



The Unitary Patent and Unified Patent Court

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 | - 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)

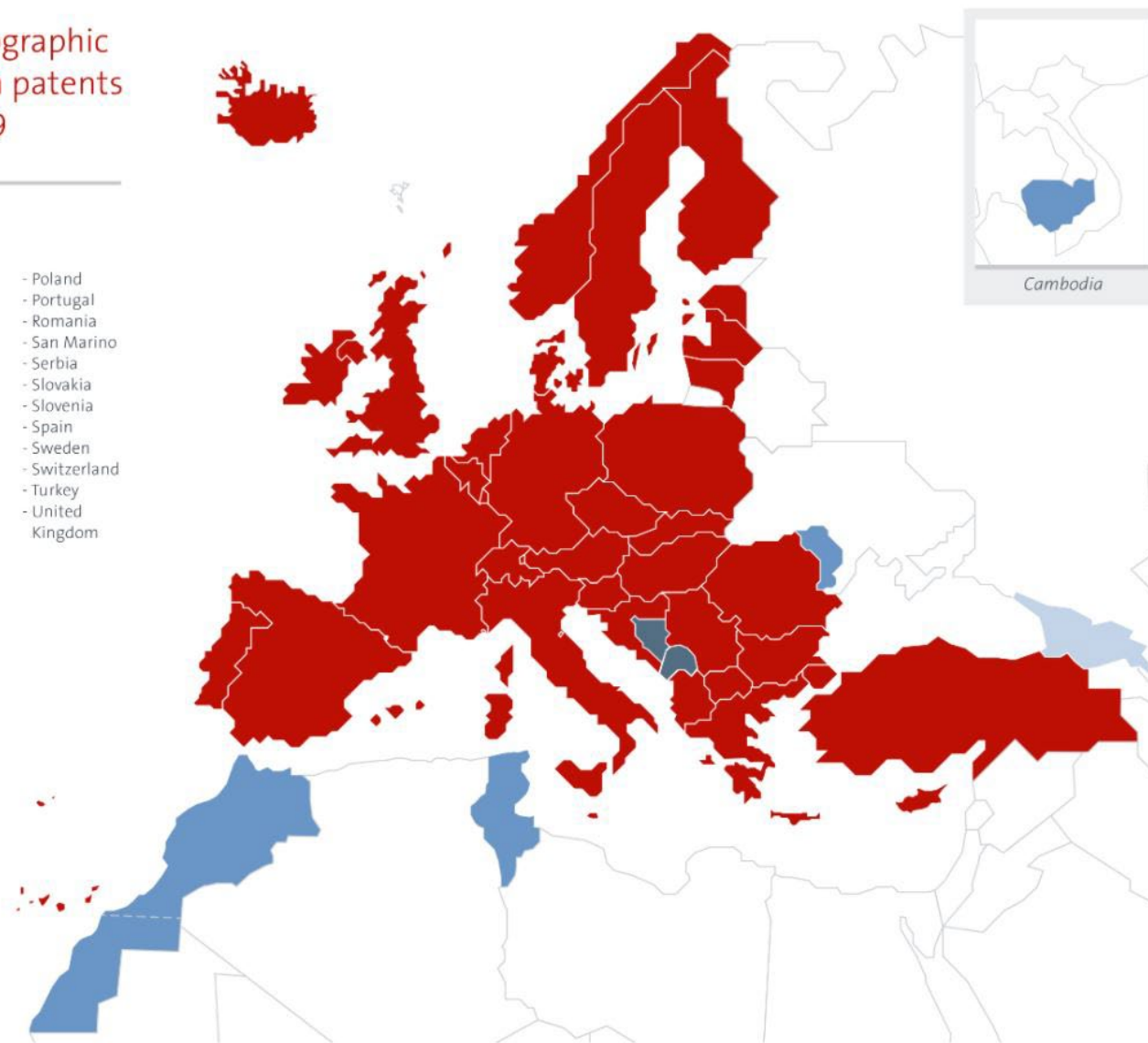
Agreement in force

- Cambodia
- Republic of Moldova
- Morocco
- Tunisia

■ Future validation states (1)

Agreement signed but not in force yet

- Georgia



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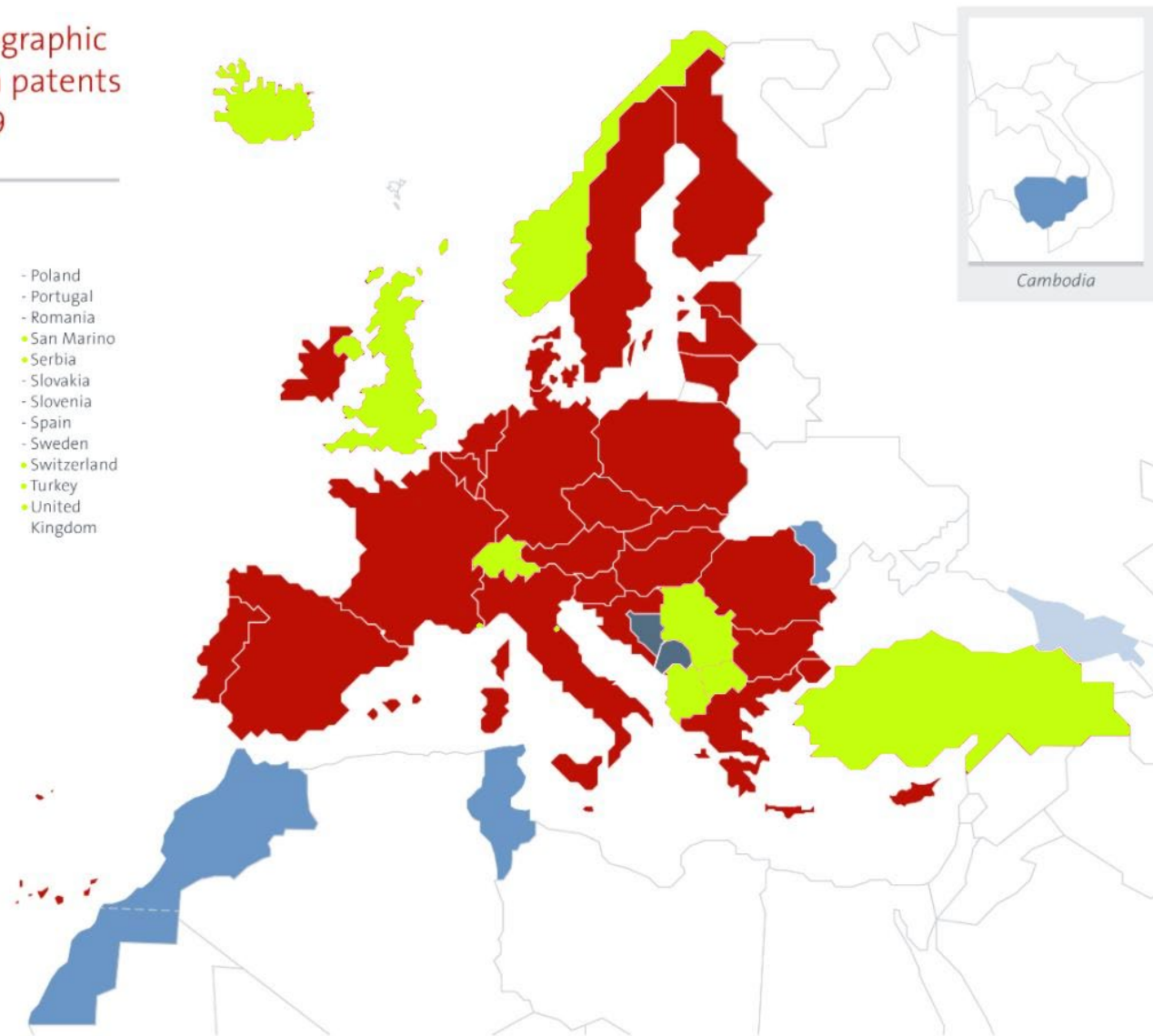
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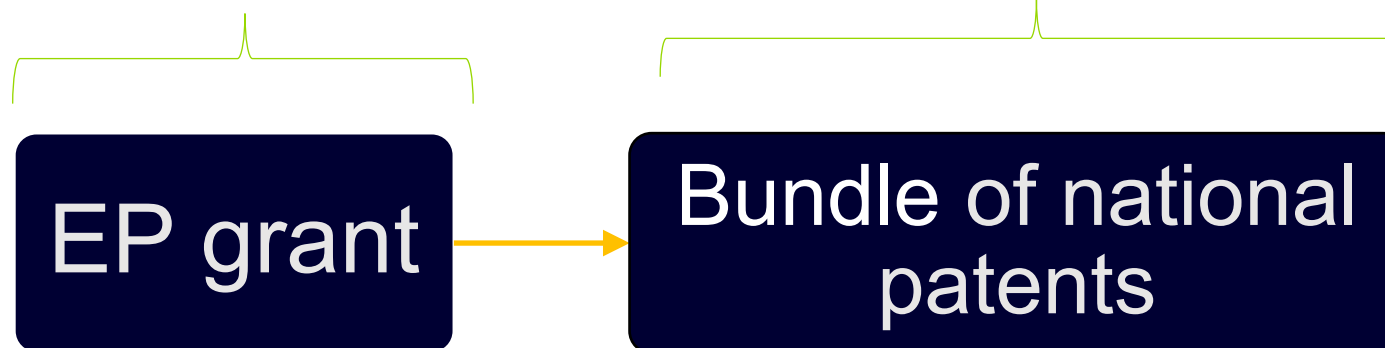
- Georgia



Now:

Centralized at the EPO

Not centralized



- Separate translation and validation requirements
- Separate renewal fees
- Individually enforced

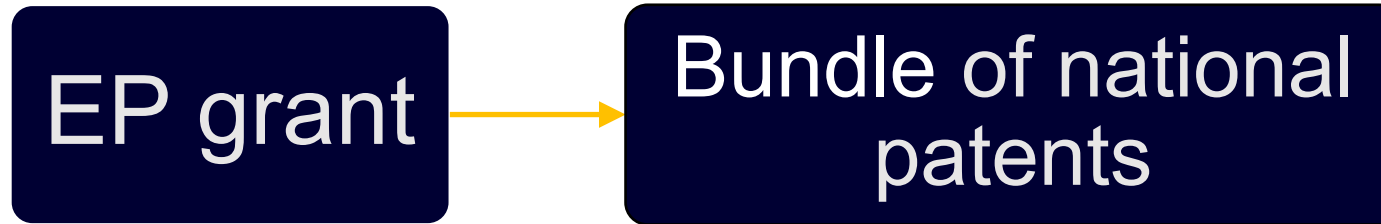
➤ Can be expensive!

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

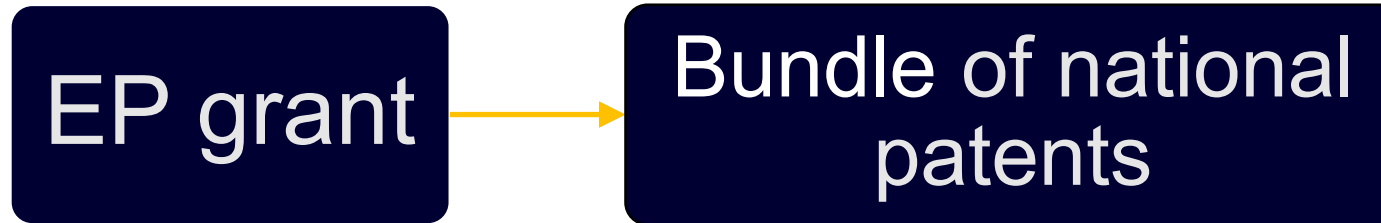
Unitary patent

Now:

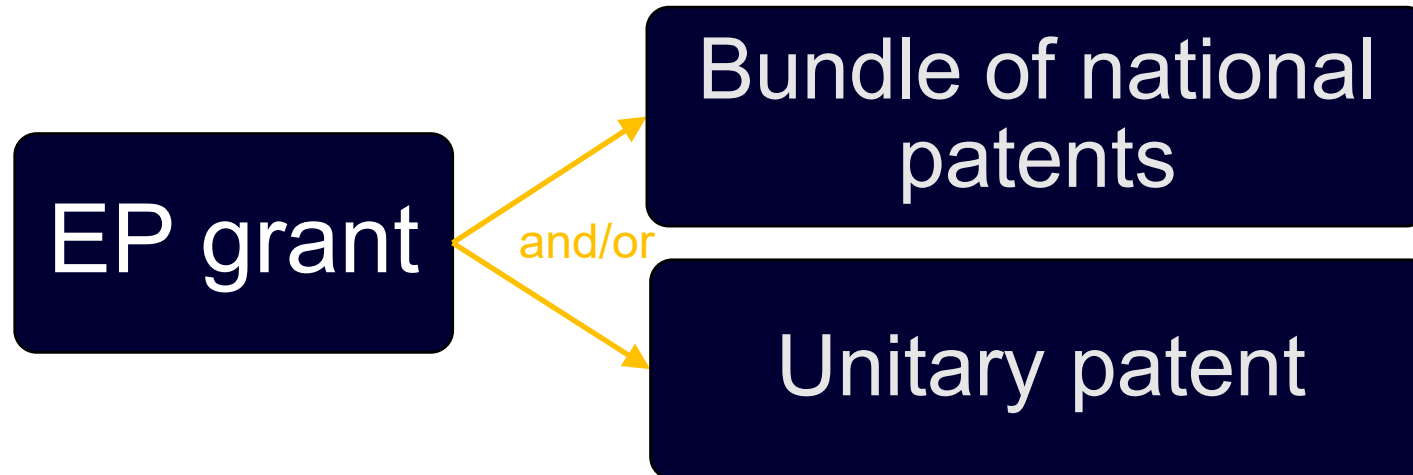


Unitary patent

Now:



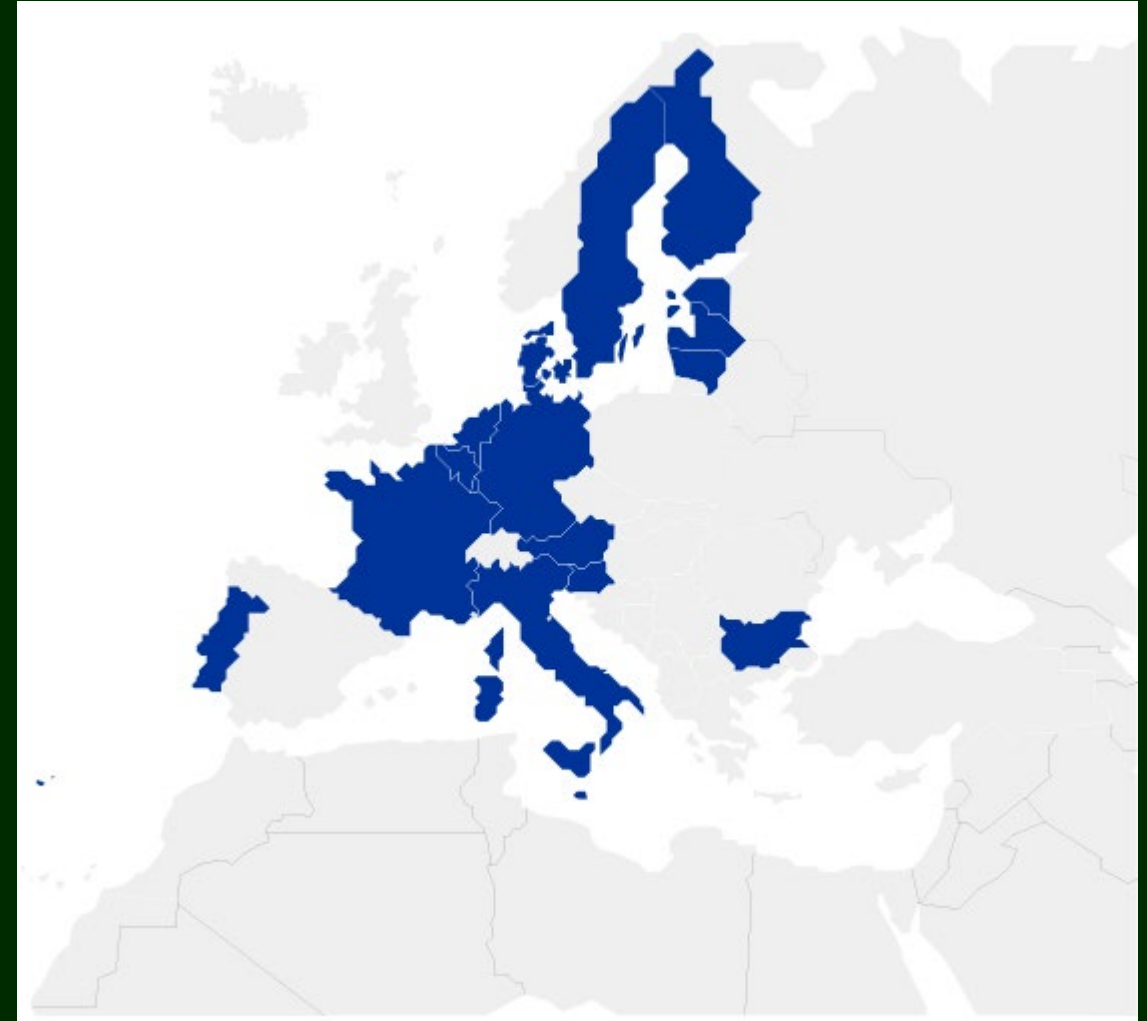
Soon:



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.

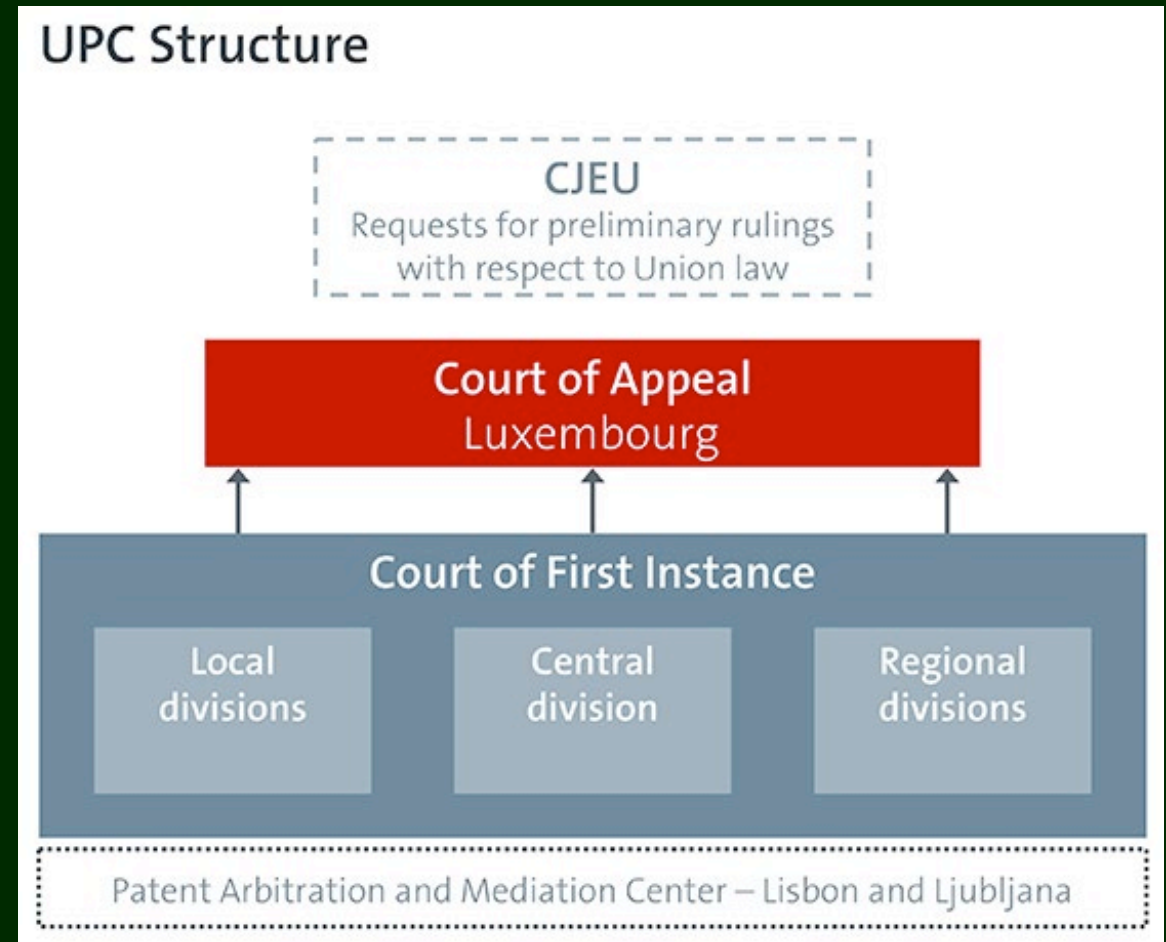
2. Request for delayed grant

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)



UPC structure

Where will proceedings be held?

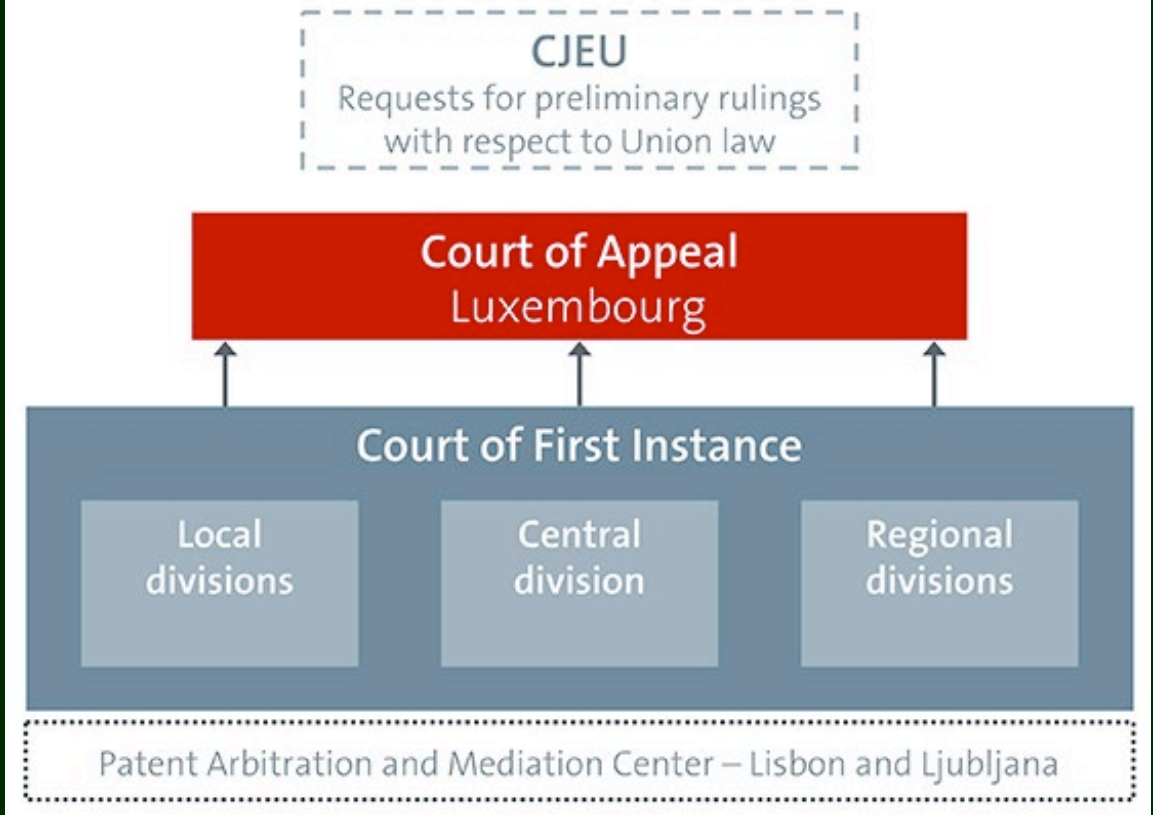
Infringement:

- 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



UPC structure

Where are the divisions?

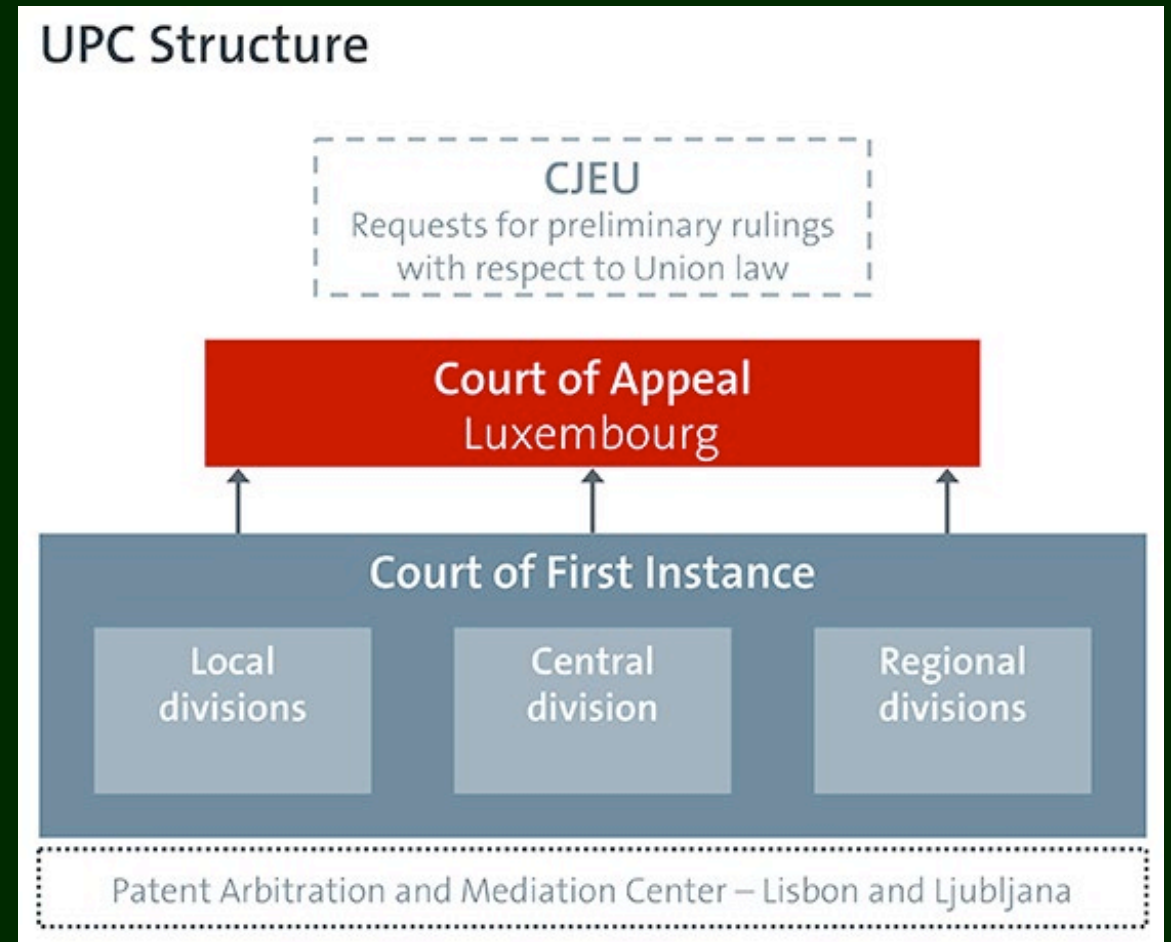
Local: Italy, The Netherlands, France, Germany x 4,
Belgium, Finland, Denmark, Austria, Ireland

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

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

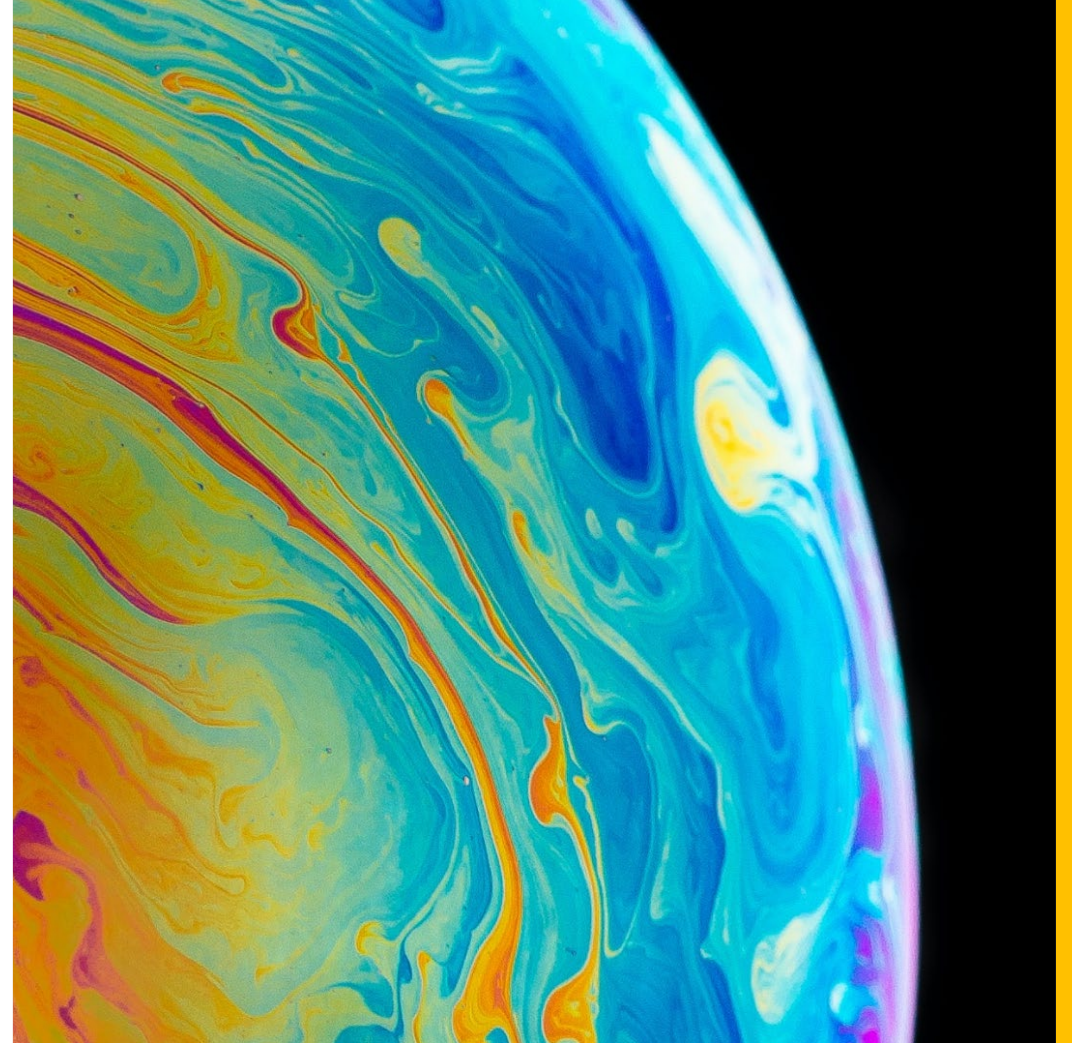
Role of the EPO

- 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



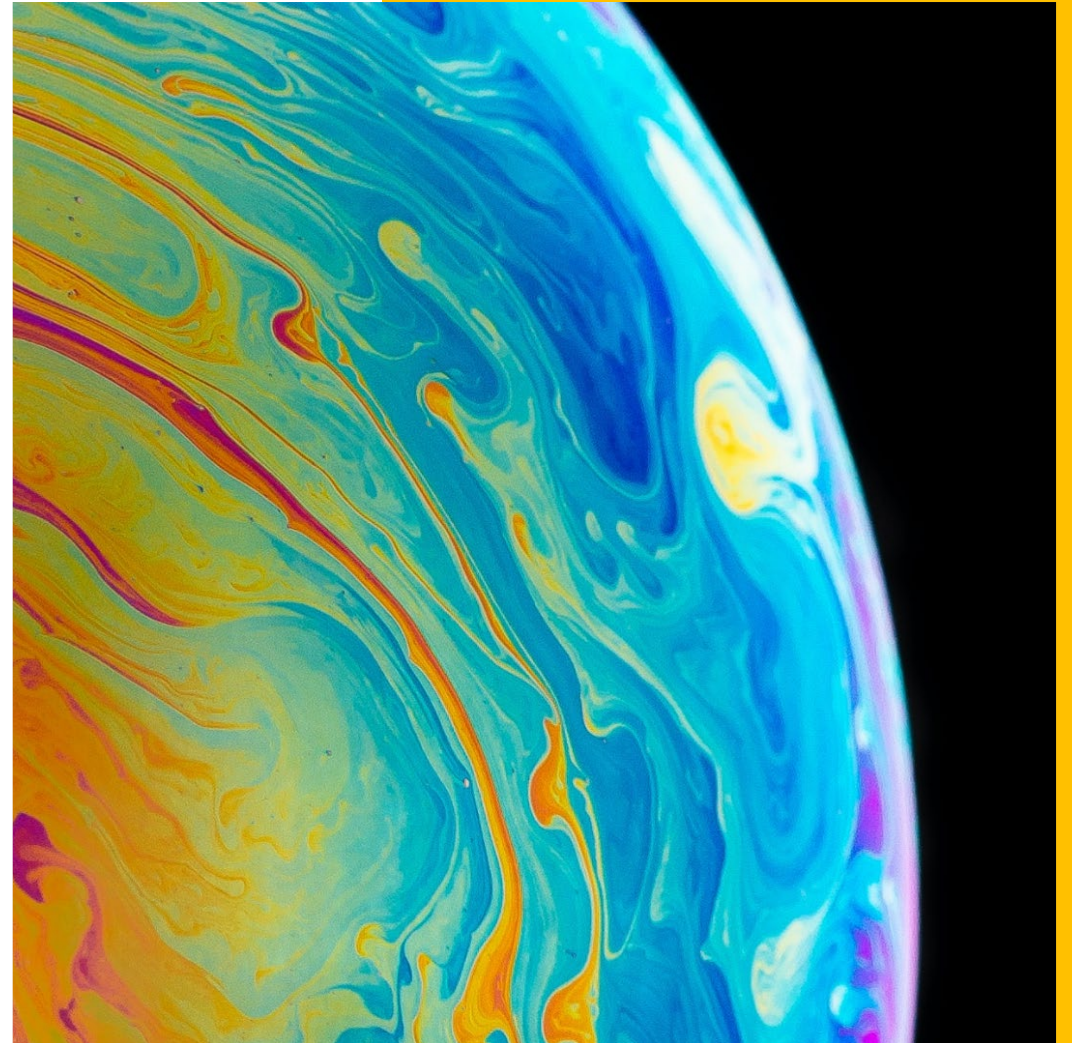
Opting out

- > 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

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.

We would love to hear from you.



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