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Now:

Consider whether existing EP validations in UPC states need to be opted out of UPC jurisdiction (default will be to remain opted in)

~1 July 2022:

-Can opt-out of UPC ('sunrise period')

~1 October 2022:

Possible UP/UPC start date



Now:

If a UP is of interest for pending cases, consider disapproving text, using further processing, filing divisional

~1 July 2022:

-Can defer EP grant  
-Can file early request for unitary effect

# Summary: next steps

- Granted EP cases: prepare a schedule of cases to be opted out
- Pending EPO applications: prepare a schedule of cases for which filing a UP may be of interest and/or which cases should be opted out
- Factor UP/UPC costs and risks into your future filing strategies
  - Should you communicate internally about changing costs and risks?
- Review co-ownership agreements, licence agreements, and templates for these documents
  - Who decides on UP validation and/or opt-outs?
  - Who can start an action, and under what circumstances?
  - Start talking to the other parties

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Thank you.

Back to beginning →

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