The Unitary Patent package: Benefits for SMEs
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Why a reform of the patent system in Europe

- EPC provided Europe with a very successful centralised patent granting procedure

Centralised granting procedure for European patents

- European patent application
- Filing and formalities examination
- Search report with preliminary opinion on patentability
- Substantive examination
- Refusal or withdrawal of application
- Limitation Revocation Opposition proceedings
- Appeal proceedings
- Grant of European patent
- Refusal or withdrawal of application
- Opposition proceedings
- Validation

Protection in up to 42 states
- Granted European patent is a “bundle” of individual national rights.
- Granted EP requires validation in each of the designated states to retain its protective effect and be enforceable against infringers.
Why a reform of the patent system in Europe? (cont’d)

Shortcomings of the current system in the post-grant phase are caused by the "national effect" of the European patent which is a bundle of patents subject to national legal regimes as regards:

- translation requirements and national renewal fees
- infringement, rights conferred by the patent and limitations;
- licensing, transfers, registers, levy of execution, pledges etc.

This fragmentation of post-grant procedures results in

- high costs and complexity for users,
- patent protection limited to a few countries,
- diverging scope of protection according to national law.
Why a reform of the patent system in Europe? (cont’d)

Similarly, the fragmented litigation system and parallel litigation before different national courts also causes

− high costs and complexity,
− legal uncertainty resulting from conflicting decisions of national courts,
− long delays in certain jurisdictions,
− risks for patent holders and third parties.
Objectives of the Unitary Patent package

- Provides better value with reduced complexity
- Facilitates access to patent protection for SMEs, universities and public research centres
- Makes Europe more attractive for innovation and investors
- Boosts Europe's competitiveness
Basic concept of the Unitary Patent

Unlike the EU trade mark or the registered Community design, the Unitary Patent is not an autonomous EU right.

The Unitary Patent is based on a European patent granted by the EPO under the EPC's rules and procedures.

Upon request of the patent owner, unitary effect is given for the territory of up to 26 Member States participating in the Unitary Patent scheme.
Basic concept of the Unitary Patent (cont’d)

☐ The new Unitary Patent replaces the current national validations by a centralised post-grant (validation) procedure at the EPO.

☐ The Unitary Patent provides users with a one-stop shop for all subsequent transactions.

☐ The Unitary Patent provides uniform protection in contrast to the classical European patent which is subject to diverging national laws.
Basic concept of the Unitary Patent (cont’d)

Filing and formalities examination

Search report with preliminary opinion on patentability

Substantive examination

Grant of the European patent

Request by patent proprietor

Unitary Patent

Same grant procedure as for the classical European patent

Central post-grant procedure for the registration of unitary effect
How to obtain a Unitary Patent

Requirements for the registration are simple and straightforward and are set out in:

- Two EU Regulations:
  - EU Regulation No. 1257/2012 of 17 December 2012 creating the European patent with unitary effect, OJ EPO 2013, 111-131;
  - EU Regulation No. 1260/2012 of 17 December 2012 relating to the translation arrangements for European patents with unitary effect, OJ EPO 2013, 132-142.

- The Rules relating to Unitary Patent Protection:
  - Rules relating to Unitary Patent Protection (UPR), OJ EPO 2016, A39;
  - Rules relating to Fees (RFeesUPP), OJ EPO 2016, A40.

How to obtain a Unitary Patent (cont’d)

There are only two substantive requirements (Art. 3 (1) Reg. 1257/2012; Rule 5 (2) UPR).

Unitary effect can be requested for European patents that were granted

- in respect of all 26 participating states, and

- with the same set of claims for all of them.
  
  - Regardless of whether the participating Member States have already ratified the UPC Agreement or not.
  
  - It is therefore important to not withdraw designation of a participating Member State during the grant procedure.
  
  - Application must have been filed after 1 March 2007 (Malta joining the EPC).
How to obtain a Unitary Patent (cont’d)

- **Procedural requirements** (Art. 9 (1) lit. g Reg. 1257/2012; Rule 6 UPR):
  - Filing of the request
    - by the patent owner in writing,
    - in the language of the proceedings, and
    - within one month following the publication of the mention of the grant.
  - Request must contain:
    - the number of the European patent concerned,
    - the particulars of the proprietor(s), and
    - if a representative has been appointed also the particulars of the latter.
How to obtain a Unitary Patent (cont’d)

- During a transitional period, a translation of the European Patent has to be submitted with the request:
  - Full EN translation if the patent is granted in FR or DE,
  - full translation into any language of the EU if the patent is granted in EN.

- These translations are for information purposes only and have no legal effect.

- After transitional period (6 to 12 years): Reliance on high-quality machine translations and no further translations required unless a legal dispute.
Costs of a Unitary Patent

- Procedure for registering a Unitary Patent is free of charge. No fee is due for filing, examination or registration of a Unitary Patent.

- Possible compensation of a lump sum of € 500,- for translation costs
  - SMEs and certain other entities that reside or have their place of business in the EU are entitled to the compensation for patent applications filed in an official EU language other than English, French or German (R. 8 UPR).

  - This lump sum complements the existing reduction of the application and examination fee before the EPO if a patent application or an examination request is filed in a language other than English, French or German
Costs of a Unitary Patent (cont’d)

- Annual renewal fees have to be paid to the EPO. The fee level offers very good value for money:
  - The renewal fees are equivalent to the combined renewal fees of the top 4 countries where a traditional European patent was most frequently validated in 2015 (DE, FR, UK and NL).
  - Particularly attractive for the first 10 years – which is the average life-time of a European patent – with the accumulated fees amounting to less than EUR 5 000.
  - A fee reduction of 15% will be granted to patent owners who have registered with the EPO a statement offering licences of rights.
The total costs\(^1\) of a European Patent

providing protection in 4 countries

The total costs\(^1\) of a Unitary Patent

providing protection in up to 26 participating member states

Based on a comparison of fees and all associated costs, a Unitary Patent will on average be significantly less expensive than a European patent validated and maintained in four countries.

\(^1\) Direct costs of the renewal fees + associated indirect costs arising from validating and maintaining a European patent in all countries
Territorial scope

- Unitary effect possible for all Member States participating in enhanced cooperation and for which the UPC Agreement has entered into force "at the date of registration of unitary effect" (Art. 18(2) Reg. 1257/2012).

- Different generations of Unitary Patents with a different territorial coverage in the first years.

- No automatic extension of the territorial coverage to other participating Member States which ratify the UPCA after the registration of unitary effect.

- Territorial coverage will be clearly indicated in the Register for Unitary Patent protection and in the communication of the EPO informing the requester of the date of registration of unitary effect (Rule 7(1) UPR).
Some of the key benefits

- Better value for money:
  - Broader territorial protection in up to 26 Member States.
  - Cost efficiency.
    - No fee will be charged for filing, examination or registration of a Unitary Patent.
    - Business-friendly renewal fee pattern.
  - Uniform protection instead of the current patchwork of national legislation governing the scope of protection, exceptions and limitations and available remedies.
  - Improved protection at the external borders of the EU against imports of counterfeit products.
Some of the key benefits

- Simplified and cost-efficient post grant administration:
  - One-stop shop for renewal fee payments,
  - One-stop shop for registering post-grant transactions such as transfers of rights or licenses in the Register for Unitary Patents,
  - One-stop shop for offering licenses of rights in the Register of Unitary Patents (resulting in a 15% reduction of the renewal fees).
Some of the key benefits

Better business opportunities:

- More flexibility for trade and investment in the EU Single Market,
- Improved access to venture capital for start-ups,
- Enhanced opportunities for licensing technology transfers.
Unitary Patent Guide

- Provides companies, inventors and their representatives with an outline of the procedure involved in obtaining a Unitary Patent.

- Deals also with the accessory procedures relating to Unitary Patents (e.g., compensation scheme for translation costs, registering a statement on licences of right) and gives overview of the rules on how to pay renewal fees for Unitary Patents.

The UPC in a nutshell

- International court covering up to 25 Member States in one action.
  - Jurisdiction over Unitary Patents, as well as classical European patents (unless opted-out).
  - Exclusive competence in respect of infringement, validity, provisional and protective measures and injunctions.
- The UPC will employ specialised patent judges and will apply its own autonomous substantive and procedural law.
- Decisions will be issued by internationally composed panels comprising both legally and technical qualified judges.
- It has been designed to work in a highly efficient way with tight deadlines and judgments at first instance to be delivered one year after the start of the action.
Structure of the UPC

Structure of the court:

- Decentralised Court of First Instance with divisions in various participating Member States creating proximity to the users:
  - Central Division seated in Paris and sections in London and Munich;
  - Local Divisions seated in individual participating Member States;
  - Regional Divisions seated in certain Member States where two or more participating Member States group together.
    - Nordic/Baltic Regional division in Stockholm created by Estonia, Latvia, Lithuania and Sweden
- Centralised Court of Appeal seated in Luxembourg.
Structure of the UPC (cont’d)

Court of Appeal

Luxembourg
(Art. 9 UPCA)

Court of First Instance

Local Divisions*
[max.4/MS]

Regional Divisions°
[min. 2 MS]

Central Division
Paris, London,
Munich

Mediation and Arbitration Centre

Ljubljana and Lissabon

* Local divisions: AT, BE, DK, FI, GR, FR, IT, NL, UK, + 4 in DE (Düsseldorf, Mannheim, Munich, Hamburg)

° Nordic/Baltic Regional division in Stockholm created by Estonia, Latvia, Lithuania and Sweden
Territorial competence

- All Member States of the European Union with the exception of Croatia, Poland and Spain who have not signed the UPC Agreement.

- However, when the UPC comes into operation not all Member States will have ratified the Agreement.

- It is expected that Slovakia, Czechia, Cyprus and Ireland will be missing when the UPC will come into operation in 2018.
Language of proceedings

☐ **LD or RD**: Language of proceedings is
  - the official language of the state hosting the division;
  - the respective state may allow the use of additional languages;
  - with the agreement of the division, the parties may choose the language of the granted patent. If the Court disagrees, the parties may request that the be referred to the central division.

☐ **CD**: Language of the proceedings is the language of the granted patent

☐ **CoA**: Language of the proceedings remains the same as in first instance proceedings, unless parties agree on the use of the language of the granted patent

☐ **“Small local operator”** clause provides protection for defendants operating locally.
  - When the infringement has occurred only in the contracting state in which the defendant is domiciled the statement of claims must be drafted in the national language of that contracting state
Overview of the proceedings at the UPC

- Judge-Rapporteur
- Single-judge/Panel
- Judge-Rapporteur & Single-judge/Panel
- Judge-Rapporteur

- Written Procedure
- Interim Procedure
- Oral Procedure
- Damages (Written, Interim, Oral Procedure)
- Costs

Estimated duration from filing to judgment: **one year**

At any stage of the proceedings, Court to examine possibilities of a settlement
(may propose that the parties make use of the Mediation and Arbitration Centre)
Transitional arrangement

During a transitional period of seven years (which can be extended up to 14 years):

- European patents can still be brought before national courts on a case by case basis, at the choice of a plaintiff

- In addition, during this period European patents can be opted-out from the jurisdiction of the UPC.
  
  o The declaration to opt-out is to be submitted to the Registry of the Court and is entered into the Register of the Court.
  
  o An opt-out declaration can be submitted The declaration may also be withdrawn (opt-in)
  
  o Opt-out and opt-in, are both subject to the requirement that no action has been filed yet at the court which had jurisdiction until the relevant declaration
Some of the key benefits

Better value for money:

- One action and one judgement cover up to 25 EU Member States.
- No risk of parallel lawsuits in different Member States resulting in
  - lower costs and complexity and
  - increased legal certainty with no risk of contradictory judgements on validity and infringement.
- No divergence of the scope of the patent protection and its limitations because of harmonized Rules in the UPC Agreement.
- Highly experienced and specialized judges.
- Involvement of technical judges qualified in the field of technology concerned.
- Specially developed Rules of Procedure designed to deliver speedy and high quality judgements at first instance within one year.

Better business opportunities
When will the new system start

The Unitary Patent Regulations are in force for 26 EU Member States. But they apply only from the date of the entry into force of the UPCA, which is expected in 2H2018:

- UPCA enters into force on the first day of the fourth month after the deposit of the 13th instrument of ratification, incl. the three most patent intensive Member States (i.e. FR, DE and UK).

- So far, 15 EU Member States have deposited their instruments of ratification incl. FR. More are in the pipeline making it reasonable to expect that we will start with approx. 20 countries.

- UK: Announced to proceed with ratification despite Brexit-vote. Parliamentary ratification has been completed and deposition or the instruments of ratification is expected anytime soon.

- DE: parliamentary approval for the ratification has been obtained in March 2017. However, some delay is now caused by a complaint pending at the German Federal Constitutional Court.
What does it mean for SMEs

Evidence from SME case studies by the EPO suggest:

- Patent protection
  - help SMEs to attract investors and consumers;
  - is pivotal in enabling SMEs to enter new markets;
  - enable SMEs to enter into cooperation and licensing agreements and facilitate technology transfer.

- The Unitary Patent and the Unified Patent Court
  - SMEs are aware of the administrative simplification, the cost savings and increased legal certainty.
  - SMEs see UP/UPC as an opportunity to enhance territorial protection and to enter new markets.
  - SMEs consider that in particular for smaller countries with a lower level of patent activity it will be important to participate in the UP/UPC
  - SMEs see centralized enforcement as a clear advantage and are not afraid of the UPC.
What to do now

☐ Make yourself familiar with the new system
☐ Explore the opportunities and benefits
☐ Take informed decisions for your existing portfolio
☐ Create/adapt your IP strategy accordingly

If you fail to prepare you are preparing to fail!
For more information on the Unitary Patent please visit our website www.epo.org/unitary
Thank you for your attention!

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