The European Patent with Unitary Effect and the Unified Patent Court

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Three Parallel Legal Initiatives

• Two EU regulations on:

1. Council/Parliament Regulation 1257/2012
   - Implementing enhanced cooperation in the area of the creation of unitary patent protection

2. Council Regulation 1260/2012
   - Implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements

• International Treaty:

3. Agreement on a Unified Patent Court, including Statute of the Unified Patent Court
EU Patent System: all or nothing

(1) Regulation on Unitary Patent Protection

(2) Regulation on Translation Arrangements
directly applicable in 25 Member States

(3) Treaty Unified Patent Court
to be ratified by at least 13 Member States, thereof DE, FR and UK, otherwise also the Regulation will not enter into force
What is the European Patent with Unitary Effect?

Not a true EU Patent (27 Member States)

Not an EPC Patent (38 Member States, including all 27 EU Member States)

Can be thought of as an “EU Designation” for a European Patent, but so far, Italy and Spain do not want to participate
MEMBER STATES

**Unitary Patent (25)**

**EU, but No Unitary Patent (2)**

**EPC, but NON-EU**
Underlying Concepts

• Single “EU” patent to be granted under the EPC
• Unitary effect in participating EU Member States
• Co-existence of new system with national patents and existing European “bundle” patents
• Same basic application and grant procedure as existing European “bundle” patents
• Unitary patent to be validated in all participating Member States in a single procedure handled by the EPO
• Unitary patent is alternative to bundle of national patents; one cannot obtain both unitary patent and national validations from one European patent application at the EPO
Obtaining a Unitary European Patent

EP Application to EPO

Grant

- Request for validation
  - Unitary Patent
  - EPO Member States

within one month of date of publication (under discussion)

Registration of EU patent with unitary effect and/or

Registration in EPC Member State

No double protection (?)
Legal Basis

The EPC provides a legal mechanism for a European Patent issued by the EPO to have Unitary Effect in more than one EPC Member State:

1. **Art. 142 EPC**

   (1) Any group of Contracting States, which has provided by a special agreement that a European patent granted for those States has a unitary character throughout their territories, may provide that a European patent may only be granted jointly in respect of all those States.

2. **EU Regulation on Unitary Patent Protection**

   Implements requirement for the unitary character throughout the territories.
Unitary Effect

Provided by Art. 3 (2) of Regulation on Unitary Patent Protection

- Effective in 25 “willing” States (EU without IT, ES)

- Unified scope of protection

- Unitary limitation, transfer, revocation, expiration
Official Fees

• One of the most controversial issues still being discussed – **outcome still unclear**

• Fee distribution 50:50 between the EPO and the national Patent Offices (details not yet fixed, Art. 16),

• Wish is to provide for affordable annual fees for SMEs
  - Fees are still unclear
  - Amount of 3 “average annual fees” is presently in discussion
  - background: presently, one of the EPO’s major sources of income is the annual fees of long-term patents...

• Commission (EC) will determine level of renewal fee and distribution key
Translation Requirements

- Three-languages-regime of the EPO (see Art. 14 EPC)

- Not necessary to provide translation of the patent on grant. Charge-free machine translations will be provided into languages of Member States

- During a transitional period of 12 years at the longest (as long as an acceptable machine translation system has not been implemented):
  - translation of DE, FR applications into EN;
  - translation of EN applications into one other official language of the Member States (Art. 6)

- If necessary, human translation in case of a dispute (Art. 4)
Unified Patent Court

- International Treaty on the Unified Patent Court (signed by 24 EU members, not by BG, ES and PL)

- Only EU Member States may join the Treaty (not: EPC Member States, not being a Member of the EU)

- Exclusive jurisdiction with regard to European Patents with Unitary Effect and European “bundle” Patents (in the EU Member States which have signed the Treaty) after a transition period of 7 years

- Multinational chambers (panels of judges)
Relationship of EPO Boards of Appeal to Unified Patent Court, and Roles of EPO

- Each exists in parallel, and has separate jurisdiction and competences
- Unified Patent Court takes over the role of national courts for litigation in participating EU Member States
- EPO Boards of Appeal (and enlarged Board of Appeal) remain only competent authority to decide on appeals from EPO Examination- or Opposition-Divisions
- Further roles also to be handed to EPO in relation to Unitary “EU” Patents:
  - Maintaining Register of Unitary Patents
  - Processing requests for Unitary Effect
  - Post-grant administration (incl. translations, renewal fees, revocation, limitation, etc)
  - Licenses of right
  - Translation compensation scheme
Jurisdiction of Local or Regional Divisions

• Infringement action at the place of the tortious actor at the place of business of (one) of the defendants
• Defendants without a place of business in the EU, as above or at the Central Division
The Court has three options:

• Hear an infringement case together with an invalidity counterclaim (decision effective in all EU Member States)

• Hear the infringement case and refer the invalidity case to the Central Division, either with or without a stay of the infringement case

• Refer the whole case to the Central Division (with the agreement of the parties)

Will German local divisions decide on the validity?
Establishment of a Local Division

- To be set up upon request (no obligation)
- So far, only Germany and Portugal have announced the establishment of a Local Division
- Additional local divisions (up to a maximum of four) may be set up for every 100 patent cases 3 years prior/subsequent to the entering into force of the Agreement

Establishment of a Regional Division

- Two or more Member States may set up a Regional Division (so far only DK, SE and FI have announced interest)
Competence of Central Division

- Revocation proceedings (if no infringement action is pending)
- Infringement and/or invalidity actions received from Local or Regional Divisions
- Patent infringement actions (if the defendant is not domiciled in an EU member state (optional)
- Infringement actions (if the Member State has no local/regional division)
Language of the Proceedings

First Instance

• Basic Rule: Official language of country of local or regional divisions
• Parties may agree on language of patent; approval of panel necessary
• Upon request of one party, the court may, in particular in consideration of defendant’s position, use language of the patent
• Central Division: Language of the patent

Second Instance

• Basic Rule: Language of proceedings of the first instance
• Parties may agree on language of patent
• If parties and court agree: another language of a Contracting State

Do judges have sufficient language skills?

“Language competition of courts” – English an advantage? German courts will offer proceedings in English
Costs

• Aim of the lawmakers: affordable court proceedings in particular for SMEs
• Court fees are still unclear
• Court system shall be self-financing
• Translation costs?
Opt-out right

- Within a transitional period of 7 years (can be extended by another 7 years), the right-holder may opt out its EP or SPC based on an EP from the UCP and use national courts instead.
- Right to opt out must be filed at the “Registry” (located at CoA (LU); sub-registries at all divisions of the court of first instance).
- Right to opt out becomes valid upon registration.
- Covers the lifetime of the EP/SPC.
- Right to opt out prevents unitary nullity proceedings!
Novelty in Europe: National courts will decide on **unified procedural rules**.

“A mixture of German and UK procedural rules”

Rules will be laid down soon; interested parties may propose amendments

**Substantial Patent law** and court measures are laid down in Art. 25 *et seq.* & Art. 56 *et seq.* of the UPC and must be interpreted as International Law according to the “Vienna Convention”
To Do List – Establishing the System

• Financing of the system
• Determination of the amount of renewal fees and their distribution
• Determination of court fees
• Finalizing Rules of Procedure
• Establishment of Registry (opt out right!)
• Selection and education of judges
• Establishment of local, regional and central divisions (+ IT infrastructure)
• Conditions for the European Litigation Certificate (enabling European Patent Attorneys to represent parties without a lawyer), etc.
Practical Considerations

• Economic considerations:
  - strategy for managing patent portfolio will be different from existing European Patent “bundles”, where national designation and validation process, and national payment of renewal fees, allow flexibility; with the Unitary Patent, if the Patent Proprietor needs to economise, the only choice is to pay in full or lose all rights
  - single validation process and reduced translation burden intended to reduce costs compared with existing “bundle” patents, but can the cost saving be realised in practice? Keyword: compare with existing system and London agreement.

• Transitional provision is planned to allow Patent Proprietors to **opt out** from jurisdiction of Unified Patent Court:
  - planned system allows Patent Proprietor to opt back in at any time; expected that majority will opt out until they wish to assert

• Applicants may prefer to pay up-front translation costs and apply for national patents (not via the EPO) in fewer key territories in order to avoid the jurisdiction of the Unified Patents Court
Present Status and Outlook

- EU Unitary Patent Regulation (EU/1257/2012) and EU Regulation on its Language Arrangements (EU/1260/2012) entered into force on 20 January 2013 (however, these will apply under the condition that the UPC Agreement will enter into force)

- 2/2013: 24 Member States have signed the Agreement on the Unified Patent Court (not signed by ES, PL, BG). Italy has signed this Agreement to let Italian parts of EPs be covered by the UPC, but it is not interested in the Unitary Patent

- Only if DE, FR, UK and 10 other Member States have ratified the UPC Agreement will the “Patent Package” enter into force

- Big question mark: what will the UK do?
THANK YOU FOR YOUR ATTENTION