

The Forthcoming European Unitary Patent and Unified Patent Court

October 2013

by

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1. What is it about?

- a) obtaining Unitary Patent Protection in most EU member states via a single patent
- called a “European Patent with unitary effect”, commonly shortened to “Unitary Patent” (UP) or simply “EU Patent” (EU Council Regulation No. 1257/2012 and No. 1260/2012)
 - the conventional EPC patent (EP) is still available, though a granted conventional EP patent is not a single patent and still devolves into a set of national patents
 - if the optional unitary patent is requested, supplementary protection in EPC countries not covered by the unitary patent can be achieved via the conventional EPC patent (EP), though double-patenting is of course not allowed

1. What is it about?

b) centralised litigation

- the Unified Patent Court (UPC) decides for all member states, as per the Agreement on a Unified Patent Court (AUPC)
- exclusive competence for unitary patents
- default exclusive competence for EPC patents, though “opting out” in order to use the conventional national court system is possible for a transitional period of 7 or possibly 14 years

2. When will the EU patent be available?

- earliest date: 1st January 2014
- subject to the AUPC being ratified by at least 13 member states including the “big three” (France, Germany, UK)
- best current estimate: 2015
- additional hurdles: subject to a referendum in the UK

3. The Role of the European Patent Office

- the European Patent Office (EPO) will handle application procedures and the grant of unitary patents (UPs)
- the present European Patent Convention (EPC) defines the rules governing the application procedure for a unitary patent (UP) before the EPO
- the option to request a unitary patent (UP) will be open up until just after the application is granted (1 month after mention of the grant has been published)
- the EPO will handle the annual fees and keep a register of unitary patents

4. Member States

- the European Patent Convention (EPC) has 38 member-state signatories
- the European Union (EU) has 28 member states, all of them EPC signatories
- unitary patent protection is likely to cover 24 member states (green/blue),
i.e. all EU member states except Italy, Spain, Poland and Croatia

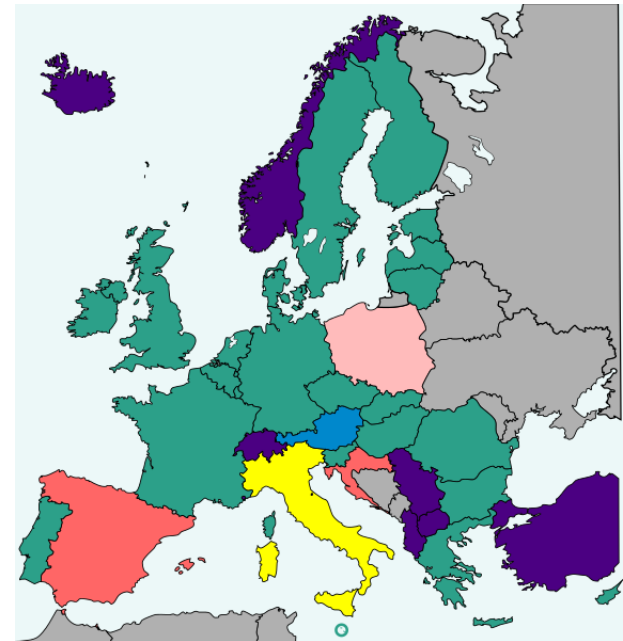
green/blue: Austria (blue) has already joined the Unitary Patent System (UP and UPC); 23 other states (green) have declared their intention to join.

yellow: Italy will use the Unitary Patent Court (UPC), but Unitary Patents will not cover Italy.

red: Spain will not be participating in either Unified Patents or the Unified Patent Court; Croatia's position remains unclear.

pink: Poland signed the EU patent regulation but will not now sign the AUPC; UPs will not cover Poland.

purple: these states are not members of the European Union and cannot join for this reason.



- if UPs prove successful, Italy and Spain will likely also join.

5. Translation requirements for the Unitary Patent

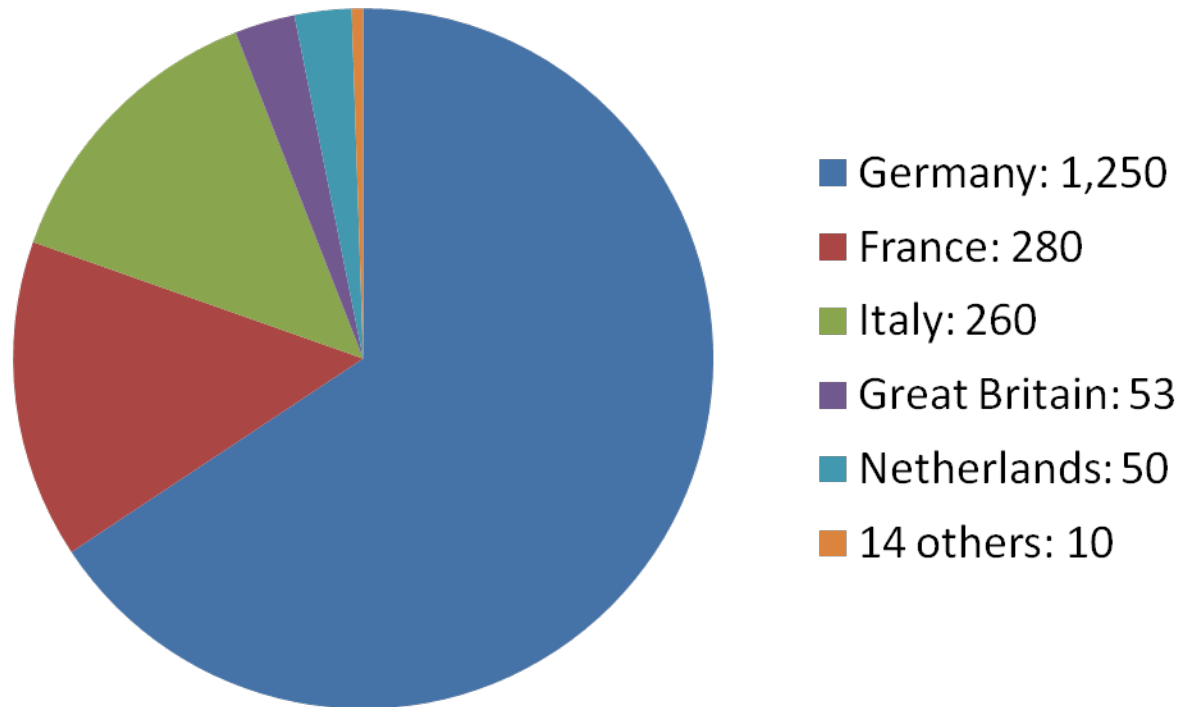
- the ultimate goal is to render professional translations unnecessary by using only machine translations.
- during a transitional period of six to twelve years, professional translations of English-language applications into either French or German will be required.
- the translations will have no effect on the extent of protection, i.e. they are non-binding and merely for the purpose of information.
- an alleged infringer attacked by a patentee can request translations into other EU languages (for example the language of the defendant's home country or the language of the country in which the alleged infringement occurred).

6. Necessary expenses for Unitary Patents

- the aforementioned translation costs for translating the granted (English-language) patent into either German or French
- the cost of the application procedure will be the same as for a conventional EP patent
- the cost of maintaining the patent will be about the same as the annuity costs for a conventional EP patent with six designated countries
- a rough cost estimate, based on six designated countries, would thus be:
 - about € 20,000 for 15 years of annual fees for a Unitary Patent;
 - about € 10,000 in annuities for a conventional EPC patent which designates France, Germany and the United Kingdom only
- the conventional EPC patent is more cost-effective if patent protection in the major EU countries only is sufficient
- the conventional EPC patent is advisable if protection in Italy and/or Spain is important to the Applicant
- the Unitary Patent is advisable if patent protection in numerous European countries is important (as for example with pharmaceutical patents)

7. Distribution of Patent Litigation Cases in Europe

Total: 2,000 cases in 2011



Source: Thomas Kühnen/Rolf Claessen, GRUR 6/2013, „Die Durchsetzung von Patenten in der EU – Standortbestimmung vor Einführung des europäischen Patentgerichts

8. Structure of the Unified Patent Court

The Unified Patent Court will comprise:

- a **Court of First Instance**, comprising
 - **local/regional divisions**
each member state will decide where these are to be located: most likely Düsseldorf, Mannheim, Hamburg and Munich in Germany, and for instance just one regional court collectively serving the Scandinavian countries (Denmark, Sweden and Finland)
 - a **central division** based in Paris (for IPC classes B, D, E, G, H), with sections in Munich (for IPC class F) and London (for IPC classes A, C);
- a **Court of Appeal** located in Luxembourg;
- a **patent mediation and arbitration centre** split between Ljubljana and Lisbon;
- a **(legal) training centre** located in Budapest.

9. Competences of the Unified Patent Court

- the Unified Patent Court shall have full jurisdiction in all matters concerning litigation and the validity of unitary patents
- the Unified Patent Court will also have competence in matters regarding the infringement and/or validity of EPC patents (i.e. “conventional” EPC patents, referred to in the following as “EP patents” for short) which individually designate an EU member state which is participating in the Unitary Patent System
 - ⇒ the UPC will be competent for both unitary patents and for conventional EPC patents which designate an EU member state participating in the UPC
- legal framework provided by the Agreement on a Unified Patent Court (AUPC)

10. Where to initiate litigation

- actions can be brought before the local/regional divisions where the infringer resides or where the infringement occurred
- defendants, in particular non-European defendants not resident in a participating member state, can be challenged before the Central Division
- actions for a declaration of non-infringement have to be filed with the Central Division; counter-actions for infringement can cause the case to be switched to a local/regional division
- counter-claims for invalidity are heard by the court handling the infringement
- nullity actions are handled by the Central Division but can be transferred to a local/regional divisions with which a related infringement action has been filed
- the Central Division can be selected if an infringement has occurred in the territories of at least three regional divisions

11. The judges of the Unified Patent Court

- the panels of judges at the Court of First Instance shall consist of:
 - three legally qualified judges at the local/regional divisions, which can be supplemented by one technically qualified judge, upon request;
 - two legally qualified judges and one technically qualified judge for the relevant field of technology at the Central Division.
- the panels of judges at the Court of Appeal shall consist of five judges, in a multinational composition, comprising three legally qualified judges and two technically qualified judges.

12. Language of the proceedings

- at the Central Division of the Court of First Instance: the language in which the patent was granted (German, English or French)
- at a local/regional division of the Court of First Instance:
 - the official language of the Member State in which the court is located **or additionally** another language designated by the Member State which can be German, English or French. German courts will probably designate English as the additional language. German courts currently handle more than 60% of infringement cases in Europe.
 - the parties can agree to adopt the language in which the patent was granted (German, English or French) as the language of the proceedings
- at the Court of Appeal: the language of the earlier proceedings before the Court of First Instance

13. Steps of the Proceedings

- the proceedings will mainly follow the principles of German and French infringement proceedings, i.e. the emphasis will be on an exchange of arguments in writing, rather than the oral proceedings favoured in the UK
- there will be strict deadlines for filing arguments and counter-arguments; a typical time limit will be two or three months. The number of arguments and counter-arguments presented will be restricted.
- there will be an interim procedure before the oral hearing in which to prepare for the oral hearing. This interim procedure can take the form of a telephone or video conference or a court hearing. The purpose of preparing for the oral hearing is to reduce the time needed for the oral hearing itself.
- the oral hearing is preferably to be completed within one day.
- the aim is for the entire proceedings, **including infringement and invalidity proceedings**, to not exceed **one year**.

14. Appeal Proceedings

- an appeal can be filed **within two months** of a decision
- the appeal will have **no suspensive effect**
- an application for suspensive effect has to be filed separately. If a decision by the first instance is unclear, the effects of the decision can be annulled within a short period of time, without for need for an appeal decision directed to the substance of the decision by the Court of First Instance.

15. Opting-out

- unless an action has already been brought before the Unified Patent Court, a proprietor of or applicant for a (conventional, i.e. non-unitary) EP patent granted or applied for before the end of the transitional period shall have the option of opting out of the exclusive competence of the Unified Patent Court
⇒ national courts will continue to be competent for that patent
(note: **opting-out will not be possible for unitary patent applications!**)
- this opt-out option will exist for a transitional period of seven or possibly 14 years after the Agreement on a Unified Patent Court has entered into force
- parties can choose to opt-out by notifying the Registry of the Unified Patent Court no later than **one month** before the transitional period expires
- filing a single nullity action with the Unified Patent Court can result in a patent being revoked in all the countries covered by an EPC patent, hence companies are thinking about opting-out in the case of particularly important patents
- disadvantage of opting-out: risk of torpedo and high litigation costs and long litigation duration in “inexperienced” countries

16. Torpedo

- There is the risk of a so-called “**torpedo**” launched by the alleged infringer. The alleged infringer can file an action for declaration of non-infringement at a “slow” European court. This action blocks the procedure of an infringement suit filed by the patentee at a “fast” European court until there is a decision on the declaration of non-infringement by the “slow” court. This risk will be eliminated for (not opted-out) European patents when the agreement on the Unified Patent Court becomes effective. All actions for declaration of non-infringement will then have to be filed at the Central Division of the Unified Patent Court. Thus, it will be no longer possible to select a “slow” court in order to delay an infringement procedure.

17. Advantages of UPC

If it works as planned:

- one decision for 25 countries
- fast infringement litigation
- much lower costs than litigation in 25 countries
- English language procedure can be selected

Thank you for your attention.

Any questions?